FOURTEENTH REPORT

STANDING COMMITTEE ON RAILWAYS (1995-96)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

–DEMANDS FOR GRANTS (1995-96)

Presented to Lok Sabha on 26.4.95
Laid in Rajya Sabha on 26.4.95

LOK SABHA SECRETARIAT
NEW DELHI

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INTRODUCTION

I, the Chairman of the Standing Committee on Railways having been authorised by the Committee to submit the Report on their behalf, do present their Fourteenth Report on Ministry of Railways--Demands for Grants, 1995-96.

2. In this Report, the Committee have reported on Demands for Grants 1 to 16 of the Ministry of Railways. The Demand No. 1 to 15 which relate mainly to working expenses of Railways and appropriation to various funds of Railways etc. have been examined by the Committee generally, whereas Demand No. 16 which relates to works expenditure of Railways has been examined in detail *vis-a-vis* Annual Plans, Five Year Plans etc.

3. The Committee have noted that there has been a continuous shortfall in freight traffic earnings by Railways from the anticipated levels during the last few years due to less offering from the core sectors. The Committee have suggested that in order to have more realistic freight traffic projection, the Railways should also make their own assessment of the requirement of various user Ministries and discuss them in the tripartite meeting with user Ministries and Planning Commission. They have also observed that during the peak season in January, February and March the Railways have a mismatch as far as availability of wagons is concerned, leading to unsatisfied demands. The Committee have therefore recommended that the Railways should acquire sufficient number of wagons so that they do not lose any traffic due to non-availability of wagons. They have also desired the Railways to make advancement in domestic containers service scheme so that Railways are able to retrieve the traffic they have lost to road transport.

4. The Committee have also found that Plan outlay on Railway Sector has been declining in the recent years and budgetary support to the Railways from the General Revenue has come down from 75% in the Fifth Plan to as low as 15% in the year 1995-96 resulting in increased market borrowing at an extra cost. They have observed that due to failure in generating adequate resources, Railways had to reduce the Plan size during 1993-94 and 1994-95. The Committee have also found that the role of Planning Commission as an expert body is limited in the finalisation of Railways' plan proposals and in the monitoring of various high cost on-going projects. They are concerned to note that construction of new lines is turning to become a low priority item in the Railways investment planning. Besides, channelisation of more funds towards gauge conversion in the recent years has affected other critical sectors like new lines, doubling, electrification

MTP etc. thereby creating infrastructural imbalances. The Committee have further found that there has been planned reduction in rolling stock procurement during the last three years adversely affecting the wagon industry in the country. The Committee have specifically recommended that a separate Plan-head should be created under Demand No. 16 to deal with the infrastructural facilities at the stations so that they are not mixed up with the passenger amenity programmes.

5. The Committee took evidence of the representatives of the Ministry of Railways (Railway Board) on 29-3-1995, 30-3-1995 and 31-3-1995, in connection with the examination of the above subject.

6. The Committee wish to express their thanks to the officers of the Ministry of Railways (Railway Board) and the Planning Commission for furnishing the material and information which they desired in connection with examination of the subject and sharing with the Committee their views concerning the matters which came up for discussion during evidence.

7. The Report was considered on 20 and 21 April and finally adopted by the Standing Committee on Railways on 21 April, 1995. The Minutes* of the sittings of the Committee held on 29th, 30th and 31st March, 1995 and 20th and 21st April, 1995 form Part III of the Report. For facility of reference, the recommendations/observations of the Committee have been printed in thick type.

NEW DELHI;
21 April, 1995
1 Vaisakha, 1917 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on Railways.

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* Not printed. A cyclostyled copy laid on the table of both the Houses and five copies placed in the Parliament Library.

REPORT

PART I

REVENUE RECEIPTS & EXPENDITURE ON RAILWAYS

The Railway Finances were separated from General Finances of the Central Government in 1924 to secure stability for civil estimates by providing for an assured contribution from Railway Revenues and also to introduce flexibility in the administration of Railway Finances. Thereafter there was a complete separation of the Railway Budget from the General Budget. The Railway Budget is presented to the Parliament before the presentation of General Budget.

1.2 The Railway Budget Statement shows the total revenue receipts, revenue and works expenditure, distribution of excess receipts over expenditure and position of various Funds which the Railways are keeping with Central Government.

The Revenue receipts of the Railways consist of earnings from passenger traffic, other coaching earnings, earnings from goods traffic and sundry other earnings. There are also miscellaneous receipts like receipts of Railway Recruitment Boards etc.

1.3 The estimates of expenditure included in the Budget statement are contained in 16 Demands for Grants enumerated as below:

No. of Demands	Name of Demands
1.	Railway Board.
2.	Miscellaneous Expenditure (General).
3.	General Superintendence and Services on Railways.
4.	Repairs and Maintenance of Permanent Way and Works.
5.	Repairs and Maintenance of Motive Power.
6.	Repairs and Maintenance of Carriages and Wagons.
7.	Repairs and Maintenance of Plant and Equipment.
8.	Operating Expenses–Rolling Stock and Equipment.
9.	Operating Expenses–Traffic.
10.	Operating Expenses–Fuel.

11.	Staff Welfare and Amenities.
12.	Miscellaneous Working Expenses.
13.	Provident Fund, Pension and other Retirement Benefits.
14.	Appropriation to Funds.
15.	Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortisation of Over-capitalisation.
16.	Assets–Acquisition, Construction and Replacement.

1.4 The expenditure incurred by the Railways is on Revenue Account and Works Account. The expenditure on Revenue Account is contained in Demands 1 to 15 of the Demands for Grants which consists of ordinary working Expenses incurred by the various Departments on the Railways in their day to day working, and other miscellaneous expenditure like the expenditure on Railway Board, Audit, surveys and other miscellaneous establishments and payment as regulated by contracts to loans which are not owned by the Railways and are either worked by the Indian Railways or companies concerned. The Revenue Account also includes appropriation to the Depreciation Reserve Funds, the Pension Fund and dividend paid by the Railways to General Revenues (Demands 14 and 15) of the Demands for Grants.

1.5 The expenditure incurred by Railways on Works Account is contained in Demand No. 16 of Demands for Grants.

Railway Budget 1995-96

1.6 The Minister of Railways presented the Railway Budget for 1995-96 in Parliament on 14 March, 1995. Alongwith other budget documents the Ministry of Railways this time submitted performance budget also as per the recommendation contained in Sixth Report of the Standing Committee of Railways on Demands for Grants, 1994-95. In the Budget it has been proposed to mop up additional revenue of Rs. 750 crores through increase in passenger fare and freight rates.

1.7 The following proposals have been made in regard to passenger fares:

(i) Increase in Fare for AC First Class, AC 2 Tier Sleeper Class, AC Chair Car and First Class in Mail and Express trains by 10%.

It is also proposed to supply bed rolls to all passengers travelling in AC-2 Tier coaches without collecting bed roll charges on the trains from a date to be notified later making suitable adjustments in the fares.

(ii) Increase in second class monthly season ticket fares by Rs. 5 at the minimum distance to Rs. 30 at a distance of 91 kms. and beyond and suitable increase for intermediate distances for suburban services.

(iii) Quarterly season tickets to be charged at 2.7 times the monthly season ticket fares instead of 2.5 times at present for suburban services.

(iv) Increase in Reservation charges suitably and revision in minimum cancellation charges.

1.8 The following proposals have been made for freight rates:-

(i) Reduction in classification of number of Commodities such as paper, footwear, coir products, tea, coffee, rubber, cotton raw full pressed and half pressed, medical stores, milk powder, turmeric, electric appliances, agriculture implements (power operated) etc.

(ii) Increase by 7% in freight rates of all commodities except foodgrains for public distribution sugar and chemical manures Division A, B and C.

The tariff proposals would yield an additional revenue of Rs. 625 crores from freight rates and Rs. 125 crores from passenger fares.

1.9 The Minister announced the following measures to improve the lot of licenced porters:

(a) Outdoor medical facilities at present available to the licenced porters but not to their families will be extended to cover their wives and dependent children.

(b) Extension of free educational facilities to their wards in schools run by Railways or by organisations of railway men and Mahila Samitis.

1.10 Additional revenue mobilization efforts for Railways through increase in fare and freight rates during the last few years are enumerated below:

Year	Fare	Freight	Total
1985-86	153	342	495
1986-87	76	320	396
1987-88		No increase	

Year	Fare	Freight	Total
1988-89	358	264	622
1989-90	No increase	876	876
1990-91	235	349	584
1991-92	612	694	1306
1992-93	394	1417	1811
1993-94	176	821	997
1994-95	125	625	750

Revenue of the Central Government from Railways

1.11 The comparative statement of Revenue Receipts from Railways during the three years is as follows:

(Rupees in thousands)

Heads of Revenue	Accounts 1993-94	B.E. 1993-94	R.E. 1994-95	Increase Decrease as compared with Budget 1994-95	B.E. 1995-96
1	2	3	4	5	6
1002 & 1003-Revenue Receipts					
Passenger-Upper Classes	679,56,44	709,00,00	846,49,42	+137,49,42	948,25,00
Passenger-Second Class	4215,64,36	4429,00,00	4563,50,58	+134,50,58	4806,75,00
Total-Passenger Earnings	4895,20,80	5138,00,00	5410,00,00	+272,00,00	5755,00,00
Other Coaching Earnings	442,87,29	473,00,00	485,00,00	+12,00,00	500,00,00
Goods Earnings	12557,36,49	14289,00,00	13700,00,00	-589,00,00	15125,00,00
Sundry other Earnings	363,17,51	369,00,00	375,00,00	+6,00,00	390,00,00
TOTAL-Earnings	18258,62,09	20269,00,00	19970,00,00	-299,00,00	21770,00,00
Suspense	-312,59,74	125,00,00	-50,00,00	-175,00,00	+185,00,00
Gross Traffic Receipts of Indian Railways	17946,02,35	20394,00,00	19920,00,00	-474,00,00	21955,00,00

1	2	3	4	5	6
1001–Indian Railways Miscellaneous Receipts–					
Other–Receipts from Subsidised Companies	3,54	2,06,00		-2,06,00	
Railway Recruitment Boards	1,05,82	1,53,00	1,05,17	-47,83	1,06,00
Miscellaneous Receipts	4,15,15	4,11,00	3,72,79	-38,21	2,82,15
Subsidy from General Revenue towards dividend reliefs and other commissions	412,02,86	403,10,00	423,41,04	+20,31,04	411,16,50
TOTAL MISCELLANEOUS RECEIPTS	417,27,37	410,80,00	428,19,00	+17,39,00	415,04,65
TOTAL RECEIPTS	18363,29,72	20804,80,00	20348,19,00	-456,61,00	22370,04,60

The Gross Traffic Receipts of Railways (Actual) during 1993-94 has been Rs. 18258.62 Crores. For 1994-95 in the budget Estimate an amount of Rs. 20269 crores was envisaged which was scaled down to Rs. 199970 crores in the Revised Estimates showing a decrease of Rs. 299 crores. In B.E. for 1995-96 an amount of Rs. 21770, crores has been projected.

1.12 Explaining the traffic performance for 1993-94, the Minister of Railways in his budget speech stated,

"...The traffic performance in 1992-93 was adversely affected by disturbances in many parts of the country. It was thought that this was temporary phenomenon. But the adverse effects continued in the year 1993-94 also. In particular, there was less offer of traffic than expected from the core sector's of the economy. Railways could move 359 million tonnes of revenue earning freights, which was nine million tonnes more than the traffic carried in 1992-93, but fell short of the revised target of 362 million tonnes, Passenger traffic also did not register growth ,as per original expectations. Consequent to the drop in traffic expected, the Revised Estimates of earnings were reduced from the Budget Estimates of Rs. 19,086 crore to Rs. 18, 505 crores. The earnings that actually materialised were only Rs. 18, 259 crore. The position was further aggravated by the mounting dues especially from the State Electricity Boards and other Power House, which went up by about Rs. 300 crore at the end of 1993-94. In the result, actual of Gross Traffic Receipts came to Rs. 17946 crore as against the Revised Estimates of Rs. 18,525 crore."

1.13 The following statement gives the railways traffic performance for 1993-94:

	Budget Estimate (Rs. in crs.)	Budgeted Target	Revised Estimates (Rs. in crs.)	Revised Target	Actual (Rs. in crs.)	Traffic Materia-lized
Passenger	5110	4187 (million)	4865 (million)	3847 (million)	4895	3724
Goods	131703	370 (M.T.)	12830	362 (M.T.)	12557	359 (M.T.)

1.14 While explaining the traffic prospects for 1994-95 the Minister stated,

"..., keeping in view the Eighth Plan target of revenue earning freight traffic fixed by the Planning Commission at 418 million tonnes, Railways fixed a target of 380 million tonnes for the year 1994-95. The freight performance during the current year did not come up to expectation during the first nine months. Against the proportionate loading target of 273 mt. in the first nine months of the year, the actual loading was 265 mt. after meeting all the demands of traffic offered to the Railways, transport capacity was available but not fully utilised. Lately, there are encouraging signs of increased offer of traffic, Railways are endeavouring to meet the challenge. Further transport capacity being perishable and capacity creation being highly capital-intensive, the Railways' infrastructure cannot absorb the peaking pattern discernible now, and some delays become inevitable, surplus capacity goes abegging during the first eight to nine months, while excess offer of traffic comes during the remaining months, leading to unsatisfied demands."

The Minister further stated,

"... in view of the drop in freight traffic and in its lead, the target of earnings from freight traffic is being reduced to Rs. 13,700 cr. in the Revised Estimate from the Budget Estimate of Rs. 14,289 cr. As there is a healthy growth in passenger traffic, more than expected, the estimate of Passenger Earnings is being revised upwards from Rs. 5,138 cr. to Rs. 5,410 cr. The revenue from other Coaching and Sundry other Earnings is also likely to be more than the Budget Estimates by a small margin of Rs. 18 cr. The total traffic earnings are, therefore being revised to Rs. 19,970 cr. as compared to the Budget Estimate of Rs. 20, 269 cr.–a reduction of Rs. 299 cr. Gross Traffic Receipts have to be reduced by a larger margin to Rs. 19,920 cr. in the Revised Estimate as against the Budget Estimate of Rs. 20,394 cr. on account of the accumulation of receivables from power sector."

1.15 The following statement gives the Budgeted, and Revised Estimate and Targets of Traffic Earning for 1994-95:–

	Budgeted Target	Budget Estimate (Rs. in cr.)	Revised Target (Rs. in crs.)	Revised Estimates
Goods	380 MT	14289	373 MT	13700
Passenger	3924 (million)	5138	3978 (million)	5410

1.16 As regards Traffic projection for 1995-96, the Minister stated,

"As I have stated earlier, rail capacity has to be created ahead of the requirements to avoid the painful predicament of railways becoming a serious bottleneck. Keeping this in view and on the basis of the forecast made by the Planning Commission, I have retained the seemingly ambitious target of 398 million tonnes of revenue earning freight traffic for the next year, notwithstanding the fact that targets had to be revised downward during the last few years. This, as I have explained earlier was not due to any fault of the railways. I am sure the House will bear in mind that demand for rail transport is dependent almost entirely on the growth of the economy. If the expectations regarding the faster growth of the economy in 1995-96 materialise there is no reason why the railways should not achieve the projected target for freight traffic. Passenger traffic has registered appreciable growth in the recent past; this encourages me to project a four percent growth in the passenger traffic for the next year. Similar growth is expected in other Coaching and Sundry other earnings also. Based on the projections, Gross Traffic Receipts at the current fares and freight rates are estimated at Rs. 21,205 cr. inclusive of some realisations out of the outstanding dues from the power sector. Thus, it is expected that the Gross Traffic Receipts would exceed the Revised Estimates for the current year by Rs. 1,285."

