

**STANDING COMMITTEE ON RAILWAYS  
(2004)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**DEMANDS FOR GRANTS (2004-2005)**

**FIRST REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

August, 2004/Sravana, 1926 (Saka)

***Presented to Lok Sabha on 19.08.2004  
Laid in Rajya Sabha on 19.08.2004***

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held on 17.08.2004

## COMPOSITION OF THE STANDING COMMITTEE ON RAILWAY (2004)

**Shri Basudeb Acharia** - **Chairman**

### MEMBERS

#### LOK SABHA

2. Shri A.Sai Prathap
- 3 Shri Dharendra Agarwal
- 4 Shri Atique Ahamad
- 5 Shri Ajaya Kumar
- 6 Shri Subrata Bose
- 7 Shri Bapu Hari Chaure
8. Shri Kishan Lal Diler
9. Shri Giridhar Gamang
10. Shri Pradeep Gandhi
11. Smt. Paramjit Kaur Gulshan
12. Shri Anwar Hussain
13. Shri Mahesh Kanodia
14. Shri C. Kuppusami
15. Smt. Kalpana R. Narhire
16. Shri Rajendrasinh Rana
17. Shri Kishan Singh Sangwan
18. Shri Iqbal Ahmed Saradgi
19. Dr. Arun Kumar Sarma
20. Ch. Lal Singh
21. Mohd. Tahir

#### RAJYA SABHA

22. Smt. Kamla Manhar
23. Shri Karnendu Bhattacharjee
24. Maulana Obaidullah Khan Azmi
25. Shri Lalit Kishore Chaturvedi
26. Shri Su. Thirunavukkarasar
27. Shri Tarini Kanta Roy
28. Shri R. Kamraj
29. Shri Isam Singh
30. Shri Harendra Singh Malik
31. Shri Abani Roy

## **LOK SABHA SECRETARIAT**

1.	Shri P.D.T. Achary	-	Additional Secretary
2.	Dr. (Smt.) P.K. Sandhu	-	Joint Secretary
3.	Shri V.S. Negi	-	Deputy Secretary
4.	Smt Abha Singh Yaduvanshi	-	Under Secretary
5.	Shri Lalkithang	-	Executive Officer
6.	Shri U.C. Bharadwaj	-	Executive Officer
7.	Smt Archana Srivastava	-	Sr. Executive Assistant

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## **INTRODUCTION**

I, the Chairman of the Standing Committee on Railways (2004), having been authorised by the Committee to present the Report on their behalf, present this First Report of the Standing Committee on Railways (2004) on 'Demands for Grants (2004-2005) of the Ministry of Railways.

2. The Committee took evidence of the representatives of the Ministry of Railways on 11<sup>th</sup> August, 2004.

3. The Committee considered and adopted the Report at their sitting held on 17<sup>th</sup> August, 2004. Minutes of the sittings held on 11<sup>th</sup> and 17<sup>th</sup> August, 2004 form Part-II of the Report.

4. The Committee wish to express their thanks to the officers of the Ministry of Railways (Railway Board) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2004-2005) and sharing with them the issues concerning the subject which came up for discussion during evidence.

NEW DELHI;  
August, 2004  
Sravana, 1926 Saka

**BASUDEB ACHARIA**  
Chairman,  
Standing Committee on Railways

## **REPORT**

### **INTRODUCTORY**

India is a land of diverse culture. Indian Railways play a key role in meeting the transport needs of the country, binding together dispersed areas and promoting national integration.

2. Traversing through the length and breadth of the country Railways covers 63,122 route kms. comprising broad gauge (45,622 kms), meter gauge (14,364 kms.) and narrow gauge (3,136 kms.) as on 31.03.2003. Indian Railways own a fleet of 2,14,760 wagons (units), 39,852 coaches and 7,681 number of locomotives. The Railways runs 14,761 trains daily, which includes about 8,927 passenger trains carrying about 1.5 million tonne of freight traffic and nearly 14 million passengers covering 6,906 stations. The Indian Railway system is managed through 16 Zones and 67 operating divisions.

3. Indian Railways have the distinction of being one of the largest railway systems in the world under a single management. Railways being the more energy efficient mode of transport are ideally suited for movement of bulk commodities and for long distance travel. Compared to road transport, the railways have a number of intrinsic advantages and therefore, occupies pride of place in the growth and development of the nation.

4. The Budget Statement shows the total revenue receipts, revenue and works expenditure, distribution of excess of receipts over expenditure and position of various Funds which the Railways keep with the Central Government, viz., Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Railway Safety Fund and Special Railway Safety Fund.

5. The Revenue receipts of the Railways consist of earnings from goods traffic and passenger traffic, other coaching earnings including parcels and luggage, and sundry other earnings like rent, catering receipts, interest and maintenance charges from outside bodies, commercial utilisation of land and air space and commercial publicity on rolling stock and station building etc.

6. There are also other Miscellaneous receipts like receipts of Railway Recruitment Board from sale of application forms and examination fees, etc. and Government's share of surplus profits, contribution from Central Road Fund for financing safety works and receipts from safety

surcharge on passenger fares. The total of Revenue and Miscellaneous receipts makes up the total receipts of the Railways. The portion of the earnings which is due to the Railways during the financial year but has not actually been realised is held in a 'Suspense' account.

7. The expenditure incurred by the Railways is on Revenue account and on Works account. The Revenue account consists of Ordinary Working Expenses incurred by the various Departments on the Railways in their day to day working and other miscellaneous expenditure appropriation to the Depreciation Reserve Fund, the Pension Fund and dividend paid by the Railways to the General Revenues. Works expenditure is financed from capital borrowed from the General Revenues and also by internal resources, viz., Capital Fund, Depreciation Reserve Fund, Development Fund, Railway Safety Fund, Special Railway Safety Fund and Revenue. The overall annual budgetary support of the general finances of Government of India to the Railways consists of the Capital loans and the sums temporarily loaned to meet the deficiency, if any, in the Development Fund and the Capital Fund. A part of the investment in Railway assets, covered by the Railway Plans, is also made by the Indian Railway Finance Corporation which raises funds through market borrowing.

### **Demands for Grants, 2004-2005**

8. There are following 16 Demands for Grants. The Demand Nos. 1-15 which relate to Revenue account contains expenditure to be incurred on day to day working by the various Departments in the Railways miscellaneous establishments. The Demand No.16 relates to expenditure to be incurred by the Railways on Works Account.

<b>No. of Demands</b>	<b>Name of the Demands</b>
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.	Payment of Dividend to General Revenues.
16.	Assets – Acquisition, Construction and Replacement.

9. Demand-wise budget estimates in 2004-05 are as under:-

## DEMAND NO.01 – RAILWAYS

### RAILWAY BOARD

Voted : Rupees seventy five crores five lakhs

(In thousands of rupees)		
Minor Heads & Sub Heads of Demand	Budget Estimate 2004-05	
	As presented in January, 2004	As now Proposed
Pay of Group 'A' & 'B' Establishment	11,01,12	15,86,95
Pay of Group 'C' & 'D' Establishment	15,30,15	22,58,98
Other Charges	46,03,73	36,59,07
<b>Total Voted</b>	<b>72,35,00</b>	<b>75,05,00</b>
The above estimates do not include the recoveries mentioned below which are taken outside the gross budget and adjusted in the accounts in reduction of expenditure.		
Credits/Recoveries	.....	1,00
<b>Net</b>	<b>72,35,00</b>	<b>75,04,00</b>

10. The Budget Estimates (Gross) for 2004-05 as now proposed exceed the Budget Estimates (Gross) as presented in January, 2004 by Rs. 2.70 cr. The increase is due to merger of Dearness Allowance with pay with further increase in allowances.

## DEMAND NO. 02 – RAILWAYS

### MISCELLANEOUS EXPENDITURE (GENERAL)

Voted : Rupees two hundred and fifty four crores

(In thousands of rupees)			
Minor Heads of Demand		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
(a) Surveys	Voted	12,42,75	13,68,27
(b) Research, Design and Standards Organisation, Lucknow	Voted	63,97,30	64,47,60
(c) Expenditure on Miscellaneous Establishment	Voted	86,15,10	85,68,93
(d) Reimbursement of Cost of Statutory Railway Audit	Voted	53,00,00	53,97,10
(e) Payments to Worked Lines, Subsidised Companies	Voted	26,27	26,27
(f) Miscellaneous Charges	Voted	38,18,58	35,91,83
<b>Total</b>	Voted	<b>254,00,00</b>	<b>254,00,00</b>
The above estimates do not include the recoveries mentioned below which are taken outside the gross budget but adjusted in accounts as reduction of expenditure.			
<b>Credit or Recoveries</b>		13500	13500
<b>Net</b>		<b>252,65,00</b>	<b>252,65,00</b>



11. There is no variation between the Budget Estimates (Gross) 2004-05 as now proposed and as presented in January, 2004. While there are minor increases in the estimates for Surveys, Research, Designs and Standard Organisation and Reimbursement of cost of Railway Audit, due to inclusion of new surveys, merger of Dearness Allowance with basic pay, etc., there is also a reduction in the estimates for Miscellaneous Charges offsetting the increases in other annexures.

## **DEMAND NO. 03 – RAILWAYS**

### **GENERAL SUPERINTENDENCE AND SERVICES ON RAILWAYS**

Voted : Rupees one thousand seven hundred forty nine crore fourteen lakh fifty thousand

Charged: Rupees one lakh

Minor Heads of Demand		(In thousands of rupees) Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Gen. Management including General Management Services.	Voted Charged	123,99,34 1,00	126,14,63 1,00
200 – Financial Management.	Voted Charged	475,60,23 ..	483,14,24 ..
300 – Personnel Management.	Voted Charged	280,89,91 ..	284,87,75 ..
400 – Materials Management.	Voted Charged	283,59,02 ..	290,51,11 ..
500 – Way and Works Management.	Voted Charged	134,56,88 ..	135,92,21 ..
600 – Rolling Stock Management.	Voted Charged	96,46,64 ..	97,51,04 ..
700 – Electrical Management.	Voted Charged	71,58,17 ..	72,30,01 ..
800 – Signal and Telecommunication Management.	Voted Charged	48,95,89 ..	52,01,96 ..
900 – Traffic Management.	Voted Charged	204,24,42 ..	206,71,55 ..
<b>TOTAL (100 To 900)</b>	<b>Voted Charged</b>	<b>1719,90,50 1,00</b>	<b>1749,14,50 1,00</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credit or Recoveries</b>		-13,10,50	-13,10,50
<b>Net</b>		<b>1706,81,00</b>	<b>1736,05,00</b>

12. This Demand is for expenditure on the Zonal Head Quarters Offices and Divisional Offices of Railway Administrations. For the Accounts, Personnel and Stores Departments, this Demand includes the expenses at the Divisional, Workshop and Depot levels also. The

‘Charged’ expenditure under this Demand represents payments arising from court decrees and arbitration awards where made into rule of the court.

13. The Budget Estimates for 2004-05 under this Demands as now proposed is Rs.2924 lakh more than as presented in January, 2004. The increase is entirely under ‘Voted’ portion to provide for Salary-Rs.339,96,69,000, House Rent Allowance-Rs.48,77,20,000, Other Staff Cost-Rs.7,21,90,000 and Partly offset by less requirement under Dearness Allowance-Rs.362,57,86,000 and other Miscellaneous Factors-Rs.4,13,93,000.

## DEMAND NO. 04 – RAILWAYS

### REPAIRS AND MAINTENANCE OF PERMANENT WAY AND WORKS

Voted : Rupees three thousand two hundred fifty two crore ninety seven lakh ninety four thousand

Charged: Rupees two lakh ten thousand

(In thousands of rupees)

Minor Heads of Demand		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Establishment in Offices.	Voted Charged	278,05,33 ..	278,03,69 ..
200 – Maintenance of Permanent Way.	Voted Charged	2220,79,72 1,60	2162,50,00 1,60
300 – Maintenance of Bridge work and Tunnels including Road over/under bridges.	Voted Charged	117,66,29 ..	111,71,63 ..
400 – Maintenance of service buildings (other than Staff Quarters and Welfare buildings).	Voted Charged	376,72,88 50	355,63,40 50
500 – Water Supply, Sanitation and Roads (other than Colonies, Staff Quarters and Welfare buildings).	Voted Charged	234,94,40 ..	218,99,57 ..
600 – Other Repairs and Maintenance.	Voted Charged	40,94,57 ..	41,99,20 ..
700 – Special repairs pertaining to Breaches, Accidents etc. including special Revenue Works.	Voted Charged	95,12,75 ..	84,10,45 ..
<b>TOTAL (100 To 700)</b>	<b>Voted Charged</b>	<b>3364,25,94 2,10</b>	<b>3252,97,94 2,10</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credit or Recoveries</b>		-27,46,04	-27,46,04
<b>Net</b>		<b>3336,82,00</b>	<b>3225,54,00</b>

14. This Demand is for expenditure on repairs and maintenance of the Permanent Way assets like tracks, other buildings and structures. The ‘Charged’ expenditure under this Demand

represents payments in satisfaction of court decrees and arbitration awards where made into rule of the court. Repairs and Maintenance of Railway Colony, Staff Quarters and Welfare Buildings are included under Demand No.11 – Staff Welfare and Amenities.

15. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.11128 lakh less than as presented in January, 2004. The decrease is entirely under ‘Voted’ portion and is made up of increase under Salary-Rs.544,53,84,000, House Rent Allowance-Rs.31,94,64,000, Other Staff Cost-Rs.1,47,29,000 and decrease under Dearness Allowance-Rs.568,68,52,000, Cost of Materials-Rs.9,78,93,000, Contractual Payments-Rs.105,30,07,000, Transfer of Dr/Cr-Rs.3,62,39,000 and Miscellaneous Factors-Rs.1,83,86,000.

## **DEMAND NO. 05 – RAILWAYS**

### **REPAIRS AND MAINTENANCE OF MOTIVE POWER**

Voted : *Rupees one thousand six hundred sixty nine crore nineteen lakh sixty five thousand*

Charged: *Rupees fifty thousand*

Minor Heads of Demand		(In thousands of rupees)	
		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Establishment in Offices.	Voted Charged	169,49,69 50	173,36,97 50
200 – Steam Locomotives.	Voted Charged	2,12,47 ..	2,09,28 ..
300 – Diesel Locomotives.	Voted Charged	966,62,05 ..	927,76,35 ..
500 – Electric Locomotives.	Voted Charged	600,25,82 ..	575,92,62 ..
600 – Rail cars, Ferry steamers and other maintenance expenses.	Voted Charged	-8,81,38 ..	-9,95,57 ..
<b>TOTAL (100 To 600)</b>	<b>Voted Charged</b>	<b>1729,68,65 50</b>	<b>1669,19,65 50</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credit or Recoveries</b>		-33,82,15	-33,82,15
<b>Net</b>		<b>1695,87,00</b>	<b>1635,38,00</b>

16. This Demand is for expenditure on repairs and maintenance of the Motive Power. The ‘Charged’ expenditure under this Demand represents payments in satisfaction of court decrees and arbitration awards where made into rule of the court.

17. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs. 6049 lakh less than as presented in January, 2004. The decrease is entirely under 'Voted' portion and is made up of increase under : Salary-Rs.139,10,99,000, House Rent Allowance-Rs.12,10,48,000, Wages on POH-Rs.4,41,02,000, Other Staff Cost-Rs.2,74,07,000, Contractual Payments-Rs.9,34,13,000 and decrease under Dearness Allowance-Rs.142,78,34,000, Cost of Materials-Rs.23,66,83,000, Material on POH-Rs.19,06,44,000, Transfer of Dr/Cr-Rs.41,51,45,000, Miscellaneous Factors-Rs.1,16,63,000.

## **DEMAND NO. 06 – RAILWAYS**

### **REPAIRS AND MAINTENANCE OF CARRIAGES AND WAGONS**

*Voted : Rupees three thousand four hundred sixty crore sixty two lakh thirty four thousand*

Minor Heads of Demand		(In thousands of rupees)	
		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Establishment in Offices.	Voted	250,60,38	257,19,06
200 – Carriages.	Voted	1344,29,30	1356,01,62
300 – Wagons.	Voted	947,59,31	949,22,73
400 – Electrical Multiple Unit Coaches.	Voted	335,81,59	341,63,48
500 – Electrical General Services – Train lighting, fans and Air-conditioning.	Voted	547,52,06	552,33,46
600 – Miscellaneous Repairs and Maintenance expenses	Voted	-26,65,49	-27,18,04
700 – Diesel Multiple Units (DMUs)	Voted	25,10,19	31,40,03
<b>TOTAL (100 To 700)</b>	<b>Voted</b>	<b>3424,27,34</b>	<b>3460,62,34</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credits or Recoveries</b>		-96,93,34	-96,93,34
<b>Net</b>		<b>3327,34,00</b>	<b>3363,69,00</b>

18. This Demand is for expenditure on repairs and maintenance of Carriages and Wagons including Electrical Multiple Unit Coaches.

19. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs. 3635 lakh more than as presented in January, 2004. The increase is entirely under 'Voted' portion to provide for : Salary-Rs.260,72,28,000, House Rent Allowance-Rs.31,73,02,000, Wages on POH-Rs.15,58,42,000, Other Staff Cost-Rs.2,99,76,000, Cost of Materials-Rs.9,96,88,000, Contractual

Payments-Rs.9,23,02,000, Transfer of DR/CR-Rs.39,82,98,000. Partly offset by less requirement under: Dearness Allowance-Rs.271,65,64,000, Material on POH-Rs.60,12,04,000, Miscellaneous Factors-Rs.1,93,68,000.

