

SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(EIGHTH LOK SABHA)

CONVERSION OF VIRAMGAM OKHA-PORANDAR
SECTION

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action Taken on 228th Report (Seventh Lok Sabha)]



Presented in Lok Sabha on 14 August, 1985

Laid in Rajya Sabha on 14 August, 1985

LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO SIXTH REPORT OF PUBLIC
ACCOUNTS COMMITTEE (8TH LOK SABHA)

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(i)	-	8	pursure	pursue
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69437(1)
27-2-86

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(CHAIRMAN)

Shri E. Ayyapu Reddy

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Lok Sabha

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shrimati Prabhawati Gupta
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Rajya Sabha

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20. Shri Chaturanan Mishra
21. Shri K. L. N. Prasad
22. Shri Ramanand Yadav

SECRETARIAT

1. Shri N. N. Mehra—*Joint Secretary*
2. Shri K. H. Chhaya—*Chief Financial Committee Officer*
3. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf this Sixth Report on action taken by Government on the recommendations/observations of the Public Accounts Committee contained in their Two Hundred and Twenty-eighth Report (Seventh Lok Sabha) relating to conversion of Viramgam-Okha-Porbandar Section.

2. In their earlier Report, the Committee observed that Gauge conversion projects were generally undertaken when a large volume of goods traffic was to be handled. These projects played an important role in the economic development of the relevant areas. In the interest of the economic development of the areas covered by the present on-going projects as also to avoid heavy time and cost overruns in their execution, it was imperative that more funds were allotted for these projects. The Committee desired the Ministry of Railways (Railway Board) to approach the Planning Commission for the purpose so that at least the on-going conversion projects which were at an advanced stage of execution or were considered to be more urgent could be completed expeditiously. The Committee have again desired that high priority be given to completion of existing on-going conversion projects. The Committee have also recommended that the Planning Commission should allocate adequate funds to enable the Ministry of Railways to complete the on-going conversion projects.

3. On 6th June, 1985, the following Action Taken Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Public Accounts Committee in their earlier Reports:

(1) Shri E. Ayyapu Reddy—*Chairman*

Members

- (2) Shri Rajmangal Pande
- (3) Shri Amal Datta
- (4) Shri Girdhari Lal Vyas
- (5) Shri Nirmal Chatterjee
- (6) Shri K. L. N. Prasad
- (7) Shri H. M. Patel
- (8) Shri J. Chokka Rao

(vi)

4. The Action Taken Sub-Committee of the Public Accounts Committee considered this Report at their sitting held on 1st August, 1985. The Report was finally adopted by the Public Accounts Committee on 12 August, 1985.

5. For reference facility and convenience, the recommendation/observation of the Committee has been printed in thick type in the body of the Report and has also been reproduced in a consolidated form in the Appendix to the Report.

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

NEW DELHI;
12, August 1985.

Sravana 22, 1907 (Saka).

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1 This Report of the Committee deals with action taken by Government on the Committee's recommendations/observations contained in their Two Hundred and Twenty-eighth Report on paragraph 6 of the Advance Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways) relating to Western Railway—conversion of Viramgam-Okhā-Porbandar Section.

1.2 The Two Hundred and Twenty-eighth Report was presented to Lok Sabha on the 27th August, 1984. The action taken notes in respect of all the 13 recommendations/observations contained in the Report have been received from Government and have been categorised as follows:—

- (i) Recommendations|Observations which have been accepted by Government:

Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11.

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

Sl. Nos. 12 and 13.

- (iii) Recommendation|Observation reply to which has not been accepted by the Committee and which require re-iteration:

Nil.

- (iv) Recommendation|Observation in respect of which Government have furnished interim reply:

Nil.

