

STANDING COMMITTEE ON RAILWAYS

(2007-08)

FOURTEENTH LOK SABHA

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

**[Action taken by the Government on the recommendations/
observations contained in the 16th Report of the Standing Committee
on Railways (Fourteenth Lok Sabha)
on 'Expansion of Railway Network – New Lines, Gauge Conversion,
Doubling and Electrification']**

THIRTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

September, 2007/Bhadrapada, 1929 (Saka)

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Presented to Lok Sabha on 07.09.2007
Laid in Rajya Sabha on 07.09.2007



LOK SABHA SECRETARIAT
NEW DELHI

September, 2007/Bhadrapada, 1929 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON RAILWAYS (2007-08)

Shri Basudeb Acharia - Chairman

MEMBERS**LOK SABHA**

2. Shri Prasanna Acharya
3. Dr. Dharendra Agarwal
4. Shri Atiq Ahamad
5. Shri S. Ajaya Kumar
6. Shri Bapu Hari Chaure
7. Shri H.D. Devegowda
8. Shri Kishan Lal Diler
9. Shri Giridhar Gamang
10. Shri Anwar Hussain
11. Shri Mahesh Kumar Kanodia
12. Ch. Lal Singh
13. Shri Ananta Nayak
14. Shri Laxmanrao Patil
15. Shri A. Sai Prathap
16. Shri Kishan Singh Sangwan
17. Shri Iqbal Ahmed Saradgi
18. Shri Manik Singh
19. Shri K. Subbarayan
20. Shri C.H. Vijayashankar
21. Vacant

RAJYA SABHA

22. Shri Karnendu Bhattacharjee
23. Maulana Obaidullah Khan Azmi
24. Shri Satyavrat Chaturvedi
25. Shri Lalit Kishore Chaturvedi
26. Shri Shreegopal Vyas
27. Shri Tarini Kanta Roy
28. Shri A. Elavarasan
29. Shri Isam Singh
30. Shri Harendra Singh Malik
31. Shri Abani Roy

LOK SABHA SECRETARIAT

- | | | |
|--------------------------|---|----------------------|
| 1. Dr.(Smt.) P.K. Sandhu | - | Additional Secretary |
| 2. Shri A. Louis Martin | - | Joint Secretary |
| 3. Shri V.S. Negi | - | Director |
| 4. Shri Hoti Lal | - | Deputy Secretary |
| 5. Shri Vinay P. Barwa | - | Executive Officer |

INTRODUCTION

I, the Chairman of the Standing Committee on Railways (2007-08), having been authorized by the Committee to present the Report on their behalf, present this Thirtieth Report of the Committee on Action Taken by the Government on the Recommendations/Observations contained in the Sixteenth Report of the Standing Committee on Railways on 'Expansion of Railway Network – New Lines, Gauge Conversion, Doubling and Electrification'.

2. The Sixteenth Report was presented to Lok Sabha on 09.12.2005 and it contained 8 recommendations/observations. The Ministry of Railways have furnished their Action Taken Replies on all the recommendations/observations on 06.06.2006.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 06.09.2007.

4. An analysis of the action taken by the Government on the recommendations/observations contained in the Sixteenth Report of the Standing Committee on Railways (Fourteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
6 September, 2007
 15 Bhadrapada, 1929 Saka

BASUDEB ACHARIA
Chairman,
 Standing Committee on Railways

CHAPTER - 1

REPORT

This Report of the Committee deals with the Action Taken by the Government on the recommendations/observations contained in the 16th Report of the Standing Committee on Railways (2005-06) on 'Expansion of Railway Network – New Lines, Gauge Conversion, Doubling and Electrification' which was presented to Lok Sabha and laid in Rajya Sabha on 09.12.2005.

2. The aforesaid Report contained 8 recommendations/observations. Action Taken Notes have been received from the Government in respect of all these recommendations/observations. These have been broadly categorized as follows.

- (i) Recommendations/observations which have been accepted by the Government.

Para Nos. 1, 2, 4, 6, 7 and 8.

- (ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's reply.

Para Nos. 3 and 5.

- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee.