## DEMAND NO. 07 – RAILWAYS

### REPAIRS AND MAINTENANCE OF PLANT AND EQUIPMENT

Voted : Rupees one thousand eight hundred sixty six crore fifteen lakh sixty seven thousand.

(Figures in thousands of Rupees)

Minor Heads of Demand		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Establishment in offices	Voted	228,58,87	230,46,83
200 – Plant and Equipment – Way and Work	Voted	112,32,60	107,97,40
300 – Plant and Equipment – Mechanical	Voted	198,86,33	194,01,37
400 – Plant and Equipment – Electrical	Voted	594,70,55	590,04,30
500 – Plant and Equipment – Signalling	Voted	436,61,48	426,37,06
600 – Plant and Equipment – Telecommunication	Voted	229,19,12	225,26,43
700 – Rental to P&T for Signalling and Tele-communication circuits.	Voted	36,27,84	36,52,76
800 – Other Plant and Equipment – General and Traffic Departments.	Voted	55,70,88	55,49,52
<b>TOTAL (100 To 800)</b>	<b>Voted</b>	<b>1892,27,67</b>	<b>1866,15,67</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credits or Recoveries</b>		-11,26,67	-11,26,67
<b>Net</b>		<b>1881,01,00</b>	<b>1854,89,00</b>

20. This Demand is for expenditure on repairs and maintenance of all Plant and Equipment owned by the Civil, Mechanical, Electrical and Signal & Telecommunication Engineering Departments.

21. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.2612 lakh less than as presented in January, 2004. The decrease is entirely under ‘Voted’ portion and is made up of increase under: Salary-Rs.269,79,37,000, House Rent Allowance-Rs.20,35,84,000, Wages on POH-Rs.2,91,95,000, Contractual Payments-Rs.4,64,86,000 decrease under : Dearness Allowance-Rs.287,18,83,000, Other Staff

Cost-Rs.1,52,69,000, Cost of Materials-Rs.23,36,17,000, Material on POH-Rs.6,19,78,000, Transfer of Dr/Cr-Rs.5,28,61,000, Miscellaneous Factors-Rs.27,94,000.

## DEMAND NO. 08 – RAILWAYS

### OPERATING EXPENSES – ROLLING STOCK AND EQUIPMENT

Voted : *Rupees two thousand eight hundred thirty four crore twenty two lakh twenty one thousand.*

(Figures in thousands of Rupees)

		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Steam Locomotives	Voted	1,21,66	1,21,44
200 – Diesel Locomotives	Voted	902,41,48	900,59,81
300 – Electric Locomotives	Voted	485,21,31	488,09,67
400 – Electric Multiple Unit Coaches	Voted	75,03,87	76,80,20
500 – Carriages and Wagons	Voted	483,20,38	482,42,21
600 – Traction (other than Rolling Stock) and General Electrical Services	Voted	853,01,83	860,02,46
700 – Signalling and Telecommunication	Voted	15,71,63	24,95,32
800 – Ferry services and Rail Cars	Voted	6,05	11,10
<b>TOTAL (100 To 800)</b>	<b>Voted</b>	<b>2815,88,21</b>	<b>2834,22,21</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credits or Recoveries</b>		-81,96,21	-81,96,21
<b>Net</b>		<b>2733,92,00</b>	<b>2752,26,00</b>

22. This Demand is for expenditure on the operating expenses of Mechanical, Electrical, Signalling and Telecommunication equipment including Rolling Stock.

23. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.1834 lakh more than as presented in January, 2004. The increase is entirely under ‘Voted’ portion to provide for: Salary-Rs.325,11,53,000, House Rent Allowance-Rs.29,68,15,000, Kilometerage Allowance-Rs.6,91,55,000, Other Staff Cost-Rs.4,73,93,000, Contractual Payments-Rs.8,04,66,000, Transfer of Dr/Cr-Rs.6,96,09,000. Partly offset by less requirement under : Dearness Allowance-Rs.335,83,96,000, Cost of Materials-Rs.16,79,59,000, Fuel for other than traction-Rs.9,85,18,000, Miscellaneous Factors-Rs.63,18,000.

## DEMAND NO. 09 – RAILWAYS

## OPERATING EXPENSES – TRAFFIC

Voted : *Rupees seven thousand one hundred twenty two crore one lakh twenty eight thousand.*

(Figures in thousands of Rupees)

Minor Heads of Demand		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Establishment in offices	Voted	27,30,46	27,08,47
200 – Station operations	Voted	2335,76,68	2355,68,30
300 – Yard operations	Voted	155,55,83	157,53,93
400 – Transhipment and Repacking operations	Voted	2,17,09	2,20,52
500 – Trains operations	Voted	779,68,44	784,66,70
600 – Safety	Voted	5,51,98	7,14,50
700 – Other miscellaneous expenses	Voted	3748,88,80	3787,68,86
<b>TOTAL (100 To 800)</b>	<b>Voted</b>	<b>7054,89,28</b>	<b>7122,01,28</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credits or Recoveries</b>		-33,74,28	-33,74,28
<b>Net</b>		<b>7021,15,00</b>	<b>7088,27,00</b>

24. This Demand is for expenditure on Traffic Operating and Traffic Commercial Departments (excluding Claims Organisation).

25. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.6712 lakh more than as presented in January, 2004. The increase is entirely under ‘Voted’ portion to provide for : Salary-Rs.665,06,62,000, House Rent Allowance-Rs.51,95,48,000, Kilometerage Allowance-Rs.1,92,90,000, Other Staff Cost-Rs.3,60,34,000, Lease/Hire Charges to IRFC-Rs.35,00,00,000. Partly offset by less requirement under : Dearness Allowance-Rs.685,70,45,000, Cost of Materials-Rs.1,96,23,000, Contractual Payments-Rs.84,67,000, Miscellaneous Factors-Rs.1,91,99,000.

## DEMAND NO. 10 – RAILWAYS

### OPERATING EXPENSES – FUEL

Voted : *Rupees eight thousand two hundred seventy six crore forty two lakh seventy four thousand.*

(Figures in thousands of Rupees)

Minor Heads of Demand		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Steam Traction	Voted	1,63,28	1,31,29
200 – Diesel Traction	Voted	4204,58,91	4227,97,29
300 – Electric Traction	Voted	4075,77,55	4047,14,16
<b>TOTAL (100 To 300)</b>	<b>Voted</b>	<b>8281,99,74</b>	<b>8276,42,74</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credits or Recoveries</b>		-32,72,74	-32,72,74
<b>Net</b>		<b>8249,27,00</b>	<b>8243,70,00</b>

26. This Demand is for expenditure on Fuel for Loco purposes, Freight and Handling charges including Fuelling of engines, Sales tax, Excise duty and Cess on diesel and Electric current for traction purposes.

27. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.557 lakh less than as presented in January, 2004. The decrease is entirely under ‘Voted’ portion and is made up of increase under: Salary-Rs.5,07,86,000, Staff Costs-Rs.1,44,28,000, Fuel cost under diesel traction-Rs.21,80,08,000 decrease under: Dearness Allowance-Rs.5,25,83,000, Fuel cost under electric traction-Rs.5,57,00,000.



## DEMAND NO. 11 – RAILWAYS

### STAFF WELFARE AND AMENITIES

Voted : *Rupees one thousand three hundred seventy nine crore eighty three lakh eighty five thousand.*

Charged: *Rupees two lakh ninety five thousand.*

(Figures in thousands of Rupees)

Minor Heads of Demand		Budget Estimate 2004-05	
		As presented in January, 2004	As now Proposed
100 – Educational facilities	Voted Charged	99,09,97 2,75	99,68,07 2,75
200 – Medical services	Voted Charged	540,86,31 ..	532,28,65 ..
300 – Health and Welfare services	Voted Charged	191,45,10 ..	191,53,31 ..
400 – Canteen and other staff amenities	Voted Charged	21,56,29 ..	22,03,05 ..
500 – Residential and Welfare Buildings – Repairs and Maintenance	Voted Charged	556,76,92 20	533,89,18 20
600 – Miscellaneous expenses	Voted Charged	42,26 ..	41,59 ..
<b>TOTAL (100 TO 600)</b>	<b>Voted Charged</b>	<b>1410,16,85 2,95</b>	<b>1379,83,85 2,95</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.			
<b>Credits or Recoveries</b>		-2,38,80	-2,38,80
<b>Net</b>		<b>1407,81,00</b>	<b>1377,48,00</b>

28. This Demand is for expenditure on Educational and Medical facilities, Health and Welfare services, Canteen and other Staff Amenities, Repairs, Maintenance and improvement of Railway colonies, Staff quarters, Residential and Welfare Buildings. The ‘Charged’ expenditure under this demand represents payments in satisfaction of court decrees and arbitration awards where made into rule of the court.

29. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.3033 lakh less than as presented in January, 2004. The decrease is entirely under ‘Voted’ portion and is made up of increase under: Salary-Rs.183,30,02,000, House Rent Allowance-Rs.13,66,24,000, Other Staff Cost-Rs.7,53,03,000 decrease under : Dearness Allowance-Rs.192,88,74,000, Cost of Materials-Rs.18,63,19,000, Contractual Payments-Rs.13,55,74,000, Transfer of Dr/Cr-Rs.9,38,70,000, Miscellaneous Factors-Rs.35,92,000.

## DEMAND NO. 12 – RAILWAYS

### MISCELLANEOUS WORKING EXPENSES

Voted: *Rupees one thousand seven hundred twelve crore forty seven lakh*

Charged: *Rupees thirty five crore eighty two lakh nine thousand*

(In thousands of rupees)

Minor Heads of Demand			Budget Estimate 2004-05	
			As presented in January, 2004	As now Proposed
100	Security	Voted Charged	927,14,83 11,94	937,04,55 11,94
200	Compensation Claims	Voted Charged	254,80,43 18,46,03	238,54,14 18,46,03
300	Workmens' and other compensation claims.	Voted Charged	15,92,07 1,00,00	20,26,04 1,00,00
400	Catering	Voted Charged	251,63,20 1,72	246,70,53 1,72
500	Cost of training of staff	Voted Charged	100,34,02 ..	102,72,95 ..
600	Other expenses	Voted Charged	91,40,35 1,50	78,41,70 1,50
700	Hospitality and Entertainment expenses	Voted Charged	8,66,98 ..	8,95,97 ..
	<b>TOTAL (100 To 700)</b>	<b>Voted Charged</b>	<b>1649,91,88 19,61,19</b>	<b>1632,65,88 19,61,19</b>
800	Suspense	Voted Charged	79,81,12 16,20,90	79,81,12 16,20,90
	<b>TOTAL (100 to 800)</b>	<b>Voted Charged</b>	<b>1729,73,00 35,82,09</b>	<b>1712,47,00 35,82,09</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.				
	<b>Credits or Recoveries</b>		-220,22,09	-220,22,09
	<b>Net</b>		<b>1545,33,00</b>	<b>1528,07,00</b>

30. This Demand is for miscellaneous working expenses like Security, Compensation Claims for goods lost or damaged as also under Workmens' Compensation Act, Catering and the Suspense heads which do not form part of other functional Demands. The 'Charged' expenditure under this Demand relates to payments arising from court decrees and arbitration awards where made into rule of the court.

31. The Budget Estimates for 2004-05 under this Demand as now proposed is Rs.1726 lakh less than as presented in January, 2004. The decrease is entirely under 'Voted' portion and is made up of increase under: Salary-Rs.170,92,12,000, House Rent Allowance-Rs.16,29,68,000, Other Staff Cost-Rs.5,75,44,000, Contractual Payments-Rs.3,29,74,000 decrease under: Dearness Allowance-Rs.175,47,00,000, Cost of Materials-Rs.3,86,23,000, Transfer of Dr/Cr-Rs.7,12,96,000, Miscellaneous Factors-Rs.27,06,79,000.

## DEMAND NO. 13 – RAILWAYS

### PROVIDENT FUND, PENSION & OTHER RETIREMENT BENEFITS

Voted : Rupees six thousand four hundred fifty nine crore fifty three lakh forty two thousand

Charged : Rupees sixty six lakh four thousand

(Figures in thousands of rupees)

Minor Heads of Demand			Budget Estimate 2004-05	
			As presented in January, 2004	As now Proposed
100	Superannuation and retiring Pension	Voted Charged	3423,25,28 4	3327,24,35 4
200	Commutated Pension	Voted Charged	805,97,23 ..	799,50,72 ..
300	Ex-gratia Pension	Voted Charged	6,27,64 ..	6,19,88 ..
400	Family Pension	Voted Charged	1010,54,94 31,00	1001,25,56 31,00
500	Death-cum-retirement gratuity	Voted Charged	874,78,13 ..	864,48,05 ..
600	Other allowances, other Pension and other expenses	Voted Charged	133,12,96 35,00	157,24,57 35,00
700	Leave Encashment Benefits	Voted Charged	264,69,50 ..	262,72,55 ..
800	Gratuities and Special Contribution to Provident Fund	Voted Charged	40,87,74 ..	40,87,74 ..
	Total (100-720)	Voted Charged	6503,83,76 66,04	6403,83,76 66,04
	Total (730-800)	Voted Charged	55,69,66 ..	55,69,66 ..
	<b>TOTAL (100-800)</b>	<b>Voted Charged</b>	<b>6559,53,42 66,04</b>	<b>6459,53,42 66,04</b>
The above estimates do not include the recoveries mentioned below which are adjusted in accounts in reduction of expenditure.				
Credits of Recoveries-Pension			-4,49,80	-4,49,80
Total Credits – Provident Fund and Others			-1,02,66	-1,02,66
Total – Credits or recoveries			-5,52,46	-5,52,46
Deduct Amount met from Pension Fund			-6500,00,00	-6400,00,00
<b>Net</b>			<b>54,67,00</b>	<b>54,67,00</b>

32. This is a composite demand for all Retirement benefits like Government contribution to Provident Fund, Contribution and grants & Payment of pensionary charges to Railway staff covered by the pensionary form of retirement benefits. The 'Charged' expenditure relates to payments in satisfaction of court decrees.

33. The various pension and other retirement benefits to pensionable employees covered under minor heads (100) to (600) & sub-head 710 are met out of the Pension Fund. The contribution to Provident Fund and payment of gratuities and special contribution in respect of non-pensionable employees are met out of revenue.

34. The Budget Estimates for 2004-05 as now proposed are Rs.100 crore less than as presented in January, 2004. The decrease is entirely under the 'Voted' portion due to less retirement anticipated for pension liabilities.

35. The credits and recoveries represent Service Contribution from other Department/Ministries in respect of staff on deputation. This gross demand includes recoupment from the Public Account to the Consolidated Fund of India of the sum voted initially by Parliament from out of the Consolidated Fund of India for meeting the expenditure chargeable to Pension fund.

## **DEMAND NO. 14 – RAILWAYS**

### **APPROPRIATION TO FUNDS**

Voted : *Rupees ten thousand one hundred forty crore.*

<b>Minor Heads of Demand</b>	<b>(In thousands of rupees)</b>	
	<b>Budget Estimate 2004-05</b>	
	<b>As presented in January, 2004</b>	<b>As now Proposed</b>
Appropriation to Railway Depreciation Reserve Fund	1900,00,00	2267,00,00
Appropriation to Railway Pension Fund	6400,00,00	6300,00,00
Appropriation to Railway Development Fund	600,00,00	715,00,00
Appropriation to Special Railway Safety Fund	720,00,00	858,00,00
Appropriation to Capital Fund-Railways	..	..
<b>Total</b>	<b>9620,00,00</b>	<b>10140,00,00</b>

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

## DEMAND NO. 15 – RAILWAYS

### DIVIDEND TO GENERAL REVENUES, REPAYMENT OF LOANS TAKEN FROM GENERAL REVENUES AND AMORTIZATION OF OVER CAPITALIZATION

Voted : Rupees three thousand six hundred fifty two crore seventy four lakh .

Minor Heads and Sub Heads of Demand	(In thousands of rupees)	
	Budget Estimate 2004-05	
	As presented in January, 2004	As now Proposed
Dividend to General Revenues	3305,24,00	3305,24,00
Repayment of deferred Dividend liability in respect of the period 1978-79 onwards	300,00,00	300,00,00
Repayment of loans for Development Fund taken from General revenues and interest thereon	..	..
Repayment of loan for Capital Fund taken from General Revenues and interest thereon	..	..
Repayment of loan for Mumbai Urban Transport Project	47,50,00	47,50,00
Payment towards Amortization of Over-Capitalization	..	..
<b>Total</b>	<b>3652,74,00</b>	<b>3652,74,00</b>
Credits or Recoveries	..	..
<b>Net</b>	<b>3652,74,00</b>	<b>3652,74,00</b>

37. This Demand is for payment of Dividend to General Revenues, contribution for grants to States in lieu of Passenger Fare Tax etc. Dividend to General Revenues is payable in accordance with the recommendations of the Railway Convention Committee, approved by Parliament in terms of resolutions adopted from time to time. Until 1992-93, dividend was paid to General Revenues at 6 percent on the dividend paying capital invested in the Railway Undertaking up to 31<sup>st</sup> March, 1980 (including 1.5 percent of the dividend paying capital less subsidy capital invested upto 31<sup>st</sup> March 1964 in lieu of Passenger Fare Tax) and 6.5 percent on the dividend paying capital invested thereafter. Based on the recommendations of RCC 1991 and upheld by the subsequent RCCs the dividend now is payable at the rate of 7 per cent on the dividend-paying capital of the Railways irrespective of the year of investment. Out of the above-mentioned computation at 1.5 per cent, an amount of Rs. 23.12 cr. is for transfer to States as payments in lieu of Passenger Fare Tax and the balance is to finance safety works. From 2001-02, the entire amount being transferred to States from out of the dividend to 'finance safety works' is being transferred to the 'Railway Safety Fund' created w.e.f. 1.4.2001 as per RCC (1999)'s recommendation.

