

**THIRD REPORT**  
**STANDING COMMITTEE ON RAILWAYS**  
**(1993-94)**

**(TENTH LOK SABHA)**

**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**GAUGE CONVERSION ON INDIAN RAILWAYS**

*Presented to Lok Sabha on 14.12.93*  
*Laid in Rajya Sabha on 14.12.93*



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

*December, 1993/Agrahayana, 1915 (Saka)*

**C.R. No. 003**

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Corrigenda

to

Third Report  
Standing Committee on Railways  
(1993-94)

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# COMPOSITION OF THE STANDING COMMITTEE ON RAILWAYS (1993-94)

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Shri Somnath Chatterjee

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- \*\*39. Vacant
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## SECRETARIAT

1. Shri G.L. Batra—*Additional Secretary*
2. Shri R.K. Chatterjee—*Deputy Secretary*
3. Shri T.D. Dhingra—*Under Secretary*

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\*Nominated w.e.f. 3 May, 1993 vice Shri T.J. Anjalose resigned.

\*\*Vacancy caused consequent upon resignation of Shri Vishwasrao Ramrao Patil.

## INTRODUCTION

1. The Chairman of the Standing Committee on Railways having been authorised by the committee to submit the Report on their behalf, present their Third Report on the Ministry of Railways (Railway Board) relating to "Gauge conversion on Indian Railways."

2. The Committee have found that there was a sudden change in policy of the Railways in 1992-93 when new thrust was given to Gauge Conversion and outlay for Gauge Conversion was raised substantially to 52.5% of the total outlay for railway network development in the budget for 1992-93 as against 11-12% being earmarked till then. The Committee have also found that in their enthusiasm for massive Gauge Conversion, Railways have resorted to a large scale diversion of funds for Gauge Conversion from different other vital areas of railway network development programmes which is likely to affect adversely even the safety and security of the travelling public and the Railway property. The Committee have also found that the Railways have not undertaken any indepth study or analysis of the economics of the proposal for Gauge Conversion. Even the Planning Commission does not seem to have exercised due scrutiny and check on the deployment of scarce public funds as they gave approval to such an important policy change even without getting the basic information/data on the project-wise gauge conversion programme to be undertaken in a matter of just two days.

3. The Committee have, therefore, urged upon the Ministry of Railways to review this policy of large scale Gauge Conversion immediately and revert to selective conversion whenever needed as recommended by various Committees.

4. The Committee took oral evidence of the non-official witnesses, Sarvashri M.N. Prasad, R.D. Kitson, R.K. Jain & Dr. Y.P. Anand, former Chairman, Railway Board and Shri S.K. Mitra, former Financial Commissioner, Railway Board on 26-8-93, 7-9-93, 27-9-93 and 18-10-93 and of the representatives of the Ministry of Railways on 14-6-93, 28-9-93 and 18-10-93.

5. The Committee wish to express their thanks to the non-official witnesses for giving their valuable suggestions which were of immense help to them in their present examination. The Committee also wish to express their thanks to the Officers of the Ministry of Railways for furnishing the material and information which they desired in connection with the examination of the subject and sharing with the Committee their views concerning the matters which came up for discussion during evidence.

6. The Report was considered and adopted by the Standing Committee on Railways on 8-12-1993. For facility of reference, the recommendations/ observations of the Committee have been printed in thick type.

NEW DELHI;  
9 December, 1993

SOMNATH CHATTERJEE,  
Chairman,  
Standing Committee on Railways.

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18 Agrahayana, 1915 (Saka)

# REPORT

## GAUGE CONVERSION ON INDIAN RAILWAYS

### *Introductory*

The Indian Railways have a multiple gauge system with three gauges viz. broad gauge, metre gauge and narrow gauge. As on 31.3.1992, the Railway network consist of total route length of 62458 kms. The gauge-wise break-up of network is as follows:—

Gauge	Route Kms.	Single line	Double line	Multiple line	%age of total
Broad Gauge	35109	20885	13692	532	54%
Metre Gauge	23283	22903	356	25	39%
Narrow Gauge	4,066	—	—	—	7%

2. In the original policy for railway construction in India, the Railway authorities, prior to independence, adopted the Broad Gauge (5'6") as best suited for this country. They avoided the multiple gauges system (as was there in UK) as it had various drawbacks. But later, the metre gauge (3'3<sup>3</sup>/<sub>8</sub>") was adopted as a cheaper alternative to these branch and feeder lines to reduce in cost of construction particularly in backward and under-developed areas.

3. The Broad Gauge lines are located mostly in the heartland of the country. On the broad gauge network the traffic is concentrated on the quadrilateral and diagonals. The Metre Gauge is located mostly in the peropheral areas.

4. The Broad Gauge (BG) has obvious advantages over the Metre Gauge (MG) and narrow gauge as it provides greater carrying capacity for movement of freight and passenger traffic. The multiple gauge system had some disadvantages from operating points of view.

5. The Railways are carrying out conversion of metre gauge to broad gauge in patches on selected routes since 1951 to cater to the need of increasing goods and passenger traffic. But it was only in 1971 that the

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NB Conclusions and Recommendations are from Page 29 to 39 (Paras 50 to 70) of the Report.



concept of gauge conversion (GC) as a policy emerged. In 1971, the Government announced its policy to have new lines only with BG and to progressively convert MG into BG. As a part of it, nearly 4000 kms. of GC had been sanctioned. However, the progress on conversions was slow on account of inadequate resource and high cost of conversion. It was realised that GC could only be done at a modest pace if the other more pressing needs of capacity augmentation and rehabilitation were to be met side by side.

6. Various studies were conducted by expert Committees on the subject. A Committee set up in 1978 on Metre Gauge operation gave its recommendations in 1979. The Committee recommended upgradation of MG and conversion to BG on a selective basis. It stated *inter-alia* that "The conversion should be taken up only if it is found to be the least cost alternative or it is otherwise found to be essential from operating consideration such as difficulty in handling the transshipment traffic or provision of a through alternative BG link to relieve congestion on existing routes. While planning for conversion schemes efforts should be made to maintain a through MG link connecting the Northern and Southern MG system as well as the Western and Eastern system, if it does not pose any insurmountable problems or too much cost."

7. The National Transport Policy Committee (NTPC) appointed by the Planning Commission in their Report in 1980 recommended the following criteria for implementing gauge conversion projects:

- (i) When it is discovered that the traffic likely to develop in future cannot be handled on the existing system.
- (ii) When the magnitude of transshipment involved is such that it is uneconomical or is not feasible at all, to handle the anticipated volume of traffic.
- (iii) When it is needed for providing speedy and uninterrupted means of communication to areas which have potential for growth.

8. Based on these studies, the Railway Ministry came to the conclusion in or about 1981 that GC should only be done selectively where the traffic density was heavy, or transshipment at break of gauge points caused severe bottlenecks. Consequently, while presenting the budget for 1981-82, the then Minister of Railways observed that "the MG Railway with adequate inputs can render speedy efficient and economic rail transportation service as had been the experience in several foreign countries. Despite the obvious advantages of a uniform gauge, the massive input of resources is a luxury which a developing country like ours, with perennial constraint of resources, can ill afford at this stage.

9. In 1989, the Committee on Expansion of Railway Network (CERN) also appointed by Planning Commission identified and provided for 2902 kms. of new lines and 2306 kms. for conversion. The Committee (CERN) recommended that the overriding priority should be assigned to strengthening of 4 major corridors viz:

	New lines	GC
1. New Coal Corridor	840	247
2. North South Corridor	710	768
3. Central India Corridor	316	—
4. North West Corridor	200	1291
5. West Coast line	836	—
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10. The Railways consistently followed the Policy of selective conversion till 1991-92, when only around 11-12% of total allocation for network development was earmarked for GC. The draft Plan submitted to the Planning Commission for the finalisation of the eighth five year plan in 1989 also envisaged an outlay of 11.3% for GC.