1.17 The targets and projected level of traffic for the year 1995-96 are as under:

	Budget Target	Budget Estimate
Goods	398 MT	15125 Crores
Passengers	9138 Million	5755 Crores

1.18 The Committee enquired the reasons for drop in freight traffic from the anticipated level in 1994-95, the Ministry in their written reply stated, that the shortfall in the revenue freight traffic is on account of less demand from core sectors such as coal, foodgrains and iron-ore etc.

1.19 The details of the traffic carried in 1994-95 for the first ten months (April-January) as compared to the same period in 1993-94 are as follows:

Traffic carried in 1994-95 (Apr-Jan)

Name of commodity	Originating Tonnes (mt)			NTKM in millions		
	1993-94	1994-95		1993-94	1994-95	
		Budgeted	Actual		Budgeted	Actual
1. Coal	136.15	147.70	140.53	85595	94774	87258
2. Raw material for steel plants	26.79	27.20	29.98	8909	9058	10382
3. Pig iron & finished steel from steel plants	9.84	9.90	9.73	10546	10925	10313
4. Iron ore for export	8.57	9.90	8.13	4930	5674	4779
5. Cement	25.59	27.40	25.49	16028	17398	15568
6. Foodgrains	21.13	22.20	16.44	28402	30233	21276
7. Fertilizers	15.78	15.60	17.60	14624	14221	16284
8. P.O.L.	21.28	22.15	22.87	13053	13486	14625
9. Containers (incl. in other goods)	1.58	–	3.45	1833	–	3574

Traffic carried in 1994-95 (Apr-Jan)

Name of commodity	Originating Tonnes (mt) 1993-94	1994-95 Budgeted	1994-95 Actual	NTKH in millions 1993-94	1994-95 Budgeted	1994-95 Actual
10. Balance other goods	25.23	26.20	26.40	24353	26272	24182
11. Total Revenue	290.36	308.25	297.17	206440	222041	204659

1.20 There is substantial decline in coal and foodgrain traffic in 1994-95 (Apr-Jan) (Revised Estimates) as compared to the same period in 1993-94. The Ministry in a written note explained as follows:

"Coal India Ltd. failed to offer traffic and load wagons to the targetted level. In the first quarter they loaded 15722 wagons per day against the target of 16271 wagons per day with the left behind of 4009 wagons per day. Similarly, in the second quarter they loaded 14261 wagons per day against the target of 15431 wagons per day with the left behind 6635 wagons per day. During April-December, 1994 Coal India Ltd. could not load more than 15573 wagons against the target of 16793 wagons resulting in a shortfall of 4.64 million tonnes as they could not utilize them in full.

1.21 Asked the reasons for decline in Railways share in coal sector when the production of coal has surpassed the budgeted estimates during the last 3 years, The Chairman, Railway Board stated,

"But the fact remains that the three year period which the Hon. Member has mentioned is characterised by another policy thrust. Most of the power house which have come up are very near the collieries. Here the needs were served by their own captive railway system so a large proportion of the seasonal demand for coal has been transported through this system."

1.22 Asked about the complaints from Coal Industry that they are not getting adequate number of wagons to reduce their pit-head accumulation the Chairman, Railway Board stated,

"As far as pit-head are concerned, Coal India did reduce their pit-head stocks. As I said earlier, up to December, we were looking for traffic from them. It happens in the months of February and March only. I do agree that there are a few complaints in some areas that we should give a little more wagons. The shortage of wagons is to the extent of about 245 or so. We do hope that this particular shortfall of 245 wagons at the supply rate of 18,500 wagons to Coal India constitutes roughly around one per cent to 1.5 per cent and whatever little coal they will accumulate during this period. I can assure the Committee that we will be able to clear this quickly. During this period everybody else requires the transportation because of the particular feature that the budgetary period ends on 31 March and therefore everybody wants to spend whatever budget is available with him."

1.23 As regards the decline in freight offering in foodgrains during the period April-December, 1994-95 over the same period of 1993-94 the Ministry stated,

"The offer of foodgrains traffic from Food Corporation of India was less during this period resulting into decline in the loading of foodgrains. This was due to following reasons:

(i) Some States like Madhya Pradesh and Orissa have been reported to be self-sufficient. These States in the past were in fact deficit States. As against this, in the present situation, some surplus foodgrains were moved out of these States.

(ii) FCI faced labour problems due to go-slow adopted by them all over India from July'94 to Nov. '94.

(iii) The offtake of foodgrains for PDS had been low due to less demands by certain States on account of better availability of foodgrains.

(iv) Due to comfortable stocks in certain States, FCI had also the problems of godown space for stocking more foodgrains."

1.24 On another query on the efforts being made by Railways to divert road traffic to Railways, the Ministry in their written note stated,

"The general appreciation is that manufactured items offered in wagon loads have gradually moved over to the road because of inherent advantages in carriage of such traffic. However, Railways have embarked upon an ambitious plan to combine flexibility of rail and road transport in the shape of multi modal transport by introducing domestic container services through its public sector undertaking, the Container Corporation of India. The total quantum of TEUs loaded with domestic traffic was 48, 813 in 1993-94 as against 32, 940 in 1992-93 an increase of 48%. However the total TEUs loaded with domestic traffic for the April-January, 1995 was 93, 094 against 34, 957 for the same period during 1993-94, an increase of 166%."

1.25 To a specific query as to whether the freight traffic has been affected due to shortage of wagons, the Ministry in their written note stated,

"Railways have all along impressed upon the Rail users to evenly spread their demand through out the year because of the perishable nature of rail transport supply and highly capital intensive nature of additional capacity creation. However, the traffic offered from core sectors who are the principle rail users has not come up to these expectations. Peaking of demand for a short time of 2-3 months does create a mis-match with respect to wagon availability."

1.26 The Chairman, Railway Board during evidence further clarified.

"..., We are inadequate by a total service profile which we have in dialogue with less than wagon load and less than train load factor. We do not have that strategy because we are phasing out four-wheelers and old type of wagons. This service profile gap is there. During the last three years we are engaged in bringing in Container Corporation as a deliberate transportation strategy to bridge this gap."

1.27 Asked about the study made to assess the demand of the traffic, the Chairman, Railway Board elaborated,

"..., We had two components, one is the core sector which takes care of over 90 per cent of the demands. It consists of what should be the demand and it is a matter to be decided by the Planning Commission dependent upon the annual outlay. Same thing is with the steel, that is, raw material for the steel plant. The third commodity is the iron ore for export. Then we had foodgrains, fertilisers, cement and pertoleum products etc. basically, this includes the core sector. We know from the Ministry of Industry what would be the transport co-efficient and considering the total cement production which is planned in the country what would be the rail component. The estimates of foodgrains, we get, what the foodgrains movements demands are going to be. The same thing goes with petroleum. Then we are left with eight to nine per cent of the traffic for which the study can be made. That is the one which has come to about 30 to 35 million tonnes. We had a discussion in one of the meetings of the Standing Committee and we agreed to take a road survey on octroi basis and the traffic which can be passed on and off as OD flow determination and what is flowing at the check post. We did it at four places in the country, at Bombay, Calcutta, Delhi and Madras, We did it by contacting industries which were sending goods by road."

The Chairman, Railway Board informed the Committee that the survey is done at the level of Zonal Railway.

1.28 The Committee enquired about the innovation freight traffic as mentioned by Minister in this budget speech.

The Chairman, Railway Board during evidence enumerated as follows:

1. One was that we permitted a captive fleet of about seventy four-wheeler wagons to every Divisional Railway Manager for dealing with traffic which is originating and terminating in his own Division.

2. The second was that we permitted on a Zonal Railway-wise particularly in the case of Southern Railway Zone and also to a smaller extent on Western Railway Zone to use a particular wagon which we call 'CRT'. It is a covered wagon with a 27 tonne payload for multi-destination loading.

3. The third was that we segregated certain streams of traffic linking it to a certain type of wagon so that the stream of traffic would not get subjected to a general availability of wagons but would remain due to specific availability of wagons.

4. The fourth was really the most major area open to us and the most critical innovative step which we have taken to persuade them regarding use of side opening containers."

1.29 The Ministry also informed the Committee that they have taken additional steps to attract more traffic as under:

1. Road Surveys for identifying streams of traffic.
2. Thrust in Multimodal Transport through CONCOR.
3. Encouragement to freight forwarders.
4. Quotation of station to station rates.
5. Rebate on loading open wagons with cement and chemical fertilizers.
6. No Wharfage upto 7 days for advance stacking of goods.
7. Faxing of invoices to destination stations for prompt delivery.
8. Payment of Railway dues through cheques and drafts.
9. Revision of tariff rule for charging by the shortest route.
10. Delegation of powers to Zonal Railways for

    (a) Quoting special rates.

    (b) Extending telescopic freight rates on through distance basis for parties operating a dump or tranship goods at break of gauge points.

    (c) Piecemeal loading of covered and CRT wagons within the System.

    (d) Holding of captive stocks of covered CRT wagons for use within the Zonal Railway system.

1.30 Asked about the monitoring being done on steps taken to increase the freight traffic, the Chairman, Railway Board stated,

"There is a marketing organization in the Railways. We have delegated some powers to the Divisional Managers and the General Managers. We have Directorate in the Railway Board which finally monitor this. The General Managers are responsible for monitoring at the Zonal level. They report to us every month on what they have done so far as capturing additional traffic, particularly from road to rail is concerned."

1.31 The Committee enquired the reasons for fixing a higher target of 398 MT of freight traffic for 1995-96 when the targets had to be revised downward during the last few years, the Ministry stated that the 'targets have been fixed based on the discussions with the Planning Commission who have indicated that the country is poised for accelarated economic growth in the region of 5.5% to 6%. It may be reiterated that the transportation is a derived demand, further these figures are indicative.

1.32 Explaining further the Chairman, Railway Board stated,

"That is the point which I was making, In fact it was very good during the month of January, February and March. When we made best efforts to meet everybody's demand, we found that our capacity was of the order of 386 million tonnes. Therefore, if we take that plan for 386 million tonnes, then on an average we had the capacity of 386 million tonnes. That is about four to five per cent more. In other words, plus or minus four to five per cent of the peak demand can be taken. Basically our range would be somewhere between 380 and about 410 million tonnes.

In four months, December, January, February and March the Railways would be required to perform at five per cent more than what it was their earlier estimate. But it would be very difficult to say, on a point to point, day to day basis what would be the transport demand. That would be over inquisitive, which perhaps would not be desirable."

1.33 As regard projection for coal for 1995-96 the Chairman, Railway Board stated,

"Coal production target for 1995-96 has been fixed at such a level, the Ministry of Coal is asking us to provide capacity calculation for additional 19 million tonnes, whereas we have provided only for 13 million tonnes. But we will be having a dialogue and finally see whether they will produce this additional tonnage and also see whether we can do a little readjustment and develop some more capacity for the purpose. In other words the point, I am making is that the projection of coal for 1995-96 is very ambitious, an increase of 22 million tonnes."

The Chairman, Railway Board further stated that the assessment of amount of rail coefficient as indicated by the user Ministry is a task performed by the Planning Commission.

1.34 On further query as to whether there is any inter-departmental meeting between the Railways, the Planning Commission and the Ministry concerned, the Chairman, Railway Board informed the Committee that the meeting are bipartite between Planning Commission and the Railways.

He further eleborated,

> "... We get the assessment from the Ministry and then we consolidate. After having considered it reasonably from our point of view, we submit it to the Planning Commission and at that particular moment of time, the Planning Commission and their Transport Division see whether once assessment is to what extent acceptable or otherwise. Then they forward it to us thus with their comments and ask to do necessary modifications. So at the final meeting, we finalise it. It is only after that, the total transport co-efficient for various core sector and non core sectors would come out."

1.35 The Committee enquired whether they find it advisable to have a tripartite discussion, the Chairman, Railway Board stated that the Tripartite meeting may not give the desired result. The responsibility should be and must be with the Ministry which is piloting its own development plan. It is their responsibility to tie up.

1.36 The Committee enquired about refusal of Railways to carry certain goods, the Chairman, Railway Board stated,

> "There would not be any refusal by the Railways to carry certain type of goods or cargo as such. It is only the question of quantity. For example, as I mentioned earlier that for less than wagon load and less than train load, we do not have to entertain. It is the gap in our overall transportation menu. To bridge this gap we have come up with the Container Corporation.

1.37 The Committee pointed out containerisation cannot be fully implemented for particular types of goods, the Chairman, Railway Board stated,

> "I would submit that every mode of transport has got its own characteristics. We are suited for very heavy bulk moment. We do appreciate that there are certain segments of traffic, which we are not able to serve. Besides containerisation, we have got two more offers with us, which we are actively considering. One offer is, what is known as 'road-railer', that is multipurpose vehicle, which can run on railway tracks as well as on roads, so that it can provide a totally complete door to door service. The second

proposal which we have is, piggy-backing a railway wagon with a truck. Since we are less expensive, we can make our wagons available for carriage of the truck. We have got these two offers. We are examining them. We will take a view on the viability and the safety aspects of these two offers."

Ticketless Travel & Fake Tickets

1.38 The Committee enquired the steps taken by Railways to combat ticketless travel and fake tickets, the Chairman, Railway Board stated that "they are thinking of tackling this problem from various fronts:

1. One is that we will progressively convert most of our trains into vestibule trains.
2. The next scheme is Instant Action Group. A train captain with two TTEs and coach attendants will be incharge of the train who will be monitoring the trains from one end to another.
3. In some places, we were not able to sell the tickets fast enough. As a result some people are forced to board the train without ticket. So on experimental basis, we have put in micro processer based SPTMs, self printing ticketting machine, at the major stations. By the end of this year, we will be able to put in about 225 odd machines. This will also combat the menace of spurious printing of fake tickets or re-cycled tickets because the date on these tickets can be ensured through the microprocessor, as far as the ticket is concerned.
4. Regarding fake tickets we have thought of putting a water mark stationery. It is a special paper not available with anybody.
5. The menance of touts is tackled on the basis of supply and demand. This year we have decided to introduce un-reserved train on five selected routes."

Expenditure on Railways met from Revenue of the Central Government

1.39 The following statement gi' :s the Expenditure on Railways met from the Revenue of the Central Government

(Rs. in thousands)

Heads of Expenditure	1993-94 Accounts	1994-95 B.E.	1994-95 R.E.	Increase Decrease	1995-96 B.E.
3002 & 3003					
(1)Ordinary Working Expenditure	11759,54,45	13307,00,00	13050,00,00	-257,00,00	14790,00,00

Heads of Expenditure	1993-94 Accounts	1994-95 B.E.	1994-95 R.E.	Increase Decrease	1995-96 B.E.
(2) Appropriation to D.R.F.	1875,00,00	2300,00,00	2140,00,00	-160,00,00	2000,00,00
(3) Appropriation to Pension Fund	1500,00,00	1700,00,00	1750,00,00	+50,00,00	1970,00,00
3001 A & B					
IR Policy Formulation, Direction, Research and Other misc. organisation	95,34,77	110,80,00	113,19,00	+2,39,00	138,88,15
3004					
Open line works Revenue	31,27,98	45,00,00	45,00,00	-	45,00,00
3005					
Payment to General Revenue					
(1) Current Dividend	1270,44,50	1364,35,01	1354,39,67	+8,04,66	1345,56,17
(2) Payment in lieu of passenger fare tax	23,12,00	23,12,00	23,12,00	-	23,12,00
(3) Contribution to Railway safety works fund	2,48,33	2,52,99	2,48,33	-4,66	2,48,33
3006					
Appropriation from Railways excess of receipts over expenditure					
(1) Appropriation to R.D.F.	132,25,59	290,00,00	295,00,00	+5,00,00	350,00,00
(2) Appropriation to Capital Fund	1673,82,10	1680,00,00	1575,00,00	−105,00,00	1705,00,00
Total Expenditure	18363,29,72	20804,80,00	20348,19,00	-456,61,00	22370,04,65

1.40 The working expenses on Railways have shown a decline in R.E. of 1994-95 over the B.E. of the same year from Rs. 13,307 crores to Rs. 13,050 crores.