## BUDGET AT A GLANCE

38. The Railway Budget for the year 2004-05 in brief is as under:-

Actuals 2002-03	Budget 2003-04	Description	Revised 2003-04	(Rupees in Crore)	
				Budget, 2004-05 As presented in January, 2004	As now presented
41068.22	43495.00	(a) Gross Traffic Receipts	42605.00	44482.00	44902.00
29684.34	32460.00	(b) Ordinary Working Expenses	30970.00	32960.00	32860.00
2401.41	2005.00	(c) Appropriation to Depreciation Reserve Fund	2267.00	1900.00	2267.00
5940.00	6385.00	(d) Appropriation to Pension Fund	6090.00	6390.00	6290.00
38025.75	40850.00	(e) Total Working Expenses (b)+(c)+(d)	39327.00	41250.00	41417.00
3042.47	2645.00	(f) Net Traffic Receipts (a)-(e)	3278.00	3232.00	3485.00
787.76	887.66	(g) Net Miscellaneous Receipts	869.91	993.24	993.24
3830.23	3532.66	(h) Net Revenue (f)+(g)	4147.91	4225.24	4478.24
2664.83	2932.66	(i) Dividend Payable to General Revenues	2967.91	3305.24	3305.24
50.00	..	(j) Payment of Deferred Dividend	300.00	300.00	300.00
2714.83	2932.66	(k) Total Dividend payment of General Revenues	3267.91	3605.24	3605.24
1115.40	600.00	(l) Excess/Shortfall (h)-(k)	880.00	620.00	873.00
550.00	600.00	(m) Appropriation to Development Funds	730.00	600.00	715.00
565.40	..	(n) Appropriation to Special Railway Safety Fund	150.00	20.00	158.00
92.3%	94.1%	(o) Operating Ratio	92.6%	93.0%	92.6%
7.5%	6.4%	(p) Ratio of Net Revenue to Capital-at-Charge and Investment from Capital Fund	7.4%	6.9%	7.4%

39. Some of the important aspects which came under discussion during the examination of Demands are as follows:

### FREIGHT TRAFFIC

40. (a) 2002-03

In 2002-03 at the Revised Estimates stage the traffic plan envisaged lifting of 515 million tonnes of originating revenue freight traffic and traffic output of 357 billion tonnes kilometres (BTKM). The actual performance during 2002-03 was 518.74

million tonnes of originating traffic which was 26.24 million tonnes more than the performance in 2001-02 and the traffic output was 353 BTKM as compared to 333 BTKM in 2001-02. The earnings at Rs. 26,505 crore registered an increase of 6.68 % over 2001-02.

**(b) 2003-2004**

At the revised estimates stage the target of 540 million tonnes originally fixed for the year 2003-2004 was increased to 550 million tonnes in view of the up trend in the economy. Alongwith, an improvement in the average lead, freight earnings have been estimated at Rs.27,115 crore with a traffic output of 373 BTKM.

**(c) 2004-2005**

The targets and the projected level of revenue earning traffic for the year 2004-2005 compared with that of 2003-2004 are as under:-

		<b>2003-04 (RE)</b>	<b>2004-05 (BE)</b>
(a)	Originating Revenue Loading	550 MT	580 MT
(b)	Lead	678	680
(c)	Tonnes Kms.	373 BTKMs	395 BTKMs
(d)	Earnings	Rs. 27,115 cr	Rs. 28,745 cr.

**PASSENGER TRAFFIC**

41. **(a) 2002-03**

Passenger journeys during 2002-03 were 5048.16 millions and earnings were Rs.12,575.44 crore.

**(b) 2003-04**

The Passenger Earnings suffered a set back during the year 2003-04. The target of passenger earnings has been scaled down to Rs.13,460 crore against Rs.13,620 crore of Budget Estimates.

**(c) 2004-05**

The Budget Estimates for the year 2004-05 for Passenger journeys have been projected at 5359.88 millions which is 553,534 millions passenger kilometers. Passenger

earnings have been estimated at Rs. 13940.00 crore based upon anticipated growth of suburban and non suburban passenger traffic.

### **FREIGHT RATES**

42. In the year 2002-03 there was no across-the-board increase in freight rates. The freight structure for the base Class-100 was rationalized to remove the anomalies and make the freight rates more attractive. This was done by modifying the taper in the freight structure to provide a smooth reduction in rate per kilometer with increase in distance. Same taper was applied to all other classes, which were made to have an exact percentage relationship with the Base Class-100.

43. The total number of classes was reduced from 59 to 32. Class-90 was made the lowest class and Class-300 the highest class. In the rationalized freight structure, the freight rates, for the highest and the lowest class reduced from 8.0 to 3.3 to make the freight rate structure more compact.

44. Keeping in view, the essential nature of certain commodities of common use such as edible salt, fruits, vegetables, gur, jaggery, shakkar, certain items of edible oils, food grains, pulses, organic manures, urea, fodder and dry grass were placed in the lowest Class-90.

45. For key commodities like coal, iron ore and raw materials to steel plants etc, there was a marginal increase in freight rates due to rationalization. The freight rates for iron & steel, pig iron, cement, petroleum products and many other commodities became marginally lower, against as a result of rationalization.

### **PASSENGER FARES**

46. The fare structures of Mail/Express and Ordinary Passenger services were rationalised. The minimum fare for Second class (Mail/Express) and second Class (Ordinary) was increased by Rupees one up to a distance of 15 Kilometers and 10 Kilometers respectively. Indexing the rationalised fares of Second Class (Mail/Express) at 100, the fares of other six classes of Mail/Express services were also rationalised.

Similarly, for ordinary passenger services, indexing the fares of Second Class (Ordinary) at 100, the fares of other two classes were rationalised.



Earlier there was no fixed relationship between the fares of Mail/Express and Ordinary Passenger trains. In the rationalized fare structure, the fares for Second Class (Ordinary) for distances beyond 100 kilometers were fixed at 55 per cent of Second Class (Mail/Express) fares.

### **SEASON TICKETS**

47. The fare structure for monthly season tickets was also rationlised. The Second Class Monthly Season Ticket (MST) fares were fixed equivalent to the fare for 15 single journeys by Second Class (Ordinary), uniformly for all distances. First Class season tickets continued to be charged at 4 times the Second Class Season Ticket fares. The quarterly season tickets also continued to be charged at 2.7 times the Monthly Season Ticket fares.

### **PARCEL AND LUGGAGE RATES**

48. There was no increase in the rates for booking of Parcels and Luggage, including News papers and Magazines in the year 2002-03. However, during Oral evidence Chairman, Railway Board informed that -

“parcel fares we have increased and this will fetch us Rs.50 crore in the remaining period of this year, and next year the same rationalisation of parcel that we have done will fetch us Rs.103 crore. So, we have taken enough measures and these are realistic measures.”

### **TRAFFIC RECEIPTS**

49. The details of the Actuals 2002-03, Budget & Revised Estimates 2003-04 and Budget Estimates 2004-05 of Gross Traffic Receipts are compared below:-

Details	Actuals 2002-03	Budget 2003-04	Revised 2003-04	(Rupees in Crores) Budget, 2004-05	
				As presented in January, 2004	As now presented
Passenger-Upper Classes	2597.04	3035.85	3125.11	3779.30	3226.36
Passenger –Second Class	9978.40	10584.15	10334.89	10420.70	10713.64
Total- Passenger Earnings	12575.44	13620.00	13460.00	14200.00	13940.00
Other Coaching Earnings	987.95	1020.00	930.00	990.00	1040.00
Goods Earnings	26504.82	27815.00	27115.00	28100.00	28745.00
Sundry Other Earnings	1079.52	990.00	1050.00	1112.00	1072.00
<b>Total Earnings</b>	<b>41147.73</b>	<b>43445.00</b>	<b>42555.00</b>	<b>44402.00</b>	<b>44797.00</b>
Suspense	-79.51	50.00	50.00	80.00	105.00
<b>Gross Traffic Receipts</b>	<b>41068.22</b>	<b>43495.00</b>	<b>42605.00</b>	<b>44482.00</b>	<b>44902.00</b>

### **Passenger Earnings**

50. The passenger earnings for 2003-04 have been scaled down to Rs.13,460.00 crores in the Revised Estimates as against the Budget Estimates of Rs.13,620.00 crores. Assuming a 3% growth in the originating number of passengers, passenger earnings for 2004-05 have been estimated at Rs.13,940.00 crores.

51. When asked about the factors which led to downward revision of passenger traffic receipts at the revised stage for the year 2003-04, reasons for decline in passenger traffic and the percentage of outflow of passenger traffic, the Ministry of Railways in their written reply stated that “passenger earnings to end of November, 2003 were short of the proportionate target by Rs.134 crore. In view of the prevailing trend and keeping in mind the historical growth in this segment, the targets for passenger were scaled down to Rs.13,460 crore, in the Revised Estimates 2003-04. The growth of passenger traffic (excluding Metro Railways, Kolkata) upto November, 2003 though 2.78% higher as compared to the corresponding period of previous year, was not in tune with the expectation of around 3% as targeted. Continued efforts were also made to curb ticketless travelling. There was an increase in the ticket checking earnings by 7% during 2003-04 over the previous year. Due to intensified ticket checking, the number of persons apprehended increased by 4.4% as compared to the previous year. The number of originating passengers upto 2002-03 registered an annualized growth of 3.2% Passenger earnings during the period registered a growth of over 8% on account of volume growth alone. The passenger earnings in the Budget Estimates for 2003-04 was assessed at Rs.13,620 crore assuming a growth of 7% over Revised Estimates of the previous year. Through out the year 2003-04 a down trend in the growth of passenger earnings prevailed and the Revised Estimates were prepared keeping in view the trend at the end of November, 2003 scaling down the earnings target from Rs.13,620 crore in the Budget Estimate to Rs.13,460 crore. Based on this the earnings target in the Interim Budget was set at Rs.14,200 crore assuming a realistic growth of 5.5% in earnings over the Revised Estimates of 2003-04. Subsequently, the approximate results for 2003-04 indicated a further shortfall of Rs.232 crore in earnings as compared to the reduced target of Rs.13,460 crore assessed in the Revised Estimates, 2003-04. This outlook of the passenger performance necessitated the re-assessment of passenger earnings for 2004-05 which now envisage 3.0% growth in number of originating passengers and around 5.3% growth in passenger earnings, over the approximates of 2003-04.”

52. Regarding analysis made for the lower passenger earnings Chairman, Railway Board informed -

“that the suburban traffic holds 60 per cent share of the total volume of traffic. In this case, most of the people have switched over from the daily ticket to the season ticket because this has been very profitable to our passengers. Second reason is, in certain regions there is a substantial and perceptible drop in the military traffic, and the thirdly, under certain Railways a trend has been seen – which we are investigating precisely what have been the basic reasons – that in Central and the Western Railways, there has been a drop in the Sleeper Class passengers. While other Railways have gained, in Central and Western Railway, it has dropped. Then, in the Upper Class passengers there is a drop on Western Railway. So, these reasons we have identified and we are trying to make good in the coming year.”

53. Further the Chairman, Railway Board during oral evidence elaborated about the incentives to attract more passenger traffic as under:

“We have declared in vote-on-account budget the ‘frequent traveller scheme’ and we are expecting that by October the Notification should be through in which we are giving a lot of incentives to anybody who is travelling in the lean season will get more bonus points and, otherwise, if he travels more, he will get the bonus points and these bonus points can be encashed for the complimentary tickets. So, this is on the anvil. Similarly, in the last year we had given some lean season concession of 10 per cent. We are giving several other concessions. We are giving 23 types of concessions. It costs Rs.279 crore per annum to us.”

54. On being asked whether the growth in the passenger traffic is commensurate with the growth in earnings and carrying capacity, Chairman, Railway Board during evidence stated that growth in passenger traffic has been 2.87 per cent precisely, the target was 3 per cent fixed for 2003-04. For 2004-05, we have fixed 3% target. Passenger earning growth has been 5.3% as per the approximate, but it is roughly 5.7% as per the actual which is being worked out. Whether it is in commensurate with the carrying capacity, most of passenger trains are under utilised may be that in Mail and Express Trains upper class and sleeper class utilisation is okay. In Mail and Express, even ordinary second class is also okay.

### **Freight Earnings**

55. While revising the estimates for 2003-04, freight loading target was increased to 550 MT as against 540 MT. However, the Railways have actually been able to move 557.39 MT load at the end of the financial year which is much more than the target fixed. On the contrary, freight earnings have been revised downwards from Budget Estimates of Rs.27,815 crore to Rs.27,115 crore. Explaining the reasons for loss of Rs.700 crore on this account, the Ministry of Railways stated that in view of the buoyant trend in freight loading prevailing by the end of November, 2003 the target for 2003-04 was enhanced from 540 MT to 550 MT in the Revised Estimates, 2003-04. However, due to drop in yield per million tonne on account of change in commodity-mix, the target of goods earnings were scaled down from Rs.27,815 crore to Rs.27,115 crore. As against the target fixed in the revised estimates, Railways have closed the year with a freight loading of 557.39 MT which is 7.39 MT higher than the Revised target. The goods earnings for 2003-04, as reported in the approximate accounts, works out to Rs.27,696 crore which is Rs.581 crore higher than the Revised Estimates of Rs.27,115 crore.

56. With regard to freight earnings Chairman, Railway Board informed the Committee during evidence-

“We have loaded more than the target but earning is less than the target. The only reason was traffic or the commodity mix. We have several classes, right from class 250 up to class 90. We have the products like fertilizers, food grains, and salt with class 90. The quantity of food grain loading is high. We have been doing it on an average 27 rakes daily. We have suffered in the loading of higher classes. For a couple of months ago we have been facing the problem of imported coke. All the steel industries have reduced their production level of the finished steel. It is a very high class product, 180 class. We were not able to get this as expected.”

57. Asked about the basis for higher projection of 580 MT of freight loading during 2004-05, representatives of the Ministry of Railways have replied as under:

“The projection of 580 MT of freight loading during the year 2004-05 is primarily based on the traffic forecast received from major rail customer/user ministries during the meeting in Dec. 2003. While fixing target of 580 MT, factor of buoyancy in economy in the last quarter of 2003-04 and first quarter of 2004-05 particularly in power sector which has resulted in increased transportation of coal

to power houses and loading of iron ore for export has also been taken in consideration.”

58. During the oral evidence Chairman, Railway Board while explaining the loading problem being faced in the third quarter of 2003-04 inspite of 8% growth in GDP stated that-

“GDP has a bearing on our loading. If we take the GDP growth, it is 8.1 per cent in 2003-04. The contribution of industry is 6.5 per cent. The contribution of agriculture is 9.1 per cent. As far as industry is concerned, we are carrying maximum freight of industry besides food grains. The production growth of the infrastructure products like coal, crude oil, petroleum refinery, cement and steel, in the whole 2003-04, as per the latest projected figure, it is only 5.4 per cent, out of which the production growth of coal is only 5.1 per cent,. 45 per cent of the loading of the Railways is coal. If you compare the loading with the previous year, viz. 2002-03, it is 7.45 per cent more.”

He further added –

“Production growth of infrastructure core products is only 5.4 per cent. Our incremental loading with respect to 2002-03 has been 7.45 per cent more and our net tonne kilometre in the year 2003-04 has increased by 7.94 per cent. Out of the GDP growth, taking into account the contribution of agriculture and industry and if you take into account 51 per cent weightage of the services, we are way ahead by achieving 7.45 per cent more loading then previous year. The net tonne kilometre carried is 7.94% more than previous year.”

59. On being asked whether Railways are proposing any incentives to attract customers, the Ministry of Railways replied that no new incentive scheme has been proposed for attracting the additional traffic of 30 MT during the year 2004-05.

60. The Ministry apprised the Committee that in order to sustain and improve the market share in freight transportation there is no proposal to increase the freight rates for any commodity during the year 2004-05. The Budget Estimates of Rs.28,745 crore for freight earnings in the year 2004-05 is based upon a freight loading target of 580 MT, which is about 22.6 MT higher than the loading actually achieved in 2003-04. Given the trends in loading over the past few years, this quantum of incremental loading is considered achievable. This loading, at the

prevailing yield of about Rs.49.55 crore per million tonne, is expected to fetch total earnings of Rs.28,745 crore in the goods segment.

61. When concern was expressed by the Committee that freight traffic is shifting to road sector, Chairman, Railway Board explained:

“Coal is 130 class. It is fairly good which is fetching 45 per cent of the earnings.”

He further added -

“We have gone for the rationalisation of the freight rates. There are lot of incentives given also. Up to 100 Kms. we used to give concession earlier only of 25 % for first 50 Kms. Now we are giving concession right from 10% to 50% up to 90 Kms. Similarly, we are giving incentives to our premium merchants which are having Rs.25 crore worth business per year. For every additional Rs.5 crore business we are giving two per cent concession.

Similarly for two point rake we have given concession not only up to the junction point but upto the end destination. That is how we have been able to capture this market share. Because of the rationalisation we have to increase our volume, we have to capture our market share because we were virtually outpriced before 2002-03. We had been in the habit of increasing freight rates every year. We have to regain the market share. We have regained it very well. We should have got little more favourable commodities mix. We have got nearer to the target. Otherwise, so far as goods earning with respect to the previous year is concerned, it is 4.2% more than the previous year. Loading is 7.45 % more than the previous year. But because of the rationalisation in the year 2002-03 and 2003-04 there has been marginal drop in the earnings.”

62. On being asked about the Railways market share in respect of the goods traffic as compared to the road sector the Chairman, Railway Board, during evidence stated that Railways have got enough market share in the year 2003-04. We have loaded 7.1% more. The core infrastructure production growth was only 5.1 %. This obviously speaks that we have got higher market share so far as freight is concern.