### *Change in Policy*

#### *1992-93 Budget*

11. In 1992-93 a significant change if not total reversal in Railway Policy with regard to gauge conversion was made. While presenting the Railway Budget for 1992-93 the Railway Minister in his budget speech in February, 1992 announced the launching of project Unigauge wherein he declared the Ministry's decision to do away with the multigauge system. With the sudden and new thrust on gauge conversion, the outlay for gauge conversion alone was increased sharply to 52.5% of the total outlay for Railway network development (comprising gauge conversion, new lines, doubling and other traffic facilities etc.) and a length of 1200 kms. of Metre gauge was proposed to be converted in 1992-93. Again in 1993-94 the allocation for GC was further increased to 61.6% of the total outlay for network development and a length of 1600 kms. has been proposed to be converted to BG.

12. The allocation for gauge conversion in absolute terms was also sharply raised from Rs. 1800 crores earmarked for GC in the draft Eighth Five Year Plan to Rs. 3900 crores in the final plan announced in May, 1992. Consequently all the priorities in the outlay for different heads of essential investments were changed in the final Plan. (Annexure I)

*Outlay of Network Development Works (% break up)*

	VIII Plan Proposed	1991-1992 Actual	1992-1993 (BE)	1993-1994 (BE)	VIII Plan (Final)
Gauge Conversion	11.3	11.5	52.8	61.6	
Doubling	26.7	35.7	16.1	16.6	
Other Traffic facilities *	26.7	24.2	9.8	7.6	
New Lines	35.3	28.6	21.3	14.2	

13. The Ministry of Railways in their written note have sought to justify the project Unigauge on the ground that:

"Gauge conversion had been taken up in the past to provide increase in capacity, development of the backward as well as on strategic consideration. However, the average length of MG converted since independence were of the order of about 100 kms. per year. It was seen that the traffic on the MG network was declining as will be evident from the following position:

Percentage of total traffic carried by MG in 1950-51      1990-91

Originating goods tonnage	20.4%	7.9%
Units of goods traffic (NTKM)	13.4%	9.2%
Originating passenger traffic	31.1%	12.01%
Units of passenger traffic (PKM)	24185 kms	23599 kms
MG route km.	(45% of route kms.)	(38% of route kms.)

14. In view of this trend of traffic, investments over the years were concentrated on the development of the BG system and this led to the situation where there was 5000 kms. of overaged track on MG 56.6% of the coaching vehicles and 18.27% of the wagons were also overaged as on 1.4.1992. This, in turn, resulted in relatively poorer service in the areas served by MG, some of which have the potential for becoming industrialised as raw materials and skilled manpower are available there.

Indian Railways will be required to carry about 25% additional goods traffic during the 8th Five Year Plan starting with 92-93. Similar increase is also anticipated in the 9th Plan. Thus, the Railways will be required to carry an additional 180 millions tonnes of traffic in 10 years against the 338 million tonnes loaded in 91-92. The BG trunk routes which carry the bulk of traffic have already been doubled and most have also been electrified and in consequence there is very little margin for increasing the line capacity on these routes. While on the one hand there is urgent need for generating additional capacity, the vast MG/NG system continues to run in

more and more loss and carry less and less traffic with each passing year, remaining a burden on the system.

In view of the resource crunch faced by the country, the plan size has been reduced for this Ministry from Rs. 45,500 to Rs. 27,202 crores for the 8th Plan. The Railways, were, therefore, faced with the twin problems of rehabilitation of track and rolling stock and generation of additional transport capacity. With the reduced plan size, after providing for rehabilitation/replacement of tracks and rolling stock, very little money was left for capacity generation.

The obvious choice was to convert those components of MG/NG system which would provide alternative routes to the existing arteries of movement thus providing additional capacity at least cost, flexibility of operation and improvement in the financial returns. Under the Indian conditions where coal, steel, major ports and most of other mining and foodgrains surplus area are located on the existing BG system, the traffic on MG system does not actually grow but has been progressively going down irrespective of the capacity of the MG system to carry traffic. A stage has come that, if the existing MG/NG system cannot be scrapped, those parts of it which can add to the transportation capacity of the BG system should be converted. The routes which have been included in the action plan have been selected on this rationale. Some of the lines are already approved for conversion on strategic considerations which are also included. In most of the cases the MG/NG routes planned for conversion will also lead to reduction in the existing distances leading to further economies.

In view of the circumstances explained above, the Railways had to perforce increase the provision for gauge conversion and to take it up in big way."

15. The Committee are informed that the Ministry of Railways have identified thousand route kms. of MG and NG for conversion out of which 6000 kms. are intended to be converted during the 8th Five Year Plan. On enquiry being made about the plan of Railways to convert the remaining routes kms. (about 17000 kms.) the Ministry of Railways in their written note stated:—

"As regard the remaining metre gauge/narrow gauge lines these would be operated as follows:

(a) in certain sectors where a cluster of lines would remain i.e. in North Bihar, North Uttar Pradesh, Rajasthan and Tamil Nadu there would be run as composite metre gauge system with supporting workshop and maintenance facilities. These facilities are being planned by suitable readjustment of work in the existing workshops in these sectors.

(b) where isolated metre gauge feeder lines remains, these would

be operated with captive rolling stock with required maintenance facilities to be locally created. For PQH the rolling stock would be transported to MS workshops.

(c) where metre gauge lines with very low levels of traffic remain: These would be serviced by rail buses which are being developed through RDSO and trade."

In this connection, a non-official witness stated:—

"In our country, 44 per cent of the lines are under Metre Gauge and Narrow Gauge and out of that only 18 per cent has been selected for gauge conversion now. The rest 26 per cent will remain after 10 years also even if this programme goes through for 10 years."

He further stated:

"The term 'Unigauge System' is used out of enthusiasm."

16. The Committee took evidence of some non-official experts and the representatives of the Ministry of Railways.

During the course of evidence before the Committee the representatives of the Ministry of Railways (Member, Engg.) explained the following reasons for sudden change in priorities effected by the Railways to go in for large scale gauge conversion:—

"There were several reasons. We got the multi-gauge system as a part when we become independent. This causes a lot of problems in the sense that the areas which are served by metre gauge and narrow gauge, those areas, remained industrially backward. No major industry worth the name was willing to get themselves located in those areas because of the fact that all the major industries, all the major ports are located on the broad gauges section and therefore if they are located in the metre gauge section, it will mean delay in transshipment, damages and considerable loss to them."

He further stated:

"No major industry is located presently, on the metre gauge section or on the narrow gauge section. So, that itself answers why the industries hesitate in going to those areas.

Secondly, in order to improve the position many times the Railways thought in the past of doing conversion twice, it was decided to convert on a large scale but was given up because it was considered too big.

Thirdly, we also decided at one stage in seventies to upgrade our metre gauge system and we did start running 100 kmph. trains on some of the metre gauge routes in Western and Southern Railways. We find, even after doing that, the demand of the public for gauge conversion continued because they have to change trains for either passenger traffic or for the goods traffic.

Fourthly, our operating ratio for the metre gauge system is 171. That means to earn Rs. 100 and Rs. 171 whereas in the broad gauge for the same thing, the ratio is 81. Therefore, by doing this conversion, we hope to improve the overall operating ratio and financial health of the system. So, on the one hand, the Railways were suffering because the metre gauge was making a lot of loss. For that we have to finance the earnings of the broad gauge in order to remain black."

In this regard a non-official expert (former Railway official) in a written note furnished to the Committee stated as follows:—

"Economics of railway working depends mainly on the traffic offering. The majority of the MG system and all of the NG had by their very genesis been serving regions where the traffic prospects were not good enough to justify the higher cost of BG. Thus, there was an inherent element of social burden in the MG and NG systems. Progressively, conversion of over 4000 kms of MG in the past, the bulk of it consisting of comparatively will-patronised lines, has led to further worsening of the economics of the residual system.

