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STANDING COMMITTEE ON RAILWAYS (2022-23)

SEVENTEENTH LOK SABHA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken by Government on the Observations/Recommendations contained in the 14th Report of the Standing Committee on Railways (Seventeenth Lok Sabha) on 'Demands for Grants (2023-24) of the Ministry of Railways']

FIFTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

AUGUST, 2023/Sravana, 1945 (SAKA)

SCR NO. 242

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(2022-23)

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Presented to Lok Sabha on 08th August, 2023

Laid in Rajya Sabha on 08th August, 2023

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

August, 2023/Sravana, 1945 (SAKA)

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COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2022-23)[@]

Shri Radha Mohan Singh - Chairperson

MEMBERS

LOK SABHA

2. Dr. Farooq Abdullah
3. Shri Thalikkottai Rajuthever Baalu
4. Smt. Ranjanben Dhananjay Bhatt
5. Shri Abu Hasen Khan Choudhury
6. Shri Kotagiri Sridhar*
7. Shri Ramesh Chander Kaushik
8. Shri Suresh Kodikunnil
9. Shri Kaushalendra Kumar
10. Km. Diya Kumari
11. Shri Dhairyasheel S. Mane
12. Smt. Jaskaur Meena
13. Ms. Chandrani Murmu
14. Smt. Keshari Devi Patel
15. Shri Ramulu Pothuganti
16. Shri Mukesh Rajput
17. Smt. Satabdi Roy (Banerjee)
18. Shri Achyutananda Samanta
19. Shri Sumedhanand Saraswati
20. Smt. Sangeeta Kumari Singh Deo
21. Shri Gopal Jee Thakur

Rajya Sabha

22. Shri Narhari Amin
23. Shri Chh. Udayanraje Bhonsle
24. Shri Ajit Kumar Bhuyan
25. Shri Ahmad Ashfaque Karim
26. Shri Khiru Mahto
27. Dr. Prashanta Nanda
28. Shrimati Phulo Devi Netam
29. Ms. Saroj Pandey
30. Shri Sandeep Kumar Pathak
31. Dr. Sumer Singh Solanki

@ Constituted w.e.f. 13.09.2022 vide Lok Sabha Bulletin Part II No. 5296 dated 04.10.2022.

* Nominated as Member w.e.f. 16.11.2022 vide Lok Sabha Bulletin Part II No. 5382 dt 16.11.2022 in place of Shri N. Reddeppa, MP (Lok Sabha)

LOK SABHA SECRETARIAT

1.	Smt. Suman Arora	-	Joint Secretary
2.	Md. Aftab Alam	-	Director
3.	Smt. Savdha Kalia	-	Deputy Secretary
4.	Shri Kunal K. Singh	-	Asstt. Committee Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2022-23), having been authorized by the Committee, present on behalf this Fifteenth Report on Action Taken by Government on the Observations/Recommendations of the Committee contained in their Fourteenth Report (Seventeenth Lok Sabha) on ''Demands for Grants (2023-24) of the Ministry of Railways".

2. The Fourteenth Report was presented to the Lok Sabha and laid in the Rajya Sabha on 13th March, 2023. The Ministry of Railways furnished their replies on 24th May, 2023 indicating Action Taken on the Observations/Recommendations contained in the Fourteenth Report.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 07 August, 2023. The minutes of the sitting are given in **Annexure**.

4. An analysis of the Action Taken by Government on the Observations/Recommendations contained in the Fourteenth Report (Seventeenth Lok Sabha) is given in **Appendix**.

5. For ease of reference, the Observations and Recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI:
07 August, 2023
16 Sravana, 1945 (Saka)

RADHA MOHAN SINGH
Chairperson,
Standing Committee on Railways

CHAPTER I

REPORT

This Report deals with the action taken by the Government on the Observations /Recommendations of the Committee contained in their Fourteenth Report (17th Lok Sabha) on "Demands for Grants (2023-24) of the Ministry of Railways".