The Minister of Railways in his budget speech has stated,

"As in the previous years, Railways have launched an Action Plan to reduce the operating cost by taking various measures to achieve economies while retaining the efficiency of the system. Some reduction of expenditure is also to be expected on account of the lower volume of freight movement. Accordingly, a saving of about Rs. 257 cr. in working expenses is anticipated. The Revised Estimate of Ordinary Working Expenses has, therefore been reduced to Rs. 13,050 Crores from the Budget Estimate of Rs. 13,307 Crores."

1.41 As regards working expenses for 1995-96, the Minister stated,

"Realistic assessment of working expenses, allowing for the capacity of Railways to absorb part of the increases in input costs, places the requirement of working expenses at Rs. 14,790 Crores, up by Rs. 1,740 Crores from the Revised Estimates of 1994-95. The cost of inputs for carrying the incremental traffic, other increases in costs and higher lease charges payable to the Indian Railways Finance Corporation will be met out of this provision."

1.42 The Committee enquired the details of Action Plan launched to reduce operating cost, the Ministry in a written note stated,

"An action plan was launched on the Railways in 1994-95 to improve Railways perfomance by improving asset utilization, increasing earnings, improving punctuality and safety and asset reliability. Railways were also directed to improve fuel consumption, disposal of surplus assets and improve the inventory turnover ratio. Major elements of the Action Plan are:

(i) Reduction of manpower in a planned manner.

(ii) Phasing out steam traction.

(iii) Closing down redundant marshalling yards.

(iv) Achieving economy in Diesel and Electric energy consumption.

(v) Inventory control.

(vi) Changing over to mechanised maintenance of tracks.

(vii) Rationalization of train examination."

1.43 The Ministry further informed the Committee that out of Rs. 257 crore reduced in R.E. 1994-95 over the B.E. 1994-95, a reduction of about Rs. 110 Crores has been due to lower volume of freight traffic. The balance amount is attributable to the saving due to reduction in operating and other costs as a result of various measures taken for reduction of working expenses.

Giving details of areas where saving has been achieved, the Ministry informed as under:

	(Rs. in Crores)
Staff costs	31
Fuel	49
Stores	45
Contractual Payment and Contingent Exp.	74
Other expenses	58
	257

Demands for Grants

1.44 The Demands Nos. 1 to 15 which relate to Revenue Expenditure contain expenditure incurred on day to day working and other miscellaneous expenditure. The main points that were highlighted during the examination of the demands are as follows:

Demand No.2–Miscellaneous Expenditure (General)

1.45 This Demand contain provision for surveys, RDSO, Railway Recruitment Boards, Centralised Training Faculties, other Miscellaneous Establishments Railway Audit and Miscellaneous Charges etc.

The Budget Estimates for 1995-96 under this Demand exceeds the Revised Estimates 1994-95 by Rs. 2269 crores, an increase of about 25%. It is seen that under the Minor Head 'Miscellaneous Charges' an increase of Rs. 11.87 crores has been provided in Budget Estimate for 1995-96 over R.E. of 1994-95.

1.46 Enquired about the increased provision under this 'Minor Head' the Ministry of Railways in a written note stated that major items costing Rs. 9.41 crores is the study relating to BUTP-II Project and this along with the provisions for publicity accounts for the major share of the increase.

In the publicity account 'NIL' amount was spent in 1993-94 while for 1994-95 Revised Estimates a provision of Rs. 1.65 crores has been made. This has increased more than 2 folds in Budget Estimate for 1995-96 to Rs. 3.45 crores.

Demand No.5–Repairs and Maintenance of Motive Power

1.47 In this Demand the Budget Estimate for 1995-96 exceeds Revised Estimate of 1994-95 by Rs. 112.43 Crores. Under the head 'Steam Locomotives' an amount of Rs. 80.31 crores have been provided in Budget Estimate 1995-96.

1.48 As per the objectives of Railways Eighth Five Year Plan the Steam traction is proposed to be phased out in 1996-97. The Committee enquired the reasons for allocating such a big amount even though they are proposed to be phased out, the Ministry in their written note state:–

"Steam traction is being phased out on the Indian Railways. The amount of Rs. 80.33 crores provided under "Steam Locomotives" in Demand No.5 in BE 1995-96 is lower than the R.E. 1994-95 of Rs. 86.33 crore. About 84.8% of the total amount provided is on staff costs. The process of redeployment of steam staff rendered surplus is a time consuming process as it involves retraining of staff and relocating them at the new activity centres. Till the staff rendered surplus are gainfully redeployed, their wage bill still continues to be charged to this head.

Further, though the steam loco holding may reduce, the infrastructural expenditure continues to be incurred till a steam shed is completely closed.

This is, however, being closely monitored and will be reviewed further."

Demand No. 6–Repairs and Maintenance of Carriages and Wagons

1.49 The Budget Estimates for 1995-96 under this head exceeds the Revised Estimates of 1994-95 by Rs. 136.18 crores. Giving reasons for increase in demand the Ministry stated that increased maintenance activities constitutes Rs. 66.47 crores of the total increase. The Ministry indicated the following steps taken to improve the maintenance of wagons and carriages.

I. Standardisation of passenger rakes.

II. Mid-life rehabilitation of coaching stock.

III. Improvement in maintainability by using superior grade materials now available in the Indian market such as:

- PVC flooring
- FRP shuttering
- Stainless Steel inlay in toilets
- Better quality of raxine and entire furnishing
- Use of improved wear resistant material in the coach and bogie.

IV. Intensive special attention to first class coaches.

V. Use of high pressure jet clearing equipment.

VI. Intensive monitoring of maintenance practices and provide review of the same to upgrade maintenance practices.

VII. Use of improved infrastructure in the form of airbrake wagon depots.

VIII. Continuous training of staff.

Demand No. 11–Staff Welfare and Amenities

1.50 This Demand in for expenditure on educational and medical facilities, health and welfare services, canteen and other staff amenities, repairs and maintenance and improvement of Railway Colonies, staff quarters, residential and welfare buildings.

1.51 Under this Demand the revised Estimate for 1994-95 have shown a decrease of about Rs. 14.99 crores over Budget Estimate of 1994-95. The Ministry in their written note explained as follows:

> The decrease of Rs. 14.99 Crores in Revised Estimates 1994-95 over Budget Estimates 1994-95 constitutes less than 3% and is mainly due to less requirement of funds under certain Primary Units like Contractual Payments, Other Expenses, Dearness Allowance, etc. Savings in Salary and Dearness Allowance are due to a large number of vacancies in the medical cadre.

Demand No. 12–Miscellaneous Working Expenses

1.52 This Demand is for Miscellaneous working expenses like security, compensation claims for goods lost or damaged as also under Workman's Compensation Act, Catering and the suspense heads which do not form part of other functional Demands.

There has been a decrease of Rs. 29.55 Crores in the Revised Estimate of 1994-95 over Budget Estimate of the same year mainly due to decrease under Minor heads 'security', 'compensation claims' and catering.

1.53 From the Profit and Loss Account of Catering Department it is seen that Southern and Northeast Frontier Railways suffered losses of Rs. 1.67 crores and 13 lakhs in 1993-94 and for 1994-95 the Budget Estimate show a loss of 1.10 crore and 4.62 lakhs respectively.

1.54 Asked the reasons for incurring losses, the Ministry stated that the main reason for the loss in 1993-94 was lower productivity of staff. The Ministry has further stated that the loss shown in 1994-95 is budgeted loss only, and the actual performance upto December 1994 indicates a profit of approx. Rs. 530.42 lakhs.

Demand No. 14–Appropriation to Funds

1.55 This Demand is for appropriation from Revenue to various Railway Funds.

The appropriation to Depreciation Reserve Fund have been scaled down in Revised Estimate for 1994-95 to Rs. 2140 crores from Rs. 2300 crores provided in Budget Estimate. Again in the Budget Estimates for 1995-96 this has been further scaled down to Rs. 2000 crores.

1.56 Asked the reasons for decreasing the Appropriation to Depreciation Reserve Fund, the Ministry in their written note stated:

> "Appropriation to Depreciation Reserve Fund is made considering *inter alia* the Plan size. As the Annual Plan 1995-96 envisages outgo from Depreciation Reserve Fund only to the tune of Rs. 2000 cr., appropriation to this fund has also been kept at the same level. It is also pointed that major portion of the requirement of Rolling Stock is obtained through leasing, thus reducing the need for provision of depreciation."

Observations and Recommendations

1.57 The Committee find that there has been a continuous shortfall in freight earnings by Railways from the anticipated levels during the last three years. The targets for freight traffic have to be consistently scaled down as the expected traffic in freight has not been materialising. For 1994-95 the target for freight traffic has been scaled down in the Revised Estimates from the Budgeted Target of 380 MT to 373 MT due to less traffic offering from the core sector. The Committee are surprised that the Railways have now fixed for 1995-96 the freight target of 398 MT which the Minister himself has termed as ambitious in his Budget speech.

1.58 The Committee are informed that the freight traffic targets are fixed as per the recommendations of Planning Commission. The user Ministries indicate to Railways the level of freight they would be offering which they consolidate and submit their plan to Planning Commission. The Planning Commission thereafter have a meeting with Railways where these plans are finalised. The Committee suggest that to have a more realistic freight traffic projection the Railways before finalising the plan should have a tripartite meeting with Planning Commission and the user Ministries. The Railways should also make their own assessments on the requirement of various users Ministries and discuss the same in the tripartite meeting.

1.59 The Committee find that there is a distinct peaking pattern of freight traffic demands on Railways. The traffic rises in January, February and reaches a peak during March. The Minister in his budget speech while referring to this peaking pattern has admitted that excess offer of traffic during these months lead to unsatisfied demands. During evidence the Committee were informed that during the peak season the Railways do have

a mismatch as far as availability of wagons is concerned. As the traffic is a perishable commodity, the traffic is lost when not lifted. The Committee therefore, recommend that Railways should acquire sufficient number of wagons so that they do not lose any traffic due to non-availability of wagons.

1.60 The Committee also observe that the Railways have embarked upon a plan to introduce domestic containers services in a big way with a view to provide multi-modal service to their customers. The Committee hope that the Railways would make further advancement in the scheme and are able to retrieve the traffic they have lost to road transport. They also desire the Ministry of Railways to achieve the ratio as recommended by National Transport Policy Committee, 1980.

1.61 The Committee note that there is a proposal to charge the quarterly season tickets at 2.7 times the monthly season ticket fares instead of 2.5 times at present in suburban railways. It is pertinent to note that no increase has been proposed in second class fare for passenger, mail and express trains and in the first class fare of ordinary trains. As most of the commuters in suburban trains are industrial workers or middle class employees, the Committee recommend that there should be no increase in monthly/quarterly season tickets.

The Committee also desire that the present suburban railways system be further improved.

1.62 The Committee find that there is a proposal to supply Bed Rolls to all the passengers travelling in AC Two Tier coaches without collecting Bed Roll charges on the trains from date to be notified later, making suitable adjustment in the fares. The Committee desire the Ministry of Railways to ensure that bed rolls are provided for all the passengers travelling in AC Two Tier coaches before the date is notified and suitable adjustments in the fares are made. Necessary instructions may also be issued to ensure that the AC in all the coaches is functioning properly before the departure of train.

1.63 The Committee are distressed to note that substantial revenue is being lost due to ticketless travel and fake tickets. Touting is also on the increase as the passengers are not getting reservation in some trains even when booking is being done a month before the date of travel. Though, during the evidence, the Ministry enumerated some measures to check this yet the Committee feel that more stringent steps need to be taken to meet this menace which is too widespread. Any complicity of Railway staff detected should be dealt with severely.

1.64 The Committee find that the Ministry have made increased provision for publicity in their budget outlay for 1995-96. While during 1993-94 'nil' amount was spent on publicity, in 1994-95 (R.E.) an amount of over Rs. 1.65 crores has been provided. In 1995-96 it has been increased more than two fold and Rs. 3.45 crores have been allotted. The Committee feel that in view of resource crunch the Railways should see that the amount is spent judiciously.

1.65 The Committee are distressed to find that a huge amount of Rs. 80.33 crores has been provided for Repairs and Maintenance of Steam locomotives even though steam traction is proposed to be phased out by 1996-97. The Ministry have informed that about 85% of the total amount is provided for staff costs as the steam loco staff, rendered surplus, have not been gainfully redeployed and their wage bill still continues to be charged to this head.

The Committee recommend that an action plan may be chalked out immediately to retrain the staff rendered surplus so that they could be gainfully employed as early as possible. Simultaneously the retrenched employees from Steam Loco Sheds etc. should also be retrained and gainfully re-employed.

1.66 The Committee are not satisfied with the measures taken by the Ministry to improve the maintenance of wagons and carriages including passenger coaches and desire that these measures be further intensified.

1.67 The Committee are unhappy to note that there are large number of vacancies in the medical cadre affecting the medical service provided to staff of the Ministry of Railways. As the general health of the staff and their family members is an important part of staff welfare measures, the Committee recommend that immedicate action should be taken to fill up the vacancies in the medical cadre.

1.68 It has also been brought to the notice of the Committee that there are a number of vacancies in the schools managed by the Railways. The Committee recommend that all these vacancies should be filled up without further loss of time.

As a mark of appreciation of services rendered by the licenced porters, Railway Minister in his Budget speech proposed outdoor medical facilities to cover the wives and dependent children of licenced porters. It is also proposed to extend free education facilities to their wards in the schools run by the Railways or run by the organisation of Railwaymen and Mahila Samities.

As outdoor medical facilities and railways schools are not available at every station, the Committee desire that licenced porters be paid *ex-gratia* payment at such stations where these facilities are not available.

1.69 The Committee feel that there is sufficient scope for improvement in catering services provided to passengers. They find that some of the Railways have shown losses or less profit while some Railways have shown good performance. The Committee desire the Ministry to look into this aspect and take appropriate steps in this regard. The Committee are of the view that there is ample scope for revenue generation in this field also. There have been complaints from the passengers about the quality of catering service. Necessary steps to improve the quality and the service should be taken.

1.70. The Committee are concerned to note that appropriation to DRF fund has been declined in 1994-95 and lesser allocation has been made in 1995-96. The Ministry have stated that the major portion of the requirement of Rolling Stock is obtained through leasing and thus reducing the need for provision of depreciation. Since the response of customer to the leasing arrangement is not yet clear, the Committee hope it does not lead to reduction in various development plan.

PART II

DEMAND No. 16

ASSETS – ACQUISITION, CONSTRUCTION AND REPLACEMENT

2.1 Important plan-heads of investment under Demand No. 16 are construction of new railway lines, gauge conversion, doubling, traffic facilities, computerisation, rolling stock, bridge works, electrification projects and other electrical works, machinery and plants, track renewal passenger amenities, railway research, public undertakings, metropolitan tranport projects, etc.