The MG system could be made more economical if there is sufficient traffic offering. MG and NG lines which have no traffic potential should rather be closed down if the economics of railway working is to be improved.

As regard industrial development of regions served by BG, the non-official has stated:—

While it is true that BG is better suited for large-scale movement of certain vital commodities like coal and steel, without the hassles of break-of-gauge transshipment, there are several regions, like parts of Orissa, Bihar, UP and MP, which have remained backward inspite of having been served by BG from the very beginning. There are also some other regions like parts of S. Tamil Nadu, Rajasthan and Gujarat, which had developed industrially and economically, although served by MG.

It has generally been seen that regions which had not developed much in the past, inspite of being served by MG, seldom register any appreciable improvement in the pace and development even years after conversion of the lines from NG to BG. Examples are the Barabanki Samastipur-Katihar-Guwahati route (serving Eastern UP, North Bihar, West Bengal and Assam) and the Bangalore-Guntakal route (serving backward regions of Karnataka and Andhra).

17. Asked when the idea of Gauge Conversion on a massive scale was first mooted in the Railway Ministry, the Member (Engg.) stated:

**“The whole process and the idea of gauge conversion came when we were in the stage of drafting and finalising our Eighth Five Year Plan. Initially, we made Five Year Plan for the Indian Railways of the size of about Rs.45.000 crores to meet the traffic requirements which were projected by other Ministries and major users. When a forecast of roughly about 25 per cent increase in each plan period was anticipated, based on that, we made a plan of Rs.45000 crores. After detailed discussions with the Planning Commission, that amount was reduced to Rs.27,202 crores. Now if we have to manage the system and also provide the additional capacity, we found that this amount if we plan for augmentation on the broad gauge, the capacity, the rolling stock and also to do overall replacement on the metre gauge side which was very much overdue, then we would just be not able to meet the two ends meet”.**

He further added

**“When the plan size was reduced, then the question came as to how we will be able to meet the capacity requirement as well as improve our economic parameters. It was at that point of time that the Railway Ministry had arranged a dialogue at the highest level in which not only all the Board Members, all the General Managers were there but also retired Chairman, Members were also called and a conference was held. At that time, there was almost a unanimity that gauge conversion could be a very cost effective solution to the problems which the Indian Railways is facing.”**

18. The Committee were informed that the idea for large scale GC was first thought of in October 1991 when the Minister of Railways asked the Ministry to prepare a note for review of policy to be followed with regard to Gauge Conversion. The Committee also note that the then Member (Engg.) put up as desired by the Minister the note of Gauge Conversion directly to the Minister of Railways with copies to CRB, FC, MT etc. in December 1991. In the note on Gauge Conversion Policy Review the then Member (Engg.) submitted the following policy changes to be confirmed/ approved:

- a) “Upgradation” of MG system would, if at all, be taken up only on a selective and exceptional basis.
- b) While planning for conversions from MG to BG, we need not provide parallel BG lines merely to maintain a continuous MG link over the whole country. In the transition stage, which may last say 20-30 years or even more, breaking up of the MG network into viable compartments (operationally and stock maintenance-wise) would become inevitable if the

initial and operating costs are to be minimised. Temporary transshipment points for the inescapable transfer of freight between BG and MG may be considered as an alternative. In certain cases, a "Mixed" gauge line may serve the purpose.

- c) Gauge Conversion should be taken up on a route and network basis and not in isolated stretches. This would imply that linked branches would be converted along with the main lines.
- d) Gauge Conversions should be treated in the nature of a traffic facility work and the peripheral costs on structures, quarters, yards etc. would be kept to the bare minimum to deal with the traffic in the next 5-10 years. The facilities can then be expanded as the traffic grows.
- e) For converting lines with very low traffic densities particularly the linked branch lines, standard of P-way, signalling etc. should be downgraded as much as possible, in order to minimise the unproductive investments. For example, in a recent case of conversion of Salempur-Barhaj Bazar (21 kms.) linked branch line on N.E. Railway, conversion is being done only with second hand materials for a low speed line at about Rs.27 lakhs/Km as against Rs.65-75 lakhs/km for the main line of the same project.

This note is being put up for discussion and approval by the Board and M.R. of the policy approach outlined above. Further, it is also proposed that a Committee of Advisers (Adv/works, Adv. Plg, TT) may be asked to suggest a perspective Action Plan including phasing, scale of facilities etc. for conversion of the MG system into BG."

19. The Committee have not been informed of the formation of any Committee of Advisors to suggest a perspective Action Plan including phasing, scale of facilities, etc. as suggested above. However the Committee of Advisor was constituted to assess the requirement of Rolling Stock in the VIII plan period.

20. The Committee also took evidence of the then Member (Engg.), (who had since retired from service), who had prepared the policy review. On being asked whether the note on policy review was considered by the Board as a whole, he stated:

"All these meetings were held with the Minister and the Members were present. But I cannot say everything is on record. Most of it does go on record."

He further stated:

"This has come up after all necessary discussions and every Board



Member has been kept involved. There were detailed discussion and informal discussion. Implementation plan note has gone through Member (Traffic) through FC, through CRB."

21. The Committee also took evidence of the then Chairman, Railway Board when gauge conversion programme was launched (who has since retired from service) to ascertain his views on G.C. On being enquired whether it was justified to allocate 61.6 percent of network development for G.C., the former Chairman Railway Board, stated:—

"First, I must say that Mass Gauge Conversion would erode into other aspects of the Railways and we should not go headlong into the gauge conversion. Secondly, the Railways have identified the routes and we need not make a major shift in those routes. Thirdly, the Planning Commission felt that we would not be able to financially justify the routes selected by us. But, once the policy decision was taken by the Minister, one or two factors came very evident that in the first year when the things are on the move, you can work fast. It is regrettable that we did not make a profit in 1992-93. There was a feeling that if we shift from that projection we will land up in difficulty, because the traffic does not always increase merely with gauge conversion. What are the factories and plants which are going to come up after the gauge conversion? We argue and argue, but when the final decision is taken at the top, it has to be implemented.

22. On the Committee enquiry whether there was no decision by the Railway Board as a whole or it was the Minister's decision which had to be carried out, the witness stated:

Yes; "the Minister presided over one or two meeting and it is his views which ultimately prevailed."

23. During evidence before the committee it was noticed that former Indian Railway Officer who, is now with the World Bank, had submitted a note on 18.12.91 on Gauge conversion to the Minister of Railways on being asked by the Minister wherein he had suggested that "it is not necessary to set up any committee for providing an action plan to convert lines from MG to BG as that will only cause unnecessary delay." (Annexure II)

24. The Committee enquired whether the MG note was preceded by any in-depth study on the issue, the representatives of the Ministry of Railways (CRB) stated:

".....Recently I believe in 1990 or 1991 this matter was studied by the Advisor (Works). There is a report written by Mr. Ashwath Narayan who was the Advisor Works at that time."

25. The Committee were also informed that a Conferene of General Managers was held at Bangalore on 6 and 7 January, 1992 to discuss the subject of Gauge Conversion which was presided over by the Minister of

Railways and attended by the GMs, Member Railway Board. Some special invitees (Ex-Railway men) were also present in the Conference. In the conference, the action plan on GC which was circulated to the Board Members/G.Ms, *vide* note dt. 24.12.93 were approved in the presence of the Minister of Railways. (Annexure III)

#### *Role of Planning Commission*

26. The Committee have been informed that after the GC was approved in the Bangalore Conference, the Minister of Railways, wrote to the Deputy Chairman, Planning Commission on 15.1.1993 seeking his approval and support for the procedural reforms of polling Depreciation Reserve Fund (DRF) with selected allocated capital during VIII plan period.