2. The Fourteenth Report was presented to the Lok Sabha and laid in Rajya Sabha on 13.03.2023. It contained 16 Observations/ Recommendations. Replies of the Government in respect of all recommendations have been received and are categorized as under:-

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

Para Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12,13, 14, 15 and 16

Total : 15

(ii) Observations / recommendations which the Committee do not desire to pursue in view of the Government's replies:-

NIL

Total :00

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

Para No. 11

Total :01

(iv) Observations / recommendations in respect of which final replies are still awaited:-

NIL

Total :00

3. The Committee trust that utmost importance will be given to the implementation of the Observations / Recommendations accepted by the Government. The Committee desire that Action Taken Notes in respect of Observations/Recommendations contained in Chapter-I of this Report should be furnished to them at the earliest but not later than three months of the presentation of this Report.

4. The Committee will now deal with some of their earlier Observations / Recommendations which either require reiteration or merit further comments.

A. INTERNAL RESOURCE GENERATION

(Recommendation No. 4)

5. In their earlier Report, the Committee had noted that during the past several years, there had been a consistent shortfall in the generation of internal resources by the Indian Railways and resultant thereto, it had to depend on the Gross Budgetary Support (GBS) and Extra Budgetary Support. The Committee had also noted that despite enhanced budgetary support and extra budgetary resources, the Railways had not been able to generate sufficient fund internally. The main reason attributed for this decline in internal resources by the Ministry was sharp increase in working and operating expenses such as staff cost and fuel bills on account of higher operations. The Committee had felt that the persistent decline in internal resource generation was an indicator towards internal deficiencies in overall planning and management of the Indian Railways. Taking note of the reasoning of the Ministry that the Railways were making efforts to realistically formulate the plan at BE stage, the Committee had impressed upon the Railways to intensify their efforts to augment internal resource generation to ensure augmentation of revenues for meeting their ambitious planning. The Committee had stressed that the Ministry should endeavor to explore various other avenues like Non fare revenue such as advertisement at Railway Stations (Hoardings), Trains, Railway bridges, and other assets, monetization of surplus railway land, setting up of ATMs at Railway Stations, offering digital content on trains and platforms, Mobile assets etc. In addition, the Committee had recommended that more powers should be delegated to the Zonal / Divisional Railways for faster decision making to remove inherent deficiencies in the overall delivery mechanism, prioritize completion among Zonal Railways and

commissioning of remunerative projects, besides exploring other commercial viable avenues that would not put the Railways under financial duress in order to supplement their internal resources.

6. In their Action Taken Replies furnished to the Committee, the Ministry of Railways have stated as under:

"Ministry of Railways has taken concrete steps in recent past to regain modal share. In 2021-2022, Railways loaded 184 MT of freight incrementally while for 2022-2023, incremental traffic is 95 MT. This reflects a cumulative growth of 22.5% in loading in past 2 years. Passenger revenues at nearly Rs 63,300 cr. for 2022-23 imply complete recovery from revenue losses during pandemic. Sundry revenues will improve in future with monetisation of land and real estate. However, internal generation was impacted by several facts that increase OWE.

Ordinary Working expenditure was adversely impacted by higher diesel prices, GST and lease charges etc. which have limited the Railways ongoing efforts for enhancing internal resource generation.

It is also a fact that Railways bears social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. Railways has not been able to revise its fare and freight absorbing all cost on real time basis, with a view to keep logistics cost low and help the marginal sections of society.

To create additional capacity while ensuring safety, Government has been allocating record GBS for Railways. This will enable Railways to carry more freight. The other endeavourfor enhancing revenues includes initiatives like expansion of commodity basket through creation of Business Development Units (BDUs) at the Ministry, Zonal and Divisional levels for better coordination for movement of bulk commodities like coal, effective and innovative marketing strategies to capture more traffic, optimum utilization of the existing rail infrastructure including rolling stock etc. improvement of passenger interface, periodic rationalization of fare and freight rates and focus on increasing the share of non-fare revenue sources in Railways is also being undertaken to increase total revenue. Various measures including monetization of surplus Railway land and station development will lead to higher non fare revenues in coming years.

