

8

STANDING COMMITTEE
ON RAILWAYS
(2001)

THIRTEENTH LOK SABHA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

DEMANDS FOR GRANTS
(2000-2001)

*[Action Taken by the Government on Recommendations/Observations contained
in the First Report of the Standing Committee on Railways (1999-2000)
(Thirteenth Lok Sabha) on 'Demands for Grants (2000-2001)
of Ministry of Railways']*

EIGHTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

January, 2001/Magha, 1922 (Saka)

EIGHTH REPORT
STANDING COMMITTEE ON RAILWAYS
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

DEMANDS FOR GRANTS
(2000-2001)

*[Action Taken by the Government on Recommendations/Observations
contained in the First Report of the Standing Committee on Railways
(1999-2000) (Thirteenth Lok Sabha) on 'Demands for Grants
(2000-2001) of Ministry of Railways']*

Presented to Lok Sabha on.....
Laid in Rajya Sabha on.....

97 FEB 2001



LOK SABHA SECRETARIAT
NEW DELHI

January, 2001/Magha, 1922 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I REPORT	1
CHAPTER II Recommendations/Observations which have been accepted by Government	8
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	23
CHAPTER IV Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.	65
CHAPTER V Recommendations/Observations in respect of which final replies of Government are still awaited	71
APPENDICES	
I. Minutes of the sitting of the Standing Committee on Railways held on 23rd January, 2001	76
II. Analysis of the action taken by the Government on Recommendations/Observations contained in the First Report of the Standing Committee on Railways (1999-2000) (Thirteenth Lok Sabha) on 'Demands for Grants (2000-2001) of Ministry of Railways'	78

COMPOSITION OF THE STANDING COMMITTEE ON RAILWAYS
(2001)

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 Dadoba 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 Samantaray
21. Shrimati Sushila Saroj
22. Dr. Nitish Sengupta
23. Shri Bahadur Singh
24. Shri Brij Bhushan Sharan Singh
25. Capt. (Retd.) Inder Singh

(iv)

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. Maulana Obaidullah Khan Azmi
32. Shri Jhumuk Lal Bhendia
33. Shri Banarsi Das Gupta
34. Shri Bhagatram Manhar
35. Shri G.K. Moopnar
36. Shri S. Niraikulathan
37. Shrimati Chandrakala Pandey
38. Shri Raju Parmar
39. Shri Anil Sharma
40. Shri Gopalsinh G. Solanki
41. Dr. D. Venkateshwar Rao
42. Shri Abani Roy
43. Shri Ramachandraiah Rumandla
44. Vacant
45. Vacant

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*

INTRODUCTION

I, the Chairman of Standing Committee on Railways (2001) having been authorised by the Committee to present the Report on their behalf, present this Eighth Report on Action Taken by the Government on the recommendations/observations contained in the First Report of the Standing Committee on Railways (1999-2000) (Thirteenth Lok Sabha) on 'Demands for Grants (2000-2001) of the Ministry of Railways'.

2. The First Report was presented to Lok Sabha on 17th April, 2000. It contained 31 recommendations/observations. The action taken replies of the Government to all the recommendations were received on 24th July, 2000 and 10th August, 2000.

3. The Report was considered and adopted by the Committee at their sitting held on 23rd January, 2001.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the First Report of the Standing Committee on Railways (1999-2000) (Thirteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
24 January, 2001
4 Magha, 1922 (Saka)

K. YERRANNAIDU,
Chairman,
Standing Committee on Railways.

REPORT

CHAPTER I

This Report of the Committee deals with the Action Taken by the Government on the recommendations/observations contained in the First Report of the Standing Committee on Railways (1999-2000) on 'Demands for Grants (2000-2001) of the Ministry of Railways' which was presented to Lok Sabha on 17.4.2000.

2. Action Taken Notes have been received from the Government in respect of all the 31 recommendations/observations contained in the Report. These have been broadly categorized as follows:—

(i) Recommendations/Observations which have been accepted by the Government:— 213, 223, 224, 230, 231, 234, 235, 238.

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:— 211, 212, 214, 215, 216, 217, 219, 220, 222, 225, 226, 227, 229, 232, 237, 239.

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:— 209, 218, 233, 236.

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:—210, 221, 228.

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 Government on some of their Recommendations/Observations.

Infrastructural Development

Recommendation (Para No. 209)

5. The Committee had, in paragraph 209 of the Report, observed that the Railways being a more energy efficient mode of transport, was ideally suited for movement of bulk commodities and for long distance travel. As compared to the road transport, the Railways had a number of intrinsic advantages. The Railways were five to six times more energy efficient, four times more efficient in land use and significantly superior from the standpoints of environmental impact and safety. The Indian Railways rightly occupied pride of place in the growth and development of the nation and therefore, deserved to be treated as infrastructural development necessity of the day.

6. In their Action Taken reply, the Ministry of Railways have stated:—

“The recommendation that Railways should be treated as infrastructural development necessity is noted. The budgetary support to the Railways has been reducing over the years. From a peak of 75% in the V Plan, budgetary support fell to 23% in the VII Plan, increasing slightly to 26% of the IX Plan. Budgetary support to the Railways needs to be stepped up considerably. To improve the financial viability of a vital infrastructural necessity like the Railways, the cost of public service obligations borne by them should also be compensated by the General Exchequer.”

7. The Committee find that the Ministry of Railways have not elaborated about the efforts they have made with the concerned authorities viz. Planning Commission/Ministry of Finance for enhancement of the budgetary support and seeking compensation towards the cost of public service obligations borne by them. The Committee want to know the steps taken by the Ministry of Railways in this regard and outcome thereof.

Railways' share in Transport

Recommendations (Para No. 218)

8. The Committee had, in paragraph 218 of the Report, found that despite the fact that the Railways were more energy efficient as compared to road; more economical in land use; more cost effective *vis-a-vis* road in construction cost for comparable levels of traffic and significantly lower social costs in terms of environmental damages and safety, there was a progressive shift in the market share from rail to road from a level of 89% in 1950-51 to 40% in case of freight traffic and from 80% to 20% in respect of passenger traffic perhaps due to inadequate investments in the field of Railway infrastructure. The Committee had stressed that there was an urgent need not only to increase Railways' share of freight and passenger traffic but also to ensure the growth of Railway infrastructure with the projected growth of national economy in terms of Gross Domestic Product by putting up inputs in building up adequate capacity of Railway transport and balancing the need of being both a commercial enterprise and public utility; pulling up the arrears in the renewal of assets and sharing greater level of safety and human resource development. They had further desired that inspite of some improved performance of Railways in recent years, ensuring adequate return on capital remained a matter of serious concern and, therefore, had stressed the need to increase the cut off rate of return (RoR) for the Railway projects from the present level of 14%.

9. In their Action Taken notes the Ministry of Railways have stated as under:—

“Keeping the current cost of borrowing in view, the cut off Rate of Return for Railway projects at 14% appears to be reasonable.”

10. In their reply the Ministry of Railways have not intimated the corrective steps taken to check the progressive shift in the market share of transport from rail to road. The Committee, therefore, desire that the Ministry of Railways should evolve and spell out the strategy for reversing the present trend in transport sector.

Safety Related Works

Recommendation (Para No. 233)

11. The Committee had found the safety aspect as the biggest challenge in the Indian Railways to ensure foolproof safety of Passengers and Freight Traffic. The Khanna Committee had recommended Rs. 15,000/- crore to be provided to the Railways @Rs. 3,000/- crore per year upto a period of five to seven years for wiping out the arrears of renewals of overaged assets. The Committee had therefore desired that first charge on the internally generated resources should be towards meeting the depreciation needs. They also expressed their concern over the reduced expenditure on safety related works during the last 2 years. Keeping in view the above facts the Committee had recommended that: (a) top most priority be accorded to Signalling and Telecommunication and a "Rail Traffic Control", System be evolved if possible on the line of "Air Traffic Control System"; (b) pace of track renewal be accelerated with utmost attention to complete the backlog of those tracks which have lived beyond their lives and are operationally important; (c) State Governments be pursued vigorously to arrange their share for executing Road over/Under Bridges Works; and (d) an Independent enquiry be ordered to fix the responsibility in the matter of continued purchasing of defective rails containing higher percentage of hydrogen content.

12. In their action taken note the Ministry of Railways have stated that safety is an ongoing and continuous process for which Indian Railways is committed to put endeavour for its consistent improvement.

The Khanna Committee had submitted Part-I of their report that has already been tabled in both the Houses of Parliament. The Committee has recommended for wiping out the arrears of renewals of over-aged assets. Further, the Committee has also recommended that Central Government should provide one-time grant of Rs. 15,000/- crore to Indian Railways.

The Plan Expenditure of Indian Railways is being divided in four major heads:—

- (a) Maintaining the rehabilitation of the existing assets
 - (b) Capacity building up
 - (c) Modernisation
 - (d) Network expansion through new lines, double lines, etc.
-

The budgetary support provided by Central Government is normally apportioned to network expansion.

The Government views on the recommendations of the Committee are under finalization and action will be taken on the accepted recommendations duly prioritizing the safety works as per the availability of funds and resources.

However, considering the importance of signalling & telecom and track renewal in safety, there has been gradual increase in outlay for signalling & Telecom and track renewal over the years as may be seen from the following table:—

	1997-98 (Actual)	1998-99 (Actual)	1999-2000 (R.E.)	2000-2001 (B.E.)
Sig. & Tele.	251.74	313.60	348.19	434.00
Track Renewal	1805.22	1802.90	1917.66	2600.00

In the current Budget an enhancement of about 25% in signalling & telecom outlay has been made over the Revised outlay of 1999-2000. Similarly outlay for track renewal in 2000-2001 has been increased more than 35% over the Revised Estimate of Track renewal in 1999-2000.

So far as Road Over/Under Bridges are concerned, the matter is being actively pursued with the concerned State Governments to allot more funds towards completion of various sanctioned works.

As regards accepting rails having more hydrogen content, the Ministry of Railways have stated that because it was neither possible nor in the interest of the nation to import the colossal requirement of about 4 lac tonnes of rails a year, dispensations to specifications (especially in regard o hydrogen content) were granted to Bhilai Steel Plant, from time to time, up to 31.12.98 by Ministry of Railways, after consulting the Research, Design and Standards Organisation of the Railways. This process did not endanger public safety, as the testing in the field was intensified.

All along SAIL has been persuaded to provide additional infrastructural facilities for ensuring better quality of rails. SAILS has finally commissioned on-line ultra sonic testing machine, eddy current testing machine and the vacuum arc degasser in their plant at Bhillai and there has been no need to grant dispensations after 31.12.98.

In order to ensure passenger safety, ultra sonic testing of rails by the Need Based Concept of USFD testing of rails is being done on important routes and the concept is being extended to the other routes now”.

13. From the above reply of the Ministry of Railways, the Committee have come to a conclusion that the Ministry are not serious over the safety aspect in the Indian Railways. The casual approach to their recommendations could be seen from the fact that the Ministry had not taken any action/given any reply to the recommendations of the Committee made in sub paras (a) to (d) of para 233 of the Report. The Committee disapprove this tendency/approach of the Ministry for not furnishing to-the-point replies to the recommendations of the Committee.

It has also been stated by the Ministry of Railways that recommendations of the Khanna Committee are under finalisation and action will be taken on the accepted recommendations duly prioritizing the safety works as per the availability of funds and resources. The Committee express their concern over the unwarranted delays on the part of the Government in taking action on the recommendations relating to safety of passengers. The Committee have observed that derailments on the same route have occurred due to fracture in the rails and as a result heavy loss of lives and property has taken place. The Committee express their serious concern that the Ministry of Railways did to hold any independent inquiry to fix the responsibility for purchasing the deceptive rails containing higher hydrogen content from Bhilai Steel Plant resulting in various accidents, derailments etc., as recommended by them. The Committee reiterate that an independent inquiry for purchasing the defective rails from Bhilai Steel Plant resulting in loss of life and property in various accidents, derailments etc, be held without any further delay.

Instant Reservation and Medical Facility

Recommendation (Para No. 236)

14. The Committee had observed in their original Report that the high-tech health care centres/hospitals have rapidly emerged in big/metro cities like Chennai, Bangalore, Mumbai, Delhi, Calcutta etc. and as a result of it, the patient from far flung areas requiring high-tech treatment have to face extreme difficulties in getting instant reservation and medical facilities in the trains running towards these cities. The Committee had recommended that instant reservation be provided to such patients alongwith two relatives/attendants in the same/other compartment.

15. In their Action Taken reply, the Ministry of Railways have stated as under:—

“Railways being a public utility service are obliged to subscribe to the principle of equality in its dealing with the passengers. As such, quotas are allotted to stations where passengers are dealt with and no separate quota is allotted to different bodies/group in any train as this would effect the availability of quotas for the public at the reservation counter. Moreover, earmarking of quota for any category of passengers would lead to similar requests from others which would be difficult to resist. As such it is to desirable to allot any exclusive quota for the patients and their companions. However, instructions exist that whenever requests are received from the patients who are required to undertake journeys for checkup, like cancer treatment and other dangerous ailments which cannot be postponed due to compelling circumstances, the emergency quota controlling authority should consider these requests and accommodate them to the extent feasible after satisfying themselves of the genuineness of the travel”.

16. The Committee are perturbed over the above reply given by the Government. They, while recommending reservations for patients suffering from such diseases which require high-tech treatment available in the mega/metro cities like Delhi, Mumbai, Calcutta, Chennai, etc., kept in mind the genuine and inconvenience felt by such patients who cannot afford air fare. The plea of the Government that the separate quota for the patients and their companions/ attendants would effect the 'availability of quotas for the public and that the similar requests from others would be difficult to resist, is not tenable at all. The Committee are fully aware that there are instructions to the railway authorities to honour the requests of such patients as and when made but the practical experience has been that such requests are rarely honoured. To get rid of such hardship of the affected and to avoid malpractices in the reservation system, the Committee took a holistic view of the predicament of the patients and recommended for instant reservation facilities for the later. The Committee reiterate their earlier recommendation and hope that the Government would think over the issue with an open mind and do the needful to the extent possible as the matter involved is of the highest order of social welfare and public interest depicting a noble cause.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 213)

In order to have comparable study of BE, RE and Actuals of the current financial year the Committee desire that the actuals of their revenue receipts, expenditure and achievements against targets upto 31st December should invariably be given in the Performance Budget Document of the Railways.

Reply of the Government

Recommendation of the Committee are accepted for implementation from next year's budget, i.e., 2001-2002.

(M/o Railway. O.M. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 223)

The Committee are surprised to find that instead of reduction, there is substantial increase from Rs. 291.23 crore in 1995-96 to Rs. 552.55 crore in imports by the Railways. The Committee take a very serious view of this high import bill which will be a drain on national exchequer. Moreover, there is ample scope for indigenous manufacturing of the items which are currently being imported. Therefore, the Committee are of the view that the imports should be resorted to only in exceptional circumstances with the approval of the highest authority. They also desire that the Railways should examine the possibility of manufacturing these items indigenously side-by-side involving the Public Sector Undertakings where the Railways are not able to manufacture these items and also explore the possibilities of private participation in this area. In this context the Committee also urge upon the Railways to ensure that the items manufactured by the Public Sector Undertakings/Private Parties should conform the quality and specifications prescribed by the Railways.

Reply of the Government

1. Indian Railways have been following policy that imports of materials are made only when the materials are not available in the country either in quality or quantity. Instructions to this effect have been reiterated from time to time to various Zonal Railways and Production Units.