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

Allocation of funds for completion of important on-going Gauge Conversion Projects (Sl. Nos. 9 and 10, Paras 5.9 and 5.10)

1.4 Commenting upon the slow pace of on-going gauge conversion projects, the Committee in paras 5.9 and 5.10 of their 228th Report had observed as follows:—

“5.9 In para 193 of their 103rd Report (Seventh Lok Sabha), the Public Accounts Committee had expressed their dissatisfaction at the slow pace of gauge conversion projects and recommended time-bound completion of the on-going projects to eliminate concerned transshipment points. From the data furnished by the Ministry of Railways (Railway Board), the Committee find that the position has since assumed alarming proportions. During the year 1983-84, conversion projects estimated to cost Rs. 1003.23 crores were under execution, and the balance required to complete these works amounted to Rs. 685.30 crores. But the total funds allotted for all the conversion projects during the year amounted to only Rs. 50 crores. Commenting upon this situation, the Member (Traffic), Railway Board, observed in evidence: ‘If I have to complete my projects, this would mean that for the next 13-14 years not a single new project should be undertaken. In the kind of the socio-economic conditions we are situated, I do not think it would be possible for us to do that. . . . You have to give us sufficient resources to develop the railways. . . . Unless you assure that, I am afraid, any Department is bound to suffer from the inadequacies. . . .’ The Committee observe that the cost of haulage of a goods units—one tonne one kilometre—is much less by BG (8.75 paise) than MG (13.57 paise), and Gauge conversion projects are generally undertaken when a large volume of goods traffic is to be handled. These projects play an important role in the economic development of the relevant areas. In the interest of the economic development of the areas covered by the present on-going projects as also to avoid heavy time and cost overruns in their execution, it is imperative that more funds are allotted for these projects. The Committee would like the Ministry of Railways (Railway Board) to approach the Planning Commission for the purpose so that at least such of the on-going conversion projects as are at an advanced stage of execution or are considered to be more urgent can be completed expeditiously. The Committee would also like the Plan-

njng Commission to give a sympathetic consideration to the requests made by the Ministry of Railways in this regard.

5.10 The Committee desired to know whether there was any project costing Rs. 5 crores or above during the last ten years which had been executed by the Railways within the envisaged time frame work or within the resources originally estimated. The Ministry of Railways (Railway Board) have stated that there is no such instance. This is a sad commentary on the state of planning and execution of projects by the Railways. The Committee would like the Ministry of Railways (Railway Board) to have an in depth study so as to take steps to improve their planning and implementation machinery."

1.5 In their reply to the recommendation at S. No. 9, the Ministry of Railways (Railway Board) have merely stated 'Observations noted'. In reply to the recommendation at S. No. 10, the Ministry have stated as follows:—

'Observations noted. It is, however, submitted that the continuous feature of the severe constraint of resources and inflationary trends has resulted in both time and cost overruns in almost all the projects. With a view to counter these features to the extent possible, the following steps have been taken by the Ministry of Railways.

- (i) Important projects, which need to be expedited have been identified, with a view to concentrate on them, and slow down others, to avoid thinly spreading the available limited resources and obtaining maximum benefit of the investments made.
- (ii) The Planning Commission is being approached for agreeing to higher allocation of funds for Gauge conversion during the VII Plan, so that all the important ongoing Gauge conversion projects could as far as possible, be completed during the VII Plan.
- (iii) In spite of pressing and repeated demands made by the various State Governments and public representatives and bodies, the intake of new projects for Gauge Conversion will be restricted to the barest minimum during the VII Plan."

1.6. In their earlier Report, the Committee had recommended that in the interest of the economic development of the areas covered by the present on-going Gauge conversion projects as also to avoid heavy time and cost over-runs in their execution, it was imperative that more funds were allocated for these projects. The Committee desired the Ministry of Railways (Railway Board) to approach the Planning Commission for the purpose so that at least such of on-going conversion projects as were at an advanced stage of execution or were considered to be more urgent could be completed expeditiously. In their action taken reply the Ministry of Railways (Railway Board) have stated that important projects which need to be expedited, have been identified and the Planning Commission is being approached for agreeing to higher allocation of funds for completion of all important on-going Gauge conversion projects during VII Plan. The Committee, while taking note of the above position, desire that high priority be given to completion of existing on-going conversion projects. The Committee also recommend that the Planning Commission should allocate adequate funds to enable the Ministry of Railways to complete the on-going conversion projects.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Observation