63. When asked about the factors which led to downward revision of the gross traffic receipts at revised stage for the year 2003-04, the Ministry of Railways, in their written reply have stated that the targets fixed in Budget Estimates for a year are monitored and analyzed with reference to

traffic performance particularly under passenger and freight segments and the performance of the zonal railways on monthly basis. The Revised Estimates for the year are framed keeping in view the latest available trend of performance, historical growth, projection made by zonal railways and overall economic outlook. The gross traffic receipts for 2003-04 as envisaged in Budget, actuals to end of November, 2003 (which were the latest available while finalizing the Revised Estimate) and the Revised Estimate fixed for the fiscal are as under:

(Rupees in Crores)

	Budget Estimates, 2003-04`	Target to end of November 2003	Actuals to end of November 2003	Revised Estimates, 2003-04
Passenger Earnings	13620.00	8944.71	8811.19	13460.00
Other Coaching Earnings	1020.00	647.87	576.88	930.00
Goods Earnings	27815.00	18183.21	17710.62	27115.00
Sundry Other Earnings	990.00	531.09	587.40	1050.00
<b>Total traffic Earnings</b>	<b>43445.00</b>	<b>28306.88</b>	<b>27686.09</b>	<b>42555.00</b>
Suspense *	50.00	\$	-839.47	50.00
<b>Gross Traffic Receipts</b>	<b>43495.00</b>	<b>28306.88</b>	<b>26846.62</b>	<b>42605.00</b>

[\*(+) indicates clearance and (-) indicates accretion]

[\$ For clearance of traffic suspense, monthly targets are not fixed. Typically, the suspense builds up in the course of the year and bulk of clearance tends to take place in the last quarter of the fiscal year]”

64. During the evidence, the Chairman, Railway Board apprised the Committee that in November, 2003, Railways found that the goods earnings were not picking up as per the target fixed in the Budget Estimates because of the traffic mix, the commodity mix etc. We have several commodities with higher load class. The load factor is also there. What we anticipated was that with these commodities of higher class, we will be able to move them at long distances.

65. When asked whether growth of freight traffic is commensurate with the growth of capacity. Chairman, Railway Board informed that in certain sections, line utilisation is high.

He further added -

“We are well set for 600 plus million tonne loading by the end of the Tenth Plan. What we have done is we have created RVNL and we have made National Rail Vikas Yojana. RVNL created only for this purpose that is to strengthen the golden quadrilateral, to upgrade the track and to increase the line capacity. Similarly, we have gone for the port connectivity projects through National Rail Vikas Yojana. We are going for the non-budgetary initiatives to achieve all this. Thirdly, we have identified 62 through put enhancement works which we intend

to complete in the next three years. Some of these will be completed this year. We have already earmarked Rs.650 crore this year for it. If we get more money from the Planning Commission, we intend to take it to Rs.1000 crore or Rs.1100 crore per year for three years and once these works are completed, in certain sections where the line capacity is more than 100 per cent we will ease the same. So we will have a better line capacity available. So, these measures through RVNL that is National Rail Vikas Yojana and activities under the same plus the through put enhancement works will put us on a physically healthy tracks so far as carrying capacity is concerned.

In regard to haulage capacity he stated -

“For that our yards will need a lot of re-modeling. From Dhanbad to Badarpur we had planned it and we have also run it. We could not succeed because it was affecting other trains very badly. In case of any failure, the train will get stranded and the entire section will get blocked. But we are working for 100 KMPH and speed differential between express train and goods train will come down.”

### **OTHER COACH EARNINGS**

66. Other coaching earnings to end of November, 2003 were short of the proportionate target by around Rs.71 crore. The trend was also reflected in the projection for the year made by the zonal railways and accordingly, the target of other coaching earnings was kept at Rs.930 crore in the Revised Estimates. Rs.90.00 crore less than the Budget Estimates for the year. In view of proposed modification in the Parcel rate which is anticipated to fetch additional Rs.50 crore, Other Coaching Earnings for 2004-05 are placed at Rs.1040 crore, which are Rs.110 crore higher than the Revised Estimates, 2003-04.

### **SUNDRY OTHER EARNINGS**

67. Anticipating a higher dividend from the public sector undertaking under the Railways and the prevailing trend, the Revised Estimates for 2003-04 of Sundry earnings have been fixed at Rs.1050.00 crores i.e. Rs.60.00 crores higher than the Budget Estimates for the year. Sundry Other Earnings have been assessed at Rs.1072.00 crores in 2004-05 anticipating dividend at the usual level from public sector undertakings.

### **SUSPENSE**



68. In the Revised Estimates 2003-04, a clearance of Rs.50.00 crores as envisaged in Budget Estimates has been retained from the 'Suspense' which represents unrealised traffic earnings, anticipating a part payment of Railways dues by the Power Houses and Electricity Boards. In the Budget Estimates 2004-05 the target of clearance under this head has been kept at the level of Rs. 105.00 crores.

69. When asked about the actual realisation, efforts made by the Railways for recovery of outstanding dues from various Power Houses/State Electricity Boards and further accretion, if any, the Ministry of Railways has replied that the actual realization under 'Traffic Suspense' as on 31<sup>st</sup> March, 2004 is Rs.63 crore, thus bringing down the unrealized earnings from Rs.2169 crore as on 31.03.2003 to Rs.2106 crore as on 31.03.2004. The clearance projected in Interim Budget Estimates for 2004-05 was Rs.80 crore and the clearance projected now in budget estimates for 2004-05 is Rs.105 crore i.e. an additional clearance of Rs.25 crore. For the year 2003-04 the net clearance achieved is Rs.63 crore i.e. an additional clearance of Rs.13 crore against revised estimates of Rs.50 crore for 2003-04.

70. On being asked about the factors for fixing higher target for 2004-05, the Ministry in their written reply stated as efforts are being made to introduce a new freight payment scheme with the facility of payment of freight through 'Electronic Payment Gateway' system for Badarpur Thermal Power Station (BTPS) having a large outstanding. BTPS authorities have promised to liquidate the old outstanding. Target of Rs.105 crore has been kept under this Head for the year 2004-05, anticipating clearance of dues from BTPS and other Power Houses/State Electricity Boards also. BTPS authorities have made payment of Rs.111 crore on 31.03.2004 towards part clearance of outstanding dues.

71. Other steps initiated to recover outstanding dues from Power Houses/State Electricity Boards are as under:

- (a) Persuading Power Houses/State Electricity Boards to switch over to 'pre-payment of freight at booking points' arrangement wherever feasible.
- (b) Proposal for offsetting the deferred due to general revenue from Railways against outstanding dues recoverable from BTPS.

Fresh accretion and clearance under the Head 'Traffic Suspense' is a continuous process. After taking into account the accretion and clearance during the year 2003-04, the net clearance during this year was Rs.63 crore."

## **GROSS TRAFFIC RECEIPTS**

72. The aggregate effect of the above mentioned factors is that the Gross traffic Receipts for 2003-04 are revised to Rs. 42,605.00 crore against the Budget Estimates of Rs.43,495.00 crore. i.e. Rs. 890 crore less than the Budget Estimate. The Budget Estimates of Gross Traffic Receipts for 2004-05 works out to Rs. 44,902.00 crore.

73. On being asked about the factors that led the Railways to project the higher gross traffic receipts and the steps proposed to be taken to achieve this target, the Ministry of Railways stated as under:

“While framing the Budget Estimates, 2004-05 in May/June, 2004 the approximate results of performance of the fiscal year 2003-04 which were available have been taken into account. Based on this and the historical trend, a growth of 3% in number of originating passengers has been forecast. Taking into account the increase in average lead also, passenger earnings in 2004-05 have been assessed at Rs.13,940 crore which is Rs.480 crore higher than the Revised Estimates of 2003-04 and indicate a growth of around 5.3%. On the freight side, taking note of the spurt in freight loading in 2003-04, the target for 2004-05 has been kept at 580 million tonnes which, at an average yield of Rs.49.56 crore per million tonnes, is anticipated to get an earning of Rs.28,745 crore, which is Rs.1,630 crore higher than the Revised Estimates, 2003-04. Other coaching earnings assessed at Rs.990 crore indicate a growth of 6% over the Revised Estimates, 2003-04. Taking into account the re-classification of parcel tariff which is anticipated to fetch additional Rs.50 crore, the target of other coaching earnings has been kept at Rs.1040 crore. The target of Sundry other earnings has been fixed at Rs.1072 crore which is Rs.22 crore higher than the Revised Estimates of 2003-04. The issue of non clearance of railways outstanding dues by the Power Houses/State Electricity Board is being pursued continuously with all authorities. Railways efforts in this direction have borne fruit with some clearance made by Badarpur Thermal Power Station (BTPS), Rajasthan State Electricity Board (RSEB) and National Thermal Power Corporation (NTPC) etc. Ministry has also taken concrete steps to avoid any further accretion and also to achieve clearance of existing outstanding dues. The target of clearance from Traffic Suspense during 2004-05 has accordingly been envisaged as Rs.105 crore. Thus, keeping in view of the level of activity anticipated in 2004-05, the Gross

Traffic Receipts for the year have been assessed at Rs.44,902 crore, higher than the Revised Estimates, 2003-04 by Rs.2,297 crore. The performance of the railways with reference to the target fixed in the Budget Estimates, 2004-05 are being monitored on a monthly basis. In regard to the passenger traffic it may be stated that in view of growth of travelling public, new trains are introduced to carry the additional volume of passengers. Introduction of

Unreserved Reserved Ticketing System (UTS), Internet Ticketing System (ITS) and National Train Enquiry System (NTES) has improved the interface with the passenger. Besides, regular checks on ticket-less travel and malpractice are conducted to stop loss of revenue, aiming at increasing the passenger earnings. In the freight segment, Railways are continuing with vigorous marketing initiatives to boost freight loading. A close liaison with the user industries and the public also being maintained to optimize the traffic potential. With the growth in economy and continued steps of the Railways, targets envisaged in the Budget Estimates are expected to be achieved.

### **MISCELLANEOUS TRANSACTIONS**

74. The details of Miscellaneous Transactions for the year 2002-03 (Actuals); 2003-04 (Budget & Revised) and 2004-05 (Budget) are as under:-

Details	Actuals 2002-03	Budget 2003-04	Revised 2003-04	(Rupees in Crores) Budget 2004-05	
				As presented in January, 2004	As now presented
<b>RECEIPTS</b>	0.08	..	..	..	..
(i) Receipts from Subsidised Companies					
(ii) Railway Recruitment Boards	8.17	6.67	9.79	8.05	8.05
(iii) Other Misc. Receipts	16.06	8.56	10.45	9.23	9.22
(iv) Receipts from Safety Surcharge on passenger fares	602.51	710.00	650.00	700.00	700.00
(v) Subsidy from General Revenues towards dividend relief and other concessions	1046.43	1213.43	1228.10	1359.46	1362.16
(vi) Receipts from Surcharge on Mumbai suburban Passenger fares	..	47.50	17.07	34.00	34.00

<b>TOTAL</b>	<b>1673.25</b>	<b>1986.16</b>	<b>1915.41</b>	<b>2110.74</b>	<b>2113.43</b>
<b>EXPENSES</b>					
(i) Payment to worked lines	0.22	0.28	0.23	0.25	0.26
(ii) Subsidy	0.01	0.01	0.01	0.01	0.01
(iii) Surveys	3.66	21.12	11.64	12.43	13.68
(iv) Misc. Railway Expenditure	240.77	279.59	286.12	312.31	313.74
(v) Open Line Works Revenue	28.32	30.00	40.00	35.00	35.00
(vi) Appropriation to Special Railway Safety Fund	602.51	710.00	650.00	700.00	700.00
(vii) Appropriation to Pension Fund	10.00	10.00	10.00	10.00	10.00
(viii) Repayment of Loan taken for Mumbai Suburban Transport Projects	..	47.50	47.50	47.50	47.50
<b>TOTAL</b>	<b>885.49</b>	<b>1098.50</b>	<b>1045.50</b>	<b>1117.50</b>	<b>1120.19</b>
<b>Net Miscellaneous Receipts</b>	<b>787.76</b>	<b>887.66</b>	<b>869.91</b>	<b>993.24</b>	<b>993.24</b>

**(a) 2003-04**

Taking into account the shortfall in miscellaneous receipts, primarily on account of lesser collection of Safety Surcharge which is partly offset by savings in miscellaneous expenditure, the Net Miscellaneous Receipts in the Revised Estimates have been placed at Rs.869.91 crore against Budget Estimates of Rs.887.66 crore.

**(b) 2004-05**

The Budget Estimates for 2004-05 of Net Miscellaneous Receipts is estimated at Rs.993.24 crore which provides for an increase of Rs.123.33 crore over the Revised Estimates of 2003-04.

**DIVIDEND TO GENERAL REVENUES**

75. Based on the latest estimates of Capital-at-Charge and adjustment of losses in operation of strategic lines, Dividend payable to General Revenues works out to Rs.2967.91 crore in Revised Estimates, which is Rs.35.25 crore higher than that assessed in Budget Estimates. Out of this, Rs.2.74 crore has been appropriated to Railway Safety Fund. Besides, it is proposed to make a payment of Deferred Dividend of Rs.300 crore to the General Revenues.

76. The dividend liability to General Revenues for 2004-05 is estimated at Rs.3305.24 crore including Rs.2.74 crore to be appropriated to Railway Safety Fund, involving an increase of Rs.337.33 crore over the Revised Estimate of Rs.2967.91 crore for 2003-04. Besides, it is also proposed to make a further payment of Deferred Dividend of Rs.300 crore to the General Revenues.

## **WORKING EXPENSES**

77. The comparative details of the actuals of the year 2002-03, Budget and Revised Estimates 2003-04 and Budget Estimates 2004-05 of Working Expenses are given below:-

Demands No. and Nomenclature	Actuals 2002-03	Budget 2003-04	Revised 2003-04	(Rupees in Crores) Budget 2004-05	
				As presented in January, 2004	As now presented
General Superintendence and Services on Railways	1532.72	1708.40	1622.70	1719.92	1749.16
Repairs and Maintenance of Permanent way and Works	2977.93	3281.49	3138.77	3364.28	3253.00
Repairs and Maintenance of Motive Power	1614.32	1803.33	1627.51	1729.69	1669.20
Repairs and Maintenance of Carriages and Wagons	3150.22	3383.88	3225.16	3424.27	3460.62
Repairs and Maintenance of Plant and Equipment	1631.19	1839.76	1785.18	1892.28	1866.16
Operating Expenses-Rolling Stock and Equipment	2638.53	2897.12	2734.43	2815.88	2834.22
Operating Expenses-Traffic	6470.24	6949.66	6592.33	7054.89	7122.01
Operating Expenses-Fuel	7419.29	7997.74	7747.64	8282.00	8276.43
Staff Welfare and Amenities	1246.14	1354.16	1317.92	1410.20	1379.87
Miscellaneous Working Expenses	1586.73	1680.27	1682.72	1765.55	1748.29
Provident Fund, Pension and other Retirement Benefits	5688.25	6551.33	6157.29	6560.19	6460.19
<b>Total</b>	<b>35955.56</b>	<b>39447.14</b>	<b>37631.65</b>	<b>40019.15</b>	<b>39819.15</b>
Credit or Recoveries	-617.65	-487.14	-561.65	-559.15	-559.15
Deduct-Amount recouped from funds	-5653.57	-6500.00	-6100.00	-6500.00	-6400.00
<b>Net</b>	<b>29684.34</b>	<b>32460.00</b>	<b>30970.00</b>	<b>32960.00</b>	<b>32860.00</b>
Appropriation to D.R.F.	2401.41	2005.00	2267.00	1900.00	2267.00
*Appropriation to Pension Fund	5940.00	6385.00	6090.00	6390.00	6290.00

\* Excludes Appropriation to Pension Fund for Miscellaneous Establishment.

### **Working Expenses-Revised Estimates 2003-04**

78. The sanctioned Budget Grant for 2003-04 for Ordinary working Expenses was Rs.39447.14 crore (Gross). The Revised Estimates of Rs.37631.65 crore (Gross) is less than the Budget Grant by Rs. 1815.49 crore. There has been savings in all the demands except Demand No.12. Credits in reduction of expenditure are estimated at Rs.561.65 crore i.e. Rs. 74.51 crore more than the Budget. The amount recouped from Pension fund has been reduced to Rs.6100.00 crore over the Budget Grant of Rs. 6500.00 crore. The Revised Estimates of Net Working Expenses has, thus, been kept at Rs.30970 crore, Rs.1490.00 crore less than the Budget. Reduction of Rs.1815.49 crore in gross expenditure comprises of a reduction of Rs.1826.92 crore under 'Voted' portion, and an increase of Rs.1143.15 lakh under 'Charged' appropriation, which is on account of more payments anticipated in satisfaction of court decrees.

79. As regard, the other items making up Total Working Expenses in Revised Estimates, the contribution to Depreciation Reserve Fund has been kept at Rs.2267.00 crore i.e. Rs.262.00 crore more than the Budget level, whereas appropriation to Pension Fund has been decreased to Rs.6090.00 crore from the Budget level of Rs.6385.00 crore.

#### **Working Expenses –Budget Estimates 2004-05**

80. The Budget Estimates of Ordinary Working Expenses (Gross) for the year 2004-05 has been placed at Rs.39819.15 crore involving an increase of Rs.2187.50 crore over the Revised Estimates of Rs.37631.65 crore for 2003-04. Credits in reduction of expenditure are estimated at Rs.559.15 crore i.e. Rs. 2.50 crore less than the Revised Estimates. The amount recouped from Pension Fund is estimated at Rs.6400 crore. Taking together the credits and the amount recouped from Funds, the Net Working Expenses are estimated to be Rs.32860.00 crore during 2004-05 as against the Revised Estimates for 2003-04 of Rs.30970 crore, an increase of Rs.1890.00 crore.