On the expenditure side, suitable expenditure control measures including economy and austerity measures, improved man-power planning, better asset utilization, inventory management, optimizing fuel consumption etc. are also been undertaken to reduce cost.

Zonal Railways have been empowered with suitable delegation of powers for both capital works along with for revenue augmentation.

As a result of all these ongoing measures, the trends of revenue receipts in 2022-23 has been encouraging and Indian Railways traffic revenue for 2022-23 are about Rs 2.4 lakh cr. reflecting a CAGR of about 9 % over 2018-19 (pre-Covid period). The growth in revenues is 25.6 % over 2021-22. During 2022-23, Railways have not only met its revenue expenditure but also generated revenue surplus to supplement capex."

7. The Committee are happy to note that during the past two years, Railways have managed to achieve a cumulative growth of 22.5% in freight segment. Further, the passenger revenue of Rs. 63,300 cr. for 2022-23 indicates complete recovery from revenue losses during Covid pandemic. The Committee appreciate the measures taken by the Railways that with a view to increasing internal resource generation, the Railways are banking upon a number of concrete steps aimed at maximizing revenue receipts through expansion of commodity basket through creation of Business Development Units (BDUs) at the Ministry, Zonal and Divisional levels, innovative marketing strategies, periodic rationalization of fare and freight rates and for minimizing controllable revenue expenditure through various expenditure control measures such as economy and austerity measures, better asset utilization through inventory management and rolling stock etc. The Committee are of the view that these measures would certainly lead to higher non-fare revenues in future. Further, expenditure control measures including economy and austerity measures, better planning, asset utilization, inventory measures amongst other measures as detailed by the Ministry in its replies shall further augment the fiscal well being of the Internal Resources of Railways. The Committee are of the view that these measures would go a long way in improving the overall fiscal health of the Railways. The Committee further impress upon the Ministry to act upon these measures pragmatically, put in place monitoring mechanism in a well coordinated manner so that Railways are able to ensure a boost in their internal resource generation.

B. RASHTRIYA RAIL SANRAKSHA KOSH (RRSK)

(Recommendation No. 6)

8. In their earlier Report, the Committee had noted that RRSK was created in 2017-18 for a period of 5 years to ring-fence funds for execution of works for renewal / replacement with safety related implications with annual contribution of Rs. 20,000 cr. (Rs. 15,000 cr. from GBS and Rs. 5,000 cr. from Railways' internal resources). Prior to its inception in 2017-18 all works of replacement and renewal were charged to DRF which was mainly used to fund those works which are due for renewal but not required for safety of train operations. Based on the recommendations of the Niti Ayog, the Government had agreed to extend the currency of RRSK for another five years' term beyond 2021-22 with a contribution of Rs 45,000 cr. from GBS. The Committee had also noted that while the RRSK was created with a vision to have a single head in order to cater to all safety related needs of the Railways by dissolving various safety related funds, year after year there had been a noticeable gap in funding to and expenditure from the RRSK. The Committee had further observed that the Railways also did not meet the target of earmarked allocations during the past five years and had felt that since this fund had been created with an intended objective to cater to safety related needs, such a shortfall reflects poorly on the ability of Indian Railways. The Committee had also felt that the Railways need to address such deficiencies in the overall delivery mechanism and ensure stringent monitoring so that the objective of the dedicated fund of RRSK is met in full and had desired the Ministry to take all out efforts for intended funding to RRSK.

9. In their Action Taken Replies furnished to the Committee, the Ministry of Railways have stated as under:

"Safety has been accorded highest priority in Indian Railways. Financing of safety works from source RRSK help Railways achieve the Mission Zero Accidents faster. RRSK was contemplated for implementation of identified works of critical safety under plan heads Traffic Facilities, Level Crossings, Road Over/Under Bridges, Track Renewals, Bridge Works, S&T Works, Electrical/TRD Works, Machinery & Plant, Workshops, Training/HRD and Rolling Stock.