Nil

- (iv) Recommendations/observations in respect of which final replies are still awaited

Nil

3. The Committee will now deal with the action taken by the Government on some of their Recommendations/Observations.

Expansion of Rail Network
(Recommendation Para No. 2)

4. The Committee had *inter alia* noted that the funding of ongoing New Lines, Gauge Conversion, Doubling, Electrification and Metropolitan Transport projects with a throwforward of Rs. 47,354 crore had become a challenging task for the Railways. The major challenge before the Railways was to arrange funds for about 60 projects sanctioned on socio-economic considerations. The Committee noted that to implement these projects a new scheme-Remote Area Rail Sampark Yojana envisaging an investment of about Rs. 20,000 crore in a period of 5 years had been announced in the interim Rail Budget 2004-05. However, no funding arrangement had been tied up. Considering the huge requirement of funds which were not available with the Railways, the Committee strongly recommended that budgetary support to the Railways be adequately enhanced so that the projects taken up especially in hilly, tribal and backward areas could be completed as early as possible. They also recommended that an Expert Committee consisting of eminent economists and representatives of the Planning Commission and the Ministry of Finance be constituted to explore new sources of funding and suggest remedies so that all the sanctioned projects are completed in a maximum period of five years.

5. In their action taken reply the Ministry of Railways have stated as under:-

“Efforts are being made to arrange funds for the financially unviable New Line and Gauge conversion projects taken up primarily on socio-economic considerations for development of backward and underdeveloped areas to be covered under Remote Area Rail Sampark Yojana. Under this scheme, funds are proposed to be provided through budgetary support and non budgetary initiatives including seeking participation of respective State Governments so as to complete all the ongoing projects in a time frame of about 5 years. In such a case, setting up of an Expert Committee as recommended is not considered necessary for the present”.

6. **The Committee are glad to note that efforts are being made to mobilize funds through budgetary support and non budgetary initiatives including seeking participation of respective State Governments for completion of the financially unviable on-going projects taken up on socio-economic considerations. These projects are expected to be completed within five years. The Committee would like to know the progress made in this regard so far and the details of the projects under execution. The Committee would**

also like to know whether the aforesaid time frame of five years covers all the 60 projects sanctioned on socio economic considerations.

Rail Vikas Nigam Limited (RVNL)
(Recommendation Para No. 6)

7. The Committee had noted that to mobilize the funds for bankable projects from non-budgetary sources, Railways had formed Rail Vikas Nigam Limited (RVNL) in January, 2003 and had also transferred 53 projects for execution. Out of these, 32 projects were pertaining to strengthening of Golden Quadrilateral and diagonals and 21 projects were pertaining to strengthening of port connectivity and corridor to hinter land. Another 13 projects were yet to be sanctioned by the Ministry of Railways. According to RVNL, funding for 30 projects had been tied-up and the projects were under various stages of physical execution. 10 Projects were being executed through the construction department of the Zonal Railways being the last mile projects and were funded through budgetary support mostly. The Golden Quadrilateral projects involving capital expenditure of about Rs. 8000 crore were to be provided through a Budgetary Support of Rs. 1500 crore, Rs.1500 crore from Asian Development Bank and Rs.5000 crore from market borrowings. The Port connectivity projects of about Rs. 4000 crore were to be funded by borrowing from market and Public Private Partnership. For this purpose, 8 projects were being planned to be implemented by creation of Special Purpose Vehicles through equity participation by strategic investors.

The Committee desired that the RVNL should expedite the process of tying up of funds and ensure the completion of all the projects transferred to them for execution within the stipulated time.

8. In their action taken reply the Ministry of Railways have *inter alia* stated that:-

“Rail Vikas Nigam Limited (RVNL) has been formed to expedite completion of projects related to strengthening of Golden Quadrilaterals & its Diagonals and port connectivity by raising funds through non-budgetary resources. Since some of the these RVNL projects were last mile projects and were at advance stage of completion, Railways were in a better position to complete the same as compared to RVNL which was formed recently and thus it was decided to let Railways complete the same on behalf of RVNL.

RVNL has taken necessary actions to mobilize funds for projects and it is expected that all the projects except one transferred recently would be over by 2006-07”

9. The Committee are happy to note that RVNL has taken necessary action to mobilize funds for the projects related to strengthening of Golden Quadrilaterals and its diagonals and port connectivity. These projects were expected to be completed by 2006-07. The Committee would like to be informed whether these projects have indeed been completed in the year 2006-07 as expected. If not, the Committee be informed of the reasons for the delay.

