

SIXTY-SIXTH REPORT

PUBLIC ACCOUNTS COMMITTEE **(1986-87)**

(EIGHTH LOK SABHA)

**ERN RAILWAY—CONSTRUCTION OF
METRE GAUGE LINE FROM DABLA TO
SINGHANA**

MINISTRY OF RAILWAYS

(Railway Board)

Discussion Taken on 162nd Report (7th Lok Sabha)]



Presented in Lok Sabha on **72 MAR 1987**

Laid in Rajya Sabha on

**LOK SABHA SECRETARIAT
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INTRODUCTION

1, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty-sixth Report on action taken by Government on the recommendations of the Committee contained in their 162nd Report (7th Lok Sabha) on Para 12 of the Advance Report of the Comptroller and Auditor General of India for the year 1980-81, Union Government (Railways) regarding Western Railways—Construction of a metre gauge line from Dabla to Singhana.

2. The Action Taken Notes on the recommendations contained in 162nd Report (7th Lok Sabha), which were due by 11 February, 1984, were received on 16 August, 1984. As the replies to the recommendations at paras 88—93 of the Report were of an interim nature the Ministry of Railways (Railway Board) were requested to communicate the final outcome of the steps taken for implementation of these recommendations to the Committee. Even after a lapse of nearly 3 years after the presentation of the Report, the replies to these recommendations are still to be furnished by the Ministry of Railways despite repeated reminders to them in this regard. The Committee in this Report have pointed out that unduly long time has been taken by the Ministry in furnishing the final action taken notes and have expressed their displeasure at such dilatoriness in taking appropriate action on its recommendations. The Ministry of Railways have been directed to ensure that the final replies are furnished without any further delay. They have also been requested to streamline the procedure to ensure that inordinate delays of this nature do not recur.

3. Due to low offerings of traffic by M/s. HCL on account of shortfall in the envisaged production at their complex, the Railway line from Dabla to Singhana proved to be financially unviable. The Committee in their earlier report had observed that efforts be made to improve its financial working and if it did not show any improvement in the foreseeable future, it may be handed over to the Project Authorities to be used as a siding. The Committee have expressed their unhappiness that even after a lapse of three years, Railways have not been able to arrive at a final decision on this vital issue. This is indicative of the lackadaisical approach of the Ministry of

Railways. The Committee have desired to be apprised of the final decision taken in this regard.

4. The Public Accounts Committee considered and adopted the Report at their sitting held on 30 December, 1986 (FN). Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI;
January 28, 1987

Magha 8, 1908 (Saka)

E. AYYAPU REDDY
Chairman,
Public Accounts Committee

CHAPTER I

REPORT

1.1 This Report of the Committee deals with action taken by Government on observations/recommendations contained in their 162nd Report (Seventh Lok Sabha) regarding Construction of metre gauge line from Dabla to Singhana—Western Railway commented upon in Paragraph 12 of the Advance Report of C&AG of India for the year 1980-81, Union Government (Railways).

1.2 162nd Report of the Committee was presented to Lok Sabha on 12 August, 1983 and the action taken notes on the 15 observations/recommendations contained in the Report were due by 11 February, 1984. Action Taken Notes on these recommendations were received on 16 August, 1984. While vetting these notes, Audit had observed that replies to the recommendations at Sl. Nos. 10—15 (Paras 88—93) were of interim nature and had requested the Ministry of Railways (Railway Board) to communicate the final outcome of the steps taken for implementation of these recommendations. Ministry of Railways were reminded by the Secretariat also on 30 January, 1985 to furnish the final replies to these recommendations expeditiously to the Committee. The Ministry of Railways (Railway Board) informed the Secretariat (30 July, 1985) that draft final action taken notes on these paras were sent to Audit, who had raised certain queries, which were being attended to. The final Action Taken Notes have still not been furnished by the Ministry despite repeated reminders to them in this regard. It was only in November 1986 that the Ministry sought an extension of time, through their O.M. dated 24 November, 1986 for furnishing final replies upto January 1987.

1.3 The Action Taken Notes received from Ministry of Railways (Railway Board) have been broadly categorised as under:

- (i) Observations/Recommendations that have been accepted by Government:

Sl. Nos. 1—9

- (ii) Observations/Recommendations which the Committee do not desire to pursue in the light of the replies received from Government:

NIL

(iii) Observations/Recommendations replies to which have not been accepted by the Committee and which require re-iteration:

Nil.

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Sl. Nos. 10—15

1.4 Replies to 15 recommendations contained in 162nd Report of Public Accounts Committee (7th Lok Sabha), which were due from Ministry of Railways (Railway Board) by 11 February, 1984, were received on 16 August, 1984. While vetting these action taken notes, Audit had observed that replies to the recommendations at Sl. Nos. 10-15 (Paras 88—93) of the Report were of an interim nature and had requested the Ministry of Railways (Railway Board) to communicate the final outcome of the steps taken for implementation of these recommendations to the Committee. The Ministry of Railways (Railway Board) informed the Committee (30 January, 1985) that Audit had raised certain queries on the draft final action taken notes on these paras, which were being attended to. Even after a lapse of nearly three years since the presentation of the Report, the final replies are still to be furnished by the Ministry despite repeated reminders to them in this regard. A curious fact to be noted is that the Ministry did not seek any extension of time for furnishing final action taken notes till November, 1986, and then they asked for an extension of time upto January, 1987. It is clear that unduly long time has been taken by the Ministry in furnishing the final action taken notes. The Committee can only place on record its displeasure at such dilatoriness in taking appropriate action on its recommendations. They would like to be apprised of the reasons for the delay notes on these paras, which were being attended to. Even after a lapse They trust that the Ministry of Railways (Railway Board) will see to it that the final replies are made available without any further delay and ensure that inordinate delays of this nature do not recur.

