

**PUBLIC ACCOUNTS COMMITTEE**  
**(1978-79)**

(SIXTH LOK SABHA)

**HUNDRED AND TWENTIETH REPORT**

**NEW LINES AND LINE CAPACITY WORKS**

**MINISTRY OF RAILWAYS**  
**(Railway Board)**

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 12th Report (Sixth Lok Sabha)]

*Presented in Lok Sabha on 6-4-1979*

*Laid in Rajya Sabha on 24-4-1979*



**LOK SABHA SECRETARIAT.**  
**NEW DELHI**

*April, 1979/Chaira, 1901 (Saka)*

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2.

**PUBLIC ACCOUNTS COMMITTEE**  
(1978-79)

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## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Twentieth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 12th Report (Sixth Lok Sabha) relating to New Lines and Line Capacity Works.

2. On 31 May 1978, an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports:

- |  |                  |
|--|------------------|
| 1. Shri P. V. Narasimha Rao— <i>Chairman</i> |                  |
| 2. Shri Asoke Krishna Dutt— <i>Convenor</i>  |                  |
| 3. Shri Vasant Sathe                         | } <i>Members</i> |
| 4. Shri M. Satyanarayan Rao                  |                  |
| 5. Shri Gauri Shankar Rai                    |                  |
| 6. Shri Kanwar Lal Gupta                     |                  |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1978-79) considered and adopted the Report at their sitting held on 23 March, 1979. The Report was finally adopted by the Public Accounts Committee (1978-79- on 2-4-1979.

4. For facility of reference the recommendations and conclusions of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the recommendations and conclusions of the Committee have also been reproduced in a consolidated form in the Appendix to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;  
April 2, 1979.  
Chaitra 12 1901 (S).

P. V. NARASIMHA RAO,  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations of the Committee contained in their 12th Report (Sixth Lok Sabha) on New Lines and Line Capacity Works, which was presented to Lok Sabha on 18 November 1977.

1.2. Action Taken Notes on all the 33 recommendations contained in the 12th Report have been received from Government and these have been broadly categorised as follows:

- (i) *Recommendations or observations which have been accepted by Government:*  
Sl. Nos. 1, 2, 15, 18, 20, 21 and 23-33.
- (ii) *Recommendations or observations which the Committee do not desire to pursue in the light of the replies received from Government:*  
Sl. Nos. 3—7, 11—14 and 19.
- (iii) *Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration:*  
Sl. Nos. 8—10, 16-17 and 22.
- (iv) *Recommendations or observations in respect of which Government have furnished interim replies:*

NIL

1.3. The Committee will now deal with the action taken on some of their recommendations.

*Non-utilisation by the Ministry of Transport of Mangalore-Panambur rail link (Sl. Nos. 8—10—Paragraphs 1.07—1.99)*

1.4. Commenting on the non-utilisation by the Ministry of Transport of the rail link between Mangalore and Panambur, which had been constructed at their instance, the Committee had, in paragraphs 1.97 to 1.99, made the following observations:

“Para 1.97. It is further seen that in 1963, at the instance of the Ministry of Transport the construction of the broad

gauge line between the existing Mangalore rail head and the new Port site of Panambur covering a distance of 25.8 kms was undertaken on an urgency certificate to provide facilities for taking materials to the site of the new harbour. This link was considered indispensable for the transportation of approximately 2 million tonnes of stones for breakwaters, 50,000 tonnes of cement and 15,000 tonnes of steel required for the construction of the port. The construction of the railway connection from Mangalore to Panambur commenced in November 1963 and was completed by October 1972 at a cost of Rs. 2.6 crores. The harbour authorities, however, did not use this line for transportation of the materials and machinery required for the Harbour Project on the ground that the rail transport was uneconomical. In the background of the expenditure that the Railways had been called upon to incur at the Port's request, it is regrettable that the Port authorities did not consider it economical to use this facility.

Para 1.98. In 1963, when the Ministry of Railways were persuaded by the Ministry of Transport to undertake this work, the Ministry of Transport had not even worked out the relative economics of rail and road transport of the materials for the port as it was then felt that the work could be tackled only by rail transport. It was only in 1967 that the Ministry of Transport appear to have done some exercise about the relative economics of the rail and road transport, when they found out that the carriage of materials by rail would be costlier.

Para 1.99. In extenuation of the use of road transport rather than the rail transport for the movement of materials for the port, it has been stated that there was a change in the design of the breakwaters which resulted in the reduction of the total quantity of the stones|boulders to be used in the breakwaters. As a result of the change, the size of the boulders was also reduced and hence the transportation by road became easier and economical. This change of design and subsequent reduction in traffic for the port link was not communicated to the Ministry of Railways. It was only in 1969 that the Port authorities told the Railways that they did not want to use the railway siding for the movement of stones and had decided to move them



by road as the latter alternative was cheaper for them. The Committee have been given to understand that the rates offered by the Railways to the Port authorities for the transportation of the stones/boulders were slightly higher than the rates quoted by the road hauliers. The Railway Administration is also stated to have offered some further inducement by offering the 'rock spoils' at a concessional rate but they were not able to persuade the port authorities to use the rail link. After having induced the Ministry of Railways to construct on priority basis the line at a heavy cost, ahead of the commencement of main project, it was but proper for the Ministry of Transport to have used the facility specially created for them. The Committee feel that this failure commitments to the Ministry of Railways to carry the boulders/stones traffic by rail needs to be investigated."

1.5. In their Action Taken Notes dated 28 February, 1979, the Ministry of Railways have stated:

"*Paras 1.97 to 1.99*:—It is submitted that the railway line from Panambur to Mangalore is an integral part of the Mangalore-Hassan Railway project. It was considered that boulders etc. required for the construction of the port could be carried on this rail section on a no-profit-no-loss basis to the Railway. There was, therefore, no loss to the Railway on account of the boulders traffic not having materialised. The considerations on which boulders meant for the construction of the port were carried by road are, however, explained below in detail:—

- (1) The actual cost of transportation by lorries of boulders from Bondel quarry to breakwater site worked out cheaper than the rate offered by the Railways for transportation by rail.
- (2) The transportation of boulders by the Railway would have necessitated the laying of additional railway links inside the port in the marshalling yard as well as on the breakwater and also at the quarries besides meeting the cost of maintenance charges for these railway lines.
- (3) The surplus stones proposed to be offered by the railway at concessional rates varied in size from 10 Kg. to 60 Kg. and which were spread along the entire line from Mangalore to Panambur and not at one place. The quantity of

this size of stones required for the construction of breakwaters is to the tune of about 16,000 tonnes only and it was not possible for the port to use the entire quantity of 52,400 tonnes offered to them and further the collection and transportation of such material was not economical.

- (4) It was proposed to start dredging of the inner approach channel and the turning basin area latest by September 1969. This dredging work can only be done by bringing dredgers inside the basin by cutting a channel from the sea thereby cutting the railway line from quarry to the Southern breakwater during the construction period and there was no possibility of taking the construction line to the Southern breakwater beyond the wharves at that time as the lands were not acquired and were not in the possession of the department. Further, the laying of such circuitous line to Southern breakwater would have hampered the progress of other works and would have cost heavily.
- (5) At the time of taking up the construction of major portion of breakwaters from—1.0M. depth to—3.66M depth in 1969 it was envisaged that the port will be completed by the end of 1971-72 and it was programmed to complete a major portion of this section of the breakwater before the onset of monsoon of 1970. At the rate of progress then prevailing in 1969, the completion of the railway line from Mangalore-Panambur was not possible before the working season of 1970 and in the event of linking the construction of breakwater work with the transportation by rail would have retarded the progress of the completion of breakwater work.
- (6) The final section adopted for the breakwaters does not admit laying and operation of any railway track for the top level of the fore—arm for the breakwater has been kept at 1.2 M. level and this gets submerged during high tides. Further, the permissible surcharge also reduced to 1096 Kg/M<sup>2</sup> and this does not permit the movement of railway wagons on the breakwaters.
- (7) The laying of construction line in the marshalling yard of this port was also difficult at that time as it was water-logged. This area was reclaimed by dumping the dredged.

soil from the lagoon area. Thus, the laying of this line in time for transportation of boulders was difficult of being achieved as the dredging work by dredgers was yet to be started.

Since the quantity of stones to be moved by railways as per the final section of the breakwaters as decided by Technical Advisory Committee was to the tune of 3.24 lakh tonnes and considering the extra cost involved due to laying of additional lines at the quarry and marshalling yard etc., the contractors of breakwater work would have quoted very high rates in case transportation of boulders by rail was insisted on thereby resulting in extra cost to Government in the execution of breakwater works besides the inevitable delay involved on account of uncertainty in the completion of the railway connection to synchronise with the programme of breakwater construction work. In this connection, it is to be pointed out that the B. G. rail link from Mangalore railway station to the Port was completed early in 1975 while the Port was declared as a Major Port on 4th May 1974 and the above rail link to the Port is essential for the operation of the port. Hence the laying of B.G. line upto the port has not been infructuous.

So far as the observations of the PAC that the matter regarding the Ministry of Shipping and Transport having resorted to road transport should be investigated, it is submitted that the Ministry of Transport took a decision in this regard taking all the aspects into account, as per details furnished in above reply. It is submitted that in view of the fact that a deliberate decision had been taken by the Ministry of Transport after taking all the relevant factors into account, there is no need for any investigation as envisaged by the PAC."

**1.6. The Committee are not satisfied with the explanation given for the non-utilisation by the Ministry of Transport of the Mangalore-Panambur rail link. It is to be noted that the construction of the Mangalore-panambur rail link had been taken up by the Railways at an approximate cost of Rs. 3 crores ahead of the completion of the main project of Hassan-Mangalore line. This was done**

on an urgency certificate at the specific request of the Ministry of Transport and the Chief Engineer and Administrator, Mangalore Harbour Project. It has now been explained that the Ministry of Transport after taking all aspects into account, took a deliberate decision not to use the rail link for the transportation of the building material as the road transport was found more economical. What the Committee had emphasised in their earlier recommendation was that the economics of the rail transport vis-avis road transport should have been worked out by the Ministry of Transport before asking the Ministry of Railways to rush through a major work involving large expenditure. It is, therefore, for the Ministry of Transport to explain under what circumstances they requested the Ministry of Railways in 1963 to undertake a work costing crores of rupees without making adequate study of the cost of transportation. After having asked the Ministry of Railways to undertake the construction of the above rail link, it was but proper that the Ministry of Transport should have utilised the facilities provided by the rail link even if comparatively it meant a little more expenditure in that Ministry, rather than offering the whole traffic of transportation of stones/boulders to private carriers and rendering the entire expenditure incurred by the Ministry of Railways on the rail-link largely wasteful or in the alternative, an expenditure unnecessarily incurred on urgency basis. The decision of the Mangalore Port Authorities conveyed to the Ministry of Railways in 1969 that they (Port Authorities) did not want to use the rail link because the movement of material by road was cheaper, was merely based on the economics worked out in one Ministry to the total exclusion of the other Ministry and in complete disregard of the economics that would work out taking the Union Government as a whole. The Committee are also not convinced by the plea put forth by the Ministry of Railways that there has been no infructuous expenditure on this rail link as the transportation of the construction material on this rail section was to be on a no-profit-no-loss basis to the Railway. To say the least this is taking a very technical view. The Committee feel as stated above, that the total expenditure (Rs. 2.6 crore) incurred on this link on priority basis was unwarranted and after having come into existence, its non-utilisation was a total loss to the Railway. The Committee would, therefore, like to reiterate that the failure of the Port Authorities to honour their commitments to the Ministry of Railways should be investigated thoroughly with a view to fix responsibility at all levels and to devise ways and means of preventing and to devise ways and means of preventing such unpreventing such unthought out expenditure in future.

**Inquiry into the circumstances leading to the sanction of Hassan—Mangalore rail link (S. No. 16—Paragraph 1.105)**

1.7. After their examination of the Hassan-Mangalore Railway Project, the Committee had in paragraph 1.105 of their 12th Report recommended as under:

“On the basis of the facts disclosed, the Committee are firmly of the opinion that there should be deep probe by an inter-ministerial team with a non-official Chairman of the circumstances leading to the sanction of the Hassan-Mangalore Rail Link, which has involved the State in colossal capital expenditure without any prospects of return in the foreseeable future. The team may be asked to examine the *raison d’etre* of the project and pin-point responsibility, if any for the doubtful decision which has imposed heavy burdens on the Exchequer without commensurate returns.”

