

RAIL LINK TO KASHMIR

[Action Taken by the Government on the Observations/
Recommendations of the Committee contained in their Fourth Report
(16th Lok Sabha)]

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

**PUBLIC ACCOUNTS COMMITTEE
(2015-16)**

FORTY-NINTH REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

FORTY-NINTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2015-16)

(SIXTEENTH LOK SABHA)

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MINISTRY OF RAILWAYS
(RAILWAY BOARD)



Presented to Lok Sabha on: 28.04.2016

Laid in Rajya Sabha on: 28.04.2016

LOK SABHA SECRETARIAT
NEW DELHI

April 2016/ Vaisakha 1938 (Saka)

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**Not appended to the cyclostyled copy of the Report*



COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2015-16)

Prof. K.V. Thomas

Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmpura
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Neiphiu Rio
10. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udas
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Anil Madhav Dave
19. Shri Vijay Goel
20. Shri Bhubaneswar Kalita
21. Shri Shantaram Naik
22. Shri Sukhendu Sekhar Roy

SECRETARIAT

- | | |
|----------------------|------------------------|
| 1. Shri A.K. Singh | - Additional Secretary |
| 2. Shri T. Jayakumar | - Director |
| 3. Ms. Malvika Mehta | - Committee Officer |

INTRODUCTION

I, the Chairman, Public Accounts Committee (2015-16), having been authorised by the Committee, do present this Forty-ninth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fourth Report (Sixteenth Lok Sabha) on Rail Link to Kashmir:

2. The Fourth Report was presented to Lok Sabha on 25th November, 2014, and laid in Rajya Sabha on 25th November, 2014. Replies of the Government to the Observations/ Recommendations contained in the Report were received on 12th October, 2015. The Public Accounts Committee considered and adopted the Forty-ninth Report at their sitting held on 26th April, 2016. Minutes of the sitting are given at Appendix-I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

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

5. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;
26th April, 2016
6 Vaisakha, 1938 (Saka)

PROF. K. V. THOMAS,
Chairperson,
Public Accounts Committee

CHAPTER – I

REPORT

This Report of the Public Accounts Committee deals with action taken by the Government on the Observations/Recommendations of the Committee contained in their Fourth Report (Sixteenth Lok Sabha) on "Rail Link to Kashmir" based on C&AG Report No.19 of 2012-13 Union Government - Railways relating to the Ministry of Railways (Railway Board).

2. The Fourth Report (Sixteenth Lok Sabha) was presented to Lok Sabha and laid in Rajya Sabha on 25.11.2014. It contained twelve observations/recommendations. Action Taken Notes have been received from the Ministry of Railways in respect of all the Observations/Recommendations and are broadly categorised as follows:

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

Recommendation Para Nos. 1, 2, 3, 4, 5, 7, 8, 9, 11 and 12

Total : 10
Chapter II

- (ii) Observation/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government

Recommendation Para Nos. Nil

Total : Nil
Chapter III

- (iii) Observation/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration

Recommendation Para Nos. 6 and 10

Total:02
Chapter IV

- (iv) Observation/Recommendations in respect of which the Government have furnished interim replies

Recommendation Para Nos. Nil

Total : Nil
Chapter V

3. The detailed examination of the subject by the Committee had revealed that for the 292 Kms line Udhampur-Srinagar-Baramulla Rail Link (USBRL) project, the most challenging project for the Indian Railways yet, in terms of constructing a new line

altogether in a rugged and hostile terrain, tough weather conditions, sensitive security situation and deficient logistics support, funds were provided from the Consolidated Fund of India rather than from the operating surplus of the Indian Railways. The current outlay expected for the project was ₹ 20,000 crore (approx) as against the initial estimate of ₹ 1500 crore. The project was being implemented by three principal agencies, namely, Northern Railway Construction Organization (NRCO), Konkan Railway Corporation Ltd. (KRCL) and Ircon International Ltd. (IRCON). The 119 kms section from Qazigund to Baramulla was completed and operationalised in three phases, the last phase being in October 2009. The critical 168 Kms sections i.e. Udhampur-Katra which was scheduled to be completed by 2003 was operationalised in July 2014. However, Katra-Qazigund section was yet to be completed. The revised target date for completion of this section is 2017 as against the initial target of 2007. The Committee based on the Audit findings, had analysed the root causes for the time and cost overrun of the projects and had given their considered opinion.