27. The Deputy Chairman, Planning Commission, while giving his approval of the concept of pooling of internal resources *vide* letter dt. 17.1.92 stated: "However to enable our officers to undertake necessary procedural changes and make adjustments, it is essential for us to know the details of the conversion proposal and the implication of the diversion of funds to the scheme from other projects. I shall be grateful if these details would be sent to us at the earliest". The Committee enquired whether the Ministry undertook this exercises, the witness stated:

"This exercise was undertaken. A letter was written on 25.11.92 to the Planning Commission by the Railway Board. There was a second letter to the Planning Commission by the Railway Board and this was sent on 27th November, 1992. Eventually we received a letter dated 21st December, 1992 from Advisor (Transport) which spell out, sectorwise and yearwise target for completion of the gauge conversion programme of the Indian Railways."

28. The Committee pointed out that the Planning Commission in their letter dt. 21.12.92 had asked for a position note with regard to each of the projects taken up for conversion. They enquired whether it had been prepared. The representative of the Ministry of Railway admitted that they had not yet submitted any position note for any project but added that necessary spade work for all the projects has been done and they were submitting project by project position to the Planning Commission.

#### *Cost of Gauge Conversion*

29. The Committee have been informed that the Ministry of Railways have been doing conversion with austerity. In this regard, the Ministry of Railways in their written note stated:—

"It has been decided to keep the cost low by providing the barest minimum facilities for junction arrangements platforms, station buildings, etc. in the initial stage. While the cost of constructing a new railway line is around Rs. 1 crore for every kilometre, cost of gauge conversion under this programme is being contained to only about Rs. 60 Lakhs/km. Further, upgrading of signalling and other

facilities can be taken up as and when traffic builds up on these sections.”

30. On being asked when they proposed to provide these facilities, the Member (Engg.) stated during evidence:—

“Our thinking of this issue is that once we do the gauge conversion it will require considerable amount of investment. There after the broadgauge conversion will start and once those routes give an adequate earning we will accordingly go on providing additional facilities.”

31. Asked how they proposed to take care of the safety and convenience of the passengers specially the old passengers, the witness stated:—

“My submission is that we are not disturbing the status quo. If it is a low levelled platform it will remain as low-levelled platform. If we start putting higher levelled platforms and giving additional facilities like upgradation signalling system, then again, the whole programme will become costly. There will be an escalation in cost. So, we will not get the returns which we are expected to get.”

32. Asked as to whether the prior permission of Commissioner of Railway Safety had been taken before going in for Gauge Conversion in the manner proposed, the witness stated:—

“Prior permission is not required for it, we comply with the rules.”

In this context, the Chairman, Railway Board explained during evidence before the Committee:

“I would like to mention that if we are trying to cut out costs on platform we are only providing a higher level of comfort which a raised platform provides. There are so many stations in this country which are on broad gauge and which have ground level platforms and there are a large number of stations which have medium or low level platforms where safety is not compromised: but comfort, certainly. What we are trying to do is to make sure that the comfort level does not deteriorate than what it was earlier; if we can improve it, improve it. If we start spending money in providing cover and so on and so forth, we will end up using up this money on these facilities rather than on converting the gauge. It has not been allowed to deteriorate; but it has not been raised, it is planned to be raised subsequently. Otherwise we will not be able to give them broad gauge. The other choice was to stay with the metre gauge and stay in the lower platforms. At least we are giving them half.”

As regards the bridges, the witness stated:—

“As far as the bridges are concerned, each bridge is being surveyed by the Civil Engineers and it is being made sure that it is sturdy enough to carry the broad gauge traffic and if it is not, it is being strengthened to bring it up to a standard where it will carry the broad gauge traffic.”

33. The Committee also heard the views of some non-official in this regard. A former Chairman, of Railway Board during the evidence stated:—

“That is not to be accepted. With my experience as Civil Engineer, I know that about 70 to 75 per cent of the cost of construction of new line is roughly the cost of gauge conversion whereas the additional capacity is marginal. Of course, there is difference between metre gauge and broad gauge which may be about 38 per cent or so. The reduction is achieved not by normal economic means but by not doing certain works which ought to be done today. For example, consider bridges. Change of girders and some work are there which can wait. But then all this has to be done some day by somebody. In our anxiety to adopt gauge conversion, we will be leading somebody in future with the burden of doing the left out work of strengthening the bridges. By this time, some bridges may collapse even. This is only a temporary measure to speed up work by not doing certain works.

Secondly, in Kerala, when gauge conversion was done a similar thing was said by not raising the platform level, Metre gauge platforms are low and when broad gauge comes, the platform level is not raised to that particular height as a result of which old women and children find difficulty. That is another saving for reducing the cost. But the public will not accept. Once broad gauge comes, they will not be satisfied with lower platforms I do not know whom are we trying to convince.”

#### *Diversion of Funds*

34. The Ministry of Railways have intimated that resources for the gauge conversion programme have been pooled from the funds provided in the Draft 8th Five Year Plan for the following works:—

- (i) Amount provided for gauge conversion works in the 8th Plan—Rs. 1,200 crores.
- (ii) Funds diverted from plan Head Track Renewals due to avoided renewals on MG—Rs. 1,000 crores.
- (iii) Funds provided for provision of additional lines and yard works (sanctioned and these in the pipe line) due to availability of alternative routes—Rs. 1,700 crores.

- (iv) The pooled resources amount to Rs. 3,900 crores only which is the amount that has been proposed for gauge conversion works during the 8th plan.

During the evidence, it was stated on behalf of the Ministry of Railways

“What I am trying to point out is that with this money we have not touched anything on the broadgauge. We have not touched whatever was originally earmarked for passengers amenity for rolling stock or for other such items and therefore, it had not in anyway affected any other programme except the metre-gauge track renewal, metre-gauge track facility which were planned to take up with the existing broadgauge system would no more be required because of alternative routes. That provided us this Rs. 1100 crore and that brings us to the figure of Rs. 3900 crore. So, we have not touched the broadgauge track renewal, traffic facility personal amenity and so on. All other things have been kept intact. I think in my own submission it is a unique way of providing a bigger facility within the resources which we have at our disposal.”

35. In reply to specific question on the number of on going projects for new lines, doubling track renewal etc. either slowed down or not being followed or not being taken up for final consideration, the representatives stated:—

“I would like to submit in this regard that the shelf of approved projects on Indian Railways is rather very heavy. To quote an example for new lines where we are spending generally at the rate of around Rs. 200 crore per annum sanctioned project cost is more than Rs. 2500 crore. So, that is the level at which we are executing programmes. Therefore, I will be able to submit to the hon. Committee that according to our operating requirements the annual exercise is done and prioritisation is done and funds are allocated accordingly.

36. The Committee enquired whether a review has been made because of financial difficulties the Members (Engg.) stated:—

“We have also made the review of the gauge conversion and because of our financial position, we have also postponed some of the opening which were also scheduled for this year to the next year.”

The Chairman Railway Board added that:—

“As far as gauge conversion is concerned once you have started on a particular route and you have broken the existing metre-gauge link, if you do not complete it, you will lose very heavily. Therefore, we have to necessary see that we give enough money to complete the project.”

37. On being asked whether diversion of funds has been made for gauge conversion programme the representatives of Ministry of Railway stated:—

“We have had to carry out a mid-term review of the funds available with us taking into account the present financial position and we have done some reprioritisation. In that reprioritisation, we have kept in mind those sections where gauge conversion had started and where the metre-gauge traction is desirable etc. We will do that quickly and restore the traffic. To that extent, we have done reallocation of funds but the objectives is, traffic should be restored as early as possible.”

