

**INJUDICIOUS LEASING OF
AIRCRAFT**

**MINISTRY OF RAILWAY
(RAILWAY BOARD)**

**PUBLIC ACCOUNTS
COMMITTEE
1996-97**

TENTH REPORT

ELEVENTH LOK SABHA

TENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1996-97)

(ELEVENTH LOK SABHA)

INJUDICIOUS LEASING OF AIRCRAFT

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

Action Taken on 109th Report of Public Accounts Committee
(10th Lok Sabha)



Presented to Lok Sabha on 22 April, 1997
Laid in Rajya Sabha on 22 April, 1997

LOK SABHA SECRETARIAT
NEW DELHI

April, 1997/Chaitra, 1919 (Saka)

PAC No. 1607

Price:Rs. 19.00

©1997 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eighth Edition) and printed by the Manager, Government of India Press, Photo Litho Unit, Minto Road, New Delhi.

CORRIGENDA TO TENTH REPORT OF PUBLIC ACCOUNTS
COMMITTEE (ELEVENTH LOK SABHA)

| <u>Page</u> | <u>Para</u> | <u>Line</u> | <u>For</u> | <u>Read</u> |
|-------------|------------------------------|---------------------|---------------------|-----------------|
| 7 | 18 | 10 | Minstry | Ministry |
| 23 | Recommendation (Para 126) | 8 | insurprising | It surprising |
| 26 | Action Taken | 6 from bottom | ccordance | accordance |
| 28 | Action Taken | 6 from bottom | he above | the above |
| 37 | S1.No.37 | 12 | State Devt. | State Govt. |
| 38 | S1.No.50 | 1 | 2.01.95 | 2.01.96 |
| 43 | under Secretar- iat | 2 | Shri P.K. Sandhu | Smt.P.K. Sandhu |

CONTENTS

| | PAGE |
|--|-------|
| COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1996-97) | (iii) |
| INTRODUCTION | (v) |
| PART I | |
| R I Report | 1 |
| II Recommendations/observations which have been accepted by Government | 8 |
| CHAPTER III Recommendations/observations which the Commit- tee do not desire to pursue in the light of the replies received from Government..... | 22 |
| CHAPTER IV Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration | 25 |
| CHAPTER V Recommendations/observations in respect of which Government have furnished interim replies | 32 |
| APPENDICES | |
| I. Statement showing details of journeys performed in IRCON's aircraft after 14.5.1995 | 33 |
| II. Conclusions and Recommendations | 40 |
| PART II | |
| Minutes of the Sitting of Public Accounts Committee (1996-97) held on 9.4.1997 | 43 |

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1996-97)

Dr. Murli Manohar Joshi—*Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Nirmal Kanti Chatterjee
4. Shri Ramesh Chennithala
5. Shri Prithviraj D. Chavan
6. Smt. Meira Kumar
7. Smt. Sumitra Mahajan
8. Prof. Ajit Kumar Mehta
9. Shri Suresh Prabhu
10. Shri P.V. Rajendran
11. Shri Ganga Charan Rajput
12. Shri V.V. Raghavan
13. Dr. T. Subbarami Reddy
14. Shri B.L. Shankar
15. Shri Ishwar Dayal Swami

Rajya Sabha

16. Shri Ramdas Agarwal
17. Smt. Margaret Alva
18. Shri Rahasbihari Barik
19. Shri Ajit P.K. Jogi
20. Shri R.K. Kumar
21. Shri N. Giri Prasad
22. Shri Rajubhai A. Parmar

SECRETARIAT

- | | |
|-----------------------|-------------------------------|
| 1. Dr. A.K. Pandey | — <i>Additional Secretary</i> |
| 2. Shri J.P. Ratnesh | — <i>Joint Secretary</i> |
| 3. Smt. P.K. Sandhu | — <i>Director</i> |
| 4. Shri P. Sreedharan | — <i>Deputy Secretary</i> |
| 5. Shri Rajeev Sharma | — <i>Under Secretary</i> |

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Tenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 109th Report (10th Lok Sabha) on Injudicious leasing of aircraft.

2. This Report was considered and finalised by the Public Accounts Committee at their sitting held on 9 April, 1997. Minutes of the sitting form Part II of the Report.

3. For facility of reference and convenience, the recommendations 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 Appendix II to the Report.

4. 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;
12 April, 1997

22 Chaitra, 1919 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Public Accounts Committee.

PART I
CHAPTER I
REPORT

This Report of the Committee deals with the action taken by Government on the recommendations and observations of the Committee contained in their 109th Report (Tenth Lok Sabha) on Paragraph 4.1.3 of the Report of the Comptroller & Auditor General of India for the year ended 31 March 1994, (No. 10 of 1995), Union Government (Railways) relating to injudicious leasing of aircraft.

2. The 109th Report which was presented to Lok Sabha on 26 August, 1995 contained 19 observations/recommendations. Action Taken Notes have been received in respect of all the observations/recommendations and these have been broadly categorised as follows:

- (i) Recommendations/observations which have been accepted by the Government.
Sl. Nos. 1-2, 4-11, 14 & 16
- (ii) Recommendations/observations which the Committee do not desire to pursue in the light of the replies received from Government.
Sl. Nos. 3, 12 & 18.
- (iii) Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.
Sl. Nos. 13, 15, 17 & 19.
- (iv) Recommendations/observations in respect of which Government have furnished interim replies.

"NIL"

Injudicious leasing of an aircraft

3. The Ministry of Railways had obtained a supplementary token provision of Rs. 6.50 lakh from Parliament in August, 1993 for payment of interest free advance to Indian Railway Construction Company Limited (IRCON) for procurement of an aircraft with a view to ensuring its ready availability in exigencies such as accidents, natural calamities etc. to meet the mutual requirements of Railways and IRCON. The Railway Board had provided an interest free advance of Rs. 15 crores to IRCON in February, 1994 after reappropriating of Rs. 14.995 crores from the provisions made in the budget estimates for 1993-94 for new lines, gauge conversion, railway electrification, rolling stock etc. The aircraft was received at Delhi airport on 11 May, 1994 and was thereafter hired by Railways for their uses.

4. The 109th Report of the Committee had brought out certain revealing aspects arising out of the acquisition and utilisation of the aircraft. Briefly, these aspects were; non-preparation of detailed justification of acquisition, association of IRCON for its operation and maintenance, extra payment to IRCON due to incorrect computation of capital costs, depreciation charges etc., excessive flying hours guaranteed for the utilisation of the aircraft and above all unregulated use of the aircraft. The Committee were not convinced with the arguments adduced by the Ministry of Railways either for justification of the acquisition of the aircraft or about its utilisation for purposes other than for those intimated to Parliament while obtaining the supplementary grant. While expressing their displeasure over the same, the Committee had desired that in the light of the facts stated in the Report, Government should look into the matter thoroughly with a view to regulating acquisition of such aircraft by Ministries/Departments or their associated bodies in future and also enforcing stricter financial discipline before undertaking such costly transactions.

5. The Action Taken Notes furnished by Government have been reproduced in the respective Chapters of this Report. However, in the succeeding paragraphs, the Committee will deal with the action taken by Government on some of their recommendations.

Utilisation of aircraft

(Sl. Nos. 8 to 11 — Paragraphs 122-125)

6. In paragraph 122 of their Report, the Committee had observed that during the period 11 May, 1994 to 31 May, 1995 the aircraft was hired for undertaking 111 journeys involving 194 flying hours. The Committee's examination of the details of journeys performed during this period in the aircraft revealed that it was used for undertaking visits to accident sites only on six occasions involving 12 flights. There was also one instance when the aircraft was used for survey of flood affected areas. Significantly, all the remaining journeys were undertaken for several other purposes which included 16 journeys taken for positioning of the aircraft to pick up VIPs or for empty movements. The Committee in Paragraph 123 had also observed that 519 accidents had occurred on various Zonal Railways during the corresponding period. The Committee's scrutiny had further revealed that 70 journeys were undertaken in IRCON's aircraft by different Railway authorities for various other purposes. Out of these, 20 journeys were undertaken exclusively by the Railway Board officials and there were instances when only one officer of the Ministry of Railways was on board in the aircraft. It was found by the Committee that journeys were also undertaken for inauguration of new railway lines and new trains, State level minorities conference, review performance of Zonal Railways or production units, meeting with Chief Ministers and MPs, function at Wheel and Axle Plant, platinum celebrations of Karnataka Chamber of Commerce and Industries etc. all of which were described by the Railways

as part of their operational requirement. Eight journeys were described merely as "official" without specifying the exact nature. Expressing their displeasure over the misuse of the aircraft, the Committee in Paragraph 125 of the Report had recommended that the matter should be looked into in greater details and precise guidelines laid down for use of IRCON's aircraft by the Railway authorities.

7. The Ministry of Railways in their Action Taken Note stated that the observations of the Committee have been noted and that the details of all journeys were now recorded. They also stated that guidelines have since been issued and a copy of the same furnished to the Committee.

8. Paragraph 0.1-I. General of the Guidelines provided as follows:—

"A Beechcraft Superking-350 VT (IRC) Aircraft has been procured by Indian Railway Construction Company Ltd. (IRCON) for joint use of the Railway and IRCON. The aircraft is primarily to be used for reaching the sites of major train accidents, natural calamities, etc. and for evacuation/transportation of affected passengers/personnel, if required. When not required for such purposes, it can be used for other official works."

The Ministry in their Action Taken Notes also furnished details of utilisation of the aircraft after May, 1995 till 24 February, 1996 (Appendix-I).