The position of expenditure under RRSK is shown in the following table. It would be seen that till 2021-22, an expenditure of Rs 74444.18 crore has been incurred out of RRSK, with contribution from GBS of Rs 70000 crore and from Internal Resource of Rs 4444.18 crore.

	Total RRSK exp	*Contribution from GBS*	*Contribution from IR*
Actual 2017-18	16091	*15000*	*1091*
Actual 2018-19	18015	*15000*	*3015*
Actual 2019-20	15024	*15000*	*24*
Actual 2020-21	314	*0*	*314*
RE 2021-22	25000	*25000*	*0*
Total (2017-18 to 2021-22)	74444	*70000*	*4444*
RE 2022-23	**11000**	**10000**	**1000**
BE 2023-24	11000	***10000***	***1000***
Total (incl BE 2023-24)	**96444**	***90000***	***6444***

(Rs in crore)

During 2020-21, Railways revenues were severely impacted on account of covid. Passenger revenues were only Rs 15,248 cr and hence MoR was unable to appropriate required amount to Pension Fund. MoF reduced GBS for capital expenditure to provide necessary funds for Pension expenditure at RE stage. Due to inadequate GBS in RE for capital expenditure, Railways were permitted to make expenditure under EBR(Spl) as a one-time-arrangement. An expenditure of Rs. 50515 crore has been incurred under EBR(Spl) in 2020-21 which included projects funded through RRSK.

The Railways could not contribute intended funds to RRSK due to inadequate resource generation and non availability of surplus funds for being deployed toward Capex. Railways internal generation got impacted adversely by higher traction cost, repayment of lease charges and GST charges etc. as traffic growth was muted till 2020-21. It is also a fact that Railways bears social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. Railways has not been able to revise its fare and freight required for absorbing increase in cost, with a view to keep logistics cost low and help the marginal sections of society. This leads to reduction in Net Revenues impacting MoR's ability to fund capex from internal generation.

However, with a steady pace of expenditure, continued and assured contribution from GBS, the objective of creation of the Fund for financing critical safety works has been achieved to a great extent. Adequate expenditure on safety works continued to be incurred without any impact of Covid19 pandemic. NITI Aayog has appreciated Railways' progress on safety and implementation of RRSK and held that safety indicators have shown improvement after implementation of RRSK. On the recommendation of NITI Aayog, the Government extended the currency of RRSK for another term of five years beyond 2021-22 with a corpus of Rs. 45000 crore.

A provision of Rs. 11000 cr has also been made both in RE 2022-23 and BE 2023-24 with contribution from GBS being Rs.10,000 cr and from Internal Resources of Rs.1,000 cr.

Regarding the Hon'ble Committee's observation of all out efforts to be made by MOR for intended funding to RRSK, Railways are taking steps to increase net revenue so that adequate fund may be appropriated to RRSK from internal resources."

10. According to the Ministry, Safety has been accorded highest priority and to achieve the objective of Mission Zero Accident till 2021-22, an expenditure of Rs. 74,444.18 cr. has been incurred from Rashtriya Rail Sanraksha Kosh (RRSK) which consisted of Rs. 70,000 cr. from GBS and Rs. 4,444.18 cr from Internal Resources. The Ministry have pleaded that the Railways could not contribute the intended funds to RRSK due to an inadequate resource generation and non-availability of surplus funds for being deployed towards CAPEX. They have pleaded that adequate resource generation has been severely impacted by various factors viz. higher traction cost, repayment of lease charge, impact of COVID pandemic on operations and Railways' social service obligations etc. resulting in reduction in Net Revenues and their ability to fund Capex from internal resource generation. However, the Railways have stated that the shortfall in internal resource generation was supplemented by deploying Extra Budgetary Resources (s) (Market Borrowings) as per MoF guidelines to ensure that there was no shortfall in expenditure on RRSK works. Noting that the normal train operations have been restored and an encouraging trend in freight and revenue receipts have increased, the Committee desire that the efforts be now made to start contributing funds to RRSK so that the objectives of the extended currency of RRSK for the next five years are achieved and "Safety First and Safety Always" motto could be accomplished. The Committee would like to suggest to the Ministry to arrange funds from RRSK for providing indigenously designed train collision avoidance system –KAVACH in entire rail network at the earliest for the safety of the railways and passengers.