1.5 The Committee will now deal with action taken by Government on some of their observations/recommendations.

Handing over of line to HCL

(Sl. No. 9—Paragraph 8)

1.6 Commenting on the future of the Railway line from Dabra to Singhana which proved to be financially unviable, the Committee

had, in paragraph 87 of their 102nd Report, recommended as follows:

"The Committee feel that in view of the avowed object of Government to bring backward areas on the industrial map of the country, some concession has to be given to Railway lines opened to promote industrial development in backward areas. The Committee, therefore, feel that there is no question of dismantling the present line which is a national asset in use. The Committee feel that a duty is also cast on the Railways to help make the line viable by providing better and timely service to the project authorities. However, in case its financial working does not show any improvement in the foreseeable future, it may be handed over to the project authorities to be used as a siding, in consultation with the Planning Commission."

1.7 In their reply dated 16 August, 1984, the Ministry of Railways (Railway Board) have stated as under:

"The Railways are making every endeavour to provide better and timely service to the project authorities. However, the offering of full quantum of traffic to rail alone, can improve the financial viability. Since there is persistent shortfall in traffic, making the line uneconomical, it has been proposed to hand over the line to the project authorities as a private siding in consultation with the Ministry of Steel and Mines and the Planning Commission."

1.8 In their communication dated 24 November, 1986 Ministry of Railways (Railway Board) have *inter alia* further stated in this regard as under:

"A series of meetings have been held at different levels between representatives of this Ministry, Department of Mines and M/s Hindustan Copper Ltd. (HCL), including one meeting between Secretary, Department of Mines and Member, Traffic, Railway Board, with a view to finalising the pending issues. Recently, the Planning Commission also convened a meeting on 27-10-1986 when the various aspects of the case were discussed and the H.C.L. were required by the Commission to undertake a complete study..... and based thereon final decision would be possible regarding the future of the line, as directed by the Public Accounts Committee."

1.9 Due to low offerings of traffic by M/s. HCL on account of shortfall in the envisaged production at their complex, the Railway line from Dabla to Singhana proved to be financially not viable. The Committee in their earlier report had observed that efforts be made to improve financial working of M/s. HCL and if it did not show any improvement in the foreseeable future, the line may be handed over to the Project Authorities to be used as a siding. The Ministry of Railways (Railway Board) stated (14th August, 1984) in their reply that they were making every endeavour to provide better and timely services to the project authorities. However, as there was persistent shortfall in traffic making the line uneconomical, it was proposed to hand over the line to the project authorities as a private siding in consultation with the Ministry of Steel and Mines and the Planning Commission. The Committee have now been informed (24-11-86) by the Ministry of Railways (Railway Board) that the Planning Commission convened a meeting on 27 October, 1986 when the various aspects of the case were discussed and M/s. H.C.L. were required by the Commission to undertake a complete study and the final decision regarding the future of the line would be possible on the basis of this study. The Committee are unhappy to observe that even after a lapse of two years, Railways have not been able to arrive at a final decision on this issue. This is indicative of the lackadaisical approach of the Ministry of Railways. The Committee would like to be apprised of the final decision taken in this regard.

Claims and Counter claims

(Sl. Nos. 10 and 14—Paras 88 & 92)

1.10 As regards the claim preferred by Railways on M/s. Hindustan Copper Ltd. to recover the shortfall in revenue as per the Guarantee Deed and the counter-claim of M/s. HCL towards excess freight charges incurred by it on transportation of its goods by road as a result of failure to get wagons, long transit delays and damages/pilferages in rail transit, the Committee had, in paragraph 88 and 92 of the Report, recommended as under:

“The Committee note that in terms of condition (i) of the Guarantee Deed, all inward and outward traffic of the project was to be offered for transportation by rail. This, however, was not done and sizeable portion of the traffic was diverted to road. In terms of condition (iv) of the Guarantee Deed, the Railway Administration would be entitled to recover the shortfall in revenue and in terms of condition (v) *ibid* in case of any happening beyond the

control of either party, notice had to be given within 21 days of such happening. However, no action to recover the shortfall was taken by the Railway Administration till Audit pointed out in August, 1976 whereafter a period of over 3 years elapsed before a claim for Rs. 1.26 crores upto 1978-79 was preferred. The Committee were given to understand in evidence that no payment on account of this claim had yet been made by the HCL to the Railways and that claims for the subsequent period worked out to about Rs. 2 crores. According to Audit, the HCL has a counter claim of Rs. 1.59 crores towards excess freight/charges incurred by it on transportation of its goods by road as a result of failure to get wagons, long transit delays and damages/pilferages in rail transit. The Committee would like both the parties to sit together and settle the claims. They would await the outcome.