9. The Committee note that in pursuance of their recommendations, the Ministry of Railways have since laid down guidelines seeking to regulate the use of the aircraft. *However, on scrutiny of the details of the 71 subsequent journeys performed, the Committee find that the aircraft was used just once for visiting accident site; the rest of the flights were undertaken for other purposes.* The purpose of utilisation by the Railways was among others for, laying foundation stone, inaugurations, flagging of trains, etc. The recorded reasons for the journeys also included inauguration of First World Konkani Convention, Press Conference, closing ceremony of International Science Sports Congress, inauguration of All India Malwa Philosophical Conference etc. The Committee regret to conclude from the above that despite the guidelines ostensibly having been prescribed to regulate the usage, the aircraft continues to be used indiscriminately for purposes other than for which Parliament had voted the expenditure. This also reinforces the findings of the Committee expressed earlier that the acquisition of the aircraft was not justified. *While expressing their severe displeasure over this extravagance of the Railways, the Committee once again emphasise the need for exercising judicious discretion in the utilisation of the aircraft by the Railways. The Committee would like to be informed of the details by the subsequent air journeys performed by the aircraft.*

Operation of Aircraft in Contravention of DGCA Certification
(Sl. No. 13—paragraph 127)

10. Commenting on another facet of utilisation of the aircraft, the Committee in Paragraph 127 of their 109th Report had recommended as follows:—

“The Committee have been informed that the import licence for IRCON’s aircraft was issued only for private use of Ministry of Railways and IRCON. The aircraft acquired by IRCON was issued with Airworthiness Certificate by Director General Civil Aviation (DGCA) and classified under “Normal category” with sub-division “private” aircraft. According to DGCA requirements, “private” aircraft shall not be used for hire or reward or for any kind of remuneration whatsoever. However, the MOU signed between Ministry of Railways and IRCON provided for the aircraft being made available for private use on payment and the matter for change of category of aircraft from private use to commercial use is stated to have been pending in DGCA at present. The Committee’s examination has however, revealed that eight journeys in this aircraft was undertaken exclusively by parties other than Railways and IRCON upto the period ending 31 May, 1995. the Committee’s further scrutiny revealed that seven journeys were undertaken by non-Railway personnel subsequent to the period 31 May, 1995 also. This is clearly indicative of the fact that the aircraft was operated in contravention of the conditions attached to the Certificate issued by DGCA. While taking a serious view of this aberration, the Committee hope that the Ministry of Railways/Civil, Aviation Authorities will take necessary measures in order to ensure that journeys in the aircraft are undertaken strictly in accordance with the certificate issued for the purpose.”

11. In their Action Taken Note, while noting the observations of the Committee, the Ministry of Railways stated that steps have been taken to ensure that the utilisation of the aircraft was as per DGCA Certificate. According to them, DGCA had advised that the powers for change of category of the aircraft now vested with the Ministry of Civil Aviation and that the matter was being pursued by Railways with that Ministry.

12. In this connection, the Ministry of Civil Aviation and Tourism (Department of Civil Aviation) in their note stated:—

“The initial import of the aircraft by IRCON was only for “private” use. The Certificate of Airworthiness (C of A) was accordingly issued by the DGCA in “private” category. On 6.1.1995, IRCON approached the DGCA for changing the C of A category from “private” to “passenger” to enable the company to use the aircraft by other VIPs, Ministries Departments and PSUs, etc. for their operational requirements and on “no profit no loss” basis. The request was supported by the Railway Ministry. The

case was forwarded to Directorate General of Foreign Trade (DGFT) for clearance as the proposed change was in violation of conditions of import licence issued by them. The matter was considered by the High Powered Committee of the DGFT on 9.5.1995. DGFT desired DGCA to consider the request taking into account that the conditions imposed on the Import licence issued on 22.2.1994 are not violated.

IRCON can be permitted to carry passengers for hire and reward only if they possess Non-scheduled operators permit. Accordingly they have been advised to approach the Department of Civil Aviation for grant of permission to start non-scheduled air transport operations, after having the actual user condition incorporated in their licence waived off by the DGFT. With regard to the recommendations of the Committee to ensure that journey in the aircraft was undertaken strictly in accordance with the certificate issued for the purpose, an Airworthiness Advisory Circular No. 995 dated 10.10.1995 has been issued by the DGCA advising all owners/operators of private aircraft that their aircraft should not be flown for hire and reward purpose and any contravention of the rules relating to Airworthiness would invite penalties."

13. From the details submitted regarding the utilisation of the aircraft after May, 1995 to 24 February, 1996, the Committee are surprised to find that at least eight journeys (Sl. Nos. 1, 2, 3, 4, 5, 9, 10 and 57 of the Appendix-I) were performed by others who were neither connected with Ministry of Railways nor IRCON. In fact, the details of some of such journeys seemed to indicate that the aircraft was apparently lent on hire. The Committee regret that pending approval of change of categorisation of the Certificate of Airworthiness from "private" to "commercial" by the Ministry of Civil Aviation, the Railways continued contravention of the Aircraft Rules and Civil Aviation Requirements and operated the aircraft for unauthorised purposes. *While deploring the blatant violation by the Ministry of Railways of the conditions attached to the airworthiness certificate issued by the DGCA and also the failure of Director General of Civil Aviation to check such recurrences, the Committee reiterate that effective steps be taken in order to ensure that journeys in the aircraft are undertaken strictly in accordance with the directions given by the appropriate authorities for the purpose.* The Committee recommend that responsibility should be fixed for the violations. The Committee further desire that the request of the Railways for change of categorisation of the Certificate of Airworthiness should be expedited. The Committee would like to be informed of the status of the change of categorisation and also of the levy and recovery of charges, if any, from the non-Railway users of the aircraft in respect of the journeys referred to above. They may also be apprised of such details of the similar journeys performed subsequently.

Financial Liability of IRCON**(Sl. No. 15, Paragraph 129)**

14. In their earlier Report, the Committee had observed that despite acquisition of the aircraft for meeting the mutual requirements of Railways and IRCON, no financial liability had been imposed on IRCON for the procurement, operation and maintenance of the aircraft. Pointing out that this was not in the financial interest of the Ministry, the Committee in Paragraph 129 of the Report had recommended that the Ministry of Railways should review the present arrangement and make IRCON also liable as the aircraft was acquired for the mutual requirements.

15. The Ministry of Railways in their Action Taken Note stated that "IRCON's direct financial liability regarding procurement, operation and maintenance of the aircraft is limited". They also stated:—

"The financial arrangement arrived at in relation to the purchase and leasing of aircraft have to be viewed in the context that the aircraft was essentially purchased for use by the Railways in emergencies like accidents and natural calamities. The MOU makes this abundantly clear when it specifies in its various clauses that Ministry of Railways would get overriding priority over all its customers including IRCON in the use of the aircraft. Although the direct financial commitment of IRCON is limited, it is saddled with the indirect financial liabilities such as those covered under clause 1.5(ii). Under this clause, if IRCON is unable to provide the aircraft within the stipulated notice period and Ministry charters and aircraft from other sources, then IRCON would have to bear the difference in expenditure incurred by the Ministry for such chartering of aircraft, and what would have been payable to IRCON."

16. Although the Ministry have admitted that IRCON's direct financial liability regarding procurement, operation and maintenance of the aircraft is limited, the Committee regret that the Ministry have not taken any action to review their agreement with IRCON. Since the aircraft has been acquired for mutual requirements, the Committee reiterate that the Ministry should review the Memorandum of Understanding and incorporate necessary changes to make IRCON also share the financial liability with a view to adequately protecting the interests of the Ministry of Railways.

Need for Prescribing common Guidelines for All Ministries/Departments etc. for Acquisition of Aircraft

(Sl. No. 17, Paragraph 131)

17. The Committee in the earlier Report had expressed their surprise that no guidelines had been issued by Government regarding acquisition of aircraft by various Ministries/Departments and their associate bodies.

In Paragraph 131 the Committee had recommended that the matter required to be looked into seriously with a view to prescribing uniform guidelines and also for making a single authority responsible for monitoring the same.

18. In their Action Taken Note, the Ministry of Civil Aviation and Tourism (Department of Civil Aviation) stated:—

“It is for the Ministries/Departments/PSUs etc. to assess and decide their requirement of aircraft, if any. DGCA recommends aircraft acquisition proposals to DGFT purely on the basis of suitability of the selected aircraft from a technical point of view. The justification for import of aircraft in each case is examined by the High Power Committee under the Chairmanship of the Director General of Foreign Trade with Members from the Ministry of Civil Aviation, Ministry of Defence Production, Ministry of Industry, Ministry of Finance etc. The case are examined by the Committee keeping in view indigenous availability, cost, technical suitability etc., and import licences are issued in those cases which are found justified.”

19. The Committee are constrained to point out that the Action Taken Note is completely silent about the difficulties, if any in formulating common guidelines for acquisition of aircraft by various Ministries and their associate bodies. They are of the view that prescribing of uniform guidelines and making a single authority responsible for monitoring the same will go a long way in enforcing stricter financial discipline before undertaking such costly transactions. The Committee, therefore reiterate their earlier recommendation and would like to be informed of the precise action taken in the matter.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that with a view to ensuring ready availability of an aircraft in exigencies such as accidents, natural calamities etc., the Ministry of Railways obtained a supplementary token provision of Rs. 0.50 lakh for payment of an interest-free advance to Indian Railway Construction Company Limited (IRCON) to enable them to procure a suitable aircraft to meet the mutual requirements of Railways and IRCON. Subsequently, the Railway Board provided an interest free advance of Rs. 15 crore to IRCON in February, 1994 after reappropriating Rs. 14.995 crore from the provision made in the budget estimates for 1993-94 for new lines, gauge conversion, railway electrification, rolling stock etc. The aircraft was received at Delhi Airport on 11 May, 1994 and was thereafter hired by Railways for their uses. The Committee's examination of the audit paragraph bring out certain revealing aspects arising out of the acquisition and utilisation of the aircraft which are dealt with in the succeeding paragraphs.

[Para No. 115 (Sl. No.1) to Appendix-VIII of 109th Report of PAC (10th Lok Sabha)]

Action Taken

Noted.

This ATN has been seen and vetted by Audit vide their U.O.I No. 233/162-PAC/20-1094/Railway Audit/Pt. IV dated 11.3.96.

[Ministry of Railways (Railway Boards') O.M. No. 95-BC-PAC-X/109 dated 5.7.1996]

Recommendation

The Committee find that the Ministry of Railways had been considering several proposals to acquire aircraft/helicopters for their use atleast from 1993 on wards. One such proposal was initiated by them in March, 1993 for acquisition of an aircraft through IRCON which is a Government Company under the administrative control of the Ministry of Railways themselves with senior officials of the Ministry being represented on the Board of Directors of the company. Based on the discussions held with the Ministry of Railways, IRCON is stated to have submitted a proposal for

acquisition of an aircraft which involved an interest free loan commitment of the order of Rs. 14 crore. This proposal was processed in the Ministry and examined by the then Financial Commissioner (Railways) who desired in June, 1993 that a detailed justification for the purchase of the aircraft should be prepared showing the expected level of its utilisation. The Financial Commissioner also expressed his reservations about associating IRCON in the purchase, operation and maintenance of the aircraft on the ground that this was not the normal type of business for IRCON and they would have to create facilities specially for one aircraft thus pushing up the cost considerably. He therefore, suggested discussions with regular Air Taxi operators with a view to effecting economy.