1.8. In their Action Taken Note dated 28 February 1979, the Ministry of Railways have stated:

“It is submitted that the main purpose of the line was to develop the hinterland to the Mangalore Port. This aim will be achieved with the completion of the railway project. Further, without the railway line, the port at Mangalore would face serious constraints in handling traffic expected to move through the port. The decision to go ahead with the project was taken in consultation with the Planning Commission and the Ministry of Shipping and Transport. The delay in completion of the project was mainly due to the reasons indicated in reply to recommendation No. 7 (Para 1.96). Every effort is being made to complete the project. In this background it is submitted to the PAC that no such investigation as envisaged by them would appear to be called for.”

.. 1.9. The Committee do not agree with the contention of the Ministry of Railways that since the Hassan-Mangalore Railway Project had been approved by the Parliament there was no justification for holding an enquiry as had been suggested by the Committee in para 1.105 of their 12th Report. In this case as indicated in the Project Report the justification for the rail link mainly rested upon the volume of iron ore traffic expected to move over the line. But before the project was sanctioned the Railway Board became aware that the iron ore traffic expected to move over the

line will be much lower than anticipated in the Project Report. At the same time the Railway Board also became aware that an all weather road from Hassan to Mangalore had been completed at a huge cost to facilitate the transport of iron ore. The Railway Board however did not consider it prudent to review the need for the rail link as it was then being argued that the rail link was essential for the development of the hinterland. The work on the project however proceeded rather slowly as the project was accorded a low priority. It was in this context that the Committee had suspected that there were some extraneous reasons which apparently compelled the Railway Board to sanction a project which was not then justified by the needs of the traffic. Precisely for these reasons the Committee would like to reiterate their earlier recommendation for a probe to examine the *raison d'être* of the project. Such a probe should also help the Railways to evolve the necessary guidelines for future.

#### **Restoration of abandoned Metre Gauge line between Saraigarh and Forbesganj (S. No. 17—Paragraph 2.48)**

1.10. Dealing with a case of restoration of the Railway line from Saraigarh to Forbesganj, the Committee had, in paragraph 2.48 of their 12th Report, made the following observations:

“The Committee note that in November, 1970 following a suggestion received from the Government of Bihar for the restoration of the Railway line from Saraigarh to Forbesganj, the Ministry of Railways directed the North Eastern Railway Administration to make a quick assessment of the rough costs and financial viability of the proposed restoration. The reconnaissance survey report and the traffic appreciation report submitted by the Railway Administration in April, 1971 indicated that the whole section was expected to yield a return of (—) 1.46 per cent during 1974-75 but if the restoration was carried out from Saraigarh to Raghapur only (11 Kms.) the return would be 3.79. per cent. The Railway Administration had accordingly recommended restoration of the section from Saraigarh to Raghapur in the first instance. The Committee also note that in October, 1971, when the Railway Administration submitted a proposal for undertaking a preliminary engineering-cum-traffic survey the Ministry of Railways advised the Administration to update the earlier appreciation report with a view to determine whether

there was a *prime facie* justification for Saraigarh—Forbesganj link. The Committee are however, surprised to note that before the Railway Administration could update the appreciation report, the Ministry of Railways decided in May, 1973 about the restoration of rail links between Saraigarh-Raghopur and Raghopur-Pratapganj sections, for which two urgency certificates were obtained from the Railway Administration without even an engineering-cum-traffic survey. The reason for this extraordinary promptitude is not understandable.”

1.11. In their Action Taken Note dated 28th February, 1979, the Ministry of Railways have stated:

“The decision to restore rail links between Saraigarh-Raghopur and Reghopur-Pratapganj sections was taken in consonance with the policy announced in the speech of the then Minister for Railways while introducing the Railway Budget for 1973-74. The relevant extracts of the speech are as under:

“The construction of new lines is one such item where an entirely new approach may have to be thought out. The rising costs of construction require high density of traffic to justify a new line financially. For a new line to become an economic proposition, it has to be assured at least 3 million tonnes of originating traffic. This may be possible in highly industrialised areas. But there may be areas where such quantum of traffic may not be offering; yet a new line or a conversion of a line may be necessary for the development of the reason. With a view to make it financially possible for the Railways to construct new lines in substitutions, it will be necessary to develop a new approach and explore measures to reduce their Capital liability and to improve the rate of their earnings.”

“The classical concept of traditional economic viability needs to be re-adapted in the light of the historical experience gathered from the economic development of different societies. The principle that transportation infra-structure must evolve along the pattern determined by pre-existing economic viability needs to be modified to the extent that very often the creation of the infra-structure themselves lead to additional demand and increased commercial prospects. In selected areas the calculus of short-term economic returns must yield place to developmental expenditure.”

“Based on this, I intend to discuss with my colleagues, the Finance and Planning Ministers how we can initiate new railway projects or open new lines upto 60 kilometres where the development of the area would be greatly facilitated, without viewing this expenditure too closely in terms of the prospects of immediate returns on investment.”

“Now that Kosi River has been tamed to a large extent, some restoration surveys have also been taken up in its basin to relay the lines Saraigarh to Pratapganj which had previously been abandoned due to the ravages of floods and to extend it to Forbesganj so as to set up the much needed transport infra-structure for the development of this potentially rich area and thereby give a fillip to the production of sugarcane, tobacco, jute and other cash crops.”

2. It is true that normally preliminary engineering-cum-traffic surveys are carried out with a view to see the technical feasibility and the financial viability of the project. But in this case, the technical feasibility was no way in doubt, being restoration of a line for which reconnaissance survey had already been conducted. The expenditure was also not to be viewed too closely in terms of the prospects of immediate returns on investments as the restoration was for development of backward areas. It was accordingly decided to commence the work urgently for which purpose a token amount of Rs. 1000|- was withdrawn from the Contingency Fund of India as the Parliament was not in session. This position was explained in the Supplementary Demands for Grants for the year 1973-74 (August and December, 1973) and was duly approved by the Parliament. The relevant extracts are as under:

**“Restoration of Saraigarh—Raghopar—Pratapganj M. G. line  
(23 Kms.)**

The Saraigarh-Pratapganj was part of the Supaul-Saraigarh-Raghopur-Pratapganj-Kanwaghat/Bhimnagar section which was dismantled due to the ravages of Kosi River. The Kosi has since been stabilised in this area and the portion from Supaul to Saraigarh was restored partly in 1967 and partly in 1970. It has been decided to restore the line further from Saraigarh to Pratapganj. The restoration will help in the development of the area and aid the programme of intensive farming taken up after the recent drought. In order to commence the work before the sowing season, it has been decided to take up this work as ‘out-of-turn’ during 1973-74 by withdrawing



a token amount of Rs. 1000|- from the Contingency Fund of India as the Parliament was not in session."

**"Restoration of Pratapganj—Forbesganj MG line**

A metre gauge railway line connected Saraigarh to Forbesganj till the year 1938 with a ferry service across river Kosi. The line was washed away by the floods of Kosi river and could not be restored as the river kept on changing its course from year to year. The river has since stabilised in this area. It is proposed to restore the line as it is essential for the development of some of the most backward areas of North Bihar which have been ravaged by Kosi floods for many years. The work had to be taken up urgently before Rabi sowing in order to avoid difficulties in taking possession of land and hence it was not possible to postpone the work which was taken up as 'out-of-turn' during 1973—74 by withdrawing token amount of Rs. 1000|- from the Contingency Found of India as the Parliament was not in session."

3. The policy of restoration of these lines was reiterated by the Minister for Railways in his speech while introducing the railway budget for 1974-75:

"As I mentioned last year, we have embarked upon a programme of restoration of dismantled lines so that the people who enjoyed the facility of rail transport in the past and were deprived of it during the Second World War or on account of floods etc. have these facilities back again. Restoration of Dalmau-Daryapur, Gohana-Panipat, Saraigarh-Pratapganj-Forbesganj, Haldibari-Jalpaiguri and Chittauni-Bagaha lines has been approved through Supplementary Demands this year. Their execution has been taken in hand."

4. This policy had received strong support from the PAC vide their 171st Report who stated that:—

"The Committee welcome the policy decision announced by the Minister of Railways in his budget speech of 1973-74 in regard to construction of railway lines in hilly and backward areas. In this connection the Committee would reiterate what they have said in their 148th Report that unless the Railways reach hilly, backward, undeveloped and unconnected areas, the process of development of those areas will be indefinitely delayed and consequent-

ly the economic development of those areas as well as if the whole country will suffer and regional imbalances will grow-further. The Committee desire that the new guidelines set out by the Minister of Railways should be scrupulously followed for undertaking projects relating to construction of new lines in hilly, backward and under-developed regions of the country."

5. The PAC while considering the action taken by Government on the recommendations contained in their 171st Report had observed in their 191st Report (1974-75) as under:

"The Committee are glad that Government have at least agreed to their suggestion that they should explore the possibility of drawing up a comprehensive, long-term and clear-cut plan for the construction of new railway lines on a systematic basis. They urge that this should be finalised quickly and the policy in this regard clearly spelt out before Parliament.

The Committee trust that Government will soon complete the long-term plans for the construction of railway lines in the hilly and backward areas and implement them speedily so that the long deferred hopes of the people of these areas may be met and, in turn, contribute to the country's integration and advance."

In this connection, extracts of the minutes recorded at a meeting of the Railway Board held on 28th March, 1973 are also reproduced below:

"Early action should be taken to restore the following lines:—

- (i) Raghapur-Saraigarh in Bihar.
- (ii) Daryapur-Dalmau in U.P.
- (iii) Panipat-Gohana in Haryana.

M.R. wanted the work to be started before the rains and completed by next year."

In view of the decision of the Minister for Railways indicated in the above minute, urgent action was taken for execution of the restoration work."

1.12. The Committee are unhappy at the Ministry of Railways effort to gloss over the main point raised by the Committee in para

2.48 of their 12th Report. The Committee had not questioned the Ministry of Railways' decision to take up the restoration of the Railway line from Saraigarh to Forbesganj in terms of the new policy announced by the Minister of Railways in his budget speech of 1973-74. What appeared to the Committee to be something unusual was the extraordinary promptitude shown by the Ministry of Railways in proceeding with the execution of the work even in disregard of the normal formalities to be completed under various codal provisions. For example, even though the North Eastern Railway Administration had been advised to update the earlier appreciation report with a view to whether there was a prima facie justification for Saraigarh-Forbesganj link, the Railway Board did not wait for this updated report but decided to take up the restoration work. Further, urgency certificates were obtained from the Railway Administration without even an engineering-cum traffic survey. This extraordinary promptitude shown in the context of the Minister's orders that the work should be started "before the rains and completed by next year" only fortifies the Committee's apprehension that such vital decisions are influenced more by extraneous factors than by the genuine requirements of the area and the people. The Committee, therefore, cannot but deprecate the by-passing of the normal codal provisions by the Ministry of Railways and the concerned Railway Administration, while executing the work relating to the restoration of the aforesaid railway line.

*Execution of the works on the Saraigarh-Pratapganj and Pratapganj-Forbesganj sections without proper observance of financial procedures*

(Sl. No. 22—Paragraph 2.53)

1.13. In paragraph 2.53 of their 12th Report, the Committee had made the following recommendation:

"From the above paragraphs it is clear that the works on the Saraigarh-Pratapganj and Pratapganj-Forbesganj sections were executed with undue haste without any attention having been paid to planning and observance of financial procedures. The Committee are deeply concerned that even the elementary principles of technical and financial control, which should have been scrupulously observed were given the go by. The Committee are at a loss to understand how in the execution of works of such a magnitude the Ministry could proceed without collecting

reliable data and preparation of realistic estimates. The extraordinary promptitude with which the entire restoration work has been started and completed in this section where traffic prospects could be termed only meagre, leads the Committee to conclude that the work was dictated for reasons other than genuine needs of traffic in the area. The Committee would like the matter to be investigated thoroughly to:—

- (i) fix responsibility on the persons who had authorised and incurred expenditure in departure of the prescribed procedure viz., the completion of the detailed engineering-cum-traffic survey.
- (ii) find out the circumstances, under which the authorisations were made; and
- (iii) to lay down procedures so that such departures do not take place in future.”