(Para 88)

As regards the compensation claimed by HCL for goods damaged/pilfered during transit, the Western Railway Administration have informed the Railway Board that Rs. 3,663 had been paid by them against Rs. 167,037 claimed by HCL during the period from 1975-76 to 1981-82 and the claim of Rs. 2,05,430 preferred by HCL during the year 1982-83 (upto November 1982) is under investigation. However, according to Department of Mines, 118 claims cases amounting to Rs. 18,75,175.95 are still pending settlement. The Committee desire the Railway Administration to take early action to reconcile the details of the claims preferred by HCL with a view to their expeditious settlement. At the same time, the Committee would like the Railway Administration to take suitable measures so that the goods comprising inward and outward traffic of the project are not damaged/pilfered during transit of trans-shipment.

(Para 92)"

1.11 In their reply dated 16 August, 1984, the Ministry of Railways (Railway Board) stated as under:

"The action to recover the shortfall in revenue has been initiated and a notice duly vetted by Department of Law has already been served on M/s. HCL. For settling claims of M/s. HCL an *ad-hoc* committee of officials of HCL and Railways has been set up. The counter-claim of M/s. HCL

is not admissible as there is no provision in the Deed of Guarantee to entertain such claim.

As regards the pending cases of claims of HCL for compensation towards loss/shortage of goods during transit, an *ad-hoc* Committee consisting of senior officials of HCL and the Railways has already been set up to expedite settlement of the same.

(Para 88)

The present position of the claim cases reported by the Ministry of Steel and Mines is that these are in various stages of finalisation by the Western Railway in respect of inward traffic and Northern Railway in respect of outward traffic. With a view to expediting the pending claims, an *ad-hoc* Committee consisting of senior officials of HCL and the two Railways has been constituted to sort out the details. All possible measures are being taken by the Railway Administration to prevent damage/pilferage of goods during their transit or transhipment.

(Para 92)"

1.12 The Committee in their earlier Report had observed that as per the terms and conditions of the Guarantee Deed between Railway Administration and M/s. Hindustan Copper Ltd., all inward and outward traffic of the project was to be offered for transportation by rail. As sizeable portion of the traffic was diverted by M/s. HCL to road, the Railway Administration had preferred a claim of Rs. 3.26 crores on them for violating the terms of the Guarantee Deed. M/s. HCL had also submitted a counter claim of Rs 1.59 crores towards excess freight charges incurred by it on transportation of its goods by road as a result of failure to get wagons, long transit delays and damages/pilferages in rail transit. The Committee had desired both the parties to sit together and settle the claim. In their action taken note the Ministry of Railways (Railway Board) have stated that the action to recover the shortfall in revenue has been initiated and a notice duly vetted by Department of Law has been served on M/s. HCL. The Ministry have stated that the counter claim of M/s. HCL is not admissible as there is no provision in the Guarantee Deed to entertain such claim. As regards the pending cases of claim of M/s. HCL for compensation towards loss/shortage of goods during transit, an *ad-hoc* Committee consisting of senior officers of HCL and the Railways has already been set up to expedite settlement of the same.

Although nearly three years have elapsed since the Committee made this recommendation. It is not yet known whether the Railways and M/s. HCL, both the Government Wings, have since settled their claims and counter-claims. The presumption is that the claims are yet to be settled. The Committee desire that this matter be settled without further delay and the result of the settlement, reached conveyed to them within two or three months of the presentation of this Report.

NEW DELHI;

28 January, 1987

8 Magha, 1909 (S)

E. AYYAPU REDDY

Chairman

Public Accounts Committee.

CHAPTER II
OBSERVATIONS/RECOMMENDATIONS THAT HAVE
BEEN ACCEPTED BY GOVERNMENT

Recommendations

The Committee observe that when Government of India decided to establish a Copper and Fertiliser Complex wholly owned by them at Khetri Nagar, it was decided that the Railways should construct a railway line of about 34 km. (MG) from Dabla to Singhana. The Ministry of Railways (Railway Board) had informed the Ministry of Mines and Metals in August, 1969 that the proposal of the latter for construction of this metre gauge line to serve Khetri Copper Project had not been found to be financially viable. Nevertheless, later after much persuasion by the Ministry of Mines and Metals, the Ministry of Railways, (Railway Board) agreed (April 1970) to undertake construction of the line although repeated examination of the survey Report on Dabla-Singhana line had revealed that there was no financial justification for construction the line.

(Para 79)

When it was finally decided to construct the line as a result of discussion at the meeting of Secretaries held on 16 April, 1970, it was found that construction of the line could be justified only if the Hindustan Copper Limited (HCL) guaranteed their entire traffic as estimated in the project report to be moved by rail and by inflating the distance for charge for goods traffic by 50 per cent. Accordingly, a guarantee deed was executed by HCL in July, 1971 with the Railway Administration which stipulated *inter-alia* that all inward and outward traffic of the project would be offered for transportation by rail (including approximately, inward traffic of 1000 tonnes of rock phosphate and outward traffic of 600 tonnes of fertilisers per day, in addition to copper and other by-products etc.). The work was commenced in April 1972 and completed in June 1974 at a cost of Rs. 2.38 crores. The line was opened to goods traffic on 15 June, 1974.