2. The major items of imports on Indian Railways are categorised as under:

(i) Rolling stock involving new technology

The contracts of this nature are usually finalised along with transfer of technology (TOT) agreement so as to upgrade the existing technology to bring it at par to international standards. In such projects the new design of rolling stock will be indigenously manufactured under TOT agreement. In the initial years, certain imports are inescapable but gradually as the indigenous sources are developed, imports are reduced. Railways are following the policy of providing maximum encouragement to domestic Industry for development of spares/ components required for new technology rolling stock.

(ii) Items of machines/equipment not available indigenously:

There are certain items of machine and equipment which are not available in the country and thus imports are essential. Major items of import under this category are different types of track Machine. There are no established suppliers of track machines in the country. The length of track with concrete sleepers on IR is gradually going up on IR system. The concrete sleeper track can not be maintained manually and therefore the requirement of track machines is inescapable. Till such time indigenous sources of supply of these machines are developed, the imports are being made. The expenditure on import of track machines during last 1997-1998 and 1999-99 has been as follows:

Year	Expenditure (in Cr. Rupees)
1997-98	43
1998-99	96

(iii) Items of regular consumption where indigenous sources are not available to meet the requirements either in quantity or quality

Certain items like some diesel & electrical loco parts, electrical stores, drugs, and chemicals, etc., are such where indigenous sources of supply are not yet available. To the extent, indigenous capacity does not exist to supply the quality product, imports are essential.

3. The position in regard to the expenditure on imports during last five years is indicated below:

(Rs. in crore)

S.No.	Nature of stores	1994-95	1995-96	1996-97	1997-98	1998-99
1.	Steam loco parts and fittings	4.7	0.03	0.41	0.23	—
2.	Diesel loco parts and fittings	102.0	74.39	113.64	75.21	114.44
3.	Electric loco parts and fittings	33.2	41.11	35.03	68.64	4.54 +207.92* 212.46
4.	Carriage, wagon and EMU parts and fittings	6.5	0.73	3.27	10.56	211.46 —207.92* 3.54
5.	Electrical stores	4.9	0.94	2.45	3.72	3.53
6.	Engineering stores	9.5	3.17	15.20	10.48	32.25
7.	Ball and roller bearings	5.7	2.11	2.32	1.66	3.98
8.	General stores covering acid, chemicals, drugs, etc.	11.0	7.99	9.74	12.57	9.64
9.	Metal ferrous	30.9	3.86	9.76	11.96	7.97
10.	Other items (including complete units of rolling stocks i.e. bogies, wheel sets, couplers etc.)	103.5	87.74	146.57	96.20	164.24
Grand Total		311.9	222.07	338.39	291.23	552.05

*The figure of Rs. 207.92 cr. pertaining to the head of electric loco parts and fittings for CLW had been inadvertently shown against the head of carriage, wagon and EMU parts & fittings in the Indian Railways—Annual Statistical Statement Book for 1998-99.

4.0 Major items of imports during 1998-99 are as under

4.1 5 Major assemblies required for indigenous manufacture of WAG9 locos (Rs. 190 cr.) under group at S.No. 3

These items were required to be procured as one time measure for indigenous manufacture of high horse three phase "state-of-the-art" technology ABB designed locomotives for which manufacture at CLW was undertaken under transfer of technology with M/s ABB. Earlier 30 complete locomotives along with TOT were contracted in 1993, which were received during 1995 and 1996.

4.2 Accident Relief Cranes (Rs. 113 cr.) under group at S.No. 10

140T accident relief cranes are essential for restoration of traffic in case of any accident. These cranes were procured to meet the shortfall for meeting emergent situations. Indigenous capacity for manufacture of such cranes is limited and so far only 4 nos. of such cranes have been manufactured at Jamalpur Workshop of Indian Railways using technology of GOTWALD, Germany under Transfer of Technology agreement.

4.3 BG loco wheels (Rs. 95 cr.) under group at S.No.2

BG loco wheels are of 'forged steel'. In the country, only Durgapur Steel Plant (DSP) has the capability for forging wheels. Though, DSP developed the indigenous BG loco wheel in 1995, the supplies till 1998-99 were meagre which have picked up during 1999-2000.

Year	Supplies
1995—1997	1085
1996—1998	597
1997—1999	617
1998—2000	2449
1999—2000	11345

DSP have not yet developed some items like wheels for MG loco, MG coaching, NG locos, high horse power ABB electric locos and GM diesel locos. Efforts are continuing with them for early indigenisation of these wheels also. However, due to improved rate of supply of BG loco wheels from DSP, imports are expected to reduce by about Rs. 45 cr. per year.

4.4 Rails (Rs. 32 cr.) under group at S.No.6

Rails were required to be imported to meet the shortfall. However, SAIL (Bhilai Steel Plant) would be in a position to cater the requirement of IR now and further import may not be necessary at this stage.

5.0 Import Substitution.

I. *Manufacturing of 3 phase "state-of-the-art" technology*

ABB locos—

The process of indigenisation of various assemblies, sub-assemblies and parts required for manufacturing of 3 phase ABB locos at CLW has been taken up with full efforts and an indigenisation level of about 60% has already been achieved. Further efforts are being made for indigenisation of remaining items. A target of 75% indigenisation by July' 2001 is expected to be materialised.

II. *Indigenous manufacture of Accident Relief Cranes*

Indian Railways have obtained the technology for manufacturing of 140T Accident Relief cranes from M/s Gottwald, Germany. As a result it has been possible to manufacture 4 Nos. of such cranes at Jamalpur Workshop (1 in 98-99 and 3 in 1999-2000). Indigenisation level of about 70% has already been achieved in manufacture of these cranes. Efforts are being made for indigenisation of remaining items for manufacture of cranes at Jamalpur to avoid further imports of such cranes.

III. *Indigenous development of BG Loco Wheels*

Indian Railway is having a requirement of about 30,000 BG Locomotive wheels annually. Till recently bulk of the requirement was being met through imports as adequate indigenous capacity was not available. Durgapur Steel Plant of SAIL had developed BG Loco wheel for the first time in 1995. However, they could supply only small quantity till 1998-99. The matter regarding increase in indigenous production capacity at Durgapur Steel Plant was regularly taken up at highest level *viz.* Chairman/SAIL, MD/DSP and Ministry of Steel. Meetings were also held between Minister of Railways and Minister of Steel on 14.7.98 and 21.10.99. As a result of continuous interaction, DSP has now augmented their machining capacity which was earlier a constraint. The supply rate from DSP has shown improvement and they have supplied more than 11000 wheels during 1999-2000 as compared to 2449 during 1998-99.

The SAIL have now committed a supply of about 25000 wheels annually. The increase in the indigenous production of loco wheels at DSP is likely to result in savings of about Rs. 45 Crore in foreign exchange annually.

IV. Rails

Matter regarding supply of quality rails to Indian Railways as per the requirement had been taken up at the highest level with SAIL. A number of meetings were also held between Ministry of Railways and Ministry of Steel. SAIL is now in a position to cater most of the requirement of IR avoiding further imports.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendations (Para No. 224)

In the era of consumer awareness, the image of the railways is heavily dependent upon their quality of passenger amenities being provided to their customers. Therefore, it becomes quite imperative for the Indian Railways to serve their customers qualitatively and efficiently at every corner of their service end. The Committee note that though the budgetary provision of Rs. 130 crore made during the last year was revised to Rs. 132 crore, the overall situation has remained abysmally poor and require immediate attention to improve the same. During the current year, the railways have earmarked Rs. 200 crore to provide passenger amenities. However, the Committee are not satisfied with the present state of passenger amenities being provided to the passengers. Therefore, they are of the view that the Railways must accord top most priority to the areas concerning passenger amenities and a professional approach be adopted to provide better services to their customers/passengers.

Reply of the Government

With the quickening pace of modernisation, now sweeping the country, the Railway traveller today expects much more from the system than he did in the past. To be able to fulfill this increased expectation on the part of our passengers, it was felt necessary to take another look at the quantum of facilities provided at the stations. The stations have, therefore, been categorised into 6 categories viz., A, B, C, D, E & F on the basis of annual passenger earnings. The amenities which have to be provided at these stations have also been categorised into three broad categories viz.

Minimum Essential Amenities, Recommended Amenities and Design Amenities. The railways have been advised to provide these amenities per the category of the stations.

Moreover, for the last few years, it has been the endeavour of the Railways to give priority in providing amenities/services having direct interface with the passengers so that visible impact is observed by the railway users. Besides, 186 stations have so far been selected as model stations for provision of upgraded passenger amenities. The thrust areas identified for these model stations are as under:

- (i) Provision of signages, National Train Enquiry System and Self Printing Ticket Machines;
- (ii) Improvement in waiting rooms/Booking Offices, Toilets and in the deficiencies of infrastructure facilities/passenger amenities;
- (iii) Conversion of stalls into Modular stalls;
- (iv) Development of the circulating areas;
- (v) Extension of Foot Over Bridge upto Circulating area; and
- (vi) Computerisation of complaints.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendations (Para No. 230)

It has been brought to the notice of the Committee that Gauge Conversion projects had been going slow before 1.4.92 when the Ministry of Railways in consultation with the Planning Commission decided to take up project 'Unigauge' for selective conversion of Meter Gauge/Narrow Gauge lines to Broad Gauge lines in the coming years. Since then, the Committee notice that 5282 km. of MG/NG lines have been converted to Broad Gauge. The Railways have informed the Committee that their concentration will be on providing missing facilities to those already converted routes to consolidate and integrate them fully into the system. The Ministry have provided Rs. 600 crore for Gauge Conversion in the current financial year. They further

informed that the outlays on Gauge Conversion were being reduced to meet the needs of capacity generation on saturated routes and the works of Gauge Conversion in progress have been prioritised so that the lines required on operational consideration become available first. They also informed the Committee that Rs. 8968 crore are required beyond 2000-2001 for completing all gauge conversion project and Rs. 900 crore will be required each year to complete these projects in a reasonable time frame of 10 years. The Ministry of Railways further elaborated that the present Government have decided to accord priority to those Gauge Conversion projects which have been lingering on for more than 10 years.

The Committee, after having gone into the micro details of the constraints being faced by the Railways, particularly, in Gauge Conversion Sector, come to conclude that uniform gauge pattern throughout the country to augment the line capacity and to avoid detention of rolling stock and goods is the inevitable demand of the day. They, therefore, are of the firm view that required funds at the level of Rs. 900 crore per year be provided to wipe out the backlog areas of Gauge Conversion and funds for the Strategically and socially desirable projects be arranged outside the Railway Budget.

Reply of the Government

The Railways appreciate the views of the Committee that the ongoing gauge conversion projects be completed within 10 years by providing funds at the level of Rs. 900 crores per year.

However, due to lesser availability of resources it has not been found possible to provide this level of funding and we have been able to provide only Rs. 623 crs. this year.

Moreover, having converted about 8700 km. MG/NG lines to BG in the last 8 years, the time has now come to consolidate the new routes developed and integrate them fully into the system. In view, of this, the Government propose to concentrate on making these converted routes optimal by providing missing facilities.

Keeping in view the need to conserve resources and to first meet the capacity generation on the saturated routes, the outlay on gauge conversion has been reduced and works in progress have been prioritized so that the lines required on operational consideration will become available first.

However, the views of the Committee would be kept in view while allocating the resources for gauge conversion in the coming years subject to overall availability of resources.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 231)

Computerisation

Information Technology is considered today as the lifeline of industry because it determines the operational skill as well as economic efficiency and efficacy of an organisation. This strongly desire that the Indian Railways which are basically a service organisation invariably requires to harness the rich potentials of the Information Technology for speedy dissemination of information to the customers in general and generation of effective and efficient management information to control their business and to decide their prospective planning in particular. They consider that computerisation of freight movement including location of wagons, reservation, enquiry system, inventory control, track management and signalling and telecommunication etc. may prove very effective for the Railways better growth and traffic safety. However, they find that the Railways are not quick enough to respond to the emerging needs of Information Technology at the pace presently required. This can be corroborated with the fact that last year Rs. 70 crore were provided under the Plan Head- 'Computerisation' but only Rs. 43 crore were estimated at the revised stage to be incurred. Against this revised outlay, the Railways have allocated again Rs. 70 crore during this year i.e. 2000-2001 under the same Plan Head to execute the computerisation works. The Committee disapprove the sluggish way the Indian Railways are harnessing the potentials of Information Technology to the fullest extent possible and recommend that optimum funds be made available on urgent basis for computerising their organisation as early as possible.

Reply of the Government

Indian Railways have realised the potential and importance of information technology in all areas of functioning right from 1985. Major initiatives have been taken by Indian Railways in this respect and very successful and user friendly systems have been developed and implemented for improving public interface areas. The computerisation in the Indian Railways spans three broad areas.

-
- Services related to passenger business.
 - Services related to freight & parcel business.
 - Management Information Systems and other decision support systems.

Passenger Business

For reserved tickets, we already have implemented passenger reservation system with 2500 terminals connecting about 500 locations and these have been networked so that reservation is available from anywhere to anywhere by any class.

The interface in passenger business is being improved further by enhancing the functionalities and following projects have been planned or implemented:—

- Tele-booking (Booking of tickets on telephones in Delhi area) and its extension to other metros.
- National Train Enquiry System (NTES)-Phase I
- Development of Interactive Voice Response System (IVRS) at more than 50 stations.
- Development of PC based system for announcement at stations (implemented at more than 100 stations)
- Self Printing Ticketing Machines for unreserved tickets. More than thousand machines have been installed at 150 stations.
- Reservation status enquiry on internet have also been implemented and project for reservation by using internet technology is under implementation.
- Smart Card based technology is being developed for season tickets in Mumbai Area.

Freight & Parcel Business

First Phase of freight business operating information system has been implemented on Northern Railway where the real time running status of freight trains and pipeline monitoring among other applications is overseen by computer based system. In addition charting in the Control Office in the Delhi and Palghat Divisions have been computerised.

The FOIS system will be extended to all the Zonal Railways by 2001-2002.

In addition the Claims Office work has been fully computerised. The pilot project for computerisation of parcel working has been implemented at Delhi main station and is being extended to cover the entire Delhi area.

MIS & Other System

For improving the basic internal management processes including financial accounting, and personal management systems etc. on MIS group has been formed to oversee these important areas.

An Internet "Railnet" has also made operational linking Railway Board, Zonal Headquarters and some Divisional Headquarters, which will facilitate future computerisation projects in the pipeline.

Railnet based complaint handling system has also been installed in Railway Board, Zonal Railway Headquarters, Divisional Headquarters and 150 'A' class stations. Here the complaints are processed on the computer and would speed up the public grievance redressal machinery. Long-range decision support system has also been developed for taking investing planning and simulation of line capacity utilisation & modelling.

The successful implementation of the computer project require not only hardware, software, telecommunication links but more importantly business process re-engineering which is very complex area as far as Indian Railways are concerned. It is important to keep an optimal balance between these processes and funds allocated as per requirement. Business process re-engineering takes more time as system of working is required to be changed and this requires technology absorption. While there had been under utilisation of funds allocated due to a mis-match between the above mentioned inter-development activities but with the overall blue-print for computerisation now in place the progress of computerisation is expected to grow exponentially. The FOIS project also which required a structural reform is also now progressing very satisfactorily. We assure the Committee that use of information technology to streamline processes is a mission area for Indian Railways.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 234)

Even after 52 years of our independence the most backward areas like North Eastern States and Jammu & Kashmir which are strategically located could not have been brought into the mainstream of national development only because infrastructural development could not take place there at the desired pace. In the mid ninety's, a policy decision was taken by the Central Government to allocate 10% of the total Central Budgetary Support for the developmental activities specially in the North Eastern Region and accordingly, the Indian Railways are also adhering to that principle of allocation of funds towards the railway projects in this Region. However, this Committee consider that the progress of railway projects in this area is not moving at the desired speed. The previous Standing Committee (1998-99) in Para No. 174 (a) of their Third Report recommended that a special Working Group consisting of the representatives of the Planning Commission, Ministry of Railways and North Eastern Council be formed to assess the requirement of funds for creating railway infrastructure there. They also recommended to create a Special Cell in the Ministry in respect of the aforesaid recommendation where the Ministry of Railways to review and monitor the progress of all projects being implemented in the North Eastern Region and Jammu & Kashmir. This Committee are dismayed over the Action Taken Reply of the Ministry in respect of the aforesaid recommendation where the Ministry of Railways had not come out with any concrete steps to honour the well-thought suggestion/recommendation of that Committee. The Committee strongly reiterate the views expressed by their predecessors and recommend that all pending and ongoing railway projects in the North Eastern and J. & K. Regions must be completed within the stipulated time and if additional funds are required, the matter may be brought before the Cabinet Committee on Economic Affairs on urgent basis. The Committee also recommend that previous railway service on Meter Gauge in North Eastern Region either be continued or sufficient funds be made available for gauge conversion of these MG lines in a time-bound manner.