4. The Action Taken Notes furnished by the Ministry of Railways (Railway Board) on the Observations/Recommendations of the Committee contained in their Fourth Report (Sixteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report in the succeeding paragraphs, the Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which either need reiteration or merit comments.

Recommendation Para No. 2, 3 and 4

5. The Committee in their recommendation nos. 2, 3 and 4 had noted that the Ministry of Railways initially approved alignments passing through Eastern Corridor with steep gradient of 1:40 in March 1994 only to reverse the same in June 1995 in favour of alignment in Western Corridor with a gradient of 1:100 based on the opinion given by the consultant appointed by the Northern Railway who studied the Eastern Corridor alignment and opined that the gradient of 1:40 is unsafe and technically not feasible. The Ministry had contended that in view of the difficult geology, inaccessibility of sites, law and order problems and decision of the Government to start the work at the earliest, codal provisions were followed to the extent possible in the given circumstances as detailed geological investigations were not possible due to inaccessibility of sites. Justifying the decision for an alignment through the Western corridor, the Ministry had further contended that factors like uninhibited, inaccessible

areas without approach roads, presence of active thrusts and faults, steeper hills and valleys were unavoidable even for the alignment through Eastern Corridor also and hence it did not make any difference in the decision making process. The Committee were of the considered opinion that requisite field investigations and technical feasibility studies should have been carried out before taking the critical decision on selection of the alignment, more so considering the difficult and unexplored terrain of the region.

The Committee had desired that the Ministry should draw suitable lessons from the factors that impeded the smoother implementation of the project of 'National Importance' and exercise due diligence in similar projects in future.

The Committee had noted that after the project was declared as one of 'National Importance' to be funded by Government of India (2002), the Railways in December 2002 i.e. even before the Final Location Survey which was a pre-requisite for commencement of work, entrusted the execution of Katra-Qazigund section (barring 5 km beyond Katra assigned to Northern Railway) to two PSUs i.e. IRCON and KRCL under the overall control of NRCO. The Ministry had contended that conducting survey/investigation would have entailed 2-3 years of delay and hence the works were to be commenced along with surveys and investigations by the contracted agencies. The Committee were concerned to note that the Ministry adopted this high risk strategy without an overall assurance of the technical feasibility of the alignment and had sought reasons for the same. The Committee had desired that while continuing the present work, fresh and quick evaluation of the new technical studies/consultations be carried out.

The Committee were of the firm opinion that the problems that arose during the course of the project could not be foreseen because of lack of initial surveys, studies and planning, despite the Ministry's justifications to the contrary. The Committee had, therefore, exhorted the Ministry to exercise due prudence and diligence for smoother implementation of the remaining parts of the project besides plugging the loopholes before undertaking similar challenging but important projects in future. The Committee had further desired that alongwith selection of proper gradient, other factors like curvature, level of traffic, speed envisaged, stability, constructability, safety and maintenance of structure be accorded due weightage and consideration.

6. The Ministry of Railways in the Action Taken Notes have submitted as under:

"For recommendation no. 2- The physical separation between the two proposed alignment along Eastern and Western Corridor was less than 100 Kms. Therefore, sudden abrupt variation in geology on a large scale is not expected i.e. Eastern Corridor would be free of all faults and fisher and Western Corridor will be dotted with all such complexities. Various Geological features such fault and thrust are not localized and span the entire Himalayan range. The features of the regions, viz. the main frontal thrust (MFT), the main boundary thrust (MBT) and the main central thrust (MCT) would have been intercepted by both Western and Eastern alignment to more or less large extent, which is evident from various reports and records of GSI. Therefore, both eastern and western corridors were considered identical from geological and technical consideration for laying a railway line in this area.