[Para No. 116 (Sl. No. 2) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Noted.

This ATN has been seen and vetted by Audit *vide* their U.O.I No. 233/162-PAC/20-1094/ Railway Audit/Pt. IV dated 11.3.96.

[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109
dated 5.7.1996]

Recommendation

Strangely enough, the Chairman (Railway Board) informed the Committee during evidence; "Our earlier experience of trying to take aircraft on lease or hire from other agencies including the Air Force was not very happy. We had to give written notice, a written request. We had to take permission from the Ministry of Defence and the Prime Minister's office." However, Ministry of Railways could not give concrete examples of delay in obtaining the Air Force aircraft in meeting the emergent situations in the past. In fact, Railways have gone on record to admit that their request for availability of aircraft in cases of train accidents was never refused by IAF. The committee's examination, on the other hand, also revealed that the requirements of Railways for aircraft even for other purposes were always met in the past. Considering the fact that aircraft were always available to Railways in the past for meeting their requirements and also the Audit finding that Railways had incurred a total annual average expenditure of Rs. 51 lakh only for chartering of aircraft and commercial flights during the three years's period 1990—93, the Committee regret to note that Railways opted for such a costly proposition.

[Para No. 118 (Sl. No. 4) to Appendix-VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Noted

This ATN has been seen and vetted by Audit *vide* their U.O.I No. 233/162-PAC/20-1094/Railway Audit/Pt. IV dated 11.3.96.
[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109 dated 5.7.1996]

Recommendation

Another factor observed by the Committee related to the manner in which IRCON was associated in the exercise. Although it was not the normal type of business of IRCON in terms of the company's Memorandum of Association, as rightly pointed out by the then Financial Commissioner in June, 1993 they were yet associated in the purchase, operation and maintenance of the aircraft without any expertise having been available with them. The Memorandum of Association of the Company had to be got amended through a special resolution to accommodate this new line of business. During evidence, the Chairman, Railway Board stated that it was done in view of the flexibility that IRCON enjoyed compared to Railways being a Government Department. The Ministry also stated that acquisition of the aircraft provided an opportunity to IRCON to diversify the company's business. The Committee cannot accept this argument in the light of the Ministry's admission that there was no proposal with IRCON for purchase of more aircraft.

[Para No. 119 (Sl. No. 5) to Appendix VIII of 109th Report of PAC (10th Lok Sabha)]

Action Taken

Noted.

This ATN has been seen and vetted by Audit *vide* their U.O.I No. 233/162-PAC/20-1094/Railway Audit/Pt. IV dated 11.3.96.
[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109 dated 5.7.1996]

Recommendation

The Ministry of Railways contended that the Specific emergent needs/exigencies envisaged for the use of aircraft at the time of mooted the proposal for its acquisition were (a) ready availability at a short notice to reach the site of accidents and natural calamities, etc. and (b) ready availability for other Railways's use having many advantages, some of them quantifiable directly, others indirectly in terms of cost savings due to saving of time of Members of Government and senior executives. travel at short notice with flexibility of time and avoiding waiting time at airports and the problem of connecting flights and inconvenient timings. However, obtaining a token supplementary provision in August, 1993, the

Ministry in their explanatory note on relevant Supplementary Demands for Grants specified that "with a view to ensuring ready availability of an aircraft in exigencies such as accidents, natural calamities etc., it is proposed to give an interest free advance of Rs. 15 crores to IRCON to enable them to procure a suitable aircraft to meet the mutual requirements of Railways and IRCON". The explanatory note was completely silent about the other uses of the aircraft which the Ministry now claim to have been contemplated at the time of initiating the proposal. The Committee have been informed by the Railways during the course of their examination of this audit paragraph that "while preparing the justification for the acquisition of aircraft, the requirement for visiting accident sites and other exigencies were considered as the main justification and the other operational requirements which are associated with running a vast network such as Indian Railways were covered by the term etc.". The Committee consider this to be an afterthought and an incorrect interpretation of the term "etc." which was actually used to describe the exigencies of the nature of accidents and natural calamities.

[Para 120 (Sl. No. 6) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Noted.

This Action Taken Note (ATN) has been seen and vetted by Audit *vide* their U.O.I. No. 233/162-PAC/20-10/94/Rly.-Audit/Pt. IV, dated 11.3.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5.7.96]

Recommendation

It is further disquieting to note that while giving broad specifications of the aircraft proposed to be purchased, IRCON had clearly indicated to the consultants appointed by them for rendering suitable advice that the aircraft should be capable of having provision for availability of upto four stretchers/medical supplies for emergent use during such exigencies, in actual practice not even a single injured person could be air-lifted or saved by the aircraft after its acquisition. The deposition of Chairman (Railway Board) that "it was not possible to save human life by this aircraft" explains the irony without warranting any further comment.

[Para 121 (Sl. No. 7) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Noted.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 233/162-PAC/20-10/94/Rly-Audit/Pt. IV, dated 11.3.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5.7.96]

Recommendation

The Committee note that the aircraft under reference was received at Delhi Airport on 11 May, 1994 and was hired for undertaking 111 journeys upto 31 May, 1995 involving 194 flying hours. The Committee's examination of the details of journeys undertaken during this period in the aircraft operated and maintained by IRCON (reference Appendix-III to this Report) revealed that this aircraft was used for undertaking visits to accident sites only on six occasions involving 12 journeys. There was also one instance when the aircraft was used for survey of flood affected areas. Significantly, all the remaining journeys were undertaken for several other purposes which included 16 journeys taken for positioning of the aircraft to pick up VIPs or for empty movements. The Committee have in the succeeding paragraphs dealt with some of the aspects arising out of utilisation of this aircraft.

[Para 122 (Sl. No. 8) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Noted.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 233/162-PAC/20-10/94/Rly.Audit/Pt. IV, dated 11.3.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5.7.96]

Recommendation

While the main justification for procurement of this aircraft was to ensure ready availability in exigencies such as accidents, natural calamities etc., the Committee's examination of the relevant information has revealed that only six accident sites were visited by this aircraft as against 519 accidents occurring on various Zonal Railways during this period. Surprisingly, the Railways had to requisition aircraft from some other agencies on three occasions for visiting accident sites during this period due to non-availability of IRCON's aircraft on account of technical snags or major overhaul. Thus, the main purpose of acquiring an aircraft for meeting exigencies in case of accidents stood defeated and pertinently the

Railways had to incur an additional expenditure of Rs. 30.96 lakhs for requisitioning aircraft from other agencies to visit accident sites, even after acquisition of the present aircraft.

[Para 123 (Sl. No. 9) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Noted.

In this connection, it is stated that whenever the aircraft is not available at the time of accidents, natural calamities etc. on account of periodical maintenance/checks/faults, aircraft from other agencies have to be procured to visit the site of accidents and other natural calamities.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 233/162-PAC/20-10/94/Rly Audit/Pt. IV, dated 11.3.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5.7.96]

Recommendation

The Committee's scrutiny revealed that 70 journeys were undertaken in IRCON's aircraft by different Railway authorities during the period 11 May, 1994 to 31 May, 1995 for various other purposes. Out of these, 20 journeys were undertaken exclusively by the Railway Board officials and there were instances when only one officer of the Ministry of Railways was on board in IRCON's aircraft. It was found by the Committee that journeys were also undertaken for inauguration of new railway lines and new trains, State level minorities conference, review performance of Zonal Railways or production units, meeting with Chief Minister and MPs, function at Wheel and Axle Plant, platinum celebrations of Karnataka Chamber of Commerce and Industries etc. all of which were described by the Railways as part of their operational requirement. Eighth journeys were described merely as "official" without specifying the exact nature.

In the absence of precise guidelines about the utilisation of aircraft in the Ministry of Railways, the Committee cannot but express their unhappiness over the use of this aircraft by the authorities in the Ministry. Explaining the reasons for use of aircraft by Railways for various types of purposes, the Committee were informed by none other than the Chairman of the Railway Board that "the basic feature was that because the aircraft was available it was felt expedient and convenient to use it for other visits also". The Committee are not inclined to agree with the assertions made by the Ministry of Railways that the acquisition of aircraft and its use for journeys connected with running of their vast enterprise had allowed

considerable operational flexibility. On the contrary they are of the view that most of the journeys undertaken in this aircraft reveal misuse of the machinery available at the disposal of the Ministry.

[Para 124 (Sl. No. 10) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

Observations noted. Details of all journeys viz. for visiting sites of accidents, natural calamities, operational requirement etc. are now given.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 233/162-PAC/20-10/94/Rly.-Audit/Pt. IV, dated 11.3.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5.7.96]

Recommendation

What has caused concern to the Committee is that instead of attempting to regulate such uses involving undertaking of journeys even on the regular commercial air routes, the Ministry of Railways, unfortunately, have attempted to justify them by resorting to putting forth inconvincing and illogical methods of costing. During evidence, the Chairman, Railway Board had tried to justify use of this aircraft in the Ministry of Railways on the ground that it would be better to use the aircraft compared to a commercial airline as it was cheaper to use the IRCON's aircraft in case of the number of passengers was four or more. In support of their argument, the Ministry of Railways have tried to compute the cost of flying in IRCON's aircraft at Rs. 10,159 per flying hour. This cost has been calculated by the Ministry by taking the total number of hours in a year instead of the actual flying hours of the aircraft on the principle that fixed charges are payable irrespective of the hours of usage. In contrast, while claiming the charges from other Ministries/Agencies (dealt with subsequently), the Ministry have computed the cost @ Rs. 1.18 lakh per flying hour on the basis of rates fixed by IRCON, the owner of aircraft. The Committee would, therefore, urge that the matter should be looked into in greater details and precise guidelines laid down for use of IRCON's aircraft by the Railway authorities.

[Para 125 (Sl. No. 11) to Appendix VIII of 109th Report of PAC (10th
Lok Sabha)]

Action Taken

A copy of the guidelines issued is enclosed at Annexure.

Details of the utilisation of the aircraft after 14th May, 1995 till 24th February, 1996 in the format in Appendix II of the P.A.C. Report is at Annexure-II. [Appendix-I]

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 76-PAC/20-10/94/Rly. Audit/Pt. IV, dated 27.05.96.

