

**LOSS DUE TO INDECISION OF RAILWAY  
ADMINISTRATION IN THE MATTER OF LAND  
ACQUISITION: EAST CENTRAL RAILWAY**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 97<sup>th</sup> Report (17th Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE  
(2025-26)**

**TWENTY-THIRD REPORT**

---

**EIGHTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

# **TWENTY-THIRD REPORT**

## **PUBLIC ACCOUNTS COMMITTEE** **(2025-26)**

(EIGHTEENTH LOK SABHA)

### **LOSS DUE TO INDECISION OF RAILWAY ADMINISTRATION IN THE MATTER OF LAND ACQUISITION: EAST CENTRAL RAILWAY**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 97<sup>th</sup> Report (17th Lok Sabha)]



*Presented to Lok Sabha on:* 25/07/2025  
*Laid in Rajya Sabha on:* 25/07/2025

**LOK SABHA SECRETARIAT  
NEW DELHI**

**JULY, 2025 /SHRAAVANA, 1947 (Saka)**

## CONTENTS

		<b>PAGE</b>
<b>COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2025-26)</b>		<b>(iii)</b>
<b>INTRODUCTION</b>	.....	<b>(iv)</b>
<b>CHAPTER I</b>	Report.....	
<b>CHAPTER II</b>	Observations/Recommendations which have been accepted by the Government.....	
<b>CHAPTER III</b>	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government.....	
<b>CHAPTER IV</b>	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration.....	
<b>CHAPTER V</b>	Observations/Recommendations in respect of which Government have furnished interim replies/no replies.....	
	<b>APPENDICES</b>	
I.	Minutes of the 18th Sitting of the Public Accounts Committee (2024-25) held on 29-04-2025.	
II.	Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Ninety-Seventh Report (Seventeenth Lok Sabha)	

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2025-26)**

**Shri K. C. Venugopal      -      Chairperson**

**MEMBERS**

**LOK SABHA**

2.      Shri Thalikkottai Rajuthevar Baalu
3.      Dr. Nishikant Dubey
4.      Shri Jagdambika Pal
5.      Shri Jai Parkash
6.      Shri Ravi Shankar Prasad
7.      Shri C M Ramesh
8.      Prof. Sougata Ray
9.      Shri Magunta Sreenivasulu Reddy
10.     Smt. Aparajita Sarangi
11.     Dr. Amar Singh
12.     Shri Tejasvi Surya
13.     Shri Anurag Singh Thakur
14.     Shri Balashowry Vallabhaneni
15.     Shri Dharmendra Yadav

**RAJYA SABHA**

16.     Shri Ashokrao Shankarrao Chavan
17.     Shri Shaktisinh Gohil
18.     Dr. K Laxman
19.     Shri Praful Patel
20.     Shri Sukhendu Sekhar Ray
21.     Shri Tiruchi Siva
22.     Dr. Sudhanshu Trivedi

**SECRETARIAT**

- |    |                       |   |                             |
|----|-----------------------|---|-----------------------------|
| 1. | Dr. Sanjeev Sharma    | - | Joint Secretary             |
| 2. | Shri Muraleedharan. P | - | Director                    |
| 3. | Shri Atul Bhawe       | - | Deputy Secretary            |
| 4. | Ms. Pragya Nama       | - | Assistant Committee Officer |

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2025-26) having been authorised by the Committee, do present this Twenty-Third Report (Eighteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Ninety-Seventh Report (Seventeenth Lok Sabha) **"Loss due to indecision of Railway Administration in the Matter of Land Acquisition: East Central Railway"** relating to the Ministry of Railways (MoR).

2. The Ninety-Seventh Report was presented to Lok Sabha/laid in Rajya Sabha on 7<sup>th</sup> February, 2024. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee (2024-25) considered and adopted the Twenty-Third Report at their Sitting held on 29<sup>th</sup> April, 2025. Minutes of the Sitting of the Committee form appendix to the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

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

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Ninety-Seventh Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

**NEW DELHI**  
**22 July, 2025**  
**31 Ashadha, 1947 (Saka)**

**K. C. Venugopal**  
**Chairperson,**  
**Public Accounts Committee**

## **CHAPTER - I**

### **REPORT**

This Report of the **Committee on Public Accounts** deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Ninety Seventh Report (17<sup>th</sup> Lok Sabha) on "Loss due to indecision of Railway Administration in the Matter of Land Acquisition: East Central Railway" relating to the Ministry of Railways (MoR).

2. The Ninety Seventh Report was presented to Lok Sabha/laid in Rajya Sabha on 07.02.2024. It contained eight Observations/Recommendations. The Action Taken Notes on all the Observations/Recommendations have been received from the Ministry of Railways (Railway Board) and are categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:  
Para Nos. 1, 2, 3, 4, 5, 6, 7 and 8.