Missing Links
(Recommendation Para No.7)

10. The Committee were of the considered view that the completion of missing links and throughput enhancement works on the viable routes will substantially improve the efficiency and productivity of the Railways. They further found that certain Sections in between the main BG line for example Bardhaman-Katwa and Azimganj-Katwa in Eastern Railway had not so far been converted into BG causing lot of inconvenience to railway commuters and traders. They, therefore, recommended that the Railways should identify such areas without any further delay and link all the missing links of gauge conversion, doubling, electrification and signalling & telecommunication works and also adequate allocation be made for these works so that the same could be completed in time and line capacity is increased.

The Committee also noted that some uneconomic branch lines connected with the main line had not been converted into broad gauge so far and desired that such uneconomic branch lines (Metre Gauge as well as Narrow Gauge) be identified and converted into Broad Gauge lines so that it may lead to socio-economic development of the areas.

11. In their action taken reply the Ministry of Railways have stated as under:-

“The recommendation of the Committee have been noted. However, it is brought out that Railways have a huge throwforward of Projects with limited availability of resources. The ongoing gauge conversion works have a throwforward of about Rs.10,000 crore and annual allocation has been of the order of about Rs.1,000 crore in the recent years and Rs.1,450 Crore has been provided during 2006-07. Though, some efforts are being made to generate additional resources but the ongoing projects are likely to take at least 5-6 years for completion.

The sections which have so far not been taken up for gauge conversion are mostly branch lines and isolated lines with not much traffic prospectus. In such a scenario, it may not be feasible to take up gauge conversion of such lines till the resource position improves or existing shelf is reduced to a reasonable level.”

12. The Committee are of the view that missing links not only create bottlenecks but also cause sub-optimum utilization of existing assets which ultimately affect the efficiency and productivity of the system. Since earnings of Railways have improved in recent years, the Committee feel that completion of missing links could be taken up gradually and completed within a reasonable period of time. The Government's reply is silent as to whether any exercise was undertaken as recommended by the Committee to identify all the missing links of gauge conversion, doubling, electrification etc. The Committee would await details in this regard, zone-wise, and the plan for completing these projects.

National Projects
(Recommendation Para No. 8)

13. The Committee had *inter alia* noted that the pace of progress of four national projects had not been picking up at the desired rate. The Committee while expressing their concern over the slow progress of these projects recommended expeditious execution of these projects by the Railways.

14. Pointing that there are four National Projects, the Ministry of Railways in their action taken reply, have *inter alia* indicated the targets as follows :-

(1) Udampur-Srinagar-Baramula, New Line	Target:	2008-09
Udampur-Katra		December 2006
Katra-Quazigund		2008-09
Quazigund-Badgam		December 2006
Badgam-Baramulla		2007-08
(2) Kumarghat-Agartala, New Line		March, 2007
(3) Jiribam-Imphal Road (Tupul), New Line		March, 2010
(4) Lumding-Silchar-Jiribam, New Line		March, 2009

15. The Committee desire to informed whether Udampur-Katra and Quazigund-Badgam sections of Udampur-Srinagar-Baramula project and Kumarghat-Agartala project were completed as per the target mentioned above and also of the extent of progres made in regard to the remaining projects.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Integrated Transport Policy

(Recommendation Para No.1)

The Committee find that the Indian Railways have made a tremendous contribution towards the economic development of the country especially during the initial years of Independence. The Railway provided the necessary fillip to industrial growth by inter-connecting the primary production areas, industrial centers and the markets. However, the Committee note that with the upcoming of Road Sector as a potential mode of transport, gradually Railways lost a substantial share of traffic to the road sector. The constitution of National Highway Authority of India in 1998 and launching of National Highway Development Programme in 1998 on the Golden Quadrilateral and East –West & North – South corridors has put up a stiff challenge to the Railways.

In the backdrop of National Transport Policy (1980), the Railways prepared their First Corporation Plan in 1985 for 15 years. However, due to inherent weaknesses such as inadequate funds for investment for the expansion of railway network and ad-hoc policies is taking up new projects without ensuring commensurate funds, the Railways could not come up to the expectation in general and to the people of this country in particular. The Railways have now started preparing their Second Corporate Plan to address the aforesaid challenges. The Committee while taking a serious note of these challenges are of the considered view that Railways being the integral part of national infrastructure for growth and development of the country's economy cannot be left in isolation to decide their Plans. They are of firm view that time has come now for an Integrated Transport Policy to be defined on urgent basis clearly stating the role of Railways as well as Road Sector. This will enable the Railways to manage their business productivity and efficiently through better management of their assets and resources in close coordination with other modes of transport like Roadways, Waterways, etc.