(Para 80)

However, right from the opening of this railway line to goods traffic on 15 June, 1974, the actual traffic inward and outward has been found to fall far short of the volume of traffic envisaged. As against the envisaged inward traffic of 2,91,222 tonnes in 1974-75, the actual inward traffic was 28,181 tonnes (i.e. 9.7 per cent of the

envisaged traffic). Even in 1979-80 as against the envisaged inward traffic of 4,22,263 tonnes, the actual inward traffic was 63,515 tonnes (i.e. 17.4 per cent of the envisaged traffic). During the period 1974-75 to 1979-80, the inward traffic that actually materialised ranged from 9.7 per cent to 30.8 per cent of that envisaged. (Para 81)

As regards the outward traffic, the position of actual materialisation has been much worse. During the year 1974-75, the actual outward traffic was a mere 315 tonnes as against the envisaged traffic of 3,35,074 tonnes (i.e. 0.1 per cent of the envisaged traffic). Even in 1979-80 the actual outward traffic was 36,112 tonnes as against the envisaged traffic of 4,47,864 tonnes (i.e. 8.1 per cent). During the period 1974-80, the outward traffic that actually materialised ranged from 0.1 per cent to 13.8 per cent of the envisaged traffic. (Para 82)

An analysis of the volume of traffic, both inward and outward of M/s. HCL at Singhana during the 4 years from 1976-77 to 1979-80 revealed that their inward traffic was only 13 wagons per day as against the committed traffic of 56 wagons. The outward traffic offered was only 5 wagons per day as against 28 committed wagons. The position during 1980-81 and 1981-82 has also not shown any improvement. (Para 83).

According to HCL, the estimate of movement of traffic that was given was based on mostly inward movement of rock phosphate and outward movement of fertiliser and copper. Non-materialisation of anticipated traffic on the Dabla -Singhana line had been on account of low production of fertiliser and copper. Against the anticipated fertiliser production of 1.95 lakhs tonnes per annum, the maximum production attained during the years 1976-77 to 1981-82 was 52,241 tonnes (26.8 per cent) in 1978-79. Similarly, against an installed capacity of 31,000 MT copper wire bars per annum, the production was 11,677 MT, 14,193 MT and 15,170 MT in 1979-80, 1980-81 and 1981-82 respectively. (Para 84)

The Committee on Public Undertakings have already made an indepth study of the Khetri Copper Complex of the Hindustan Copper Ltd. and have dealt with the conceptual shortcomings, delay in implementation and low production of the project in their 18th Report (1980-81). Their action taken Report (60th Report 1982-83) reveals that the project besides being financially unprofitable, is economically disappointing inasmuch as the net present value of the Project adopting a discounting rate of 12 per cent is (—) Rs. 506.67 crores. The Public Accounts Committee are not therefore surprised

that the Railway line constructed for the Project traffic has also proved to be totally unviable. This instance typifies the adverse linkage effects of an uneconomic project which add up to a dimension that pertains the Committee. The Committee would therefore wish to draw the attention of the Planning Commission to this phenomenon so that in future an integrated view of investments in the economy is invariably taken. (Para 85)

The Committee are also not happy over the manner in which the Railways had acted in this case. Although repeated examinations of the Survey Report on the line had revealed that there was no financial justification for constructing the line, they had unnecessarily allowed themselves to be persuaded by the so-called 'Guarantee Deed' which the Chairman, Railway Board himself characterised as a 'hoodwink clause' and a 'unique formula'. It is indeed regrettable that the Railways did not scrutinise the traffic projections independently with reference specially to the pattern of inward and outward traffic, the nature of wagons required, the railways' capacity to meet the requirement in time and the normal commercial practice of transport of such commodities as per consumer's/suppliers' preference, etc. (Para 86)

The Committee feel that in view of the avowed object of Government to bring backward areas on the industrial map of the country, some concession has to be given to railway lines opened to promote industrial development in backward areas. The Committee, therefore, feel that there is no question of dismantling the present line which is a national asset in use. The Committee feel that a duty is also cast on the Railways to help make the line viable by providing better and timely service to the Project authorities. However, in case its financial working does not show any improvement in the foreseeable future, it may be handed over to the Project authorities to be used as a siding, in consultation with the Planning Commission. (Para 87)

[S. No. 1—9, Paras 79—87 of P.A.C.'s 162nd Report (1983-84)—
VII Lok Sabha.]

Action taken

Paras 79 to 84

The observations of the Committee are noted.

Para 85

The observations have been noted by the Planning Commission.

Para 86:

This was discussed by the Committee of Secretaries who decided that the Railway link to Khetri would be constructed at Railway cost, but subject to certain conditions regarding freightage and guarantee of traffic. These conditions were also included in the deed of guarantee.

However, the suggestion of the Committee has been noted for future guidance.