The Committee are aware of the fact that the slow pace of railway development in NE and J&K Regions is attributed mainly to the acute law and order problem due to terrorism. In this context, the Ministry of Railways, in order to accelerate the pace of development of railway projects in these areas, should vigorously co-ordinate with the State Governments concerned and other Central Ministries of Home and Defence for speedy implementation.

Reply of the Government

Railways are committed to spend 10% of the budgetary support on projects in the North Eastern Region. The amount spent on the development of Railway Network in North Eastern Region since 1997-98 is as under:—

Year	Total Budgetary Support	Expenditure made	%age
1997-98	1991.83	236.41	12%
1998-99	2200.00	207.28	9%
1999-2000 (BE)	2440.00*	250.43	10%

*Excludes Rs. 100 crores for Udhampur-Srinagar-Baramula new line.

The shortfall in spending the required amount would be made good in subsequent years.

A mechanism in the form of North Eastern Council already exists to monitor, among other things, the progress of works in the North Eastern region.

All projects in the North Eastern Region and Jammu & Kashmir are monitored at the highest level in the Railways. Member Engineering assisted by Senior Officials of the Ministry and of the implementing agencies regularly reviews the progress of projects in North Eastern Region and J&K. Corrective and timely action wherever required are taken so that the projects progress smoothly. In addition, a nodal officer for each project costing more than Rs. 20 crores has been nominated, who is accountable for time and cost over-runs during implementation of the project and his future promotions/career is linked with his performance in implementing the project.

However, New Line and Gauge Conversion projects in the Railways which include projects in North Eastern Region and J & K suffer from the problem of huge shelf and paucity of resources. This fact has been highlighted in every forum by the Railways. White Paper on Railway projects tabled in Parliament and then circulated widely has drawn attention to this problem. Cabinet Committee on Economic Affairs, Ministry of Finance and Planning Commission have been apprised of this problem by the Railways from time to time. In order to tackle the problem of shelf of projects, New Line and Gauge Conversion projects have been prioritised by the Railways. In the prioritisation exercise due importance has been given to the projects in the North Eastern Region and J & K.

Services on Metre Gauge are being continued on sections where Metre Gauge tracks exist in the North Eastern Region except on Haibargaon to Silghat/Mairabari section where train services have been discontinued in consultation with the State Government.

On some M.G. sections where gauge conversion work has been taken up regular M.G. services are operational. However, some disruption during conversion work may take place on these sections. All efforts are made to minimise the inconvenience to the rail users during conversion.

Regular liaison is maintained by the Railways with State Governments, Ministry of Home Affairs and Ministry of Defence for overcoming law and order problems related to execution of Railway projects in North Eastern Region and Jammu & Kashmir.

(M/o Rlys OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 235)

The Committee have noted that as a matter of policy, a route is considered eligible for electrification, if the financial return on the capital investment in railway electrification as compared to diesel traction in accordance with specified norms, works out to 14% or more. The main factors in the cost benefit analysis of a route for electrification are the traffic density and the relative cost of operation by diesel and electric traction. Diesel oil price is presently an administered price very close to the actual cost whereas the tariff for electric traction is around 3 to 4 times the normal cost of generation. Since the rate of financial return is calculated on the actual cost of diesel and electricity, the actual economic rate of return is much higher. The Ministry of Railways informed the Committee that 2479 route kms. are to be electrified with a financial requirement of Rs. 1213 crore as on 1.4.2000 and at the present level of investment *i.e.* Rs. 325 crore per year, the entire backlog will be cleared in less than four years.

The Committee are satisfied with the overall performance of the electrification works. However, to ensure better efficiency, efficacy and productivity of the electrified routes, they suggest that the Indian Railways be treated at par with normal consumers by various State Electricity Regulatory Commissions in terms of electricity charges. The Committee also recommended that the railway routes, Calcutta to Mumbai and Calcutta to Chennai passing especially through Orissa State be taken up for cost benefit analysis and if, the financial return is 14% or more, the same be considered for carrying out the electrification works.

Reply of the Government

All the Zonal Railways have been advised to take up the matter of unreasonably high traction tariff with the respective State Electricity Regulatory Commissions as and when they are set up. After follow-up, Orissa Electricity Regulatory Commission have w.e.f. 1.12.1998 reduced the traction tariff in Orissa by about 4% and Maharashtra Electricity Regulatory Commission have w.e.f. 28.4.2000 reduced the traction tariff in Maharashtra by about 2.33%. The matter is being further pursued by the Railways.

The Railway routes from Calcutta to Mumbai have already been electrified. On Calcutta to Chennai routes, works are in progress on Kharagpur to Bhubaneswar including Talcher-Paradeep Branch line and Bhubaneswar to Vishakhapatnam sections. On completion of these works by 31.3.2003, Calcutta to Chennai route will be fully electrified.

(M/o Rlys. OM. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 238)

Zero base Budgeting

The Committee note that absence of scientific, corporate and professional planning on the part of the Indian Railways has led to a very volatile fiscal management, which can be corroborated with a bare fact that their operating ratio is alarmingly going up. The operating ratio has been estimated to be 98.8 per cent during the current financial year, which means that the Indian Railways immediately require life-support-system to sustain. This Committee, having deliberated upon this aspect assiduously, have reasons to believe that the Indian Railways urgently need to shun their traditional way of planning and management so that a new inspiration may be infused into organisation for better efficiency and productivity by adopting modern techniques of management and planning. Therefore, this Committee strongly recommend that the Indian Railways must adopt the concept of zero-based-budgeting henceforth and ensure necessary compliance by all Zonal Railways.

Reply of the Government

Instructions have already been issued to the Zonal Railways for undertaking a zero-based review of their important activities. These instructions will be pursued more vigorously from the next year's budget.

(M/o Rlys OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

CHAPTER III

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

Recommendations (Para No. 211)

From the scrutiny of Budget allocations, the Committee find that a sum of Rs. 1155 crore were appropriated to the Depreciation Reserve Fund in 1998-99 against an appropriation of Rs. 1550 crore in 1999-2000. The appropriation to this fund for the year 2000-2001 has been estimated to be Rs. 2441 crore. The Committee would like to know the basis for appropriating/withdrawal to various funds maintained by the Railways.

Reply of the Government

Railways maintain four Funds viz Pension Fund, Depreciation Reserve Fund (DRF), Development Fund and Capital Fund. While the Pension Fund caters to the pension liability of the Railway Pensioners, the remaining funds meet the requirements of the Railway Plan. Appropriation to Pension Fund and DRF is made mainly from the revenue and together with Ordinary Working Expenses form part of the Working Expenses of the Railways.

Appropriation to Development Fund and Capital Fund is made out of the "Excess" left after meeting dividend liability. Wherever the "Excess" is not sufficient for making appropriation to these funds, the Railways may borrow money from the General Revenues as per the recommendations of the Railway Convention Committee.

Appropriations to the Funds are decided taking into account the financial position of the Railways and the likely requirements from these Funds. Railway Convention Committee is also kept informed of the appropriation to/withdrawal made from the Funds.

(M/o Rlys. O.M. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 212)

The Committee are constrained to note that the correct financial position of the Railways has not been reflected in the Budget for the year 2000-2001. In this connection the Committee find that the Ministry of Railways have shown excess over expenditure of Rs. 1176.31 crore without meeting the liability of payment of dividend to general revenue in full. Whereas the net revenue of the Railways has been assessed at Rs. 1791.69 crore, the dividend payment liability to the general revenues is Rs. 2115.38 crore. Had the Ministry of Railways been asked to the payment of dividend in full, there would have been a shortfall of Rs. 323.69 crore to the Railways during 2000-2001. The Committee desire that the Ministry of Railways should have reflected the correct picture in the Budget that they would be suffering a loss of Rs. 323.69 crore in the year 2000-2001 and it is only after deferring the dividend of Rs. 1500 crore, that they have shown a surplus of Rs. 1176.31 crore. The Committee own an explanation from the Ministry of Railways in this regard.

Reply of the Government

It is a fact that the Railways, in 2000-2001, have not been able to generate enough internal resources to cater fully to their plan needs. Payment of dividend in Budget Estimate has, therefore, been deferred to the extent of Rs. 1500 crore with the approval of the Ministry of Finance.

It may be mentioned here that this is not the first time the dividend has been deferred, partial deferment of dividend had to be resorted to in the years 1979-80, 1980-81, 1983-84 & 1984-85. The Railways, however, cleared the entire deferred dividend liability upto 1992-93. Railways are similarly committed to paying back this deferred dividend as soon as the situation improves.

It is submitted that there was no intention to present an incorrect picture. The circumstances that compelled the Railways to resort to deferment of the dividend with the due approval of the Ministry of Finance were dwelt upon in the Budget Speech of the Minister and the position has also been shown in the Budget documents for 2000-2001 as has been done on similar occasions in the past.

(M/o Rlys. O.M. No. 2000/BC-II/XIII/300/4/ dated 1.8.2000)

Recommendations (Para No. 214)

The Committee are of the opinion that 5% increase in freight rates may have a cascading effect on prices and nullify any effort to expand freight carried by the Railways which is essential to augment Railways earnings. The increase in freight in building materials jeopardize the development process. The freight target for 2000-2001 has been set at 475 million tones against 450 million tones for 1999-2000. This seems to be a rather optimistic move. There was a shortfall in achievement of the target by 26 million tones in 1998-99. Even the decision to retain the freight traffic target for 1999-2000 at the same level was also based on hopes of economic recovery boosting freight traffic. The Committee are apprehensive how the increased target of 475 MT for the next year would be achieved, particularly when the Budget provides for an average five per cent hike in freight charges which is likely to discourage transport of goods by rail. The sizable list of expeditions is also likely to further reduce income. The Committee want to caution the Railways against the cost-push inflation resulting from the across, the board hike in freight charges and are of the view that utmost care has to be taken to see that increased freight charges does not result in cost-push inflation particularly when railways, share in freight traffic has gone down from 89% in 1950-51 to 40% now. The Railways must realize the importance of their cheap freight transport system for the nation's industrial and economic system. The trend all over the world is towards lowering transport cost. In fact it is disheartening to note that instead of offering incentives to rail users to more their traffic by rail and of removing irritants, the Railways have chosen to increase the freight rate which will act as a strong disincentive. Though a comprehensive freight policy for attracting non bulk value high traffic has been announced, the Railways have to operate their system in a market-driven economy in a commercially viable manner and to take steps to include incentives like volume discount scheme, extending the new concept of Role-on and Role-of fix schedule freight trains and computerized terminal operations. Besides, the Railways should go in for aggressive marketing strategy including advertising with a view to garnering more revenue.

Reply of the Government

Railways have not increased the passenger fares and the freight rates of essential commodities like Foodgrains, Sugar, Edible Salt, Edible Oils, Kerosene, LPG and Fruits and Vegetables which constitute about 12% of total freight traffic. Increase in the commodities of core sector like Coal, Iron & Steel, Cement, Iron Ore, Lime Stone and Dolomite and major petroleum products was contained to 2% or less than 2% by down grading the classification. These commodities constitute 75% of total traffic. On the balance traffic, which accounts for only 13% of the total, the increase is 5% or more (the maximum increase being 48% in Chemical Manures Div. 'C'). The overall increase on total traffic works out less than 3%.

Railways have achieved about 456 million tonnes loading in 1999-2000 despite increase in freight rates by 4%. It is expected that Railways will achieve the loading target of 475 Million tones in 2000-2001, with over all increase of less than 3% in freight rates and other incentives like Volume Discount Scheme, Station to Station Rate etc.

(M/o Rlys. O.M. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 215)

The Committee note that the traffic policy of the Indian Railways has traditionally been keeping restraints with regard to increase in passenger fares and over the years, the Railways have by and large conformed to the principle of cross subsidization in order to offset the losses incurred in passenger and other coaching services through additional revenue from freight movement. The result is that the financial impact of social services obligations from passenger traffic has jumped from Rs. 1800 crore in early nineties to nearly Rs. 4500 crore. Both passenger fares and freight rates have to be demand and market driven and fixed differently for different segments. Pricing should be such as to yield a net return that corresponds to the scarcity value of the capital in the economy. The Committee are of the opinion that the Railways' tariff policy should be directed *inter-alia* to achieve the following objectives:

- (i) that the Railways are financially viable and for that purpose the tariffs are periodically adjusted to cover increase in the cost of inputs.

- (ii) that the individual services are so priced so as to conform to the principle of what the traffic can bear.
- (iii) that the cross-subsidisation is resorted to for the balanced growth in the socio-economic environment, but at the same time services are not priced at a level lower than cost.
- (iv) that the railway tariffs take due notice of the relative advantage of different modes of transport for different distances/volumes and be tailored to suit optimum coordination between different modes of transport.

Reply of the Government

- (i) Railways adjust their tariffs from time to time to meet the increase in input cost and finance development plans.
- (ii) The principle of what the traffic can bear (bottom level as well as top level) is taken into consideration before adjustment of tariffs.
- (iii) The Railway services are so cross-subsidised that the tariff revisions not only meet the overall cost but also generate surplus to finance development plan.
- (iv) While fixing the freight rates and fare, Railways keep in view the suitability of rail for bulk & long lead traffic and passenger travelling over long distances.

(M/o Rlys. O.M. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 216)

The Committee note that the main emphasis of the Railways so far has been in meeting the demands of the customers in quantitative terms achieving physical targets rather than on quality of service and customer satisfaction. This situation has fast changed. The Committee, therefore, desire that in order to retain and enlarge their share of business and to reduce cost of operations/maintenance to avoid the eventualities of out-pricing itself in the expanding market, the Railways should adopt institutionalized arrangements for assessing the needs and aspirations of various segments of rail users for effecting changes to suit better customer satisfaction.

Reply of the Government

In order to provide and improve quality of service and customer satisfaction, Railways have institutionalized arrangement for both passenger & freight services through Station Consultative Committee, Divisional Railway Users Consultative Committee, Zonal Railway Users Consultative Committee, National Users Consultative Committee, Coordination meetings are held with industries of core sector like Cement, Fertiliser, Iron & Steel, Coal and Petroleum products. Meetings are also held with ASSOCHAM, CII, FICCI etc. at apex level.

