

Executive Summary

The Udhampur-Srinagar-Baramulla-Rail Link (USBRL) project is perhaps the most important and also the most challenging project taken up by the Indian Railways since Independence. The strategic importance of the project to the State of Jammu and Kashmir and to the nation as a whole cannot be over-stated, and this has been recognised as such by no less than the Hon'ble Prime Minister, when he declared this to be a project of 'National Importance'.

This project is expected to bring about socio-economic development of the State of Jammu and Kashmir through enhanced connectivity within the region and with rest of the country. The project was envisaged to provide an efficient all weather transportation channel that could function in adverse weather conditions and reduce the travel time to various destinations in and outside the valley considerably.

The project is very challenging, considering that the terrain is difficult and hostile, the weather conditions are tough, the security situation in the Valley is sensitive and the logistics support is not really the best. Also, this is the first time that the Indian Railways has taken up the construction of an entirely new line in an area which has not been mapped properly, does not have approach roads and where it would be difficult to transport the required construction material, tracks and other equipment.

Considering that the project has been declared to be of national importance, funds are provided for it from the Consolidated Fund of India rather than the operating surplus of the Indian Railways. The current outlay expected for this project is ₹ 19,565 crore.

In the above context, the Comptroller and Auditor General of India had decided to carry out a performance audit of the project with a view to assess to what extent the objectives of initiating the project had been achieved and whether the project had been/was being executed with the priority accorded to it by the Government of India.

The project with an alignment based on flat gradient of 1:100 connecting Baramullah up to Udhampur via Qazigund (292 kms.) was sanctioned in 1994-95 with a rough estimated cost of ₹ 1500 crore and was scheduled for completion by August 2007. However, the project suffered from weak planning resulting in huge delays in implementation with time and cost-over-runs. The section from Udhampur to Katra, scheduled to be completed in March 2003 was yet to be completed, i.e. a time overrun of 112 months as of July 2012, with the final completion and operationalisation being long away. In respect of the section from Katra to Banihal, scheduled for completion by August 2007, the progress till July 2012 has ranged from 12 to 14 per cent. The section from

Qazigund to Baramulla, scheduled to be completed in March 2003 could be completed and opened for traffic in phases from October 2008 to October 2009 i.e. after a time overrun of 67 to 79 months. The rail link as of July 2012 was thus, only within Kashmir, rather than to Kashmir.

The single most important reason for delay and other related problems in execution of the project is poor planning. Considering the difficult terrain especially the section between Katra- Qazigund, the Railways should have carried out a detailed survey of the area before deciding on the alignment and gradient that was to connect maximum neighbouring habitations. This alignment passed through various thrust areas and fault lines in the Himalayas, making the line vulnerable to seismic disasters. However, the planners failed to conduct due diligence by way of geo-technical investigations of the proposed alignment in a hitherto unexplored territory and relied entirely on aerial maps and satellite imagery. The final location survey was not drawn up before commencement of works. On the contrary construction works on the alignment were taken up simultaneously along with ground investigations resulting in uncertainty in progress as a result of difficult terrain and geological conditions. The uncertainty concerning technical feasibility of the alignment also impacted finalisation of land requirements, the design and drawing of bridges and tunnels, construction contracts for many of which were awarded to the contractors even before ground investigation was concluded. Despite the advice of numerous experts and consultants to the contrary, the Railways persisted with an alignment with a flatter gradient of 1:100 on the critical Katra-Qazigund section. This resulted in enormous difficulties in execution (which still remain to be fully addressed) leading to increase in time and cost. Subsequently, due to these difficulties, the Railways were forced to suspend work for more than a year on this section and amend the original alignment and gradient in some stretches. Consequently, several works executed on the original alignment had to be abandoned, resulting in foreclosure/termination of numerous contracts which had gone into arbitration with potentially huge liabilities for the Railways (currently estimated at over ₹ 1514.40 crore). Since the project was funded from the Consolidated Fund of India, these liabilities would be borne ultimately by the tax payer.

The Udhampur-Katra section, scheduled for completion in March 2003, was yet to be completed on account of collapse of a tunnel (T-1) and water logging of another tunnel (T-3). Thus, despite the completion of all other activities in this section, the line was not yet operational, depriving lakhs of pilgrims to the Vaishno Devi Shrine of cheaper and faster rail connectivity. With a time overrun of over nine years having been registered already and the target date of completion of this section revised to March 2013, it is doubtful whether the section would be ready by the revised schedule, considering the uncertainty involving the completion of tunnels T-1 and T-3.

In terms of financial management, the project left much to be desired. From an initial project estimate of ₹ 3077 crore, the USBRL project was now estimated to cost ₹ 19,565 crore. The initial detailed estimates were highly unreliable as the scope of works excluded cost of construction of 300 kms of approach roads and were based on insufficient investigation of the terrain and geology in the alignment area. This prevented institution of proper cost control and monitoring of expenditure incurred by executing agencies that are being reimbursed on cost plus basis.

Detailed scrutiny of accounts of executing agencies was not exercised by the Railway Administration while authorising reimbursements. The overall increase in cost over-run was of the magnitude of ₹ 16,488 crore (July 2012) - ₹ 9346 crore due to cost escalation, ₹ 3427 crore due to increased scope of work and ₹ 3715 for items not provided in the DPR. As the more critical section of the project between Katra and Banihal, now scheduled to be completed by 2017-18, has been progressed only up to 12 to 14 per cent (July 2012) and as complexities unfold during execution, the final cost of the project may rise manifold.