The Ministry of Railways (Railway Board) sanctioned in December 1971 the conversion of 557 kilometres of metre gauge section from Viramgam to Porbandar and Okha into broad gauge at a cost of Rs. 42.93 crores. This conversion was planned to be completed in five years i.e. December 1976 in two phases. The project anticipated a saving of Rs. 95.55 lakhs per annum due to BG operation of goods and passenger services and additional earnings of Rs. 275 lakhs per annum on account of more traffic on completion. The survey report of this project specially stressed that the full benefit of conversion project would accrue only if the entire length of 557 km was converted in one stretch with an inter-phase period of four months. The work on this conversion project was started in January 1972 and progressed to the extent of 44 per cent (cumulative) on physical terms in 5 years i.e. by 1977-78, due to restricted allotment of funds year after year, by the Ministry of Railways (Railway Board). The first phase upto Hapa (268 Kms) was completed in June 1980 after setting up temporary transshipment facilities at a cost of Rs. 84 lakhs. Subsequent to the opening of this section upto Hapa in June 1980, the pace of the work on the project was slowed down, resulting in further slippage in the execution of the project. and phase-II, which, in May 1979 was proposed to be opened in March 1981, was expected to be opened in April, 1984. Thus, the project, which according to the original plan was to be completed in 5 years, had taken more than 12 years to complete and its latest cost estimate was Rs. 115 crores.

[S. No. 1 para 5.1 of 228th Report of PAC—(1984-85)—
(Seventh Lok Sabha)]

Action taken

Observations noted. It is, however, submitted that due to the severe constraint of resources and continued inflationary trends, it

has not been possible to allocate adequate funds to cover increased costs due to escalation etc., which in turn resulted in delayed completion of the project.

[Ministry of Railways (Rly. Board)'s O.M. No. 84-BC-PAC/VII/228 dated 21-2-1985].

Observation

As a result of heavy slippage in the execution of the project, the Railway could not derive full benefit of the anticipated saving of Rs. 95.55 lakhs per annum due to BG operation of goods and passenger services and additional revenue of Rs. 275 lakhs per annum on account of more traffic during the intervening period 1977—1984. Further, due to inordinate prolongation of inter-phase period, the way had to incur an expenditure of Rs. 84.60 lakhs per annum on account of handling expenditure and Rs. 34.56 lakhs per annum on account of wage bill of extra transshipment staff at Sabarmati. Besides this, extra haulage cost to the Railways due to rationalised MG movement of goods was Rs. 178 lakhs per annum. Industries and rail users had also to pay extra freight due to longer haulage. (This has not been quantified). As such, according to audit, prolonged inter phase has entailed additional annual expenditure of at least Rs. 297 lakhs. But, more importantly, none of the important industrial centres—Sikka, Mithapur, Dwarka, Porbandar and Ranawao—for whose benefit the project was sanctioned, could derive the benefit of conversion till the completion of Phase-II in 1984.

[S. No. 2 para 5.2 of 228th Report of PAC—1984-85
(Seventh Lok Sabha)]

Action taken

Observation noted. It is, however, submitted that the longer inter phase had become inevitable in view of the severe constraint of resources and continuous inflationary trends.

[Ministry of Railways (Rly. Board)'s O.M. No. 84-BC-PAC/VII/228 dated 21-2-1985]

Observation

While the Committee agree that drastic cuts in allocations for the project on account of difficult ways and means position of Government were mainly responsible for the heavy slippage in the execution of the project, in their opinion the practice of taking up too many projects at

a time by the Railway Board, together with a lack of will on their part to execute the project with the urgency had also contributed to the slippage in no small measure. It passes the comprehension of the Committee that while the present on going project, which was considered to be a fairly high priority project, was starved of funds, new gauge conversion projects estimated to cost Rs. 197.71 crores were sanctioned by the Railway Board during 1973-74 to 1978-79. Some further new gauge conversion, doubling and new line construction works estimated to cost Rs. 321.46 crores were sanctioned by the Railway Board in 1980-81, and a sum of Rs. 27.36 crores was released therefor. The result was further scattering of already thin resources.