Reply of the Government

Integrated Transport Policy document prepared by Planning Commission in 2001 outlines an approach to the transport policy and indicated the broad direction in which the policy of each mode must evolve. The document suggested that a Task Force or a Coordinating Body should also be set up which by visualizing the transport system as an integrated structure of different modes and services would give policy thrust of inter-modal nature, oversee implementation and introduce corrections, if required, in the mechanism in order to achieve an optimal inter-modal mix. Some of the recommendations made by the policy document for the railway sector are:

Qualitative capacity augmentation.

Technology upgradation and modernization.

Augment capacity on the saturated high density routes and replace overaged assets.

Reduce speed differential between freight and passenger services.

Focus on creation of rail hubs with sufficient warehousing capacity to accelerate the programme of containerization.

Enlarging the scope of private sector participation in acquiring rolling stock through innovating leasing schemes.

Ministry of Railways, to augment the capacity on the saturated high density routes, is going for Dedicated Freight Corridors between JNPT-Dadri via Ahmedabad and Palanpur and Sonnagar-Ludhiana via Allahabad and Kanpur. This will enable Railways not only to augment its capacity but will also enable Railways to reduce the unit cost of transportation by increasing the axle load of freight wagons from existing maximum of 22.5 to 30 tonnes and movement of double stack container trains. The segregation will increase the speeds of freight trains reducing the speed differential as aimed in the policy document.

Ministry of Railways under Special Railway Safety Fund (SRSF) is in the process of liquidating arrears of replacements of overaged assets. Certain safety enhancement works are also undertaken under SRSF.

Indian Railways have also formulated their Integrated Modernization Plan for period 2005-2010. Under the Plan activities have been identified with a definite time frame for implementation.

To accelerate the process of containerization in India, Ministry of Railways has already issued a policy on movement of container trains on Indian Railways by organization other than Container Corporation of India (CONCOR) in January, 2006.

For encouraging private investments in wagons, a Policy on Wagon Investment has already been announced in 2005. The industry has shown favourable response to the Scheme.

Expansion of Rail Network

(Recommendation Para No. 2)

The Indian Railways had a Rail network of 53596 route kms. including 25258 kms. broad gauge, 24185 kms. metre gauge and 4153 kms. narrow gauge as on 01.04.1951. Since then during the last 54 years i.e upto 31.03.2004, Railways have been able to expand its network to 63221 route kms. comprising 46807 kms broad gauge, 13290 kms. metre gauge and 3124 kms. narrow gauge with a growth rate of about 0.33% per annum. The Committee notice that the pace of expansion of rail network in the country has been very tardy in comparison to other World Railways particularly that of China.

The Committee further notice that through the Railways have made continuous efforts to expand their network but due to shifting priorities and ad-hoc policies, they could not make much head-way in their pursuit. They further note that the Railways' emphasis has mainly been on the development and strengthening of Golden Quadrilateral and diagonal routes whereas the projects taken up on socio-economic consideration have been gives a low priority. They are of the view that a sound infrastructure heralds the economic development of an area and the Railways being an important contributor of infrastructure can make a remarkable difference by developing the backward regions. The committee further observe that the Railways could not draw a perspective Plan for the development and expansion of Rail network in a holistic way.

The Committee also note that the railway shelf presently contains 240 projects of New Lines, Gauge Conversion, Doubling and Electrification and Metropolitan Transport Projects. The total throw-forward of these projects as on 01.04.2005 has been assessed to Rs.47354 crore. Out of these, 53 bankable projects have now been handed over to Rail Vikas Nigam Limited (RVNL) for execution. In view of in-adequate fund allocation, this huge throw-forward a bound to uprurge further and further at the end of every year. Thus funding of ongoing projects has become a challenging task for the Railways. To address this, the Committee find that the Railways have embarked upon a number of initiatives like Public Private Partnership, Special Purpose Vehicle, Rail Vikas Nigam

Limited etc. in order to mobilize the required funds. Further the major challenge before the Railways is to arrange funds for about 60 projects sanctioned on socio-economic considerations. The Committee find that to implement these projects a new scheme – Remote Area Rail Sampark Yojana envisaging an investment of about Rs.20,000 crore in a period of 5 years has been announced in the interim Rail Budget 2004-05. However, till date no funding arrangement has been tied up. Considering the large shelf of projects and large requirement of funds which is not available with the Railways, the committee cannot but strongly recommend that budgetary support to the Railways be adequately enhanced so that the projects taken up especially in hilly, tribal and backward area could be completed as early as possible. They also recommend that an Expert Committee consisting of eminent economists and representatives of the Planning Commission and the Ministry of Finance be constituted to explore new sources of funding and suggest remedies so that all the sanctioned projects are completed in a maximum period of five years. The Committee desire that the findings and recommendations of the aforesaid Expert Committee be intimated to them.