38. The Ministry of Railways in their written comments on a press report have stated:—

“Consequent on the likely drop in internal generation from projected level of Rs. 4640. crores to Rs. 4340 crores in the current year it has been decided to affect a cut of Rs. 300 crores in the plan expenditure as per details given below:—

1	2	3
1.	Rolling Stock	Rs. 178 crores
2.	Workshop and Sheds	Rs. 50 crores
3.	Machinery & Plant	Rs. 25 crores
4.	Track Renewals	Rs. 60 crores
5.	Doublings	Rs. 5 crores
6.	Signalling & Safety	Rs. 20 crores
7.	Computerisation	Rs. 30 crores
8.	Electrification	Rs. 34 crores
9.	Other Elec. Works	Rs. 25 crores
10.	New Lines	Rs. 15 crores

1	2	3
11. Staff Welfare		Rs. 2 crores
12. Inventories		Rs. 10 crores
13. Other Specific works		Rs. 5 crores
		459 crores

Of these Rs. 459 crores saved under various plan heads, Rs. 108 crores has been additionally provided for gauge conversion raising the total allocation from Rs. 810 crores to 918 crores. A sum of Rs. 51 crores has been provided as part payment towards railways share of the increase in KRC's equity by Rs. 200 crores. Therefore the net reduction in plan expenditure is only Rs. 300 crores."

### *Rolling Stock*

39. The following allocation have been made for rolling stock during the last three years:—

1991-92 (Actuals)	1992-93 (Budget)	1992-93 (Revised)	1993-94 (Budget)
794.67	1180.01	1455.98	1924.63

The projection for number of locomotives, coaches and wagons for the 3 years is as follows:—

	1991-92 (Actuals)	1992-93 (R.B.)	1993-94 (B.E.)
Locomotives:			
Diesel	195	175	150
Electric	127	132	150
	332	307	300
Passenger coaches	2437	2580	2390
Wagons	25778	25500	22500

40. The Committee are informed that the Ministry of Railways (Railways Board) constituted a Committee comprising Advisor (PU), Adviser (C), Adviser (F) and Adviser (P), to assess the requirement of Rolling

Stock in the VIII Plan period which submitted its report in August 1993. The Committee of Advisers in its findings for requirement of locomotives for VIII Plan has stated as under:—

	Addl. Reqt.	Manufacturing Capacity	Shortfall
Diescl	750	636	114
Electric	933	775*	158*

\* Includes import of 30 HHP locos provided for in the VII Plan.

The Committee however, noted that the shortfall of locomotives had to be seen in relation to the possibility of the passenger and freight traffic materialising as targetted for 1996-97. The actual growth in the volume of freight traffic in 1992-93 *i.e.* the first year of the VIII Plan and freight traffic in the first three months of 1993-94 has been less than the projections.

The country is passing through a phase of economic restructuring, in which the anti-inflationary measures taken by the Govt. have led to a curb in demand and resultant reduction in the industrial activity in many core sectors.

Given a shortfall of 4 million tonnes in the year 1992-93 and 4.44 million tonnes in the first quarter of 1993-94, the Committee felt that continued trend of this nature will inevitable have repercussions on the locomotive requirements. Similar trend has been observed in respect of Passenger Traffic as well.

In view of the foregoing the freight target should be reassessed in consultation with the Planning Commission for working out the loco requirement for the remaining period of the VIII Plan.

41. As regards the requirement of coaches for the VIIIth Plan the Committee on Advisers have made the following assessment:—

- (i) Existing shortage of coaches at the: 717 coaches beginning of Plan period
- (ii) Requirement on replacement account: 3,000 coaches (with this, we will carry forward 2,200 overaged coaches into the IXth Plan).
- (iii) Requirement for gauge conversion : 1,500 coaches



- (iv) Reassessed requirement on additional: 4,770 coaches account (Details at Ann. I, corresponding to an annual average growth rate of 3.4 per cent).
- (v) Additional requirement of CCVs : 828 coaches

Total Requirement:	: 10,815 coaches
Say	: 11,000 coaches

Against the above requirement of 11,000 coaches the existing installed capacity for production of coaches in ICF, RCF and BEML is 11,380 coaches. (Moreover, RCF will be manufacturing about 130 coaches in excess of their capacity this year). However, there is a resource constraint and current allocations made by the Planning Directorate are adequate to fund acquisition of only 9,100 coaches in the VIIIth Plan.

Having regard to the fund constraint, the Committee recognises that it may not be possible to acquire the assessed requirement of 11,000 coaches. It is, therefore, recommend that we acquire coaches to match the capacity of Railways' own Production Units (ICF and RCF). During 1992-93, 2,467 coaches are expected to be manufactured and during 1993-94, firm orders have been placed for 2,230 coaches. During the period 1994-97, the capacity of ICF and RCF is 5,550. This totals to 10,247, say 10,250 coaches and we would require approximately Rs. 400 crores in excess of funds currently allocated to this head in the VIIIth Plan. This will necessitate specific measures for resource mobilisation, reallocation and increase in fares, etc. In the meantime, 1994-95 Production Programme, which is now overdue, may be processed on the basis of full capacity utilisation of ICF and RCF, with no orders being placed on BEML."

42. As regards Wagon Requirement in the Plan 1992-97 the Committee on Advisors have made the following assessment:—

Expected traffic in 96-97 btkm MG share	318.3	12.3
	Broad Gauge	Metre Gauge
Utilisation Expected ntkm/d/w	1750	850
Holding as on 31.3.1990	457490	80445
Wagons produced 1990-91	20822	2850
Wagons produced 1991-92	22900	2200
Condemnation 1990-91	13430	2914
Condemnation 1991-92 (assumed)	13000	3000
Exp. holding as on 31.3.1992	474782	79581

Provision for premature cond.	25000	5000
Overaged stock as on 31.3.1990	20728	9999
Overaged arising 1990-91	6389	5289
Overaged arisings 1991-92	11732	54631
Overaged arisings in VIII Plan	52419	11281
Total replacement requirement	64838	25818
<i>Wagons Required in Eighth Plan</i>		
1. Fleet req. to haul frt. target	515119	40872
2. Additional wagons required	40337	38709
3. Total wagons required	130175	7891
4. Wagons to be planned (All BG)	<u>120000</u>	

43. The Committee were informed the Railways have made sure that they have an action plan as to what rolling stock would be made available to ensure that the newly converted sections have the requisite locomotives, wagons as well as the maintaining facilities.

44. On being asked whether the Railways expect to achieve the targets despite the financial difficulties which they are facing, the CRB replied in the affirmative.

45. In this connection, a non-official expert during the course of evidence stated:

“I was telling about the rolling stock. Over the years, whatever little cushion or margin we had or whatever scope we had, had been lost. We are now at the point of saturation, even regarding rolling stock. In that document, we had projected on an average, 366 locomotives per annum. We had indicated that in the Five Year Period of the Eighth Plan. But, it seems that we are going down. In 1991-92, we produced 332 locomotives; in 1992-93, we expected only 307 locomotives; and in 1993-94 as per the Budget; only 300 are proposed. Actually, we should be increasing the production of locomotives. Otherwise, we will not be able to carry the projected traffic. At the same time, importing the locomotives will be a very very costly affair as it proved to be now. But, it is a different matter and I will not go into that. If we import, we will have 6,000 HP locomotives and then that will be treated as equal to 1.6 locomotives.

Then, I come to the passenger coaches. The plan was, on an average, we should produce 2,852 passenger coaches per annum, which according to me, is possible even today. In this year's Budget, we have provided for 2,390. Initially, at the time of planning, there was a constraint. The new coach factory at Kapurthala was not coming up.

We expect it to come up now. And there was other non-railway manufacturers like Bharat Earth Movers, etc., who are to be given some incentives, by which we should be able to achieve 3,000, according to me, because I have made some calculations on my own; and I think that the acute congestion of the passenger coaches should be relieved. We must have 3,000 coaches manufactured or even more than what we have worked out in the plan programmes. But, again, it seems to be going down. In 1992-93 it was only 2,580 whereas in 1993-94, the proposed figure is only 2,390."