(M/o Rlys. O.M. No. 2000/BC-II/XIII/3000/4 dated 1.8.2000)

Recommendation (Para No. 217)

The Projected appropriation to the Depreciation Reserve Fund (DRF) which is supposed to be used for maintenance of assets is only Rs. 2,441 crore. The percentage of net revenue ratio to the Capital-at-charge has been shrinking in recent years. In fact, the Railways have already eaten into the DRF to such an extent that the opening balance at the beginning of the new financial year will be only Rs. 76.72 crore compared with an opening balance of Rs. 1434.27 crore at the beginning 1998-99. The operating ratio of the railways is projected to reach an all-time high of 98.8 per cent in 2000-2001 which was 83 per cent in 1993-94. Actually, the ratio would have crossed 105 per cent but for the financial jugglery resorted to by the Railways by deferring the Dividend Liability of Rs. 1500 crore which clearly shows that the Railways are in the dock. The Committee are of the considered view that in order to reduce their operating costs, the Railways must have to adopt an appropriate strategy to secure efficiency in production and maintenance units. They have to improve purchasing procedures not only to secure costs reduction but also to improve reliability. To meet the economy transport requirements and avoid erosion of their profitability, the Railways have to organise their growth strategy by (i) increasing the marketing capability to attract the freight and passenger business to the Railways through constructive pricing mechanism and traffic rationalism (ii) practicing austerity especially in the areas of energy consumption, materials management, overtime, travelling allowances, advertisements etc. (iii) bringing about a cultural change in the organisation from being production oriented to consumer friendly and above all (iv) evolving a financing strategy for optimal allocation of scarce resources to actualize the higher growth rate, in the tune with and perhaps ahead of the GDP growth rate. Simultaneously, a major determined cost-cutting exercise will have to be undertaken covering not only the wage bill but also in all other aspects.

Reply of the Government

The Operating Ratio denotes the percentage of Total Working Expenses (sum of Ordinary Working Expenses and appropriation to Pension Fund and Depreciation Reserve Fund) to gross earnings of the Railways.

Due to the sustained efforts made by the Railways in augmenting earnings and reducing the expenditure, the Railways were able to improve their Operation Ratio from 92% in 1990-91 to 82.5% in 1995-96. The Operating Ratio has since deteriorated mainly due to implementation of the recommendations of the V Central Pay Commission which increased the working expenses disproportionately due to steep rise in the staff costs on Railways. The staff costs on Railways have jumped from Rs. 10,137 cr in 1996-97 to about Rs. 18,000 cr in 2000-2001 (BE). Due to sharp reduction in loading in 1998-99, as a result of economic slowdown, earnings also were severely affected. The combined effect of increase in staff expenditure and drop in earnings in 1998-99 brought about a permanent depression of Rs. 7000 cr in internal generation capacity of the Railways. All this has resulted in deterioration of the Operating Ratio, which in 2000-2001 is projected to reach on all time high of 98.8%. However, the working expenses are expected to stabilise in due course except for normal increases, and the growth in freight and passenger traffic will lead to higher earnings. It is hoped that the Operating Ratio would also begin to show signs of improvement. It is a continuous endeavour on Railways to augment earnings and control expenditure. Some of the important steps taken by Railways to mobilise earnings and reduce expenditure, which also include steps suggested by the Committee, are briefly indicated as under.

Augmentation of Earnings

- Aggressive marketing to capture other goods as well as core sector traffic.
- Revision in classification of certain commodities.
- Volume Discount Scheme for certain commodities.
- Two points rake loading for nominated stations.
- Commercial incentives.

- Guaranteed transit time service by CONCOR.
- Delegation of powers to General Managers to quote special rates.
- Leasing of front brake-vans in all passenger trains.
- Special Parcel trains between important stations and trading centres.
- Drives against ticket-less travel.
- Drives for realisation of outstanding dues.
- Maximum realisation from sale of scrap.
- Mobilisation of resources through utilisation of right of way for laying of Optic Fibre Cable, commercial utilisation of land and air space, advertising rights at stations and on rolling stock, etc.

Expenditure Control Measures

- Austerity in areas of hospitality, publicity, advertisements etc.
- Better manpower management for improving per capita productivity.
- Improvement of specific fuel consumption.
- Improving assets utilisation.
- Better inventory control.
- Expenditure management by regular monitoring against monthly proportions based upon spending limits lower than budget and by regulation of cash outgo through the controlled release of cash authorisation to various spending units.

Incidentally it may be mentioned that since dividend payable to General Revenues does not form a part of the Working Expenses, even if dividend to the extent of Rs. 1500 cr had not been deferred in 2000-2001, the Operating Ratio would have remained the same viz. 98.8% and would not be 105% as observed by the Committee.

As regards, bringing about a cultural change in the Railways to make them consumer friendly, the Railways are taking various measures. The image of the Railways is largely dependent upon the quality of its passenger services. It will be a continuous endeavour to provide improved services to the esteemed customers. Railways do realise that despite the best efforts, they are not always able to come upto the people's expectations. There are some problems which will be solved within the available resources with proper management and 'will to serve'. Railways are enhancing their efforts manifold in this direction.

Resources are often a major constraint while considering improvements in passengers amenities. With all the limitations due to competing demands on scarce resources, the allocation for passenger amenities have been enhanced to Rs. 200 cr in 2000-2001 constituting a 52% increase over the previous year.

The 'model stations' scheme for improving the customer interface areas will now cover 186 stations. These stations will have several modern facilities. To improve sanitation, low-cost mechanised cleaning is being contemplated at important Junction stations and on trains. In these efforts, possibilities of private sector participation with technical know-how and capital will also be explored.

The Railways are also launching major initiatives to deploy information technology for making significant improvements in the customer interface areas. Some of the areas that have been taken up include:—

- An internet-based inquiry system for information on train time-table and status of passenger reservation is already operational.
- A National Train Enquiry System (NTES) for disseminating real-time information regarding passenger train running is being developed and is likely to be implemented soon.
- The pilot project for introducing tele-booking has been successfully implemented at Delhi and is proposed to be extended to Mumbai, Calcuta, Channai, Bangalore, Hyderabad and Ahmedabad.

- Extension of booking facilities for reserved accommodation using PRS terminals/Internet to Rail Travel Agents will be implemented.
- Booking on Internet through Smart Card facility will be introduced shortly. Internet-based Reservation using credit cards will also be made available after passing of the cyber laws by the Parliament.
- Pilot project to replace card tickets and Season Ticket by computer-based SPTMs (Self Printing Ticketing Machines) will also be undertaken by using Smart Card technology.

As a major step to provide access to computerised reservation facility it has been decided to include another eighty (80) stations throughout the country, within the ambit of computerised Passenger Reservation System (PRS).

Further, for the first time in the history of Indian Railways, an All India Summer Special Train Time-Table has been released this year. This will also help passengers in choosing their options on all important routes and also help the passengers of the intermediate stations to know the exact schedule of these trains.

The Railways have set up a Customer Care Institute in Delhi to impart training in customer care, such training has also been extended to some other locations on Zonal Railways.

The other great concern of the Indian Railways is to arrest the slippage of market share and thereafter to improve it. The objective is to raise the share of traffic to 50% during the first decade of the new millennium from the existing 40%. This will require not only substantial and time bound augmentation of the line and terminal capacity on the saturated 'High-Density Network', but a multi-pronged new Freight Policy. The new Freight Policy will have the following elements:—

- Recovering non-bulk high value traffic through appropriate marketing efforts.
- Providing appropriate incentives.
- Offering the leasing route to Freight Forwards in the Luggage Vans (SLRs) on popular mail and express trains.

- Facilitating warehousing at existing railway terminals as also at privately operated freight terminals as a marketing tool to attract traffic.
- Extending the new concept of Roll-On-Roll-Off (RO-RO), freight movement in trucks rolled on flat wagons to provide door to door collections and delivery. This has been successfully launched on the Konkan Railway.
- Running of fixed schedule freight trains and terminal operations.
- Launching the 'Freight Operations Information System' (FOIS) to provide real-time information to customers in regard to the booking, movement and delivery of freight consignments through Customer Service Cells to be set up on all Zonal Railways.
- Using the shadow-path created behind fast moving mail/express trains for speedy movement of freight traffic. High speed goods trains are slated to follow superfast express trains with adequate safety precautions to ensure expeditious transit of select high value and perishable goods.

(M/o Rlys OM No. 2000/BC-II/XIII/300/4 dated 10.8.2000)

Recommendations (Para No. 219)

Market Borrowings

The stepped up plan outlay of Rs. 11,000 crore is composed of Rs. 3,668 crore through market borrowings, Rs. 3,540 crore as budgetary support leaving Rs. 3,792 crore to be mobilised throughout internal resources. The internal resource generation by the Railways has shown a stagnating trend since 1993-94 whereas the market borrowings have shown an increasing trend; which is certainly not a healthy trend for them. The Committee notes with concern that the increasing dependence on the market borrowings would certainly put heavy financial burden on the Railways by way of substantial lease charges (Rs. 2350) crore to be paid in the current year since they have to cover both interest and repayment obligations. The Committee wants to caution the Ministry that such a high level of market borrowing is not sustainable and the Railways would be under virtual debt trap and if they have

to maintain their financial viability, the market borrowings have to be kept under very close scrutiny. Simultaneously efforts will also have to be made to find cheaper resources by way of increased internal generation of funds and better control over operating costs to achieve their main objective of securing growth of vast rail network and meeting the aspirations of and priority obligations to the people in the remote/under developed regions of this country. The Committee also desire the Railways to find out cheaper resources for the funding of their projects. IRFC should also explore possibilities for resource mobilization in international market.

Reply of the Government

With reducing budgetary support and steep rise in expenditure, it has been possible to maintain the plan size at certain levels only the market borrowings.

The Railways pay lease charges on investments made by IRFC and by private participants through 'Build Own Lease and Transfer' and 'Own your Wagon schemes'. An amount of Rs. 3014 cr is estimated to be paid as lease charges in 2000-2001 BE. The amount of lease charges being paid is increasing with fresh borrowings every year, due to incremental asset creation.

The lease charges are part of the Ordinary Working Expenses of the Railways and, to that extent, constitute a reduction in their internal resources. However, a part of it, around 40% goes towards redemption of the borrowed amount. So it may be regarded as deferred payment of the cost of assets already acquired. To that extent, they are part of plan expenditure incurred by Railways. As of 31.03.1999. The assets created through market borrowings by IRFC constitutes approximately a third of the wagon fleet and 30% each of the locomotive and coaching fleet, which are being used for meeting the needs of traffic.

The major portion of the estimated market borrowings for 2000-2001 is intended for procurement of Rolling Stock. The gestation period for Rolling stock production/procurement is considerably less than other projects where large investments have to be made over long time spans before any earnings are possible. The rate of return is also appreciably higher on investments in rolling stock than the cost of borrowing funds. It has already been the endeavour of the Railways to maintain a judicious balance of budgetary support, internal generation, and market borrowings especially taking into account the higher cost of market borrowings compared to budgetary support. It is in this context that the Railways have been pressing for higher levels of budgetary support to meet the requirements of planned development.

Cheaper resources for funding Railway Projects

A few State Governments like Tamil Nadu and Maharashtra have started participating in Railway Projects and some other State Governments have shown their willingness to participate. Private participation is also likely in providing connectivity to the ports of Dahej, Mundra and Pipavav.

IRFC should also explore the possibilities for resource mobilization in the International Market

The possibility of accessing International Market is generally explored when import of equipment by Railways is to be financed. Besides, the option to approach International Market will be exercised based on the availability and cost of funds in the domestic market and the attractiveness of the terms of overseas funds for rupee expenditure.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendations (Para No. 220)

Uneconomic Branch Lines

The Committee note that during 1998-99 the Railways have incurred a loss of about Rs. 328 crore excluding dividend on account of operation of 114 uneconomic Branch Lines. Though a number of high level Committees have recommended for closure of such uneconomic lines, the Railways have failed to do so inspite of offering suitable financial packages due to non-cooperation of the concerned States Government. However, it was brought to the notice of the Committee that these lines being MG/NG take much more time in travelling from one place to another in comparison with the road traffic. One of the Uneconomic Branch Lines became viable due to its conversion in broad gauge line. The Committee, therefore, strongly recommend that the Railways should (a) go in for gauge conversion of these lines so that the market centres could be developed or in the alternatives use these lines for movement of goods traffic and (b) give some of these lines on lease, where possible, to private operators. The losses on the operation of these lines should be treated as public services obligation and compensated by the Central Government.

Reply of the Government

Gauge conversion is an ongoing process and projects are prioritised on the basis of operational and strategic considerations. Individual projects are evaluated financially before being included for gauge conversion.

The suggestion that public service obligations borne by the Railways on uneconomic branch lines should be compensated by the Central Government is noted. In the draft for the IXth Five Year Plan for Railways, compensation of public service obligations from the General Exchequer to the extent of Rs. 1500-2000 crores per annum was envisaged. However, this was not agreed to by the Central Government.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendations (Para No. 222)

The Committee are concerned to note that a sizable chunk of Railway revenue is being lost due to ticketless travel, fake ticketing, non-weighment of coal resulting in overloading of wagons, wrong declaration of commodities, incorrect application of prescribed rates, miscalculation and wrong classifications of freight items, pilferage's, damages, delays in transit of freight commodities and above all the rampant corruption in day-to-day administration especially in tender system, recruitment, disposal of scrap etc. The Committee feel that Railways not only lose their revenue due to corruption but also suffer goodwill of their customers. About the large scale of bungling in disposal of scrap, Member (Mechanical), Railway Board bluntly admitted during evidence *"I cannot vouch that there is no misuse of the scrap in such a huge organization. But if anyone say that in such a big organization everything is totally going on correctly, would not really be the truth. That is why I had mentioned that we are aware that there are mafias. Therefore, what we are doing is we are shifting of selling of scrap from one place to other. Probably, we have not been able to get over the mafia problem."*

The Committee were stunned to find that even the new items purchased by the Railways were being sold as scrap. Accepting the above charge, the Member (Mechanical) Stated *"We are also aware of the shortcomings. There are always some bad heads in all organisations and we also would be having such people. But there are certain limitations. We will be very grateful if further suggestions are given to improve the situation. But I would like to ensure once again that on paper there is a set procedure. In such a huge organisation, there would be some bypassing of that procedure. Some non-moving items may have gone to scrap yard. We will try and see that further vigilance is exercised and I will get some vigilance done in this regard."*

The Committee cannot but conclude that the Railways have totally failed to overcome the wide-spread corruption. They gather the impression that no action is being taken against the big players including higher officers responsible for this state of affairs. The Committee stress that there is an urgent need to re-look into the whole process of tendering system, scrap disposal and the functioning of the Railway Recruitment Boards and make them fully transparent. The Committee also recommend that the examination/interviews should be held within the States concerned and vacancies should be filled up State-wise. Another area of concern to the Committee is the goods booking centres where rampant corruption is prevalent. The Committee therefore strongly, recommend that Commodity Certification Cells having a senior vigilance officer in each Cell be created at all these centers.

Reply of the Government

The Standing Committee on Railways (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Railways have expressed their concern in para 222 of the First Report in regard to various sources of leakage of revenue & corruption in Railway working. The items highlighted in regard to loss of revenue are (i) ticket less travel and fake ticketing (ii) non-weighment of coal resulting in over loading of wagons (iii) mis-declaration of commodities (iv) incorrect application of rating rules and (v) loss and damages of goods in transit due to pilferage's and delays. On corruption front, Committee have highlighted (i) corruption in tendering system, (ii) recruitment matters and (iii) disposal of scrap.

A. Loss of Revenue

(i) **Ticket less travel and fake ticketing:**—To curb the menace of ticketless travel, railway administration is taking vigorous measures. Ticket Checking activities have been intensified. Special and surprise checks are regularly conducted on Zonal Railways by mobilising ticket checking staff and officers in association with Special Railway Magistrates, Government Railway Police and Railway Protection Force. Vigorous checks are also conducted under an 'Action Plan' circulated to all Railways directing them to launch different types of checks on specific dates.