1.14. In their Action Taken Note dated 28 February, 1979, the **Ministry of Railways** have stated:

“It has already been stated above that restoration of Saraigarh-Pratapganj and Pratapganj-Forbesganj lines was taken up under the policy announcement made by the Minister of Railways while presenting the Budget for 1973-74 for construction of new railway lines and restoration of those which had been dismantled in the past and which was reiterated by him while presenting the Budget for 1974-75. Under this policy construction of new railway lines was proposed to be taken up in backward areas of the country even if these lines were not remunerative, with a view to give fillip to the development of these areas. As regards restoration of lines which existed in the past, it was stated that the people who enjoyed the facility of rail transport in the past and were deprived of it during the Second World War or on account of floods etc. will get the facility back. This policy was widely welcomed by the Parliament and received strong support from the PAC in their 171st and 191st Reports. The intention to take restoration of the line from Saraigarh to Pratapganj was announced in the Parliament in the Budget Speech for 1973-74 and specific approval of the Parliament was obtained for the restoration of the Saraigarh-Pratapganj section through

the Supplementary Demands presented to the Parliament in August 1973 and for Pratapganj-Forbesganj in December 1973. The salient features of these projects including their length, cost and the reasons why the restoration work was being taken up were clearly brought out in the explanatory notes submitted with the Demands and the projects were approved by the Parliament after taking note of all the relevant factors.

The investment decision was taken on the basis of this approved policy and the Reconnaissance Survey estimates which were already available. The construction work was taken up concurrently with the Final Location Survey to which there could be no objection. That the estimates on the basis of which the projects were sanctioned were realistic is evident from the fact that the work on Saraigarh-Pratapganj section was completed at a cost of Rs. 1.58 crores as against the sanctioned cost of Rs. 1.61 crores and that for Pratapganj-Forbesganj section at a cost of Rs. 3.54 crores against the estimated cost of Rs. 3.37 crores.

In the circumstances explained above, the decision to restore the railway lines was taken by the Parliament which has the sovereign right to do so after taking into account the full facts of the proposals. The work was carried out expeditiously and was completed with only a slight variation from the costs at which the works were originally sanctioned. It will, therefore, be appreciated that no lapse has occurred and as such it is not necessary to lay down any new procedures.

It is submitted that in the circumstances explained in the foregoing replies there is no need for any further investigation in the matter."

1.15. The Committee are not satisfied with the Ministry of Railways' explanation that since the work relating to restoration of Saraigarh-Forbesganj rail link had been executed on an urgent basis under the orders of the then Minister for Railways, there was no need for further investigation in the matter. In fact, precisely for the reason that expenditure had been incurred in complete disregard of the prescribed procedure, the Committee had desired the matter to be investigated inter alia with a view to lay down procedure, so that

**such departures do not take place in future. The Committee cannot but reiterate their earlier recommendation.**

**1.16. It may be recalled that in para 1.11 of their 191st Report the Committee had urged that a comprehensive, long-term and clear-cut plan for the construction of new railway lines on a systematic basis should be drawn up and the policy in this regard clearly spelt out before Parliament. The Committee would be interested to know what has been done in this regard.**

## CHAPTER II

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

#### Recommendation

The work on the construction of the metre gauge line from Hassan to Mangalore was commenced as early as July 1965 and was targeted for completion in a period of eight years to synchronise with the opening of the new Mangalore Port. It is a matter of great concern that the project which was launched as an adjunct to the Mangalore Port Project—since the Railway line was intended to serve the port—has not even now been completed after a lapse of 12 years. The Committee have been informed in July, 1977 that the plateau and plain sections were opened for passenger traffic with effect from May, 1976 and February, 1977 respectively and the overall progress of work in the remaining ghat section was 78 per cent. The Chairman, Railway Board informed the Committee during evidence that if the funds allocated for this project during the years 1976-77 and 1977-78 were adequate, the line was expected to be completed by the end of 1978. The Committee regret this unconscionable delay in completing the work.

[Sl. No. 1 Para 1.90 of 12th Report of PAC (1977-78)].

#### Action taken

The line has since been opened for traffic except the Ghat section having a length of about 50 kms. which is expected to be completed by the end of 1978.

In the early stages, the work had to be slowed down to synchronise with the progress of the work of the port project. Later during 1968-69 and 1974-75, the allotment of funds for construction of new lines had been extremely limited and the Railway Administration could not take up the works in hand in a big way. The progress of the work was also hampered due to difficult geological features, heavy rainfall etc. Further, the deductions made during preliminary engineering survey regarding geological features also did not come out true. This necessitated changes in the alignment leading to increased work on tunnelling and bridges.

It would therefore be concluded that the delay in completion of the work was due to circumstances which were not within the control of the Administration.

It may be added that the construction of a port at Mangalore had been included as one of the specific projects in the Third Five-Year Plan and the Ministry of Transport advised the Railway Board on 27-8-1963 that the Government had decided not only to go ahead with the harbour project but to execute it with speed so as to complete it by 1967. An Executive Engineer and a Chief Engineer were posted for the port project in 1962 and 1963 respectively. Provision of Rs. 50 lakhs was made for the port in the Budget of 1963-64 and works estimated to cost Rs. 1.28 crores were taken up. Expenditure of Rs. 5.87 crores was incurred on the port project by 23-6-67. Accordingly, an urgency certificate for the railway project was sanctioned on 24-10-1963. However, the Ministry of Transport accorded their administrative approval for the port project only in June 1968.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(1—16) dated 28-2-79/9 Phalguna 1900)].

#### **Recommendation**

The project estimate amounting to Rs. 23.73 crores for the construction of the Hassan-Mangalore line was sanctioned in November 1964. With the passage of time as the costs escalated the estimates were revised upwards. In October 1970 the estimated cost of the project was raised to Rs. 28.34 crores and according to 1977-78 Budget, it has gone up to Rs. 42.36 crores.

[S. No. 2 Para 1.91 of 12th Report of P.A.C. (1977-78)].

#### **Action taken**

There has been phenomenal increase in the wages of labour and prices of construction material from 1964 onwards on which the Railway Administration had no control. Thus the delay in completion of the work and the consequent increase in the cost of the same have been due to the circumstances which were beyond the control of the Administration.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(1—16) dated 28-2-79/9 Phalguna 1900)].

#### **Recommendation**

That the projections of iron ore, on the basis of which the project was sanctioned, were highly inflated and unrealistic is borne out by



the fact that in 1975-76, only 74,000 tonnes of iron ore moved to New Mangalore Port by road. If that is an indication of the likely volume of iron ore traffic to be moved by the rail link, it is obvious that this rail link will involve recurring losses to the railways.

[S. No. 15, Para 1.104 of 12th Report of PAC (1977-78)].

### **Action taken**

When the project was sanctioned in 1964, it was expected that it would yield a return of 1.17 per cent in the 6th year. This was on the assumption that the line will carry 0.5 million tonnes of iron ore traffic. A re-appraisal was made in 1971 and according to it the project was expected to yield a return of 1.50 per cent in the 6th year on the assumption that the line will carry only 0.1 million tonnes of traffic of iron ore. Even at the time of sanctioning the project it was known to the Railway Administration that the proposed line was not expected to yield sufficient return to cover the interest charges on the capital investment. It may be pointed out that the Ministry of Finance and the Planning Commission were also aware of the revised prospects of traffic and a deliberate decision was taken to go ahead with the construction of the line as it was considered necessary for the economic development of the region. Therefore, it would be seen that the decision to construct the line was not based on the inflated traffic projects but was sanctioned to develop the backward area and to provide link to the major port being developed at Mangalore.

In regard to the coordination of the progress of the Railway Project with the Port Project, reference may be made to the action taken notes covering recommendations No. 1 to 5 and 7 (Paras 1.90 to 1.94 and 1.96) of the Public Accounts Committee (1977-78) contained in their 12th Report. As brought out therein though the Port Project was accorded final sanction in June 1968, work on the port project had commenced earlier. The completion of the Railway Project got delayed due to serious construction difficulties in the Ghat Section and shortage of funds and of critical materials.

The position in regard to the non-utilisation of the broad gauge line between Mangalore & Parambur by the Ministry of Shipping & Transport has been fully explained in the action taken note covering recommendation Nos. 8 to 10 (Paras 1.97 to 1.99) of the Public Accounts Committee (1977-78) contained in their 12th Report.

In regard to the observations of the Public Accounts Committee "It is obvious that the rail link will involve recurring losses to the Railways", reference may be invited to the action taken note cover-

ing recommendation No. 6 (Para 1.95) of the Public Accounts Committee (1977-78) contained in their 12th Report. As brought out therein, the primary justification for this project was to provide a link to the Mangalore port and to develop backward areas. The line would act as a catalyst for development of the backward area and give rise to a number of industries and other development projects therein.

As brought out in the reply to recommendation No. 16 (Para 1.105), the decision to go ahead with the project was taken in consultation with the Planning Commission and the Ministry of Shipping & Transport. The delay in completion of the project was mainly due to the reasons indicated in reply to recommendation No. 7. Every effort is also being made to complete the project. In this background, it is submitted to the Public Accounts Committee that no such investigation as envisaged by them would appear to be called for.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(1-16) dated 28-2-79/9 Phalguna 1900].

### **Recommendation**

The abstract estimates enclosed with the urgency certificates were of the order of Rs. 119.98 lakhs and those had been prepared on the basis of a reconnaissance survey carried out earlier in 1970-71. It is thus interesting to note that in October, 1971, when the Railway Administration proposed undertaking of a preliminary engineering-cum-traffic survey, the Ministry of Railways advised the Railway Administration to update the data contained in the reconnaissance survey before their proposal could be considered, but later on they themselves decided about the restoration of the rail links for which the same survey report formed the basis. The Audit Paragraph also points out that the execution of the work in these sections commenced on 18 June, 1973 without preparation of the working estimates for earthwork etc. and completion of the final location and engineering-cum-traffic survey. The Committee are astonished at the unseemly haste displayed by the Ministry of Railways in sanctioning these restoration projects and proceeding with the execution of works connected therewith without making any detailed investigations or surveys as required under the provisions of the Indian Railways Engineering Code. It appears that soon after the then Minister of Railways made an announcement on February, 20, 1973 through his budget speech in regard to the new policy to be followed in construction of new lines, the Ministry of Railways lost no time in seriously

taking up the restoration of rail links between Saraigarh and Forbesganj sections. Whether they could be justified on the ground of financial viability was altogether a different question. As a matter of fact even the normal procedures required to be followed in connection with the construction of new line or restoration of an abandoned line were dispensed with. The urgency shown in proceeding with the execution of this work in utter disregard of the laid down procedures was not at all warranted. The Committee would like to be informed as to how many projects for restoration of old and abandoned lines were taken up during the same period and by what time were completed and actually commissioned.

[Sl. No. 18, Para 2.49 of 12th Report of PAC (1977-78)]

#### Action taken

As mentioned in reply to para 17, the investment decision was taken in pursuance of the policy announced by the Minister for Railways which was duly approved by the Parliament. The circumstances under which the work was to be undertaken out-of-turn were explained in the Supplementary Demands for Grants for the year 1973-74. If the work was not commenced urgently and immediately before the sowing started, it would not have been possible to take possession of the land. In view of this, urgency certificates were sanctioned on the basis of the data already available. It may be mentioned that according to the extant rules, the preparation of detailed estimate is not necessary before commencement of the work when started on urgency certificate. However, no new line structure is possible without a final location survey and in this case the final location survey for the line and the construction work were taken up concurrently in June 1973. The field survey by the engineering team was taken up on June 12, 1973 and completed in July 4, 1973. By the end of July, the detailed estimate and the data of final location survey was available. The work of final location survey was commenced in anticipation of the sanction to the final location survey estimate for which the Railway Board sanction was accorded on 27-9-73.