46. The Committee called for comments from Ministry of Railways on press reports wherein it was stated that because of underfunding of the Railways 1993-94 plan to the tune of Rs. 1,000 crores, the Railways propose to cut capital expenditure especially on procurement of rolling stock and fabrication of coaches and bogies in their own units.

47. The Ministry in their written note stated:

"Due to likely drop in internal generation from projected level of Rs. 4640 crores and Rs. 4340 crores in the current year, it has been decided to affect cut of Rs. 300 crores in plan expenditure. As regards its impact on suppliers it is stated that it has been separately decided to reduce the off-take of wagons from the original target of 22,500 FWs to 20,000 FWs during 93-94. Orders for 10,750 FWs were placed on the Industry for delivery during April-September, 1993. Fresh orders for 4,500 FWs have been placed recently on the Industry for delivery during the period October-December, 1993. 1000 FWs have been ordered on Railway Workshops. That leaves a residual quantity of 3,750 FWs to be ordered on the Industry for delivery during the period January-March, 1994. This is expected to be placed shortly. This cut in wagon off-take is on account of the following:

"Cut in plan expenditure on account of likely drop in revenue."

48. As a result of reduction in the off-take of wagons and to keep our expenditure within the revised limits, it has been decided to defer the deliveries of free supply items, namely Bogies, Couplers and CTRBs etc. to the extent of 1000 vehicular units (2500 FWs) to 94-95. This would, in effect, mean that intake of components during 93-94 will be less by little over 10% over the quantities ordered on the suppliers. Wagon building units and other component suppliers should be able to adjust to the variations of this level.

49. As regards units supplying components and spare parts for other rolling stock such as, locos and coachings, the impact would be marginal as no large scale cut is envisaged in acquisition of other rolling stocks although all the production units are being told to keep their expenditure within Budget.

### *Conclusions & Recommendations*

50. The Committee note that the Committees set up by the Planning Commissioner and the Railways themselves have observed that the gauge conversion should be done on selective basis. In 1971 the Government announced its policy to have new lines only with broad gauge. However, the progress on conversions was slow on account of inadequate resources and high cost of conversion. The Committee which was set up in 1978 for upgradation of metre gauge and conversion of broad gauge has recommended that the gauge conversion should be taken up on selective basis and it is to be done only if it is the least cost alternative or if it was essential for operating considerations. The National Transport Committee appointed by the Planning Commission concluded that gauge conversion should be done where traffic density was heavy for transshipment at break up points caused severe bottlenecks. The Committee on Expansion of Railway Network (CERN) appointed by the Planning Commission identified 2902 kilometres of new lines and 2306 kilometres of conversion. It recommended that overriding priority should be given to strengthening of 4 major corridors viz. (1) New Coal Corridor; (2) North South Corridor; (3) Central India Corridor; and (4) North East Corridor. This policy of slow and selective conversion was followed till 1991-92, when only around 11 to 12 per cent of the total allocation for railway network development was being made for gauge conversion.

51. In 1992-93 budget, a significant change in railway policy regarding gauge conversion was announced by the Railway Minister in Budget Speech in February, 1992 when new thrust was given on gauge conversion and 52.5% of the total outlay for railway network development was earmarked for gauge conversion. Subsequently, the allocation for gauge conversion was also raised to Rs. 3900 crores earmarked in the draft Eighth Five Year Plan and it was proposed to convert a total of 6000 kms. into broad gauge in the Eighth Plan.

52. In 1993-94 budget estimate of 61.6% of the total outlay for railway network development was earmarked for gauge conversion.

53. As regard the reasons for such shift in the policy, the Ministry have stated that the percentage of total goods tonnage carried by metre gauge since 1950 has declined from 20.4% to 7.9% in 1990-91. Similarly the units of passenger traffic per kilometre has come down from 31.0% in 1950-51 to 1.02% in 1990-91.

54. The Committee are of the view that though uniformity of gauge is an ideal objective which *inter alia* eliminates the transshipment cost for through passengers and goods and makes it easier for maintenance and repair infrastructure of track and rolling stock, etc. but the uni-gauge of the entire railway track besides requiring massive investment is not practicable at least in the coming 20-25 years. Besides, there are certain areas which will remain under meter-gauge for geological conditions of those areas. The

Committee are not inclined to agree with the views of the Ministry of Railways that metre gauge was the only reason for low traffic being carried by metre gauge section of Indian Railways. The history of Indian Railways will confirm the position that broad gauge lines are laid along the heartland of the country through coal belt, steel belt and other industrially developed areas of the country. Railway conversion programmes indicate that as and when traffic potential increased, those sections of metre gauge were brought under broad gauge. Therefore, higher traffic goods and passenger traffic potential in the broad gauge sector was due to basic factor of industrialisation and development of mines, setting up of commercial establishments, etc. in those areas in earlier period.

55. The reasons which promoted the sudden shift in the policy of gauge conversion appears to be the direction issued by the Minister of Railways who wanted that gauge conversion as a policy to be reviewed. On further perusal of the matter, the Committee find that one non-official who is now Transport Advisor of World Bank sent a detailed proposal for gauge conversion as a step to achieve the desired goal already set out by the Minister. The non-official advisor of the Railway Minister further suggested that there was no need to undertake any indepth study on the issue, thus, the Committee can reasonably conclude that the sudden shift in the policy of gauge conversion was made at the instance of the Railway Minister whose only aim was to convert certain metre gauge lines to broad gauge irrespective of their economic benefit and without waiting for any proper, far less any detailed study of reports regarding requirements of rolling stock, traffic projections and other infrastructure required for passenger facilities and amenities, etc.

56. A former Chairman of the Railway Board, who appeared as non-official witness before the Committee when asked why he did not give his views about selective gauge conversion in the General Managers' Meeting held on 6-7 January, 1992 which was presided over by the Ministry of Railways, he stated: "Yes, Minister presided over one or two meetings and it is his views which ultimately prevail .....when the final decision is taken at the top, it has to be implemented."

57. The Committee fail to appreciate how such an important decision of large scale gauge conversion requiring massive investment of funds and whose materialisation was still doubtful in the absence of detailed study and proven data, could be imposed on Railways by the Minister himself sidetracking other areas of railway network development and ignoring the views of the experts that a complete uni-gauge system cannot be introduced in Indian Railways altogether and to the extent desired in the coming 20 or 25 years.

58. The Committee have been informed that the Ministry of Railways have taken up the gauge conversion programme in an austerity way. As far as the Committee understand in the perception of the Railways, austerity

means deferment of certain requirements which should be considered essential such as junction arrangements, suitable platforms, station building, etc. and other passenger facilities which are necessary from the point of view of safety and security of passengers and safe movement of trains. The Railways have pleaded that upgrading of signalling and other facilities could be taken up as and when traffic builds up on all these sections and if those facilities are provided right now, the whole programme will become costly. Thus the argument of the Ministry of Railways that they are undertaking gauge conversion in an austerity way *i.e.* spending Rs. 60 lakhs as against a much higher requirement for every kilometre of gauge conversion appears to be rather misleading. In the opinion of the Committee keeping the expenditure for gauge conversion towards lower side by effecting cut in the vital areas is going to effect safety of traffic movement and security of passengers. This by itself calls for immediate review and rectification of hazardous steps taken by the Railways.

59. The Committee note that gauge conversion as a policy decision was taken up without undertaking economic feasibility study of conversion of each section/conversion project of the railways and without the express approval of the Planning Commission. They find that the Union Minister of Railways in a letter addressed to the Deputy Chairman, Planning Committee, on 15 January, 1992, sought his approval for gauge conversion and support for the procedural reform of polling Depreciation Reserve Funds with selected allocated capital during Eighth Plan period. While according approval in principle the Deputy Chairman, Planning Commission, made it clear that "to enable our officers to undertake necessary procedural changes and make adjustments, it is essential for us to know the details of the conversion proposal and the implication of the diversion of funds to the scheme from other projects" and requested for those details to be sent to them at the earliest. The Committee are constrained to observe that the position notes asked for by the Planning Commission with regard to each of the projects taken up for conversion have not been furnished to the Planning Commission so far.