Eighth Five Year Plan Approach

2.2 According to the Planning Commission, the outlay on railway sector as a percentage of total plan outlay ranged between 11.10% & 15.5% in the first three plan periods which came down to as low as 6.9% to 5.9 % in the next four plan periods upto the Seventh Plan. As a result, the investment planning for Railways in the recent years has been barely adequate to meet the minimum needs of the traffic growth, consequentially the network expansion has been low. The Eighth and Ninth Plans are, therefore, crucial for the Railways.

2.3 The major objectives of the Railways Eighth Plan are:–

(i) Generating adequate capacity for anticipated levels of frieght and passenger traffic;

(ii) Completing the process of rehabilitation/replacement/renewal of overaged assets;

(iii) Modernising and upgrading the Railway System to bring down operational costs;

(iv) Improving the reliability of service for greater customers' satisfaction;

(v) Converting 8100 Km. of Metre Gauge/Narrow Gauge to Broad Gauge as part of project 'Unigauge';

(vi) Selective expansion of the Railway network to increase aggregate transport capacity;

(vii) Complete phasing out of steam locomotives on Broad Gauge and Narrow Gauge by 1996-97;

(viii) Electrification of 2700 RKM. of dense corridors and reducing dependence on diesel;

(ix) Expansion and upgradation of Inter-Modal operations including containerisation; and

(x) Improving manpower productivity.

Eighth Plan Outlay

2.4 The Eighth Plan for the Railways has been approved at Rs. 27,202 crore at 1991-92 prices. The major portion of the Plan, *i.e.* Rs. 18,827 crores is being financed from the Railways' own internal generation of resources. This works out to about 69.2% of the total plan size. Rs. 3000 crore, accounting for 11% of the Plan, are to be raised through Indian Railways Finance Corporation by way of market borrowings. Thus about 80.2% of the Plan in to be financed from Railways' own internal and extra-budgetary resources. Budgetary support from General Revenue is to provide the balance of Rs. 5375 crores representing the remaining 19.8% of the Plan.

Developmental Expenditure of the Railways

2.5 Annual Plan outlays and actuals during the first three years and the outlay budgeted for the fourth year of the Eighth Plan (1992-97) are as follows:–

(Rs. in Crores)

Year	Annual Plan Outlay	Actual
1992-93	5710.00 (R.E.)	6162.25
1993-94	6200.00 (R.E.)	5860.77
1994-95	6255.00 (R.E.)	N.A.
1995-96	7500.00 (B.E.)	

2.6 Plan-head-wise details of developmental expenditure during 1992-93, 1993-94 and 1994-95; and investment proposals for 1995-96 are given in Annexure I.

Financing Pattern of Railways Annual Plans

2.7 Various developmental activities of the Railways are financed through budgetary support, market borrowings and internal resources. A comparative position of the resources mobilised by the Railways during 1992-95 is given below:

(Rs. in Crores)

	1992-93 (Actuals)	1993-94 (Budget Estimates)	1993-94 (Revised Estimates)	1994-95 (Budget Estimates)	1994-95 Revised Estimates)	1995-96 (Budget Estimates)
1. Budgetary Support	2589.0	960.0	960.0	1150	1150	1150
2. Market Borrowing	1025.0	900.0	900.0	1050	1050	2250
3. Internal Resources	2548.0	4640.0	4340.0	4315	4055	4100
Total	6162.0	6500.0	6200.0	6515	6255	7500

2.8 It is evident from the above table that during the years 1993-94 and 1994-95 there was no difference between the budget estimates and revised estimates insofar as the budgetary support and market borrowing were concerned. But the comparative position of B.E. and R.E. in respect of internal resources during the same period is indicative of the fact that Railways could not generate resources internally as per their original targets. In the year 1993-94 in respect of internal resources the revised estimates had been less than the budget estimates by 6.46% and in the year 1994-95 by 6.02% which resultantly affected the overall resource availability to finance the Railways Plans.

2.9 Notably, while sending their Annual Plan proposals to the Planning Commission before presentation of the Budget (1995-96) the Ministry of Railways had anticipated an internal generation of resources upto Rs. 4286 crores during 1995-96 which according to the Ministry was "worked out on the basis of existing fares and freight rates and at current price level with the premise that railways would be able to realise current outstanding of Rs. 1068 Crores from the State Electricity Boards in two instalments, One each in 1994-95 and 1995-96." But the budgeted amount of internal resources for the year 1995-96 is Rs. 4100 crores i.e. less by Rs. 186 crores than what was anticipated before the presentation of the Budget.

2.10 For the year 1995-96, though the level of budgetary support remains unchanged, budget estimates in respect of market borrowing have been increased by 114.28% and in respect of internal resources decreased by 4.98% as compared to the budget estimates for the year 1994-95. In other words, the Railways are concentrating less on their efforts to generate resources internally and resorting to more market borrowing to finance their plan programmes.

2.11 The Committee wanted to know the cost in term of interest and repayment charges the Railways had to incur on account of market borrowing resorted to during the last three years. The Ministry of Railways informed that the Railways pay lease hire charges to Indian Railways Finance Corporation in return of the amount invested by them in Railway plan. The amount of lease hire charges during the last three years were as follows:

Year	lease hire charges (Rs. in Crores)
1991-92	626
1992-93	855
1993-94	960
Total	2441

2.12 According to the Ministry of Railways, the proportion of budgetary support in the Railways Annual Plans which was as high as 75% in the Fifth Plan and 42% in the Seventh Plan has come down to as low as 15% in the year 1995-96 (B.E.). While the Annual Plan 1995-96 was under finalisation, the Planning Commission was requested by the Ministry of Railways for a budgetary support of Rs. 2500 crore but it was pruned down to Rs. 1150 crore, i.e. at the 1994-95 level.

Annual Plan 1994-95

2.13 Railways Annual Plan 1994-95 was originally fixed at Rs. 6515 Crores (B.E.). But the Plan-size was reduced to Rs. 6255 Crores (R.E.) effecting a cut of Rs. 260 Crores, as the Railways failed to generate adequate resources internally.

2.14 An important feature of the Railways Annual Plan 1994-95 has been that the target for procurement of wagons (in terms of 4-wheelers) was reduced from 18000 wagons to 12000 wagons which according to the Ministry of Railways resulted in a saving of Rs. 280 Crores, obviously having a bearing on the resource availability for financing the Plan.

Budget Estimates (1995-96) Vis-a-Vis Allocations Proposed in Railways Annual Plan (1995-96)

2.15 Every year the Ministry of Railways send their plan-proposals to the Planning Commission for approval months before the presentation of Railway Budget. The proposals for the year 1995-96 were sent to the Planning Commission in October 1994. A scrutiny of Railways Annual Plan for 1995-96 and Budget Estimates for 1995-96 reveals that though the proposed size of Annual Plan 1995-96 fixed at Rs. 7500 crores, as approved by the Planning Commission, remains unchanged, budgeted outlays vis-a-vis proposed allocations in respect of many plan-heads have either been increased or decreased as may be seen from the table given below:

(Rs. in Crores)

Plan Head	Allocation of funds proposed for 1995-96 (as per Annual Plan 1995-96)	Allocation as found from the Explanatory Memorandum for 1995-96 (B.E.)	Allocation as intimated by the Ministry of Railways in subsequent reply
	(1)	(2)	(3)
Rolling Stock	2860	1140	2940
Workshops & Sheds	200	200	200
Machinery & Plants	95	95	95
Track Renewals	1050	1428	1050
Bridge Works	160	162	160
Gauge Conversion	1000	872	1000
Doubling	265	269	300
Other Traffic Facilities	150	153	152
Signalling & Safety	325	275	285
Computerisation	100	100	100
Electrification	350	350	390
Other Electric Works	90	90	90
New Lines	325	203	203
Staff Quarters	30	31	31
Staff Welfare	35	35	35
Users' Amenities	90	90	90
Other Specified Works	25	24	24
Inventories	80	–	85
MTP	250	242	240
Railway Research	20	20	20
Investments in PSUs	–	10	10

2.16 Asked to explain the reasons for such variations in respect of each of the Plan-heads, the Ministry of Railways in their written note submitted to the Committee stated:

"The outlays shown under Budget Estimates are gross figures which do not take into account the credits that would be received. Further Rs. 2250 crores indicated under bonds have not been taken into account for its Plan-head wise distribution."

2.17 The issue relating the variations in the allocation under different Plan-heads due to non-inclusion of credits was also examined by the Committee while examining the Ministry of Railways Demands for Grants for the year 1994-95. At that time, the Ministry of Railways stated that the source of credit under different Plan heads was the proceeds from the old released material. In this context, the Committee in their Sixth Report observed that a large sum of money running into crores of rupees realised on account of sale proceeds of old material/scrap is not accounted for as receipts of the Railways for financing various projects where additional funds are required. The Committee recommended for creating a sub-head in the Railways Accounts Books for suitable reflection of the money realised on account of sale proceeds of old released material in their annual receipts.

2.18 The Ministry of Railways without making any in-depth study into the matter in pursuance of the Committee's above recommendation, have stated in a written note:

"If the proceeds from sale of capital assets are also taken as another source of receipts, they may dilute this accountability as in the year when the earnings from goods, passengers etc. are below the expected levels, the Railways may be tempted to sell their assets and augment their receipts and make up for the loss in earnings therefrom. Such a procedure may be dangerous."

2.19 Replying to a query raised by the Committee, the Ministry of Railways have stated that Railways do not account for receipt from sale proceeds of old material, scrap etc. Whereas in their Annual Report 1993-94 they have not only indicated the earnings from the disposed scrap but also stated that such earnings generate additional internal revenue. The Ministry in their Annual Report 1993-94 have very clearly mentioned:

"The disposed of condemned rolling stock and "scrap arisings" (is) closely monitored by the Railway Board in order to generate additional internal revenues. As a result, the total value of disposed scrap (only) in 1993-94 was Rs. 849.68 crores-an increase of Rs. 170.74 crores (25.15%) over the previous year."

2.20 During the General Managers' Conference held at Bangalore on 6 & 7 January 1992, one of the major issues discussed was generation of additional resources by maximising the sale of scrap. It was held that disposal of scrap is one area which has a lot of potential for generating funds. It is observed from the proceedings of the said Conference that the Minister of Railways had himself stated that "the first step to generate funds from scrap is its correct accountal". The Chairman, Railway Board also observed that "the sooner we sell scrap, the more money we will get."

2.21 Having noted wide variations in the allocations as proposed in the Annual Plan document and that finally budgeted under different Plan-heads, the Committee enquired whether the changes in the allocations made after obtaining the approval of the Planning Commission or the Railways made such an exercise on their own. The Committee also wanted to know about the advice of Planning Commission in regard to effecting changes in the allocation of outlays under different Plan-heads. Explaining the matter, the Ministry of Railways informed the Committee that:

> "The Planning Commission approved a Plan-size of Rs. 7500 crores including a budgetary support component of Rs. 1150 crores. While doing so, minimum allocations for the following three plan-heads were suggested as under:
>
> (i) Rolling Stock (for externally aided projects) Rs. 320 crores
>
> (ii) Railway Electrification Rs. 260 Crores
>
> (iii) MTP Rs. 240 Crores
>
> For the balance, the flexibility was left to the Railways".

Downward Revision in the Estimates (1994-95)

2.22 During 1994-95 Estimates in respect of some of the important Plan-heads were revised downward as may be seen from the following table:

(Rs. in crores)

Plan Head	Budget Estimates (1)	Revised Estimates (2)	Variation (1-2)
1. Computerisation	80.00	70.00	10.00
2. Railway Research	11.00	8.39	2.61
3. Rolling Stock	1750.15	1558.97	191.18
4. Signalling and Telecommunication work	226.78	177.03	49.75

Plan Head	Budget Estimates (1)	Revised Estimates (2)	Variation (1-2)
5. Machinery and Plant	77.20	65.68	11.52
6. Workshop including Production Units	170.51	160.35	10.16

2.23 The Ministry of Railways gave the following reasons for reduction in the provision for each of the above Plan-heads:

Computerisation: This was mainly due to less expenditure under the FOIS Project than estimated in the beginning of the year.

Railway Research: Less expenditure was on account of non-receipt of equipment and materials.

Rolling Stock: The reduction was due to less provision required for procurement of wagons to the extent of Rs. 280 crore, offset partly by provision required for additional procurement of electric locos and EMUs.

Signalling and Telecommunication Work: The reduction was mainly on account of expenditure not materialising in respect of more DOT circuits to be extended to Railways by the Department of Telecommunications.

Machinery and Plant: High value machinery and plant targeted for procurement within the year 1994-95 were not expected to materialise.

Workshops-including Production Units: The works under this Plan-head require dovetailing of Civil, Electrical and Mechanical Engineering works and the total progress depends on the progress of all the discipline. The progress of works was slower than projected and consequently the estimates were reduced.

2.24 Asked whether such a downward revision in the estimates had any impact on the total Plan-size and plan targets under each of the Plan-heads during 1994-95, the Ministry of Railways in a written note stated that "there has been a reduction of Rs. 260 crore in the Plan size as a result of various revisions." The Ministry, however, failed to explain the impact of such a revision in the estimates on the plan targets fixed under different Plan-heads.

Railways Annual Plan 1995-96

2.25 The Railways have drawn up a Plan of Rs. 7500 Crores for the year 1995-96. The Minister of Railways in his Budget speech has stated that the Railways have to plan for a rate of growth in transport much higher than that of the economy, so as to generate capacity ahead of the demand. He has indicated that areas such as railway electrification, gauge conversion, rolling stock and terminal facilities would receive priority without affecting the steady progress of replacement and renewal of track and other assets where these are due. The dominant component of the Plan would be internal resources, accounting for Rs. 4,100 Crores. Extra-budgetary resources through market borrowing will also be relied upon. As regards budgetary support, the Railway Minister has stated that it would be at the same level as the current year's figure of Rs. 1150 crore due to resource constraints.

IMPORTANT PLAN HEADS OF INVESTMENT

Construction of New Lines

2.26 Opening of new railway lines is an indespensable part of Indian Railways network development programme. Various types of railway lines serving different purposes viz, project-oriented lines, lines to serve as missing links, strategic lines and developmental lines, are constructed. Though the new lines play a significant role in enhancing the network capacity of Railways, this area is turning to become a low priority item in the Railways investment planning which is evident from the decreasing annual targets fixed by the Railways in the recent years as may be seen from the following table:

Year	1992-93	1993-94	1994-95	1995-96
Target (Route Kms.)	319	204	155	17
Achievement	241	211	N.A.	–

2.27 The trend of investment during the first three years of the Eighth Plan presents a very dismal picture which is reflected hereunder:

Year	1992-93	1993-94	1994-95	1995-96
Investment (Rs. in crs.)	272.25 (Actual)	239.28 (Actual)	193.61 (R.E.)	203.00 (B.E.)

2.28 The Minister of Railways in his budget speech has stated that in the financial year 1994-95, 42 Km of new line sections will be completed. These are:-

(1) Beas – Goindwal, completing that project; and

(2) Kulpi – Nischintapur of Lakshmikantapur Namkhana project.

2.29 Notably, during 1993-94 211 Km of new line sections were completed which is five times more than the achievement in the subsequent year 1994-95.