Restoration of Dalmau-Daryapur, Gohana-Panipat, Jalpaiguri-Haldibari and Chhitauni-Bagaha lines was also approved by the Parliament through Supplementary Demands in 1973-74. Out of these, the first three projects have been completed and commissioned for traffic on 12-4-1976, 8-4-1977 and 1-12-74 respectively while the work on Chhitauni-Bagaha rail link is in progress.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/  
VI/12(17-22) dated 19-6-1978/29 Jyaistha, 1900]

### **Recommendation**

The construction estimate for Saraigarh-Pratapganj section was submitted to the Railway Board in March 1974 when 60 per cent of the work had been completed and this was sanctioned by the Railway Board in July '74 i.e. after the line had actually been opened for traffic on 16 June 1974. The estimate could therefore not serve the purpose of financial control. Even the estimates submitted to the Railway Board in March 1974 were far from being accurate in that against an estimated provision of 3.40 lakhs cu.m. of earthwork at an estimated cost of Rs. 14.61 lakhs, the earthwork actually executed was of the order of 5.91 lakhs cu.m. at a cost of Rs. 23.62 lakhs. There was thus an increase of about 74 per cent in quantity and 62 per cent in cost as compared to the provision in the estimates.

[S. No. 20, Para 2.51 of PAC's 12th Report (1977-78)]

### **Action taken**

The construction estimate of the project Saraigarh-Pratapganj-Forbesganj was sent by the Railway on 1-8-1973. In October 1973, the Railway Board had directed the N. E. Railway to bifurcate the estimate into one for Saraigarh-Pratapganj and the other for Pratapganj-Forbesganj. The separate estimates were forwarded by the Railway in March 1974. In view of this, it would be seen that the detailed construction estimate for Saraigarh-Pratapganj Section was not prepared in March 1974 but was prepared in June/July 1973 and submitted to the Railway Board on 1-8-1973. The construction work was taken up concurrently with the final location survey.

3.40 lakh c.ms. of earthwork was provided only for formation. It did not include the earthwork for level crossings, platform etc. provided separately in the estimate under different heads. It would, therefore, not be correct to compare it with the total earthwork done.

There was some increase in quantities of earthwork which was mainly on account of the fact that formation level had to be raised in a considerable length as it was indicated by the Kosi Canal Authorities that higher free board than the normal was necessary in the Kosi Canal Project on account of siltation in the system. Hence, more free boards were adopted in the actual execution.

It may be added that the project was sanctioned at a cost of Rs. 1.61 crores on the basis of the Final Location Survey estimate and was completed within this amount at a cost of Rs. 1.58 crores which confirms that the estimates had been prepared with due care and

effective financial control was exercised to complete the work within the estimated cost. The question of any remedial action being taken did not therefore arise.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(17—22) dt. 28-2-79/9 Phalguna 1900]

### **Recommendation**

The Committee also find that in March, 1974 the Railway Administration had submitted a construction estimate of Rs. 3.98 crores for the restoration of the Pratapganj-Forbesganj link with reference to the alignment finally approved and the Railway Board had sanctioned a net estimate of Rs. 3.37 crores in July, 1974. The work on this section had started in September, 1973 and the progressive expenditure on this work was Rs. 2.57 crores till the end of August 1975. Again, the expenditure on the earthwork involved in this work as booked upto October 1975 was Rs. 59.89 lakhs as against the estimate of Rs. 33.44 lakhs, which represented an increase of 79 per cent over the estimated cost.

[S. No. 21, Para 2.52 of 12th Report of PAC (1977-78)]

### **Action taken**

The report of the final location survey and the estimates for the entire Saraigarh-Pratapganj-Forbesganj section were completed by the Railway in July'73 and were submitted to the Board on 1-8-73 as has been stated in reply to para 2.51. The final location survey and detailed estimates were available when the work on Pratapganj-Forbesganj was started. The North Eastern Railway was, however, asked to split up the estimate into two parts—one for Saraigarh-Pratapganj section and the other for Pratapganj-Forbesganj and these two separate estimates were received in March'74 and were sanctioned in July'74.

The increase in the cost of earthwork in relation to the estimated cost was mainly on account of the following factors:—

- (a) Increase in the quantity of earthwork in the main formation on account of the raising of the formation level; (from 8.17 lakh cu.m. to 9.64 lakh cu.m.).
- (b) Higher expenditure on the construction and maintenance of service roads which was assessed as Rs. 4.08 lakhs for construction and Rs. 1.81 lakhs for maintenance as compared to Rs. 5,880/- finally included in the sanctioned esti-

mate. The provision in the sanctioned estimate for service roads was very much on the low side.

(c) Additional expenditure on turfing and pitching was Rs. 4.10 lakhs which was subsequently estimated to cost Rs. 5.11 lakhs; and

(d) Difficult working conditions and higher rate of earthwork.

Soil was fully saturated with water at the time when earthwork was done in considerable length of the alignment and water used to accumulate in the borrow pits after a little excavation and in some of the location, earth had to be bought from long distances either by head-load or by departmental wagons. This resulted in a higher cost of the earthwork.

The project was sanctioned at a cost of Rs. 3.37 crores on the basis of the Final Location Survey and was completed at a cost of Rs. 3.54 crores with an excess of only about 5 per cent. This goes to show that the estimate had been prepared with due care and effective control was exercised on expenditure at the time of the execution of the work.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/  
VI/12(17-22) dated 23-2-79/9 Phalgun 1900]

### Recommendation

*Para 2.128.* With a view to avoiding detention to suburban and long distance trains and also for handling additional number of passenger and goods trains that might be introduced in future on Tughlakabad-Palwal section of the Central Railway, the Ministry of Railways approved in May, 1969 the provision of the third line between Tughlakabad and Ballabgarh stations on an urgency certificate. The abstract estimate of Rs. 2.79 crores for this work was sanctioned in July 1971 and this was subsequently revised to Rs. 3.61 crores in September 1973. The provision of the third line between Ballabgarh and Palwal stations was also sanctioned by the Ministry of Railways in January 1972 at an estimated cost of Rs. 1.59 crores. The works in both the sections *viz.* Tughlakabad-Ballabgarh and Ballabgarh-Palwal were to be executed in such a way as to enable the commissioning of the third line for traffic on the entire Tughlakabad-Palwal section by 31st March, 1974. The work relating to construction of the third line was, however, actually completed by September 1974 mainly because of the delay in the execution of work relating to the extension of the existing road overbridge at Ballabgarh station on account of change in the design.

*Para 2.129.* The Committee find that for increasing the line capacity in a section, the Railways have a choice of either going in for an additional line or for improved signalling. In the present case the Ministry of Railways took a deliberate decision to construct a third line between Tughlakabad & Palwal in preference to the provision of automatic signalling on the ground that the objective was not only the increase in the line capacity but also segregation of slow moving traffic from fast moving traffic, which it was felt would not have been possible if automatic signalling was introduced. It is, however, seen that following the construction of the Third line, there has been only a marginal increase in the line capacity of the section and the segregation of fast moving and slow moving trains has not been found feasible. The Committee are thus led to the conclusion that at the time of taking a decision the pros and cons of the alternatives open to the Railways had not been gone into fully.

[S. Nos. 23-24, Paras 2.128 & 2.129 of 12th Report of PAC (1977-78)]

#### **Action taken**

The decision to construct the third line between Palwal and Tughlakabad in preference to the signalling alternative was taken after detailed and careful consideration by the Railway Board. The need for segregation of slow moving suburban and goods trains from fast moving trains, the need for running a number of shuttles towards Delhi in the morning and away from Delhi in the evening weighed in favour of the third line. This is an important feature that cannot be under-estimated in the context of both peak hour shuttles and long distance trains being run on parallel paths, so as to maintain punctuality the absence of which makes commuters irate.

The charted capacity of 58 trains with its corresponding utilisation has since been fully achieved as a result of the construction of the third line and the actual number of trains on the section is 53.5 per day in 1977-78 (October to December). As was explained earlier, the work was done in the following phases which are the normal phases for doing a work of this nature. The timing for completing each phase was adjusted so that the capacity at each stage matched the requirements of traffic.

1. Opening of the third line as a slow line with rudimentary signalling without remodelling the yards.
2. Remodelling of yards.
3. Provision of Standard III signalling.

The charted capacity and the actual number of trains operating on the section year-wise are given below:—

<i>Year</i>	<i>Charted capacity</i>	<i>Utilisation</i>
1970-71	40	37.9
1971-72	44	41.1
1972-73	44	41.3
1973-74	44	42.3
1974-75	45	43.2
1975-76	45	44.8
1976-77	54	50.8
1977-78 (Oct-Dec)	58	53.5

The objective of isolation of slow and fast moving traffic has also been fully accomplished.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(23—33) dt. 5-6-78/15 Jyaishta 1900]

### **Recommendation**

It is pertinent to note in this connection that in 1971 when the question regarding extension of the third line from Palwal to Mathura in the same section came up, the choice fell on the provision of automatic signalling rather than investing in a new line. The Signals & Telecommunication Department had then recommended the provision of automatic signalling as a cheaper and more efficient alternative which was accepted by the Ministry of Railways. This causes concern to the Committee. They cannot too strongly stress that before making heavy investments the Ministry of Railways should consider various alternatives in depth and choose the alternative which would best serve the objective at minimum cost.

[S. No. 25, Para 2.130 of 12th Report of PAC (1977-78)]

### **Action taken**

All the alternatives are carefully considered by Railways in all cases before taking investment decisions and this was done in the present case also as has been rightly pointed out by the Committee in Para 2.129 that a deliberate decision was taken to construct a third line in preference to the signalling alternative in keeping with the nature and size of traffic on the section.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(23—33) dt. 5-6-78/15 Jyaishta 1900].



### Recommendation

The main justification for the provision of the third line between Palwal and Tughlakabad was the additional traffic, both passenger and goods, which was expected to materialise in future years. In 1969 when the scheme for Palwal-Tughlakabad section was sanctioned, the projections of traffic were that by 1973-74 there would be 17 long distance passenger trains and seven shuttles. Besides, 24 goods and other trains were anticipated to run in the section. Against the total of 48 trains expected to run on the section by 1973-74, the actual materialisation upto 1975-76 has been a total of 44.8 trains only. The shortfall in the traffic of goods trains and shuttles has been attributed to non-materialisation of the coal traffic which was expected to come from the Central India coalfields and the failure to introduce shuttle trains between Delhi and Palwal for want of terminal facilities in Delhi area. So far as coal traffic is concerned, the Committee find that the Railways do not appear to have made any independent and critical appraisal of the traffic projections given by the Department of Mines. The Member Traffic, Railway Board has stated in his evidence before the Committee that "when there is indication by the Department of Mines and when Thermal projects are cleared by Planning Commission, we assume that traffic will come and we have to provide the infrastructure for coal transport and so on". It would be recalled that at a meeting held on 7 October, 1970 in the room of Secretary, Department of Mines and Metals in regard to the movement of coal from Central India Coalfields to power houses in Northern India, it had been made clear that if coal from Korea-Rewa coalfield was to be used by the power houses in the North, the boilers of these power houses would have to be redesigned. This should have made the Railways to review the position critically.

[S. No. 26, Para 2.131 of 12th Report of PAC (1977-78)]

### Action taken

It is submitted that during the year 1976-77 and 1977-78 (October '77 to December '77) the total number of the trains running in this section has gone up to 50.8 and 53.5 respectively which goes to show that the projections of traffic on the basis of which the work was taken up were realistic. The growth of traffic was somewhat slow in the earlier stages on account of factors which were beyond the control of Railways. This was taken care of by rephrasing the work and development of capacity actually kept pace with the re-

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quirements as has been brought out in the comments against para 2.129.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/  
VI/12(23—33) dt. 5-6-78/15 Jyaistha 1900]

### **Recommendation**

Further, although the Railways anticipated appreciable increase in the suburban traffic for which additional shuttle trains were planned to run in the section and for which infrastructure in the form of third line was being created, they took no steps to increase the terminal facilities in the Delhi area. The Committee are surprised to learn that it was only in 1974 and thereafter that some schemes for developing the terminal facilities around Delhi were sanctioned, although the third line was originally scheduled to be opened by March, 1972. The Committee would like to know why no action was taken at the time of sanctioning the project for the third line for providing adequate terminal facilities in Delhi area for the reception of projected additional shuttles. They urge that the work of provision of terminal facilities in Delhi area should be completed without loss of further time and the Committee informed within 6 months of the progress made in this direction.