**Total: 8**  
**Chapter - II**

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

**Total: NIL**  
**Chapter - III**

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  
NIL

**Total: NIL**  
**Chapter - IV**

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:  
NIL

**Total: NIL**  
**Chapter -V**

3. The detailed examination of the subject by the Committee had revealed certain shortcomings/deficiencies on the part of the Ministry of Railways which *inter-alia* included lack of prudent decision-making and timely payments **resulting** in avoidable extra expenditure of ₹134.21 crore; lapses and mismanagement in the land acquisition process, particularly in East Champaran; lack of coordination between the Railway Administration and District Authorities, leading to disputes and delays in land acquisition etc. The Committee had accordingly given their **observations/recommendations in their Ninety Seventh Report.**

4. The Committee had accordingly given their observations / Recommendations in the 97<sup>th</sup> Report (17<sup>th</sup> Lok Sabha). The gist of important Observations / Recommendations as contained in the Report as given as under:-

- **The Committee find that a focal point of concern highlighted in the audit para revolves around the land acquisition process in East Champaran. The Railway Administration's interactions with the Collector/District Magistrate of East Champaran and State Authorities as scrutinized by Audit, throw light on delays, disputes over cost, and their subsequent impact on the overall project expenditure. The Committee's analysis highlight a critical juncture in the timeline, particularly in the failure to address the payment issue for the land already acquired from the 28 villages.**
- **The Committee consider the Railway Administration's response, citing lack of funds and delayed award declarations by District Authorities, unacceptable. The Committee also observe that the Railway's lack of prudent decision-making and timely payments resulted in avoidable extra expenditure, underscoring the importance of meticulous financial planning and adherence to land acquisition policies.**
- **The Committee, note that there have been several shortcomings related to financial planning, land acquisition procedures and coordination between the Railway Administration and District Authorities. The Committee also note with concern that the Railway Administration incurred an avoidable additional expenditure of ₹134.21 crore due to the lack of prudent decision-making and delayed payments. The Railway Administration's response, citing paucity of funds and delayed award declaration, is unacceptable, emphasizing the need for meticulous financial planning and adherence to land acquisition policies, ab-initio.**
- **The Committee desire the Ministry to ensure consistency in their explanations and provide detailed justifications for changes in project parameters to uphold transparency and accountability. Regarding Land acquisition process, the Committee observe a series of lapses and mismanagement in the land acquisition process, particularly in East**

Champan. Therefore, the Committee recommend the Ministry to conduct a thorough review of land acquisition procedures to ensure adherence to land acquisition policies, preventing delays, disputes, and cost escalations in all future projects.

- The Committee, here, emphasize that the Ministry must adhere to existing land acquisition laws and policies and establish internal mechanisms to ensure compliance with legal and procedural requirements. Any revisions or modifications to estimates should be clearly justified and documented. Further, recognizing the complexity of land acquisition processes, the Committee are of the view that the Ministry should invest in capacity building for its personnel involved in project planning and execution which must include professional training on financial management, policy compliances, effective communication strategies and cost escalation mitigations.
- The Committee are pained to notethat the Hajipur – Sagauli via Vaishali New Line Project was sanctioned in the year 2003-04, however, the project is yet to see the light of the day. Keeping the above failurein the mind, the Committee recommend the Ministry to establish a mechanism for timely and adequate fund allocation in future to address land acquisition requirements. The Committee also recommend that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account inter alia the possible impact on the persons from whom the land is acquired.
- The Committee also recommend that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account inter alia the possible impact on the persons from whom the land is acquired. This should include clear timelines for payment disbursement and measures to mitigate the potential hardships faced by landowners. The Ministry should also consider collaborating with relevant state authorities and experts to enhance its understanding of local laws and dynamics, particularly in areas where projects are implemented.

5. The Action Taken Notes furnished by the Ministry of Railways (Railway Board) on each of the Observations/Recommendations of the Committee contained in their Ninety Seventh Report have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the action taken by the Government, on some of their Observations/Recommendations which either need reiteration or merit comments.

6. The Committee desire the Ministry of Railways to furnish Action Taken Notes in respect of Observations/ Recommendations contained in Chapter I of



the Report, positively within three months of the presentation of the Report to the Parliament.

**A. Assessment of reasons for delays in land acquisition**

7. *The Committee had found that huge cost escalation was registered as compared from the initial sanctioning of Rs 324.66 crore in 2003-04 to the subsequent detailed estimate of Rs 528.65 crore in October 2007, and a revised estimate-cum-material modification amounting to a staggering Rs 2,066.78 crore in January 2019. The Committee had also taken note of the trajectory of cost escalation and the underlying factors contributing to such significant adjustments. The Committee find that a focal point of concern highlighted in the audit para revolves around the land acquisition process in East Champaran. The Railway Administration's interactions with the Collector/District Magistrate of East Champaran and State Authorities as scrutinized by Audit, throw light on delays, disputes over cost, and their subsequent impact on the overall project expenditure. The Committee's analysis had highlighted a critical juncture in the timeline, particularly in the failure to address the payment issue for the land already acquired from the 28 villages. The Committee had taken note of the consequences of the Railway Administration's decisions, leading to avoidable extra expenditures amounting to Rs 134.21 crore.*

**(Recommendation Para No. 3)**

8. The Ministry of Railways in its Action Taken Notes has stated as under:-

“Land under three districts i.e,Vaishali, Muzaffarpur and West Champaran was already acquired by making proper interaction and collaboration with state authorities and payment of all required demand. But, non-payment of cost of required land in **initial years** for East Champaran Dist., where major portion of land acquisition was involved, was an issue. **Interaction and collaboration with State Govt in connection with land acquisition was only possible after payment of demanded cost of land.** But, there was fund constraint in initial years which was not sufficient for both land payment and construction activities **even in initial stretches** starting from Hajipur and due to this, payments couldn't be made in those years. But just after payment of balance dues in the year 2016 & 2017 under Dist- East Champaran, meetings with district administration were commenced for timely acquisition of land.”