**[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5.7.96]**

ANNEXURE

GUIDELINES FOR REQUISITIONING OF BEECHCRAFT SUPERKING-350 VT (IRC) AIRCRAFT

1. General

- 0.1 A Beechcraft Superking-350-VT (IRC) Aircraft has been procured by Indian Railway Construction Company Ltd. (IRCON) for joint use of the Railways and IRCON. The aircraft is primarily to be used for reaching the sites of major train accidents, natural calamities, etc. and for evacuation/transportation of affected passengers/personnel, if required. When not required for such purposes, it can be used for other official works.
- 0.2 The DGCA have granted a license under 'private' category for this aircraft. An application has been made to DGCA to convert the category of license from 'private' to 'commercial' use. As and when the same is done, the aircraft can also be made available to other Ministries/Organisations in case of emergencies and/or official work on payment basis.

2. Procedure for requisitioning

0.1 Accidents, natural calamities, etc.:

In case of accidents, natural calamities, etc. whose sites are to be visited by the Ministers, Private Secretary to the Minister or an officer nominated for this purpose shall place a requisition for the aircraft on Joint Secretary, Railway Board indicating the likely time of departure, destination, number of persons to travel and tentative return programme.

The Joint Secretary will give necessary directions to Protocol Officers of Railway Board and IRCON to give a call to the Pilots, organise taking off in consultation with concerned officials at the airport and would make other associated arrangements.

- 0.2 In case of accidents which are to be attended by Railway Board Members and/or other senior officials, Executive Director (Safety) Railway Board will place the requisition for the aircraft on Joint Secretary indicating the proposed time of departure, destination, tentative return programme. The Joint Secretary will take similar action as indicated in para 2.1 above.
- 0.3 In case of natural calamities, the concerned Adviser e.g. Adviser (Civil Engg.), Adviser (Works) Adviser (Projects) or an officer

nominated for this purpose would place a requisition for the aircraft on Joint Secretary, Railway Board giving the details mentioned in para 2.1 above.

0.4 Official Work

In case the aircraft is required by the Ministers for official work connected with railway working, the requisition for the aircraft would be given by the PS/Ministers or officer nominated for this purpose to the Joint Secretary alongwith details of time of departure, destination, number of persons required to travel and approximate return programme who will take the requisite action.

0.5 When the aircraft is required for official work connected with Railway working by the Board Members or other senior officials, a requisition for the same will be placed by the PPS on Joint Secretary giving requisite details, who will make necessary arrangements.

0.6 IRCON work:

When the aircraft is needed by IRCON for its business, Protocol Officer/IRCON will advise the Joint Secretary, who after confirming that it is not needed by Railways, will give necessary clearance for such use.

3. Use of aircraft by other Ministries/Organisations

0.1 After DGCA approves change of license category from 'private' to 'commercial' use, on receipt of request from other Ministries/Organisations, PS/Ministers will place a requisition for aircrafts giving the details of the persons required to travel, the proposed time of take off, destination and approximate time of release/return journey, etc. to Joint Secretary who will take action as indicated in para 2.1 above.

0.2 Immediately on completion of journey and return of aircraft, the Ministry of Railways will prefer a Bill for the use of aircraft to the concerned Ministry/Organisation. The cheques will be deposited to the Railway's Revenue.

4 Notice time

The requisitioning authority shall give a minimum notice of 4-5 hours in case of train accidents etc. In case of other programmes, a notice of 24 hours must be given.

5 Billing

0.1 Cost of all journeys made by the Ministers whether for visiting sites of accidents, natural calamities, etc. or for official work are borne by

Cabinet Secretariat. Immediately on completion of journey and return of aircraft, necessary bills should be preferred by IRCON to the Ministry of Railways, who will send the same to Cabinet Sectt. Cheques, as and when received, would be credited to Railway Revenue.

0.2 Cost of all journeys undertaken by the other Ministries/Departments will be borne by them. Immediately on completion of journey and return of aircraft, Ministry of Railways will prefer the Bills to the concerned Ministry/Department, which on receipt will be credited to Railway Account.

0.3 Cost of journeys undertaken by parties are borne by them. Bills with suitable profit margin would be preferred against such parties by IRCON, which on receipt will be credited to Railway/IRCON Account.

6. Safety schedule/maintenance

Whenever the aircraft is required to be sent for its periodical schedule/maintenance, IRCON will send a communication for the same to Railway Board atleast a week in advance.

7. Priority for Railways

Ministry of Railways will get priority over all other users in use of aircraft. However, when the aircraft is not needed by the Ministry of Railway, IRCON can rent it out to other users or utilise for its own requirements after taking prior permission from the Ministry of Railways.

Recommendation

What has amazed the Committee most is the fact that although the aircraft was freely made available to other agencies, no action was taken by the Ministry to recover the necessary charges from the concerned authorities. It was only after the matter was pointed out by the Committee during evidence that the Ministry chose to raise bills against those agencies. The Committee have been informed that the payments are yet to be effected. The Committee hope that necessary action will be taken to recover the legitimate dues of IRCON/Railways. They would also like to be apprised of the further developments in this matter.

[Para No. 128 (Sl. No. 14) to Appendix VIII of 109th Report of PAC (10th Lok Sabha)].

Action Taken

In all the few limited cases when the aircraft was allowed to be used by other Ministers in case of emergencies, necessary bills have been preferred to the concerned Ministries.

The Audit to whom the ATN was referred to for vetting desired, *vide* their U.O.I No. 233/162-PAC/20-10/94/Rly. Audit/Pt. IV, dated 11.3.96, the following details to be incorporated in the ATN for each case of the use of the aircraft by other Ministries.

- (a) Name of Ministry/Authority who used the aircraft.
- (b) Date, Time and No. of hours of utilisation of the aircraft.
- (c) Bill No., Date and Amount
- (d) Whether each of the bill has been accepted by the Ministry/ Authority.
- (e) If the bill has not been accepted, the reasons therefor.
- (f) Whether the entire dues has been recovered in cases where the bills have been accepted. In case of non-recovery, the reasons therefor.
- (g) What is the rate at which the bills were preferred for utilisation of the aircraft by other Ministries. Please indicate working details to arrive at these rates.

With reference to Audit's U.O. Note, a statement as at annexure-III (not enclosed) was submitted for perusal of Audit.

Audit who perused the aforesaid statement, observed in their U.O.I. No. 76-RAC/20-10/94/Rly. Audit/Pt. IV, dated 27.5.96 that "complete details in respect of payment for use of aircraft may be furnished for appreciation of the Committee. Reasons for non-recovery of dues from the Ministry of Home Affairs and Government of Karnataka may be incorporated in the Action Taken Note."

With reference to above, the following submissions were made by the Ministry of Railways:—

Necessary dues have since been recovered from the Ministry of Home Affairs. As regards the payment for the use of IRCON's aircraft by Chief Minister of Karnataka, the then Minister for Railways had decided that the visit of the Chief Minister be treated as an invitation from the Minister for Railways. Accordingly, the charges for this flight are being adjusted by the Ministry of Railways against the unutilised portion of the loan for purchase of aircraft by IRCON.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 585-RAC/20/10/94/Rly. Audit/Pt. I, dated 10.6.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5-7-96]

Recommendation

Another matter of concern to the committee is the excess payment made by the Ministry of Railways to IRCON due to adoption of inflated capital cost, depreciation and inclusion of insurance charges etc., which according to the Audit paragraph had exceeded Rs. 67 lakh. The Ministry of

Railways pleaded that the revised MOU has since been signed on 13 July, 1995 i.e. the day before the representatives of the Ministry of Railways appeared before the Committee and the recoveries against the excess payments will be made during the year 1995-96. The Committee are, however, surprised to note that even the revised charges for the year 1994-95 have not been correctly worked out insofar as the depreciation of Rs. 159.58 lakh allowed for that year was stated to be higher and not in conformity with the actual amount of Rs. 70.36 lakh charged towards depreciation of the aircraft by IRCON in their certified Balance Sheet dated 28 June, 1995. The Committee consider it astonishing that the Ministry of Railways themselves despite being represented in the Board of Directors of IRCON have failed in safeguarding their financial interest. The Committee trust that the Ministry of Railways at least now would take appropriate remedial measures in this regard.

[Para No. 130 (Sl. No. 16) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

“The depreciation amount of Rs. 70.36 lakh as provided for in the balance sheet of IRCON for the year 1994-95 for the aircraft has been wrongly worked out at the rate of 5.6% by oversight by IRCON. Even the statutory audit could not detect this mistake. As per the accounting principles the depreciation rate should be the higher of:

- (i) depreciation as per Companies Act—this has become 5.6% after the amendment to the Companies Act.
- (ii) depreciation computed based on economic life i.e. 9.5% for economic life of 10 years.

In this case the rate of 9.5% would be applicable. IRCON will make good the shortfall of 3.9% (i.e. 9.5%—5.6%) in depreciation provision for 1994-95 in their accounts for the year 1995-96. The fixed charges for the year 1994-95 have been revised taking into account the depreciation rate of 9.5%. The excess payment of Rs. 65.51 lakhs (Rs. 241.50 lakhs—175.99 lakhs) made on this account would be adjusted from IRCON's future bills.”

The Audit to whom the ATN was referred to for vetting, made the following observations vide their U.O.I. No. 233/162-PAC/20-10/94/Rly. Audit/Pt. IV, dated 11.03.96.

- (a) “A copy of IRCON's letter accepting 'error' in adoption of the amount and rate of depreciation in respect of this aircraft in their certified Annual Accounts for the year 1994-95 may please be furnished to Audit and the committee.
- (b) Reasons for non-recovery of excess of Rs. 65.51 lakhs (as per Ministry's calculations) from IRCON so far may be incorporated in ATN for information of the Committee. Also details of

payment made to IRCON by the Ministry subsequent 13th July, 1995 (date of revised MOU indicating excess payment to IRCON) and reasons as to why dues recoverable from IRCON were not adjusted from such payments may please be incorporated in the ATN.”

On the above observations of Audit, Ministry of Railways made the following submissions.

- (a) A copy of IRCON's letter accepting 'error' is enclosed at Annexure V (not enclosed) Schedule 'D' of IRCON's Annual Report for 1994-95 indicating the rate of depreciation on the aircraft is at Annexure VI (not enclosed).
- (b) In addition to earlier submissions, Railways were also to recover/adjust Rs. 89 lakhs on account of unutilised loan amount. Thus, the total amount for recovery comes to Rs. 154.51 lakhs. By the end of June 1995, a sum of Rs. 58.53 lakhs was adjusted. Further payments to IRCON have been stopped to adjust the balance amount of Rs. 95.98 lakhs which is expected to be recovered/adjusted by 1998-99.