[S No. 3 para 5.3 of 228th Report of PAC—1984-85
(Seventh Lok Sabha)]

Action taken

Observation noted. It is, however, submitted that the new projects approved were with a view to carry out surveys and detailed planning of the projects without diverting funds to the new projects. The on-going priority projects which had made substantial progress like the VOP project continued to be allocated substantial funds, as could be found within the overall availability.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/
VII/228 dated 21-2-1985]

Observation

Time and again, the Committee have been pointing out that it is unwise on the part of the Railway Board to take up too many projects simultaneously which only results in spreading the limited resources at their disposal so thinly as not to make any impact. Such a practice not only delays the completion of projects but also results in heavy cost escalations. How costly the slashing of the allocations had proved in the present case will be seen from the fact that the project which was originally planned to be completed in 5 years had taken over 12 years to complete and the cost had risen from Rs. 42.93 crores to Rs. 115 crores. An analysis of the rise in cost shows that over 95 per cent of it was accounted for by cost overrun above and less than 5 per cent by increase in the scope of the project. The Committee desire that the Ministry of Railways (Railway Board) should take up only such number of projects at a time as they can expeditiously complete within the resources at their disposal; in case, however, in an emergent situation the Ministry have to slash the allocations they should see to it that,

as far as possible, on going projects, particularly high priority projects at an advanced stage of execution, are only minimally affected.

[S. No. 4 para 5.4 of 228th Report of PAC—1984-85
(Seventh Lok Sabha)]

Action taken

Observation noted. It is submitted that the Railway Board has been trying to follow this policy to the maximum possible extent.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/
VII/228 dated 21-2-1985]

Observation

The Committee are astonished at the extent of indecisiveness shown by the Railway Board in this case. Whatever the allocation cuts in the earlier years, in May 1979 (by which time the difficult ways and means position of Government was well known), the Railway Board decided that keeping in view the operational problems/bottlenecks at the new (temporary) transshipment point, the inter phase period (i.e., the period between the completion of Phase-I and Phase-II should be limited to nine months. As the first phase was completed in June 1980, according to the above decision, the second phase should have been completed in March 1981. However, subsequent to the opening of the first phase upto Hapa in June 1980, the pace of work on the project was slowed down. Against the allotment of Rs. 22 crores sought for during 1980-81 by the Railway to complete the project as per the new schedule, the Ministry of Railways allotted only Rs. 13 crores and in 1981-82, as against the Budget allotment of Rs. 17.98 crores sought for by the Railway, the approved Budget allotment was only Rs. 3.95 crores. On 14th August, 1981, the Railway Board decided that this project need not be progressed at the expense of other projects. But, in less than a month—on 29-8-1981—consequent upon Government decision to speed up movement of fertilizers, cement etc. from the minor Ports in Gujarat, the Railway Board reversed their earlier decision of 14th August 1981 and directed the Railway Administration (September 1981) to speed up the execution of the balance work as to complete the project by 30th September, 1983. But, the above instructions were not followed up by adequate fund allotment which the Committee cannot appreciate. The cumulative result has been that the inter-phase period has stretched over to 46 months, instead of 9 months as decided in May 1979.

[S. No. 5 para 5.5 of 228th Report of PAC—1984-85
(Seventh Lok Sabha)]

Action taken

Observation noted. The allotment of funds are necessarily dictated by the overall availability.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/
(Seventh Lok Sabha)]

Observation

The Committee note that one of the main considerations on which the Railway Board had decided on 14-8-1981 that the project need not be progressed at the expense of other projects was that the MG section beyond Hapa was "working well as a captive MG system". The Committee are astonished at the above reasoning in the light of the fact that there had been 148 cases of rail fractures and 165 cases of spring failures every month during 1981-82, in spite of crippling speed restrictions (20 km per hour). The Committee expect the Railway Board to be more realistic in taking important decisions.