[S. No. 27, Para 2.132 of 12th Report of PAC (1977-78)]

### **Action taken**

The work of providing additional terminal passenger capacity in Delhi area could not be taken up simultaneously with the construction of the third line on account of shortage of funds. Additional capacity has since been developed at Hazrat Nizamuddin and the work of constructing the additional Island Platforms, stabling and washing lines at New Delhi Station has been taken up. Fruit, cement and coal sidings have been shifted from New Delhi to other stations in order to release space for the additional passenger facilities.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/  
VI/12(23—33) dt. 5-6-78/15 Jyaistha 1900]

### **Recommendation**

The Committee find that though the third line was opened for passenger traffic in October 1974, the chartered/practical capacities in 1974-75 had been only 45/40.5 trains. During 1975-76 and 1976-77 these figures were 45/45 and 54/50 respectively. The main reason why the actual chartered and actual practical capacities in the section

had been substantially lower than the anticipated capacity was the non-provision of standard III interlocking on the third line. The Railway Board have explained that the natural sequence of operations for constructing the third line was:—

- (i) to lay the third line in the Western side with rudimentary signalling and to link it up with the existing yards;
- (ii) to carry out yard remodelling to suit the operations after the commissioning of the third line; and
- (iii) interlocking of the third line to standard III signalling.

However, the completion of the work at items (ii) and (iii) was delayed because one of the three lines was required to be earmarked for slow moving traffic to facilitate the segregation of slow moving trains from the fast moving trains. Further action such as remodelling of station yards and provision of standard III interlocking depended on this vital decision. The Committee find that it has taken the Railway Authorities more than five years to come to a decision on this point. From the information made available to the Committee, it transpires that when the third line was originally conceived the new line on the western side was to be nominated as a common line for slow moving traffic. Subsequently, in January, 1970, at the instance of the Central Railway, the middle line was chosen as the common line. This involved provision of a fly-over at Tughlakabad. The provision of a fly-over was accepted as a material modification of the main scheme. There was protracted correspondence between the Central Railway/Northern Railway and the Railway Board and ultimately in August, 1975, the Railway Board agreed to retain the western line as the common line as originally envisaged and dispense with the construction of a fly-over at Tughlakabad. This was an exercise in futility and could have been avoided with proper planning.

[S. No. 28, Para 2.133 of 12th Report of PAC (1977-78)]

#### **Action taken**

It is submitted that the new line to be constructed on the western side was planned as a common Up and Down line originally and was constructed finally according to this original decision. It is true that the merits and demerits of the alternative proposal of having the common line between the Up and Down lines were examined at length in the intervening period before the provision of Standard

III signalling which had been put off for some time as it was not required for the level of traffic offering during that period. This again goes to show that all the possible alternatives are examined in depth by the Ministry of Railways before taking investment decisions as has been rightly emphasised by the Committee in Para 2.130.

[Ministry of Railways (Rly. Board) CM No. 77-BC-PAC/VI/12(23—33) dt. 5-6-78/15 Jyaistha 1900]

#### **Recommendation**

The yard remodelling work has been completed only in three out of the six stations so far. The Chairman, Railway Board, conceded during evidence that normally the work was to be completed within one or two years of the completion of the third line but in this particular case it has taken a longer time. Since without remodelling of yards of all stations, the entire section cannot be linked to standard III signalling, the third line has not been interlocked so far. The delay in executing these works has been explained by the Chairman, Railway Board to be due to the fact that as the traffic had not come up to expectations, the urgency in the completion of works connected with the third line was not so much as was originally envisaged and hence the funds were diverted to other important works.

[Sl. No. 29, Para 2.134 of 12th Report of PAC (1977-78)]

#### **Action taken**

The yard re-modelling works have since been completed and all the yards have been commissioned with Standard III interlocking from May, 1977.

[Ministry of Railways (Rly. Board) OM No. 77-BC-PAC/VI/12(23—33) dt. 5-6-78/15 Jyaistha 1900]

#### **Recommendation**

The Committee are unhappy to find that out of Rs. 68.63 lakhs provided for in the estimates for standard III interlocking a sum of Rs. 35 lakhs had already been spent on the procurement of signalling stores (upto March 1975). When the work relating to standard III interlocking had been accorded a lower priority because of the non-materialisation of the traffic on the section and the controversy regarding the earmarking of the common line, the Committee fail to

understand why the procurement of signalling material much in advance was considered necessary.

[S. No. 30, Para 2.135 of 12th Report of PAC (1977-78)].

#### **Action taken**

Signalling equipment are long lead items and had to be procured well in advance. The work was required to be completed to keep pace with the growth of traffic.

This has been seen by Audit.

[Ministry of Railways (Railway Board) OM No. 77-BC-PAC/VI/12(23—33) dated 5-6-78/15 Jyaishta 1900)].

#### **Recommendation**

The Committee observe that the revised total estimate sanctioned for the third line was Rs. 5.20 crores. This investment was intended to create a chartered capacity of 58 and a practical capacity of 52 trains. The actual expenditure to the end of March 1976 was of the order of Rs. 4.94 crores which means that nearly 95 per cent of the sanctioned amount had already been incurred. However, the capacity has not materialised to the extent anticipated due to non completion of yard remodelling work at all the Stations in the section and non-provision of standard III interlocking. The investment in the third line is not capable of being exploited even if there be traffic. There is thus a gross under-utilisation of the investment, a fact which Committee cannot but deprecate.

[S. No. 31, Para 2.136 of 12th Report of PAC (1977-78)].

#### **Action taken**

As mentioned in reply to the observations of the PAC contained in Para 2.134, the entire section has been commissioned with Standard III interlocking w.e.f. May, 1977. It will also be seen from the data furnished in reply to the observations of the Committee contained in Paras 2.128 and 2.129 that the capacity utilisation of the section has since increased to anticipated level.

[Ministry of Railways (Railway Board) OM No. 77-BC-PAC/VI/12(23—33) dated 5-6-78/15 Jyaishta 1900)].

### Recommendation

The Committee cannot but conclude that the whole project was conceived in haste and was based on unduly inflated projections of traffic which were not subjected to any proper scrutiny. After the project had been sanctioned, no efforts seen to have been made to plan the execution of various works in a co-ordinated and integrated manner. Whereas all the works were inter-connected, the planning and execution of various stages of the work do not appear to have been synchronised. The net result of these costly lapses has been that the investment of more than Rs. 5 crores has not been productive because the objectives of handling increased traffic and segregation of slow moving traffic from fast moving traffic yet remain to be achieved. Further because of the delays in the execution of work relating to yard remodelling and provision of interlocking arrangement, there had been restrictions on the speed of trains running on the third line and there had been no improvement in the running time of the trains between Tughlakabad and Palwal.

The Committee would also like the Government to make a reappraisal of the whole project of construction of the third line with a view to identifying the factors which were responsible for the failure to achieve the objectives, namely—

- (i) how and why the projection regarding the volume of traffic did not materialise;
- (ii) why the execution of work (common line, remodelling of yard and the Standard III interlocking and terminal facilities in New Delhi) was not undertaken in a planned and integrated manner;
- (iii) why there was delay in executing the works mentioned in (ii) above, and
- (iv) why the investment potential is not capable of being exploited even if there is traffic, and lay down concrete guidelines for avoidance of similar lapses in future.

[S. No. 32 and 33 Paras 2.137 to 2.138 of 12th Report of PAC (1977-78)].

### Action taken

It would be observed from the replies given to the observations of the Public Accounts Committee contained in Paras 2.128 and 2.136 that the third line between Tughlakabad and Palwal has since been fully commissioned with standard III interlocking from May '77 and

capacity of 58 trains in each direction has been generated. The work was completed in suitable phases to match the growth of traffic. The projections of traffic assumed while sanctioning the work have been found to be realistic and have materialised. There was slow growth of traffic in the early stages on account of factors beyond the control of railways and this was taken care of by suitably phasing out the investments. The Committee will appreciate that this was the result of careful planning at the time of taking the investment decision and during the entire period when the work was under execution.

In the circumstances, it is submitted that there is no need for a reappraisal of the project as suggested by the Public Accounts Committee.

[Ministry of Railways (Railway Board) OM No. 77-BC-PAC/VI/12(23—33) dated 5-6-78/15 Jyaishta 1900].

## CHAPTER III

### RECOMMENDATIONS OR OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT.

#### Recommendation

1.92. The Railway Board have stated that the original assessment of traffic on Hassan-Mangalore Railway was contained in the Traffic Survey Report which was prepared in 1956. This Survey Report assessed the total goods traffic of 2,15,000 tonnes which would be moved in the first year of the opening of the line between Hassan and Mangalore and for the movement of this traffic one goods train eachway was proposed to be run. Besides, one pair of through passenger trains between Mangalore and Hassan, 2 pairs of locals between Mangalore and Puttur and one pair of locals between Hassan and Sakleshpur were proposed to be run to cater for the originating passenger traffic. No traffic in iron ore was contemplated in this survey report. In September 1961 the Planning Commission approved of the construction of the Hassan-Mangalore railway line and the development of the Mangalore Port as one composite scheme and in March 1962, the Planning Commission advised the Ministry of Railways that the field work should be coordinated with the phasing of the past project. Final location survey for the line was sanctioned on 21 April 1962 and completed in December 1963/Jan. 1964. The traffic appraisal made at the time provided for movement of 2 million tonnes of iron ore. The Committee were informed that the iron ore traffic of 2 million tonnes as indicated in the final location survey of Hassan-Mangalore railway/line was based on the projections of ore traffic through the proposed Mangalore port. These projections had been forwarded to the Ministry of Railways in 1963 by the then Ministry of Mines and Fuel, who had been given this indication by the State Trading Corporation. It appears that at no time there was any firm assessment of the iron ore traffic which would move through the Mangalore Port and consequently will be required to be carried by the Hassan-Mangalore railway line.

1.93. As a matter of fact there could not be any accurate assessment of the iron ore traffic as at the time the Hassan-Mangalore railway line and the Mangalore Port projects were being conceived, no firm assessment of the iron ore reserves in the area to be served by



these projects had been made. The State Government of Karnataka, who naturally wanted the early exploitation of the mineral resources projected a view that the area to be served by the Mangalore port had reserves of iron ore of more than 300 million tonnes. However, the projections made by the Indian Bureau of Mines placed these reserves at not more than 12.3 million tonnes. Thus there was disparity between the estimates of the reserves indicated by the Government of Karnataka, the Indian Bureau of Mines and the State Trading Corporation. In March 1964, the Railway Board became aware that the volume of iron ore traffic will be no more than 0.5 million tonnes. The Audit Para points out that it was clearly indicated in the project report that the justification of the rail link almost wholly rested upon the volume of iron ore traffic being not less than 2 million tonnes via Mangalore Port. The Railway Board, however, proceeded with sanctioning of the project in November 1964. Justifying the decision to go ahead with the project of Hassan-Mangalore rail link the Chairman, Railway Board has stated in evidence that although the expectation of iron ore had come down and the return was expected to be low, the project was sanctioned in consultation with the Ministry of Finance who felt that the project was considered necessary as otherwise the hinterland would not develop. Thus, just when the project was being sanctioned the emphasis had shifted from commercial movement of iron ore through Mangalore Port to other general considerations involving, inter alia, the economic development of the hinterland.

1.94. Right through the deliberations concerning the development of Mangalore Port, the likely export of iron ore through that port was estimated much lower. The Minerals and Metals Trading Corporation who are the canalising agency for the export of iron ore have informed that at the time of commencement of the construction work of Hassan-Mangalore line in July 1965, the Ministry of Railways were very well aware of the extremely limited iron ore export possibilities through the Mangalore Port. Thus, even as the Ministry of Railways approved the commencement of the construction work on Hassan-Mangalore line they knew that the project was commercially not remunerative. Interestingly, when the Committee enquired as to what were the considerations which made the Railway Board sanction the project even after knowing that it would be a burden on the Railway revenues, the Railway Board stated:—

“Since a firm commitment had been made in the Parliament that this line would be constructed and the line was con-

sidered justified from the point of view of economic development of the region. It was decided to proceed with its construction in consultation with the Ministry of Finance."