81. The increase in expenditure of Rs.2187.50 crore (Gross) is mainly on account of :-

- (a) Increase in staff costs (Rs.1237.56 crore) analysed as under:-
  - (i) Salaries, wages on POH and Other Allowances mainly due to merger of 50% Dearness Allowance with Pay (Rs.934.66 crore)
  - (ii) Higher pensionary charges (Rs.302.90 crore) due to increase in the numbers of pensioners as also higher dearness relief.
- (b) Increase in material and other costs on account of increase in prices, additional maintenance of assets, repairs and maintenance of rolling stock, electrical, signal and telecommunication services, contractual payments and increase in traffic, etc. (Rs.97.19 crore)
- (c) More expenditure on fuel arising from increase in traffic and prices of Diesel and Electricity tariff (Rs.526.01 crore).
- (d) Higher Lease/Hire charges to Indian Railways Finance Corporation and under BOLT and OYWS (Rs.333.28 crore).
- (e) This increase is partly offset by less provision under 'Charged' appropriation due to less payments anticipated in satisfaction of court decrees (Rs.654.17 lakh).

82. While explaining the plan to generate revenues without increasing passenger/freight fares or mobilising substantial source of earnings, the Ministry of Railways have informed as under:

“The concessions granted to the deaf and dumb persons, widows of defence personnel and Hemophilia patients and the free travel facility to unemployed youth attending interviews for central government jobs have a financial implication of Rs.42 lakh per annum. Extending the privilege pass facility to the spouses of the porters will be cost the Railways another Rs.2 crore annually. No concession has been announced for vendors, hawkers, people working in stalls, cycle stand, construction work etc. What has been announced is the Railways’ intention to bring these people of unorganized sectors coming into contact with the Railways, under the Social Security Scheme through appropriate revision in the contractual terms, which has already been implemented by the government in 50 district on a pilot basis. For this the Railways are proposing to make a one time grant of around Rs. One crore to the “Unorganized Workers Social Security Fund”. Thus, the concessions/facilities announced in the Budget speech have a normal impact. Given growth trends in the passenger segment as well as the general buoyancy of the economy acting as a catalyst for freight growth, the Railways hope to generate additional revenue this year with the anticipated increase in volumes. The number of originating passengers this year is expected to increase by around 3% and the goods traffic by around 4 to 5%. The Other Coaching Earnings and the Sundry Other Earnings are also likely to register the normal growth.

Accordingly, Railways expect to generate enough internal resources to meet the budgeted non-plan as well as plan expenditure. The Railways have desisted from increasing fares and freight rates for the year 2004-05 only with a view to sustain and improve their market share thereby seeking to increase earnings through volume growth rather than higher tariffs. Railways expect some of the measures taken in the recent past (outlines below) to yield dividends by way of growth in traffic.

1. Rationalisation of freight rates making the rail traffic more competitive.
2. Introduction of unreserved ticketing system to boost window sales and drive against ticketless travel to arrest leakages.



3. Steps to improve earnings from parcel traffic including introduction of refrigerated van service for perishables and rationalization of rates.
4. Drive for realisation of outstanding dues coupled with the introduction of the facility of electronic payment of freight, thereby affording customers a clean, quick and transparent facility to send freight payment at the station of their convenience.
5. Introduction of Engine-on-Load (EOL) scheme to ensure faster release and better availability of wagon to meet the anticipated surge in traffic.
6. Freight rebate of 10% for movements undertaken in special type of wagons, owned by customers to encourage rail movement of heavy machinery consignments for Thermal Power Stations and other industries, etc.

The savings of Rs.1,815 crore in Ordinary Working Expenses reflected in the Revised Estimates 2003-04 are due to less requirement anticipated under the following heads

(Rs. in crore)	
Details	Savings
Staff Cost	569
Pensionary Charges	400
Fuel	249
Stores	300
Lease Charges	145
Contractual Payments relating mainly to repairs & maintenance and operating of the railways.	115
Other Revenue Expenses	37
<b>Total</b>	<b>1815</b>

### **WAGON SUPPLY**

83. There has been a considerable shortfall in supply of wagons during 2003-04 due to various factors. As against the requirement of 19050 four wheeler units of wagon only 13471 were manufactured by private and public sector units which is two third and one third of the total order placed with respectively. While replying to the reasons for non-fulfillment of the demand by both private and public sector units the Ministry of Railways stated that the reasons for non-fulfillment of demands were mainly on account of financial constraints being faced by PSUs, lockout and strike in one Private Wagon Builder viz. M/s HEI .

84. Further, in response to the query as to whether the Railways can manufacture the wagon themselves instead of outsourcing it, the Ministry of Railways replied that a small quantity of wagons are being produced by Railways Workshops. There is no such proposal to manufacture entire wagon requirement by the Railways themselves as Railways requirement is fully being met with by well established wagon industry available both in Public and Private Sector.

85. The Committee pointed out that one of the major problem is the earlier system of supply of certain input free of cost like bogie coupler for manufacture of wagon, has been stopped now. The Chairman, Railway Board elaborated that the main problem of theirs was a financial crisis because whatever orders were placed on these PSUs suppliers, they could supply only one-third of them. When the Committee mentioned about the price hike in raw materials such as steel leading to high production cost and that it was not cost effectiveness produce because of the lower price fixed by Railways, the representatives of the Ministry stated:

“From 2005-06, we will try to give free supply of bogies and couplers to those manufacturers who will ask for it. Secondly, most of the steel we are supplying as a free supply item. We are also giving 50 per cent advance of the cost – that is incurred for six months production – that is to be adjusted later. So, I think with this infusion – that Secretary, Heavy Industries has told – from next year we will be able to give bogies and couplers as a free supply to these units, and I am sure that things should improve.”

86. On asking about the criteria for determining the firm to whom the orders for wagons are placed, the representatives of the Ministry of Railways stated :

“it is based 75% on the average performance of the firm for last 5 years and 25% lowest/second lowest bidder of the open tender. As far as earlier orders are concerned PVC Clause is attached to it.”

### **NEW TRAINS**

87. In the budget 2004-05, 32 new trains have been announced besides increasing frequency of 12 and extending the run of 9 others. When asked about whether any survey has been conducted on the routes before announcement of the new trains, the track capacity and technical/mechanical up-gradation of the tracks, the Ministry of Railways stated that new passenger carrying trains are introduced on demand from passengers. Requests for introduction of trains are constantly received from members of the Divisional Railways Users Consultative

Committee, Zonal Railways Users Consultative Committee, Passenger Associations, Hon'ble MPs. MLAs and other VIPs and dignitaries. These requests are studied in detail in a phased manner subject to availability of resources and operational feasibility.

A new train is introduced mainly based on the following factors:-

- (a) Availability of demand
- (b) Availability of path
- (c) Availability of maintenance infrastructure
- (d) Availability of Rolling Stock
- (e) Manpower requirement
- (f) Impact on freight traffic

As per existing practice, introduction of a new train is preceded by a proposal from the Zonal Railways approved by General Manager. All the necessary factors required for introduction of new trains are considered by the Zonal Railways. Instructions exist to the Zonal Railways that traffic assessment should also be made before submitting proposals. Every year Zonal Railways are asked to send recommendations for introduction of new trains, as well as changes in timings to suit the local needs. Every year all the recommendation thus sent by the Zonal Railways are compiled and form the basis of the agenda for the Inter Railway Time Table Committee meeting (IRTTC) that is represented by all the Zonal Railways. The decisions taken during the IRTTC meeting for introduction of new trains, increase in frequency of trains, extension of trains due to new lines or completion of gauge conversion projects forms the basis for annual working timetable that gives minute to minute details of train running and while presenting the details of introduction of new trains, increase in frequency, extension of trains etc. is given in the Railways Budget.

While determining the optimum number of trains the line capacity formula takes into account the requirements of asset maintenance i.e. for track, signaling, overhead electrical equipment, which are essential for the safe running of the trains as well as the normal interruptions to the rail traffic due to level crossing gates on the route.

Based on the assessment of the line capacity available vis-à-vis required in the foreseeable future, proposals for augmentation of line capacity on different routes are made by Zonal Railways every year and are finalized through the Annual Works

Programmes. While planning for augmentation of capacity, time for maintenance blocks is taken into consideration. Augmentation of track capacity is carried out in a planned manner based on the anticipated growth in traffic on various routes included within such measures is the laying of new tracks parallel to the existing tracks on a particular route. Besides laying of new tracks, the augmentation of track capacity is done by the following measures. On single line section, capacity augmentation measures include upgrading standard of interlocking, providing facilities for simultaneous reception of trains, laying of additional loop lines and construction of additional crossing stations. If after taking all these measures, the single line section is not able to cater to growth in traffic, then patch doubling of the section is planned and complete doubling at a later stage.

88. Replying to the query of the Committee about additional stress on the existing track due new rolling stock the representatives of the Ministry of Railways stated no new rolling stock is planned to be introduced and therefore the existing track structure is capable of bearing the stress of increased traffic. The Ministry also stated that unlike other world railways where there are dedicated tracks for passenger services. Indian Railways have to move sizeable goods traffic on the same track, which carry passenger carrying trains. Due to financial problems being faced by the railways there is a limitation of the inputs that can be given for improving the sectional and terminal capacity. The capacity available is utilized keeping in mind the movement of freight and passenger traffic as well as safety requirements of giving maintenance blocks. Line capacity is a scientific method on the railways for calculating the optimum number of trains that a section can take.

#### **RECRUITMENT OF 'RPF' PERSONNEL**

89. Railway Recruitment Boards, were the only agency responsible for conducting written examination of the candidates for direct recruitment quota vacancies in Group 'C' and 'D' posts including certain categories of RPF/RPSF posts until the Minister of Railways in his Budget Speech this year has announced that the existing vacancies in Railway Protection Force (RPF) will be filled up directly by the Security Departments concerned.

90. Commenting upon the reasons for reversion to the practice which was prevailing in railways up till 2002 the Ministry of Railways stated that change is being made in the method of recruitment. Upto 2002, the recruitment to RPF was made by the RPF Department themselves in accordance with the RPF Rules. This change over will not involve any change in the selection

proceedings, except that the preliminary written screening test will be done away with and candidates will be called direct to the selection centres for undergoing the Physical measurements and Physical Efficiency test. Candidates who pass the Physical Efficiency test will, be subjected to written examination. Those who qualify in the written examination shall be put to viva-voce test at the very centre itself. Thus recruitment by the RPF Department, while following all the necessary procedures, will hasten the recruitment process and will enable appointment of the new recruits without delay. For recruitment through Railway Recruitment Boards (RRBs), vacancies in various Zonal Railways have to be collected and compiled centrally in the Ministry's office and then indents are placed on various RRBs for recruitment. Thus the recruitment process takes a very long time to complete. Once the selection is finalised, the panel is received in the Ministry's office for approval. After approval of the panel, it is again sent back to the RRB for final appointment of candidates to the concerned Zonal Railways. In the earlier system to which now the RPF is reverting, the vacancies are calculated zone-wise and approved by the competent authority. Recruitments shall be handled by the Recruitment Committees consisting of officers authorised for the work, in accordance with the Railway Protection Force Rules, 1987. This process will save considerable time. In view of this advantage, it has been decided to revert back from recruitment through RRBs. Recruitment proceedings through the RRB and RPF Department, thus do not vary in content and spirit, but the departmental selection shall be much faster. Vacancies assessed for recruitment shall be distributed state-wise in accordance with the route kilometers of railway track passing over such States. States/UTs where Railways' presence is nil or negligible shall be clubbed with adjoining States for the purpose of reckoning as recruitment unit. Recruitment centres shall be so set up so that the candidates coming for the recruitment shall not have to travel longer distances. All recruitment units shall have one or more recruitment centres considering the area of the units.

### **PASSENGER AMENITIES**

91. Passenger Amenities are termed as paradigm interface between the Railways and the commuters. The year 2003-04 was dedicated as 'Customer Satisfaction Year' and an allocation of Rs.205 crore was made for passenger amenities which was later revised to Rs.216.32 crore at RE stage. However, for the year 2004-05 the allocation proposed for is Rs.215.05 crore. It has been noticed that the level of allocations for passenger amenities is hovering around Rs.200 crore for the past few years. While replying to the query the Ministry of Railways have submitted that funds are allocated to various Plan Heads including "Passenger Amenities" depending upon the fund available under each source, the relative priorities, actual progress of ongoing works and the

capacity of the Railways to progress with various works. During the last three years, Railways have spent Rs.169 crore (2001-02), Rs.175 crore (2002-03) Rs.181 crore (2003-04 provisional). In view of this the allotment of Rs.215 crore for year 2004-05 is considered adequate.”

92. When asked about the deficiencies found in the minimum essential passenger amenities and the steps being taken by the railways to make good of these deficiencies they replied that while the Minimum Essential Amenities (MEA) have been provided at all stations in qualitative terms, there are certain deficiencies in quantitative terms. Some of the amenities where deficiencies exist are number of booking counters, number of seats, number of taps, Foot over Bridges etc. e.g. a station is counted deficient in drinking water arrangements if 10 taps are available against norms of 12 taps. Shortfall in MEA are targeted to be completed by March, 2005.”

93. While emphasising the need for minimum essential amenities, the Chairman Railway Board during oral evidence elaborated as under:

“we have revised twice our concept of the minimum essential amenities. At present we are going as per the stipulations of the Ministry, that is, stations divided in A, B, C, D, E and F categories mainly based on annual passenger earnings. For the minimum essential amenities which are prescribed, first we are clearing the arrears without any further delay and in the next priority we consider recommended yardsticks that we call the recommended facilities and desirable facilities over and above that, and then model stations. These are the concepts we are following. But so far we have not been able to complete even our own laid down stipulations for the minimum essential amenities. So, we had decided last year itself which was ‘Customer Satisfaction Year’ that in the course of next one and a half or two years, we will provide all these minimum essential facilities and in this present Rail Budget also we have stated that whatever is the left over work of minimum essential amenities we will complete within this financial year. There is need for its evaluation whether these stipulations are okay or not and to what extent we should go for.”

94. As part of the passenger amenities, the Railways are discouraging the use of plastics and adopting environment friendly measures. As a step in this direction ‘Kulhars’ are being introduced in place of plastic and thermocol cups, which are considered as more hygienic and

will also improve employment in the rural sector. While giving details about the cost effectiveness, vis-à-vis plastic/paper glass, disposal of garbage of Kulhars and awarding the contract for supply of Kulhars, the Ministry of Railways stated that cost of Kulhars vary from region to region. As per data collected from zonal railways for the month of June, 2004 and the procurement price per unit approximately ranges from 20 paise to 1.10 paise for Kulhars, 15 paise to 25 paise for Plastic cup, 37 paise to 40 paise for Paper cup and 38 paise to 45 paise for Thermocol. The requirement of Kulhars per day is need based. At present, Zonal Railways procure Kulhars from quotations/open tenders for use in departmental catering units. Catering units managed by private licensees procure Kulhars on their own. However, efforts are being made to procure through Khadi Village Industries Committee (KVIC) etc.

95. Further, the Railways are planning to procure up-holstery/linen articles from the Khadi units. On being asked that as most of the khadi units in the country are lying sick and in such circumstances how these units can fulfill the railways' requirement, the Ministry of Railways in their written reply have submitted as under:

“The total financial expenditure towards anticipated annual requirement of khadi/handloom linen and upholstery for Railway is expected to be to the tune of Rs.40 crore only. As per extant policy, all requirements of handwoven and handspun Khadi are to exclusively purchased from Khadi & Village Industries Commission (KVIC) and all requirements of handloom textile items are to be procured from Associations of Corporation and Apex Societies of Handloom (ACASH) with the stipulation that to extent of their availability with KVIC, these items would be procured from KVIC. During a meeting at Board level with KVIC and ACASH, they were advised of Railways' anticipated annual requirement for these items and urged to take suitable measures to meet the same. KVIC are expected to meet approx. 50% of Railways' requirement (for 2005-06) and the balance requirement is expected to be met from ACASH.”

#### **TRAIN PROTECTION WARNING SYSTEM (TPWS) AND CENTRALISED TRAFFIC CONTROL (CTC)**

96. During the current year various new initiatives in the field of safety enhancement have been proposed by the Ministry of Railways. This includes provision of Train Protection Warning System (TPWS) and Centralised Traffic Control (CTC). On being asked about the working of TPWS, the Ministry of Railways in their written replies have stated that Train

Protection & Warning System (TPWS) is a system for providing an aid to the driver on-board to prevent him from Passing Signal at danger. This system is similar to the Auxiliary Warning System (AWS), provided on Mumbai Suburban section of Central & Western Railways and works based on the inputs received from the ground equipment (balise) linked to the Signal Aspect through Line Side Electronic Unit. An antenna on the locomotive senses the condition of the signal ahead while passing over this balise and after processing the data in the On-Board Equipment gives indication/alarm to the driver. In case the driver disregards the alarms received for caution driving or stopping the train, brakes are applied and the train is brought to stop, ensuring safety.