[S. No. 6, para 5.6 of 228th Report of PAC—1984-85
(Seventh Lok Sabha)]

Action taken

Observation noted. It is, however, submitted that renewals were carried out with available BG material to ensure safety of MG track.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/
VII/228 dated 21-2-1985]

Recommendation

The Committee are also not happy with the performance of the Project authorities. The reason given by them for the heavy slippage in the execution of the Project was drastic cuts in fund allocations for the Project. But, strangely, even the Pink Book provisions, heavily slashed as they were, could not be fully utilised by the Project authorities. According to a note furnished by the Ministry of Railways, during 1976-77 the Pink Book outlay was reduced from Rs. 5.76 crores to Rs. 3.48 crores not only on account of expenditure cut but also partially due to less receipt of P-way materials (i.e., rails and sleepers). In 1978-79, 90R rails and ST sleepers were in short supply, which resulted in savings. However, in another note, the Ministry of Railways have stated that the rails and sleepers could not have been utilised on the Project prior to 1979, as the earthwork, bridges and other structures had not been completed by them. As soon as these were

ready, adequate quantities of rails and sleepers were made available so as to ensure the timely opening of Phase-I in June 1980. If, as argued by the Ministry of Railways, the P-way materials, could not have been utilised on the Project prior to 1979, the Committee fail to understand why the Project authorities, instead of locking up funds in P-way materials, had not spent more amount on critical items of work such as earthwork in formation and re-building/strengthening of bridges so as to accelerate their completion. Had this been done the slippage in the execution of the Project could have been somewhat reduced. In the opinion of the Committee, this is an instance of lack of proper planning. The Committee trust that the Ministry will ensure that such works are planned more carefully in future.

[S. No. 7, Para 5.7 of 228th Report of PAC—1984-85
(Seventh Lok Sabha)]

Action taken

Observation noted. General instructions regarding proper and judicious planning of various activities on major conversion/construction projects have been reiterated (copy enclosed).

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/
VII/228 dated 21-2-1985]

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS (RAILWAY BOARD)

No 84/W4|GENL|0|2

New Delhi, dated 21st Jan., 1985.

General Managers,

All Indian Railways including CLW, DLW, ICF, MTP(R) at
Madras, Calcutta, Bombay and Delhi.

CAO|R, DCW, Patiala.

General Manager (Con)|NF Railway.

W&AP, Bangalore.

D.G.|RDSO.

Addl. General Manager,

Railway Electrification,

Aillahabad.

SUB: Planning and execution of construction projects.

The Public Accounts Committee has recently had occasion to observe in one case, arising out of an Audit Draft Para, that proper planning of the project had not been done and had desired that the Ministry of Railways should ensure that such works are planned more carefully in future.

2. In this case *i.e.* on one of the major Gauge Conversion Projects, P-way materials had been indented very much in advance of their actual requirement, and in view of shortage of availability of P-way materials, the funds earmarked for the project remained unutilized. During the same period, however, the Project authorities did not execute certain other critical items of work, such as earthwork in formation, rebuilding and strengthening of bridges, construction of other building and structures etc., which, therefore, became critical activities, leading to some delay in the completion of the project. The P.A.C. had, therefore, observed that in case the Project Administration had utilized the funds on the critical items of work, instead of earmarking them for the P-way materials, at a time when the P-way materials were not required immediately, the slippage in the execution of the Project could have been reduced.

3. The Board after carefully considering the matter would like to reiterate that the need for proper planning and execution of construction projects cannot be over-emphasised. The Board desire that before taking up construction work on a project the various activities and their dependencies should be clearly determined and PERT charts drawn up to identify the critical and sub critical items of work so that the funds made available for the project are judiciously utilised for the activities in order to make the optimum use of the limited available resources.

Please acknowledge the receipt.

Sd/-

V. S. DUTTA,

Joint Director (Works) Railway Board.