Para 87:

The Railways are making every endeavour to provide better and timely service to the project authorities. However, the offering of full quantum of traffic to rail alone, can improve the financial viability. Since there is persistent shortfall in traffic, making the line uneconomical, it has been proposed to hand over the line to the project authorities as a private siding in consultation with the Ministry of Steel and Mines and the Planning Commission.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 83-BC-
PAC/VII/162 dated 14-8-1984.]

CHAPTER III

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

--NIL--

CHAPTER IV

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

—NIL—

CHAPTER V

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

Recommendations

The Committee note that in terms of condition (i) of the Guarantee Deed, all inward and outward traffic of the project was to be offered for transportation by rail. This, however, was not done and sizeable portion of the traffic was diverted to road. In terms of condition (iv) of the Guarantee Deed, the Railway Administration would be entitled to recover the shortfall in revenue and in terms of condition (v) *ibid* in case of any happening beyond the control of either party, notice had to be given within 21 days of such happening. However, no action to recover the shortfall was taken by the Railway Administration till Audit pointed out in August, 1976 whereafter a period of over 3 years elapsed before a claim for Rs. 1.26 crores upto 1978-79 was preferred. The Committee were given to understand in evidence that no payment on account of this claim had yet been made by the HCL to the Railways and that claims for the subsequent period worked out to about Rs. 2 crores. According to Audit, the HCL has a counter claim of Rs. 1.59 crores towards excess freight charges incurred by it on transportation of its goods by road as a result of failure to get wagons, long transit delays and damages/pilferages in rail transit. The Committee would like both the parties to sit together and settle the claims. They would await the outcome. (Para 88)

One of the main reasons given by the HCL for the diversion to the road was non-supply of the required number of covered wagons by the Railways. According to the Ministry of Railways the difficulty in the supply of empty covered wagons to Singhana siding was because of its location being not on the main line from Reengus to Rewari, and far away from the supplying depot yard. Empties had to be worked especially for the siding from Jaipur or Phulera. Since the demand of the company was only for covered wagons and in piecemeal for different destinations, and the working of the Indian Railways was directed towards optimisation of the meagre covered stock by maximising rake loading, it was difficult for the

Railways to run everyday a train with just a couple of empty wagons for Singhana siding area. During evidence, on being asked as to why the products of the Khetri Copper Complex were not stored and moved in bunches so that the demand for Railway wagons is more economical, the Chairman, HCL stated "when the production picks up we will have to have this type of arrangement". The Chairman, Railway Board also stated "I think it is a very valid point.....If this is done, it will make the Railway line more viable." The Committee desire that the Railways should ensure this, in close coordination with the Project authorities (Para 89)

The Committee note that in terms of condition (iii) of the Guarantee Deed, the Railway Administration are authorised to examine twice a year HCL's records to verify the quantum of traffic offering. The Committee, however, observe that this condition has so far remained a dead letter. According to the Railways, the records were not made available to them by the HCL authorities and the non-compliance has been brought to the notice of the Project authorities several times since 1977. The Department of Mines have, however, denied the allegation and have averred that "as and when required by the Railways, complete records of the traffic generated are made available for rail and road transportation are being furnished to the Railways." They have added in the same note that "to the best of the knowledge of HCL, however, no formal half-yearly checks are being conducted." The Committee are distressed that whatever the reasons, there has been no meaningful review of the extent of fulfilment of the terms of the Guarantee Deed for deciding future course of action beneficial to the overall interest of both the parties—Railways and HCL. The Committee would await an assessment in this regard. (Para 90)

Another aspect which has caused concern to the Committee is heavy detentions (average detention per wagon per month ranging from 72 to 89 hours during the period 1976-77 to 1979-80) to inward traffic at the HCL siding on account of delay in unloading. The Committee need hardly point out, such detentions stand in the way of optimum utilisation of limited rolling stock by the Railways. The Committee would like the Railways to take effective steps to reduce the detentions of Railway wagons in the Project area to the barest minimum in coordination with the HCL authorities. (Para 91)

As regards the compensation claimed by HCL for goods damaged/pilferred during transit, the Western Railway Administration have informed the Railway Board that Rs. 3,663/- had been paid by them against Rs. 1,67,037/- claimed by HCL during the

period from 1975-76 to 1981-82 and the claim of Rs. 2,05,430/- preferred by HCL during the year 1982-83 (upto November 1982) is under investigation. However, according to Department of Mines, 118 claims cases amounting to Rs. 18,75,175.95 are still pending settlement. The Committee desire the Railway Administration to take early action to reconcile the details of the claims preferred by HCL with a view to their expeditious settlement. At the same time, the Committee would like the Railway Administration to take suitable measures so that the goods comprising inward and outward traffic of the project are not damaged/pilferred during transit of transshipment. (Para 92)

Several steps are stated to have been taken so that the plants at Khetri attain full capacity and the guaranteed traffic is provided to the Railways at the earliest. According to the Department of Mines, once the full effect of these steps is available, it will be possible to achieve fertiliser production of app. 1,10,000 MT per annum with copper smelting capacity of 31,000 MT and 1,30,000 MT of fertilisers from the expanded smelter of the capacity of 45,000MT of copper per annum. With the increased production, the HCL plans to move practically the entire quantity of fertilisers by rail subject to availability of wagons in time and according to prior schedules. For this purpose, HCL plans to set up storage facilities at the last metre gauge points linked with Khetri, so as to avoid rail-transshipment damages. The Committee trust the Railways would carefully consider the prospects of production picking up and traffic moved by rail improving in order to take a firm decision on the future of the Dabla-Singhana line as suggested earlier in this Report.