9. While vetting the above ATNs, the Audit made the following comments:-

“No comments”

10. **The Committee had taken note of the consequences of the Railway Administration's indecision, leading to avoidable extra expenditure amounting to Rs 134.21 crore.The Ministry inits action taken note has stated that after**

payment of balance dues in the year 2016 & 2017 under Dist- East Champaran, meetings with district administration were commenced for timely acquisition of land. As regards, the Ministry's stand relating to fund constraint in initial years, the Committee are of the view that the Ministry need to strengthen their financial planning models for future projects to ensure that accurate estimation of sufficient funds required for land payment and construction activities may be made for smooth progression of work. In this context, the Committee note that while understanding the fund constraints in initial years would like to highlight that delay in completion of railway projects affects common citizens adversely thereby impacting their connectivity and strategic importance. The Committee observe that the land acquisition particularly related to development works should not result in paralyzing the railway services to the public. The Committee thus hope that in future such delays may be avoided or be reduced to a minimum.

Considering the fact that land is a highly valuable resource and the peril of encroachment of the land can not be disregarded, as such, the Committee are of the considered opinion that concerted efforts be made to collaborate with local bodies and authorities to address encroachment and unauthorised occupation on the land which have been earmarked for a specific use and all necessary steps must be taken to ensure that the encroached land, if any, is reclaimed. The Committee, therefore, would like the Ministry to prepare a statement indicating balance dues paid during FY 2016-17 status of execution of selected and pending land acquisition, if any, not only in the East Champaran District but also in other stretches of the Hajipur-Sagauli via Vaishali New Line Project. The Committee also desire that the Statement may also include reasons for non acquisition of stretches of land with status. The Committee would also like to be apprised of the status of progress on the entire project.

#### **B. Need for meticulous financial planning**

11. *The Ministry had explained that the initial demand for ₹58.76 crore in 2006 could not be met due to insufficient fund allotment, leading to a deposit of only ₹1.0 crore. The subsequent revised estimate in 2007 had seen a deposit of only 17.0 crore. When the Committee had questioned the Ministry about the significant increase in the estimated cost of the HajipurSagauli New Line project from ₹324.66 crore to ₹2,066.78 crore, the Ministry clarified that the detailed estimate of Rs 528.65 crore in 2007 faced the problem of insufficient fund availability initially, resulting in delayed payments for land acquisition. The process of land acquisition began in Vaishali, Muzaffarpur, and West Champaran, with payment made only for these districts before 2012. The cost of land in East Champaran was later revised due to the New Land Acquisition Act coming into force contributing to the overall cost increase, compounded by rising expenses in materials, labor, fuel, and machinery,*

*as well as adjustments for salary structures from the 6th and 7th Pay Commission. The Committee, after comprehensive review of the Hajipur-Sagauli New line project had expressed serious concern over the significant cost escalation from the initial estimate of ₹324.66 crore to the Revised Estimate-cum-Material Modification of ₹2,066.78 crore. The Committee, had noted that there have been several shortcomings related to financial planning, land acquisition procedures and coordination between the Railway Administration and District Authorities. The Committee had also noted with concern that the Railway Administration incurred an avoidable additional expenditure of ₹134.21 crore due to the lack of prudent decision-making and delayed payments. The Railway Administration's response, citing paucity of funds and delayed award declaration, was found unacceptable, emphasizing the need for meticulous financial planning and adherence to land acquisition policies, ab-initio.*

**(Recommendation Para No. 5)**

12. The Ministry of Railways in its Action Taken Notes has stated as under:-

“Proper financial planning for this project could not be done during initial years due to paucity of fund. Shortcomings related to financial planning, land acquisition procedures and coordination between the Railway Administration and District Authorities were resolved after interaction with State Govt. authorities. Now, proper financial planning with adhering to land acquisition procedure is being adopted in other railway projects from very beginning also. This effort has resulted in a reduction in avoidable additional expenditure from ₹134.21 crore as demanded earlier wrongly by State Govt as per New Land Acquisition Act to Rs. 22.22 Cr as per old Land Acquisition Act in this project and subsequently extra payment made in this project was refunded to Railway, details of which have already been intimated to Railway Board in December 2023. As of now, no extra payment has been made by Railway for this project.”

13. While vetting the above ATNs, Audit made the following **observation**:-

“No comments”

**14. The Committee had noted that the Railway Administration incurred an avoidable additional expenditure of ₹134.21 crore due to the lack of prudent decision-making and delayed payments. The Railway Administration's response had cited among others, paucity of funds and delayed award declaration as reasons for the delay. As per the Ministry, the Committee's insistence on the need for meticulous financial planning and adherence to land acquisition policies has been noted and shortcomings related to financial planning, land acquisition procedures and coordination between the Railway Administration and District Authorities were resolved after interaction with**

State Govt. authorities. The Committee are of the opinion that the Ministry ought to have exercised abundant caution while planning projects involving land acquisition and adequate budget allocation. The Committee hope that the changes brought by the Ministry will assist in fast-tracking of future projects. However, the Ministry should ensure that the financial planning for land acquisition and coordination between the Railway Administration and District Authorities should be well laid down in the DPR. In this regard, the Committee recommend the Ministry to focus on developing and monetizing its existing land bank, maximising the value of these assets and apprise the Committee accordingly.