Recommendation

The procurement of Permanent way materials as per the requirements of Railways is centrally planned and arranged by the Ministry of Railways (Railway Board) in December every year. According to Audit, one of the reasons for the slippage in execution of the VOP Project was delay in receipt of Permanent Way materials. The Ministry of Railways (Railway Board) have, however, not agreed with this view. According to them, as soon as construction of bridges, earthwork in formation and structures for both the phases were ready, P-way materials were arranged by them to ensure timely completion of both the phases. However, from the materials furnished by the Ministry, the Committee find that at a meeting held on 6.5.1979 the General Manager, Western Railway, had pointed out to the Member (Engineering), Railway Board that "the supply position of rail and sleepers for the Projects (was) uncertain." In any case, one thing is clear. The availability of rail and sleepers is limited in the country and,

as admitted by the Ministry of Railways, "the problem sometimes becomes acute when the steel plants are not able to meet their commitments." The Committee observe that even in the late 'Seventies' when, on account of financial constraint, the track construction/rehabilitation work was at a low ebb, the position regarding supply of P-way materials was not easy. The Railway Board have now a gigantic task ahead in having to rehabilitate heavy arrears of track renewals, in addition to on-going works. According to para 1.10 of the 187th Report of the Public Accounts Committee (1983-84), the arrears of track renewals, which were 13,100 kilometres at the beginning of the Sixth Five Year Plan in April 1980, had gone upto 16,840 kilometres at the end of March 1982. The number of rail fractures had increased from 2293 in 1977-78 to 4900 in 1981-82. There must have been some further addition to the arrears since. The Committee trust that the Railway Board, in close coordination with the Ministry of Steel and Mines and State Forests Departments, will gear themselves to successfully meet this challenge and ensure that no work involving the use of P-way materials suffer on account of the shortage of such materials.

[S. No. 8, Para 5.8 of 228th Report of P.A.C. (1984-85)-
(Seventh Lok Sabha)]

Action taken

Observation noted. Consistent efforts are being made in coordination with the Ministry of Steel to improve supply of rails, and import the shortfall. Manufacture of concrete sleepers has been stepped up. There has been considerable increase in the pace of track renewals. These efforts will continue.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC|VII|
228 dated 21-2-1985.]

Recommendation

In para 193 of their 103rd Report (Seventh Lok Sabha), the Public Accounts Committee had expressed their dissatisfaction at the slow pace of gauge conversion projects and recommended time-bound completion of the on-going projects to climinate concerned transshipment points. From the data furnished by the Ministry of Railways (Railway Board), the Committee find that the position has since assumed alarming proportions. During the year 1983-84, conversion projects estimated to cost Rs. 1003.23 crores were under execution, and the balance required to complete these works amounted to Rs. 685.30 crores. But the total funds allotted for all the conversion projects during the year amounted to only Rs. 5 crores. Commenting upon this situation, the Member (Traffic), Railway Board, observed in evidence: "If I have to complete my projects, this would mean that for the next 13-14 years

not a single new project should be undertaken. In the kind of the socio-economic conditions we are situated, I do not think it would be possible for us to do that. . . . you have to give us sufficient resources to develop the railways. . . . Unless you assure that I am afraid, any Department is bound to suffer from the inadequacies. . . .” The Committee observe that the cost of haulage of a goods unit—one tonne one kilometre—is much less by BG (8.75 paise) than MG (13.57 paise), and Gauge conversion projects are generally undertaken when a large volume of goods traffic is to be handled. These projects play an important role in the economic development of the relevant areas. In the interest of the economic development of the areas covered by the present on-going projects as also to avoid heavy time and cost overruns in their execution, it is imperative that more funds are allotted for these projects. The Committee would like the Ministry of Railways (Railway Board) to approach the Planning Commission for the purpose so that at least such of the on-going conversion projects as are at an advanced stage of execution or are considered to be more urgent can be completed expeditiously. The Committee would also like the Planning Commission to give a sympathetic consideration to the requests made by the Ministry of Railways in this regard.