The Audit who perused the aforesaid submissions made the following observations vide their U.O.I. No. 76-RAC/20-10/94/Rly. Audit/Pt. IV, dated 27.5.96:—

The accounts of IRCON (now IRCON International Ltd.) are under finalisation by the Company. As such final position of charging differential depreciation in respect of previous year i.e. 1994-95 in the accounts of the Company for the year 1995-96 is yet to be verified in Audit.

On the above observations of Audit, the Ministry of Railways made the following submissions:—

After close of the financial year, it takes the Company about six months to finalise the accounts. However, IRCON has been addressed separately to finalise this particular issue on priority.

The above ATN has been seen and vetted by Audit vide their U.O.I. No. 585/RAC/20-10/94/Rly. Audit/Pt. I, dated 10.6.96.

[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109,
dated 5-7-96]

CHAPTER III

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

Recommendation

From the information made available to them on this aspect, the Committee are deeply concerned to note that no proper justification was prepared in the Ministry on the above lines suggested by the Financial Commissioner. Despite availability of several commercial airlines in the country, the Ministry of Railways, for reasons best known to them, did not carry out a thorough market survey and chose to explore the possibility of hiring an aircraft only from 'vayudoot' whose proposal was not found financially acceptable by them. Interestingly, the Ministry solely guided by the obvious advantages of easy availability and control of aircraft, sought to justify maintenance and operation of the aircraft by IRCON through contract agencies. No attempt also seemed to have been made by the Ministry of Railways independently to work out the expected level of utilisation of the aircraft proposed to be acquired. Even though the succeeding Financial Commissioner (Railways) had also found that a comparison of actual expenditure incurred by the Railways on air travel with expenditure involved in the proposed arrangements for acquisition of aircraft did not by itself make the proposal envisaged "financially remunerative" yet the proposal was pushed through on grounds of ready availability of the aircraft at short notice in the exigencies. Since IRCON also required a minimum notice of 3 hours, the Committee fail to accept such a justification. At this stage, the Committee can only express their unhappiness over the manner in which the proposal for acquisition of the aircraft was dealt with by the Ministry of Railways.

[Para 117 (Sl. No. 3) to Appendix VIII of the 109th Report of PAC (10th
Loi. Sabha)]

Action Taken

It is reiterated that proper justification for the procurement of aircraft was prepared. Other observations of the committee are noted.

This ATN has been seen and vetted by Audit vide their U.O.I. No. 233/162-PAC/20-10/94/Railway Audit/Pt. IV dated 11.3.96.

[Ministry of Railways (Railway Board)'s O.M. No. 95-BC-PAC-X/109
dated 5.07.1996.]

Recommendation

The Committee note that the then Secretary (Railway Board) in his note dated 11 June, 1993 had *inter-alia* observed that IRCON had suggested that Railway should give them a guaranteed minimum utilisation of 400 flying hours. Subsequently, the Memorandum of Understanding signed between Railways and IRCON on 15 February, 1994 also stipulated that "IRCON should endeavour to make available the aircraft to the Railways for the Ministry's requirements for about 400 hours per annum". The Committee find insurprising that the Ministry of Railways gave an indication of utilisation of aircraft for minimum 400 flying hours despite the fact that while exploring the possibility of obtaining aircraft from 'Vayudoot' the Ministry had indicated their tentative requirement of about 200 flying hours per annum for chartering their aircraft. The Committee's examination have revealed that despite utilisation of IRCON's aircraft even for purposes other than for which it had been acquired, from its receipt on 11 May, 1994 to 31st May 1995, the Ministry of Railways could utilise this aircraft for 170 flying hours only. Evidently, the Ministry of Railways in order to justify their acquisition of an aircraft gave guaranteed minimum utilisation of 400 flying hours to IRCON.

[Para 126 (S.No. 12) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

The total number of train accidents on Indian Railways during the 1992-93 and 1993-94 were 524 and 520 respectively. Out of these, the number of accidents at level crossings was 51 in 1992-93 and 66 in 1993-94. A rising trend in the number and casualties in level crossing accidents was noticed apparently only due to increase in the number of motorised vehicles like tractors, jeeps in villages. Considering the fact that even if 30% accidents are to be attended in different areas, the minimum utilisation of about 400 hours in a year was expected. Therefore, a figure of 400 hrs. was advised to IRCON.

The ATN has been seen and vetted by Audit vide their U.O.I. No. 233/162-PAC/20-10/94/Rly. Audit/Pt. IV, dated 11.3.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109,
dated 5-7-96]

Recommendation

The Committee's examination also revealed that presently there are 41 aircraft/helicopters purchased by different Public Sector Undertakings under various Ministries which were registered with the DGCA. The

Committee suggest that in order to have better utilisation of various aircraft by Government/Public Sector Undertakings in the exigencies, Government should examine the desirability of forming central pool for the purpose.

[Para 132 (Sl. No. 18) to Appendix VIII of 109th Report of PAC (10th Lok Sabha)]

Action Taken

Letter has been addressed to Secretary, Ministry of Civil Aviation to formulate the necessary guidelines.

The Audit to whom this ATN was referred to for vetting, made the following observations *vide* their U.O.I. No. 76-RAC/20-10/94/Rly. Audit/Pt. IV dt. 27.5.96:—

“The draft action taken note talks about specifically of ‘guidelines’. Presumably, this would relate to acquisition of aircraft alone, as referred to in paragraph 131. But paragraph 132 is on a ‘Central Pool’ of aircrafts. This issue has to be taken up specifically, as it calls for administrative action. This has not been done.”

On the above observations of Audit, the Ministry of Railways made the following submission:—

“The para relates to the setting up of a ‘Central Pool’ of aircraft which is an issue to be processed by the Ministry of Civil Aviation as it is the nodal ministry for framing guidelines for acquisition/use of aircraft. They have been reminded to send their views regarding this particular recommendation.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 585-PAC/20-10/94/Railway Audit/Pt. I dated 10.06.96.

[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109, dated 5.07.1996.]

Action Taken Note furnished by Ministry of Civil Aviation and Tourism (Deptt. of Civil Aviation) on Para 132

At present all aircraft owned or operated by PSUs are being operated and maintained by pilots and engineers appointed by these organisations and approved by DGCA. These aircraft are located at different locations and utilise hangar facilities, tools, equipment, manpower, etc. from their own resources. The aircraft are of different types and require different categories of pilots, engineers and maintenance infrastructure. Because of these complexities, it would not be practicable to form a central pool and it would also not serve the purpose sought to be achieved. Besides, such a venture would be inherently cost intensive and involve other associated problems.

[Ministry of Civil Aviation and Tourism (Deptt of Civil Aviation) O.M. No. H. 11013/5/95-ACVL, dated 4.4.1996]

CHAPTER IV

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

Recommendation

The Committee have been informed that the import licence for IRCON's aircraft was issued only for private use of Ministry of Railways and IRCON. The aircraft acquired by IRCON was issued with Airworthiness certificate by Director General Civil Aviation (DGCA) and classified under "Normal category" with sub-division "private" aircraft. According to DGCA requirements private aircrafts shall not be used for hire or reward or for any kind of remuneration whatsoever. However, the MOU signed between Ministry of Railways and IRCON provided for the aircraft being made available for private use on payment and the matter for change of category of aircraft from private use to commercial use is stated to have been pending in DGCA at present. The Committee's examination has however, revealed that eight journeys in this aircraft were undertaken exclusively by parties other than Railways and IRCON upto the period ending 31st May, 1995 (reference Sl. No 5, 23-24, 62-65 and 96 of Appendix-III). The Committee's further scrutiny revealed that seven journeys were undertaken by non-Railway personnel subsequent to the period 31st May, 1995 also. This is clearly indicative of the fact that the aircraft was operated in contravention of the conditions attached to the Certificate issued by DGCA. While taking a serious views of this aberration, the Committee hope that the Ministry of Railways/Civil Aviation Authorities will take necessary measures in order to ensure that journeys in the aircraft are undertaken strictly in accordance with the certificate issued for the purpose.

[Para No. 127 (S. No. 13) to Appendix VIII of 109th Report of PAC (10th Lok Sabha)]

Action Taken

Noted. Steps have been taken to ensure that the utilisation of aircraft is as per DGCA's certificate.

The Audit to whom this ATN was referred to for vetting made the following observations *vide* their U.O.I. No. 233/162-PAC/20-10/94/Rly. Audit/Pt. IV, dated 11.3.96.

"Ministry had informed the Committee that the matter for change of category of this aircraft from private use to commercial use was pending

with Director General, Civil Aviation. Present position of this matter alongwith the details of the action taken may please be incorporated in the ATN."

With reference to Audit observations, Ministry of Railways submitted that in connection with the change of classification of the aircraft from 'Private' to 'commercial', the matter was being pursued with the DGCA who have now advised that the powers for change of category of the aircraft now vest with the Ministry of Civil Aviation. The matter is, therefore, being pursued with the Ministry of Civil Aviation.

The above ATN has been seen and vetted by Audit *vide* their U.O.I. No. 76-RAC/20--10/94/Rly. Audit/Pt. IV, dated 27.5.96.

[Ministry of Railways (Railway Board's) OM No. 95-BC-PAC-X/109, dated 5.7.96]

Action Taken

Note furnished by the Ministry of Civil Aviation and Tourism (Deptt. of Civil Aviation) on Para 127

The initial import of the aircraft by IRCON was only for 'private' use. The Certificate of airworthiness (C of A) was accordingly issued by the DGCA in 'private' category. On 6.1.1995, IRCON approached the DGCA for changing the C of A category from 'private' to 'passenger' to enable the Company to use the aircraft by other VIPs, Ministries/Departments and PSUs, etc. for their operational requirements and on 'no profit no loss' basis. The request was supported by the Railway Ministry. The case was forwarded to Directorate General of Foreign Trade (DGFT) for clearance as the proposed change was in violation of conditions of import licence issued by them. The matter was considered by the High Powered Committee of the DGFT on 9.5.1995. DGFT desired DGCA to consider the request taking into account that the conditions imposed on the Import licence issued on 22.2.1994 are not violated.

IRCON can be permitted to carry passengers for hire and reward only if they possess Non-scheduled operators permit. Accordingly they have been advised to approach the Department of Civil Aviation for grant of permission to start non-scheduled air transport operations, after having the actual user conditions incorporated in their licence waived off by the DGFT.