(Para 93)

[S. Nos. 10—15, Paras 88—93 of 162nd Report of P.A.C. (1983-84)—VII Lok Sabha.]

Action taken

88. The action to recover the shortfall in revenue has been initiated and a notice duly vetted by Department of Law has already been served on M/s. HCL. For settling claims of M/s. HCL an *ad hoc* committee of officials of HCL and Railways has been set up.

The counter-claim of M/s. H. C. L. is not admissible as there is no provision in the Deed of Guarantee to entertain such claim.

As regards the pending cases of claims of H.C.L. for compensation towards loss/shortage of goods during transits, an *ad hoc* Committee consisting of senior officials of H.C.L. and the Railways has already been set up to expedite settlement of the same.

89. The recommendation is noted subject to offering of traffic by M/s. H. C. L. in train-loads.

90. The efforts made in this direction in the past did not succeed due to extremely heavy shortfall in traffic. However, bi-annual reviews will be continued by the Railway in future till the line is converted into a private siding.

91. Heavy detention to the wagons in H.C.L. siding at Singhana is primarily due to H.C.L.'s inability to offer adequate traffic to the Railways to facilitate running of full train-loads. In the absence of adequate quantity of traffic offering, it was considered uneconomical to run a train on this section daily. The offering of full quantum of traffic by H.C.L. as stipulated in the Deed of Guarantee can alone bring down detention to wagons at Singhana. The Committee's observations have been noted and the Railways are making every endeavour for getting as much traffic in block loads as possible in order to minimise the detentions to wagons, in coordination with H.C.L. Project authorities.

92. The present position of the claim cases reported by the Ministry of Steel and Mines is that these are in various stages of finalisation by the Western Railway in respect of inward traffic and Northern Railway in respect of outward traffic. With a view to expediting the pending claims, an *ad hoc* Committee consisting of senior officials of H.C.L. and the two Railways has been constituted to sort out the details. All possible measures are being taken by the Railway Administration to prevent damage/pilferage of goods during their transit or transshipment.

93. The Committee's observations have been noted. Since, however, there is persistent shortfall in traffic, it has been proposed to hand over the line to the project authorities as a private siding, in consultation with the Ministry of Steel and Mines and the Planning Commission.

This has been seen by Audit, who have made the following observations:

Para 88 Recommendation No. 10—In response to Public Accounts Committee's directive for mutual settlement of claims, the Railways Administration have taken up the matter regarding their claims with the H.C.L. Regarding H.C.L. claims, an *ad hoc* Committee of H.C.L. Railway officials has been formed. The final outcome is awaited.

Para 89 Recommendation No. 11—The Public Accounts Committee recommended that Railways should ensure, in close coordination

with the Project authorities, movement of products in bunches. The Railway Administration have stated that they have noted the recommendation subject to offering of traffic in train loads. Ministry of Railways may finalise the issue in consultation with the H.C.L. authorities. Public Accounts Committee may kindly be informed of the final outcome.

Para 90 Recommendation No. 12—The Public Accounts Committee had desired an assessment to be made of the extent of fulfilment of the terms of the Guarantee Deed. The Ministry of Railways have stated that bi-annual reviews will be continued in future. The exact assessment still remains to be made.

According to H.C.L., no half yearly checks are being conducted by the Railways. As per the reply of the Railways, bi-annual reviews will continue in future. There is an apparent contradiction in the two statements.

Para 91 Recommendation No. 13—The Committee had recommended that Railways should take effective steps in coordination with H.C.L. authorities, to reduce detention of wagons. The Ministry of Railways have stated that they have noted the observations and that they are making every endeavour for getting maximum possible traffic in block loads. The actual position in regard to detention of wagons *vis-a-vis* movement of traffic in block loads is still to be determined. The efforts made and the result thereof have yet to be brought out.

Para 92 Recommendation No. 14—The Public Accounts Committee desired early reconciliation of H.C.L. claims for their speedy settlement as also adopting suitable measures for preventing damage/pilferage during transshipment/transit. Ministry of Railways have stated that the claims cases are in various stages of finalisation, and that all possible measures are being taken to prevent damage/pilferage during transshipment/transit. Final position in regard to settlement of the claims cases along with results of the remedial measures taken, is yet to be assessed.

Para 93 Recommendation No. 15—The Public Accounts Committee had desired that in view of H.C.L. plans for increased production and setting up of storage facilities by them, a firm decision should be taken on the future of Dabla-Singhana Line. The Ministry of Railways have stated that they have noted the Committee's observations and that they have proposed to hand over the line to the

project authorities as a private siding in consultation with the Ministry of Steel and Mines and the Planning Commission. Final outcome is awaited.