2.30 The Ministry of Railways have proposed the following three new lines to be taken up in 1995-96:

(Rs. in Crores)

	New Line Project	Estimated cost	Investment Proposed during 1995-96
	(1)	(2)	(3)
(i)	Ahmednagar-Beed-Parlivaijnath (250 Km) in Maharashtra	353.08	1.00
(ii)	Kottir-Harihar Via Hapanahalli (65 Km) in Karnataka	65.95	2.00
(iii)	Dallivajhara-Jagdalpur (235 Km) in Madhya Pradesh	369.00(*)	1.00

(*) Railways share is Rs. 128.00 Crore

The Minister of Railways has stated in his Budget speech that the work on these projects will commence after the necessary approvals are received.

2.31 When asked about the state of pendency in regard to the approval of Planning Commission for the above three new line projects, the Ministry of Railways in a written note have stated that the Kottur-Harihar and Dallirajahara-Jagdalpur new line projects were cleared by the Planning Commission on 20.02.1995 and 08.03.1995 respectively. As regards Ahmednagar-Beed-Parlivaijnath new line project, the proposal was sent by the Ministry of Railways to the Planning Commission on 28.02.1995. In a written note submitted to the Committee, the Planning Commission has stated that this project is still under examination and pending for want of clarification from the Ministry of Railways.

2.32 For the year 1995-96 the Railways have fixed a target of only 17 route Kms against the target of 165 route kms of new lines as projected in the Eighth Five Year Plan, whereas for the year 1994-95 a target of 155 route km. was fixed.

2.33 Asked to explain the reasons for such an abnormal differences in the targets and estimates in respect of construction of new lines, the Ministry of Railways informed the Committee that:

"The target for 1994-95 with the budget outlay of Rs. 193.61 crore was 155 kms. and for 1995-96 it was projected as 165 kms. in the Annual Plan for which a budgetary support of Rs. 325.00 crores was asked. The Planning Commission could not find the resources for providing the level of budgetary support required to provide this outlay, as a result of which only Rs. 203.00 crores could be provided for new lines. The lines targeted for completion were:

(a) Angul-Maneswar of Talchar-Sambalpur line	139 km.
(b) Jogighopa-Goalpara of Jogighopa-Guwahati line	17 km.
(c) Nischintpur-Kakdweep of Lamxikantapur-Namkhana	9 km.
Total	165 km.

Out of the reduced outlay the funds required for completing item (a) & (c) above could not be provided in 1995-96, as such the target had to be reduced to 17 kms. comprising item (b) above."

2.34 Slow progress of work on new line projects due to low budgetary support and non-availability of funds has been a matter of great concern to the Committee for quite some time. In their Fourth Report on 'Opening of New Lines on Indian Railways' the Committee's one of the major recommendations had been regarding making a joint review of the new line projects by the Ministry of Railways and the Planning Commission. During evidence the Committee enquired whether any such review has been made in pursuance of their recommendation. The Member (Engineering) Railway Board stated:

"…. For new lines we did not have any opportunity to conduct a review with the Planning Commission….But for guage conversion we had done the review."

Asked whether the Ministry of Railways proposed to do so, the witness replied in affirmative.

2.35 On being asked whether the Ministry have made any endeavour to evaluate the social benefits arising with the completion of new line projects which economically appear to be less remunerative, the Chairman, Railway Board stated:

"We are framing the guidelines for that and shortly all those projects which do not give the necessary rate of return will be so evaluated."

2.36 When asked whether the Ministry have taken up the matter with the Planning Commission for enhanced budgetary support especially for new line projects which, according to the Railways, are fully dependent on what is provided in the form of budgetary support, the Member (Engineering) informed the Committee that:

"We conducted the review and requested the Planning Commission to give us additional funds as budgetary support and as part of our 1995-96 Plan we had asked for a sum of Rs. 325 crores as against Rs. 195 crores which they had given us in the previous year."

2.37 The Chairman, Railway Board, highlighting the inadequacy of budgetary support from the General Revenue stated during evidence:

"Since all the new line projects are funded by budgetary support, the total shelf has to be considered from the angle of funding it from the budgetary support. We also understand that the lines are essential for opening up certain areas where the rail transportation needs have been considered as one of the necessary infrastructure to be provided in that area....But, unfortunately the budgetary support continues to be a little restricted."

2.38 Commenting upon the responsibility of Planning Commission to make the funds available for the projects already approved by them, the Chairman, Railway Board stated:

"They (Planning Commission) are the custodians of the money and also for the evaluation of the projects they would also do more of the funding part. The disbursement of total funding is also the responsibility of the Planning Commission. Once the project is approved and included, it means that it becomes the responsibility of the Planning Commission that it finds money for it."

2.39 A scrutiny of the Railways Performance Budget 1995-96 reveals that a high cost project, namely, Godhra-Indore new line (original project cost being Rs. 297.14 crores) has been frozen after making a huge investment of Rs. 14.45 crores. Explaining the reasons for freezing this project, the Ministry of Railways in a written note have stated:

"The construction of this 359 km long project was included in the Budget for 1989-90 at a cost of Rs. 297 crore with a tentative rate of return of 10.77%. The whole project was to be executed in two phases-construction of Dewas-Maksi (34 km) in the first phase and that of Godhra to Indore *via* Habod (325 km) in the second phase. The work on Dewas-Maksi had actually been taken in hand. The report of the final location survey for the line which was received in 1993-94 revealed that the cost has gone up to Rs. 597 crore and the rate of return has become negative. Hence the work on this project was frozen."

2.40 On a query about the future programme for execution of this project, the Ministry informed the Committee that further consideration of the project would depend upon the outcome of the survey to be conducted by the Western Railway to see the viability of the project in whole or part based on recent developments in the area and the effect of gauge conversion between Delhi and Ahmedabad which would also result in certain changes in the traffic flows on the proposed line.

Gauge Conversion

2.41 Gauge Conversion is presently one of the top priority items in the network development programme of the Ministry of Railways. Though only 327 route kms. (MG/NG) were converted into BG during Seventh Plan period, targets for the Eighth Plan have been increased substantially. When the subject 'Gauge Conversion' was under examination of the Committee during 1993-94, the Ministry of Railways in a written note stated that a total of 6000 kms. is targeted for conversion during the Eighth Plan period but it is observed from the Railways Performance Budget 1995-96 that the on-going Project 'Unigauge' aims at conversion of about 8100 km. of MG routes into BG routes during the Plan period. This sudden shift in policy has resulted in channelisation of comparatively more funds toward this head of investment. Trend of investment on this single item of work of Indian Railways during the first three years of the Eighth Plan is depicted hereunder:

(Rs. in crores)

Year	Annual Plan Size	Investment on Gauge Conversion	% Investment on Gauge Conversion
1992-93	6162.00 (Actual)	693.92	11.26
1993-94	6200.00 (R.E.)	999.51	16.12
1994-95	6255.00 (R.E.)	1180.28	18.86

For the year 1995-96 an outlay of Rs. 873.00 (B.E.) has been proposed for gauge conversion.

2.42 Targets and achievements in respect of gauge conversion from 1992-93 onwards have been as follows:

(Route kms.)

Year	Target	Achievement
1992-93	1200	1351
1993-94	1600	1619
1994-95	1600	N.A.
1995-96	1500	–

2.43 Gauge Conversion programme of the Railways has already been examined by the Committee in detail. Various aspects *viz.*, sudden change in policy towards conversion of routes, role played by the Planning Commission in approving this programme, cost involved, implication of diversion of funds from other important projects to gauge conversion, impact on other critical areas of railway network development due to massive investment on gauge conversion have been gone into by the Committee. The Committee in their Third and Eleventh Reports have observed that the large scale gauge conversion programme involving colossal investment has been undertaken by the Railways without any indepth study and analysis of the economics of the proposals. In this context, the following observations of the Committee are worthnoting:

> "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 unforseenable future."

2.44 In their Third Report the Committee urged upon the Ministry of Railways to restrain and review the policy of large scale gauge conversion and revert to selective conversion whenever needed so as 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.

Doubling of Railway Lines

2.45 Doubling of railway lines is an essential component of the Railways transportation planning. It augments Railways transport capacity and makes the system more efficient. But keeping in view the vastness of the railway network in the country, much progress does not appear to have been made in this direction.

The following table indicates the progress of doubling work during the last decade:

Year	Doubling (in Kms.)
1984-85	176
1985-86	161
1986-87	182
1987-88	192
1988-89	169
1989-90	170
1990-91	209
1991-92	213
1992-93	105
1993-94	295
1994-95	250

2.46 During the Eighth Five Year Plan (1992-93 onwards) there has not been a consistency insofar as allocation of funds for this important and essential item of the Railways' investment planning is concerned. Following have been the outlays earmarked for the doubling projects during the Eighth Plan period.

Year	1992-93	1993-94	1994-95	1995-96
Allocation (Rs. in crs.)	213.84 (Actual)	233.66 (Actual)	160.54 (R.E.)	269.00 (B.E.)

It is evident from the above table that the Railways have proposed an additional amount of Rs. 108.46 crore to be invested on doubling projects during 1995-96 as compared to the Revised Estimates for the year 1994-95. It is, however, interesting to note here that though the outlay has been increased for the year 1995-96, target for the doubling works has been fixed at the same level of 1994-95, *i.e.* 250 kms.

2.47 A scrutiny of the Railways' Performance Budget (1995-96) reveals that the Karpuri Gram-Siho (26.16 Km.) Patch doubling work has been deleted from the work programme after spending Rs. 0.19 crore during 1993-94. Besides, two doubling projects, namely, Kalapipal-Phanda (41.49 Kms.) and Maksi-Bairagarh

(38.81 Km) have been frozen after investing Rs. 0.52 crore and Rs. 0.50 crore respectively on these projects during 1992-93.

2.48 The Ministry of Railways' programme for doubling of railway lines has already been examined by the Committee in 1993-94. It was observed that doubling was being given a low priority *vis-a-vis* railways other programmes. The Committee's investigations revealed that some of the doubling projects which were included in the priority list had been left out for want of requisite funds and some projects were given up due to gauge conversion. For augmenting traffic capacity of the existing railway network, the Committee in their Eighth Report have asked the Ministry of Railways to make the doubling of railway lines a priority item in their investment planning.

Electrification

2.49 With a view to reducing dependence on diesel, electrification has been made a priority item in the Railways' Eighth Plan strategy. Electrification of 2700 R.K.M. of dense-corridors is one of the major objectives of the Plan for which an outlay of Rs. 1350 crores has been provided. Financial and physical progress made under this Plan-head from 1992-93 onwards has been as under:—

Year	Investment (Rs. in crores)	Target (Route Kms.)	Achievement (Route Kms.)
1992-93	235.95 (Actual)	500	479
1993-94	278.24 (Actual)	500	505
1994-95	284.40 (R.E.)	500	450
1995-96	350.70 (B.E.)	600	—

2.50 The Minister of Railways in his Budget Speech has stated that the following sections are expected to be completed in 1995-96:

(i) Sonenager-Patratu;

(ii) Jamadobe-Mahuda;

(ii) Bandel-Katwa;

(iv) Delhi-Ambala; and

(v) Branch lines off Vijayawada-Balharshah.

2.51 It is observed from the Railways' Performance Budget 1995-96 that during 1993-94, funds in a large scale were diverted from the following electrification projects:

	Projects	Funds Diverted (Rs. in crores)
1.	Jolarpettai-Erode and Salem-Mettur Dam	3.50
2.	Bokaro Steel City-Muri-Hatia-Bondamunda-Kotshila	14.80
3.	Erode-Palghat-Ernakulam	5.73
4.	Renigunta-Guntakal-Hospet	2.50
5.	Ambala-Moradabad	1.50
6.	Chandil-Muri-Barkakana of South-Eastern Railway	5.90
7.	Vijayawada-Vishakhapatnam	9.33
		43.26

Asked to explain the reasons for such a large scale diversion of funds from the on-going projects, the Ministry of Railways in a written note have stated:–

> "Due to less budgetary support, adequate funds could not be made available for all the projects as desired and; therefore, this diversion of funds was found necessary."

Asked whether the target dates of completion in respect of the projects from which funds were diverted were also revised, the Ministry replied in negative.

2.52 In respect of Bandel-Katwa electrification project under Eastern Railway (project cost Rs. 45.50 crores) no physical progress was made during 1993-94 despite incurring an expenditure of Rs. 3.12 crores.

2.53 The Committee wanted to know the policy of Railways in regard to electrification of those lines which are relatively less remunerative from the point of view of direct financial return but likely to give other benefits after electrification which cannot precisely be quantified like–increase in line capacity, better throughput, environmental friendly traction etc. The Ministry of Railways informed the Committee that "at present rate of return is the sole criteria for electrification".

Rolling Stock

2.54 Rolling stock consists of locos-diesel and electric, coaches-EMU/Metro and others, rail buses and wagons (in term of 4 wheelers). The Railways' Eighth

Plan provide for an outlay of Rs. 10,630 crore for the rolling stock. According to the Ministry of Railways, the Eighth Plan envisages acquisition of 1,20,000 wagons, 10, 815 coaches, 1265 EMUs, 750 electric locos and 749 diesel locos. Financial and physical progress made under this Plan-head during the first three years of the Eighth Plan is as under:–

Plan activity	1992-93 Actual Expend. (Rs. in cr.)	1992-93 Target	1992-93 Achievement	1993-94 Actual Expend. (Rs. in cr.)	1993-94 Target	1993-94 Achievement	1994-95 Revised Estimate (Rs. in cr.)	1994-95 Target	1995-96 Budget Estimate (Rs. in cr.)	1995-96 Target
Rolling Stock	1481.14			1630.12			1558.97		1140.00	
(i) *Locos*										
Diesel		175	181		136	139		135		110
Electric		132	137		153	150		170		123
(ii) *Coaches*										
EMU/Metro		239	180		316	277		210		350
Others		2332	2479		2149	2212		1400		1400
(iii) *Wagons* (in terms of 4 wheels)		25501	26129		20000	19649		12000		12000
(iv) *Rail Buses*		–	–		–	–		5		10

2.55 It was observed from the Explanatory Memorandum 1995-96 that for the year 1994-95 under the Plan-head 'Rolling Stock' the estimates which were budgeted at Rs. 1750.15 crore were revised to Rs. 1558.97 crore resulting in a drastic cut of Rs. 201.18 crores. Asked whether there was any corresponding revision in the targets fixed for rolling stock during 1994-95, the Ministry furnished the following information:–

	1994-95 (B.E.) (1)	1994-95 (R.E.) (2)	Difference (2-1)
Locomotives			
Diesel	135	135	Nil
Electric	155	170	+15
Coaches			
Conventional	1400	1400	Nil
EMUs	200	210	+10
Wagons (EMUs)	18000	12000	-6000

2.56 Targets could not be achieved during 1992-93 in respect of acquisition of EMU/Metro coaches and during 1993-94 in respect of EMU/Metro coaches and Wagons. A comparison between the targets fixed for different types of rolling stock during 1994-95 and 1995-96 reveals that for the year 1995-96 procurement of locos (both diesel and electric) have been reduced and that for coaches increased.

2.57 Asked to explain the reasons for shortfall in the target for procurement of wagons during 1993-94, the Ministry of Railways have stated that "against the target of 20,000 wagons in terms of four wheelers, actual procurement was 19649 four wheelers. The shortfall was due to the fact that 500 four wheelers ordered on two new firms could not be delivered in 1993-94."