With regard to the recommendations of the Committee to ensure that journey in the aircraft are undertaken strictly in accordance with the certificate issued for the purpose, an Airworthiness Advisory Circular no. 9/95 dated 10.10.1995 (*ANNEXURE*) has been issued by the DGCA advising all owners/operators of private aircraft that their aircraft should not be flown for hire and reward purpose and any contravention of the rules relating to airworthiness would invite penalties.

[Ministry of Civil Aviation and Tourism (Deptt. of Civil Aviation) OM No. H. 11013/5/95-ACVL, dated 4.4.1996]

ANNEXURE

**GOVERNMENT OF INDIA
OFFICE OF THE DIRECTOR GENERAL OF CIVIL AVIATION
OPPOSITE SAFDARJUNG AIRPORT, NEW DELHI-110003
Airworthiness Advisory Circular No. 6/95**

Issue I

**Dated 10th October, 1995
effective: Forthwith**

SUBJECT: *Operation of Private Aircraft*

The Aircraft Rule 15 requires that no aircraft shall be flown unless all the terms or conditions on which the certificate of airworthiness was granted is duly complied with.

Recently a case has come to the notice of Director General of Civil Aviation that an operator/owner of an Indian registered aircraft having Certificate of airworthiness in Sub Category "Private Aircraft" has flown for remuneration purposes in contravention of Aircraft Rules, 1937 and Civil Aviation Requirements Sec. 2 Series 'F' Part III Note 4 of Appendix B.

In view of the above all the aircraft owners/operators are advised to ensure that no Indian Registered Aircraft issued with Certificate of airworthiness in sub Category "Private Aircraft" be flown for any hire and reward purposes. Failure to comply this is a contravention of the Rules relating to Airworthiness and shall invite penalties.

The owners of Private aircraft are required to certify at the time of every renewal of Certificate of Airworthiness that the aircraft has not been flown for remuneration purposes whatsoever.

**Sd/-
(N. RAMESH)
Director of Airworthiness
for Director General of Civil Aviation.**

Recommendation

The Committee note that despite procuring the aircraft for meeting the mutual requirements of Railways and IRCON, no financial liability has been imposed on IRCON for the procurement, operation and maintenance of the aircraft. The Committee's examination has revealed that IRCON have on atleast three occasions used this aircraft for the purposes apparently without sharing any financial burden on account of fixed cost of aircraft. The Committee consider this state of affairs as not in the financial

interest of the Ministry and desire that the Ministry of Railways should review the present arrangement and make IRCON also liable as the aircraft was acquired for the mutual requirements.

[Para 129 (S. No. 15) to Appendix VIII of 109th Report of PAC (10th Lok Sabha)]

Action Taken

IRCON never used the aircraft exclusively for their own purposes. MD/IRCON, however, as per direction of Ministry of Railways, once accompanied the Iranian Minister for Roads and Transportation, who was a State guest of Ministry of Railways, in the aircraft from New Delhi to Lucknow and back. Similarly one official has once accompanied MR in the aircraft from Bangalore to Delhi. For such usage no charges have been levied on IRCON. For the exclusive use of aircraft by IRCON, there is a provision in the MOU (clause 2.2) that during the period the Ministry does not require the aircraft and in case the same is chartered to a third party including IRCON, the charges recovered by IRCON from such third party in excess of Rs. 6335 per flying hour will be refunded by IRCON to the Ministry of Railways.

The Audit to whom this ATN was referred to for vetting, made the following observations on their U.O.I. No. 233/162-PAC/20-10/94/Rly. Audit/Pt. IV dt. 11.3.96:—

“Under the present arrangements, the financial liability of IRCON for use of this aircraft for their own purposes is nil, which position is in disagreement with the recommendations of the Committee.”

With reference to Audit's above observations, the following submissions were made by Ministry of Railways:—

Although IRCON is yet to use the aircraft exclusively for their own purposes, the MOU (Clause 2.2) clearly provides that IRCON will bear the financial liability for using the aircraft.

Clause 1.5 (ii) of the MOU indicates that in case IRCON is not able to provide the aircraft within the stipulated notice period for any reason except for mandatory maintenance, which obliges the Ministry to hire an aircraft from another Ministry/Commercial Enterprises, the IRCON is liable financially to bear the difference in the expenditure incurred by the Ministry on such aircraft and what was payable to IRCON for such a journey.

The Audit, who pursued the above submissions, offered the following remarks *vide* their U.O.I. No. 76-RAC-20-10/94/Rly. Audit/Pt. IV, dated 27.5.96:—

The basic point is that their craft is for mutual requirement of both Railways and IRCON, but IRCON has no clear liability in regard to the expenditure related to procurement, operation and maintenance. Even the

fixed cost burden is not shared. This aspect has not been covered in the draft Action Taken Note.

With reference to Audit's above observations, the Ministry of Railways made the following submissions:—

“The financial arrangement arrived at in relation to the purchase and leasing of aircraft have to be viewed in the context that the aircraft was essentially purchased for use by the Railways in emergencies like accidents and natural calamities. The MOU makes this abundantly clear when it specifies in its various clauses that Ministry of Railways would get overriding priority over all its customers including IRCON in the use of the aircraft. Although the direct financial commitment of IRCON is limited, it is saddled with the indirect financial liabilities such as those covered under clause 1.5(ii). Under this clause, if IRCON is unable to provide the aircraft within the stipulated notice period and Ministry charters and aircraft from other sources, then IRCON would have to bear the difference in expenditure incurred by the Ministry for such chartering of aircraft, and what would have been payable to IRCON.

The Audit have seen and vetted the above submissions and in compliance with request made by audit *vide* their U.O.I. No. 585-PAC/20-1094/Rly. Audit/Pt.I dated 10.6.96, the following Audit observations is being added to the ATN:

“IRCON's direct financial liability regarding procurement, operation and maintenance of the aircraft is limited.”

[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109 dated 5.07.1996]

Recommendation

The Committee are surprised to note that presently no guidelines have been issued by Government regarding acquisition of aircraft by various Ministries/Departments and their associate bodies. The Committee are of the view that this matter requires to be looked into seriously with a view to prescribing uniform guidelines and also for making a single authority responsible for monitoring the same.

[Para 131 (S.No. 17) to Appendix VIII of 109th Report of PAC (10th Lok Sabha)]

Action Taken

Letter has been addressed to Secretary, Ministry of Civil Aviation to formulate the necessary guidelines.

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 76-PAC/20-1094/Railway Audit/Pt.IV dated 27.05.96.

[Ministry of Railways (Railway Board's) O.M. No. 95-BC-PAC-X/109 dated 5.07.1996]

Action Taken Note furnished by the Ministry of Civil Aviation and Tourism (Deptt. of Civil Aviation) on Para 131

It is for the Ministries/Departments/PSUs etc. to assess and decide their requirement of aircraft, if any. DGCA recommends aircraft acquisition proposals to DGFT purely on the basis of suitability of the selected aircraft from a technical point of view. The justification for import of aircraft in each case is examined by the High Power Committee under the Chairmanship of the Director General of Foreign Trade with members from the Ministry of Civil Aviation, Ministry of Defence Production, Ministry of Industry, Ministry of Finance, etc. The cases are examined by the Committee keeping in view indigenous availability, cost, technical suitability, etc. and import licences are issued in those cases which are found justified.

[Ministry of Civil Aviation and Tourism (Deptt. of Civil Aviation) O.M. No. H. 11013595-ACVL dated 4.4.1996]

Recommendation

The facts stated in the foregoing paragraphs arising out of the procurement of the aircraft for meeting the mutual requirements of Railways and IRCON and also its utilisation are revealing. Briefly, these are: non-preparation of detailed justification for acquisition, association of IRCON for its operation and maintenance, extra payments to IRCON due to incorrect computation of capital cost and depreciation charges etc., excessive flying hours guaranteed for the utilisation of the aircraft and unregulated uses of the aircraft etc. Significantly, as against the average annual expenditure of Rs. 51 lakh on hiring of chartered/commercial flights during 1990-93, the total liability that will develop on the Railways on leasing of aircraft from IRCON in the admission of the Ministry themselves would amount to Rs. 24.58 crore over a period of 10 years (even though according to Audit the amount would be about Rs. 38.77 crore). The Committee are not convinced with the arguments adduced by the Ministry either for justification of the acquisition of the aircraft or about its excessive utilisation for purposes other than for those intimated to Parliament while obtaining the supplementary grant. While expressing their displeasure over the same, the Committee desire that in the light of the facts stated in this Report, Government should look into the matter thoroughly with a view to regulating acquisition of such aircraft by Ministries/Departments or their associated bodies in future and also

enforcing stricter financial discipline before undertaking such costly transactions. The Committee would like to be apprised of the precise action taken in the matter.

[Para 133 (S.No. 19) to Appendix VIII of 109th Report of PAC
(10th Lok Sabha)]

Action Taken

For an organisation with the geographical spread and scale of operations of the Indian Railways, availability of an in-house aircraft is an operational necessity for movement of the top management and the Minister to the activity centre in any emergency. However, the Ministry of Railways are not averse to the proposed central pool of aircraft suggested by PAC, if it further enhances flexibility of movement in a crisis.

The Audit to whom the above ATN was referred to for vetting, made the following observations *vide* their U.O.I. No. 76-PAC/20-1094/Rly. Audit/Pt.IV dt. 27.5.96:—

“The statement in the draft Action Taken Note would have to be tied up with specific steps contemplated for working out a ‘Central Pool’ *vide* paragraph 132.”

On the above observations of Audit, the Ministry of Railways made the following submissions:—

“The para relates to the setting up of a ‘Central Pool’ of aircraft which is an issue to be processed by the Ministry of Civil Aviation as it is the nodal Ministry for framing guidelines for acquisition/use of aircraft. They have been reminded to send their views regarding this particular recommendation.”

This ATN has been seen and vetted by Audit *vide* their U.O.I. No. 585-PAC/20-1094/Rly. Audit/Pt.I dt. 10.6.96.