### **C. Need for Comprehensive policy for project execution**

15. *At this stage, the Committee can only lay emphasis on the need on the part of the Ministry to implement robust financial planning mechanisms in future to prevent such drastic escalations and emphasizing the Importance of timely allocation and disbursement of funds too. The Committee note the discrepancies in the Ministry's responses regarding the reduction in land requirement and the subsequent cost implications. Therefore, the Committee desire the Ministry to ensure consistency in their explanations and provide detailed justifications for changes in project parameters to uphold transparency and accountability. Regarding Land acquisition process, the Committee observe a series of lapses and mismanagement in the land acquisition process, particularly in East Champaran. Therefore, the Committee recommend the Ministry to conduct a thorough review of land acquisition procedures to ensure adherence to land acquisition policies, preventing delays, disputes, and cost escalations in all future projects.*

**(Recommendation Para No. 6)**

16. The Ministry of Railways in its Action Taken Notes has stated as under:-

“Earlier requirement of land was estimated and based on which detailed estimate was sanctioned. But during commencement of execution at site, railway became acquainted with actual site condition which was different in comparison to what estimated in earlier time during sanction of project. Land requirement was also reduced in terms of various circulars and instruction published from time to time. Hence land required as per guideline for laying new rail line with providing minimum essential amenities in best economic manner.

Railway have already been following a comprehensive policy to address the delays in future projects and fund allotment is being provided in projects with clear time line and payment disbursement for land acquisition for railway projects. Railway is making proper collaboration with state govt official for land

acquisition with adhering land acquisition procedure as per extant provisions and act.”

17. While vetting the above ATNs, the Audit made the following comments:-

“No comments”

18. The Committee had recommended that the Ministry conduct a thorough review of land acquisition procedures to ensure adherence to land acquisition policies, preventing delays, disputes, and cost escalations in all future projects. The Ministry in its reply has mentioned that Railway has been following a comprehensive policy to address the delays in future projects and fund allotment and disbursement are being done with clear time lines. The Ministry has further maintained that Railway is making proper collaboration with State Government for land acquisition while acquiring land as per extant provision of the Act. The Committee are unhappy to note that the Ministry had no mechanism in place to gauge the actual site conditions which led to avoidable loss to the exchequer thereby causing delay in execution of the project. Keeping the lackadaisical manner and approach by the Ministry in view, the Committee impress upon the Ministry to apprise the Committee of the action taken to remove palpable bottlenecks in land acquisition in a time bound manner. Further, as far as the presence of a comprehensive policy within Railways is concerned, the Committee wonder if the said comprehensive policy finds a mention of avoidable delays in land acquisition and consequent time and cost overruns.

#### **D. Need for mechanisms for speedy land acquisition**

19. *In regard to a specific query on the efforts made to secure additional funds in 2012 to make the payment of Rs. 3.20 crore, especially considering the demands from the District Administration, the Ministry intimated that allocation to a railway project is made as overall priority of projects and availability of funds. Regarding the refund of Rs. 134.21 crore by the State Government to the Railway for 28 villages in West Champaran under the old Land Acquisition Act, the Ministry clarified that 80% payment was made in 2007, and consequent to the discussions with the District Authority, the cost was revised to Rs. 22.22 crore. The extra payment was refunded through the payment of land acquisition costs for other railway projects in the region. In response to concern of the Committee about the delayed compensation to villagers, the Ministry stated that land acquisition filing and demands were made by the District Administration, but the land was not handed over until 2020. The Ministry highlighted steps taken to prevent future delays, including the establishment of Gati Shakti Units, project prioritization, increased fund allocation, delegation of powers, and close monitoring. The Committee express their dissatisfaction with the Railway Administration's failure to deposit Rs. 58.76 crore in 2006 for land acquisition in East Champaran, leading to avoidable extra expenditure. The Committee are pained to note that the Hajipur-Sagauli via Vaishali New Line Project was sanctioned in the year 2003-04, however, the project is yet to see the light of the day. The Committee after having reviewed and assessed the details surrounding the Hajipur-Sagauli New Line Project are of the view that in future whenever a new project is sanctioned, it must be meticulously planned and sufficient funds should be made available upfront. The crux of the present issue relate to the fact that during the initial phase of the project, only token grants were sanctioned by the Ministry. Keeping the above failure in the mind, the Committee recommend the Ministry to establish a mechanism for timely and adequate fund allocation in future to*

*address land acquisition requirements. The Committee also recommend that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account inter alia the possible impact on the persons from whom the land is acquired. This should include clear timelines for payment disbursement and measures to mitigate the potential hardships faced by landowners. The Ministry should also consider collaborating with relevant state authorities and experts to enhance its understanding of local laws and dynamics, particularly in areas where projects are implemented. Keeping the above failure in the mind, the Committee recommend the Ministry to establish a mechanism for timely and adequate fund allocation in future to address land acquisition requirements. The Committee also recommend that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account inter alia the possible impact on the persons from whom the land is acquired. This should include clear timelines for payment disbursement and measures to mitigate the potential hardships faced by landowners. The Ministry should also consider collaborating with relevant state authorities and experts to enhance its understanding of local laws and dynamics, particularly in areas where projects are implemented.*

**(Recommendation Para No. 8)**

20. The Ministry of Railways in its Action Taken Notes has stated as under:-

“Rs. 134.21 crore was refunded by State Government to the Railway for 28 villages in West Champaran as per the old Land Acquisition Act consequent to the discussions with the District Authority, the cost was revised to Rs. 22.22 crore. Demand of Rs. 58.76 Cr in year 2006 could not be made due to non availability of sufficient fund in initial years. However 17 Cr was provided for payment of 80% of land losers in 28 villages. As major portion of payment was provided and land had also been under possession of land losers till final payment. Railway was in regular touch with State Govt in connection with land acquisition but non-payment of demanded cost was one of the reason for delay in handing over of land. Further, all the demanded cost of Rs. 796 Cr was paid in the year 2016 & 2017 but even though state administration was not pro active for land acquisition under this district of East Champaran. Railway officials were regularly chasing for acquisition of land but state govt officials were silent on these issues till year 2020. Further, railway has opted comprehensive strategy to address delays in land acquisition issues with minute study of possible impact on the persons from whom the land is acquired. A mechanism i.e PMG developed through which proper interaction, meetings with Railway officials to State Govt official arranged and as a result, all land in this district has been received till Nov, 2023. Further, Railway has marked the projects as per their priority and other importance and accordingly sufficient fund is being allocated for speedy execution of works. Railway has effective communication channels and coordination mechanisms to address issues promptly and accordingly being enacted with emphasizing adherence to existing land acquisition laws and policies. Railway has been following a

comprehensive strategy to address the delays in future projects and fund allotment is being provided in projects with clear time line and payment disbursement for land acquisition for railway project of ECR. Railway is making proper collaboration with state govt official for land acquisition with adhering land acquisition procedure as per extant provisions of Act.”