[S. No 9, Para 5.9 of 228th Report of PAC-(1984-85)—
(Seventh Lok Sabha)]

Action taken

Observation noted.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/
VII/228 dated 21-2-1985]

Recommendation

The Committee desired to know whether there was any project costing Rs. 5 crores or above during the last ten years which had been executed by the Railways within the envisaged time framework or within the resources originally estimated. The Ministry of Railways (Railway Board) have stated that there is no such instance. This is a sad commentary on the state of planning and execution of projects by the Railways. The Committee would like the Ministry of Railways (Railway Board) to have an indepth study so as to take steps to improve their planning and implementation machinery.

S. No. 10, Para 5.10 of 228th Report of the PAC-(1984-85)—
(Seventh Lok Sabha)]

Action taken

Observations noted. It is, however, submitted that the continuous feature of the severe constraint of resources and inflationary

trends has resulted in both time and cost over runs in almost all the projects. With a view to counter these features to the extent possible, the following steps have been taken by the Ministry of Railways.

- (i) Important projects, which need to be expedited have been identified, with a view to concentrate on them, and slow down others, to avoid thinly spreading the available limited resources, and obtaining maximum benefit of the investments made.
- (ii) The Planning Commission is being approached for agreeing to higher allocation of funds for Gauge conversion during the VII Plan, so that all the important on-going Gauge conversion projects could as far as possible, be completed during the VII Plan.
- (iii) Inspite of pressing and repeated demands made by the various State Governments and public representatives and bodies, the intake of new projects for Gauge Conversion will be restricted to the barest minimum during the VII Plan.

[Ministry of Railways (Rly. Board)'s O.M. No. 84-BC-PAC/VII/228 dated 21-2-1985.].

Recommendation

The Committee enquired whether the Western Railway had formulated plans to reduce the yard operation costs at Sabarmati and Hapa and to redeploy staff rendered surplus owing to reduction in workload consequent upon completion of Phase II. In a note furnished to the Committee, the Ministry have stated that the effect of conversion on transshipment at Hapa and Sabarmati is under active examination with a view to reducing yard operations cost and redeployment of staff. The Committee would like to be informed of the decisions taken in the matter and concrete steps taken to reduce yard operation cost and to redeploy surplus staff. They would like to be apprised of the extent of saving achieved as a result.

[S. No. 11, para 5.11 of 228th Report of P.A.C.—1984-85)—
(Seventh Lok Sabha)]

Action taken

As a result of the examination, a decision has been taken to surrender 8 Class III and 31 Class IV posts at Hapa resulting in a

saving of Rs. 9.99 lakhs per year. At Sabarmati also, 60 Class III and 9 Class IV posts have been surrendered resulting in a saving of Rs. 9.94 lakhs per year. Surplus staff has been deployed elsewhere on the Divisions against the available vacancies.

This has been seen by Audit who have stated that details of number of staff surrendered and absorbed elsewhere in Divisions are under verification and their comments if any, would be advised on receipt of advice from Director of Audit Western Railway.

[Ministry of Railways (Railway Board)'s O.M. No. 84-BC-PAC/VII/228 dated 28-6-1985]

CHAPTER III

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

Recommendation

The Committee note that on the conversion of Viramgam-Okha-Porbandar Section from MG to BG, facilities for handling traffic of Porbandar, Bodi and Okha Ports have been provided at Porbandar, Windnill and Okha, respectively. However, the sidings of these ports have not yet been converted from MG to BG. A point has arisen as to who should bear the cost of conversion of these sidings. According to the Ministry of Railways, the principle followed by the Railways is that all sidings in the major ports should be laid at the cost of the Port Trusts and in the case of minor ports, at the cost of State Governments concerned. As all the above three ports are minor ports, the cost of the port sidings should be borne by the State Government. The Committee have been informed by the Railway Board that the matter is "still under active consideration with the State Government and the modalities of limited conversion of these sidings are being worked out". The Committee desire that the matter should be finalised at an early date so that the object underlying the VOP conversion is fully achieved. The Committee would like to be informed of the decision taken in the matter.