[Ministry of Railways (Railway Board’s) O.M. No. 95-BC-PAC-X/109
dated 5.07.1996]

CHAPTER V

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

-NIL-

NEW DELHI;
12 April, 1997

22 Chaitra, 1919 (S)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX—I
(Vide paragraph 8)

**STATEMENT SHOWING DETAILS OF JOURNEYS PERFORMED
IN IRCON'S AIRCRAFT AFTER 14.5.95**

| S. No. | Date | Name & Designation | From | To | Flying Time | Purpose |
|--------|---------|---|-----------|------------|-------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | 30.6.95 | Ferry | Delhi | Tirupati | 3.45 | Positioning for Minister for External Affairs. |
| 2. | 1.7.95 | Sh. Pranab Mukherjee, Minister for E.A. | Tirupati | Calcutta | 3.30 | |
| 3. | 2.7.95 | Ferry | Calcutta | Delhi | 3.15 | Return to base. |
| 4. | 9.7.95 | Ferry | Delhi | Calicut | 4.45 | Positioning for Industry Minister. |
| 5. | 9.7.95 | Sh. Karunakaran, Industry Minister. | Calicut | Bangalore | 1.15 | |
| 6. | 14.7.95 | Sh. C.K. Jaffer Sharief, Railway Minister. Sh. V.K. Agnihotri, GMSR Dr. Sharad Khorwal, Sr. DMO, N. Rly. Sh. Murlidharan, PAMR Sh. Shivarudrappa, PAMR. | Bangalore | Trivandrum | 1.20 | Flagging off of Nagerecoil-Bombay VT weekly Express Train. |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|----------|--|------------|-----------|------|--|
| 7. | 14.7.95 | Sh. C.K. Jaffer Sharief, Railway Minister. Sh. V.K. Agnihotri, GMSR Sh. Murlidharan, PAMR. Dr. Sharad Khorwal, Sr. DMO, N. Rly. Sh. Shiva- rudrappa, PAMR | Trivandrum | Bangalore | 2.00 | |
| 8. | 17.7.95 | Sh. D.V. Sardana, Director Finance, IRCON. Sh. A.A. Rao, OSD/PRMR. | Bangalore | Delhi | 3.45 | Return to base with officers. |
| 9. | 30.7.95 | Sh. Sitaram Kesri, Welfare Minister & Party. | Delhi | Varanasi | 1.45 | Used by Welfare Minister. |
| 10. | 30.7.95 | Sh. Sitaram Kesri Welfare Minister and party. | Varanasi | Delhi | 1.45 | |
| 11. | 3.11.95 | Sh. Suresh Kalmadi, MOS/ Railways and party. | Delhi | Raipur | 2.15 | Foundation stone laying of Urkura- Raipur-Sarona doubling project. |
| 12. | 4.11.95 | —do— | Raipur | Pune | 2.30 | Modernisation of Kesinga Railway Sta- tion & laying of foundation stone of Bhavanipatna Rly. Station. |
| 13. | 6.11.95 | —do— | Pune | Delhi | 2.45 | Return to base. |
| 14. | 8.11.95 | —do— | Delhi | Guwahati | 3.05 | Laying founda- tion stone of Rangiya Devi- sion. |
| 15. | 8.11.95 | —do— | Guwahati | Delhi | 4.10 | Return to base. |
| 16. | 10.11.95 | —do— | Delhi | Dehradun | 0.40 | Inspection/dis- cussion with Rly. officials. |
| 17. | 10.11.95 | —do— | Dehradun | Delhi | 0.50 | Return to base. |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|----------|--|----------|----------|------|---|
| 18. | 12.11.95 | Sh. Suresh Kalmadi, MOS (Rlys) & Party | Delhi | Pune | 2.45 | Laying of foundation stone for computerised pass. resvn. system & flagging off of new rake of deccan Queen from Pune. |
| 19. | 14.11.95 | —do— | Pune | Delhi | 2.55 | Return to base after dropping MOS/Rly at Pune |
| 20. | 14.11.95 | Ferry | Delhi | Bombay | 2.30 | Positioning for MOS/Rlys in connection with laying of foundation stone for Kurla Passenger terminal Ph-II. |
| 21. | 14.11.95 | Sh. Suresh Kalmadi, MOS (Rlys) & Party | Bombay | Delhi | 2.50 | Return to base with MOS (R) |
| 22. | 16.11.95 | —do— | Delhi | Madras | 3.40 | Inauguration of Madras Beech Chinadadripet-Chepauk section of MRTS and visit to ICF. |
| 23. | 16.11.95 | —do— | Madras | Delhi | 4.00 | Return to base with MOS(R) |
| 24. | 17.11.95 | —do— | Delhi | Pune | 3.00 | Laying of foundation stone for gauge conversion of Sholapur-Hodgi section. |
| 25. | 18.11.95 | Ferry | Pune | Sholapur | 0.45 | Positioning for MOS/Rlys. |
| 26. | 18.11.95 | Sh. Suresh Kalmadi, MOS (R) & Party. | Sholapur | Pune | 0.45 | Laying of foundation stone for re-modelling of Narkhed yard. |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|----------|---------------------------------------|-----------|-----------|------|--|
| 27. | 19.11.95 | Sh.Suresh Kalmadi MOS (RLYs) & Party. | Pune | Nagpur | 1.15 | Meeting with officers of Central & S.E. Railways. |
| 28. | 19.11.95 | —do— | Nagpur | Amravati | 0.45 | Laying foundation stone for new Amravati Rly.station. |
| 29. | 29.11.95 | —do— | Amravati | Hyderabad | 1.15 | Visit to accident site. |
| 30. | 19.11.95 | —do— | Hyderabad | Delhi | 3.00 | Return to base with MOS(R) |
| 31. | 23.11.95 | —do— | Delhi | Udhampur | 1.45 | Laying of foundation stone for new Railway station. Press Conference and |
| 32. | 23.11.95 | —do— | Udhampur | Jammu | 0.45 | meeting with representatives of various organisations. |
| 33. | 23.11.95 | —do— | Jammu | Delhi | 1.40 | Return to base. |
| 34. | 28.11.95 | —do— | Delhi | Pune | 3.00 | Laying of foundation stone for widening of rail over bridge. |
| 35. | 28.11.95 | —do— | Pune | Delhi | 2.40 | Return to base. |
| 36. | 29.11.95 | Ferry | Delhi | Bombay | 2.50 | Training of Capt. Arora. |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|----------|--|------------|------------|------|---|
| 37. | 16.11.95 | Sh. Suresh Kalmadi, MOS (Rlys) & Party | Bombay | Mangalore | 2.00 | Inauguration of 1st world Konkani Convention 1995. Laying foundation stone for Guruvayur-Kuttiapuram doubling. Meeting With CM/Kerala, State Devt. officials and senior Railway Officers. |
| 38. | 17.12.95 | —do— | Mangalore | Trivandrum | 1.25 | |
| 39. | 17.12.95 | —do— | Trivandrum | Bangalore | 1.35 | |
| 40. | 18.12.95 | —do— | Bangalore | Delhi | 4.15 | Return to base with MOS(R) |
| 41. | 24.12.95 | —do— | Delhi | Pune | 2.45 | Flagging off of Ahimsa Exp. between Pune & Ahmedabad. |
| 42. | 27.12.95 | —do— | Pune | Tirupati | 2.15 | Flagging off of new Exp.train between Tirupati and Bombay. |
| 43. | 27.12.95 | —do— | Tirupati | Madras | 0.30 | Launching of cleanliness drive. |
| 44. | 27.12.95 | —do— | Madras | Delhi | 4.14 | Return to base with MOS(R) |
| 45. | 28.12.95 | —do— | Delhi | Bombay | 3.00 | Laying foundation stone for Diva-Vasai road doubling. |
| 46. | 30.12.95 | —do— | Bombay | Thiruballi | 2.00 | Inauguration of Koraput-Rayaguda rail link by P.M. |
| 47. | 30.12.95 | —do— | Thiruballi | Vizag | 0.20 | Refuelling of aircraft. |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|----------|---|-----------|-----------|------|---|
| 48. | 30.12.95 | Sh. Suresh Kalmadi MOS (Rlys.) & Party | Vizag | Goa | 2.45 | Inspection of Tunnels of Konkan Railway line and also inspectio of Goa-Bombay Konkan line. |
| 49. | 2.01.96 | —do— | Goa | Pune | 1.00 | |
| 50. | 2.01.95 | —do— | Pune | Delhi | 2.30 | Return to base with MOS(R) |
| 51. | 2.01.96 | Ferry | Delhi | Bmbay | 2.15 | Maintenance of aircraft. |
| 52. | 16.01.96 | Sh. Suresh Kalmadi MOS (Rlys.) & Party | Bombay | Delhi | 2.40 | Return to base MOS(R) |
| 53. | 16.1.96 | -do- | Delhi | Adampur | 1.20 | } Inspection of Railway Station. Return to base with MOS (R) Laying foundation stone for Mangalore Sajleshpur Hasan BG line. Foundation stone laying ceremony of United Roadways. |
| 54. | 16.1.96 | -do- | Adampur | Delhi | 1.40 | |
| 55. | 17.1.96 | -do- | Delhi | Pune | 3.00 | |
| 56. | 17.1.96 | -do- | Pune | Mangalore | 1.30 | } Position for MOS (R) Return to base with MOS (R) |
| 57. | 17.1.96 | Sh. Veerappa Moily, Ex Chief Minister, Karnataka, Sh. Raj Kumar, M.E. | Mangalore | Bangalore | 0.40 | |
| 58. | 18.1.96 | Ferry. | Bangalore | Mangalore | 0.55 | |
| 59. | 18.1.96 | Sh. Suresh Kalmadi, MOS (R) & Party. | Mangalore | Pune | 1.30 | |
| 60. | 18.1.96 | -do- | Pune | Delhi | 2.45 | |
| | | | | | | |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|---------|--------------------------------------|-----------|-----------|------|---|
| 61. | 21.1.96 | Sh. Suresh Kalmadi, MOS (R) & Party. | Delhi | Calcutta | 2.45 | Laying of foundation stone for Eastern Railway Sports Complex and launching of cleanliness campaign. |
| 62. | 22.1.96 | -do- | Calcutta | Delhi | 3.45 | |
| 63. | 24.1.96 | -do- | Delhi | Madras | 3.45 | Closing ceremony of International Science Sports Congress. |
| 64. | 24.1.96 | -do- | Madras | Bangalore | 1.00 | |
| 65. | 25.1.96 | -do- | Bangalore | Delhi | 3.35 | Inauguration of all India Malwa Philosophical Conference. |
| 66. | 26.1.96 | -do- | Delhi | Pune | 3.50 | |
| 67. | 28.1.96 | -do- | Pune | Hyderabad | 1.25 | |
| 68. | 28.1.96 | -do- | Hyderabad | Bombay | 1.40 | Presentation of Mumbai Suburban System. |
| 69. | 29.1.96 | -do- | Bombay | Delhi | 2.40 | Return to base. |
| 70. | 30.1.96 | -do- | Delhi | Indore | 1.45 | Laying foundation stone for remodelling of Indore Railway station and survey for Indore-Khandwa gauge conversion. |
| 71. | 31.1.96 | -do- | Indore | Bombay | 1.50 | Return to base. |