2.58 For the year 1995-96 Budget Estimates for rolling stock are far less than the Budget/Revised Estimates for the year 1994-95. Asked whether Railways would require less rolling stock in future due to fall in demand for railway traffic, the Ministry of Railways informed the Committee that the transport output has remained stagnant or has slightly declined as is evident from the following table:

(in BTKMs)

Year	Budget Estimates	Actual	Difference
1991-92	253.34	256.9	+3.56
1992-93	267.78	258.13	-9.65
1993-94	277.57	257.13	-20.44
1994-95	278.73	264.8 (R.E.)	-13.93

The Ministry have stated that the main reason for this is reduction in average lead.

Track Renewal

2.59 Completing the process of renewal of over-aged assets is one of the major objectives of the Railways Eighth Plan strategy. According to the Planning Commission there was a substantial backlog of track (11500 Kms. of track length) for renewal at the beginning of the Eighth Plan and therefore, there can be no let up in this direction.

2.60 Track renewal has been one of the priority items in overall investment planning of Indian Railways. The Minister of Railways in his Budget speech has stated that "with the gauge conversion of many metre gauge and narrow gauge lines, it is aimed to liquidate all arrears of track renewal on important and high speed broad gauge sections."

2.61 Physical and financial progress under the Plan-head track renewal during the first three years of the Eighth Plan has been as follows:

Year	Investment (Rs. in Crs.)	Targets (Track Kms.)	Achievement	
1992-93	1324.87	2165	(Primary)	2364
	(Actual)	685	(Secondary)	574
1993-94	1301.79	1860	(Primary)	2316
	(Actual)	560	(Secondary)	498
1994-95	1333.00	1896	(Primary)	N.A.
	(R.E.)	504	(Secondary)	N.A.
1995-96	1428.00	2050	(Primary)	–
	(B.E.)	550	(Secondary)	

2.62 A scrutiny of Explanatory Memorandum on Railway Budget 1995-96 reveals that in the case of secondary track renewal the targets could not be achieved. As against the target of 560 track Kms. only 498 track Kms. could be renewed. Explaining the reasons for this shortfall the Ministry of Railways in a written note have stated:

> "This shortfall was on account of not taking up renewals in the various yards, which were to be closed after a review".

2.63 Budget Estimates under this head were revised from Rs. 1270.05 Crores to Rs. 1330.00 Crores during 1994-95. Asked whether there was any mid-course revision in the targets for track renewal after revising the estimates, the Ministry of Railways informed the Committee that "during the year the position was reviewed and it was felt that on certain routes condition of track necessitated accelerated renewals and accordingly additional funds were provided."

Passenger Amenities

2.64 Customers' satisfaction through reliability and quality of service is an important objective to be accomplished during the Eighth Five Year Plan. The increasing passenger traffic cannot be ignored any longer, particularly the long distance travel. For meeting realistic demands of the passengers and for proper upkeep and maintenance of the existing facilities at the stations and in trains, the need to allocate adequate funds under the Plan-head "Passenger Amenities" cannot be overemphasised. But the fact remains that a meagre outlay worth Rs. 225 Crores only has been provided under this head in the Eighth Plan. The financial progress during the first three years of the Eighth Plan has been as under:

Year	Investment (Rs. in Crs.)
1992-93	36.23 (Actual)
1993-94	67.46 (Actual)
1994-95	67.25 (R.E.)
1995-96	90.00 (B.E.)

2.65 The Committee's inquiry into the Railways' passenger amenity programme has brought to light the fact that the Railways have mixed up various basic passenger amenities with their own infrastructural needs which has presented a wrong picture of Railways' efforts to augment amenities for the travelling public. The Committee in their Seventh Report suggested that all such facilities as fulfil the infrastructural needs of the Railways should be excluded from the list of passenger amenities not only to enable the Railways to formulate realistic investment schemes under the Plan-head 'Passenger Amenities' but also to let the travelling people know what type of amenities are really being provided to them.

2.66 Indicating the action taken on the above suggestion of the Committee, the Ministry of Railways in a written note submitted to the Committee have stated:

> "The whole gamut of 'Passenger Amenities' has been reviewed and revised..... the concept of 'basic amenities' and 'additional amenities' has been abandoned and 'infrastructural facilities' for various types of sections have been identified.

Investment in Government Commercial Undertakings

2.67 The following six public sector undertakings have been working under the Ministry of Railways.

(i) Rail India Technical and Economic Services (RITES).

(ii) Indian Railway Construction Company Limited (IRCON).

(iii) Indian Railway Finance Corporation Limited (IRFC).

(iv) Container Corporation of India Limited (CONCOR).

(v) Centre for Railway Information System (CRIS) and

(vi) Konkan Railway Corporation (KRC).

2.68 Besides, with a view the professionalising catering services and upgrading them, a new commercial undertaking, namely, Railway Catering Corporation is being set up under the Ministry of Railways with an initial capital of Rs. 10 crore for the financial year 1995-96. When asked what factors inspired the Railways to set up a new commercial undertaking to deal with catering, the Ministry of Railways stated in a written note:

> "(Bringing) about qualitative improvements in the service of food served to the travelling public at railway stations........requires flexibility of approach and concentrated direction by an exclusive organisation which is not possible when this work is undertaken as a subsidiary activity by a Government department."

2.69 The Konkan Railway Corporation has currently been executing one of the biggest on-going projects, namely, Konkan Railway Project involving massive capital investment. While submitting the Railways Annual Plan 1995-96 to the Planning Commission in October 1994, it was stated by the Ministry of Railways in regard to the progress of this project that the line is expected to be ready for goods operation by March, 1995 but in this budget speech the Minister of Railways has stated that the line is likely to be opened for goods traffic during the third quarter of 1995. Asked to explain the reasons for rescheduling the target date, the Ministry of Railways have stated in a written note:

> "The Konkan Railway line was originally targeted for completions in October, 1994. The stoppage of work in Goa Sector due to the agitation for realignment of the line held up the work for over six months".

2.70 As regards the progress of work on this project, the Ministry of Railways have informed that "the physical progress of work as on 28.02.1995 is 82.5% and the financial progress is 93.23%".

Metropolitan Transport Projects

2.71 In respect of the following two high cost metropolitan transport projects, targets have been revised:

Project	Original target date	Revised target date
1. MTP (Bombay) Mankhurd Belapur Extension of Line	October, 1990	March, 1996
2. MTP (Madras) Madras Beach-Luz-Rapid Transit System	March, 1994	June, 1996

2.72 When asked why the above MTPs could not be completed by their original target dates, the Ministry of Railways gave the following reasons:

(i) *MTP (Bombay):* The original target date for completion could not be adhered to (a) on account of inadequacy of funds and (b) due to quantity increase to provide sidings at three different locations and conversion of Western Railway siding to running line.

(ii) *MTP (Madras)*: The original targets could not be achieved because of (a) inadequacy of funds and (b) not making available land by the State Government of Tamil Nadu.

2.73 The Committee wanted to know whether there was any corresponding revision in the cost of these projects with the revision in the target dates. The Ministry of Railways furnished the following details:

MTP (Bombay): The cost of this project is being shared by the Railways and CIDCO in the ratio of 1:2. With the revision in the target date of completion of the project, there has been corresponding revision in the cost of the project as given below:

(A)	Original/Estimated Cost (1986-87 price level)	,	Rs. 132.15 Crores
	Railway's share	:	Rs. 44.05 Crores
	CIDCO's share	:	Rs. 88.10 Crores
(B)	Revised Cost (1993-94 price level)	:	Rs. 440.86 Crores
	Railway's share	:	Rs. 146.95 Crores
	CIDCO's share	:	Rs. 293.91 Crores
(C)	Extra Cost (B-A)	:	Rs. 308.71 Crores
	Railway's share	:	Rs. 102.90 Crores
	CIDCO's share	:	Rs. 205.81 Crores

MTP (Madras) : With the revision in the target date of completion of this project, the cost has been revised as under:

Original/Sanctioned cost (1986-87 price level)	:	Rs. 108.21 Crores
Revised cost (1993-94 price level)	:	Rs. 185.61 Crores
Extra cost	:	Rs. 77.40 Crores

2.74 Asked as to how the extra cost involved in respect of both these projects would be met, the Ministry of Railways informed the Committee that "the extra cost involved is being borne from the Railways' budgetary support given by the Planning Commission under 'MTP' Plan Head."

2.75 Interestingly, in respect of Mankhurd-Belapur project whereas the Minister of Railways in his budget speech stated that this project has already been completed during the current year, Ministry of Railways in a written note submitted to the Committee have stated that "certain ancillary works are in progress and likely to be completed by 1996."

Reappropriation of Funds

2.76 The performance in respect of projects costing Rs. 5 crore and above, including transfer of funds from one work to other has been given in the Ministry of Railways' Performance Budget (1995-96) which has been brought out in pursuance of the Committee's recommendation contained in their Sixth Report on Ministry of Railways Demand for Grants 1994-95. A scrutiny of the Railways Performance Budget reveals that during 1993-94 a large scale reappropriation of funds has been made at the level of Railway Board and Zonal Railways especially in respect of the on-going projects under the plan-heads, namely, new lines, gauge conversion, doubling, electrification and MTPs. Details of reappropriation amounting to Rs. 2 crores and above made during 1993-94 in respect of various on-going projects costing Rs. 5. Crores and above are set out in Annexure-II.

Role of the Planning Commission

2.77 Railways' proposals for plan investment are sent to the Planning Commission for approval before they are finally taken up for execution. The Planning Commission clears the proposals after making an appraisal thereof. The Committee wanted to know the procedure followed by the Commission while examining the Railways' project proposals. The Commission in a written note informed the Committee that normally the proposals from the Ministry are based on a study/survey carried out by the Railways on need for the project, techno-economic feasibility, traffic potential etc. The Commission examines the proposals with a view to satisfying itself on the need/justification for the project, the estimated costs, anticipated traffic, the period of construction, financial viability and the contribution of the project to the development of the economically backward regions etc. Wherever necessary, the Planning Commission also discusses proposals with the concerned officers of the Railways to enable it to take a view on the question of according approval for the proposals.

2.78 Some procedural changes have been effected in regard to approval of the Railways' projects costing Rs. 50 crores and above. The Planning Commission informed the Committee that in February, 1994 a decision was taken by the Cabinet Committee of Economic Affairs (CCEA) to the effect that the body taking investment decisions in the Ministry of Railways for clearing the projects costing Rs. 50 crores and above in the areas like new lines, gauge conversion, electrification, major workshop expansion, doubling, metropolitan railways etc., will also include Secretary (Expenditure), Secretary (Department of Programme Implementation) and Secretary (Planning Commission) or their representatives. The body so expanded is called Expanded Board. However, in the case of the projects costing less than Rs. 50 crores, the present procedure of conveying Planning Commission's approval will continue. In view of the changed procedure in respect of the projects costing Rs. 50 crores and above, it has been decided that such projects as received from the Ministry of Railways will be appraised by the Project Appraisal and Management Division (PAMD) of the Planning Commission in consultation with their Transport Division after which the views of the Planning Commission will be communicated to the Expanded Board.

2.79 Asked as to how much time is normally taken by the Planning Commission in considering a project received from the Railways, the Commission in a written note informed the Committee that "after all the essential information is available, the examination/appraisal of the project could be completed within four to six weeks time."

2.80 When asked whether the factors affecting the availability of funds are also taken into consideration while examining a particular project for approval, the Commission replied in affirmative.

2.81 The Committee further wanted to know whether any post-approval monitoring is done at the level of Planning Commission to ensure that the projects already approved for execution do not suffer from fund constraints. The Planning Commission in a written note submitted to the Committee have stated:

> "At the time of Annual Plan discussions with the officials of the Railway Ministry, the progress of the sanctioned on-going projects is generally reviewed and emphasis is laid on completion of the on-going projects as per schedule."

2.82 The state of pendency in respect of project proposals received by the Planning Commission from the Ministry of Railways for approval was also enquired into by the Committee. Though the Planning Commission have stated that they take four to six weeks time in clearing any project, eight projects are still pending with the Planning Commission for more than three months and one project for more than six months as may be seen from the following details:

Plan Head and Name of the Project	Date of Receipt	Reason for Pendency
I. Gauge Conversion		
Guntakal-Hospet	2.1.1995	Under examination
II. Bridge Works		
Second Mahanadi Bridge in connection with Nargundi-Cuttack-Paradeep doubling	2.1.1995	-do-
III. Electrification		
1. Itarsi-Allahabad	2.1.1995	-do-
2. Khurja-Meerut City-Saharanpur	2.1.1995	-do-
3. Jalgaon-Udhna	2.1.1995	-do-
IV. Metropolitan Transport Project		
1. Thane-Thurbhe-Neerul-Vashi	6.1.1995	Additional information was sought and further discussion held. Being processed.
2. Belapur-Seawood-Uran	6.1.1995	-do-
3. Borivilli-Vasai Road	6.1.1995	-do-
4. Belapur-Panvel	29.9.1994	-do-

Observations and Recommendations

2.83 Railways occupy a predominant place in the country's public transport system. In our diversified economy, the Railways are considered to be a vehicle of growth contributing to accelerated industrial and infrastructural development.

2.84 The Committee note that over the last four decades though the railway network in the country has expanded considerably, yet this sector could not keep pace with the requirements of the economy due to inadequate investment, as the outlay on railway sector as a percentage of total plan outlay has relatively declined in the recent years. This has adversely affected the railways network development programmes. As the rail transport capacity has to be created well ahead of the demand, efforts to augment it cannot be slowed down. The closing years of the 20th century are indeed crucial for the Railways to generate adequate capacity with a view to gearing them up to meet the challenges of the 21st century which is likely to witness an increased level of freight and passenger traffic under the changed economic scenario.

2.85 The Eighth Plan outlay for the Railways is Rs. 27,202 crores which as per the original provision consists of internal resources of Rs. 18,827 crores (69.2% of the Plan size), budgetary support of Rs. 5375 crores (19.8% of the Plan size) and extra budgetary support of Rs. 3000 crores (11% of the Plan size). Thus various developmental activities of the Railways are funded by internal resources, budgetary support from the General Revenue and market borrowing. So far as financing pattern of the Railways annual plans during the first three years of the Eighth Plan is concerned, the Committee observe that the Railways have slowed down their efforts to generate resources internally which has resulted in effecting cuts in total plan size from time to time. Especially during 1993-94 and 1994-95 the Railways could not achieve the targets fixed for mobilising resources internally. As a result, the Plan-size was reduced by Rs. 300 crores in 1993-94 and by Rs. 260 crores in 1994-95 which adversely affected the overall resource availability to finance the various on-going investment projects.

2.86 The Committee are distressed to note that the proportion of budgetary support in the Railways annual plans which was as high as 75% in the Fifth Plan and 42% in the Seventh Plan has come down to as low as 15% in the year 1995-96. This substantial reduction in budgetary support has not only resulted in more market borrowing at an extra cost in terms of repayment charges but also caused drastic cut in the allocations under different Plan heads mainly new line projects, railway electrification, metropolitan transport projects etc. The Committee feel that due attention is not being paid by the Planning Commission and the Ministry of Finance to the railway sector and therefore

strongly recommend that the issue of budgetary support to Railways should be thoroughly examined at the earliest possible by a specially constituted body comprising economic/financial experts from the Ministries of Railways, Finance, Programme Implementation and the Planning Commission with due association of the Members of Parliament having knowledge or experience in the working of rail transport system in the country. An initiative in this direction should immediately be taken by the Ministry of Railways (Railway Board) in consultation with the Planning Commission and the Ministry of Finance.