60. As per procedure, detailed studies in respect of each of these conversion projects and the possible implications of diversion of funds to the scheme from other projects should have been undertaken well in advance and got the projects cleared from the Planning Commission before undertaking the programme.

61. It is strange that the minimum requirements for furnishing requisite data have not been fulfilled even though more than 1½ years have elapsed when the actual programme of works was taken up. The timely furnishing of relevant basic information would have enabled the Planning Commission to undertake meaningful studies and scrutiny of each project *vis-a-vis* diversion of funds from other projects by suspending or postponing of those works. This is a serious lapse on the part of the Ministry of Railways and

the Planning Commission who failed to exercise due scrutiny and check on the deployment of scarce public funds. They would like the Ministry of Railways (Railway Board) to look into the matter on priority basis and evolve suitable procedural safeguards especially when large scale diversion of funds from other projects are involved.

62. From the material placed before the Committee by the Ministry of Railways it appears that the Planning Commission gave approval to such an important policy change even without getting the basic information/data on the project-wise gauge conversion programme to be undertaken in a matter of just two days. It reveals that the Planning Commission did not follow their prescribed procedures/norms for clearing and sanctioning of the projects and without getting into implications of diversion of funds from the other important on going as well as planned projects.

63. The Committee note that the main objective of gauge conversion was uniform development of the country and also to enhance the carrying capacity of goods and passengers traffic on the proposed conversion routes by projecting heavy increase in the traffic due to development and industrialisation effected by gauge conversion in the coming years and also projecting the inherent constraints of the metre-gauge sections of Railways in the carrying capacity compared to broad gauge sections and the requirement to carry the traffic increase in the coming years. In this connection, the Committee would like to refer to the submission of a non-official witness, who happened to be a former Chairman of the Railway Board, before the Committee, who categorically stated that the traffic does not always increase merely with the gauge conversion, "more important fact is the new plants and factories that are going to come up in the region." The Committee are inclined to agree that traffic do not necessarily increase with gauge conversion and as a result additional amount put in gauge conversion will get blocked without giving proportionate return.

64. Carrying more passengers and goods traffic needs matching number of rolling stock, locomotives, coaches, wagons, etc. However, as per the information furnished to the Committee, it is seen that the projection for production/acquiring of locomotives, coaches and wagons for 1993-94 is less even than that of 1990-91 and 1992-93 and it has been further reduced due to cut in capital plan by Rs. 300 crores. From this, it is abundantly clear that by reducing the annual requirements of rolling stock in the coming years, the Ministry of Railways have not adhered to the pronounced objective of augmenting carrying capacity for goods and passengers through large scale conversion. In other words, gauge conversion as a step towards augmenting the carrying capacity does not appear to fulfil the desired objectives.

65. The Committee find that due to the likely drop in internal generation of funds from the projected level of Rs. 4640 crores to Rs. 4340 crores in the current year, it has been decided by the Railways to effect a cut of

Rs. 300 crores in the plan expenditure. In the process of exercising this cut the major areas affected are the rolling stock, track renewals, etc. Despite this, an additional amount of Rs. 108 crores has been provided for gauge conversion, thereby raising its total allocation from Rs. 810 crores to Rs. 918 crores for 1993-94. Here too the plea of the Ministry that gauge conversion programme would not affect adversely the services and other programme, except the metre gauge track renewals and track facilities, does not seem to be true.

66. The Committee are not averse to upgradation of Indian Railway network. They would prefer if the entire railway lines could be brought under broad gauge. But, unfortunate part of this project is that the large scale gauge conversion programme involving massive investment has been undertaken by the Railways without an indepth study and analysis and the economics of the proposal. Such diversion of funds is being resorted to on a single project materialisation of which is doubtful especially at a time when the Railways are facing a severe resource crunch. Thus, a situation has been created where the Committee can not help concluding that this unrealistic project has been taken up only to "realise the dream" of the Minister, as stated by the Transportation Consultant, World Bank.

67. The Committee are afraid that by exercising cut in different areas of railway network development programme such as laying of new lines connecting new and inaccessible areas with the heartland, track renewals, doubling, electrification and upgradation of signalling and users amenities, they are ignoring the vital areas of development which ought to be developed simultaneously and systematically if the good health of Indian Railways is to be maintained.

68. The enthusiasm for the massive gauge conversion without providing even for the matching rolling stocks, wagons, coaches, etc. is bound to create a sudden gap in the accompanying facilities and the basic objective of gauge conversion would be defeated. This is likely to result in the higher freight rates for carrying goods and higher fares for the travelling public in the not unforeseeable future. The Committee would, therefore, urge upon the Ministry of Railways to restrain and review this policy of large scale gauge conversion immediately and revert to selective conversion whenever needed as recommended by various Committees and thus to utilise the funds available for other essential railway network development work, namely, new lines, doubling, track renewal, rolling stock, etc. for which there has been drastic and unjustified reduction in the outlay, whereby public interest and the interest of the travelling public have greatly suffered.

69. Notwithstanding the merits and shortcomings of various proposals discussed in the foregoing paragraphs the Committee are constrained to observe that some of the important and critical areas of railway network development programmes have been deferred or sacrificed altogether to save or divert funds for execution of much ambitious and ambiguous gauge



conversion programme. Media reports indicate that traffic targets of Railways has not materialized in the initial months of the financial year as projected by the railway planners. Derailment of rail and rail accidents, minor or major, due to ill-maintained vulnerable rail-tracks or poor signalling system are events of the day, if the media information is of any credence. Gauge conversion is one area which could be deferred or implemented in workable phases without jeopardising the safety and security of travelling public and valuable railway property. In the opinion of the Committee the project needs urgent review with a view to rearrange the priorities of the various ongoing and future projects.

70. The Committee are of the view that these recommendations should be borne in mind by the Ministry of Railways while finalising the proposals for the Railway Budget for 1994-95.

## ANNEXURE—I

(See Para 12 of Report)

### EIGHTH FIVE YEAR PLAN ON RAILWAYS

The draft VIII Five Year Plan was for a plan size of Rs. 45,600 crores. However, the plan size approved by the Planning Commission is for a size of Rs. 27,202 crores. The Plan Headwise distribution for Draft VIII plan and final VIII plan are given below:

(Rs. in Crores)

<i>Plan Head</i>	<i>VIII Plan Draft</i>	<i>VIII Plan 1992—97</i>
Rolling Stock	13,000	10,630
Workshop & Sheds	2,485	1,350
Machinery & Plant	1,295	400
Track Renewals	8,180	4,500
Bridge Works	900	400
Traffic Facilities	5,600	4,500
Singalling & Safety	2,595	675
Computerisation	1,605	400
Electrification	1,709	1,350
Other Elec. Works	470	225
New Lines	2,940	900
Staff Quarters	787	115
Staff Welfare	523	135
Users' Amenities	670	225
Other Specified Works	560	120
Inventories	1,100	500
M.T.P.	700	700
Railway Research	150	25
Investment in PSUs	60	52
<b>Total</b>	<b>45,600</b>	<b>27,202</b>

**ANNEXURE II**

(See Para 23 of Report)