[S. Nos. 3-5, Paras 1.92—1.94 of 12th Report of P.A.C. (1977-78)]:

#### Action taken

Paras 1.92 to 1.94

In the Final Location Survey report received in the Railway Board's Office in 1963, it was assumed that 2 million tonnes of iron ore will move on the line, in accordance with the project report for the Mangalore harbour. However, as the extent of deposits of iron ore as claimed by the State Govt. (300 million tonnes) and as indicated by the Indian Bureau of Mines (12.5 million tonnes) varied widely, the quantum of iron ore traffic was taken as 0.5 million tonnes only in the Railway Board's office. The financial return with 0.5 million tonnes of iron ore was 1.56 per cent in the sixth year. A realistic assessment of the projected traffic was made and this Ministry was fully aware at the time of sanctioning the estimate that this line would be unremunerative.

The construction of the line was approved by the Parliament as an indispensable rail link to serve the hinterland of the major port being developed at Mangalore. It is further submitted that the line is not fully commissioned yet, permitting through traffic from Hassan to Mangalore. The ultimate traffic offering can be judged only after the line is fully commissioned.

So far as the coordination with the Ministry of Transport is concerned, it may be stated that an inter-Ministerial Committee had been set up which reviewed the progress of port project work and the railway project so as to ensure that progress of work for the two project were kept in step. It may be added that in June 1963 itself, a Chief Engineer and the Administrator for the port project had been appointed. He had advised the Railways that an expenditure of Rs. 50 lakhs had been allotted for the port project for the year 1963-64, for proceeding with the port project work. In the year 1964-65, the budget provision for the port work was Rs. 147.97 lakhs. At an inter-Ministerial Meeting held on 24-10-1964, the Railway had been advised that the work on the port project was in progress and the investment of Rs. 2 crores was expected to be made on the project by the end of 1964-65. Accordingly, the work on the harbour link

of the Railway project was started in 1964 and work on the main line was started in 1965. It would therefore be obvious that the construction work on the railway lines was kept in step with the work on the port project.

[Ministry of Railways (Railway Board)'s O.M. No. 77-BC-PAC/VI/12(1—16) dated 28-2-79/9 Phalgun, 1900]

### **Recommendation**

1.95. The Committee find that in 1971 the projected ore traffic was further scaled down to one lakh tonnes and a fresh reappraisal of the traffic prospects made in that year anticipated a total goods traffic of only about 8 lakh tonnes on the section both in the Up and Down directions. In fact, at a meeting held in the Planning Commission on 24 April 1971 where the representative of the Railways was also present, the representative of the MMTC had indicated that in future the Mangalore Port was not likely to handle large quantities of iron ore because it would be uneconomic to export iron ore through Mangalore as compared to other Ports. It is observed that with the progress of the Project the prospects of carrying the targeted traffic by the Railway line to the Mangalore Port have progressively come down.

While approving the composite scheme of the construction of railway line and the development of Mangalore Port, the Planning Commission had stipulated that since the Hassan-Mangalore line was needed for the development of Mangalore Port, the Ministry of Railways should draw up the schedule of construction of new line in consultation with the Ministry of Transport. The work on the construction of the Hassan-Mangalore line was commenced in July, 1965 and was targeted for completion in a period of 8 years to synchronise with the opening of the new Port. The Harbour project was, however, actually sanctioned in June 1968 and on completion formally inaugurated and commissioned in January 1975. The Hassan-Mangalore link is still under construction. Wide gap of over three years both in the commencement and the likely target of completion of the rail link as compared with the commencement and completion of the Port project clearly indicates that there has been no meaningful coordination between the Ministry of Transport and the Ministry of Railways for taking coordinated action to achieve the desired goal of completion of both the projects simultaneously. The Committee regret this lack of effort on the part of the authorities concerned.

[Sl. Nos. 6 and 7, Para 1.95-1.96 of 12th Report of PAC (1977-78)].

### Action taken

The primary justification for provision of a line was to provide link to the Mangalore port and to develop the backward areas. The construction of line was therefore proceeded with even when there were indications (in 1971) that the quantum of iron ore traffic, initially projected, may not materialise. The line will however act as a catalyst for development of the backward area and shall give rise to a number of industries and other developmental projects in the area.

The progress of the railway project was being coordinated through a Technical Advisory Committee constituted by the Ministry of Shipping & Transport. The railway project however got delayed due to serious construction difficulties in the Ghat section, shortage of funds and of critical materials, with the result that completion of the railway line could not synchronise with the inauguration of the first stage of Mangalore port.

[Ministry of Railways (Railway Board)'s O.M. No. 77-BC-PAC/VI/12(1—16) dated 28-2-79/9 Phalgun, 1900]

### Recommendation

Another important point which agitates the Committee is the absence of an integrated approach to the problems of transportation. It is seen that about the same time the Hassan-Mangalore rail link was being thought of, the State Government of Mysore had undertaken extensive road development works in order to facilitate the transport of iron ore. Between 1961 and 1969, the State Government had incurred an expenditure of Rs. 3.54 crores on the development of roads including the Hassan-Mangalore road. For the Development of this road even the Government of India had provided a grant-in-aid on matching basis. The fact that the Railway Board were aware of the road developments in the area at the time of processing the proposed rail link for sanction has not been denied. This only fortifies the Committee's earlier impression that on the plea of the development of the hinterland, the authorities launched on an ambitious project of opening a railway line despite the availability or likely availability of good road communications for the transport of material for the port.

Apart from the question of justifiability of the rail connection between Hassan and Mangalore, the actual execution of the construction work of the link raises serious issues. While approving the composite scheme of Mangalore Port and Hassan-Mangalore rail link, the Planning Commission had laid great emphasis on the com-

pletion of the rail link in such a way that it synchronised with the opening of the Port. The Mangalore Port has been opened to traffic from January, 1975. However, the rail link, as already stated, is yet to be completed. With the opening of the port, traffic (both exports and imports) has started moving. The total tonnage of traffic handled at the New Mangalore Port since its commissioning is 8.60 lakh tonnes, out of which the total tonnage of traffic handled in 1976-77 is 4.29 lakh tonnes. The traffic for the year 1977-78 has been estimated at 5 lakh tonnes. If the rail link had been ready a considerable portion of this traffic would have been handled by the Railways. The Committee also apprehend that once the ore and other traffic starts moving to the Mangalore Port by road, it may be difficult for the Railway Administration to get back the ore and other traffic to the railways from the road hauliers.

[Sl. Nos 11 and 12, Para 1.100-1.101 of 12th Report of PAC (1977-78)].

#### **Action taken**

The Hassan-Mangalore rail link was considered as justified from the point of view of economic development of the region and for providing a link between Mangalore Port and its hinterland. The facilities provided by road communication are not comparable with those provided by a railway line. For bulk movement of goods, particularly when distances are involved, the Railway is always preferred. Even in respect of passenger traffic the Railway provide facilities of the nature of convenient over-night transport for medium distance passengers and slip coaches and through bogies for longer distance passengers. These facilities go a long way in encouraging development of the region.

Moreover, the road was to cater for iron ore traffic to an extent of 0.1 million tonnes only as against the then anticipated traffic of 0.5 million tonne. Also there was an understanding given that the moment the railway line was completed the movement of iron ore traffic would not take place on the road, and the whole traffic would come to the Railway.

Considering the advantages mentioned above over the road transport, it is expected that the Railway Administration would have no difficulty in getting over the ore and other traffic.

[Ministry of Railways (Railway Board)'s O.M. No. 77-BC-PAC/VI/12(1-16) dated 28-2-79/9 Phalgun, 1900]

### **Recommendation**

Delay in the execution of the work is responsible for the escalation of the cost of the project which may well exceed Rs. 42 crores against the original estimates of Rs. 23.73 crores. Giving the reasons for escalation of cost the Ministry of Railways have explained that besides the rise in prices, the conditions of work in the Ghat Section were 'very difficult' which have also added to the expenditure. The Committee are not convinced by this argument as they feel that the difficulties likely to be encountered in the Ghat Section could have been visualised much earlier. The Committee also note that an expenditure of Rs. 3.41 crores has been incurred in providing broad-gauge profiles for tunnels, broad-gauge substructures for bridges and a by-pass line. Further since the link has not been completed, the portion already completed cannot be put to any effective use with the result that capital assets of huge magnitude remain unutilised or under utilised. The main reasons for non-completion of the rail link were the inadequate allocation of funds as also the difficulties encountered in the completion of the work in Ghat Section. The Committee feel that if there was inadequate allocation of funds for the rail link, this should have been taken up with the Planning Commission, who were in a better position to assess the relative importance of the project.

The Committee are inclined to believe that the real cause for the delay in the completion of the construction work was that as the rail link was not strictly justifiable on the grounds of traffic requirements in the hinterland, there was no pressing demand to complete the work early. With bleak prospects of the traffic materialising, the project was apparently accorded a low priority.

[S. Nos. 13-14, Para 1.102-1.103 of 12th Report of PAC (1977-78)].

### **Action taken**

It is submitted that the allocation of funds by the Planning Commission is decided upon taking into account the overall national priorities. In view of the difficult economic situation which the country was facing, it had not been possible for the Planning Commission to allocate more funds for this project. It may, however, be mentioned, as evidenced from the statement below, that once the project was

finally cleared, every attempt was made to provide reasonably uniform flow of funds within the prevailing constraint of resources—

Year	Expenditure incurred (Rs.)
1963-64	21.59 lakhs
1964-65	80.53 „
1965-66	209.31 „
1966-67	222.59 „
1967-68	137.66 „
1968-69	307.77 „
1969-70	387.77 „
1970-71	390.95 „
1971-72	368.35 „
1972-73	307.90 „
1973-74	291.63 „
1974-75	336.98 „
1975-76	337.38 „
1976-77	376.02 „
1977-78	350.00 „ (Budget Estimate)
1978-79	232.00 „ (Budget Estimate)

In this connection, a statement is also appended below showing the funds asked for from the Planning Commission for works expenditure and the funds actually allocated. The cuts in the allocations for new lines were much more drastic.

The Railways have been projecting their view point in great detail to the Planning Commission during the course of Annual Plan and 5 Year Plan discussions. Further work outs were imposed on the

outlays already approved for new lines in 1974-75 and 1975-76 during the course of the year in order to effect economy.

Year	Proposed by the Railway Board (Rs. in crores)	Approved by Planning Commission (Rs. in crores)
1972-73 .	331.70	311.70
1973-74 . .	344.00	329.54
1974-75 .	443.00	350.14
1975-76 . . . . .	360.00	340.00
1976-77 .	535.00	401.00
1977-78 . .	614.00	485.00 (Reduced further Rs. 21 crores subsequently).

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/12(1-16) dated 28-2-79/9 Phalguna 1900].

### Recommendation

The Committee find that after deciding in May 1978 that only essential sub-works should be undertaken during 1973-74 before detailed estimates were sanctioned, the Ministry of Railways proceeded space in the execution of the works connected with the restoration. The Ministry of Railways have informed the Committee that the entire sections from Saraigarh to Pratapganj was initially planned to be opened by June 1974 for goods as well as passenger traffic. Subsequently, the date of opening of the section Saraigarh-Raghapur was advanced to March 1974 to enable the Minister of Railways to inaugurate it on that date. Surprisingly, in order to ensure that the line was "physically in existence on that date" even some make shift arrangements in total disregard of the extant order were made. It is seen that in February 1974 some temporary low level diversions were provided in Saraigarh-Raghapur section by diverting all earthwork labour from the adjoining Raghapur-Pratapganj section, with a view to ensure that the track was linked continuously from Saraigarh to Raghapur by 2 March, 1974 so as to be ready for formal inauguration by the Minister on the appointed date. Since such temporary diversions were not permissible under



the rules, the Additional Commissioner, Railway Safety declined to inspect the section, when approached by the Railway Administration and ultimately the work on the bridges was got completed by the 25th April, 1974. This resulted in a avoidable expenditure of Rs. 1.41 lakhs on the diversions.