Necessity of requisite field investigations and technical feasibility studies before taking the critical decision on selection of the alignment of a new line to be taken up in an unmapped area devoid of approach roads is unquestionable and undisputed. But the issue of extent to which various investigations can be carried out beforehand will always crop up whenever construction of any New Line in similar terrain is planned and taken up as detailed Geological, Geophysical, Geotechnical, Hydrological studies require proper approach road for transportation of equipment and technical manpower to different locations. Further, there is a serious limitation to the extent detail investigation can be carried out in advance because of increase in horizontal and vertical distance of place of investigation from any accessible location along the alignment. However, the suggestion of the Committee that requisite field investigations and technical feasibility studies should be carried out before taking the critical decision on selection of the alignment, more so considering the difficult and unexplored terrain of the region has been noted. Accordingly, it has been decided that in case of all future New Lines projects in similar inaccessible terrain, Final Location Survey will be carried out before project is sanctioned. Detailed geological and geo-technical studies will be part of FLS and completed to the extent possible well in advance at the time of preparing the DPR and before commencement of construction. The assistance of experienced consultants/foreign Consultants and Institutions if required will be taken at that stage.

For recommendation no. 3- There is no denying the fact that completion of all investigations before start of execution was not possible because of virtual inaccessibility of majority of the stretches and above all there was a serious limitation of the extent of Geological, Geotechnical investigations which could be carried out in advance due to topography besides that it was very time consuming due to difficult hilly terrain, surrounded by steep hills, infested with wild animals and extraordinary difficult law & order situation, inaccessibility, transporting men and machinery in these locations. But the prevailing political situation coupled with security issues and expectation of the public of J&K necessitated early commencement of the work as soon as investigations of a stretch were completed. The observation of the Committee that Ministry adopted this high risk strategy without an overall assessment of the technical feasibility of the alignment has been noted. However, it is pointed out that in case of the

project in such terrain complete investigation of all kind to have zero risk strategy is difficult to be achieved. The question as to what extent it is possible to be done in advance will vary from project to project. Under all circumstances, in similar project some decision will have to be necessarily taken as the work progresses. Notwithstanding the limitation, in future it will be the endeavour to adopt a near zero risk strategy.

Suggestion of the committee to carryout fresh and quick evaluation of the new technical studies/consultations while continuing the present work has been noted. Necessary action in this regard has already been taken. Local minor realignments have been carried out at certain stretches on the alignment on Katra-Banihal section, after the acceptance of Expert committee report of 2009 and on the basis of M/s. Amberg report on alignment in March 2010. The alignment has been refined to cross the thrusts and faults at more or less perpendicular to its axis.

The work of geotechnical investigations between Km. 61 to 91 being executed by M/s. IRCON has been targeted for completion by June 2015. Detailed planning has been done based on geo-physical and geotechnical investigation to complete the project in 2017-18. International Consultants, M/s. ITASCA alongwith IIT Delhi & IISc Bangalore have been engaged to authenticate the slope stability of the location of Anji Bridge. KRCL has engaged reputed International Consultants (M/s ITASCA) to carry out analysis of stability of slopes of Chenab Bridge and during the course of stability analysis, IIT, Delhi & IISc Bangalore who will be closely associated to provide necessary assistance to ensure that all aspects related to stability of slopes are covered during analysis.

For Recommendation- 4- The reason for not carrying out detail Geological/Geophysical, Geotechnical specification before commencement of work has been explained in reply to observation No. 3. However, the suggesting of the Committee to exercise due prudence and diligence for smoother implementation of remaining part of the project has been noted. In this regard action has already been taken. International and national consultants for DDC (detailed design consultancy), slope stability analysis, design of bridges and proof checking engaged by PSUs are as follow:

- (a) DDC consultants are M/s. Lombardi, M/s. Amberg, M/s. Geodata, M/s. Bernard, M/s. Geo Consult etc.
- (b) Design of bridges by RITES, WSP (Finland), LAP (Germany) etc.
- (c) Proof checking of Bridges by IIT Roorkee, URS (UK), Flint and Neill (UK) etc.
- (d) Slope Stability Analysis by IIT Delhi, ISC Bangalore, ITSCA, USA.

As regards, all future New Lines projects in similar inaccessible location, the alignment will be decided based on selection of proper gradient, other factors like curvature, level of traffic, speed envisaged, stability, constructability, safety and maintenance of structure. And along the alignment decided detail Final Location Survey will be carried out before project is sanctioned. Detailed geological and geo-technical studies will part of FLS and completed well in advance to maximum possible extent at the time of preparing the DPR and

before commencement of construction. The assistance of experienced consultants/foreign Consultants and Institutions, if required, will be taken at that stage."