Reply of the Government

Efforts are being made to arrange funds for the financially unviable New Line and Gauge Conversion projects taken up primarily on socio-economic considerations for development of backward and underdeveloped areas to be covered under Remote Area Rail Sampark Yojana. Under this scheme, funds are proposed to be provided through budgetary support and non budgetary initiatives including seeking participation of respective State Government so as to complete all the ongoing projects in a time frame of about 5 years. In such a case, setting up of an Expert Committee as recommended is not considered necessary for the present.

New Lines

Recommendation (Para No.4)

Railways from the very beginning has accorded top priority to construction of new lines. However, after 1968-69 priority has been shifted to other Plan Heads like Doubling, Electrification and Gauge Conversion. The committee find that since 01.04.1951 the Railways the funding has been the major problem for the Plan Head new lines. The ideal allocation for new lines projects should be one sixth of the throw-forward. The Plan Head New Line experienced the maximum resource-crunch as most of the projects were sanctioned on socio-economic considerations. The Committee have noted that this Plan Head has the highest throw forward of Rs.25801 crore as on 01.04.2005. During 2005-06 the allocation made under this Head has been only Rs.658 crore as against Rs.1644 crore allocated in the preceding year. During their study tour, the Comittee also found that in Southern Railway only Rs.5 crore has been allocated to 5 new line (one crore each) project as against their throw-forward of Rs.1000 crore approximately.

The sources of funding for New Line projects has largely been Budgetary Support from the Central Exchequer. After deducting share of National Projects and other important projects like megs bridges, the remaining part of the Budgetary Support is earmarked to different Plan-Heads on the basis of allocation formula. As per the ideal criteria of allocation referred to above, the allocation should be more than Rs.4000 crore annually to complete all the ongoing projects within a time span of 5-6 years. The Committee have also noted that new alternative sources of funding like Special Purpose Vehicle (SPVs) and viability gap funding have been identified by the Railways to supplement the existing source of funding. The Committee emphasise that the Railways with all possible sources at their disposal should complete all the ongoing projects of new Lines with in a period of 5-6 years. The Committee also recommend that separate funds be provided for natinal projects besides the annual budgetary support given to the Railways.

Reply of the Government

As on 01.04.2005 there were 77 ongoing New Line projects having a throw-forward of Rs.25801 crore. These projects on completion would add 7,840 Kms to the railway network.

A number of initiatives have been taken in the past few years for generation of additional resources through specific funding for National Projects, funding from Ministry of Defence, Public/Private partnership and non-budgetary initiatives for National Rail Vikas Yojana. Remote Area Rail Sampark Yojana has also been announced in the interim budget 2004-05

which envisages investment of Rs.20,000 crore in 5 years on projects which have been taken up on socio-economic consideration for development of backward, remote and under-developed areas. However, the resources for this Yojana are yet to be tied up. Once funds for this Yojana are tied up, all the on going projects including New Lines would be completed in about 5 years period.

As regards National Projects, it is mentioned that full funds for Udhampur-Srinagar-Baramulla are being provided as an additionally to normal Railways plan. However, for the National Projects in N.E. region (3 new lines and 1 gauge conversion) part funds are being provided as an additionally considering the some funds would continue to be provided by Ministry of Railways from their Budgetary support through 10% of funds to be earmarked for N.E. region.

Rail Vikas Nigam Limited (RVNL)

(Recommendation Para No. 6)

7. The Committee had noted that to mobilize the funds for bankable projects from non-budgetary sources, Railways had formed Rail Vikas Nigam Limited (RVNL) in January, 2003 and had also transferred 53 projects for execution. Out of these, 32 projects were pertaining to strengthening of Golden Quadrilateral and diagonals and 21 projects were pertaining to strengthening of port connectivity and corridor to hinter land. Another 13 projects were yet to be sanctioned by the Ministry of Railways. According to RVNL, funding for 30 projects had been tied-up and the projects were under various stages of physical execution. 10 Projects were being executed through the construction department of the Zonal Railways being the last mile projects and were funded through budgetary support mostly. The Golden Quadrilateral projects involving capital expenditure of about Rs. 8000 crore were to be provided through a Budgetary Support of Rs. 1500 crore, Rs.1500 crore from Asian Development Bank and Rs.5000 crore from market borrowings. The Port connectivity projects of about Rs. 4000 crore were to be funded by borrowing from market and Public Private Partnership. For this purpose, 8 projects were being planned to be implemented by creation of Special Purpose Vehicles through equity participation by strategic investors.