2.87 An important feature of the financing pattern of the Railways annual plans in the recent years has been that due to failure in generating adequate resources internally and low level of budgetary support from the General Revenue, the Railways have started to resort to more market borrowing. In the year 1995-96, Railways have estimated an amount of Rs. 2250 crores through market borrowing which is 114.28% of the B.E./R.E. for the previous year 1994-95. Increasing dependence on market borrowing for funding the network development programme does not speak of sound economics of Railways Plan financing pattern particularly because network development projects have a long gestation period and funding such projects increasingly by market borrowing would mean incurring more cost in terms of repayment charges. The Committee are constrained to note that only during 1991-94, the Railways had to pay Rs. 2441 crores as lease hire charges towards market borrowings. Hence the Committee are of the view that for the infrastructure sector like railways which also have to carry social burden, market borrowing is an expensive proposition. Apart from higher budgetary support from the General Revenue and market borrowing having its own limitation due to the cost element involved, it is incumbent upon the Railways to intensify their efforts to generate more internal resources to meet the investment requirements.

2.88 The Committee find that the size of Annual Plan 1994-95 was reduced from Rs. 6515 crores to Rs. 6255 crores effecting a cut of Rs. 260 crores mainly because the Railways failed to generate adequate resources internally but at the same time less procurement of wagons (procurement reduced from 18000 to 12000 wagons) resulted in a saving of Rs. 280 crores as informed by the Ministry of Railways in a written note submitted to the Committee. The Committee fail to understand as to how the saving of Rs. 280 crores could not be utilised to offset the resource gap of Rs. 260 crores for financing the Plan. The Committee would like to be apprised of how the saving of Rs. 280 crores was utilised and what had been its impact on the overall Plan size.

2.89 The Committee find that estimates relating to investment by Plan-heads have been indicated in the Explanatory Memorandum on Railway

Budget. A scrutiny of the Railways Annual Plan 1995-96 and Explanatory Memorandum 1995-96 together reveals that though the proposed size of Annual Plan 1995-96 fixed at Rs. 7500 crores remains unchanged, budgeted outlays *vis-a-vis* proposed allocations in respect of many plan-heads have either been increased or decreased. In this context, the Ministry of Railways informed the Committee that the figures of budget estimates do not take into account the credits that would be received. Besides, Rs. 2250 crores indicated under bonds have not been taken into account for its plan-head wise distribution. The Committee feel that this procedure of reflecting the amount of investment under different plan heads suffers from an in-built defect, for it does not speak of how the money to be raised through bonds etc. would be distributed Plan-head wise. The Committee feel that the share of each of the Plan-heads should have been decided at the time of finalising the budget estimates keeping in view their priority in the entire investment planning. It will not only help Parliament to know whether the Railways have established a balance in allocating funds for different Plan-heads but also avoid the possibility of arbitrary allocation of money to be raised through bonds in the course of time.

2.90 The Committee observe that the scrap disposal is an important area having a lot of potential to generate funds for financing the projects suffering from fund constraints. The scrap is scattered over different parts of the Railway system. Only in the year 1993-94, funds of the order of Rs. 850 crores were generated through scrap disposal.

2.91 The Committee in their earlier report on the Ministry of Railways Demands for Grants 1994-95 had specifically recommended that a sub-head in the Railways Accounts Books should be created for suitable reflection of the money realised on account of sale proceeds of the old released material. But no action was taken by the Ministry of Railways to examine this recommendation of the Committee. The Committee do not agree with the reasons given by the Railway Board that– "If the proceeds from sale of capital assets are also taken as another source of receipts, they may dilute this accountability as in the year when the earnings from goods, passengers etc. are below the expected levels, the Railways may be tempted to sell their assets and augment their receipt and make up for the loss in earnings therefrom." The Committee are unable to understand as to how the scrap can be equated with capital assets. The Committee feel that there should be a systematic approach to scrap disposal under the Railways planning for inventory management and control. In order to get maximum price for the scrap, the present system of scrap disposal should be reviewed by the Railway Board and guidelines evolved for quick disposal of scrap at different levels of the system. The Committee recommend that the money realised on account of sale proceeds of scrap by different Zonal

Railways should be pooled. The money so pooled can be utilised for funding projects like new lines, electrification etc. on which there has been tardy performance mainly due to inadequate budgetary support. The Committee reiterate their earlier recommendation that a separate sub-head should be created in the Railways Account Books for suitable reflection of the money realised from scrap disposal. If necessary, suitable guidance may be obtained from the expert agencies like C&AG, Planning Commission etc. in the matter.

2.92 The Committee note that much exercise is not done at the level of Planning Commission in deciding the allocations for different Plan-heads of investment. The Ministry of Railways have informed that while making Plan-head wise allocations of outlay for the year 1995-96 excepting a few cases of rolling stock, railway electrification and MTP, the flexibility was left to the Railways. This is indicative of the fact that the Planning Commission gives a superficial treatment to the Railways projects while examining them and as an expert body their role is very limited in the finalisation of Railway Plans. In the opinion of the Committee, the Railways have a macro-impact on the national economy and any unsound decision taken by the Railways in haste, without a proper study, is bound to affect not only the financial health of the railway sector but also the other vital sectors of the economy, for backward and forward linkages between railways and other sectors are inherent in a system like ours. The Committee strongly feel that head-wise allocation of Plan outlay should be decided in consultation with the Planning Commission so that the Commission can render suitable advice to the Railways.

2.93 The Committee regret to note that during 1994-95, estimates in respect of many plan-heads were revised downward. Important among them had been—computerisation, railway research, rolling stock, signalling and telecommunication work, machinery and plant; and workshops including production units. The reasons given by the Ministry of Railways for reduction in the provision for each of these plan-heads indicate that while formulating the budget estimates, the Ministry did not take all the possible factors into consideration. The Committee, therefore, suggest that the pre-budget exercise in the Ministry of Railways should be scientifically carried out so that estimates could be formulated on realistic basis.

2.94 The Committee are deeply concerned to note that construction of new railway lines is turning to become a low priority item in the Railways investment planning due to the somewhat *ad-hoc* attitude of the Ministry of Railways on the one hand and low budgetary support from the Planning Commission on the other. The performance of Railways with regard to opening of new lines during the first three years of Eighth Plan presents a dismal picture. Surprisingly, the annual targets for construction of new lines have been drastically reduced from 155 route kms in 1994-95 to as low as

17 route kms. in 1995-96 against the Eighth Plan projection of 165 route kms. whereas the outlay proposed under this head for 1995-96 is more than the revised outlay for 1994-95. The Committee find that two new lines, namely Angul-Manseswar of Talchar-Sambalpur (139 km) and Nischintpur-Kakdweep of Laxmikantapur-Namkhana (9 km) which were originally targeted for completion during 1995-96 have been dropped from the work programme of 1995-96 on the ground of low budgetary support from the Planning Commission. During 1994-95 too, the achievements have been rather unsatisfactory, for as against 211 route kms. completed during 1993-94 only 42 route kms. of new line sections could be completed during 1994-95. Keeping in view the completion of 211 route kms. with an outlay of Rs. 239.28 crores (actuals) during 1993-94, the target of only 17 route kms. with an estimated outlay of Rs. 203.00 crores cannot be justified.

2.95 The Committee note that for the construction of new lines the Railways are wholly dependent on the budgetary support made available by the Planning Commission. High cost on-going new line projects are generally reprioritised and in some cases frozen due to inadequate budgetary support. In the opinion of the Committee, such an important area of Railways capacity generation can no longer be ignored. The prevailing situation warrants that financing of new line projects should not be restricted to the funds available in the form of budgetary support only. The Railways should conduct a review jointly with the Planning Commission to explore the possibility of funding the new line projects from other sources also in addition to the budgetary support. The Committee hope that immediate action will be taken by the Ministry of Railways to take up the matter with the Planning Commission.

2.96 The Committee are not satisfied with the progress of work on many new line projects. They are particularly concerned to learn that Godhra-Indore new line project has been frozen after making a substantial investment of Rs. 14.45 crores. It was stated by the Ministry of Railways that this project was included in the Budget for 1989-90 with a tentative rate of return of 10.77% but the final location survey report received in 1993-94 has revealed that the rate of return from this line has become negative. It is quite clear from the reasons given by the Ministry for freezing the work on this line that during the intervening period from 1989 to 1994 the investment running into crores of rupees was made without a proper study. It is most unlikely that this line could be defrozen in the near future for the obvious reasons. The Committee are constrained to observe that due to lack of proper project planning, scarce capital resources have been blocked.

2.97 The Committee find that gauge conversion has become one of the top priority items in the network development programme of the Railways. As

against the achievement of 327 route kms. of gauge conversion during the Seventh Plan period, about 4500 route kms. of MG/NG have been converted into BG only in the first three years of the Eighth Plan. This sudden shift in the policy towards gauge conversion has resulted in channelisation of comparatively more funds towards this single head of investment at the cost of various other important network development programmes. The Committee note that during 1993-94 and 1994-95 there had been sharp increase in the allocation of funds for gauge conversion adversely affecting the resource availability for other areas of equal importance *viz,* new lines, doubling, track renewal, rolling stock etc. The outlay for the year 1995-96 has, however, been budgeted at a comparatively lower level, probably taking note of the Committee's observations contained in their Third and Eleventh reports dealing with 'gauge conversion'. The Committee are not averse to the gauge conversion programme and in fact are in favour of a Unigauge system but strongly feel that the Railways investments on network development should be made on a proper perspective planning, without creating infrastructural imbalances as at present. The Committee hope that all the recommendations/ observations made in their earliest reports on 'gauge conversion' will be taken in right earnest. They also desire that a study be undertaken to find out the impact of gauge conversion on freight as well as passenger traffic.

2.98 The Committee while supporting the cause of Railways for better Budgetary support to Railways investment plans, would also like to emphasise upon the responsibility of the Railways for taking a fair share of nation's traffic demand. They find high differential in energy input between rail and road transport and its impact on nation's oil import involving huge foreign exchange. In the opinion of the Committee major investment on gauge conversion and electrification of railway lines would be infructuous if the investment made does not result in additional traffic output in terms of freight tonne kilometer and passenger tonne kilometer. The Committee therefore desire the Ministry of Railways and the Planning Commission to have an economic evaluation for not achieving the targets originally fixed for freight traffic and passenger traffic and its impact on foreign exchange outflow due to not achieving the targets so fixed.

2.99 The Committee feel that doubling of railway lines is extremely essential to augment Railways transport capacity. But not much headway has been made in this direction. The Committee note that though the outlay for 1995-96 under the Plan-head doubling has been increased by Rs. 108.46 crores over and above the revised outlay of Rs. 160.54 crores during 1994-95, the target for doubling work for 1995-96 has been fixed at the same level of 1994-95 i.e. 250 kms. The Committee may be informed the reasons thereof.

2.100 The Committee are unhappy to find that the practice of freezing the on-going projects has been extended to doubling works also. Two doubling projects have been frozen after investing Rs. 1.02 crores during 1992-93. Besides, one doubling project has been deleted from the Railways work programme after spending Rs. 0.19 crores during 1993-94. This is not a desirable state of affairs. The Railways should avoid such occurrences in future. The Committee expect that Railways would make consistent efforts to augment their capacity by doubling the existing lines whenever they reach near saturation point.

2.101 Electrification of 2700 RKM of dense corridors is one of the major objectives of the Railways' Eighth Plan for which an outlay of Rs. 1350 crores has been provided. The Committee note that in the year 1992-93 and 1994-95 against the target of electrification of 500 route km. in each year, only 479 route km. and 450 route km. respectively could be electrified. The average physical progress of electrification work during the first three years of the Eighth Plan works out to about 480 route kms. which is below the required average annual progress. The Committee find that during 1993-94 funds in a large scale were diverted from the various on-going electrification projects adversely affecting their progress. The Committee are further distressed to note that during 1993-94, in respect of a high cost electrification project, namely, Bandel-Katwa (Project cost Rs. 45.00 crores) no physical progress was made despite incurring an expenditure of Rs. 3.12 crores. They are also concerned to know that Kharagpur-Madras main route has also not been electrified so far. They desire that the electrification of this route should be completed by the end of the Eighth Plan on priority basis. The Committee would like to know whether the Railways would be able to achieve the Eighth Plan target of electrification of 2700 RKM with the present pace of work. The Committee desire that the Railways should intensify their efforts to achieve the Plan target.

2.102 The Committee note that at present direct financial return is the sole criterion for electrification of railway lines. They feel that other factors like—increase in line capacity, better throughput, environmental friendly traction etc. which cannot precisely be quantified should be appropriately amalgamated with the present quantifiable criteria of rate of return.

2.103 The Committee are extremely worried to note that the target for procurement of wagons has been drastically reduced. The Committee feel that there has been planned reduction in rolling stock procurement during the last three years reaching levels far below what had been planned initially and even lower than the capacities available for their manufacture. This has resulted in under-utilisation of capacity in wagon manufacturing units. Almost all the

wagon manufacturing units in the country have presently been starving for want of wagon orders from the Railways and many of them are on the verge of closure. The Committee are afraid that if the Railways continue to reduce the targets for acquisition of wagons and other rolling stock, a situation may arise in a very near future when supply may not be matching the requirement thereby adversely affecting the transport output of the whole system. The Committee desire that the Ministry of Railways should urgently review the whole position with a view to chalking out a realistic rolling stock procurement programme, as no satisfactory explanation could be given by the Railways for the huge reduction in the procurement orders for wagons.

The Committee further note that both in the Corporate Plan and the Annual Plan, the Railways had decided to increase the capacity of Chittranjan Locomotive Works from 130 locomotives to 150 locomotives. But they had reduced the production in this unit. This does not commensurate with traffic projection for the year 1995-96. The Committee is of the firm opinion that the production targets fixed earlier for the manufacturing of electric locomotives should not be reduced.

2.104 The Committee are happy to note that the physical and financial progress under the Plan-head 'track renewal' has been satisfactory in the recent years. The Committee hope that in tune with the Eighth Plan objective of completing the process of renewal of over-aged assets, the Railways would leave no stone unturned in removing the backlog for renewal of the entire over-aged track.

2.105 Issues like unrealistic classification of passenger amenities, slackness in proper upkeep and maintenance of the existing facilities, inadequate allocation and under-utilisation of funds, lack of effective coordination between the Railway Board and Zonal Railways for continuous monitoring of passenger amenity programmes etc. have been engaging the attention of the Committee for quite some time. All these issues have been dwelt at length by the Committee in their very First Report. The Committee are happy to note that in pursuance of their recommendation, the Ministry of Railways have increased the outlay for passenger amenities by 33.82% during 1995-96 over and above the outlay of Rs. 67.25 crores during 1994-95. It is hoped that there will be no let up on the part of the Railways in the utilisation of funds as well as effective implementation of the passenger amenity schemes.

2.106 The Committee appreciate that the whole gamut of the passenger amenities has been reviewed by the Ministry of Railways and the classification of the amenities as 'basic' and 'additional' has been abandoned. It is also appreciative that such facilities as fulfil the infrastructural needs of the Railways at different stations have been identified pursuant to the Committee's

recommendation contained in their Seventh Report. The Committee feel that a separate Plan-head should be created under Demand No. 16 to deal with the infrastructural facilities at the stations so that they are not mixed up with the Passenger Amenities and Railways' efforts in this direction are duly reflected in the Budget documents and Annual Reports. The Committee desire that this aspect should be examined urgently and they may be apprised of the action taken by the Ministry of Railways (Railway Board) in this regard.