21. While vetting the above ATNs, the Audit made the following comments:-

“No comments”

**22. Observing that the Hajipur-Sagauli via Vaishali New Line Project was sanctioned in the year 2003-04, and the project is yet to see the light of the day, the Committee had recommended that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account *inter-alia* the possible impact on the persons from whom the land is being acquired and that the Ministry should also consider collaborating with relevant State authorities and experts to enhance understanding of local laws and dynamics, particularly in areas where projects are implemented. The Ministry in its Action Taken Note has mentioned that a mechanism i.e PMG was developed through which proper interaction and meetings with Railway officials and State Government officials were arranged and as a result, all land in East Champaran District had been received till November, 2023. The Committee would like to be apprised of the duration by which the Ministry was able to finally acquire the land for the New Line Project i.e. Hajipur-Sagauli via Vaishali and also the time taken to acquire the land through the newly introduced PMG mechanism along with the parameters which are considered to be the bedrock of implementation of this mechanism. The Committee opine that the Ministry of Railways should be sensitive to understand that Railways being the lifeline of the nation and delays not only affect a large section of population but also has far reaching consequences in terms of development of a region. The Committee, therefore, desire that the Ministry to carry out an intensive study to flag the reasons for probable bottlenecks and delays so as to be better equipped to deal with unforeseen situations with bare minimum delay in execution of projects and to the time and cost overruns.**



## CHAPTER II

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

#### Observation/Recommendation

Consequent to the sifting of all the material and information - mainly from the written information and depositions made before the Committee, they have come to certain observations and recommendations which are contained in the succeeding paragraphs of this part of the Report. This report examines the evolution of the project's financial landscape, scrutinizing the decisions and actions undertaken by the Railway Administration, District Authorities, and State Authorities in East Champaran in regard to the acquisition of the land required for the new railway line project.

[Observations/Recommendation No. 1 of 97<sup>th</sup> Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

#### Action Taken

No Comment.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report dated 23.04.2024)***

#### Audit's vetting comments on Ministry's ATN

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019 dated 20.08.2024)***

#### Observation/Recommendation

The Committee have reviewed and assessed the details surrounding the Hajipur - Sagauli New Line project, as highlighted in the audit para. Initiated by the Ministry of Railways (MoR) in 2003-04, the project had to undergo substantial changes in its estimated costs, particularly in regard to land acquisition an integral component contributing significantly to the overall expenditure. The audit reveals a series of events, spanning over a decade that culminated in noteworthy financial implications, especially concerning the acquisition of land for the project.

[Observations/Recommendation No. 2 of 97<sup>th</sup> Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

### **Action Taken**

Yes, it is true that instant estimate has undergone substantial change in its estimated cost since sanction of project since 2003-04. This is because of less allocation of fund in initial years which was not sufficient to cater to the whole demand of land of the project. However, railway has taken appropriate decision at that time to invest those less allocated fund in initial stretches of the project for commissioning of section in phase wise manner. This was the effort taken at that time due to which commissioning of 35.5 Km could be possible in year 2020 and revenue is being earned from this section from Hajipur to Vaishali.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

### **Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

### **Observation/Recommendation**

The Committee find that huge cost escalation was registered as compared from the initial sanctioning of Rs 324.66 crore in 2003-04 to the subsequent detailed estimate of Rs 528.65 crore in October 2007, and a revised estimate-cum-material modification amounting to a staggering Rs 2,066.78 crore in January 2019. The Committee also take note of the trajectory of cost escalation and the underlying factors contributing to such significant adjustments. The Committee find that a focal point of concern highlighted in the audit para revolves around the land acquisition process in East Champaran. The Railway Administration's interactions with the Collector/District Magistrate of East Champaran and State Authorities as scrutinized by Audit, throw light on delays, disputes over cost, and their subsequent impact on the overall project expenditure. The Committee's analysis highlight a critical juncture in the timeline, particularly in the failure to address the payment issue for the land already acquired from the 28 villages. The Committee note the consequences of the Railway Administration's decisions, leading to avoidable extra expenditures amounting to Rs 134.21 crore which are dealt in the subsequent paragraphs.

[Observations/Recommendation No. 3 of 97th Report of the Public  
Accounts Committee (17<sup>th</sup> Lok Sabha)]

### **Action Taken**

Land under three districts i.e, Vaishali, Muzaffarpur and West Champaran was already acquired by making proper interaction and collaboration with state authorities

and payment of all required demand. But, non-payment of cost of required land in initial years for East Champaran Dist., where major portion of land acquisition was involved, was an issue. Interaction and collaboration with State Govt in connection with land acquisition was only possible after payment of demanded cost of land. But, there was fund constraint in initial years which was not sufficient for both land payment and construction activities even in initial stretches starting from Hajipur and due to this, payments couldn't be made in those years. But just after payment of balance dues in the year 2016 & 2017 under Dist- East Champaran, meetings with district administration were commenced for timely acquisition of land.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

### **Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

**[Please refer to Para 10 of Chapter I for the comments of the Committee]**

### **Observation/Recommendation**

The Committee note that the Railway Administration incurred an additional expenditure of ₹134.21 crore that could have been avoided with timely payment. The Committee consider the Railway Administration's response, citing a lack of funds and delayed award declarations by District Authorities, unacceptable. The Committee also observes that the Railway's lack of prudent decision-making and timely payments resulted in avoidable extra expenditure, underscoring the importance of meticulous financial planning and adherence to land acquisition policies.

