

# Standing Committee Report Summary

## Outstanding Dues for Indian Railways

- The Standing Committee on Railways (Chairperson: Mr. Sudip Bandopadhyay) submitted its report on Outstanding Dues for Indian Railways on August 10, 2017. Outstanding dues means the unrealised earnings of Railways. These include unpaid charges for the transportation of freight, dues resulting from mistakes in accounting, and unpaid rent on Railways' land. Key observations and recommendations of the Committee include:
  - **Outstanding dues:** The Committee noted that the outstanding dues of Railways were Rs 3,404 crore in July 2015, Rs 3,082 crore in July 2016, and Rs 3,117 crore in May 2017. It also noted that the Financial Commissioner of Railways Board has been advising the Zonal Railways, whose financial position has been deteriorating. The Committee recommended that the Ministry of Railways must pay special attention to avoid accumulation of the outstanding dues and take steps to bring them down to the bare minimum in a progressive manner.
  - **Targets to reduce the dues:** The Committee noted that the Railways' yearly targets of clearing the outstanding dues have been low at around Rs 100 crore. Between 2005-06 and 2015-16, the targets were even lower, at Rs 50 crore per year. Further, during the same time period, these targets could not be achieved, except in 2006-07, and 2015-16. The Ministry has attributed such shortfall in achievement of targets to reasons such as un-anticipated events of disputes by parties, closure of siding, and court cases. However, the Committee noted that such reasons could not be attributed as un-anticipated.
  - The Committee recommended that the Ministry must keep the targets for recovery of dues comparable to the total dues and fix them on a slightly higher side. The Station Masters must personally involve themselves in periodically scrutinizing the outstanding dues at their respective stations.
  - **Recovery of dues:** The Committee observed that of the total station outstanding dues (includes unrealised freight charges, mistakes in collection of railway dues) of Rs 1,764 crore at the end of May 2017, around Rs 784 crore (44%) is against various state electricity boards and power houses. It recommended that in order to recover these dues, the Ministry should initiate concrete steps against those electricity boards that have the major share of outstanding dues.
- **Lawyers empanelled with Railways:** The Committee noted that Railways advocates are empanelled for a period of three years and are granted extensions based on the recommendation from Zonal Railways. 414 advocates have been on the Railways panel for more than five years. The Committee also observed that the court cases with respect to outstanding dues have been long pending. For example, the case against the Punjab State Electricity Board is pending since 2002. This shows poor presentation of the cases by the Railways advocates.
- The Committee recommended that the Ministry should appoint experienced advocates of repute on their panels to better contest their cases. Further, the procedure for appointment of the advocates on the Railway panels must be relooked, with extensions being granted only in rare cases.
- **Transportation of iron-ore:** The Committee observed that cases of irregularities were detected during 2008 in the transportation of iron ore by various companies. These companies had availed concessional freight for the transportation of iron-ore by submitting invalid documents. Further, while the iron-ore was to be used for domestic consumption, it was illegally diverted for export and local trading. Due to this, Railways suffered losses of around Rs 6,730 crore. Of this, only Rs 173 crore (2.6%) has been recovered from the companies.
- The Committee recommended that Railways must strengthen its manpower to better assess and verify documents. Further, strict compliance of provisions must be ensured (such as checking essential documentation to establish the nature of use of iron-ore transported).

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