The Committee desired that the RVNL should expedite the process of tying up of funds and ensure the completion of all the projects transferred to them for execution within the stipulated time.

8. In their action taken reply the Ministry of Railways have *inter alia* stated that:-

“Rail Vikas Nigam Limited (RVNL) has been formed to expedite completion of projects related to strengthening of Golden Quadrilaterals & its Diagonals and port connectivity by raising funds through non-budgetary resources. Since some of the these RVNL projects were last mile projects and were at advance stage of completion, Railways were in a better position to complete the same as compared to RVNL which was formed recently and thus it was decided to let Railways complete the same on behalf of RVNL.

RVNL has taken necessary actions to mobilize funds for projects and it is expected that all the projects except one transferred recently would be over by 2006-07”

Missing Links

Recommendation (Para No.7)

Efficiency and productivity are the hallmarks of modern management. The Railways can improve their efficiency and productivity by de-congesting the routes which are over saturated and by removing the bottlenecks by linking the missing links in doubling, gauge conversion, electrification and signaling & telecommunication system and better management of terminals on the viable routes. The Committee find that in the year 2005-06 Railways have given thrust to throughput enhancement works and linking of missing links. To this effect the Railways have made an allocation of Rs.487.59 crore under the Head Traffic Facilities in the year 2005-06. The Committee are of the considered view that the completion of missing links and throughput enhancement works on the viable routes will substantially improve the efficiency and productivity of the Railways. They further find that certain Sections in between the main BG line for example Bardhaman-Katwa and Azimganj-Katwa in Eastern Railway have not so far been converted into BG causing lot of inconvenience to railway commuters and traders. Therefore, they strongly recommend that the Railways should identify such areas without any further delay and link all the missing links of gauge conversion, doubling, electrification and signaling & telecommunication works and adequate allocation be made for these works so that the same could be completed in time and line capacity is increased.

The Committee also find that some uneconomic branch lines connected with the main line, which caters to the needs of the people in and around the area have not been converted into broad gauge so far. The Committee desire that such uneconomic branch line (MG as well NG) be identified and converted into BG line so that it may lead to socio-economic development of these areas.

Reply of the Government

The recommendation of the Committee have been noted. However, it is brought out that Railways have a huge throwforward of Projects with limited availability of resources. The ongoing gauge conversion works have a throwforward of about Rs.10,000 crore and annual allocation has been of the order of about Rs.1,000 crore in the recent years and Rs.1,450 crore has been provided during 2006-07. Though, some effect are being made to generate additional resources but the ongoing projects are likely to take at least 5-6 years for completion.

The sections which have so far not been taken up for gauge conversion are mostly branch lines and isolated lines with not much traffic prospects. In such a scenario, it may not be feasible to take up gauge conversion of such lines till the resource position improves or existing shelf is reduced to a reasonable level.

National Projects

Recommendation (Para No.8)

The Committee note that there are four projects which have been declared by the Government as National Projects. Out of these three projects are of New Lines and the one relates to Gauge Conversion. Till March, 2005 Rs.1639.78 crore on Kumarghat-Agartala (New Line) and Rs.334.74 crore on Lumding-Silchar (Gauge Conversion) Projects. However, they are surprised to find that only meager amount of Rs.3.00 crore has been spent on the Jiribam-Imphal (Tupul), New Line project upto March, 2005 against an estimated cost of Rs.727.56 crore. The total throw-forward of these four National Projects as on 01.04.2005 has been assessed at Rs.6399.14 crore and Rs.2401.42 crore has been incurred by March 2005 on these projects. The Udampur-Srinagar-Baramulla and Kumarghat-Agartala New Lines Projects are to be completed by August, 2007 and by March, 2007 respectively.

The Committee further note that the pace of progress of these projects has been picking-up at the desired rate. Their progress is directly linked with many other factors like timely release of funds by the Central Exchequer, acquisition of land by the State Government concerned and handing over the name to the Railways for execution etc. The Committee express their concern over the slow progress of these projects and strongly recommend for timely release of funds by the Centre and expedition execution of these projects by the Railways. They also recommend that the State Governments

concerned should in all cases must extend every logistic support necessary for the speedy and smooth implementation of these projects.