The action taken notes submitted by the Ministry of Railways on Public Accounts Committee's recommendation Nos. 10 to 15 being of interim nature, it is requested that final outcome of the steps taken for implementation of these recommendations may be advised to Public Accounts Committee in due course.

The observations made by Audit have been noted for compliance.

[Ministry of Railways (Railway Board's) O.M. No. 83-BC-
PAC/VII/162. dated 14-8-1984]

PART II

MINUTES OF THE 36TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 30TH DECEMBER, 1986

The Committee sat from 1100 hrs. to 1300 hrs.

PRESENT

- Shri E. Ayyapu Reddy—*Chairman*
2. Shri Amal Datta
 3. Shri Ranjit Singh Gaekwad
 4. Smt. Prabhawati Gupta
 5. Shri Vilas Muttemwar
 6. Smt. Jayanti Patnaik
 7. Shri S. Singaravadivel
 8. Shri Simon Tigga
 9. Shri Girdhari Lal Vyas
 10. Shri Ghulam Rasool Kar
 11. Shri A. K. Antony
 12. Shri Nirmal Chatterjee
 13. Shri Virendra Verma
- } *Members*

SECRETARIAT

1. Shri K. H. Chhaya—*Joint Secretary.*
2. Shri Brahmanand—*Senior Financial Committee Officer.*
3. Shri S. M. Mehta—*Senior Financial Committee Officer.*

REPRESENTATIVES OF AUDIT

1. Shri M. Parthasarthy—*ADAI (Rly.)*
2. Shri M. M. B. Annavi—*DADS*
3. Shri Baldev Rai—*DRA*
4. Shri K. Krishnan—*JD (RA)*
5. Shri N. L. Chopra—*J. D. (Defence Audit)*
6. Shri P. N. Misra—*JD (Rly.)*

The Committee considered and adopted the following Draft Report with certain modifications as shown in Annexure.

* * * *

* * * *

(iii) Draft Report on action taken on recommendations contained in 162nd Report (7th Lok Sabha) regarding Western Railway—Construction of a metre-gauge line from Dabla to Singhana.

2. The Committee also approved the modifications/amendments suggested by Audit as a result of factual verification of the afore-said report.

3. The Committee also authorised the Chairman to present this Report to the Lok Sabha.

The Committee then adjourned.

ANNEXURE

AMENDMENTS/MODIFICATIONS MADE BY PUBLIC ACCOUNTS COMMITTEE
IN DRAFT REPORT ON ACTION TAKEN ON 162ND REPORT (7TH
LOK SABHA) ON CONSTRUCTION OF A METRE-GAUGE LINE
FROM DABLA TO SINGHANA AT THEIR SITTING HELD
ON 30 DECEMBER 1986 (F.N.)

Page	Para	Line	Amendment/Modification
3	1.4	20-25	<i>For</i> "What has intrigued.....January 1987" <i>Substitute</i> "curious fact to be noted is that the Ministry did not seek any extension of time for furnishing final action taken notes till November 1986, and then they asked for an extension of time upto January 1987."
3	1.4	bottom	<i>For</i> "The Committee feel" <i>Substitute</i> "It is clear"
4	1.4	2-14	<i>For</i> "The very purpose of..... do not recur." <i>Substitute</i> "The Committee can only place on record their displeasure at such dilatoriness in taking appropriate action on its recommendations. They would like to be apprised of the reasons for the delay and of action taken against those found responsible for this lapse. They trust that the Ministry of Railways (Railway Board) will see to it that the final replies are made available without any further delay and ensure that inordinate delays of this nature do not recur."
6	1.9	4-9	<i>For</i> "The Committee in their..... foreseeable future." <i>Substitute</i> "The Committee in their earlier Report had observed that efforts be made to improve its final working and if it did not show any improvement in the foreseeable future."
6	1.9	5-4	<i>For</i> "arrive at a concrete decision on this major issue." <i>Substitute</i> "arrive at a final decision on this issue."
6	1.9	3 (from bottom)	<i>Delete</i> "on this vital issue."
10	1.12	3-14	<i>For</i> "Although nearly..... presentation of this Report." <i>Substitute</i> "Although nearly three years have elapsed since the Committee made this recommendation, it is not yet known whether the Railways and M/s. HCL, both the Government Wings, have since settled their claims and counter-claims. The presumption is that the claims are yet to be settled. The Committee desire that this matter be settled without further delay and the results of the settlement reached conveyed to them within two or three months of the presentation of this report."