### **SPECIAL RAILWAY SAFETY FUND (SRSF)**

77. A non-lapsable Special Railway Safety Fund (SRSF) of Rs.17000 crore has been in operation since October, 2001 with an objective to wipe out the arrears in replacement of over aged assets like track, bridges, rolling stock etc. within a fixed time frame of six years. Details of the allocations made and expenditure incurred head-wise since 2001-02, work been executed during the current year, the target set for the current year in regard to renewal of tracks and signaling works at stations and the number of bridges rehabilitated/rebuild during 2003-04 zone-wise as given by the Ministry of Railways in their written reply are as under:

Plan Heads	2001-02		2002-03			(Rs. in crore) 2003-04		
	Revised Grants	Actual Expenditure	Budget Grant	Revised Estimate	Actual Expenditure	Budget Grant	Revised Estimate	Actual Expenditure (Provisional)
Track Renewals	1403.15	1347.63	1661.00	1897.09	2006.67	1829.10	1853.89	1943.90
Bridge Works	61.74	44.15	143.30	156.77	151.61	217.00	187.52	157.27
Rolling Stock	60.00	127.62	280.00	240.00	321.95	218.66	250.13	306.13
Signal & Telecom Works	193.77	155.92	505.00	447.23	353.40	470.00	475.00	493.39
Other Electrical Works	...	...	0.50	0.50	0.03	1.00	0.60	0.27
Machinery & Plant	0.01	0.00	9.00	3.26	3.17	13.00	22.12	16.75
Other Specified Works	...	...	0.50	0.50	...	1.00	3.35	0.05
Total – Gross	1718.67	1675.31	2599.30	2745.35	2836.84	2749.76	2792.60	2917.76
Credits	318.67	241.03	389.30	435.35	350.35	439.10	441.94	333.98
Total-Net	1400.00	1434.28	2210.00	2310.00	2486.31	2310.66	2350.66	2583.78



The physical targets as well as achievements made head-wise and year-wise are as under:

**2001-02**

<b>Items</b>	<b>Target</b>	<b>Achievement</b>
Track Renewals	2050 Kms.	2490 Kms.
Bridge Works	200 (nos.)	280 (nos.)
Signaling & Telecommunication	72 (stations)	75 (stations)
Track Circuiting	350 (locations)	363 (locations)
Rolling Stock		
a) Loco	1	1
b) Coaches	158*	158*

\* Including Metre Gauge (MG) coaches, Electric Multiple Units (EMU), Diesel Multiple Units (DMU), Overhead equipment (OHE) cars.

**2002-03**

<b>Items</b>	<b>Physical Target</b>	<b>Actual achievements</b>
Track Renewals	2645 Kms.	3343 Kms.
Bridge Works	465 nos.	496 nos.
Signaling & Telecommunication	160 stations	169 stations
Track Circuiting	600 locations	610 locations
Rolling Stock	a) Coaches (VUs) – 123* b) Wagons (VUs) – 595	c) Coaches (VUs) - 89* d) Wagons (VUs) - 226 Locos - 4
Other Specified Works	1 item on N.F. Railway (Partial Funding)	...
Other Electrical Works	1 item on Metro Railways (Partial Funding)	...

\* Including EMU, DMU, OHE cars

**2003-04**

<b>Plan heads</b>	<b>Physical Target</b>	<b>Actual Achievements</b>
Track Renewals	2700 Kms.	3104.65 Kms.
Bridge Works	571 nos.	530 nos.
Signaling & Telecommunication (Stations)	Renewals – 200 stations. Rehabilitation – 125 stations.	197 102
Track Circuiting	700 (Locations)	812 (Locations)
Rolling Stock	BG Diesel Locos – 23,	19
	Narrow Gauge (NG) Diesel Locos – 2,	Nil
	Convention NG Coaches – 50	19
	Overhead Equipment (OHE) car – 10,	12

	Wagon – 748,	748
	Twin Beam headlight for Diesel Loco – 1056 & Electric loco- 714,	Electric Loco – 714 & Diesel Loco – 270
	Microprocessor speed recorder for diesel loco – 400 & Electric loco – 155,	Electric Loco – 129 & Diesel Loco – 200
	Air Dryers for diesel loco – 350 & Electric loco – 152	Electric Loco – 59 & Diesel loco air dryers – 29
	Auto flasher for Electric loco – 240	240
	Dynamic brake Electric – 40	26 Electric Multiple Units (EMU) – 9,

The physical targets for works to be executed under this Fund during the current year and the Budget allocation are as under:

<b>Plan Heads</b>	<b>Allocations (Net) Budget Estimate (Rs. in Crore)</b>	<b>Physical Targets 2004-05</b>
Track Renewals	1320	2600 Kms.
Bridge Works	430	411 nos.
Signaling & Telecommunication	580*	Complete Renewal – 220 stations, Casual Renewal – 250 stations Track Circuiting – 800 locations
Rolling Stock	560**	Narrow Gauge (NG) coaches – 20, Broad Gauge (BG) Diesel Locos – 13, NG diesel locos – 2, AC Electric Multiple Units (EMU) – 13, Wagons – 1527, Twin beam headlights for diesel locos – 2450, Speed Recorders for Diesel loco –100, Speed recorder for Electric Loco – 200, Air dryers for Diesel loco – 42, Air dryers for Electric loco – 500, Dynamic Brake for Electric loco – 100
Other Electrical works	1	

Machinery and Plant	12	1 Hydraulic Rerailing Equipment, 2 Simulators
Other Specified Works	30	
Total	2933	

\* includes Safety Enhancement Work of “Track Circuiting”

\*\*includes certain safety enhancement works

For the current year viz. 2004-05, the target for track renewal is 2600 km and target for replacement of signaling gears at stations is 220.

The works for renewal/replacement for the year 2004-05 under this head have been prioritized by the zonal railways and are being executed accordingly. The progress of renewal/replacement against SRSF, with respect to the targets assigned to the zonal railways, is reviewed periodically at Board’s level and also at zonal level.

Total of 530 bridges have been rehabilitated/rebuild during 2003-04. Zone-wise break up of these bridges is as under:-

S.No.	Railways	No. of bridges rehalibitated/rebuilt in 2003-04
1.	CR	79
2.	ER	9
3.	ECR	26
4.	ECoR	08
5.	NR	45
6.	NCR	22
7.	NER	30
8.	NFR	29
9.	NWR	02
10.	SR	19
11.	SCR	28
12.	SER	12
13.	SECR	01
14.	SWR	19
15.	WR	125
16.	WCR	76
	<b>Total</b>	<b>530</b>

## **Demand NO. 16**

### **ASSETS - ACQUISITION, CONSTRUCTION AND REPLACEMENT.**

97. Demand No. 16 represents Plan expenditure which covers assets acquisition, construction and replacement. This Plan expenditure is financed through three sources viz. Capital/Budgetary Support from General Exchequer; Internal Resources; and Extra Budgetary Resources in the form of Market Borrowings.

### **PLANNED INVESTMENT IN RAILWAY INFRASTRUCTURE**

98. Financing of the Annual Plans during the VIIth, VIIIth, IXth and first two years of X Plan period has been as under:

(In Rs. Crores)

	IEBR		Budgetary Support	Total
	Internal Generation	Market Borrowing		
VII Plan	7089 (43%)	2520 (15%)	6940 (42%)	16549
VIII Plan	18832 (58%)	6161 (19%)	7313 (23%)	32306
IX Plan	16171 (35%)#	14003 (31%)	15551 (34%)*	45725

	IEBR	Budgetary Support	Total
Xth Plan (as approved)	33000 (54.5%)	27600 (45.5%)	60600

	IEBR		Budgetary Support	Total
	Internal Generation	Market Borrowing		
2002-03	3113 (27%)#	2517 (22%)	5778 (51%)*	11408
2003-04 (prov.)	3475 (26%)#	2807 (21%)	7082 (53%)*	13364

\* Includes expenditure charged to Railway Safety Fund financed from Railways' share of Diesel cess and Contribution from General Exchequer towards Special Railway Safety Fund

# Includes contribution of Ministry of Railways towards Special Railway Safety Fund

## **TENTH PLAN**

99. The X Five Year Plan is the first Five Year Plan formulated in the new millennium and its beginning in the year 2002 coincided with the 150<sup>th</sup> anniversary of Indian Railways. The thrust during X Plan is towards capacity expansion. The objectives of the X Plan are:

- (i) Strengthening of the High Density Network – Investments towards building up capacity through National Rail Vikas Yojana and investment towards completion of sanctioned rail projects.
- (ii) Technological upgradation of assets for improving efficiency, throughput and increasing average speed of trains.
- (iii) Utilizing Information Technology for better customer interface.
- (iv) Improving safety of operations by replacement of over aged assets through Special Railway Safety Fund.
- (v) Reduction in energy bill by direct purchase of power from Central Generating Agencies and joint ventures for setting up power plants with generating agencies.
- (vi) Mobilisation of additional resources through private/public participation in railway projects.
- (vii) To increase share of freight and passenger traffic during X Plan.

### **Plan outlay**

100. The Planning Commission had approved a total Plan outlay of Rs. 60,600 crore comprising of Rs. 33,000 crore of internal generation of resources and market borrowings (54.5%) and Rs. 27,600 crore (45.5%) of capital from General Exchequer.

101. The year wise breakup of the internal generation and market borrowings for the Xth Five Year Plan is as under:

	<b>Internal Generation*</b>	<b>Market Borrowings</b>
<b>2002-03 (Actual)</b>	3113	2517
<b>2003-04 (Provisional)</b>	3475	2807
<b>2004-05 (BE)</b>	3728	3450
<b>2005-06 (Projected)</b>	3700	3000
<b>2006-07 (Projected)</b>	4000	3000
<b>Total</b>	18016	14774

\* This includes the amount raised through safety surcharge for Special Railway Safety Fund

102. The physical targets for the capacity enhancement works during the X Plan and achievements in the first two years and projections for the third year are as under:

	<b>Target for X Plan</b>	<b>2002-03</b>	<b>2003-04</b>	<b>Total</b>	<b>2004-05 (Target)</b>
New Lines	1310 Kms.	178 kms	162.26 kms.	340.26 kms.	273 kms.
Gauge Conversion	2365 kms.	830 kms.	854 kms.	1684 kms	1000 kms.
Doubling	1500 kms.	194 kms.	206.2 kms.	400.2 kms.	381 kms.

103. The target of addition of 5175 Kms of BG lines under plan heads New Lines, Gauge Conversion and Doublings have been fixed for the Xth Plan. As against this, 2424 kms have already been added in the first two years of the Xth Plan and a target of 1654 kms has been fixed for 2004-05. Efforts are being made to not only achieve the targets but also exceed the same. A number of initiatives have been taken by the Railways in the past two years for generation of additional resources other than normal budgetary support and with these efforts it may be feasible to expedite the completion of the projects.

104. Responding to the targets fixed to mobilize private investment in the rail infrastructure during the X Plan, the Ministry have stated that no specific target for private/ public investment outside the Railways Budgetary Support has been fixed for the 10<sup>th</sup> Plan. However, large number of works are in progress where funding is expected from other than normal Budgetary Support. The throw forward of projects under different categories as on 1.4.2004 is as under where part/full funding is expected from other than normal Budgetary Support.

- |      |  |                |
|------|--|----------------|
| i)   | National Rail vikas Yojana   | Rs. 8132 crore |
| ii)  | Cost sharing projects (including Metropolitan Transport Project)     | Rs. 3780 crore |
| iii) | Projects under public/private partnership and Built Operate Transfer | Rs. 1139 crore |
| iv)  | Strategic projects being funded by Ministry of Defence               | Rs. 558 crore. |

105. Regarding the Mid-Term review of progress made during X Plan, the Ministry have submitted that the Mid-Term review of the Xth five Year Plan has been initiated in terms of Planning Commission's directives. The Mid-Term review of the Xth Five Year Plan for the Ministry of Railways is under preparation and will be finalized in consultation with Planning Commission.

### **NATIONAL RAIL VIKAS YOJANA (NRVY)**

106. National Rail Vikas Yojana (NRVY) was announced on 15<sup>th</sup> August 2002 to remove capacity bottlenecks in the critical sections of the Railway network. It comprises of the following components:

- (1) Strengthening of the Golden Quadrilateral (GQ) connecting the 4 metro cities i.e. Delhi, Mumbai, Chennai and Kolkata and its diagonals (estimated cost Rs. 8000 crores).
- (2) Providing Rail based port-connectivity and development of corridors to hinterland including multi-modal corridors for movement of containers (estimated cost Rs. 3000 crore).
- (3) Construction of 4 Mega Bridges at Patna and Munger over river Ganga, at Bogibeel at river Brahmaputra and at Nirmali over river Kosi (estimated cost Rs. 3500 crore)

107. The total estimated investment on the Yojana is Rs. 15,000 crore. It is a largely a non-budgetary investment initiative and is expected to be completed in a time frame of 5 years beginning from the Financial Year 2003-04. Rail Vikas Nigam Limited (RVNL), has been set up to undertake project development, mobilization of financial resources and implementation of bankable projects under NRVY.

108. The Ministry also informed that under the present funding plan for NRVY, Government of India will provide budgetary funds as equity to the tune of Rs. 3000 crore (including Rs. 1500 crore of ADB funding) for Golden Quadrilateral (GQ) projects. The balance Rs. 5000 crore for strengthening of GQ are expected to be mobilized through market which may include BOT schemes, domestic borrowings etc. The port connectivity projects will be implemented through public private partnerships by setting up project specific SPVs, BOT schemes and private Railway models of investment. Funding of these projects, therefore, will require budgetary funds to provide equity in project specific SPVs.

109. Regarding resource mobilization, the Ministry have stated that the paid up capital of RVNL as on date is Rs. 500 crore. Further, Rs. 717 crore has been budgeted for 2004-05. A loan of RS\$ 313.6 million (Rs. 1500 crore) has been sanctioned by ADB. World Bank has been approached for funding of Mega Bridges across river Ganga at Munger. RVNL has completed preparatory studies for 20 projects for establishing bankability and financial modeling to

approach domestic market. Out of these, 12 projects have been found prima-facie bankable. Further action is under process. In all 56 projects have so far been transferred to RVNL.

### **REMOTE AREA RAIL SAMPARK YOJANA**

110. The then Railway Minister in the Interim Budget 2004-05 stated that Railways have a large shelf of over 230 projects worth about Rs. 43000 crore for construction of New Lines, Gauge Conversion Doubling, Electrification and Metropolitan Transport Projects. even with the enhanced budgetary support, non-budgetary initiatives under National Rail Vikas Yojana and other cost sharing mechanisms apart from Defence funding of some projects of strategic importance, there will still be projects valuing Rs. 20,000 crore which would remain unfinished even after the next five years. A large number of these have been sanctioned on socio economic considerations with the intention of connecting remote and backward areas with the rail network. However, there progress is very slow on account of inadequate funding, which causes dissatisfaction. Connecting these areas with the rail network will facilitate the economic and social development of these areas and will provide major employment opportunities during construction and thereafter. Keeping these factors in mind, it has been decided to speed up the execution.

111. In this regard Chairman, Railway Board stated as under:

“the shelf of the total project is Rs. 46,000 crore, out of which nearly Rs. 17,000 crore worth work we are able to get from the non-budgetary initiatives like National Rail Vikas Yojana Project, State sharing; public private participation or SPV. Other Ministries are also funding like the Defence Ministry, etc. All projects combined, plus the national project is for Rs. 17,000 crore. With the normal budgetary inflow we will be able to complete works worth another Rs. 12,000 crore in the next four or five years. So, Rs. 17,000 crore plus Rs. 12,000 crore comes to Rs. 29,000 crore out of Rs. 46,000 crore. Rs. 17,000 crore worth of such works, will not be completed in the next five years, and what to say of next five years after that. These projects may linger on for another five years. That is why this scheme was conceived”.



112. He further added:

“There will be time overrun and cost overrun in this. It was conceived that we might have special arrangement of funds for these projects so that all these remaining projects worth Rs. 17,000 crore – rounded to Rs. 20,000 crore, taking inflation into consideration – may also complete simultaneously in the next five years. That was the yojana that we declared in the interim vote on Budget. It was followed up, and we had discussed this with Finance Minister and he has told that the first year for this project should start from the next year (2005-06).”

113. The Ministry further have stated that the decision to accelerate the completion of all projects in five years is expected, on a broad estimate, to provide yearly employment to about 3 lakh persons during the construction period. Once opened for traffic, these lines would also require about 18000 persons per year for normal maintenance and operations, on incremental basis. Apart from this, it is expected that there will be scope for indirect employment of nearly 55000 persons per year. The ‘Remote Area Rail Sampark Yojana’ will go a long way in changing the economic and social scenario of the remote and backward regions of the country and bringing the people of these areas into the mainstream. Further, the demand for steel, cement, rolling stock, fittings, components, plant and machinery will also be generated, boosting the economic growth of the entire country.

114. Asked about the latest status of this Yojana, the Ministry have stated that the ‘Remote Area Rail Sampark Yojana’ still exists and has not been abandoned. Action is being taken to mobilize resources for the same. In the meeting held between Ministry of Railways and Ministry of Finance, it has been decided that the Yojana could be processed for approval of the Government duly identifying the funding sources.

115. During the oral evidence Chairman, Railway Board stated as under:

“We are taking it to the Cabinet through a Cabinet note. We had two plenary rounds of discussions with the Finance Ministry as to what will be modalities to arrange the funds. Partly it will be budgetary support, partly it will be multilateral funding, partly it may be some other innovative approach like the State Government should foot the bill for the lands, or when they transfer their assets, then a part of stamp duty fee may be

earmarked for us, etc. These are some of the ideas, which we have discussed. We are taking it to the Cabinet, and once it is cleared we will get along with Rail Sampark connectivity project.”

#### **REVIEW OF ANNUAL PLAN 2003-04**

116. The Annual Plan 2003-04 (Budget Estimates) provided for a total outlay of Rs. 12,918 crore comprising internal generation of resources of Rs. 2,630 crore (20.36%), Market borrowings of Rs. 3,000 crore (23.22%), Capital from General Exchequer of Rs.4,544.34 crore (35.18%), Special Railway Safety Fund of Rs. 2,310.66 crore (17.89%) and Safety Fund of Rs. 433 crore (3.35%).