During the year 1999-2000, 12.54 lakh checks were conducted. As a result of these checks, 118.60 lakh persons were detected travelling without ticket or with improper ticket and the amount realised was Rs. 143.72 crores, as against 111.10 lakhs persons and Rs. 131.25 crores amount in the previous year. As a result, the window sale of tickets increased by 4.7% and the amount realised through window sales increased from Rs. 8638.40 crores to Rs. 9613.93 crores in the current year.

Regular drives are conducted by the Anti-Fraud Squads, Vigilance and Railway Protection Force against persons indulging in sale of fake tickets.

(ii) **Non-weighment of Coal resulting in overloading of wagons:**—As regards non-weighments of coal resulting in overloading of wagons, it may be mentioned that sender's weight was accepted in case of coal rakes loaded on N.F. Railway due to absence of weighbridges. Coal loading is being done at present on N.F. Railway on the basis of markings in Wagons based on volumetric measurements, according to the density, weight and type of coal as also the type of wagons. However, to check the overloading, several enroute checks by Board/Northern Railway Vigilance teams were carried out and heavy undercharges (freight+penalty) realised. It has been decided to install 25 electronic-in-motion weighbridges at suitable locations on different railways to check overloading. Out of these, three weighbridges were sanctioned for N.F. Railway at Rangiya, Jogigopa and Rangapani. The weighbridge at Jogigopa has already been commissioned on 11.4.2000 and the other two are being commissioned shortly. In the meantime, a regular system of weighment by Northern Railway of the rakes loaded on N.F. Railway has been put in place.

(iii) Mis-Declaration of commodity:— As regards wrong declaration of commodities, incorrect application of prescribed rates and miscalculation and wrong classification of freight items, necessary rules and procedures exist in the Railways to prevent the same. In cases of detection of such irregularities, penalties as per extant rules are imposed on the parties. For example, if it is detected that the party by mis-declaration has booked the parcels at rates lower than general parcel scale rate, then double the GPS rates are charged. Moreover, mis-declaration of consignment is also an offence under Section 163 of the Railways' Act. The Commercial staff *i.e.* Goods staff and Parcel staff are posted at each Booking Station to detect such irregularities in their day to day work. The Commercial & Accounts Supervisors/Officers are required to carry out checks at frequent intervals at important stations to examine the contents of parcels/goods booked. Preventive/Punitive steps are to be taken on the basis of such surprise checks. However, the checks both by departmental as well as Vigilance officers will be intensified.

As regards the proposal that Commodity Certification Cells having a Sr. Vigilance Officer in each Cell, be set up at all goods booking centres, it may be mentioned that it is neither feasible nor necessary. At already mentioned above, the Commercial Staff is already posted at each goods booking station to facilitate and supervise proper booking and loading of goods. Creation of separate Commodity Certification Cells would only lead to duplication/overlapping of work thus raising extra expenditure. Surprise/random checks by the existing vigilance set up will help in ensuring that the Commercial Staff/Supervisors discharge their duties, in detecting the above irregularities, efficiently and as per rules.

(iv) Incorrect application of rating rules:— Railways have well defined system of issuing rates instructions from Railway Board and from Zonal Railway, Head Quarters. Indian Railway Conference Association also issues correction slips to tariff rules published by them. If any mistake is committed by the staff at the forwarding point the staff at destination rectify the same and collect the correct charges. The classification of goods and calculation of rates are also checked by Traffic Accounts Office of the Railways. Any errors detected during the check are communicated to the station for recovery of the differences. Normally, such differences are paid by the consignor/consignee. Otherwise these are recovered from salary or settlement dues of the defaulting railway staff.

(v) Loss and Damages of goods in transit due to pilferage and delays:— Indian Railways are relentlessly striving to secure safety of goods entrusted to them for carriage, and to ensure that the consignments reach their destinations without pilferage, damage or delay in transit. They attach paramount importance to the attainment of this objective, not merely to save drainage of revenue in the form of payment of compensation, but also to earn precious goodwill of their customers. At the same time, if, despite the best preventive efforts, any loss or damage occur, the next objective is to settle the owner's claim for compensation expeditiously and gracefully according to the law of the land.

The Following steps are taken by Zonal Railways to prevent/minimize claims

- (i) Escorting of goods trains by Railway Protection Force and armed personnel on vulnerable sections;
- (ii) Insistence on provision of dunnage to protect flap doors where required in case, for instance, of wagon-load consignments of sugar, grains and pulses and oil seeds;
- (iii) Proper marking and labeling of packages to avoid their loss/over carriage;
- (iv) Use of metal tape on wagons to avoid misdespatches and prevent them from becoming unconnected;
- (v) Proper handling of goods at forwarding, destination and transshipment points;
- (vi) Ensuring use of pictorial labels on fragile goods with a view to preventing breakage, damage etc;
- (vii) Intensification of surprise checks to detect cases of short loading and other irregularities and mal-practices;
- (viii) Prompt fixation of staff responsibility;
- (ix) Special study of specific streams of traffic to localize the causes and places of theft and pilferages and follow up action thereon.
- (x) Opening of NR Cells on Zonal Railways to trace such wagons/consignments which have not reached destination within normal transit time.

B. Corruption:

Railway has a strong Vigilance Organisation to check the various areas of corruption. The impression that no action is being taken against the big players including higher officers is not correct. As a matter of fact, during the last 2 years as many as 424 officers were taken up in consultation with Central Vigilance Commission of which 112 are JAG and above.

(i) **Tendering System:**— In regard to tendering system, the same is reviewed from time to time by appointing various committees. The latest being at the level of Addl. Members in regard to the procurement of quality stores.

(ii) **Recruitment Matters:**— The Railway Recruitment Boards have already been revamped and officers of proven integrity are posted. The various rules and procedures are totally transparent and the working of the various Recruitment Boards is being closely monitored at the apex level by Railway Board.

(iii) **Disposal of scrap:**—

1. Generation and disposal of scrap is a continuous process on all Railways and Production Units. Scrap generated from shops and sheds is generally transferred to nearby depot for disposal. Scrap generated due to track renewal works, gauge conversion works is collected at nearby station or formation of lot for disposal.
2. Before disposal every lot of scrap material other than rail and P. way item is surveyed by a Committee of three senior officers and acceptance at the level of General Manager. Scrap rail and P. way materials are inspected by engineers and recommendation is accepted by Chief Engineer before disposal. Thus, the auction of new material is not possible. There is laid down system and codal procedure for even declaring obsolete and unserviceable new railway material as scrap. All such materials are examined by the Survey Committee consisting of 3 officers and recommendation of this is required to be approved by General Manager above Rs. 25,000 and Controller of Stores below Rs. 25,000 before the same can be classified as scrap and sent to depot for

further disposal. Three officials, one each from custodian, accounts and security departments are responsible for witnessing delivery of the sold material. Thus, there are adequate safeguard in the system to prevent mixing of new material with scrap as well as delivery of sold lots to the purchaser. If any instance of bye-passing the procedure comes to notice, adequate action is taken against the defaulters. Preventive checks by vigilance officials and other officials are conducted from time to time.

3. Ministry of Railways will like to clarify that well-organised procedure and system exist on the railways for the disposal of scrap so as to maximise earnings of the railways. The actual quantum of various types of scrap sold with value thereof for the last 5 years is enclosed in the statement to appreciate the enormous work carried out by the railways in the disposal of scrap. Disposal of scrap quantitatively is in the range of 10 lakh MTs and in terms of value it is in the range of about Rs. 900 crores per year. Scrap is disposed of through public auctions/tender sales. The value and quantum disposed of by the railways may perhaps be the highest among any other organisation for such an activity of disposal of scrap. It is mentioned that railways are ever vigilant for taking several steps on the activities of unsocial elements like Mafia mentioned in the report.
4. On many occasions State Police Force is called for assistance to take care of threats and disruption apprehended from unsocial elements at the time of auction. Railway Protection Force is available to take care and protection of railway property.
5. The scrap disposal activity is on all Railways and PUs *i.e.* all over the country at several locations. The list of places where auction is conducted is enclosed for appreciating the geographical spread of the activity in the country.

5.1 As brought out above, there is a well organised system of scrap disposal at several places all over the country. It was in context of a specific information of Hon. M.P. in regard to Mafia operation in Calcutta area and new items being sold that observation of Member Mechanical was made as it is difficult to refute such specific allegation for which separate enquiry was required to be made. Keeping in view Hon. M.P.'s specific information, joint check of railway vigilance and CBI team was carried out in Liluah during the first week of May and such checks are being intensified wherever the information has come to the notice of Board.

- 5.2 Activities of Mafia operations may be limited only to very few localised places. Even at such places railways try various methods procedurally to overcome such undesirable activities like conducting auction at different locations so that purchasers from different places may take part in auctions freely. It will also be worth mentioning that even where the Mafia activities of undesirable nature may exist, precautions with respect to conduct of the auction and deliveries are taken within the railway premises as far as possible to prevent such undesirable activities. However, occasionally it does come to notice verbally that the anti-social elements pass on threats of life to the purchaser or for extorting money etc. The Committee will appreciate that this is basically a subject of unsocial elements giving threats of life to the people which is a subject of law and order situation and the matter is to be controlled by the State Police.
6. Ministry of Railways would like to mention that other than the basic law and order situation of threat of life, which may be pertaining at few localised locations, any other administrative action possible is taken to improve higher revenue generation of railways through scrap disposal.
 7. The following actions have already been taken by the railways for last few years to minimise any influence of unsocial elements.
 - (i) Wherever the existence of unsocial elements has come to notice, in order to overcome such influence of unsocial elements, the auctions have been conducted even at different locations to bring in more competition and higher participation of the purchasers. For example auction have been conducted at Delhi for the scrap material pertaining to Eastern and South Eastern Railway of the locations of Belur, Kanchrapara, Kharagpur, Raipur etc.
 - (ii) Scrap materials are also shifted from one place to another where adequate competition due to threats of unsocial element does not take place.
 8. It is advised that intensive checks have been planned to be carried out to reduce any incidence of leakages and to curb the undesirable activities of unsocial elements.

Disposal of scrap during last 5 years

Year	Ferrous			Non-Ferrous-depot items	Rolling stock			Total Value
	Rails/ P. Way-track items	Other depot items	Total		Wagons	Coaches	Locos	
	MTs	MTs	MTs	MTs	Nos	Nos	Nos	Creore Rs.
1995-96	620166	386177	1006343	8287	21886	2450	349	1018
1996-97	533111	297233	830344	7819	18157	2097	152	853
1997-98	676761	311315	988076	7008	14789	1806	110	876
1998-99	570672	288440	859112	9364	12707	1717	100	765
1999-2000	633617	346020	979637	8940	25690	1454	228	898

List of Places of Auction for Sale of Scrap

Railways	Auction Locations
1	2
Central Railway	Haji Bunder Manmad Jhansi Matunga Curry Road Parel Bhusaval Bhopal Jabalpur Nagpur Agra
Eastern Railway	Belur Halisahar Jamalpur Mughalsarai Asansole Gulmohar Delhi

1	2	3	4
Northern Railway	Jagadhari	WTW	
	Jodhpur	UDW	
	Alambagh	FCW	
	Shakurbasti	BCW	
	Bikaner	BCW	
North Eastern Railway	Kanpur	BCW	
	Shakurbasti	WAP	
	Gorakhpur		
	Izzatnagar		
	Samastipur		
Northeast Frontier Railway	Pandu (Maligaon)		
	New Jalpaiguri		
	Kathiar		
Southern Railway	Ashoka Puram		
	Golden Rock		
	Perambur		
South Central Railway	Hubli		
	Vijayawada		
	Secunderabad		
South Eastern Railway	Kharagpur		
	Raipur		
	Bilaspur		
	Waltair		
	Delhi		
Western Railway	Kota		
	Dohad-Pratapnagar		
	Sabarmati		
	Mahalaxmi		
	Ajmer		
	Jaipur (Often)		

1	2	3
CLW		Chittaranjan
DLW		Varanasi
DCW		Patiala
ICF		Perambur
RCF		Hussainpur
Metro Railway		Calcutta
WAP		Bangalore

(No. 2000/TC (CR)/305/3)

1. The concern expressed by the Standing Committee on Railways on functioning of the Railway Recruitment Boards (RRBs), so as to overcome the erstwhile widespread corruption and to make them fully transparent, has already been taken care of. In fact, in the wake of widespread allegations of irregularities and malpractices against the functioning of RRBs, Railway Board had undertaken a review of the set-up and functioning of RRBs in March-April 1998. In order to ensure fairness, transparency in recruitment and selection on the basis of merit only, a number of measures were taken. Some of the important ones are as under:—

- (a) A Railway Recruitment Control Board (RRCB) at the level of Railway Board has been constituted with Member Staff as its Chairman with Additional Member (Staff) and Adviser (Vigilance) as Members, to oversee and monitor the proper functioning of RRBs. RRCB has been responsible for issuing instructions and guidelines to RRBs to ensure that recruitment is done properly and only the meritorious candidates are recruited in Railway Services. RRBs function directly under control of RRCB.
- (b) Replacement of all Chairmen appointed on ad-oc basis by serving Senior Administrative Grade Officers of the Railways and replacement of all other supporting officers and staff.
- (c) Setting up of a grievance redressal mechanism to deal with complaints and representations regarding selections.

- (d) A new system of duplicate answer scripts using carbonless process was introduced. As the candidate marks his answer on the answer sheet, the same impression is transferred to the duplicate copy as well. While the original is sent directly from the venue to the evaluating computer agency, the duplicates are sent to RRCB for independent check as required.
- (e) All question papers are of the objective type and all evaluation is done through computers.
- (f) A large number of new procedures have been prescribed through a series of policy circulars so as to develop a system, which would prevent tampering with examination results etc. at any stage and also prevent other malpractices.
- (g) It has been decided to do away with interviews in most of the selections conducted by Railway Recruitment Boards, eliminating the possibility of subjectivity.

These measures have greatly improved transparency of the recruitment process.

2. The Committee have also recommended that the examinations/ interviews should be held within the States concerned and vacancies should be filled up State-wise. This recommendation does not appear to be in conformity with Article 16 of the Constitution of India which is reproduced below:—

“Equality of opportunity in matters of public employment

- (1) There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State.
- (2) No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect of, any employment or office under the State.
- (3) Nothing in this article shall prevent Parliament from making any law prescribing in regard to a class or classes of employment or appointment to an office (under the Government of, any local or other authority within, a state or union territory any requirement as to residence within the State or Union territory) prior to such employment or appointment.

(4) Nothing in this article shall prevent the State from making any provision for the reservation of appointments or posts in favour of any backward class of citizens which, in the opinion of the State, is not adequately represented in the services under the State.

(5) Nothing in this article shall affect the operation of any law which provides that the incumbent of an office in connection with the affairs of any religious or denominational institution or any member of the governing body thereof shall be a person professing a particular religion or belonging to a particular denomination."

5. The policy of the Railways with regard to recruitment through RRBs has from the very beginning been that candidates from anywhere in the country are free to apply in response to the advertisements issued by any of the RRBs located all over the country. It goes well with the Railways as Indian Railways are an organisation having an all-India character and serve as an effective instrument of national integration.