**LETTER FROM SHRI D. HARIRAM TO MINISTER OF RAILWAYS**

**D. HARIRAM  
TRANSPORTATION  
CONSULTANT  
TEL (301)-652-2927  
FAX (301)-652-2927**

**4701, WILLARD AVENUE  
CHEVY CHASE  
MARYLAND- 20815 USA  
CAMP. NEW DELHI  
TELE 602259**

**Dated, Dec. 18, 1991**

**Dear Shri Jaffer Sharief,**

**Sub: Gauge Conversion on Indian Railways.**

**You spoke to me a few days back about your plant to have only Broad Gauge on the Indian Railways. Metre-Gauge is destroying the economic potential of the best part of our country and that has to be quickly remedied by offering broad gauge in these regions. In the enclosed paper, you will find a pragmatic strategy, if vigorously pursued could realise you dream of having all the important Metre Gauge routes converted to Broad Gauge (10,000 kms) during the next five years and in a decade having only one single broad gauge in Indian Railways.**

**Best regards,**

**Yours sincerely,**

**(D. HARIRAM)**

**Shri Jaffer Sharief  
Minister for Railways**

**ENCLOSURE  
TO  
ANNEXURE II**

**GAUGE CONVERSION ON INDIAN RAILWAYS**

Metre Gauge, as at present is 23,400 km., representing 38% of the total route kilometres. Its productivity is, however, insignificant, carrying only about 9% of the total freight and 16% of the passenger traffic. On account of its inherent inefficiency, Metre Gauge operating ratio is around 171%, contributing disproportionately to the losses on Indian Railways. Economic development in regions like Rajasthan, Gujarat, Assam and Southern States is smothered by transport bottlenecks created by the MG system.

2. The obvious solution, therefore, is to quickly convert all important MG routes into BG and then phase out the remaining MG network, as it outlives its usefulness. It should be possible to convert approximately 10,000 km. of important MG routes into BG during the 8th Plan, by following a set of pragmatic policies involving diversion of funds required for relaying to MG track to its conversion to BG.

3. The immediate objective of the railway should be to convert 6000 km. of trunk routes ('Q' routes) in the first three years of the 8th Plan. The distribution will be about 3000 km. on trunk routes on the Northern & Western Railways, 2000 km. on the routes on Southern and South Central Railway and 1000 km. on NF Railway. To achieve these results the following administrative orders should be issued:

- (i) The DRF concept will be re-defined to permit renewal of worn out MG tracks by their replacement by BG tracks. All DRF funds allocated for renewals of MG and unimportant branch lines on the BG will be pooled under one single 'Conversion' head and resources reallocated to individual conversion programmes. Similarly, all other resources like track, sleepers, manpower, etc. would also be pooled and re-distributed to accelerate the works in different sectors.
- (ii) It is not necessary to have any longer through linkages of MG routes to maintain and integrated MG network.
- (iii) Relaying of 8000 km. of MG track proposed in the 8th Plan should be dropped.
- (iv) The released track on the BG density routes after primary relaying should be used for conversion work by postponing the secondary relaying on the branch lines of BG. Similarly 50% of relaying on D&E routes would be deferred by 5 years. The resultant speed restrictions that may arise on unimportant BG routes should be accepted as a temporary price to be paid for hastening the MG conversion programme.

- (v) The proposed MG conversion programme should not be considered as "new projects" but should be treated as part of track renewal program.
- (vi) The selection of routes for conversion should be decided on the basis of maximum operational productivity.
- (vii) Procurement of MG rolling stock should be stopped.
- (viii) All MG development works such as workshops, traffic, facilities, Signalling improvements etc. should be stopped.
- (ix) Sanctioned parallel BG works should be kept informed of this revised business strategy to improve productivity.

### *Resource Mobilisation*

To support this new strategy for the gauge conversion, the following resources would be available during the 8th Plan:

(i) Due to stoppage of MG rlaying	Rs. 1725 crores
(ii) Due to 50% postponement of D & E route rlaying on BG	Rs. 6600 crores
(iii) Diversion of funds from secondary rlaying on BG	Rs. 450 crores
(iv) Cancellation of line capacity, traffic facilities and other development works on MG	Rs. 300 crores (approx.)
(v) Cancellation of Rolling Stock Program for MG	Rs. 2000 crores
(vi) Cancellation of Parallel BG Works already approved.	Rs. 150 crores
<b>Total</b>	<b>Rs. 5225 crores</b>

The above internal resources will generate resource mobilisation for conversion of nearly 10,000 km. during the 8th plan period of which 6000 km. of conversion of all MG trunks routes ('Q' routes) would be achieved in the first 3 years. The Railways conversion programme, therefore, need not depend on external budget support.

*Private Sector Participation:* When once Railway's intention to develop trunk routes is demonstrated, the private sector would get interested in investing their domestic and international funds. Additional BG wagons could also be acquired by the private sector and leased to railways. Sharing of freight and fares earned on Railways could be a method for obtaining a fair return on their investments.

Private sector participation would also be forthcoming for the development of certain sectors which service fast developing industrial zones in the country. Examples of such sections are:

- (i) MG section in Gujarat serving industries and ports.
- (ii) Bangalore-Arisikere-Hospet-Mangalore route connecting Konkan Railway to move iron ore for industries and export.
- (iii) Hospet-Goa route for movement of iron ore for export and industries.

8. It is not necessary to set up any 'Committee' for producing an "Action Plan" to convert MG to BG routes in this programme, as that will only cause unnecessary delays. Senior management should straightaway select the routes to be converted, prioritise, group and order implementation of the "Conversion Program". An officer with drive and dedication should be selected and asked to choose his own teams to implement the Scheme in the different sectors and also be made accountable for completing the conversion of 6000 kms. of MG in the first 3 years and the remaining 4000 kms. in the remaining two years.

### ANNEXURE-III

(See Para 25 of Report)

#### MINISTER'S NOTE DT. 24.12.91 DETAILING THE ACTION PLAN ON GC

The economic growth of large area in the country is being severely retarded by a weak metre gauge railway infrastructure. Nearly 24,000 kms. of meter gauge network is also heavily contributing to losses on the Indian Railways. The obvious solution is that the meter gauge network should be converted to broad gauge in the shortest possible time.

I have had detailed discussion in regard to the strategy with the Members of the Railway Board and have now decided that the following 'Action Plan' be implemented for railway to move towards a uni-gauge system:

- (i) All resources available for relaying MG track and relaying of nonimportant BG routes during the 8th Plan should be utilised for converting important MG routes in the country to BG. The conversion target should be 4000 kms. in the first 3 years and another 2000 in the last 2 years of the 8th Plan period.
- (ii) In order to conserve resources, conversion to BG should be a replacement of MG with the existing facilities only. Development programmes and rolling stock procurement programmes in relation to MG should be frozen and those resources should be utilised for the programme. Board may also consider to what extent sanctioned works on MG and BG can suitably be altered on account of new facilities available on the converted BG so that those resources may also be conserved.
- (iii) As I perceive, conversion on the following routes would have a large impact on the economic growth of the country and operational advantages to railways;
  - (a) Delhi-Jaipur-Ahmedabad
  - (b) Jaipur-Sawai Madhopur
  - (c) Bikaner-Jodhpur-Viramgam including Phulera-Merta Road
  - (d) Miraj-Londa
  - (e) Guwahati-Lumding-Dibrugarh
  - (f) Madras-Trichi-Madurai-Tuticorin
  - (g) Bangalore-Arsikera-Hubli
  - (h) Hospet-Londa-Goa
  - (i) Gudur-Guntakal

- (j) Manmad-Aurangabad-Pimpalkuti
- (k) Arsikera-Hassan Mangalore
- (l) Secunderabad-Dronachalam
- (m) Gondia-Chandafort

I would like to have a meeting of the General Managers, Chief-Engineers, CMEs, FA&CAOs and COPs at Bangalore along with the Board to finalise the details of the implementation of this programme and also to involve the individual railways in this major effort. I would like this implementation programme to start with effect from 15th January, 1992. The meeting would be held on 6th and 7th January, 1992.

M.R.

*Secretary*