APPENDIX II
CONCLUSIONS AND RECOMMENDATIONS

| Sl. No. | Para No. | Ministry/ Deptt. concerned | Conclusion/Recommendation |
|---------|----------|---|--|
| 1 | 2 | 3 | 4 |
| 1. | 9 | Ministry of Railways (Railway Board) | <p>The Committee note that in pursuance of their recommendations, the Ministry of Railways have since laid down guidelines seeking to regulate the use of the aircraft. However, on scrutiny of the details of the 71 subsequent journeys performed, the Committee find that the aircraft was used just once for visiting accident site; the rest of the flights were undertaken for other purposes. The purpose of utilisation by the Railways was among others for, laying foundation stone, inaugurations, flagging of trains, etc. The recorded reasons for the journeys also included inauguration of First World Konkani Convention, Press Conference, closing ceremony of International Science Sports Congress, inauguration of All India Malwa Philosophical Conference etc. The Committee regret to conclude from the above that despite the guidelines ostensibly having been prescribed to regulate the usage, the aircraft continues to be used indiscriminately for purposes other than for which Parliament had voted the expenditure. This also reinforces the findings of the Committee expressed earlier that the acquisition of the aircraft was not justified. While expressing their severe displeasure over this extravagance of the Railways, the Committee once again emphasise the need for exercising judicious discretion in the utilisation of the aircraft by the Railways. The Committee would like to be informed of the details by the</p> |

| 1 | 2 | 3 | 4 |
|-------|---------------------------------------|--|---|
| | | | subsequent air journeys performed by the aircraft. |
| 2. 13 | Ministry of Railways (Railways Board) | of From the details submitted regarding the utilisation of the aircraft after May, 1995 to | |
| | | | <p>24 February, 1996, the Committee are surprised to find that atleast eight journeys (Sl. Nos. 1, 2, 3, 4, 5, 9, 10, 57 of the Appendix-I) were performed by others who were neither connected with Ministry of Railways nor IRCON. In fact, the details of some of such journeys seemed to indicate that the aircraft was apparently lent on hire. The Committee regret that pending approval of change of categorisation of the Certificate of Airworthiness from "private" to "commercial" by the Ministry of Civil Aviation, the Railways continued contravention of the Aircraft Rules and Civil Aviation Requirements and operated the aircraft for unauthorised purposes. While deploring the blatant violation by the Ministry of Railways of the conditions attached to the Airworthiness Certificate issued by the DGCA and also the failure of Director General of Civil Aviation to check such recurrences, the Committee reiterate that effective steps be taken in order to ensure that journeys in the aircraft are undertaken strictly in accordance with the directions given by the appropriate authorities for the purpose. The Committee recommend that responsibility should be fixed for the violations. The Committee further desire that the request of the Railways for change of categorisation of the Certificate of Airworthiness should be expedited. The Committee would like to be informed of the status of the change of categorisation and also of the levy and recovery of charges, if any, from the non-Railway users of the aircraft in respect of the journeys referred to above. They may</p> |

| 1 | 2 | 3 | 4 |
|----|----|--------------------------------------|--|
| | | | also be apprised of such details of the similar journeys performed subsequently. |
| 3. | 16 | Ministry of Railways (Railway Board) | Although the Ministry have admitted that IRCON's direct financial liability regarding procurement, operation and maintenance of the aircraft is limited, the Committee regret that the Ministry have not taken any action to review their agreement with IRCON. Since the aircraft has been acquired for mutual requirements, the Committee reiterate that the Ministry should review the Memorandum of Understanding and incorporate necessary changes to make IRCON also share the financial liability with a view to adequately protecting the interests of the Ministry of Railways. |
| 4. | 19 | -do- | The Committee are constrained to point out that the Action Taken Note is completely silent about the difficulties, if any, in formulating common guidelines for acquisition of aircraft by various Ministries and their associate bodies. They are of the view that prescribing of uniform guidelines and making a single authority responsible for monitoring the same will go a long way in enforcing stricter financial discipline before undertaking such costly transactions. The Committee, therefore, reiterate their earlier recommendation and would like to be informed of the precise action taken in the matter. |

PART II

MINUTES OF THE TWENTY-THIRD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 9 APRIL, 1997

The Committee sat from 1500 hrs. to 1630 hrs. on 9 April, 1997 in Room No. "62", Parliament House.

PRESENT

Dr. Murli Manohar Joshi — Chairman

MEMBERS

Lok Sabha

2. Shri Nirmal Kanti Chatterjee
3. Smt. Sumitra Mahajan
4. Shri Ajit Kumar Mehta
5. Dr. T. Subbarami Reddy
6. Shri B. L. Shankar
7. Shri Ishwar Dayal Swami

Rajya Sabha

8. Smt. Margaret Alva
9. Shri Ajit P.K. Jogi
10. Shri R.K. Kumar
11. Shri N. Giri Prasad
12. Shri Rajubhai A. Parmar

SECRETARIAT

1. Shri J.P. Ratnesh — *Joint Secretary*
2. Shri P.K. Sandhu — *Director*
3. Shri P. Sreedharan — *Deputy Secretary*
4. Shri Rajeev Sharma — *Under Secretary*

OFFICERS OF THE OFFICE OF C&AG OF INDIA

1. Shri B.M. Oza — *Director General
of Audit (CR)*

- | | | | |
|----|----------------------------|---|--|
| 2. | Shri Vijay Kumar | — | <i>Director General of Audit (P&T)</i> |
| 3. | Shri Vikram Chandra | — | <i>Pr. Director (Indirect Taxes)</i> |
| 4. | Shri A.K. Thakur | — | <i>Pr. Director (Reports-Central)</i> |
| 5. | Shri S.C.S. Gopalakrishnan | — | <i>Director (Rlys.)</i> |

2. The Committee took up for consideration the following Draft Reports:

- (i) Action Taken on 104th Report of PAC (10th Lok Sabha) on Modvat Scheme—fraudulent availment of credits.
- (ii) Action Taken on 105th Report of PAC (10th Lok Sabha) on Follow up on Audit Reports.
- (iii) Action Taken on 109th Report of PAC (10th Lok Sabha) on Injudicious leasing of aircraft.
- (iv) Union Government Appropriation Accounts (1994-95)-Postal Services.
- (v) Lower categorisation leading to loss of Rs. 352.30 lakhs [Paragraph 3.5 of Audit Report No.2 of 1996 (Civil)].

3. The Committee adopted the draft Reports mentioned at Sl. Nos. (i) to (iv) with certain modifications and amendments as shown in Annexures I to IV respectively. The Committee deferred consideration of Draft Report mentioned at Sl. No.V to 10 April, 1997.

4. The Committee also authorised the Chairman to finalise the draft Reports mentioned at Sl. Nos. (i) to (iv) in the light of verbal and consequential changes arising out of factual verification by Audit and present to same to the House.

5. The Committee then decided to hold sitting of the Committee on 10 April, 1997 from 1000 hrs. instead of 1100 hrs. as notified earlier for consideration and adoption of draft Report on Lower categorisation leading to loss of Rs. 352.30 lakhs.

The Committee then adjourned.

ANNEXURE—III

**AMENDMENTS/MODIFICATIONS MADE BY THE PUBLIC
ACCOUNTS COMMITTEE IN THE DRAFT ACTION TAKEN
REPORT RELATING TO INJUDICIOUS LEASING OF AIRCRAFT**

| PAGE | PARA | LINE | AMENDMENTS/MODIFICATIONS |
|-------------|-------------|-----------------------|--|
| 8 | 13 | 3rd from bottom | <i>Insert "The Committee recommend that responsibility should be fixed for the violations. The Committee further desire that the request of the Railways for change of categorisation of the Certificate of Airworthiness should be expedited". before "The Committee"</i> |

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

| Sl. No. | Name of Agent | Sl. No. | Name of Agent |
|-----------------------|---|--------------------|--|
| ANDHRA PRADESH | | WEST BENGAL | |
| 1. | M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500361. | 13. | M/s. Manimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1. |
| BIHAR | | DELHI | |
| 2. | M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar). | 14. | M/s. Jain Book Agency, C-9, Connaught Place, New Delhi. (T. No. 351663 & 350806). |
| GUJARAT | | 15. | M/s. J. M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi- 110006. (T. No. 2915064 & 230936). |
| 3. | The New Order Book Company, Ellis Bridge, Ahmedabad-380006. (T. No. 79065). | 16. | M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T. No. 3315308 & 45896). |
| MADHYA PRADESH | | 17. | M/s. Bookwell, 2/72, Sant Niran- kari Colony, Kingsway Camp, Delhi-110009. (T. No. 7112309) |
| 4. | Modern Book House, Shiv Vilas Palace, Indore City. (T. No. 35289). | 18. | M/s. Rajendra Book Agency IV-DR59, Lajpat Nagar, Old, Double Storey, New Delhi- 110024. (T. No. 6412362 & 6412131). |
| MAHARASHTRA | | 19. | M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110033. |
| 5. | M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400002. | 20. | M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi. |
| 6. | The International Book Service, Deccan Gymkhana, Poona-4. | 21. | M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus New Delhi-110001. (T. No. 344448, 322705, 344478 & 344508). |
| 7. | The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400001. | 22. | M/s. Amrit Book Co. N-21, Connaught Circus, New Delhi. |
| 8. | M/s. Usha Book Depot, 'Law Book Seller and Publishers' Agents Govt. Publications 585, Chira Bazar Khan House, Bombay-400002. | 23. | M/s. Books India Corporation Publishers, Importers & Expor- ters, L-27, Shastri Nagar, Delhi-110052. (T. No. 269631 & 714465). |
| 9. | M&J Services, Publishers, Repre- sentative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor 68, Jyotiba Fuele Road, Nalgaum-Dadar, Bombay-400014. | 24. | M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110002. |
| 10. | Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400001. | | |
| TAMIL NADU | | | |
| 11. | M/s. M. M. Subscription Agen- cies, 14th Murali Street, (1st floor) Mahalingapuram, Nungam- bakkam, Madras-600034. (T. No. 476558). | | |
| UTTAR PRADESH | | | |
| 12. | Law Publishers, Sardar Patel Marg, P. B. No. 77, Allahabad, U.F. | | |