6. Further, pursuant to Hon'ble Supreme Court's judgement dated 22.8.96 in the case of Excise Superintendent, Malkapatnam, Krishna Distt., A.P. V/s K.B.N. Visweshwara Rao & Ors., Railway Board had reviewed the matter in consultation with the Department of Personnel and Training and it was decided that the extant procedure for publicity of Employment Notices for recruitment to Group 'C' and 'D' will stand modified as under:—

Group 'C' posts:— The Employment Notices for posts in Group 'C' to which recruitments are undertaken by the Railway Administrations themselves (*i.e.* not through Railway Recruitment Boards) will henceforth be published in the "Employment News" published by the Publication Division, Ministry of Information & Broadcasting, Govt. of India irrespective of the scale of pay of the post to which recruitment is made. In addition, the Employment Notices being supplied to the nearby Employment Exchanges, Resettlement Directorate of the Ministry of Defence, Rajya & Zila Sainik Boards etc. and being displayed on Notice Board as already provided for such notices also be displayed on the Notice Boards of the offices under the control of the Recruitment authority/Eastablishment.

Group 'D' posts:— In addition to the Employment Notices being issued to the Employment Exchanges within the recruitment unit and to the recognised associations of Scheduled Castes & Scheduled Tribes, etc. such Notices will also be published in the "Employment News".

All those who apply directly in response to the "Employment Notices" should be considered, along with those who are sponsored by the Employment Exchanges, on equal footing.

7. It is pointed out that in view of the Hon'ble Supreme Court's judgement cited above and the procedure evolved in consultation with the Department of Personnel and Training, it is incumbent to give wide publicity to the posts advertised in Group 'C' and 'D' categories so as to afford equal chance to the candidates coming from various areas.

8. In view of the position given above, as also numerous measures already having been taken for revamping the whole set-up and functioning of RRBs for making the system transparent and merit-oriented, it is felt that the aforesaid recruitment policy of the Railways does not require any change.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 225)

The Committee find that there are two types of traffic freight and passenger with the Railways and to increase and improve the passenger traffic, the catering services on Railways play an important role. The Committee express their serious concern that the catering services in the trains as well as the stations are of the poorest quality. Foods, drinking water, etc. served in the trains at the stations are hardly found hygienic. No regular checks are conducted. Even no accountability is fixed on the supervisory staff involved in malpractices. Though the Indian Railways Catering and Tourism Corporation has been formed with a view to providing improved catering services to the passengers and value added services for both domestic and foreign tourists, there is an urgent need to make the Corporation functional at the earliest.

Reply of the Government

Ministry of Railways is alive to the cause of quality and hygiene of food served on Indian Railways and is taking measures to ensure the same. A number of steps have been initiated to improve the quality of food at stations and in trains through improved grade of raw material, packaging and presentation and regular monitoring of services. Detailed guidelines regarding procurement and supply of mineral water have been issued. A Bulletin on Personal Hygiene and Food Safety has also been issued by Ministry of Railways in order to provide quality food and to improve hygiene. Railways do conduct inspections and surprise checks at frequent intervals to ensure quality. A Catering Monitoring Cell has also been set up in the Ministry of Railways to supervise the functioning of zonal Railways in this regard. Indian Railway Catering and Tourism Corporation will progressively take up upgradation of catering services on Indian Railways.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 226)

There are number of complaints regarding lack of cleanliness at railway stations and in waiting rooms/running trains. The Committee find that inspite of repeated recommendations made by the previous Standing Committee on Railways, no improvements are visible in this area. The Committee, therefore, strongly recommend that the necessary steps be taken at the highest level to ensure the required cleanliness at stations and in waiting rooms/running trains. In this context, the Committee would like to suggest that accountability be fixed at every level—stations-wise/trains-wise and simultaneously, public awareness should be promoted by organising special cleanliness drive at regular intervals.

Reply of the Government

It is a constant endeavour of Railways to improve the standard of cleanliness in railway premises and trains which are used by a very large number of persons and that to through out the day. By their very nature, all passengers use railway premises at important stations which not only have problems of intensive use but also related social problems which pose a serious challenge in ensuring satisfactory standards of cleanliness. Besides regular efforts, special drives are also

launched from time to time to improve the standard of cleanliness and to generate public awareness. During the recent past, special drives were conducted during the month of November 1999, March 2000 and May 2000. During these drives, efforts were made for providing extra dustbins, spraying of insecticides, washing and disinfecting platforms and toilets, removal of garbage and publicity in media. During such drives, assistance of various voluntary organizations as well as scouts and guides of the railways are also sought and frequent announcements made to sensitize public towards the need for cooperation in ensuring cleanliness. Besides this, the system of 'Pay & Use' toilets has also been introduced and about 900 toilets brought under the scheme. This is being extended further. Detailed instructions have been issued to the Zonal Railways recently in this regard. As a pilot project, it is proposed to introduce mechanized cleaning process at selected locations to gain experience and if the same is found fruitful, the feasibility of extending it further would be examined. Inspections by officers and supervisors are conducted from time to time to tone up the sanitation. Efforts and remedial action is taken as deemed fit within the existing constraints.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 227)

Annual Plan 2000-2001 Allocation

The Annual Plans 1998-99 and 1999-2000 met with a substantial cut in plan expenditure due to less availability of internal resources. The Annual Plan 1998-99 was kept initially at Rs. 9500 crore, which was revised at the fag end of the year to Rs. 8857 crore leaving a substantial gap of Rs. 643 crore. Similarly the Annual Plan 1999-2000 which was budgeted at Rs. 9700 crore finally got reduced to Rs. 8965 crore at the revised stage of the budget. Consequent upon the reduction of these two Plans' size, the performance of the Indian Railways as a whole suffered a very serious setback. The Railways entirely attributed the reasons of scaling down of the plan expenditure to the unexpected low generation of revenues due to the recessionary trend of the economy particularly in 1998-99 and the steep hike in unforeseen expenditure like salary, pension, diesel etc. in the year 1999-2000. The Annual Plan 2000-2001 has been fixed at Rs. 11000 crore consisting of Rs. 3540 crore as Budgetary Support, Rs. 3792 crore as internal Generation from both normal and non-traditional sources of revenue and Rs. 3668 crore from Market Borrowings.

The Ministry of Railways have informed the Committee during the evidence that during 2000-2001, Rs. 500 crore would be recovered from Badarpur Thermal Power Station as it owes about Rs. 1400 crore to the Railways, Rs. 500 crore are expected to be generated through leasing of right of way for Optical Fibre and Communication and Rs. 750 crore from commercial exploitation of land and air space and commercial publicity. The Committee are very much apprehensive about the fragile nature of the resources to be generated internally especially from the non-traditional sources. They fear, in case, the internal generation of resources do not materialize to the extent desired by the Ministry of Railways, a severe fiscal deficit awaits the Indian Railways forcing it to again reduce their plan expenditure and consequently bear the brunt of unscientific Planning and fiscal mismanagement. Therefore, the Committee urge upon the Ministry of Railways to put in their concerted efforts with pure professional approach in generating internal resources with special emphasis on non-traditional revenues so that funding for plan expenditure especially from internal source may not suffer.

Reply of the Government

The concerns of the Committee are noted. The Committee would appreciate the fact that to the extent internal generation falls short of expectations, the Railways have to regulate their expenditure accordingly. However, the Railways are making every effort to increase the internal generation of resources. The recommendations of a Task Force constituted to study mobilization of resources through non-traditional sources, are under implementation.

The target of recovery of Rs. 500 crores of outstanding dues from Badarpur Thermal Power Station has been based on an assurance from Power Ministry.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 229)

The Committee have come to know that the priorities of all the ongoing projects approved by the Cabinet Committee on Economic Affairs on 9.11.1998 are being observed by the Railways. However, the present Government have decided to accord priority to those projects which have been lingering on for more than 10 years, which is a welcome step. In this connection the Committee have noticed a very

important fact that CCEA approved the priority of projects in terms of category and not in terms of volume of funds required for a particular projects which ultimately led to a blanket liberty to the Railways to allocate funds to the projects as per their wishes. The Committee deprecate such kind of tendency on the part of the Railways and urge upon them to stop charity to ensure healthy rationalisation in the allocation of funds to the various projects in the same category approved by the CCEA. The Committee are of the firm view that public money be utilised in such a democratic manner which can ensure a level playing field to all projects within the same category to achieve optimum objectives of social justice.

The Committee also note that the Indian Railways since their inception and more after independence, continued heavy tilt towards metro-urban, metro-suburban and metro to metro links quadrilaterally and diagonally for the development of railway projects and comparatively less attention was paid towards the rural linkages, may be, because of the apprehension of unremunerative returns. This Committee, however, think that the time has come for the Government to have a re-look for shifting their thrust towards the rural areas with a view to ensuring regional balance and active participation on the part of the rural folk in the overall development of the nation.

Reply of the Government

The Committee has commented that since CCEA approved the priority of projects in terms of category and not in terms of volume of funds required for a particular projects, it led to a blanket liberty to the Railways to allocate funds to the project as per their wishes. The Committee has depreciated such kind of tendency on the part of the Railways and urged them to stop charity to ensure healthy rationalisation in the allocation of funds to various projects in the same category approved by the CCEA. The Committee has also suggested that a level playing field be provided to all the projects within the same category to achieve optimum objectives of social justice.

In this connection, it is pointed out that the Railways do not have any blanket liberty. The funds to be allocated for each project are decided by the Government (Minister for Railways) after personally going into the status of each project. Such fund allocation as proposed by the Government for each project are shown in the Pink Book which is a part of the Railway Budget document and gets finalized only after Parliament accords approval to the Budget. It has to be appreciated

that for any new project the fund requirement in the first one or two years is very little since this time is taken for final location survey preparation and sanction of detailed drawings and estimates, preparation of land acquisition papers and plans. In the next two to three years also the fund required is not much since the activities involved are earthwork, construction of bridges, collection of ballast etc. which do not consume sizeable funds. The bulk requirement of funds is in the last two years of the project when the entire track materials are to be purchased and installed, signalling and telecommunications are to be done and station buildings, platforms and colonies are to be constructed.

In view of the above, no purpose would be served in allocating resources to all projects uniformly. In fact, this would result in a thin spread of resources in which no real progress would be possible on any of the projects. Each year the requirement of funds for each project is assessed in consultation with the Railways and then based on the overall availability of resources in each plan head and the category of the project, the available funds are proposed for project-wise distribution.

The Committee has further commented that the Railways since their inception and more after independence continued a heavy tilt towards Metro-Urban, Metro-Suburban and Metro to Metro links quadrilaterally and diagonally and comparatively less attention was paid to Railway linkages in rural areas. Further the Committee has expressed the view that the time has come for the Government to have a re-look for shifting their thrust towards the rural areas with a view to ensuring regional balance.

In this connection, it is pointed out that the Railways cannot have a State-wise or region-wise perspective and the basic necessity for rail linkages is to carry the traffic where offered.

Since the traffic movement in the country is such that 80% of the traffic offered has to be carried between the Metros on the quadrilaterals and diagonals, the line capacity on these routes has to be developed to match the needs of traffic. Other than this the Governments have been lying stress on taking up new projects in rural areas and in fact 95% of the new line projects now in progress are in rural areas and as such bulk of the expenditure is being done only on such projects. Even the remaining 5% new line which aim to connect urban areas such as Panvel-Karjat and those which are project/traffic oriented lines such as Daitari-Banspani, Hubli-Ankola, Angul-Sukhinda road etc. will also connect new rural areas and provide the infrastructure for development of these rural areas through which they pass.

[M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000]

Recommendation (Para No. 232)

An effective stock management plays an important role in the overall progress and development of an organisation like the Indian Railways which as such are the biggest service Enterprise in the country. The Committee consider that the Indian Railways which generally invest upto 45% of their total plan expenditure for purchasing/manufacturing rolling stock every year should accord topmost priority for the rolling stock management in such a way where instant control at the Divisional, Zonal and Central level can be ensured. The Committee urge upon the Ministry of Railways to plan their rolling stock requirements as per the line capacity available avoiding over saturation and stress on the line. They disapprove the tendency of the Railways for introduction of new trains every year disproportionate to the line capacity available.

Two important instances *viz.* (1) anomaly in tender price of wagons and (2) sanctioning of an advance involving substantial money to a particular Wagon manufacturing unit by Container Corporation of India (CONCOR), a Public Sector Unit under the administrative control of the Railways, came to the notice of the Committee during the evidence of the representatives of the Ministry of Railways. The Committee were informed that while placing order for wagons, the Railways take into account only the base price and not the overall price of the wagon including excise duty which leaves a high scope for manipulation by the wagon manufactures by quoting the base price comparatively less and simultaneously getting more, by way of reimbursement of excise duty paid on accessories by the Indian Railways. The Committee strongly deprecate such kind of ambiguity in the tender system for purchasing wagons and thereby impress upon the Ministry of Railways to correct their present policy of tender especially in respect of wagons procurement. They also recommend that a thorough investigation be ordered in the case where a substantial advance was extended by CONCOR to Hindustan Development Corporation, a wagon manufacturing unit and the findings be palced before this Committee within three month.

The Committee note that the higher officials in the Ministry of Railways (Railway Board) are not serious enough to the recommendations made by the Parliamentary Committees. The Committee were shocked to know during evidence that the Member (Mechanical) while replying to a specific query relating to the

recommendations made by the Railway Wagon Committee constituted by the then Chairman, Rajya Sabha on 9th August, 1995 on tendering system and procurement of wagons, informed the Committees that ".....about the detailed recommendations, I am not aware". But when the proceedings were sent to the Ministry of Railways for carrying out grammatical errors or such other patent errors as wrong figure etc., the Member (Mechanical) incorporated the changes in the submission he had made before the Committee. The Committee seriously castigate such casual approach of the Railway Board toward the recommendations of the Committee.

The Committee further consider that the time has come for the Indian Railways to explore more and more the export potentials in respect of wagon and coaches. The Indian Railways must come forward with a concrete action plan and strategy to materialise the same. The committee also suggest that the Railways must go in for total computerisation of stores in a big way and inter-link these stores in such a fashion that the availability of store items may be ensured instantly at the Divisional, Zonal and Central level with crystal clear transparency.

Reply of the Government

Acquisition of Rolling stock is planned according to the traffic projections and hence varies from year to year. The percentage of Budget allocation to Rolling stock to that of the total Annual Plan for the last five years and the current year (B.E. figures) is indicated below:—

Year	Percentage of Budget allocation
1995-96	39.2
1996-97	46.8
1997-98	40.2
1998-99	45.3
1999-2000	40.2
2000-2001	35.4

A very close watch is kept on the utilisation and maintenance of Rolling stock *vis-a-vis* the targets set on the Divisional, Zonal and the Board's level on day-to-day basis. As a result of this sustained effort,

the utilisation of passenger coaches has been increasing year after year as can be seen from the following figures:—

Year	Vehicle kilometres per vehicle day
1996-97	441
1997-98	445
1998-99	456

With growing passenger demand, introduction of some new trains becomes necessary. All factors including utilisation/availability of capacity are given due consideration while deciding on the introduction of new trains.

Strategy for Enhancing Export Potential of IR

Indian Railways have indentified export of Rolling stock as one of their thrust areas and are making efforts to enter International market for export of all types of Rolling stock. The recent acquisition of new technology for manufacture of diesel and electric locomotives and the coaches has been a major milestone towards this end. Our Production Units are expected to absorb this technology and manufacture the latest state-of-the-art locomotives and coaches in the next two to three years. We would then be in a position to exploit the full potential of our Production Units with a new found confidence.

Some of the recent measures taken by the Board to exploit our export potential are:—

- (a) M/s RITES and IRCON have been nominated to handle all export enquires expeditiously. They have been allocated specific countries to avoid duplication of efforts.
- (b) Some of the General Managers of Production Units have been empowered to submit direct quotations against export enquires.
- (c) Flexible marginal pricing approach has been selectively adopted taking into consideration various global market forces.
- (d) A brochure detailing the salient features of our Rolling stock has been sent to our mission abroad for pertaining International market.