7. The Committee note that the Ministry have admitted that necessity of
requisite field investigations and technical feasibility studies before taking the critical decision on selection of the alignment of a new line to be taken up in an unmapped area devoid of approach roads is unquestionable and undisputed. The Ministry have further stated that it has been decided that in case of all future New Lines projects in similar inaccessible terrain, Final Location Survey will be carried out before project is sanctioned. Detailed geological and geo-technical studies will be part of FLS and completed to the extent possible well in advance at the time of preparing the DPR and before commencement of construction. The assistance of experienced consultants/foreign Consultants and Institutions if required will be taken at that stage. The Committee find it shocking on the part of the Ministry to have commenced work on the project without carrying out detailed groundwork only because of political reasons and expectations of the people. The Committee are also not convinced with the arguments of the Ministry that completion of all investigations before start of execution was not possible because of virtual inaccessibility of majority of the stretches and serious limitation of the extent of Geological, Geotechnical investigations which could be carried out in advance. While understanding the difficulties being faced by the Ministry in terms of terrain and prevailing conditions, the Committee feel that since the Ministry have decided henceforth, to carry out the final location survey and detailed investigations and appoint international consultants, the same could have been done earlier also before embarking upon such an important project of huge magnitude. The Committee desire a detailed explanation from the then and

present officials responsible for commencement/execution of work without proper studies and surveys resulting in avoidable and inordinate delays in the project. The Committee hope that the Ministry would adhere to their decision of carrying out complete and detailed investigations before start of future projects.

Recommendation Para No: 5

8. The Ministry had contended that the progress of the work could not be termed as poor performance as the target set was far from realistic and not commensurate with ground realities. The Committee did not accept the contention of the Ministry stating that the responsibility of fixing targets and gauge the ground realities in a difficult and hostile terrain lied with the Ministry and the Ministry's statement that they were going to engage renowned consultants for the purpose implied that they did not do so earlier. The ingress of water and collapse of tunnels, the changes in the design of bridges, non finalization of drawings, etc. which also delayed the completion of the project depicted deficient planning and lack of expert consultations. The Committee were of the firm view that had the project Authorities and implementing agencies resorted to prudent planning including consultations with renowned experts at the very beginning itself, it would have been possible to minimize uncertainty on account of constructability thereby paving the way for smoother implementation of the project. The Committee had impressed upon the Ministry to draw suitable lessons from the shortcomings/impediments/lacunae that surfaced in the course of the execution of the project and take requisite remedial measures to complete the unfinished stretches as per the revised target date besides resorting to adequate precautionary measures to minimize delay in future projects.

9. The Ministry of Railways in the Action Taken Notes have submitted as under:

"There's no denying the fact that completion of all investigations before start of execution was not possible because of virtual inaccessibility of majority of the stretches and above all there was a serious limitation of the extent of Geological, Geotechnical investigations which could be carried out in advance due to topography besides that it was very time consuming due to difficult hilly terrain, surrounded by steep hills, infested with wild animals and extraordinary difficult law & order situation, inaccessibility, transporting men and machinery in these locations. But the prevailing political situation coupled with security issues and expectation of the public of J&K necessitated early commencement of the work as soon as investigations of a stretch were completed. The observation of the Committee that Ministry adopted this high risk strategy without an overall assessment of the technical feasibility of the alignment has been noted.

However, it is pointed out that in case of the project in such terrain complete investigation of all kind to have zero risk strategy is difficult to be achieved. The question as to what extent it is possible to be done in advance will vary from project to project. Under all circumstances, in similar project some decision will have to be necessarily taken as the work progresses. Notwithstanding the limitation, in future it will be endeavour to adopt a near zero risk strategy.

Suggestion of the committee to carryout fresh and quick evaluation of the new technical studies/consultations while continuing the present work has been noted. Necessary action in this regard has already been taken. Local minor realignments have been carried out at certain stretches on the alignment on Katra-Banihal section, after the acceptance of Expert committee report of 2009 and on the basis of M/s. Amberg report on alignment in March 2010. The alignment has been refined to cross the thrusts and faults at more or less perpendicular to its axis.

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The reason for not carrying out detail Geological/Geophysical, Geotechnical specification before commencement of work has been explain to reply to observation No. 3 However, the suggestion of the Committee to exercise due prudence and diligence for smoother implementation of remaining part of the project has been noted. In this regard action has already been taken. International and national consultants for DDC (detailed design consultancy), slope stability analysis, design of bridges and proof checking engaged by PSUs are as follow:

- (a) DDC consultants are M/s Lombardum M/s. Amberg, M/s. Geodata, M/s. Bernard, M/s Geo Consult etc.
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- (d) Slope Stability Analysis by IIT Delhi, ISC Bangalore, ITASCA, USA.