2.107 The Committee note that with a view to professionalising catering services and upgrading them, a new commercial undertaking, namely, Railway Catering Corporation is being set up under the Ministry of Railways with an initial capital of Rs. 10 Crores for the year 1995-96. This is a welcome step on the part of the Ministry of Railways. Since more funds would be required to put the Corporation on a sound footing, the Committee suggest that funds should be raised by floating bonds. By running this Corporation on commercial lines Railways can augment their receipts, but at the same time there should be no compromise with the quality of services rendered by the Corporation.

2.108 The progress of work on Konkan Railway Project is much behind its target. The Committee note that there is a time over-run of about six months in the completion of this project. As on 28.2.1995 the physical progress of work was 82.5% and the financial progress 93.23%. Since the physical progress has been less than the financial progress, the possibility of further cost over-run cannot be avoided. The Committee hope that all out efforts will be made to open the Konkan railway line for goods as well as passenger traffic without any further time/cost over-runs.

2.109 The Committee are distressed to note that two metropolitan transport projects, namely, MTP (Bombay) Mankhurd-Belapur Extension of Line and MTP (Madras)-Madras Beach-Luz Rapid Transit system, have been badly suffering from time/cost over-runs. In the case of MTP (Bombay) the original project cost has been revised from Rs. 132.15 crores to Rs. 440.86 crores *i.e.* an increase of Rs. 308.71 crores which works out to 233% cost escalation. In the extra cost of Rs. 308.71 crores, Railways share is Rs. 102.90 crores. In the case of MTP (Madras) too, the original cost of Rs. 108.21 crores has been revised to Rs. 185.61 crores *i.e.* an extra cost of Rs. 77.40 crores which works out to 71.52% cost escalation. The extra cost has to be met by the Railways from the budgetary support. This has put an extra burden on the limited budgetary support the Railways get from the General Revenue. The reasons for such substantial cost escalation as explained by the Ministry of Railways are not very convincing. The Committee desire that further cost/time over runs in respect of these two metropolitan projects should be avoided.

The Committee have received a representation from a very large number of commuters for formation of a separate autonomous corporation for the Mumbai Suburban System. They would like to have the views of the Ministry of Railways in this regard.

2.110 A distinct feature of the Railways financing of their projects costing Rs. 5 crores and above has been that reappropriation of funds in a large scale has been made at the level of Railway Board and Zonal Railways especially in respect of the on-going projects under the Plan-heads-new lines, gauge conversion, doubling, electrification and MTPs. In the opinion of the Committee, reappropriation should be resorted to in a restricted way, for too much flexibility for reappropriation causes diversion of funds from one project to another which resultantly disturbs the whole scheme of prioritisation of projects. The Committee desire that suitable guidelines should be framed for reappropriation of funds at different levels. They would also like to be apprised of the action taken by the Ministry of Railways in this regard.

2.111 The Committee note that at present eight projects of Railways are pending with the Planning Commission for more than three months whereas the normal time taken in approving a project is reportedly four to six weeks. The Committee would like that all the pending projects should be expeditiously cleared by the Planning Commission for execution.

2.112 The Committee are not very happy with the role played by the Planning Commission in according approval to and monitoring of Railways plan projects. The mechanism available with the Planning Commission for post-approval monitoring of the railway projects is quite weak. With the result, many approved projects have not only been deleted/frozen by the Railways in the past but also many on-going projects have been suffering from time/cost overruns. It underscores the need to further streamline the existing mechanism of coordination between the Ministry of Railways and the Planning Commission. The Committee recommend that the Planning Commission should strengthen its machinery for effective monitoring of the high cost on-going projects of the Railways with a view to ensuring that they do not suffer from fund constraints and are completed on schedule.

ANNEXURE I

RAILWAYS INVESTMENT BY PLAN HEADS

(Rs. in crores)

S. No.	Plan Head	Actuals 1992-93	Revised 1993-94	Actuals 1993-94	Revised 1994-95	Budget 1995-96
1.	New lines (Construction)	272.25	218.51	239.28	193.61	203.00
2.	Restoration of dismentled lines	23.51	25.00	26.73	4.47	1.00
3.	Gauge Conversion	693.92	952.45	999.51	1180.28	873.00
4.	Doubling	213.84	211.09	233.66	160.54	269.00
5.	Traffic facilities Yard remodelling and others	112.28	114.07	121.29	82.54	153.00
6.	Computerisation	16.19	33.89	26.28	70.00	100.00
7.	Railways Research	7.78	5.02	2.68	8.39	20.00
8.	Rolling Stock	1481.14	1726.68	1630.12	1558.97	1140.00
9.	Track Renewals	1324.87	1231.43	1301.79	1333.00	1428.00
10.	Bridge Works	71.53	81.28	72.97	93.02	162.12
11.	Signalling and Telecommunication works	153.03	162.99	156.72	177.03	275.73
12.	Taking over of line wires from P & T	-0.02	-	0.03	-	-
13.	Electrification projects	235.95	249.07	278.24	284.40	350.70
14.	Other electrical works	64.82	43.92	47.08	60.88	90.36
15.	Machinery & Plant	62.90	70.24	40.21	65.68	95.23
16.	Workshops-including Production Units	155.59	194.64	136.50	160.35	200.00
17.	Staff quarters	26.78	27.24	28.72	26.74	31.31
18.	Amenities for staff	27.39	31.04	31.09	35.28	35.18
19.	Passenger amenities	36.23	63.49	67.46	67.25	90.00
20.	Other Railway users' amenities	0.15	-	0.39	0.01	-
21.	Investment in Government Commercial Undertakings-Public Undertakings					
(i)	IRFC					
(ii)	CONCOR					
(iii)	KRC		51.00	51.00	53.67	10.00
(iv)	RCTC					

PERFORMANCE OF PROJECTS COSTING RS. 5 CRORES AND ABOVE DURING 1993-94

Description of work	Anticipated cost (As per Pink Book)	Expenditure upto 1992-93	Provision for 1993-94	Reappropriation by Rly. Bd/ Railway during 1993-94	Modified Outlay 1993-94	Expenditure during 1993-94
NEW LINES (CONSTRUCTION)						
CENTRAL RAILWAY						
Mathura-Alwar (119.75 km)	69.43	43.70	18.00	+11.00	29.00	46.27
NORTHERN RAILWAY						
NORTH EASTERN RAILWAY						
Rampur-Lalkuan-New BG line and Lalkuan-Kathgodam-Gauge conversion.	62.77	54.87	8.00	+4.00	12.00	13.14
NORTH EAST FRONTIER RAILWAY						
Jogighopa-Guwahati-Rail-cum-Road bridge across Brahmaputra at Jogighopa along with BG line from Jogighopa to Guwahati (142.15 km).	337.00	249.58	17.00	+3.90	20.90	20.72
SOUTHERN RAILWAY						
Maniyachi-Taiaiyuthu, Maniyachi-Milavittan & Milavittan-Tuticorin Harbour (55.4 km) & Dindigul-Madurai (64.32 km) - Parcell BG line.	178.79	184.70	6.79	+16.96	23.75	24.25
Chitradurg-Rayadurg (100 km).	65.65	51.08	10.73	+20.27	31.00	31.66
SOUTH EASTERN RAILWAY						
Daitari-Banspani (147 km).	242.55	7.03	25.00	-23.46	1.54	2.10
Koraput-Rayagada (164 km).	405.10	361.85	26.11	+4.50	30.61	30.86
GAUGE CONVERSION						
CENTRAL RAILWAY						
Daund-Baramati (42 km)	12.50	..01	3.00	+7.00	10.00	10.59

Description of work	Anticipated cost (As per Pink Book)	Expenditure upto 1992-93	Provision for 1993-94	Reappropriation by Rly. Bd/ Railway during 1993-94	Modified Outlay 1993-94	Expenditure during 1993-94
NORTHERN RAILWAY						
Phulera-Jodhpur and Bikaner-Merta Road	341.64	139.44	110.00	+41.00	151.00	149.51
Delhi-Rewari (83 km)	38.00	44.20	10.00	-5.00	5.00	6.85
Rewari-Bhatinda (300 km)	135.00	-	49.00	+13.00	62.00	63.52
NORTH EASTERN RAILWAY						
Burhwal-Sitapur (98 km)	50.12	27.30	14.00	+11.00	25.00	26.44
Muzaffarpur-Raxaul (Phase-I)	75.09	5.40	27.00	-21.00	6.00	6.05
Manakapur-Katra-Faizabad (37 km)	24.62	6.34	.10	+5.20	5.30	5.31
NORTH EAST FRONTIER RAILWAY						
New Guwahati-Lumding including Chapramukh-Haibargaon linked branch line (202.11 km)	138.93	47.27	33.00	+25.70	38.70	25.78
SOUTHERN RAILWAY						
Madras Beach-Tiruchchirappalli	200.00	21.55	3900	-15.50	23.50	23.67
Bangalore-Hubli (469 km)	235.00	64.17	65.00	+61.00	126.00	128.81
SOUTH CENTRAL RAILWAY						
Guntur-Guntakal and Guntakal-Kalluru (458 km) with lifting of Kalluru-Dharmavaram (76 km)	226.50	32.00	50.00	+12.94	62.94	59.28
Hospet-Hubli-Goa (with linked figures) (489 km)	312.00	.03	8.00	-7.00	1.00	.96
Miraj-Londa (188 km)	122.00	.0001	20.00	-11.00	9.00	9.15
SOUTH EASTERN RAILWAY						
Purulia-Kotshila (35 km)	20.00	8.95	5.00	-	5.00	8.13
Gondia-Chandafort (242 km)	170.22	2.00	50.00	+8.00	58.00	59.38

Description of work	Anticipated cost (As per Pink Book)	Expenditure upto 1992-93	Provision for 1993-94	Reappropriation by Rly. Bd/ Railway during 1993-94	Modified Outlay 1993-94	Expenditure during 1993-94
Secunderabad-Dronachallam and Secunderabad -Bolarum (331 km)	226.40	58.66	40.00	+25.75	65.75	67.54
Manmad-Parbhani-Parlivaijnath	175.00	105.47	55.00	+24.00	79.00	79.05
WESTERN RAILWAY						
Rewari-Jaipur (225 km)	106.31	15.00	85.00	-2.38	82.62	91.93
Phulera-Marwar-Ahmedabad (572 km)	280.00	-	15.00	-8.00	7.00	.66
DOUBLING						
CENTRAL RAILWAY						
Mathura-Palwal-Automatic block signalling and panel interlocking and IBS between Palwal-Assoti-Ballabgarh.	16.86	16.80	.06	+2.80	2.86	3.08
Kiratgarh-Kala Akbar (22.25 km) and Metpanjra-Bharatwada (38.38 km) (Phase-V)	69.42	50.67	18.75	-4.50	14.25	17.87
EASTERN RAILWAY						
Sonenagar-Mughalsarai-Third line with bi-directional signalling and Flyover from Dn. Grand Chord to CIC.	139.00	43.08	30.00	-3.89	26.11	31.42
NORTHERN RAILWAY						
Lucknow-Unnao-Doubling over Ganga bridge by converting MG into BG and extending BG line from Kanpur Central to Kanpur Anwarganj.	62.02	61.05	2.00	+4.24	6.24	6.58
NORTH EAST FRONTIER RAILWAY						
Barsoi-Dalkhola (29.05 km) and Dhulabari-Aluabari (4.95 km)	32.50	27.94	.80	+2.46	3.26	3.12

Description of work	Anticipated cost (As per Pink Book)	Expenditure upto 1992-93	Provision for 1993-94	Reappropriation by Rly. Bd/ Railway during 1993-94	Modified Outlay 1993-94	Expenditure during 1993-94
SOUTH CENTRAL RAILWAY						
Thangundi-Chegunta (43.4 km)	33.95	33.82	.13	+4.18	4.31	5.59
Tandur-Malkhaid Road (45.6 km)	38.89	38.07	.39	+4.27	4.66	5.79
Vikarabad-Tandur (41.41 km)	46.84	32.33	14.28	-6.28	8.00	5.73
Malkhaid Road-Wadi (24.86 km)	20.14	19.13	1.01	+2.44	3.45	2.48
SOUTH EASTERN RAILWAY						
Bilaspur-Akaltara-3rd line (27 km)	25.68	1.42	20.00	-10.96	9.04	10.82
Joranda Road-Hindol Road	24.17	13.92	1.41	+2.25	3.66	4.30
Talcher-Hindol Road (32.1 km)	29.25	7.64	22.24	-14.18	8.06	8.01
Ambodala-Bissamcuttack & Tirubali-Gumada-Patch (99.96 km)	78.00	74.69	.35	+2.83	3.18	3.19
Bobbili-Gajapatinagaram	29.28	11.66	15.00	2.00	12.00	12.15
ELECTRIFICATION PROJECTS						
EASTERN RAILWAY						
Bhusawal-Nagpur	181.27	167.93	7.99	-9.39	-1.40	-.18
Sitarampur-Danapur-Mughalsarai via main line of Eastern Railway including Rampur-Dumra-Garhara-Barauni	240.41	16.27	28.00	-7.38	20.62	21.96
Vijayawada-Balharshah	162.84	144.26	9.5	-6.33	3.17	5.28
Bhopal-Nagda	105.77	84.35	21.42	-12.41	9.01	6.69
Itarsi-Nagpur	117.32	116.07	1.25	-3.02	-1.77	-11.86
Itarsi-Bhusawal	132.20	130.70	1.50	+3.30	4.80	5.06
Balharshah-Wardha	70.14	63.16	6.98	-9.70	-2.72	-2.40

Description of work	Anticipated cost (As per Pink Book)	Expenditure upto 1992-93	Provision for 1993-94	Reappropriation by Rly. Bd/ Railway during 1993-94	Modified Outlay 1993-94	Expenditure during 1993-94
Kazipet-Secunderabad-Hyderabad-Sanatnagar including Maula Ali-Sanatnagar bye-pass line including CLS	90.01	85.97	2.97	+14.88	7.85	10.44
Bina Katni	86.28	61.02	12.00	+36.78	48.78	48.88
Katni-Anuppur-Bilaspur	130.14	102.65	23.00	+33.91	56.91	60.20
Durg-Nagpur	133.07	131.52	.46	+5.04	5.50	4.82
Jolarpettai-Erode and Salem-Mettur Dam	97.63	91.84	2	-3.50	-1.50	-.96
Patratu-Sonenagar	98.76	39.75	35.00	+4.46	39.46	46.71
Delhi-Ambala Cantt-Ludhiana	136.96	34.55	35.00	+9.33	44.33	45.39
Bokaro Steel City-Muri-Hatia-Bondamunda-Bimlagarh-Kiriburu/ Barsuan-Purulia-Kotshila	113.02	14.24	20.00	-14.80	5.20	6.03
Erode-Palghat-Ernakulam including Cochin Harbour Terminus (324 km)	167.76	7.00	16.00	-5.73	10.27	10.43
Renigunta-Guntakal-Hospet	177.02	7.00	10.00	-2.50	7.50	2.58
Chandil-Muri-Barkakana of South Eastern Railway (119 km)	32.22	.50	6.00	-5.90	.10	.0016
Vijayawada-Visakhapatnam including Samalkot-Kakinada Port branch line (366 km)	210.08	4.00	15.75	-9.33	6.42	4.47
METROPOLITAN TRANSPORT PROJECTS						
METRO RAILWAY						
Dum Dum-Tollygunj (Calcutta)-Design & construction of rapid transit system	1330.84	1071.47	125.00	+24.60	149.60	149.73
M.T.P. (Bombay)						
Andheri-Bandra-Additional pair of line	61.43	36.97	14.00	+8.34	22.34	22.13
Mankhurd-Belapur-Extension of line	287.11	81.09	12	+21.66	33.66	33.66