117. In the Revised Estimates, the Annual Plan 2003-04 was increased to Rs. 13,918 crore. The incremental amount of Rs. 1,000 crore included Rs. 500 crore for Udhampur-Srinagar-Baramulla new line and Rs. 300 crore for the targeted works, both from Capital from General Exchequer and Rs. 200 crore from Internal Resources.

118. Net outlays provided in Revised Estimates (including contribution from Special Railway Safety Fund for various Plan Heads were as under:

**(Rs. in crore)**

<b>Plan Heads</b>	<b>Budgeted</b>	<b>Revised</b>
New Lines (Construction & Restoration)	1005	1502
Gauge Conversion	733	1054
Doubling	443	512
Traffic Facilities – Yard Remodelling	239	257
Computerisation	144	121
Railway Research	10	8
Rolling Stock	3795	4060
Road Safety Works (Level Crossings)	120	120
Road Safety Works (Road Over Bridge/Road Under Bridges)	313	313
Track Renewals	2605	2617
Bridge Works	302	277
Signalling & Telecom Works	689	704
Electrification Projects	122	127
Other Electrical Works	140	137
Machinery & Plant	140	160

Workshops incl. Production Units	273	273
Staff Quarters	75	71
Amenities for Staff	65	71
Passenger & Other Users Amenities	205	216
Other Specified Works	115	141
Metropolitan Transport Projects	443	351
Inventories	210	325
Investment in Public Sector Undertakings	732	501

119. Revised outlays for 2003-04 are being utilized for achievement of the following physical targets:

Plan Head		Budgeted Target 2003-04	Revised Target 2003-04	Achievements 2003-04
1.	Electrification (Route Kilometers)	350 route Kms.	350	504
2.	Track Renewals (in Kms.)	3850(Track Kms.)	3850	4986
	(i) Primary	3300 (Track Kms.)	3300	3539
	(ii) Secondary	550(Ttrack Kms.)	550	1447
3.	Construction of New Lines (Route Kms.)	225(Route Kms.)	225	162
4.	Gauge Conversion (Kms.)	775 (Route Kms.)	775	854
5.	Doubling	340 (Route Kms.)	225	206
6.	Rolling Stock			
	(i) Locomotives			
	Diesel	85 Nos.	109	109
	Electric	69 Nos.	86	86
	(ii) Coaches			
	EMUs/Metro	227 Vehicle Units	216	187
	Others	1,760 Vehicle Units	2356	2121
	(iii) Wagons (in terms of 4 wheelers)	20,050 FWUs	18500	16573
7.	(i) ROB/RUB		30 Nos.	22 Nos
	(ii) Level Crossing			
	Inter Locking		300 Nos	387 Nos.
	Telephone		300 Nos	471 Nos
	Manning		200 Nos	95 Nos

120. The source-wise details of the investment made in the Budget Estimates and Revised Estimates 2003-04 are as under:

(Rs. in crore)

Particulars	Budget Estimates 2003-04	Revised Estimates 2003-04	Variation
<b><u>Budgetary Support</u></b>			
Capital	4544.34	5344.34	(+) 800.00
Capital to Special Railway Safety Fund	1600.00	1600.00	-
Safety Fund – (Diesel Cess)	433.00	433.00	-
<b>Total</b>	<b>6577.34</b>	<b>7377.34</b>	
<b><u>Internal Resource:</u></b>			
Depreciation Reserve Fund	2000.00	2075.00	(+) 75.00
Development Fund	600.00	675.00	(+) 75.00
Special Railway Safety Fund	710.66	750.66	(+) 40.00
Open Line Works (Revenue)	30.00	40.00	(+) 10.00
<b>Total</b>	<b>3340.66</b>	<b>3540.66</b>	-
<b><u>Market Borrowings:</u></b>			
IRFC	2970.00	2970.00	-
BOT	30.00	30.00	-
<b>Total</b>	<b>3000</b>	<b>3000</b>	
<b>Total Plan Outlay</b>	<b>12918</b>	<b>13918</b>	

121. The increase of Rs. 800 crore under Capital included Rs. 500 crore for the National Project Udampur-Baramula New Line, allotment for which was given by the Ministry of Finance in July, 2003. This project is targeted for completion in August 2007. While the work on the project is progressing, it does not get reflected in the list of completed New Lines during the Year

122. The balance Rs. 300 crore were provided for speeding up the progress of selected works under the planheads New Lines, Gauge Conversion and Doubling, the targets of which were fixed high in the Budget 2003-04 itself. Further, the progress of works have been expedited and as a result of this a target of addition of over 1650 kms of BG lines would be fixed for 2004-05, as compared to the targets of 1340 kms last year. The increase under internal resources has been on account of higher demand under planheads Traffic Facilities, Computerisation, Rolling Stock, Track Renewals, Signal & Telecommunication, Other Electrical Works, Machinery & Plant, Amenities for Staff, Passenger Amenities and Other Specified Works.

123. As regards Rolling Stock, which are mainly financed through the Market Borrowings, the achievement, though short of the revised targets, were sufficiently higher than the Budgetary targets under Locos and Coaches, as can be seen from the table below. The shortfall under wagons has been mainly due to the inability of the PSU wagon manufacturers to supply the same and strike at one of the private wagon builders viz., M/s H.E.I.

**Rolling Stock progress 2003-04**

Particulars	Targets (Units)		
	Budgeted	Revised	Achievement
<b>Locomotives</b>			
Diesel	85	109	109
Electric	69	86	86
<b>Coaches</b>			
Metro/EMUs	227	216	187
Others	1760	2356	2121
<b>Wagons</b>	20050	18500	16573

**ANNUAL PLAN 2004-05**

124. The Annual Plan for 2004-05 for a total outlay of Rs. 14,198 crore has been proposed which comprises internal generation of Resources of Rs. 2,870 crore (20.21%), Market Borrowings of Rs. 3,450 crore (24.30%), and Capital from General Exchequer of Rs. 4,544 crore (32%). In addition, Rs. 4,01 crore (2.83%) has been proposed from Safety Fund from diesel cess and Rs. 2,933 crore (20.66%) is expected to be provided for within Special Railway Safety Fund, of which the support from the Ministry of Finance shall be Rs. 2,075 crore. The last two mentioned sources would however finance some specific identified Plan Heads only. A separate allotment of Rs. 300 crore has been received from General Exchequer for Udhampur-Srinagar-Baramulla new line project. Including this, the total plan expenditure is budgeted for Rs. 14,498 crore.

125. The above outlay is to be utilized for the achievement of the following physical targets:-

Electrification	375 route kms.
Track Renewal	4125 track kms.
(i) Primary	2750 track kms.
(ii) Secondary	1375 track kms.
Construction of New Lines	273 route kms.
Gauge Conversion	1000 route kms.
Doubling	381 route kms.
Rolling Stock	

(i)	Locos	
	Diesel	120 Nos
	Electric	90 Nos.
(ii)	Coaches	
	EMUs/Metros	332 Vehicle Units
	Others	2214 Vehicle Units
(iii)	Wagons	20,000 Four Wheeler Units
	(in terms of 4 wheeler units)	

126. The outlays (Budget Estimates) proposed for the Plan Heads for 2004-05, inclusive of component of Special Railway Safety Fund, are as under:

<b>Plan Heads</b>	<b>(Rs. in crores)</b>
New lines	947
Gauge Conversion	780
Doubling	480
Traffic Facilities – Yard Remodelling	306
Computerisation	188
Railway Research	15
Rolling Stock	4571
Road Safety Works (Level Crossings)	150
Road Safety Works (Road Over/Under Bridges)	251
Track Renewals	2570
Bridge Works	528
Signaling & Telecom Works	813
Electrification Projects	125
Other Electrical Works	170
Machinery & Plant	159
Workshops incl. Production Units	273
Staff Quarters	75
Amenities for Staff	65
Passenger & Other Users Amenities	215
Other Specified works	165
Inventories	250
Metropolitan Transport Projects	385
Investment in Public Sector Undertakings	717

127. The major thrust of the Annual Plan 2004-05 is on New Lines, Track Renewals, Doubling and augmentation of Traffic Facilities, Signal and Telecommunication besides replacement and acquisition of rolling stocks and Passenger Amenities. Two plan heads are also operated for conversion of unmanned level crossings to manned crossings and construction of Road over/under bridges. Apart from the outlays being provided to the project plan heads under Capital, allotments have also been made for the works of the Rail Vikas Yojana through investment in Rail Vikas Nigam.

128. Elaborating the thrust areas where comparatively more funds have been allocated during 2004-05 than the proceeding year, the Ministry have stated that as compared to the Plan expenditure at the RE state in 2003-04, comparatively more funds under the plan heads Traffic Facilities, Computerisation, Rolling Stock, Bridge Works, Investment in Public Undertakings (which includes Rs 217 crore more for Rail Vikas Nigam Ltd.), Other Specified Works and Metropolitan Transport Projects have been provided in the plan expenditure for the year 2004-05. The thrust have been given to modernization of Railway systems and safety related works. Priority has been given to works that are nearing completion. Under Rolling Stock plan head increased allocation is over Rs. 500 crore, to cater to the increased Rolling Stock requirement on account of increased throughput target. The short supply of wagons last year is expected to be made good, atleast partially, in this year. Though there is an increase in the overall Plan size for the 2004-05, this is mainly on account of increase in the Market Borrowings, Internal Resources and an increased outlay of Rs. 582 crore under SRSF. While the increase in Market Borrowings is to cater to an increased outlay for Rolling Stock Plan head, the increase in internal resource has been distributed across plan heads, including Track Renewal, based on need. In fact the lower outlay under Track Renewals is mainly on account of less allotment under SRSF as the identified works are getting completed.

129. The Ministry have further stated that the Budgetary Support for Capital is Rs. 4844 crore including Rs. 300 crore for the Udhampur-Srinagar-baramula New Line, which is lower than the Revised Estimates 2003-04 (In Revised Estimates 2003-04, the outlay for Udhampur-Srinagar-Baramulla New Line was Rs. 500 crore). The Planheads New Lines, Gauge Conversion and Doubling which are financed out of the Budgetary Support, therefore, could not be allocated higher amounts. With the thrust for expediting progress of ongoing projects and the need for completing the same as per Xth Plan targets, Railways have also projected an additional requirement of funds of Rs. 2027 crore to the Planning Commission for the current financial year. The Finance Minister in his Budget Speech 2004-05 has also stated that various crucial programmes including Railway Modernisation and Safety, are the priority areas and will be provided additional funds. The final allocations are expected to be made by the Planning Commission after detailed discussions. Regarding the Road Safety Works, which are financed out of the contribution received from the diesel cell, the same could not be increased because of less

allocation received under the fund from Planning Commission. However, the allocation can be reviewed at the next budgetary stage depending on the progress of works.

### **ROLLING STOCK**

130. While elaborating on the criteria of assessment/ requirement and acquisition of rolling stock, the Ministry have submitted that the rolling stock requirement is broadly assessed for 5-year Plan periods and fine-tuned on annual basis, from year to year. This exercise involves assessment of different types of rolling stock on the basis of volume of traffic expected to be carried and the efficiency of utilization foreseen in a particular year. The assessment and acquisition of rolling stock is based on the volumes of traffic expected to be carried and other related factors. Expansion of Railway network/infrastructure in terms of New Lines, Gauge Conversion and Doubling etc. is another elaborate exercise to facilitate handling of projected growth of traffic. Capacity

augmentation is regularly planned for the already saturated routes in order to meet the traffic demands. Budgetary provision of rolling stock is as under:

**(Rs. in crore)**

<b>Year</b>	<b>C a p</b>	<b>D R F</b>		<b>I R F C</b>	<b>C Y V S</b>	<b>S F F</b>	<b>E C I T</b>	<b>T O T A L</b>
2001-02	240	402		3000	1000	0	270	413
2002-03	257	380		3000	0	280	0	391
	5	6						.
	5	4						1



								9
2003-	3	5		2	0	2	0	3
04	0	0		9		1		9
	4	0		7		8		9
	.	.		0		.		5
	9	5		.		6		.
	6	0		0		6		0
				0				5
2004-	2	5		3	0	5	0	4
05	9	5		4		6		8
	9	1		0		0		1
				0				1

#### **ROAD SAFETY WORKS: ROAD OVER/UNDER BRIDGES**

131. The fund allocated during 2003-04 under the Road Safety Works has been utilized only to the extent of Rs. 162.31 crore (Rs. 80.03 crore under ROB/RUB and Rs. 82.28 crore under Level Crossings) whereas actual allocation made was Rs. 433 crore for these works.

132. Asked about the reasons for very slow progress under this Head, the Ministry of Railways have submitted that construction of road over/under bridges is a joint work of Railways and State Governments. Railways construct the bridge portion over the Railway tracks and State Governments construct approaches to the bridges. Utilization of funds depends upon the physical progress of the works by the State Government on approaches also. Railways try to complete their portion along with or before the completion of works on approaches. But various problems are encountered during execution which affect the overall progress of works. Some of the problems are enumerated ad under:-

- Delay in finalisation of approach alignment by State Government/ Local Authorities.
- Delay in acquisition of land and removal of encroachments falling in the approaches by State Government/Local Authorities.
- Delay in finalisation of General Arrangement Drawings, preparation of estimates for approaches and sanction of same by State Government/Local Authorities.

- Delay in diversion of existing road traffic of level crossing to facilitate construction of ROB/RUB work by State Government by State Government/Local Authorities.
- Delay on account of shifting of utilities like telephone lines, water pipelines etc. falling in approaches by State Governments.
- Hesitancy of the State Governments in furnishing the undertaking alongwith the proposal of ROB/RUB for closure of level crossing even on completion of ROB/RUB and sometime even to share their cost of the work.
- Constraints of fund with the State Governments for these works.
- Non-inclusion of works in their annual plan by State Governments.

133. The Ministry explained that all the above reasons have contributed in lesser utilization of funds on construction of ROB/RUB as out of a total allocation of funds to the tune of Rs. 313 crore only Rs. 80.03 crore could be spend. Despite this 22 works of ROB/RUBs have been completed during the year. As per the Ministry the following initiatives to encourage State Governments for coming forward to take up works of ROB/RUBs at the earliest have been taken viz.

- ❑ Offer to share the cost for four lane ROB/RUBs
- ❑ Sharing the cost of widening of existing two lane ROB/RUBs
- ❑ Sharing of cost of ROB/RUBs where State Governments can raise their share through commercial means.
- ❑ Standardisation of width of ROB/RUB as per latest MRTH norms.

134. Enumerating the reasons for lesser utilization of allocation under this Head for manning the unmanned level crossings the Ministry have stated that the main reason for shortfall has been revision of policy during the year. Earlier policy did not specify the road vehicles factor in manning criteria. Now, considering the safety aspect, the number of road vehicles passing a level crossing is also included as a criteria in the revised policy issued in the month of June, 2003 for manning of unmanned level crossings. The revision of policy in the mid-term required fresh census of traffic on all unmanned level crossings on Indian Railway which took time. However, now census has been completed and all efforts will be made to expedite the completion of sanctioned manning works.

135. However, the Ministry further submitted that as far as signalling and telecommunication inputs for enhancing safety at Level Crossings Gates are concerned, highest number of 387 Level Crossing Gates have been interlocked during the year 2003-04, exceeding the target of 300. Similarly, telephones have been provided at 471 Level Crossing gates as against the target of 300. All efforts were made to utilize the funds allotted for S&T works against this Plan Head. There are, however, minor constraints on account of delay in construction of service buildings, provision/charging of power supply and issue of Gate Working Rules/CRSs sanctioned, which are being tackled.

### **CONCRETE SLEEPERS**

136. The Ministry of Railways regarding the immediate requirement and availability of concrete sleepers and finalisation of tender process submitted that open tenders were invited for manufacture and supply of 160 lakh BG PSC line sleepers to cover the requirement of 2 years of zonal railways (2003-05). In response to the open tenders, 95 offers were received, out of which, 71 offers were from existing sleepers manufacturers to supply from 75 existing concrete sleeper plants and 24 offers were received from new firms which would have been considered only for developmental order. Orders were, however, given to only 75 existing sleeper plants and no orders were given to set up any new plant.

137. The Ministry also stated.

“With the creation of new zones/ sanction of new projects and changing priority of the projects, some mismatch between the requirement and production capacities of the concrete sleeper plants on zonal railways has taken place. To take care of the same, further review of production capacities available on zonal railways vis-à-vis their requirement is under process. To set right the imbalances all options like shifting of existing concrete sleeper plant, setting up of new plants, augmenting the capacities of existing plant, are under consideration. Suitable action will be taken after the review is over”.

138. When asked about setting up new units through open tenders so that Railways do not have to bear the transportation cost, Chairman, Railway Board stated as under:

“We should have the optimum number of suppliers for any commodity.”

139. A representative of the Ministry of Railways further elaborated:

“Before the bifurcation of the Zone, each Zone was, by and large, self sufficient. But after bifurcation, we found that some of these Zones had become deficient. So, we had to transport sleepers from one Zone to another Zone. In the mean time, two factories in the Northern Railway were also blacklisted. Then we analysed the entire issue and we found that certain Zones were very much deficient. We took a decision to set up three more factories and thus chance was given to new incumbents. This tender is already under consideration one in Northern Railway, one in South-Central Railway and one in East-Central Railway. One more analysis is undergoing right now that some of these Zones have become surplus in capacity. I am offering all the factories which are in surplus if they are prepared to shift their factories to the place where the deficiency exists. This analysis is right now on and we will take a final decision after some time, after examining the entire position globally or all the Zones”.