**[Observations/Recommendation No. 4 of 97<sup>th</sup> Report of the Public  
Accounts Committee (17<sup>th</sup> Lok Sabha)]**

### **Action Taken**

Yes it is true that Railway administration had incurred an additional expenditure of Rs. 134.21 Cr as demanded by the State Govt wrongly as per New Land Acquisition Act at that time which could be avoided if sufficient allocation of fund was made available in this project in initial years. However, subsequently this increased cost had been pruned down to Rs. 22.22 Cr as per Old Land Acquisition Act on Railway's request and extra payment made earlier by Railway as per New Land Acquisition Act was refunded by State Govt to Railway.

Now onwards Railway has been acting as per guideline of PAC in other railway projects under ECR.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

### **Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

### **Observation/Recommendation**

The Ministry have explained that the initial demand for ₹58.76 crore in 2006 could not be met due to insufficient fund allotment, leading to a deposit of only ₹1.0 crore. The subsequent revised estimate in 2007 saw a deposit of only 17.0 crore. When the Committee questioned the Ministry about the significant increase in the estimated cost of the HajipurSagauli New Line project from ₹324.66 crore to ₹2,066.78 crore, the Ministry clarified that the detailed estimate of Rs 528.65 crore in 2007 faced the problem of insufficient fund availability initially, resulting in delayed payments for land acquisition. The process of land acquisition began in Vaishali, Muzaffarpur, and West Champaran, with payment made only for these districts before 2012. The cost of land in East Champaran was later revised due to the New Land Acquisition Act coming into force contributing to the overall cost increase, compounded by rising expenses in materials, labor, fuel, and machinery, as well as adjustments for salary structures from the 6th and 7th Pay Commission. The Committee, after comprehensive review of the Hajipur-Sagauli New line project express serious concern over the significant cost escalation from the initial estimate of ₹324.66 crore to the Revised Estimate-cum-Material Modification of ₹2,066.78 crore. The Committee, note that there have been several shortcomings related to financial planning, land acquisition procedures and coordination between the Railway Administration and District Authorities. The Committee also note with concern that the Railway Administration incurred an avoidable additional expenditure of ₹134.21 crore due to the lack of prudent decision-making and delayed payments. The Railway Administration's response, citing paucity of funds and delayed award declaration, is unacceptable, emphasizing the need for meticulous financial planning and adherence to land acquisition policies, ab-initio.

[Observations/Recommendation No. 5 of 97<sup>th</sup> Report of the Public  
Accounts Committee (17<sup>th</sup> Lok Sabha)]

## **Action Taken**

Proper financial planning for this project could not be done during initial years due to paucity of fund. Shortcomings related to financial planning, land acquisition procedures and coordination between the Railway Administration and District Authorities were resolved after interaction with State Govt. authorities. Now, proper financial planning with adhering to land acquisition procedure is being adopted in other railway projects from very beginning also. This effort has resulted in a reduction in avoidable additional expenditure from ₹134.21 crore as demanded earlier wrongly by State Govt as per New Land Acquisition Act to Rs. 22.22 Cr as per old Land Acquisition Act in this project and subsequently extra payment made in this project was refunded to Railway, details of which have already been intimated to Railway Board in December 2023. As of now, no extra payment has been made by Railway for this project.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

## **Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

**[Please refer to Para 14 of Chapter I for the comments of the Committee]**

## **Observation/Recommendation**

At this stage, the Committee can only lay emphasis on the need on the part of the Ministry to implement robust financial planning mechanisms in future to prevent such drastic escalations and emphasizing the Importance of timely allocation and disbursement of funds too. The Committee note the discrepancies in the Ministry's responses regarding the reduction in land requirement and the subsequent cost implications. Therefore, the Committee desire the Ministry to ensure consistency in their explanations and provide detailed justifications for changes in project parameters to uphold transparency and accountability. Regarding Land acquisition process, the Committee observe a series of lapses and mismanagement in the land acquisition process, particularly in East Champaran. Therefore, the Committee recommend the Ministry to conduct a thorough review of land acquisition procedures to ensure adherence to land acquisition policies, preventing delays, disputes, and cost escalations in all future projects.

### **Action Taken**

Earlier requirement of land was estimated and based on which detailed estimate was sanctioned. But during commencement of execution at site, railway became acquainted with actual site condition which was different in comparison to what estimated in earlier time during sanction of project. Land requirement was also reduced in terms of various circulars and instruction published from time to time. Hence land required as per guideline for laying new rail line with providing minimum essential amenities in best economic manner.