[S. No. 19, Para 2.50 of 12th Report of PAC (1977-78)]

### Action taken

It has been stated in the PAC Report that in February 1974 some temporary low level diversions were provided in Saraigarh-Raghopur section by diverting all earthwork labour from the adjoining Raghopur-Pratapganj section with a view to ensure that the work was linked continuously from Saraigarh to Raghopur by 2nd March, 1974 so as to be ready for formal inauguration by the Minister on the appointed date. The diversions were laid primarily for the transport of bridge girders as in the block section no service roads could be laid to transport heavy construction materials as the area was water-logged. The only suitable means to transport was through rail. Therefore, temporary low level service diversions had to be laid at the bridge site to establish continuous rail link for transporting heavy construction material to enable the work to be tackled in the entire section. This also helped in the consolidation of the bank before opening of line for passage of passenger traffic.

In this connection, reference is also invited to the Railway Board OM No. 75-BC-NE 4 dated 19.2.77 addressed to the Lok Sabha Sectt. in which the Railway Board's comments on the Audit Observations against Points No. 16 and 17 referred to by Audit, were furnished. It may be added that but for the diversions having been provided, it would not have been possible to complete the bridges by 25-4-74 and it is always desirable to complete the work expeditiously.

[Ministry of Railway (Rly. Board) OM No. 77-BC-PAC/VI/  
12(17-22) dt. 28-2-79/9 Phalgun 1900]

## CHAPTER IV

### RECOMMENDATIONS OR OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION.

#### Recommendation

Para 1.97. It is further seen that in 1963, at the instance of the Ministry of Transport the construction of the Board gauge line between the existing Mangalore rail head and the new Port site at Panambur covering a distance of 25.8 kms. was undertaken on an urgency certificate to provide facilities for taking materials to the site of the new harbour. This link was considered indispensable for the transportation of approximately 2 million tonnes of stones for break-waters 50,000 tonnes of cement and 15,000 tonnes of steel required for the construction of the port. The Construction of the railway connection from Mangalore to Panambur commenced in November 1963 and was completed by October 1972 at a cost of Rs. 2.6 crores. The harbour authorities, however, did not use this line for transportation of the materials and machinery required for the Harbour Project on the ground that the rail transport was uneconomical. In the background of the expenditure that the Railways had been called upon to incur at the Port's request, it is regrettable that the Port authorities did not consider it economical to use this facility.

Para 1.98. In 1963, when the Ministry of Railways were persuaded by the Ministry of Transport to undertake this work, the Ministry of Transport had not even worked out the relative economics of rail and road transport of the materials for the port as it was then felt that the work could be tackled only by rail transport. It was only in 1967 that the Ministry of Transport appear to have done some exercise about the relative economics of the rail and road transport, when they found out that the carriage of materials by rail would be costlier.

1.99. In extenuation of the use of road transport rather than the rail transport for the movement of materials for the port, it has been stated that there was a change in the design of the break-waters which resulted in the reduction of the total quantity of the stones/Boulders to be used in the breakwaters. As a result of the change,

the size of the boulders was also reduced and hence the transportation by road became easier and economical. This change of design and subsequent reduction in traffic for the port link was not communicated to the Ministry of Railways. It was only in 1969 that the Port authorities told the Railways that they did not want to use the railway siding for the movement of stones and had decided to move them by road as the latter alternative was cheaper for them. The Committee have been given to understand that the rates offered by the Railways to the Port authorities for the transportation of the stones/boulders were slightly higher than the rates quoted by the road haulers. The Railway Administration is also stated to have offered some further inducement by offering the 'rock spoils' at a concessional rate but they were not able to persuade the port authorities to use the rail link. After having induced the Ministry of Railways to construct on priority basis the line at a heavy cost, ahead of the commencement of main project, it was but proper for the Ministry of Transport to have used the facility specially created for them. The Committee feel that this failure of the port authorities to honour their commitments to the Ministry of Railways to carry the boulders/stones traffic by rail needs to be investigated.

[S. Nos. 8—10, Para 1.97—1.99 of 12th Report of PAC (1977-78)]

#### **Action taken**

Paras 1.97 to 1.99:—It is submitted that the railway line from Panambur to Mangalore is an integral part of the Mangalore-Hassan Railway project. It was considered that boulders etc. required for the construction of the port could be carried on this rail section on a no-profit-no-loss basis to the Railway. There was, therefore, no loss to the Railway on account of the boulders traffic not having materialised. The considerations on which boulders meant for the construction of the port were carried by road are however explained below in detail:—

- (1) The actual cost of transportation by lorries of boulders from Bondel quarry to break-water site worked out cheaper than the rate offered by the Railways for transportation by rail.
- (2) The transportation of boulders by the Railway would have necessitated the laying of additional railway links inside the port in the marshalling yard as well as on the break-water<sub>s</sub> and also at the quarries besides meeting the cost of maintenance charges for these railway lines.

- (3) The surplus stones proposed to be offered by the railway at concessional rates varied in size from 10 kg. to 60 kg. and which was spread along the entire line from Mangalore to Panambur and not at one place. The quantity of this size of stones required for the construction of breakwaters is to the tune of about 16,000 tonnes only and it was not possible for the Port to use the entire quantity of 52,400 tonnes offered by them and further the collection and transportation of such material was not economical.
- (4) It was proposed to start dredging of the inner approach channel and the turning basin area latest by September, 1969. This dredging work can only be done by dredgers inside the basin by cutting a channel from the sea thereby cutting the railway line from quarry to the southern breakwater during the construction period and there was no possibility of taking the construction line to the southern breakwater beyond the wharves at that time as the lands were not acquired and were not in the possession of the department. Further the laying of such circuitous line to southern breakwater would have hampered the progress of other works and would have cost heavily.
- (5) At the time of taking up the construction of major portion of breakwaters from 1.0 M. depth to 3.66 M. depth in 1969 it was envisaged that the Port will be completed by the end of 1971-72 and it was programmed to complete a major portion of this section of the breakwater before the onset of monsoon of 1970. At the rate of progress then prevailing in 1969, the completion of the railway line from Mangalore-Panambur was not possible before the working season of 1970 and in the event of linking the construction of breakwater work with the transportation by rail would have retarded the progress of the completion of breakwater work.
- (6) The final section adopted for the breakwaters does not admit laying and operation of any railway track for the top level of the fore-arm for the breakwater has been kept at 1.2 M. level and this gets submerged during high tides. Further, the permissible surcharge also reduced to 1096 Kg/M<sup>2</sup> and this does not permit the movement of railway wagons on the breakwaters.

- (7) The laying of construction line in the marshalling yard of this Port was also difficult at that time as it was water-logged. This area was reclaimed by dumping the dredged soil from the lagoon area. Thus the laying of this line in time for transportation of boulders was difficult of being achieved as the dredging work by dredgers was yet to be started.

Since the quantity of stones to be moved by railways as per the final section of the breakwaters as decided by Technical Advisory Committee was to the tune of 3.24 lakh tonnes and considering the extra cost involved due to laying of additional lines at the quarry and marshalling yard etc., the contractors of breakwater work would have quoted very high rates in case transportation of boulders by rail was insisted on thereby resulting in extra cost to Government in the execution of breakwater works besides the inevitable delay involved on account of uncertainty in the completion of the railway connection to synchronise with the programme of breakwater construction work. In this connection, it is to be pointed out that the B.G. rail link from Mangalore railway station to the Port was completed early in 1975 while the Port was declared as a Major Port on 4th May, 1974 and the above rail link to the Port is essential for the operation of the Port. Hence the laying of BG line upto the Port has not been infructuous.

So far as the observations of the PAC that the matter regarding the Ministry of Shipping & Transport having resorted to road transport should be investigated, it is submitted that the Ministry of Transport took a decision in this regard taking all the aspects into account, as per details furnished in above reply. It is submitted that in view of the fact that a deliberate decision had been taken by the Ministry of Transport after taking all the relevant factors into account, there is no need for any investigation as envisaged by the PAC.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC/VI/  
12(1-16) dt. 28-2-79/9 Phalguna 1900]

### **Recommendation**

On the basis of the facts disclosed, the Committee are firmly of the opinion that there should be deep probe by an inter-ministerial team with a non-official Chairman of the circumstances leading to the sanction of the Hassan-Mangalore rail link, which has involved the State in colossal capital expenditure without any prospects of return in the foreseeable future. The team may be asked to examine

the *raison d'être* of the project and pin-point responsibility, if any, for the doubtful decision which has imposed heavy burdens on the Exchequer without commensurate returns.

[S. No. 16, Para 1.105 of the 12th Report of PAC (1977-78)]

### **Action taken**

It is submitted that the main purpose of the line was to develop the hinterland to the Mangalore Port. This aim will be achieved with the completion of the railway project. Further, without the railway line, the Port at Mangalore would face serious constraints in handling traffic expected to move through the port. The decision to go ahead with the project was taken in consultation with the Planning Commission and the Ministry of Shipping & Transport. The delay in completion of the project was mainly due to the reasons indicated in reply to recommendation No. 7 (Para 1.96). Every effort is being made to complete the project. In this background it is submitted to the PAC that no such investigation as envisaged by them would appear to be called for.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC/VI/12(1—16) dated 28-2-79/9 Phalgun 1900]

### **Recommendation**

The Committee note that in November, 1970 following a suggestion received from the Government of Bihar for the restoration of the Railway line from Saraigarh to Forbesganj, the Ministry of Railways directed the North Eastern Railway Administration to make a quick assessment of the rough costs and financial viability of the proposed restoration. The reconnaissance survey report and the traffic appreciation report submitted by the Railway Administration in April, 1971 indicated that the whole section was expected to yield a return of (—) 1.46 per cent during 1974-75 but if the restoration was carried out from Saraigarh to Raghapur only (11 Kms.) the return would be 3.79 per cent. The Railway Administration had accordingly recommended restoration of the section from Saraigarh to Raghapur in the first instance. The Committee also note that in October, 1971, when the Railway Administration submitted a proposal for undertaking a preliminary engineering-cum-traffic survey the Ministry of Railways advised the Administration to update the earlier appreciation report with a view to determine whether there was a *prima facie* justification for Saraigarh-Forbesganj link. The Committee are, however, surprised to note that before the Rail-

way Administration could update the appreciation report, the Ministry of Railways decided in May, 1973 about the restoration of rail links between Saraigarh-Raghapur and Raghapur-Pratapganj sections, for which two urgency certificates were obtained from the Railway Administration without even an engineering-cum-traffic survey. The reason for this extraordinary promptitude is not understandable.

[Sl. No. 17 Para 2.48 of 12th Report of PAC (1977-78)]

#### Action taken

The decision to restore rail links between Saraigarh-Raghapur and Raghapur-Pratapganj sections was taken in consonance with the policy announced in the speech of the then Minister for Railways while introducing the Railway Budget for 1973-74. The relevant extracts of the speech are as under:

“The construction of new lines is one such item where an entirely new approach may have to be thought out. The rising costs of construction require high density of traffic to justify a new line financially. For a new line to become an economic proposition, it has to be assured at least 3 million tonnes of originating traffic. This may be possible in highly industrialised areas. But there may be areas where such quantum of traffic may not be offering; yet a new line or a conversion of a line may be necessary for the development of the region. With a view to make it financially possible for the Railways to construct new lines in such situations, it will be necessary to develop a new approach and explore measures to reduce their Capital liability and to improve the rate of their earnings.”

“The classical concept of traditional economic viability needs to be re-adapted in the light of the historical experience gathered from the economic development of different societies. The principle that transportation infrastructure must evolve along the pattern determined by pre-existing economic viability needs to be modified to the extent that very often the creation of the infrastructure themselves lead to additional demand and increased commercial prospects. In selected areas the calculus of short-term economic returns must yield place to developmental expenditure.”

“Based on this, I intend to discuss with my colleagues, the Finance and Planning Ministers how we can initiate new

railway projects or open new lines upto 60 kilometres where the development of the area would be greatly facilitated, without viewing this expenditure too closely in terms of the prospects of immediate returns on investment."