The total value of export orders executed during the last five years is as under:—

1995-96	Rs. 16.10 crores.
1996-97	Rs. 11.23 crores.
1997-98	Rs. 46.00 crores.
1998-99	Rs. 02.41 crores.
1999-2000	Rs. 12.84 crores.

Locomotives for Developing Countries

Most of these countries have either metre gauge or Cape gauge (3' 6") systems. In order to meet their needs, one locomotive has been designed and developed keeping in mind their specific requirements. This loco will be manufactured as a joint venture between Indian Railways, IRCON and RITES at DLW in about a year's time. Manufacture of such a locomotive is expected to enable us to quote in the International market with a custom designed locomotive with improved delivery schedules.

Wagons

Wagons are manufactured exclusively by the various manufacturing industries and IR has no role in their export.

Coaches

Till recently, total capacity of the coach manufacturing units in the country was just able to meet the domestic requirements. We would be in a position to export coaches from RCF in a few years time, once the new technology has been absorbed.

Recently RITES have also bagged orders for 12 BG diesel locomotives, 10 from Bangladesh and 2 from Sri Lanka. With the development of stainless steel coaches by ICF in the recent past, both IRCON and RITES are hopeful of finding market for export of these coaches.

In competitive tenders issued by Railways, excise duty on items purchased is normally added for determining the inter-se position of firms.

However, as far as wagons are concerned, excise duty is exempt on Rolling Stock Programme wagons procured by Railways and hence prices of wagons are not required to be evaluated taking into consideration excise duty applicable on wagons. ED is, however, taken into consideration of wagons if procured under OYWS. Thus wagon orders are placed on single uniform prices on all wagon manufacturers.

However, excise duty and sales tax are leviable on manufacture of bogies and couplers which are components for manufacture of wagons. Some of the wagon builders are manufacturing either both the items or one of the items where by virtue of manufacturing themselves excise duty and sales tax is not levied to them whereas other wagon builders who have to purchase these items are required to pay excise duty and sales tax.

In the past bogies and couplers were 'free supply items' to wagon builders, as wagon contracts were basically in the form of fabrication contracts and all major components/assemblies like steel, wheelsets, bogies couplers, bearings and air brakes, etc. were being supplied as free supply items. After deletion of some of the items like bogies and couplers from the list of 'free supply items', it has created a situation where some wagon manufacturers are burdened with the payment of excise duty and sales tax if these items are purchased by them whereas other wagon builders who are manufacturing in-house are in the advantageous position by non-payment of excise duty and sales tax. Most of the public sector units (except M/s. Burn Standard Co., Howrah and to a certain extent M/s. Braithwaite & Co. for bogies) are required to purchase these items from other units and hence are required to pay excise duty and sales tax on procurement of these items for manufacture of wagons.

It is in this background and with a view to keep the wagon industry on the sound footing, Ministry of Railways had decided to reimburse the payment of excise duty and sales tax wherever applicable on procurement of bogies and couplers to these wagon builders to create a level playing field so that all the wagon builders are able to manufacture these wagons with a nominal margin of profit. The same price is made applicable to all the firms irrespective of their status regarding manufacture of couplers and bogies and reimbursement of excise duty and sales tax is done to all the wagon manufacturers as per actuals against documentary evidence and hence there is no likelihood of any manipulation by the wagon manufacturers. While it may mean slightly higher outflow, if this procedure is not followed, several of wagon builders, majority of which are PSUs who do not have in-house facility for manufacture of bogies and couplers will be in disadvantageous position and may find it difficult to sustain themselves as wagon manufactures leaving the field open to only few thus creating a monopolistic situation. The policy followed by Ministry of Railways is in larger interest of wagon manufacturing units including majority of public sector units.

It is humbly submitted that there was no intention to disrespect the Standing Committee in any manner whatsoever. What was sought to be conveyed to the Committee was that details about the Committee's recommendations on wagon procurement were not readily available. It was, however, clarified that recommendations were basically on the tendering system of purchase of wagons and that it was a policy decision taken by the then Ministry of Railways to follow the tendering process for purchase of wagons.

Standing Committee of Parliament examined in 1994-95, the issue of "Requirement, procurement and utilisation" of wagons *vide* its 16th Report presented on 4.8.95. Standing Committee has mainly recommended in these paras that tendering system for procurement of wagons should be stopped and Railways should continue the old system of placing entire orders through Wagon India Limited and any change should be introduced in consultation with concerned agencies—Wagon India Limited, Planning Commission, Ministry of Industry. In the Action Taken Note submitted by Railways, the administrative decision of Railways that from 1997-98 onwards, 75% of requirement would be procured through Wagon India Limited and 25% of requirement through tender.

The Railway Wagon Committee of the Rajya Sabha set up in 1995 *inter alia* recommended that it is not against tendering system but change in system should be examined *denovo* in consultation with Wagon India Ltd., Planning Commission, Ministry of Industry and wagon builders. Committee had also said that the old system of free supply items should continue. Ministry of Railways had replied that tender system has resulted in savings and utilisation of funds advantageously. From 1997-98, it has been decided to procure 75% requirement from industry through Wagon India Ltd., and 25% through tender.

A decision however was taken by the then Minister for Railways on 1.7.97 that 100% requirement should be procured through tender for manufacture of wagons from 1998-99 onwards. This decision of the Government was covered in Minister for Railways' reply during the discussion on Supplementary demands for grants in Rajya Sabha on 14.8.97 and in the Action Taken note of the recommendations contained in 12th Report of the Standing Committee on Railways to the Lok Sabha in January 1998. Since then while tendering is being done for 100% requirement, at the same time Ministry of Railways are

still continuing placement of orders based on distribution of bulk requirement of 75% to all the established wagon builders to make the distribution more equitable. Only 25% quantity is considered for ordering on competitive basis. Thus Ministry of Railways is following the policy of openness, competitiveness and transparency in procurement of wagons extending continuous encouragement to the public sector undertakings with appropriate norms and procedures.

Container Corporation of India Ltd. (CONCOR), a PSU under Ministry of Railways has obtained a loan of US\$ 94 million from World Bank and the contract for supply of 1725 container flat wagons awarded to M/s. Hindustan Development Corporation (HDC) is to be funded by the World Bank loan. In terms of the loan agreement, the contracts funded by the loan are to be awarded in accordance with the procedures consistent with those set forth in Section I and II of the "Guidelines for procurement under IBRD Loans and IDA Credits" published by the World Bank in May 1992 (the Guidelines). As per these Guidelines, the World Bank reviews the borrower's procurement procedures, documents bid evaluation and contract awards to ensure that the procurement process is properly carried out. The Guidelines further provide that in major contracts for plant and equipment provision should be made for suitable advances and in contracts for longer duration for progress payments.

In terms of the World Bank procedures global bids were invited for procurement of container flat wagons under Tranche-I. The bid document contained a provision of advance payment of 20% of contract value on submission of claim and a bank guarantee for equivalent amount value until the goods are delivered. The contract for supply of container flat wagons was awarded to M/s. HDC after obtaining clearance from Government of India and the World Bank. An amount of Rs. 33,48,58,200—has been paid to M/s HDC as advance payment in accordance with the terms of contract after obtaining the requisite bank guarantee. The advance payment is being adjusted against the payments being made to M/s. HDC for supply of container flat wagons and about 50% of the advance has already been recovered.

Thus the advance given to M/s. HDC was strictly in accordance with the terms and conditions of the contract agreement.

(M/o Rlys. OM. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 237)

The Committee also note that a number of persons suffering from serious ailments have also to travel by train on the advice of Medical specialists. They are concerned to note that since at times passengers died in the running train due to non-availability of medical facilities either in the train or at the Stations on the way. The Committee having realised the gravity of the situation, strongly recommend that the Indian Railways must come forward to arrange one special coach medically designed having life saving devices and medicines alongwith a qualified doctor and nursing staff atleast in all super fast trains running to these cities.

Reply of the Government

Indian Railways have a well developed system of rendering medical aid in all long distance trains which are provided with First Aid boxes containing essential drugs and dressing material. The First Aid boxes are available with the Guards of all the trains. In addition special first aid boxes with additional medicines, disposable syringes, etc. have been provided with train superintendents pantry car managers of Rajdhani Express and a few other super fast trains. The guards are trained in first aid. Services of doctors travelling as passengers can be and are requisitioned to attend to passengers in need of urgent medical assistance. In addition trains can make unscheduled halt., by transmitting messages in advance. The Station Masters have details of the doctors, both Government and private practising nearby, so that their services can be requisitioned. In emergency, patients can be detained at stations for detailed medical attendance.

Further augmentation of the measures for providing medical assistance in long distance trains is also under consideration.

Provision of one special coach with specialised doctors will require heavy expenditure with an extremely low utilisation of the facility Besides, substituting a passenger coach with an ambulance van would reduce the capacity of the train to carry, one coach load of passengers. Thus it is not considered feasible.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Recommendation (Para No. 239)

Safety and security of passengers and freight traffic are expected to be the prime responsibility of the Indian Railways. As per the prevailing demarcation of responsibility of law and order, the security of passengers is assigned to the General Railway Police of the State concerned and the security of railway property to the Railway Protection Force of the Indian Railways. But unfortunately, this Committee have come to know that law and order being the State subject, foolproof security of passengers, goods and railway property can never be ensured by the present system of security. Though the General Railway Police force is deputed by the concerned State Governments to safeguard the passengers as well as the goods traffic, this Committee have strong reasons to believe that State Governments depute those police Personnel in GRP, who are usually considered condemned and found inefficient other-wise. Whereas, the Indian Railways share 50 per cent of the total expenditure incurred on GRP, they are not even empowered to write their annual confidential reports, what to say about having control on them. Keeping in view the above facts, the Committee are of the considered view that now the time has come for the Indian Railways to ensure hundred percent security not only to the passengers but to the goods and the railway property also. Therefore, they recommend that a separate independent Railway Security Service alongwith Intelligent Wing and full-fledged executive powers to investigate all criminal matters concerning security of passengers, goods and railway properties and to prosecute the guilty, be constituted as early as possible without any further thought and for which a necessary legislation be brought before the Parliament if possible during the current Session itself.

Reply of the Government

Maintenance of law & order and policing on the Railways including running trains are the constitutional duties of the State Governments. Hence, Safety and security of passengers is the responsibility of the State Governments. Security of Railway Property which includes both the booked consignments (freight) and the Railway's own material is the responsibility of the Railways. The Committee has rightly appreciated this position. The Ministry of Railways is aware of the shortcomings brought out by the Committee in their report. Concerned with the necessity to have a foolproof security system on the Railways, a high level committee has been constituted under the chairmanship of Chairman Railway Board. This Committee shall have representatives

from the Union Ministry of Home Affairs and the State Governments of Andhra Pradesh, Assam, Bihar, Maharashtra, Punjab and West Bengal. The terms and reference of the Committee are enclosed herewith. The Committee has been requested to submit its report within a month from the date of its notification. The recommendation of the Standing Committee of Parliament will be considered by the high level committee.

Terms of Reference

1. To devise ways and means for providing better security to the railway passengers and the railway system as a whole.
2. To study the feasibility of entrusting the responsibility of all aspects of security on Railways to a Force under the control of Railways, and entrusting the duties of law enforcement to the civil police instead of GRP.
3. To examine the issues which come in the way of achieving the desirable level of cooperation and coordination between the Railways and the State Governments and suggest remedial measures to improve the position.
4. To study the procedure presently followed in deciding the quantum of and settling the GRP dues payable by the Railways and suggest measures to streamline procedure.
5. To analyze various payments made by the Railways to the State Governments and *vice-versa* for services rendered, and recommend a list of services for which the Railways and the State Governments shall make payments separately.
6. To examine the facilities presently extended by the Railways to GRP and suggest changes, if any.
7. Any other issues of interest between the Railways and State Governments which have a vital bearing on the security of passengers and goods transported on the Railways.

(M/o Rlys. OM. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

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. 209)

Railways Development as Infrastructure

The Railways being a more energy efficient mode of transport, is ideally suited for movement of bulk commodities and for long distance travel. As compared to the road transport, the Railways have a number of intrinsic advantages. The Railways are five to six times more energy efficient, four times more efficient in land use and significantly superior from the stand points of environmental impact and safety. The Committee are of the firm view that the Indian Railways rightly occupy pride of place in the growth and development of the nation and therefore, deserve to be treated as infrastructural development necessity of the day.

Reply of the Government

The recommendation that Railways should be treated as infrastructural development necessity is noted. The budgetary support to the Railways has been reducing over the years. From a peak of 75% in the V Plan, budgetary support fell to 23% in the VIII Plan, increasing slightly to 26% for the IX Plan. Budgetary support to the Railways needs to be stepped up considerably. To improve the financial viability of a vital infrastructural necessity like the Railways, the cost of public service obligations borne by them should also be compensated by the General Exchequer.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Comments of the Committee

[Please see Paragraph No. 7 of Chapter-I of the Report]

Recommendation (Para No. 218)

The Committee find that despite the fact that the Railways are more energy efficient as compared to Road; more economical in land use; more cost effective *vis-a-vis* road in construction cost for comparable levels of traffic and significantly lower social costs in terms of environmental damages and safety, there is a progressive shift in the market share of both passenger and freight traffic from rail to road from a level of 89% in 1950-51 to 40% and in case of freight traffic from 80% to 20% in respect of passenger traffic perhaps due to inadequate investments in the field of Railway infrastructure. The Committee stress that there is an urgent need not only to increase Railways' share of freight and passenger traffic but also to ensure the growth of Railway infrastructure with the projected growth of national economy in terms of Gross Domestic Production (GDP) by putting up inputs in building up adequate capacity of Railway transport and balancing the need of being both a commercial enterprise and public utility; pulling up the arrears in the renewal of assets and sharing greater level of safety and human resource development. In spite of some improved performance of Railways in recent years, ensuring adequate return on capital remains a matter of serious concern. The financial viability on fresh investment at present is appraised at 14% of the return on capital. The Committee opine that keeping in view the increasing trend in operation cost and Railways borrowings through IRFC, there is an urgent need to increase the cut off Rate of Return (ROR) in the Railway Projects.

Reply of the Government

Keeping the current cost of borrowing in view, the cut off Rate of Return for Railway projects at 14% appears to be reasonable.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Comments of the Committee

(Please see Paragraph No. 10 of Chapter-I of the Report)

Recommendation (Para No. 233)

The biggest challenge before the Indian Railways today as perceived by this Committee is to ensure foolproof safety of passenger as well as freight traffic. The Committee are of the firm view that the Indian Railways will have to depend heavily on safety aspect to run their business efficiently and profitably and if any compromise is made on this core sector, the entire edifice of their business will crumble down in such a way that it will take decades to recover their health. They have been informed that the Khanna Committee which went into the inquiry of Kauri Rail accident near Khanna came out strongly for rehabilitation of overaged assets and for providing adequate technology back-up to the operational staff and recommended Rs. 15000 crore for the same. This would mean that on an average Rs. 3000 crore are to be provided every year upto 5-7 years for wiping out the arrears of renewals of overaged assets. During the present year, Rs. 2800 crore have been provided to execute the safety related works like signalling & Telecommunication, Track Renewals, Bridge Works, Level Crossings and Road Over/Under Bridges. The Committee also desire that first charge on the limited internal resources generated should be towards meeting the depreciation needs so that the reliability of equipments gets the priority it deserves and continues towards the enhancement of the safety needs of the Indian Railways, besides contributing towards improvement in the quality of services.