Railway have already been following a comprehensive policy to address the delays in future projects and fund allotment is being provided in projects with clear time line and payment disbursement for land acquisition for railway projects. Railway is making proper collaboration with state govt official for land acquisition with adhering land acquisition procedure as per extant provisions and act.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

### **Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

**[Please refer to Para 18 of Chapter I for the comments of the Committee]**

### **Observation/Recommendation**

The Committee also learn that due to insufficient funds in the Initial years, the complete cost of land in all four districts (Vaishali, Muzaffarpur, East Champaran, and West Champaran) for the railway line originating from Hajipur could not be paid at once. Land filing was completed in all four districts, with payment made for Vaishali, Muzaffarpur, and West Champaran before 2012. However, the cost of land in East Champaran was revised under the New Land Acquisition Act, and the revised estimate of Rs. 796.28 crore in January 2016 was paid later when funds became available. In regard to the revised estimates the Committee have been given to understand by the Ministry that the Railway had requested the District Authority to review costs for 21 out of 49 villages in East Champaran. Although the cost was reduced to Rs. 236.65 crore, it was not even paid due to insufficient funds. The

revised amount was eventually paid as funds became available. The Ministry attributed the delayed payment of Rs. 58.76 crore in 2005-06 to limited funds in the initial years, prioritizing land acquisition and construction in Vaishali and Muzaffarpur for phase-wise commissioning. The Committee express concern over the lack of coordination between the Railway Administration and District Authorities, leading to disputes and delays. The Committee recommend the Ministry to establish effective communication channels and coordination mechanisms to address Issues promptly and avoid unnecessary complications. The Committee, here, emphasize that the Ministry must adhere to existing land acquisition laws and policies and establish internal mechanisms to ensure compliance with legal and procedural requirements. Any revisions or modifications to estimates should be clearly justified and documented. Further, recognizing the complexity of land acquisition processes, the Committee are of the view that the Ministry should invest in capacity building for its personnel involved in project planning and execution which must include professional training on financial management, policy compliances, effective communication strategies and cost escalation mitigations.

[Observations/Recommendation No. 7 of 97<sup>th</sup> Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

**Action Taken:**

It cannot be overruled that there was fund constraint in initial years and payment of demand of cost of Rs. 236.65 Cr was not made available to State Govt at that time and due to which cost escalated in future. Moreover, Railway is also of the view that this cost of Rs. 236.65 Cr is a reduced cost on specific effort of Railway in spite of funds crunch at that time. Railway has already effective communication channels and coordination mechanisms to address issues promptly and accordingly is being enacted with emphasizing adherence to existing land acquisition laws and policies. All the revisions or modifications to estimates is being clearly justified and documented. However, Ministry will arrange professional training on financial management, policy compliances, effective communication strategies and cost escalation mitigations alongwith mechanism to develop capacity building for its personnel involved in project planning and execution.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

**Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

**Observation/Recommendation**

In regard to a specific query on the efforts made to secure additional funds in 2012 to make the payment of Rs. 3.20 crore, especially considering the demands from the District Administration, the Ministry intimated that allocation to a railway project is made as overall priority of projects and availability of funds. Regarding the refund of Rs. 134.21 crore by the State Government to the Railway for 28 villages in West Champaran under the old Land Acquisition Act, the Ministry clarified that 80% payment was made in 2007, and consequent to the discussions with the District Authority, the cost was revised to Rs. 22.22 crore. The extra payment was refunded through the payment of land acquisition costs for other railway projects in the region. In response to concern of the Committee about the delayed compensation to villagers, the Ministry stated that land acquisition filing and demands were made by the District Administration, but the land was not handed over until 2020. The Ministry highlighted steps taken to prevent future delays, including the establishment of Gati Shakti Units, project prioritization, increased fund allocation, delegation of powers, and close monitoring. The Committee express their dissatisfaction with the Railway Administration's failure to deposit Rs. 58.76 crore in 2006 for land acquisition in East Champaran, leading to avoidable extra expenditure. The Committee are pained to note that the Hajipur-Sagauli via Vaishali New Line Project was sanctioned in the year 2003-04, however, the project is yet to see the light of the day. The Committee after having reviewed and assessed the details surrounding the Hajipur-Sagauli New Line Project are of the view that in future whenever a new project is sanctioned, it must be meticulously planned and sufficient funds should be made available upfront. The crux of the present issue relate to the fact that during the initial phase of the project, only token grants were sanctioned by the Ministry. Keeping the above failure in the mind, the Committee recommend the Ministry to establish a mechanism for timely and adequate fund allocation in future to address land acquisition requirements. The Committee also recommend that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account inter alia the possible impact on the persons from whom the land is acquired. This should include clear timelines for payment disbursement and measures to mitigate the potential hardships faced by landowners. The Ministry should also consider collaborating with relevant state authorities and experts to enhance its understanding of local laws and dynamics, particularly in areas where projects are implemented. Keeping the above failure in the mind, the Committee recommend the Ministry to establish a mechanism for timely and adequate fund allocation in future to address land acquisition requirements. The Committee also recommend that the Ministry develop a comprehensive strategy to address delays in land acquisition payments, taking into account inter alia the possible impact on the persons from whom the land is acquired. This should include clear timelines for payment disbursement and measures to mitigate the potential hardships faced by landowners. The Ministry should also consider collaborating with relevant state authorities and experts to enhance its understanding of local laws and dynamics, particularly in areas where projects are implemented.