As regards, all future New Lines projects in similar inaccessible location, the alignment will be decided based on selection of proper gradient, other factors like curvature, level of traffic, speed envisaged, stability, constructability, safety and maintenance of structure. And along the alignment decided detail Final Location Survey will be carried out before project is sanctioned. Detailed geological and geo-technical studies will be part of FLS and completed will in advance to maximum possible extent at the time of preparing the DPR and

before commencement of construction. The assistance of experienced consultants/foreign Consultants and Institutions, if required, will be taken at that stage.

10. The Committee had observed that Leg II of USBRL project i.e. Katra-Qazigund was awarded to Northern Railway Construction Organisation (NRCO), Konkan Railway Corporation Ltd. (KRCL) and Ircon International Limited (IRCON) in 2002 with scheduled date of completion in 2007, since revised to December, 2017. The Committee in their recommendation had, therefore, impressed upon the Ministry to draw suitable lessons from the shortcomings that surfaced in the course of the execution of the project and take remedial measures to complete the unfinished stretches as per the revised target date, besides resorting to adequate precautionary measures to minimize delays in future projects. The Committee note from the reply that the Ministry has already taken necessary action and detailed planning has been done based on geophysical and geotechnical investigation by M/s IRCON, authenticated by international consultants M/s ITASEA alongwith IIT Delhi and IISC Bangalore to complete the project by 2017-18. The Committee express their satisfaction that Ministry has agreed that in all future new lines projects, detailed geological and geotechnical studies will be completed well in advance at the DPR stage with assistance of experienced consultants/ foreign consultants and institutions, if required well before the commencement of construction. The Committee hope and expect that the project would now be completed within the revised timeline of 2017-18 and would like to be apprised of the status of work. The Committee desire that in order to ensure the completion of the project as per schedule, the Ministry should monitor the progress of this particular leg of the project on monthly basis by a designated officer at Railway Board level and apprise the Committee accordingly.

Recommendation Para No. 6

11. The Committee had noted that the USBRL project was to be completed by August 2007 and to ensure timely completion it was divided into three legs. Though Leg I and Leg III were completed and operationalised, Leg II i.e. Katra-Qazigund was awarded to NRCO, KRCL and IRCON in November/December 2002 with the scheduled date of completion in August, 2007 and the project was yet to be completed. The Ministry had attributed several reasons for the slow progress of different stretches which *inter-alia* included inclement weather; unprecedented rain, snowfall and floods; frequent disruptions in transportation of construction material; non-availability of local skilled manpower; disruption of work by the locals on minor issues; kidnapping and killing of an Engineer affecting the morale of the workers; delay in land acquisition and forest clearance etc. As such, the target date for the completion of the Katra-Qazigund section has been revised to December 2017. The Committee had stated that the plea of delay in getting land acquisition and forest clearance was not tenable for the project had remained unfinished. The Committee had, therefore, impressed upon the Ministry to take up the matter with the State Government and also at other appropriate levels to timely obtain the land acquisition and forest clearance so that the progress of the project was not impeded. The Committee had also desired that the Railways should resort to a confidence building rapport with the local people so that the construction work is not disrupted on trivial issues.

12. The Ministry of Railways in the Action Taken Notes have submitted as under:

"Periodical meetings are being held at various levels with State Government to resolve issues pertaining to land acquisition, forest clearance, earth/mud dumping, construction of approach roads etc.

As far as the question of building rapport with the local people to ensure uninterrupted construction work is concerned, the suggestion of the Committee has been noted. PSUs have been requested through MOU to involve local contractors, local population etc. in carrying out construction work and CSR activities on the project."

13. The Committee in their recommendation had desired effective interactions with State Government to expedite land acquisition and forest clearance so that progress of work of the project was not impeded. The Committee had also desired the Ministry to initiate confidence building measures with local people to ensure uninterrupted construction. The Committee are unhappy to note that the

Ministry have not given any specific reply on the status of the land acquisition and forest clearance as a result of the efforts made by them. The Ministry have also not replied on the outcome of the measures being undertaken to involve local population so as to ensure unimpeded construction work on the project.