## **RECOMMENDATIONS/OBSERVATIONS**

### **NEW TRAINS**

140. The Committee find that 54 pairs of additional services have been announced in this budget to meet the rising aspirations of the traveling public from all parts of the country. The additional services announced are 17 Sampark Kranti Express Train (SKET) (one Karnataka SKET has already been introduced) as proposed in the Interim Budget, 15 new Express trains, extension of 9 express trains and increase in frequency of 12 other trains. The Committee have been informed that new trains are introduced based on availability of resources, operational feasibility, availability of demand, path, maintenance, infrastructure and rolling stock. However, the Committee observe that all these new trains introduced in this budget are mainly on already congested/saturated routes and the Railway system is already over stretched because of paucity of funds for creation of additional infrastructure required for new trains. The Committee desire that a comprehensive perspective plan should be drawn up by the Railways projecting the growth and capacity for the next five years and the existing capacity should be fully utilized by introducing high speed trains.

## **WAGON PROCUREMENT**

**141. The Committee observe that there has been a considerable shortfall in supply of wagons during 2003-04 to the Railways by the Private as well as Public Sector Units. As against the requirement of 19050 four wheeler units of wagons, only 13471 were supplied. The shortfall reportedly is on account of price rise of the steel and other inputs besides the financial constraints being faced particularly by the PSUs and lock out and strike at one of the Private Wagon Builders. The Committee are also given to understand that only a small quantity of wagons (2046) are being produced in the Railways' workshops and there is no proposal to manufacture the entire quantity of wagons required by the Railways as the present system is reported to be working satisfactorily.**

**The Committee were apprised that fixed criteria is being followed by the Railways in awarding the contracts to the manufacturers of wagons. Under this system 75% of the order is based on average performance of the firm during the last five years and 25% based on the lowest or second lowest bidder in the open tender. They find that despite the Ministry following this criteria, only 2/3<sup>rd</sup> of the order placed could be supplied by the Private Sector and 1/3<sup>rd</sup> by the Public Sector Units. The main reason for the shortfall is stated to be on account of the hike in the cost of inputs resulting thereby in the increased cost of production which happens to be higher than the price fixed contractually and hence not cost effective. They were also informed that the Railways have discontinued the practice of supplying free bogie couplers to the firms which are engaged in production. The Committee were however, given to understand that from 2005-06 supply of bogies couplers would be given free of cost to the manufacturers on demand.**

**The Committee note that shortfall in the supply of requisite number of wagons results in causing undue loss to the Railways as they remain unable to meet the demand for these on time. The Committee express their concern and impress upon the authorities to tackle this problem with due seriousness. They are of the view that the contractual price of the wagons should take into account the price hike in the various inputs. Besides, in order to mitigate the financial problems of the units, the Railways should continue to make available at least 50% of the amount payable in advance particularly to those units which are facing acute financial constraints. They also emphasize that the production capacity of the individual supplier as well as his financial viability should also be assessed properly apart from adhering to the criteria of selection on the basis of past performance and bidding. In order to clear the backlog of the wagons, the Railways should make available bogie couplers free of cost even during the current year. They should also consider making Bharat Wagon Engineering Co. Ltd., Muzaffarpur & Mokamoh and Burn Standard Co. Ltd. as their captive Units.**

## **PASSENGER AMENITIES**

142. Passenger amenities are the fundamental responsibility of Railways towards the commuters. Ironically, the Committee find that most of the complaints of the passengers are with regard to absence or inadequate basic facilities like drinking water, toilets, lights, cleanliness etc. being available at the stations and in the trains. The Committee are given to understand that the Railways have identified certain basic amenities known as 'Minimum Essential Amenities' (MEA) and varying scale of amenities have been laid down for various categories of stations based on passenger traffic at stations and annual earnings there from.

The Committee notice that over a period of time there has been a drastic change in the general awareness among the passengers with the result that they expect visible, qualitative and effective improvement on every item of public utility that they are paying for. Although the year 2003-04 was declared as 'Customer Satisfaction Year', yet no tangible change has been noticed at the stations as well as in the trains so far as amenities are concerned. The Committee find that the Railways had undertaken a review of these amenities way back in 1995. They are of the considered view that on account of the changed scenario as well as ever increasing awareness and expectations among the passengers, there is a dire need to review these types of amenities which can be provided at different categories of stations. They desire that this exercise should be taken up at the earliest. At the same time the basic facilities should be made available at all the stations in a time bound manner.

The Committee are of the view that the passenger amenities cannot be implemented as per the expectations of the general public till the allocation under this head is suitably enhanced and the works are completed expeditiously almost on a war footing. The Committee therefore, urge upon the Ministry to take concrete steps in this direction and ensure completion of the existing/pending works on priority besides allocating sufficient outlay for meeting the just demands of the public.



## PLANNED INVESTMENT THROUGH INTERNAL GENERATION

143. The Committee note that over the recent years the share of planned investment through Internal Generation has touched the lowest ebb and is likely to plummet to 20% approximately during the Tenth Plan in comparison to 58% in Eighth Plan. Contrary to this, the share of Budgetary Support from the General Exchequer has galloped to almost 60% in the Tenth Plan from 23% in the Eighth Plan. They also notice that the plan size of the Railways has increased in absolute terms to Rs. 60,600 crore in the Tenth Plan from Rs. 32306 crore in Eighth Plan. They further note that market borrowings have substantially increased to Rs. 14003 crore (31%) in the Ninth plan from Rs. 2520 crore (15%) in the Seventh Plan and the Railways have projected Rs. 14774 crore to be mobilized during the Tenth Plan through market borrowings. The Committee find the huge investment needs of the Railways and the present inadequate resources available with them, do call for market borrowings which is an inevitable phenomenon, but at the same time ever increasing borrowings and fall in the internally generated resources is not a healthy trend by any means.

The Committee, therefore, strongly recommend that the Railways must put in every earnest effort with a view to augmenting their internal resources by following aggressive marketing strategies on the one hand and curbing leakages of revenue on the other hand. They must also explore new/innovative areas for raising additional revenue as adequate internal resources are vital for meeting the expansion needs of the Railways in the future.

The Committee also noticed that the Railway have increased the freight loading target from 540 MT (BE) to 550 MT while revising the estimates for the year 2003-04 and corresponding freight earnings has been scale down to Rs.27115 crore from Rs.28815 crore. The Committee were informed that the Railways have been able to achieve 557.39 MT (7.39 MT more) freight loading at the end of the year and the earning ws Rs.27118 crore provisionally i.e. Rs.197 crore less than the Budget Estimates. They were also informed that due to commodity mix and lead factors the goods earnings did not pick up during the year. The Committee are of the view that as major portion of the internal resources is from the freight earnings, Railways are lagging behind in this area. Therefore, the Committee recommend that Railways should identify the areas where from more freight are likely to be obtained and serious efforts be made to get traffic for higher leads besides adopting vigorous marketing strategies. The Committee would like to be apprised of the action taken in the matter.

## **RAKE MANAGEMENT & AVAILABILITY**

**144. The Committee observe that due to mismanagement and non-availability of rakes, freight traffic of Railways is affected to a significant extent. They find that on a number of occasions due to non-availability/uncertainty in availability of rakes, the customers deviate to road sector. At the same time, the Railways lose much needed freight earning by non utilization of capacity by keeping the rakes unused. The Committee also feel that this leads to not only immediate loss of business to Railways but also loss of faith and dependability on Railways. They desire that there should be optimum utilization of capacity and proper management in allotment of rakes. The Committee emphasize that Railways should not only stress proper management of rakes but also maintain complete transparency in their allotment. The availability status and list of allotment of rakes should be published in local daily newspapers, displayed at the stations and through websites. They also urge that in case of non availability of rakes the likely time of the availability be made known to the customers.**

## **FREIGHT OPERATIONS INFORMATION SYSTEM (FOIS)**

**145. The Committee are happy to note that recently the Railways have improved the productivity and turn over of the rolling stock due to introduction of better devices such as improvement in handling capacity of freight terminals, control over the number of ineffective wagons, better management of terminals through the intensive use of Freight Operations Information System (FOIS) and given incentives to customers to reduce detention of rakes at the terminals. However, at the same time they cannot ignore the fact that the Railways have to do much more in this field particularly by ensuring availability of adequate number of wagons/rakes keeping into account regional balance and operational viability factors. The Committee therefore, recommend that FOIS be replicated at the earliest on all important and viable sections where optimum freight can be obtained.**

## **SLEEPER PROCUREMENT**

**146. The Committee note that the Railways are having huge indent of concrete sleepers due to track renewal and gauge conversion works on large scale during the last three years. The Ministry informed the Committee that open tenders was invited for manufacture and supply of 160 lakhs BG PSC line sleepers to cover the requirement of 2 years (2003-05) of the Zonal Railways. The Ministry also stated that 95 offers (71 from existing sleeper manufacturers and 24 from new firms) for open tender were received and finally 75 existing sleeper plants were awarded orders to supply the required sleepers. However, the Ministry admitted that no orders were awarded to new firms.**

**The Committee note that the procurement of concrete sleepers have become a very sensitive matter because a lot of unscrupulous existing manufacturers have formed a cartel to secure orders by unfair means or tempering with procedure and simultaneously keeping the new competitors out of the race. They further observe that the Railways had to transport the sleepers themselves without transport cost/charge from the manufacturers and consequentially suffered losses. The Committee are constrained to notice that there exists a regional imbalance in the setting up of concrete sleeper manufacturing units. They also express their unhappiness that new entrants are not encouraged which ultimately strengthen the cartel of old/existing manufacturers. The Committee, in view of the above recommend that the procedure of procurement of concrete sleepers be streamlined and made foolproof and transparent. The existing regional imbalance be also fairly addressed to forthwith. They further observe that the Railways had to transport sleepers from one zone to another distant zone thereby incurring large transportation charges resulting into heavy losses to the Railways. The Committee desire that the losses incurred on this account should be enquired into by an independent agency.**

### **ROAD OVER/UNDER BRIDGES AND LEVEL CROSSINGS**

147. The Committee are dismayed over the fact that during the preceding years the allocations under road safety works i.e. construction of road over/under bridges and manning of unmanned level crossings remained grossly underutilized. The Railways utilized approximately Rs. 149 crore out of Rs. 325 crore allocated for ROB/RUB during the year 2002-03. Similarly, the allocation under the same Head has been revised downwards to Rs. 80.03 crore from Rs. 313 crore during 2003-04. Elaborating the reasons for slow progress of the works under this Head, the Ministry submitted before the Committee that construction of ROB/RUB was a joint work of Railways and State Governments and the latter were not fulfilling their commitment for construction of approach works. The Committee desire that the matter may be pursued vigorously at the highest level with the State Governments. In view of the fact that many of the State Governments are facing financial crunch, the Committee desire that Railways should consider utilizing amount accrued from diesel cess for construction of approach works.

## **SAFETY**

148. The Committee observe that Railways have taken several initiatives and adopted some measure for safety enhancement such as 'electronic verification by means of Block Proving by Axle Counters, Train Protection & Warning System (TPWS) and Central Traffic Control System. TPWS provides an aid to the driver to prevent him from passing signals at danger as a Safety measures and if he passes it unnoticed this system will apply brake automatically. They find that TPWS system is being provided on Southern and North Central Railways on approximately 280 track Kms. They also find that CTC system is planned to be introduced for the first time on Ghaziabad-Kanpur high density speed route to improve safety & operation.

The Committee while appreciating the emphasis and focus of Railways towards the safety in terms of introducing new initiatives are convinced that these initiatives would go a long way in enhancing safety on Indian Railways. They emphasize that feasibility study be conducted on all sections of Indian Railways for the introduction of Centralised Traffic Control System and TPWS to enhance safety and operations. They desire that the initiatives taken by Railways in regard to safety be implemented and brought in vogue at the earliest.

New Delhi;  
17 August, 2004  
26 Sravana, 1926 (Saka)

BASUDEB ACHARIA  
Chairman,  
Standing Committee on Railways

## **PART - II**

### **MINUTES OF THE FIRST SITTING OF STANDING COMMITTEE ON RAILWAYS (2004)**

The Committee sat on Wednesday, the 11<sup>th</sup> August, 2004 from 1100 hours to 1330 hours and 1415 hours to 1805 hours in Main Committee Room, Parliament House Annexe, New Delhi.

#### **PRESENT**

SHRI BASUDEB ACHARIA - CHAIRMAN

#### **MEMBERS**

##### **LOK SABHA**

2. Shri Dhirendra Agarwal
3. Shri Ajaya Kumar
4. Shri Subrata Bose
5. Shri Giridhar Gamag
6. Shri Pradeep Gandhi
7. Smt. Paramjit Kaur Gulshan
8. Shri C. Kuppusami
9. Smt. Kalpana R. Narhire
10. Shri Kishan Singh Sangwan
11. Shri Iqbal Ahmed Saradgi
12. Mohd. Tahir

##### **RAJYA SABHA**

13. Shri Su.Thirunavukkarasar
14. Shri Tarini Kanta Roy
15. Shri R. Kamaraj
16. Shri Harendra Singh Malik
17. Shri Abani Roy

#### **SECRETARIAT**

- |                               |   |                      |
|-------------------------------|---|----------------------|
| 1. Shri P.D.T. Achary         | - | Additional Secretary |
| 2. Shri V.S. Negi             | - | Deputy Secretary     |
| 3. Smt. Abha Singh Yaduvanshi | - | Under Secretary      |

### **Representatives of the Ministry of Railways (Railway Board)**

- |    |                                   |  |
|----|-----------------------------------|--|
| 1. | Shri R.K. Singh                   | Chairman, Railway Board & Ex-officio<br>Principal Secretary to the Govt. of India. |
| 2. | Smt. Vijayalakshmi<br>Viswanathan | Financial Commisioner (Railways) &<br>Ex-officio Secretary to the Govt. of India.  |
| 3. | Shri S.P.S. Jain                  | Member (Engineering) & Ex-officio<br>Secretary to Govt. of India.                  |
| 4. | Shri S.M. Singla                  | Member Staff & Ex-officio Secretary<br>to the Government of India                  |
| 5. | Shri R.N. Aga                     | Member (Traffic) & Ex-officio Secretary<br>to Govt. of India.                      |
| 6. | Shri S.C. Gupta                   | Member (Electrical) & Ex-officio Secretary<br>to Govt. of India.                   |
| 7. | Shri P.N. Garg                    | Member (Mechanical) & Ex-officio Secretary<br>to Govt. of India.                   |

2. At the outset, the Chairman, welcomed the Members to the first sitting of the Committee and congratulated them on their nomination to the Standing Committee on Railways. After a brief introductory meeting, the Committee took oral evidence of the representatives of the Ministry of Railways in connection with the examination of 'Demands for Grants (2004-05)' of the Ministry of Railways. The Committee deliberated upon on a wide range of subjects relating to the Demands for Grants/Rail Budgets. The evidence was concluded.

3. The verbatim record of the proceedings has been kept.

The Committee then adjourned.



## **MINUTES OF THE SECOND SITTING OF STANDING COMMITTEE ON RAILWAYS (2004)**

The Committee sat on Tuesday, the 17<sup>th</sup> August, 2004 from 0930 hours to 1045 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

### **PRESENT**

**SHRI BASUDEB ACHARIA            -            CHAIRMAN**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Subrata Bose
3. Shri Giridhar Gamag
4. Shri Pradeep Gandhi
5. Smt. Paramjit Kaur Gulshan
6. Shri Anwar Hussain
7. Shri Mahesh Kanodia
8. Shri Kishan Singh Sangwan
9. Shri Iqbal Ahmed Saradgi
10. Dr. Arun Kumar Sarma
11. Mohd. Tahir

#### **RAJYA SABHA**

12. Smt. Kamla Manhar
13. Maulana Obaidullah Khan Azmi
14. Shri Su. Thirunavukkarasar
15. Shri Tarini Kanta Roy
16. Shri Isam Singh
17. Shri Abani Roy

### **SECRETARIAT**

- |                               |   |                      |
|-------------------------------|---|----------------------|
| 1. Shri P.D.T. Achary         | - | Additional Secretary |
| 2. Dr. (Smt.) P.K. Sandhu     | - | Joint Secretary      |
| 3. Shri V.S. Negi             | - | Deputy Secretary     |
| 4. Smt. Abha Singh Yaduvanshi | - | Under Secretary      |

At the outset, the Chairman welcomed the Members to the sitting of the Committee. Thereafter the Committee considered and adopted the draft Report on ‘Demands for Grants 2004-05’ of the Ministry of Railways with minor amendments/modifications as under:

Sl. No.	Page	Para	Line	
1.	65	142	4	add after ‘toilets’ “lights, cleanliness.”
2.	66	143	22	Add at the end new Sub Para “The Committee also noticed that the Railway have increased the freight loading target from 540 MT (BE) to 550 MT while revising the estimates for the year 2003-04 and corresponding freight earnings has been scale down to Rs.27115 crore from Rs.28815 crore. The Committee were informed that the Railways have been able to achieve 557.39 MT (7.39 MT more) freight loading at the end of the year and the earning was Rs.27118 crore provisionally i.e. Rs.197 crore less than the Budget Estimates. They were also informed that due to commodity mix and lead factors the goods earnings did not pick up during the year. The Committee are of the view that as major portion of the internal resources is from the freight earnings, Railways are lagging behind in this area. Therefore, the Committee recommend that Railways should identify the areas where from more freight are likely to be obtained and serious efforts be made to get traffic for higher leads besides adopting vigorous marketing strategies. The Committee would like to be apprised of the action taken in the matter.”

2. The Committee also authorised the Chairman to finalise the Report after making consequential changes, if any, arising out of factual verification by the Ministry of Railways and to present the Report to the Parliament.

The Committee, then adjourned.