[Observations/Recommendation No. 8 of 97<sup>th</sup> Report of the Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

### **Action Taken**



Rs. 134.21 crore was refunded by State Government to the Railway for 28 villages in West Champaran as per the old Land Acquisition Act consequent to the discussions with the District Authority, the cost was revised to Rs. 22.22 crore. Demand of Rs. 58.76 Cr in year 2006 could not be made due to non availability of sufficient fund in initial years. However 17 Cr was provided for payment of 80% of land losers in 28 villages. As major portion of payment was provided and land had also been under possession of land losers till final payment. Railway was in regular touch with State Govt in connection with land acquisition but non-payment of demanded cost was one of the reason for delay in handing over of land. Further, all the demanded cost of Rs. 796 Cr was paid in the year 2016 & 2017 but even though state administration was not pro active for land acquisition under this district of East Champaran. Railway officials were regularly chasing for acquisition of land but state govt officials were silent on these issues till year 2020. Further, railway has opted comprehensive strategy to address delays in land acquisition issues with minute study of possible impact on the persons from whom the land is acquired. A mechanism i.e PMG developed through which proper interaction, meetings with Railway officials to State Govt official arranged and as a result, all land in this district has been received till Nov, 2023. Further, Railway has marked the projects as per their priority and other importance and accordingly sufficient fund is being allocated for speedy execution of works. Railway has effective communication channels and coordination mechanisms to address issues promptly and accordingly being enacted with emphasizing adherence to existing land acquisition laws and policies. Railway has been following a comprehensive strategy to address the delays in future projects and fund allotment is being provided in projects with clear time line and payment disbursement for land acquisition for railway project of ECR. Railway is making proper collaboration with state govt official for land acquisition with adhering land acquisition procedure as per extant provisions of Act.

***(Railway Board O.M. No. 2024-BC-PAC -XVII/97<sup>th</sup> Report  
dated 23.04.2024)***

**Audit Vetting comments on Ministry's ATN**

*"No comments"*

***(Audit vide their U.O. No. 596/Rly/ECR/12-26/2019  
dated 20.08.2024)***

**[Please refer to Para 22 of Chapter I for the comments of the Committee]**



### **CHAPTER III**

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

**NIL**

#### **CHAPTER IV**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF  
THE GOVERNMENT 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/NO REPLIES**

**NIL**

**NEW DELHI:  
22 July, 2025  
31 Ashadha, 1947 (*Saka*)**

**K C VENUGOPAL  
Chairperson,  
Public Accounts Committee**

**MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25) HELD ON 29 APRIL, 2025**

The Committee on Public Accounts sat on Tuesday, 29 April, 2025 from 1303 hrs to 1425 hrs in Committee Room B, Parliament House Annexe, New Delhi.

**PRESENT**

Shri K.C. Venugopal - Chairperson

**Members**

**LOK SABHA**

2. Shri Jagdambika Pal
3. Shri Jai Parkash
4. Shri Ravi Shankar Prasad
5. Shri C.M. Ramesh
6. Smt. Aparajita Sarangi
7. Dr. Amar Singh
8. Shri Tejasvi Surya
9. Shri Balashowry Vallabhaneni

**RAJYA SABHA**

10. Shri Shaktisinh Gohil
11. Dr. K. Laxman
12. Shri Praful Patel
13. Shri Tiruchi Siva
14. Shri Sudhanshu Trivedi

**LOK SABHA SECRETARIAT**

- |                          |   |                  |
|--------------------------|---|------------------|
| 1. Dr. Sanjeev Sharma    | - | Joint Secretary  |
| 2. Shri Muraleedharan. P | - | Director         |
| 3. Shri Atul Bhawe       | - | Deputy Secretary |
| 4. Smt. Malvika Mehta    | - | Deputy Secretary |

**REPRESENTATIVES FROM OFFICE OF COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

Sl. No.	Name	Designation
1.	Ms. Atreyee Das	Deputy C&AG
2.	Ms. Smita S. Chaudhri	Deputy C&AG
3.	Shri Anand Mohan Bajaj	Deputy C&AG
4.	Ms. Yashodhara Ray Chaudhuri	Addl. Deputy C&AG
5.	Shri Samar Thakur	Director General
6.	Shri Anadi Mishra	Director General

At the outset, Hon'ble Chairperson welcomed the Members and the officials of the Office of the Comptroller and Auditor General of India (C&AG) to the Sitting of the Committee. He invited suggestions of the Members on the following four Draft Reports.

- i. XXXXXXXX      XXXXXXXX      XXXXXXXX      XXXXXXXX      XXXXXXXX
- ii. Draft Action Taken Report on the 97th Report (Seventeenth Lok Sabha) on "Loss due to indecision of Railway Administration in the Matter of Land Acquisition: East Central Railway" relating to the Ministry of Railways (MoR).
- iii. XXXXXXXX      XXXXXXXX      XXXXXXXX      XXXXXXXX      XXXXXXXX
- iv. XXXXXXXX      XXXXXXXX      XXXXXXXX      XXXXXXXX      XXXXXXXX

After some deliberations, the Committee adopted the aforesaid Draft Reports without any modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

***The Committee then adjourned.  
A copy of the proceedings of the Sitting has been kept on record.***

## **APPENDIX-II**

*(Vide Paragraph 5 of Introduction)*

### **ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR NINTY SEVENTH REPORT (SEVENTEENTH LOK SABHA)**

<b>(i)</b>	<b>Total number of Observations/Recommendations</b>	<b>08</b>
<b>(ii)</b>	<b>Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1,2,3,4,5,6,7 &amp; 8</b>	<b>Total : 08 Percentage: 100</b>
<b>(iii)</b>	<b>Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:  Para Nos. - Nil</b>	<b>Total : 0 Percentage: 0</b>
<b>(iv)</b>	<b>Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para Nos. - Nil</b>	<b>Total : 0 Percentage: 0</b>
<b>(v)</b>	<b>Observations/Recommendations in respect of which the Government have furnished interim replies:  Para No. Nil</b>	<b>Total : 0 Percentage: 0</b>

\*\*\*\*\*