APPENDIX

APPENDIX

Statement of Observations and Recommendations

Sl. No.	Para No.	Ministry/Deptt. Concerned	Observation/Recommendation
1	2	3	4
1	1.4	Railways	<p>Replies to 15 recommendations contained in 162nd Report to Public Accounts Committee (7th Lok Sabha), which were due from Ministry of Railways (Railway Board) by 11 February, 1984, were received on 16 August, 1984. While vetting these action taken notes, Audit had observed that replies to the recommendations at Sl. Nos. 10-15 (Paras 88-93) of the Report were of an interim nature and had requested the Ministry of Railways (Railway Board) to communicate the final outcome of the steps taken for implementation of these recommendations to the Committee. The Ministry of Railways (Railway Board) informed the Committee (30 January, 1985) that Audit had raised certain queries on the draft final action taken notes on these paras, which were being attended to. Even after a lapse of nearly three years since the presentation of the Report, the final replies are still to be furnished by the Ministry despite repeated reminders to them in this regard. A curious fact to be noted is that the Ministry did not seek any extension of time for furnishing final action taken notes till November, 1986, and then</p>

they asked for an extension of time upto January, 1987. It is clear that unduly long time has been taken by the Ministry in furnishing the final action taken notes. The Committee can only place on record its displeasure at such dilatoriness in taking appropriate action on its recommendations. They would like to be apprised of the reasons for the delay and of action taken against those found responsible for this lapse. They trust that the Ministry of Railways (Railway Board) will see to it that the final replies are made available without any further delay and ensure that inordinate delays of this nature do not recur.

2

1.9

**Railways/Mincs/
Planning Commission**

2

Due to low offerings of traffic by M/s. HCL on account of short-fall in the envisaged production at their complex, the Railway line from Dabla to Singhana proved to be financially not viable. The Committee in their earlier report had observed that efforts be made to improve financial working of M/s. HCL and if it did not show any improvement in the foreseeable future, the line may be handed over to the Project Authorities to be used as a siding. The Ministry of Railways (Railway Board) stated (14th August, 1984) in their reply that they were making every endeavour to provide better and timely service to the project authorities. However, as there was persistent shortfall in traffic making the line uneconomical, it was proposed to hand over the line to the project authorities as a private siding in consultation with the Ministry of Steel and Mines and the

Planning Commission. The Committee have now been informed (24-11-86) by the Ministry of Railways (Railway Board) that the Planning Commission convened a meeting on 27 October, 1986 when the various aspects of the case were discussed and M/s. H.C.L. were required by the Commission to undertake a complete study and the final decision regarding the future of the line would be possible on the basis of this study. The Committee are unhappy to observe that even after a lapse of two years, Railways have not been able to arrive at a final decision on this issue. This is indicative of the lackadaisical approach of the Ministry of Railways. The Committee would like to be apprised of the final decision taken in this regard.

The Committee in their earlier Report had observed that as per the terms and conditions of the Guarantee Deed between Railway Administration and M/s. Hindustan Copper Ltd. all inward and outward traffic of the project was to be offered for transportation by rail. As sizeable portion of the traffic was diverted by M/s. HCL to road, the Railway Administration had preferred a claim of Rs. 3.26 crores on them for violating the terms of the Guarantee Deed. M/s. HCL had also submitted a counter claim of Rs. 1.59 crores towards excess freight charges incurred by it on transportation of its goods by road as a result of failure to get wagons, long transit delays and damages/pilferages in rail transit. The Committee had desired both the parties to sit together and settle the claim. In their action taken note the Ministry of Railways (Railway Board) have stated that the action to recover the shortfall in revenue has been initiated and

a notice duly vetted by Department of Law has been served on M/s. HCL. The Ministry have stated that the counter claim of M/s. HCL is not admissible as there is no provision in the Guarantee Deed to entertain such claim. As regards the pending cases of claim of M/s. HCL for compensation towards loss/shortage of goods during transit, an ad-hoc Committee consisting of senior officers of HCL and the Railways has already been set up to expedite settlement of the same. Although nearly three years have elapsed since the Committee made this recommendation it is not yet known whether the Railways and M/s. HCL, both the Government Wings, have since settled their claims and counter claims. The presumption is that the claims are yet to be settled. The Committee desire that this matter be settled without further delay and the results of the settlement reached conveyed to them within two or three months of the presentation of this Report.

Planning Commission. The Committee have now been informed (24-11-86) by the Ministry of Railways (Railway Board) that the Planning Commission convened a meeting on 27 October, 1986 when the various aspects of the case were discussed and M/s. H.C.L. were required by the Commission to undertake a complete study and the final decision regarding the future of the line would be possible on the basis of this study. The Committee are unhappy to observe that even after a lapse of two years, Railways have not been able to arrive at a final decision on this issue. This is indicative of the lackadaisical approach of the Ministry of Railways. The Committee would like to be apprised of the final decision taken in this regard.

3

1.12

Railways-Mines

The Committee in their earlier Report had observed that as per the terms and conditions of the Guarantee Deed between Railway Administration and M/s. Hindustan Copper Ltd. all inward and outward traffic of the project was to be offered for transportation by rail. As sizeable portion of the traffic was diverted by M/s. HCL to road, the Railway Administration had preferred a claim of Rs. 3.26 crores on them for violating the terms of the Guarantee Deed. M/s. HCL had also submitted a counter claim of Rs. 1.59 crores towards excess freight charges incurred by it on transportation of its goods by road as a result of failure to get wagons, long transit delays and damages/pilferages in rail transit. The Committee had desired both the parties to sit together and settle the claim. In their action taken note the Ministry of Railways (Railway Board) have stated that the action to recover the shortfall in revenue has been initiated and