The Committee would like to be apprised of the status of land acquisition, forest and other clearances and the CSR activities within two month of the presentation of this report.

Recommendation Para No.9

14. The Committee had noted that the initial cost of the project was estimated at ₹ 1500 crore in the year 1994-95 which was revised to ₹ 3077.23 crore in 1999 and further revised to ₹ 9341.44 crore in 2010. As of September 2013, the estimate had touched ₹ 20, 000 crore (approx) based on the rates of 2010 and the Ministry were still uncertain about the final cost which was likely to escalate by few more thousand crores of rupees by the time the entire project is completed. The Ministry had reasoned that in a project of this magnitude and in such complex topographical and geological formations, it was not possible to ascertain all the project features as underground construction is always full of uncertainties/surprises. As the inadequacy of the project had heavily contributed to time and cost over-runs, the Committee had exhorted the Ministry to guard against complacency and take requisite measures to prepare the estimates in such a way as to provide a reliable basis for cost control and project monitoring so that the final cost of the project is ascertained and not allowed to inflate imprudently. The Committee had also desired that effective advance measures be taken in cost estimation of similar challenging projects in future.

15. The Ministry of Railways in their action taken reply stated as under:

" The detailed estimate of Katra-Banihal section is being framed by the PSUs (IRCON & KRCL) incorporating all components. As regard suggestion of the committee to take effective advance measures to be taken in cost estimation of similar challenging projects in future has been noted."

16. The Committee note that USBRL project is the most challenging project taken up by Indian Railways since independence. The strategic importance of the project to J&K and to the nation as a whole cannot be over stated and rightly so it was declared as a project of national importance. However, the project suffered from inefficient planning resulting in inordinate delays in implementation with time and exorbitant cost escalation. The section from Udhampur to Katra was completed in July 14, more than 11 years behind schedule, the section from Katra to Banihal scheduled to be completed by August 2007 is yet to be completed. The initial cost of the project estimated at Rs. 1500 crore in 1994-95 has now touched Rs. 20,000 crores as of September 2013 i.e. an increase of more than 300% based on the rates of 2010. The Committee further note that the Ministry is still uncertain about the final cost of the project. The Committee had in their recommendation exhorted the Ministry to prepare the estimates on realistic basis and for cost control and project monitoring so that the final cost of the project is not allowed to inflate imprudently. The Committee are unhappy to note the casual reply of the Ministry that the detailed estimate of Katra-Banihal section is being framed by the PSUs (IRCON & KRCL) incorporating all components and that the suggestion of the Committee has been noted. The Committee also express displeasure that Ministry is not serious about containing cost escalation and has not spelt out the measures in this regard. The Committee are disappointed that no explanation has been given by the Ministry for such a humongous increase in the cost of the project which is approximately 13 times the original cost and no steps have been taken by the Ministry in ensuring that cost estimation in other similar projects is accurate and monitoring is adequate and strict. The Committee desire the Ministry to set up a robust monitoring mechanism to ensure no further cost escalation in the project and that it is completed on time i.e. 2017-18.

Recommendation Para No.10

17. The Committee were unhappy to note that the general planning failure on the part of Railways had contributed to a loss of ₹ 3258.92 crore as of 2010 on account of Contractor's claims (₹ 1514.40 crore); foreclosure of contracts and award of the balance work at higher rates (₹ 1122.63 crore); loss on account of already executed assets (₹ 281.42 crore); expenditure on rectification of defective works (₹ 194.37 crore); delayed approval/midway revision of drawings/design (₹ 62.34 crore); loss on account of idle manpower/machinery (₹ 57.24 crore); and overpayment/non recovery of Railway dues (₹ 26.52 crore). Expressing their serious displeasure over the above factors that resulted in avoidable losses/claims in the course of execution of the project, the Committee had impressed upon the Ministry to *fix responsibility* and put in place a robust mechanism for effective planning and project monitoring so as to ensure that such losses/claims do not recur.

18. The Ministry of Railways in their action taken reply stated as under:

"As far as the fixing of responsibility is concerned, it is submitted that various decisions were taken over a period of time collectively at various levels in Railways, Railway Board and PSUs. These decisions were taken based on the state of knowledge available and advice of consultants keeping in view the adverse conditions and best available options in the time frame available and keeping the best interest of the project delivery within targets set and organizational capabilities and resources."