Reply of the Government

There are four National Projects out of which one is in Jammu & Kashmir and three in North East Region. Full funds for Udhampur-Srinagar-Baramulla and part funds for NE region projects are being provided as additionality to normal Railway Plan. The additional funds to these projects are being projected in the General Budget and released during the course of the year by Ministry of Finance as per the progress.

Railways are taking all action to progress the projects expeditiously so as to complete these in a time bound manner. However, the adverse law and order condition prevailing in both these areas have an adverse impact on the progress. State Government have been extending their support in execution of the projects and have provided security cover to the railway officials along the site but the same is not adequate to cover all the locations. The acquisition of land particularly for Udhampur-Baramulla project is also getting delayed. Besides, there are numerous technical attached with these projects as alignment in J&K is through young Himalayas with poor geology. In one of the tunnels between Udhampur-Katra, the work got a severe setback of more than one year due to heavy underground flow of water into the tunnel. This project involves very long tunnel of 10.950 Km in length and bridge across river Chenab with 550 m steel arch.

The following targets have been fixed for these projects:

- | | | |
|-----|--|------------------|
| (1) | Udhampur-Srinagar-Baramulla , New Line | Target: 02008-09 |
| | Udhampur-Katra | December, 2006 |
| | Katra-Quazigund | 2008-09 |
| | Quazigund-Badgam | December, 2006 |
| | Badgam-Baramulla | 2007-08 |
| (2) | Kumarghat-Agartala, New Line | March, 2007 |
| (3) | Jiribam-Imphal Road (Tupul), New Line | March, 2010 |
| (4) | Lumding-Silchar-Jiribam, New Line | March, 2009 |

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Priority of Projects

(Recommendation Para No.3)

4. The Committee find that the Railways do not have any pre-fixed criteria for fixation of priority of projects. Railways are deciding the priority of projects on year to year basis keeping into account the availability of funds. Moreover, they do not fix the completion date of the projects unless they are assured of required funds on annual basis. In November, 1998 the Railways had evolved some criteria for prioritization of projects with the approval of CCEA, however, it was not implemented. Further, a fund allocation on the basis of population, area and the backwardness of the State has contributed towards thinly spreading of inadequate resources leading to inordinate delay of projects and huge cost and time overruns.

The Committee deplore such kind of irrational distribution/allocation of funds in their earlier Report also. However, due weightage to the Committee recommendation was not given by the Railways. The Committee again strongly recommend that they should decide the priority of all projects afresh in consultation with the Ministry of Finance and the Planning Commission so that some tangible results may be witnessed on the ground of completing some projects. While deciding the priority of the projects, the Committee desire that other ongoing projects categorized in category IV should also be accorded due priority.

5. The Ministry of Railways, in their Action Taken reply have stated as under:-

- . “Normally, yearly targets for completion/partial completion of projects are fixed based on the availability of funds and progress of individual project. From 2002-03 onwards, funds to various projects are being allocated statewide based on a clear and transparent formula announced by the Minister of Railway in Budget speech 2002-03. As per this formula, the available funds for projects have been distributed based on area, the population and the throwforward of projects in the State. The weightage given to these criteria is in the ratio 15%. 15% and 70% respectively. This was done to remove perceived sense of injustice felt by some States in regard to allocation of funds for railway projects in their States. From 2006-07, Doubling and Railway Electrification projects have been excluded from the ambit of this formula as these works are necessary from capacity enhancement considerations and required to be completed early.

Based on the directions from the Government, Ministry of Railways, once again, did prioritization of projects and the same had been approved by the Government in April, 2005. The funds to projects are being allocated keeping this prioritization in view.”