[S. No. 12, Para 5.12 of 228th Report of the PAC-(1984-85)—
(Seventh Lok Sabha)]

Action taken

Observation noted. It is, however, submitted that Railways have already provided necessary facilities for handling traffic being offered by the Ports and neighbouring areas. These facilities would be further augmented as and when considered necessary.

At Porbandar, the old MG siding to the old port have been in disuse including a siding constructed at the cost of the State Government for quite sometime. There has been no demand for a siding to the new all weather port, which is located a few kms. away from the old port.

At Okha and Bodi the demand has been not for conversion of the existing MG sidings, but for laying new BG lines on new alignment without necessary dismantling the existing MG sidings. The proposals for laying the BG sidings at these ports is being examined by the Railway in consultation with the Port Authorities.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/VII/228 dated 21-2-1985]

Recommendation

The Committee note that Porbandar Port which has been made an all-weather port at a cost of Rs. 7.25 crores, is a minor port under the administrative control of the State Government of Gujarat. During evidence, the representative of the Ministry of Transport and Shipping agreed that although in terms of the Major Port Trusts Act, Porbandar might be a minor port, from the point of view of national economy it was an important port. The Chairman, Railway Board also stated that Porbandar is an important port from the national point of view, especially for Rajasthan, Haryana and Punjab. The Committee would like the Ministry of Transport and Shipping to give a thought whether considering the volume of the traffic handled by the Porbandar Port as also its importance from the point of view of national economy, it can be declared a major port.

[S. No. 13, Para 5.13 of 228th Report of the P. A. C. (1984-85)
(Seventh Lok Sabha)]

Action taken

The responsibility for the development of major ports is that of the Central Government. The responsibility of the minor ports and facilities therein is that of the State Government concerned. Funds for their development are provided in the State plans. No special advantage will accrue as a result of a port being declared as a Major Port in respect of generation of traffic except that the development and management will become the responsibility of the Central Government.

As per the decision of the National Development Council, various centrally sponsored schemes including the centrally sponsored schemes for development of minor and intermediate ports has been discontinued from the Fifth Plan period and the corresponding resources transferred to the State Governments. As the responsibility for the development of Porbandar rests with the State Government, it will be up to them to develop the port further based on traffic requirements and other factor. Central Government have no proposal to declare Porbandar as a major port.

[Ministry of Railways (Rly. Board's) O.M. No. 84-BC-PAC/VII/228 dated 21-2-1985]

CHAPTER IV

**RECOMMENDATION/OBSERVATION REPLY TO WHICH
HAS NOT BEEN ACCEPTED BY THE COMMITTEE AND
WHICH REQUIRES REITERATION**

—NIL—

CHAPTER V

RECOMMENDATION/OBSERVATION IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLY

—NIL—

NEW DELHI:
12 August, 1985

Srawana 21, 1907 (Saka)

E. AYYAPU REDDY,
Chairman
Public Accounts Committee.

APPENDIX

Conclusion/Recommendation

Sl. No.	Para No.	Ministry/Deptt. Concerned	Recommendation
1	1.6	Railways (Railway Board)	<p>In their earlier Report, the Committee had recommended that in the interest of the economic development of the areas covered by the present on-going Gauge conversion projects as also to avoid heavy time and cost over-runs in their execution, it was imperative that more funds were allocated for these projects. The Committee desired the Ministry of Railways (Railway Board) to approach the Planning Commission for the purpose so that at least such of on-going conversion projects as were at an advanced stage of execution or were considered to be more urgent could be completed expeditiously. In their action taken reply the Ministry of Railways (Railway Board) have stated that important projects which need to be expedited, have been identified and the Planning Commission is being approached for agreeing to higher allocation of funds for completion of all important on-going Gauge conversion projects during VII Plan. The Committee while taking note of the above position, desire that high priority be given to completion of existing on-going conversion projects. The Committee also recommend that the Planning Commission should allocate adequate funds to enable the Ministry of Railways to complete the on-going conversion projects.</p>

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