19. The Committee had expressed their serious displeasure over avoidable losses/claims to the tune of ₹ 3258.92 crore in the course of execution of the project and had desired the Ministry to fix responsibility and put in place a mechanism to avert such losses/claims. The Committee are aghast to note the callous reply of the Ministry that decisions were taken collectively over a period of time at various levels in the Railways, Railway Board and PSUs. Further, the Ministry has ignored the other observation of the Committee to set up a monitoring mechanism. The Committee deprecate imprudent planning and deficient project monitoring which resulted in huge losses/delays and feel that Ministry has learnt no lessons from these lapses. The Committee, therefore,

desire that collective responsibility should be fixed against all those responsible for taking such decisions and action taken against the concerned officials.

NEW DELHI;
26th April, 2016
06 Vaisakha, 1938 (Saka)

PROF. K. V. THOMAS,
Chairperson,
Public Accounts Committee

**MINUTES OF THE TWENTY SEVENTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE (2015-16) HELD ON 26TH APRIL, 2016.**

The Committee sat from 1500 hrs. to 1615 hrs. on 26th April, 2016 in Room No. "51", Parliament House, New Delhi.

PRESENT

Prof. K. V. Thomas

Chairperson

MEMBERS

LOK SABHA

2. Shri Nishikant Dubey
3. Shri Gajanan Kirtikar
4. Shri Bhartruhari Mahtab
5. Shri Ramesh Pokhriyal "Nishank"
6. Shri Neelhu Rio
7. Shri Dushyant Singh
8. Shri Janardan Singh Sigriwal
9. Shri Shiv Kumar Udasi
10. Dr. Kirit Somaiya
11. Shri Anurag Thakur
12. Dr. P. Venugopal

RAJYA SABHA

13. Shri Naresh Agrawal
14. Shri Bhubaneswar Kalita
15. Shri Sukhendu Sekhar Roy

LOK SABHA SECRETARIAT

- | | |
|---------------------------|------------------------|
| 1. Shri A. K. Singh | - Additional Secretary |
| 2. Shri T. Jayakumar | - Director |
| 3. Shri Paolienlal Haokip | - Deputy Secretary |
| 4. Smt. Bharti S. Tuteja | - Deputy Secretary |

REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

- | | | | |
|----|-------------------------|---|--|
| 1. | Dr. P. Mukherjee | - | Deputy C&AG (Commercial) |
| 2. | Ms. K. Ganga | - | Deputy C&AG |
| 3. | Ms. Mala Sinha | - | Director General of Audit |
| 4. | Shri Kurian Vithayathil | - | Director General of Audit (Commercial) |
| 5. | Shri Manish Kumar | - | Principal Director of Audit (PAC) |

2. At the outset, the Chairperson, PAC welcomed the Members to the Sitting of the Committee. Thereafter, the Committee took up the following draft Reports for consideration:

- (i) xxxx xxxx xxxx xxxx
- (ii) xxxx xxxx xxxx xxxx
- (iii) Draft Report on the Action Taken by the Government on
Observations/Recommendations contained in the 4th Report (16th Lok Sabha) on
"Rail Link to Kashmir";
- (iv) xxxx xxxx xxxx xxxx
- (v) xxxx xxxx xxxx xxxx

3. The Chairperson invited suggestions of the Members on the above mentioned draft Reports. After discussing the contents of these draft Reports, the Committee adopted the draft Reports at Sl. No (i) with minor changes/modifications. The Committee then adopted the draft Reports at Sl. No. (ii), (iii), (iv) & (v) without any changes/modifications.

4. The Committee authorized the Chairperson to finalise these Reports in the light of verbal discussion and consequential changes arising out of factual verification by the Audit and present the same to Parliament.

The Committee then adjourned.

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FOURTH REPORT (SIXTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	12
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: <i>Para Nos. 1, 2, 3, 4, 5, 7, 8, 9, 11 and 12</i>	Total : 10 Percentage: 83.33%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: <i>Para No. Nil</i>	Total : Nil Percentage: 0%
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: <i>Para Nos. 6 and 10</i>	Total : 02 Percentage: 16.66%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: <i>Para No. Nil</i>	Total: Nil Percentage: 0 %