6. **The Committee appreciate the concern shown by the Railways to remove perceived sense of injustice felt by some States in regard to allocation of funds for Railway projects in their States. The Committee are also aware of the constraints faced by the Railways in mobilizing funds. However, at the same time the Committee do not approve of the method evolved by the Railways for allocation of funds and prioritization of projects. Development and expansion of rail network must be guided by National priority and with a view to remove regional imbalance and on other socio-economic considerations. Keeping these in view the Committee reiterate and strongly stress that Railways in consultation with all stake holders and simultaneously involving Ministry of Finance and Planning Commission, draw a road map, clearly indicating priority of different projects, for the next 10-15 years.**

Rate of Return

(Recommendation Para No.5)

7. The Railways have fixed Rate of Return (ROR) at 14% to decide the viability of a project. The Committee have in the past after having discussed the issue with the Planning Commission and Ministry of Railways have recommended in their Reports to bring it down to a more reasonable level. While replying to the concern expressed by the Committee in this regard, the Financial Commissioner categorically expressed their inability to bring this down. However, the representatives of RVNL who also decide the bankability of the projects have informed the Committee that the prevailing market rate of interest is taken into consideration while determining the bankability of project. To bring more and more projects within the ambit of RVNL, it is essential to bring the extant Rate of Return i.e. 14% to a more practical level. The Committee, therefore, recommend that the present Rate of Return be reviewed on an urgent basis and suitably be brought down to the extent possible. Further, this criteria of ROR should not be made applicable to the projects taken up in hilly and tribal areas.

8. The Ministry of Railways, in their Action Taken reply have stated as under:-

“The prescribed cut off Rate of Return of 14% being followed on Indian Railways for determining the financial viability of projects constitutes not only the cost of Capital but also provision for Capital formation. Besides paying dividend to General Revenue, the Indian Railways are required to make provision for DRF, PF and DF. Only about 50% of the total Plan outlay of Indian Railways, of around Rs.15000 crore gets budgetary support from the Central Govt. The balance 50% has to be necessarily funded through internally generated surpluses and market borrowings. The need of generation of internal resources has been further enhanced on account of various initiatives taken by Indian Railways for modernization and increasing the throughput to meet the requirement of transportation for growing Indian economy. Any reduction in generation of internal resources would lead to the need for higher budgetary support.

Fluctuations in earnings from traffic, arising out of change in traffic patterns, can make a dent in the viability of a project in future. Therefore, while adjudging the viability of a project, this risk factor requires to be adequately accounted for. Besides railway projects have a long gestation period.”

CHAPTER – IV

**RECOMMENDATIONS/OBSERVATIONS
IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN
ACCEPTED BY THE COMMITTEE**

-N I L-

CHAPTER - V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL
REPLIES ARE STILL AWAITED.**

- N I L -

**NEW DELHI;
6 September, 2007
15 Bhadrapada, 1929 Saka**

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

APPENDIX-II

**ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 16th REPORT
(14TH LOK SABHA) ON 'EXPANSION OF RAILWAY NETWORK – NEW LINES, GAUGE
CONVERSION, DOUBLING AND ELECTRIFICATION'**

Total number of Recommendations/Observations	08
(i) Recommendations/observations which have been accepted by the Government (<i>Vide</i> recommendations/observations) Para Nos. 1, 2, 4, 6, 7 and 8	06
Percentage of total	75%
(ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government replies Para Nos. 3 and 5	02
Percentage of total	25%
(iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee which require reiteration NIL	NIL
Percentage of total	NIL
(iv) Recommendations/observations in respect of which final replies of Government are still awaited NIL	NIL
Percentage of total	NIL

**MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE
ON RAILWAYS (2007-08)**

The Committee sat on Thursday, the 6th September, 2007 from 1000 hours to 1030 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

SHRI BASUDEB ACHARIA - CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Prasanna Acharya
3. Shri Giridhar Gamang
4. Shri Anwar Hussain
5. Shri Mahesh Kumar Kanodia
6. Ch. Lal Singh
7. Shri Manik Singh
8. Shri Kishan Singh Sangwan
9. Shri K. Subbarayan

RAJYA SABHA

10. Shri Satyavrat Chaturvedi
11. Shri Lalit Kishore Chaturvedi
12. Shri Shreegopal Vyas
13. Shri Tarini Kanta Roy

SECRETARIAT

- | | | |
|--------------------------|---|---------------------|
| 1. Shri Louis Martin | - | Joint Secretary |
| 2. Shri V.S. Negi | - | Director |
| 3. Shri Hoti Lal | - | Deputy Secretary-II |

2. The Committee considered and adopted the following draft Action Taken Reports without any amendment:-

(i) xxxx xxxx xxxx xxxx

(ii) xxxx xxxx xxxx xxxx

(iii) Draft report on action taken by the Government on the recommendations/observations contained in 16th report on 'Expansion of Railway Network – New Lines, Gauge Conversion, Doubling and Electrification'

(iv) xxxx xxxx xxxx xxxx

The Committee then adjourned.