"Now that Kosi River has been tamed to a large extent, some restoration surveys have also been taken up in its basin to relay the lines Saraigarh to Pratapganj which had previously been abandoned due to the ravages of floods and to extend it to Forbesganj so as to set up the much needed transport infrastructure for the development of this potentially rich area and thereby give a fillip to the production of sugarcane, tobacco, jute and other cash crops."

2. It is true that normally preliminary engineering-cum-traffic surveys are carried out with a view to see the technical feasibility and the financial viability of the project. But in this case, the technical feasibility was no way in doubt, being restoration of a line for which reconnaissance survey had already been conducted. The expenditure was also not to be viewed too closely in terms of the prospects of immediate returns on investments as the restoration was for development of backward areas. It was accordingly decided to commence the work urgently for which purpose a token amount of Rs. 1000/- was withdrawn from the Contingency Fund of India as the Parliament was not in session. This position was explained in the Supplementary Demands for Grants for the year 1973-74 (August & December, 1973) and has duly approved by the Parliament. The relevant extracts are as under:

"Restoration of Saraigarh-Raghopur-Pratapganj M.G. line (23 Kms.)

The Saraigarh-Pratapganj was part of the Supaul-Saraigarh Raghopur-Pratapganj Kanwaghat/Bhimnagar section which was dismantled due to the ravages of Kosi River. The Kosi has since been stabilised in this area and the portion from Supaul to Saraigarh was restored partly in 1967 and partly in 1979. It has been decided to restore the line further from Saraigarh to Pratapganj. The restoration will help in the development of the area and aid the programme of intensive farming taken up after the recent drought. In order to commence the work before the sowing season, it has been decided to take up this work as 'out-of-turn' during 1973-74 by withdrawing a token amount of Rs. 1000/- from the Contingency Funds of India as the Parliament was not in session."



### “Restoration of Pratapganj-Forbesganj MG line

A metre gauge railway line connected Saraigarh to Forbesganj till the year 1938 with a ferry service across river Kosi. The line was washed away by the floods of Kosi river and could not be restored as the river kept on changing its course from year to year. The river has since stabilised in this area. It is proposed to restore the line as it is essential for the development of some of the most backward areas of North Bihar which have been ravaged by Kosi floods for many years. The work had to be taken up urgently before Rabi sowing in order to avoid difficulties in taking possession of land and hence it was not possible to postpone the work which was taken up as ‘out-of-turn’ during 1973-74 by withdrawing token amount of Rs. 1,000/- from the Contingency Fund of India as the Parliament was not in session.”

3. The policy of restoration of these lines was reiterated by the Minister for Railways in his speech while introducing the railway budget for 1974-75:—

“As I mentioned last year, we have embarked upon a programme of restoration of dismantled lines so that the people who enjoyed the facility of rail transport in the past and were deprived of it during the Second World War on account of floods etc. have these facilities back again. Restoration of Damau-Daryapur, Gohana-Panipat, Saraigarh-Pratapganj-Forbesganj Haldibari-Jalpaiguri & Chittauni-Bagaha lines has been approved through Supplementary Demands this year. Their execution has been taken in hand.”

4. This policy had received strong support from the PAC vide their 171st Report who stated that:—

“The Committee welcome the policy decision announced by the Minister of Railways in his budget speech of 1973-74 in regard to construction of railway lines in hilly & backward areas. In this connection the Committee would reiterate what they have said in their 148th Report that unless the Railways reach hilly, backward, undeveloped & unconnected areas, the process of development of those areas will be indefinitely delayed and consequently the economic development of those areas as well as of the whole country will suffer and regional imbalances will grow further. The Committee desire that the new guidelines set out by the Minister of Railways should be scrupulous-

ly followed for undertaking projects relating to construction of new lines in hilly, backward and under-developed regions of the country.”

5. The PAC while a considering the action taken by Government on the recommendations contained in their 171st Report had observed in their 191st Report (1974-75) as under:

“The Committee are glad that Government have at least agreed to their suggestion that they should explore the possibility of drawing up a comprehensive, long-term and clearcut plan for the construction of new railway lines on a systematic basis. They urge that this should be finalised quickly and the policy in this regard clearly spelt out before Parliament.

The Committee trust that Government will soon complete the long-term plans for the construction of railway lines in the hilly and backward areas and implement them speedily so that the long deferred hopes of the people of these areas may be met and in turn, contribute to the country's integration and advance.”

In this connection, extracts of the minutes recorded at a meeting of the Railway Board held on 28-3-73 are also re-produced below:—

“Early action should be taken to restore the following lines:—

- (i) Raghopur-Saraigarh in Bihar.
- (ii) Daryapur-Dalmau in U.P.
- (iii) Panipat-Gohana in Haryana.

M.R. wanted the work to be started before the rains and completed by next year.”

In view of the decision of the Minister for Railways indicated in the above minute, urgent action was taken for execution of the restoration work.

[Ministry of Railway (Rly. Board) OM No. 77-BC-PAC/VI/12(17—22) dated 28-2-79/9 Phalgun 1900]

### **Recommendation**

From the above paragraphs it is clear that the works on the Saraigarh-Pratapganj and Pratapganj-Forbesganj sections were executed with undue waste without any attention having been paid to

planning and observance of financial procedures. The Committee are deeply concerned that even the elementary principles of technical and financial control, which should have been scrupulously observed were given the go by. The Committee are at a loss to understand how in the execution of works of such a magnitude the Ministry could proceed without collecting reliable data and preparation of realistic estimates. The extraordinary promptitude with which the entire restoration work has been started and completed in this section where traffic prospects could be termed only meagre, leads the Committee to conclude that the work was dictated for reasons other than genuine needs of traffic in the area. The Committee would like the matter to be investigated thoroughly to:—

- (i) fix responsibility on the persons who had authorised and incurred expenditure in departure of the prescribed procedure viz. the completion of the detailed engineering-cum-traffic survey.
- (ii) find out the circumstances, under which the authorisations were made; and
- (iii) to lay down procedures so that such departures do not take place in future.

[S. No. 22, Para 2.53 of PAC's 12th Report (1977-78)]

#### **Action taken**

It has already been stated above that restoration of Saraigarh-Pratapganj and Pratapganj-Forbesganj lines was taken up under the policy announcement made by the Minister of Railways while presenting the Budget for 1973-74 for construction of new railway lines and restoration of those which had been dismantled in the past and which was reiterated by him while presenting the Budget for 1974-75. Under this policy construction of new railway lines was proposed to be taken up in backward areas of the country even if these lines were not remunerative, with a view to give fillip to the development of these areas. As regards restoration of lines which existed in the past, it was stated that the people who enjoyed the facility of rail transport in the past and were deprived of it during the Second World War or on account of floods etc. will get the facility back. This policy was widely welcomed by the Parliament and received strong support from the PAC in their 171st and 191st Reports. The intention to take restoration of the line from Saraigarh to Pratapganj was announced in the Parliament in the Budget Speech for 1873-74 and specific approval of the Parliament was

obtained for the restoration of the Saraigarh-Pratapganj section through the Supplementary Demands presented to the Parliament in August 1973 and for Pratapganj-Forbesganj in December 1973. The salient features of these projects including their length, cost and the reasons why the restoration work was being taken up were clearly brought out in the explanatory notes submitted with the Demands and the projects were approved by the Parliament after taking note of all the relevant factors.

The investment decision was taken on the basis of this approved policy and the Reconnaissance Survey estimates which were already available. The construction work was taken up concurrently with the Final Location Survey to which there could be no objection. That the estimates on the basis of which the projects were sanctioned were realistic is evident from the fact that the work on Saraigarh-Pratapganj section was completed at a cost of Rs. 1.58 crores as against the sanctioned cost of Rs. 1.61 crores and that for Pratapganj-Forbesganj section at a cost of Rs. 3.54 crores against the estimated cost of Rs. 3.37 crores.

In the circumstances explained above, the decision to restore the railway lines was taken by the Parliament which has the sovereign right to do so after taking into account the full facts of the proposals. The work was carried out expeditiously and was completed with only a slight variation from the costs at which the works were originally sanctioned. It will, therefore, be appreciated that no lapse has occurred and as such it is not necessary to lay down any new procedures.

It is submitted that in the circumstances explained in the foregoing replies there is no need for any further investigation in the matter.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC/VI/12  
(17-22) dated 28-2-79/9 Phalguna, 1900]

**CHAPTER V**

**RECOMMENDATIONS OR OBSERVATIONS IN RESPECT  
OF WHICH GOVERNMENT HAVE FURNISHED INTERIM  
REPLIES.**

**NIL**

NEW DELHI;

*April 2, 1979*

*Chaitra 12, 1901(S)*

**P. V. NARASIMHA RAO.**

*Chairman.*

*Public Accounts Committee.*

## APPENDIX

### CONCLUSIONS AND RECOMMENDATIONS

Conclusions and Recommendation

Sl. No.    Para No.    Ministry concerned

4

3

1    1.6    Railways/Transport

The Committee are not satisfied with the explanation given for the non-utilisation by the Ministry of Transport of the Mangalore-Penambur rail link. It is to be noted that the construction of the Mangalore-Penambur rail link had been taken up by the Railways at an approximate cost of Rs. 3 crores ahead of the completion of the main project of Hassan-Mangalore line. This was done on an urgency certificate at the specific request of the Ministry of Transport and the Chief Engineer and Administrator, Managalore Harbour Project. It has now been explained that the Ministry of Transport, after taking all aspects into account, took a deliberate decision not to use the rail link for the transportation of the building material as the road transport was found more economical. What the Committee had emphasised in their earlier recommendation was that the economics of the rail transport vis-a-vis road transport should have been worked out by the Ministry of Transport before asking the Ministry of Railways to rush through a major work involving large expenditure. It is, therefore, for the Ministry of Transport to explain under what circumstances they requested the

Ministry of Railways in 1963 to undertake a work costing crores of rupees without making adequate study of the cost of transportation. After having asked the Ministry of Railways to undertake the construction of the above rail link, it was but proper that the Ministry of Transport should have utilised the facilities provided by the rail link even if comparatively it meant a little more expenditure in that Ministry, rather than offering the whole traffic of transportation of stones/boulders to private carriers and rendering the entire expenditure incurred by the Ministry of Railways on the rail-link largely wasteful or in the alternative, an expenditure unnecessarily incurred on urgency basis. The decision of the Mangalore Port Authorities conveyed to the Ministry of Railways in 1969 that they (Port Authorities) did not want to use the rail link because the movement of material by road was cheaper, was merely based on the economics worked out in one Ministry to the total exclusion of the other Ministry and in complete disregard of the economics that would work out taking the Union Government as a whole. The Committee are also not convinced by the plea put forth by the Ministry of Railways that there has been no infructuous expenditure on this rail link as the transportation of the construction material on this rail section was to be on a no-profit-no-loss basis to the Railway. To say the least this is taking a very technical view. The Committee feel as stated above, that the total expenditure (Rs. 2.6 crore) incurred on this link on priority basis was unwarranted and after having come into existence, its non-utilisation was a total loss to the Railway. The Committee would, therefore, like to reiterate that the failure of the Port Authorities to honour their commitments to the Ministry of Railways should be investigated

thoroughly with a view to fix responsibility at all levels and to devise ways and means of preventing such unthought out expenditure in future.

2 1.9 Railways Transport

The Committee do not agree with the contention of the Ministry of Railways that since the Hassan-Mangalore Railway Project had been approved by the Parliament, there was no justification for holding an enquiry as had been suggested by the Committee in para 1.105 of their 12th Report. In this case as indicated in the project Report the justification for the rail link mainly rested upon the volume of iron ore traffic expected to move over the line. But before the project was sanctioned the Railway Board became aware that the iron ore traffic expected to move over the line will be much lower than anticipated in the Project Report. At the same time the Railway Board also became aware that an all-weather road from Hassan to Mangalore had been completed at a huge cost to facilitate the transport of iron ore. The Railway Board however did not consider it prudent to review the need for the rail link as it was then being argued that the rail link was essential for the development of the hinterland. The work on the project however proceeded rather slowly as the project was accorded a low priority. It was in this context that the Committee had suspected that there were some extraneous reasons which apparently compelled the Railway Board to sanction a project which was not then justified by the needs of