The Committee have been informed that the Hon'ble Members of Parliament are being impressed upon to sponsor unmanned level crossings in their constituency for manning through the Member of Parliament Local Area Development Scheme (MPLADs). The Committee having a very pragmatic view of the safety spectrum of the Indian Railways observe that adequate funds have been earmarked for safety related works during the year. However, given the fragile source of funding *i.e.* internal and Extra Budgetary Resources, a suspicion is lingering in their mind as the excess/surplus revenues generated internally during the last two years came down heavily and consequently expenditure was reduced on safety related works. In this connection, the Committee would like to recommend as under:—

- (a) Top most priority as envisaged in the Budget 2000-2001 must be accorded to Signalling & Telecommunication to ensure foolproof safety devices of signalling and telecommunication and a system like "Rail Traffic Control", if possible, on the line of "Air Traffic Control System" presently being used by air traffic, be ensured.

- (b) The pace of track renewal must be accelerated with utmost attention to complete the backlog of those tracks which have lived beyond their lives and are operationally important.
- (c) State Governments must be pursued vigorously to arrange their share for executing the Road Over/Under Bridges works.
- (d) An independent inquiry be ordered in the matter regarding continued purchasing of defective rails containing higher percentage of hydrogen content etc. during the years 1986-97 and responsibility be fixed for purchasing the defective rails from Bhilai Steel Plant resulting in various accidents, derailments etc.

Reply of the Government

Safety is an ongoing and continuous process for which Indian Railways is committed to put endeavour for its consistent improvement.

The Khanna Committee has submitted Part-I of their report that has already been tabled in both the Houses of Parliament. The Committee has recommended for wiping out the arrears of renewals of overaged assets. Further the Committee has also recommended that Central Government should provide one-time grant of Rs. 15000/- crores to Indian Railways.

The Plan Expenditure of Indian Railways is being divided in four major heads:—

- (a) Maintaining the rehabilitation of the existing assets
- (b) Capacity building up
- (c) Modernization
- (d) Network expansion through new lines, double lines, etc.

The budgetary support provided by Central Government is normally apportioned to network expansion.

The Government views on the recommendations of the Committee are under finalization and action will be taken on the accepted recommendations duly prioritizing the safety works as per the availability of funds and resources.

However, considering the importance of signalling & telecom and track renewal in safety, there has been gradual increase in outlay for signalling & Telecom and track renewal over the years as may be seen from the following table:—

	1997-98 (Actual)	1998-99 (Actual)	1999-2000 (R.E.)	2000-2001 (B.E.)
Sig. & Tele.	251.74	313.60	348.19	434.00
Track Renewal	1805.22	1802.90	1917.66	2600.00

In the current Budget an enhancement of about 25% in Signalling & Telecom outlay has been made over the Revised Outlay of 1999-2000. Similarly, outlay for track renewal in 2000-2001 has been increased more than 35% over the Revised Estimate of track renewal in 1999-2000.

So far as Road Over/Under Bridges are concerned, the matter is being actively pursued with the concerned State Governments to allot more funds towards completion of various sanctioned works.

Because it was **neither possible nor in the interest of the nation to import the colossal requirement** of about 4 lac tonnes of rails a year, dispensations to specifications (especially in regard to hydrogen content) were granted to Bhilai Steel Plant, from time to time, up to 31.12.98 by Ministry of Railways, after consulting the Research, Design and Standards Organisation of the Railways. **This process did not endanger public safety**, as the testing in the field was intensified.

All along SAIL has been persuaded to provide additional infrastructural facilities for ensuring better quality of rails. SAIL has finally commissioned on-line ultra sonic testing machine, eddy current testing machine and the vacuum arc degasser in their plant at Bhilai and **there has been no need to grant dispensations after 31.12.98.**

In order to ensure passenger safety, Ultra sonic testing of rails by the **Need Based Concept of USFD testing of rails is being done on important routes** and the concept is being extended to the other routes, now.

(M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Comments of the Committee

(Please see Paragraph No. 13 of Chapter-I of the Report)

Recommendation (Para No. 236)

The Committee have noted that high-tech. health care centres/hospitals have rapidly emerged in big/metro cities like Chennai, Bangalore, Mumbai, Delhi, Calcutta etc. and as a result of it, the patients from far flung areas requiring high-tech. treatment have to face extreme difficulties in the matter like getting instant reservation and medical facilities in the trains running towards these cities. The Indian Railways, at present, do not provide any reservation facilities to such patients. Therefore, they recommend that instant reservation be provided to such patients alongwith their two relatives/attendants in the same/other compartment to travel with them.

Reply of the Government

Railways being a public utility service are obliged to subscribe to the principle of equality in its dealings with the passengers. As such, quotas are allotted to stations where passengers are dealt with and no separate quota is allotted to different bodies/groups in any train as this would effect the availability of quotas for the public at the reservation counter. Moreover, earmarking of quota for any category of passengers would lead to similar requests from others which would be difficult to resist. As such it is not desirable to allot any exclusive quota for the patients and their companions. However, instructions exist that whenever requests are received from the patients who are required to undertake journeys for check-up, like cancer treatment and other dangerous ailments which cannot be postponed due to compelling circumstances, the emergency quota controlling authority should consider these requests and accommodate them to the extent feasible after satisfying themselves of the genuineness of the travel.

(M/o Rlys. OM. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

Comments of the Committee

(Please see Paragraph No. 16 of Chapter-I of the Report)

CHAPTER V

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

Recommendation (Para No. 210)

The future operations of the Railways must be viewed in the overall context of growth in transport demand and gearing up of the various modes of transport to meet the same. An integrated and comprehensive planning is essential to improve the system with considerations of cost effectiveness, efficiency and creation of capacity ahead of demand. The Committee therefore desire that the financial needs and budgetary allocations for the Railways would have to correspond to the emergent fair share of their full capacity utilization and a financial structure which is not only sustainable but is oriented towards future growth of the economy.

Reply of the Government

A Corporate Plan for the period 2000-2012 for Railways is under finalisation. This plan focuses on operations of the railways, keeping in view the overall growth in transport demand in the country. As has been mentioned in the Budget Speech of MR, while presenting the Budget for the year 2000-2001, a target of improving the rail share by 10 percentage points has been fixed. Cost control, improvement in operational efficiency and strategic capacity, and investment planning, aiming at higher rate of growth in rail transportation are some of the other focus areas in the Corporate Plan. As part of cost control exercise, savings in energy consumption, materials management and staff wage bill have been specifically targeted. Various strategies have also been suggested for making the organization more customer oriented. Investment planning has been made more focused so as to direct scarce resources into productive areas. These broad strategies will be implemented through sector-specific action plans.

[M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000]

Recommendation (Para No. 221)

The Committee note that the Railways organizational set up towards land management is absolutely weak. They are facing serious problems in management, development and custody of their lands specially which are in the hearts of the cities and are most valuable and vulnerable to encroachments. The Committee are of the firm view that the land being an important non-traditional resource, a proper and scientific management of this asset is the imperative need and therefore in order to put this highly important and complex area of activities on proper footing, it would be essential for the Railways to set up a separate competent Land Management Authority dealing with Railway land management effectively and efficiently *inter-alia* to achieve (i) completion of land records; (ii) protection of the land not under encroacher; (iii) removal of existing encroachments or negotiate with existing encroacher by involving civic authorities offering that land on lease at market rates; and (iv) commercial utilization of their vacant land keeping in mind the requirements of the railway network expansion. The Committee also desire that the Divisional Railway Managers be made responsible for any encroachments on the land under their jurisdiction.

Reply of the Government

Railway lands, by their very nature mostly lie in ribbon like stretches which are very difficult to protect and are, therefore, highly vulnerable to encroachment. This is particularly true in metropolitan and other major cities where the pressure on the land has increased tremendously due to continuing influx of the rural population.

Railway continuously strive to remove encroachment but the success achieved depends, in a very large measure, on the support given by the Civil Police, since eviction drives invariably results in a law and order situation. As this assistance is not readily forthcoming, there has been a steady growth of encroachments on Railway land in the past many years.

Moreover, there is also pressure on Railway to delay/stop the drive against the encroachers by various social/political organisations/parties who take up cases of the encroachers for their own vested interest thus encouraging the encroachers for continuing their unlawful activities.

However, inspite of the heavy odds working against them, Railways have been able to keep an effective check on the growth of encroachments and also on the removal of old encroachments. In this drive, Railways have received valuable support from the judgements of various courts including High Courts & the Supreme Court.

So far as setting up of a separate Land Management Authority is concerned, the issue has been examined in the past but could not be agreed due to resource constraints. The recommendations of the Committee will again be examined in detail.

Regarding efforts to check and control the incidence of encroachments following steps have been taken by Railways:

1. Railway have been advised to take action against the encroachments under Section 147 of Railway Act.
2. RPF Rules have been suitably modified directing the RPF staff to help the railway officials in removal of encroachments on railway land.
3. Inclusion of word 'Land' in the definition of 'Property' is under consideration to enable the RPF personnel to take action accordingly.
4. Land Management organisation has been set up on Central and Western Railway as pilot project to monitor encroachments on railway land so that further action can be taken on the basis of experience gained.
5. M/o Urban Development has been requested to give magisterial powers to E.O. to enable them to deal with eviction cases more effectively against the encroachers on railway land.
6. Survey of encroachments through Satellite imagery is also being tried to keep a regular watch on encroachments. N. Rly. has been advised to procure few samples of satellite images.
7. Northern Railway has been advised to prepare an action plans for removal of encroachments on railway land in view of recent judgement dt. 15.2.2000 by the Hon'ble Supreme Court.

8. Railway have been advised to ensure that no fresh encroachment takes place.
9. Instructions have been issued to Railways that new encroachments during the tenure of a particular Supervisor will be reason to take up the concerned staff under D&A Rules in case the matter has not been reported to the Supervisors and adequate remedial action taken for their removal.

[M/o Rlys. OM No. 2000/BC-II/XIII/300/4 dated 1.8.2000]

Recommendation (Para No. 228)

New Lines

The Committee have noticed a substantial hike of about 60% in the allocations made for the construction of new lines during the year 2000-2001 over the allocations made in the preceding year at the revised stage. Last year a budgetary provision of Rs. 600 crore under the Plan Head—'New Lines' was earmarked, which was revised to Rs. 514 crore at the fag end of the year 1999-2000. Against this revised estimate of Rs. 514 crore, the Railways have earmarked Rs. 825 crore under the same Plan Head during the current year *i.e.* 2000-2001. The Committee have been informed by the Ministry of Railways that a huge throw forward of all ongoing new line projects prior to the introduction of new lines projects in the current Budget 2000-2001 has been estimated of the order of Rs. 19097 crore and the proposed outlay for newly sanctioned 7 new line projects works out to Rs. 2110 crore. Hence the total throw forward of all new line projects as on 1.4.2000 works out to be Rs. 21207 crore, which can only be wiped out in more than 40 years with the present level of investment. The Ministry of Railways also informed that since independence only 17% increase has been achieved in the total route kilometer of the Indian Railways and the root cause for it has been the inclusion of financially non-viable projects unabatedly year after year due to social pressures.

The Committee have, therefore, noted with concern the gravity of the financial investment requirements to be made under the Plan Head—"New Lines" and discard the irrational fiscal and professional management on the part of the Railways. They do not find any rationale for including projects in the Budget every year especially when these are financially non-viable and adequate funds are not made

available to complete the already ongoing new line projects. Moreover, the Committee do not agree with the approach of the Cabinet Committee on Economic Affairs for approving the projects not recommended by the Expanded Board and Planning Commission. The Committee think that this kind of approach only adds to huge throw forward and resultantly leads to sparsely spreading of valuable public funds not yielding the desired returns. They, having studied holistically the magnitude of the problem, have reached a conclusion that either a moratorium is required for taking up new projects at least for 10 years excepting some projects which are operationally important or separate funds be provided by the Central Government to finance the non-viable but socially desirable and strategically important projects.

Reply of the Government

The position of throw-forward mentioned by the Committee for new line projects is factual. The outlay has been increased to Rs. 825 crs. to bring about gradual liquidation in the throw-forward with a view to enable completion of some of the new line projects.

As regards the inclusion of new projects in the budget, it becomes essential for the Government to include some new projects each year on operational/strategic considerations and also to take up some projects for providing that required infrastructure for development.

The process for clearance of projects involves examination by Planning Commission and the Expanded Board and approval/rejection by Cabinet Committee on Economic Affairs (CCEA). The Ministry of Railways has to forward all proposals to the Cabinet Secretariat for consideration by CCEA and while doing so the views of Expanded Board are invariably communicated to them. It is for the Cabinet Committee on Economic Affairs (CCEA), in their collective wisdom, to take a decision on the projects.

The views of the Standing Committee will be forwarded to Cabinet Committee on Economic Affairs.

(M/o Rlys. OM. No. 2000/BC-II/XIII/300/4 dated 1.8.2000)

NEW DELHI;
24 January, 2001
4 Magha, 1922 (Saka)

K. YERRANNAIDU,
Chairman,
Standing Committee on Railways.

APPENDIX I

MINUTES OF THE FIRST SITTING OF STANDING COMMITTEE ON RAILWAYS (2000-2001)

The Committee sat on Tuesday, the 23rd January, 2001 from 1100 hours to 1230 hours in Committee Room '139', First Floor, Parliament House Annexe, New Delhi. In absence of the 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 Procedure and Conduct of Business in Lok Sabha.

PRESENT

Shri Moinul Hassan — *In the Chair*

MEMBERS

Lok Sabha

2. Dr. (Smt.) Anita Arya
3. Shri M. Chinnasamy
4. Shrimati Santosh Choudhary
5. Shri Sadashivrao D. Mandlik
6. Shri Sohan Potai
7. Shri Prabhat Kumar Samantaray
8. Dr. Nitish Sengupta
9. Shri Bahadur Singh
10. Shri Brij Bhushan Sharan Singh
11. Capt. (Retd.) Inder Singh
12. Shri Rajo Singh
13. Shri A.K.S. Vijayan

Rajya Sabha

14. Shri Banarsi Das Gupta
15. Dr. (Smt.) Chandra Kala Pandey
16. Shri Raju Parmar
17. Shri Anil Sharma
18. Dr. D. Venkateshwar Rao
19. Shri Abani Roy

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*

2. At the outset, the acting Chairman congratulated the Members on their nomination to the Standing Committee on Railways (2001) and welcomed to the First Sitting of the Committee. Thereafter the Committee took up the following Draft Action Taken Reports for consideration:—

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

- (iv) Draft Report on Action Taken by the Government on Recommendations/Observations contained in the 1st Report of Standing Committee on Railways (1999-2000) on 'Demands for Grants (2000-2001) of Ministry of Railways'.

3. The Committee considered and adopted the aforesaid Action Taken Reports without any amendments/changes and authorised 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.

- | | | | | |
|----|---|---|---|---|
| 4. | * | * | * | * |
|----|---|---|---|---|

The Committee then adjourned.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE FIRST REPORT OF THE STANDING COMMITTEE ON RAILWAYS (1999-2000) (THIRTEENTH LOK SABHA) ON 'DEMANDS FOR GRANTS (2000-2001) OF MINISTRY OF RAILWAYS'

Total number of Recommendations/Observations	31
	Percentage of Total
(i) Recommendations/Observations which have been accepted by Government (<i>Vide</i> Recommendations/Observations Paras 213, 223, 224, 230, 231, 234, 235 and 238)	25.8%
(ii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (<i>Vide</i> Recommendations/Observations Paras 211, 212, 214, 215, 216, 217, 219, 220, 222, 225, 226, 227, 229, 232, 237 and 239)	51.6%
(iii) Recommendations/Observations in respect of which the replies of Government have not been accepted by the Committee and which require reiteration (<i>Vide</i> Recommendations/Observations Paras 209, 218, 233 and 236)	12.9%
(iv) Recommendations/Observations in respect of which final replies of Government are still awaited (<i>Vide</i> Recommendations/Observations Paras 210, 221 and 228)	9.7%