C. RAILWAY REVENUES

(Recommendation No. 11)

11. The Committee had observed that the net revenues of the Railways witnessed a drastic downward trend during the previous years except in the year 2014-15 when it witnessed 8.20% increase. During the last five years i.e. with effect from 2018-19 onwards, the RE were reduced to more than 50% and the actuals were far behind from the RE in all these years. In this regard, the Ministry had reasoned that the Railways were not able to appropriate requisite amount to Pension Fund from its revenue. Also

there was an adverse balance of Rs. 28,398 cr. in Pension Fund to the end of 2019-20. In 2020-21, a special loan of Rs. 79,398 cr. was appropriated in Pension Fund. The Committee had noted that the Net Revenues of the year 2021-22 was Rs. (-)15,025 crore due to sharp rise in staff cost pursuant to implementation of 7th Central Pay Commission in 2016-17 and 2017-18 and the adverse impact of pandemic during 2019-20 to 2021-22 which had limited the Railways ongoing efforts for enhancing net revenues. Notwithstanding the measures proposed to be taken by the Ministry to improve the financial position and net revenues, the Committee had strongly felt that it was imperative on the part of the Railways to keep the targets for Net Revenue realistic and strive for achieving the same. They, therefore, had recommended the Ministry to institute such remedial measures so as to plug any leakages and stem the trend of declining net revenue and at the same time finding ways and means to generate and augment rail revenues. The Committee had suggested to the Ministry to rigorously and sternly monitor the revenue receipts on a regular basis in order to ensure optimal achievement of proposed targets.

12. In their Action Taken Replies furnished to the Committee, the Ministry of Railways have stated as under:

"Hon'ble Committee is aware that Railways' capacity to generate Net Revenue was hampered in 2016-17 and 2017-18 due to the sharp increase in staff cost and pension expenditure pursuant to implementation of recommendations of 7th Central Pay Commission without commensurate growth in traffic revenues. With stabilization of working expenses and picking up of railway revenues, the year 2018-19 saw some improvement. But due to adverse impact of Covid-19 pandemic, Railways capacity to generate Net Revenue has been severely hampered in 2019-20, 2020-21 and 2021-22.

Railway receipts and expenditure are monitored on regular basis at the highest level and course corrective steps are instituted for any shortfall/excess from the target."

13. The Committee note that the net revenues of the Railways for the year 2016-17 and 2017-18 were adversely impacted on account of sharp rise in staff cost to pursuant implementation of 7th Pay Commission, subsequently in 2019-20, 2020-21 and 2021-22 the adverse impact of Covid pandemic had limited the Railway's ongoing efforts for enhancing net revenues. While observing that the Railways should keep the targets for Net Revenues realistic and strive for achieving the same, the Committee had recommended to institute such remedial measures so

as to plug the leakages and stem the trend of declining net revenues and to find ways to generate and augment net revenues. In their action taken replies, the Ministry has reiterated its compulsion on account of implementation of 7th CPC and Covid Pandemic. The Committee has appreciated the effort of Railways for augmentation of net revenue by setting the target for 2022-23 for net revenue at Rs.2393 cr. However, the Ministry in their action taken replies has not furnished any data pertaining to achieving of the target or otherwise. The Committee, therefore, while reiterating their earlier recommendation desire the Ministry to come forward with a suitable action plan and corrective measures to contain the expenditure and improve revenue earnings to achieve the net revenue target set for the year 2023-24

D. REDEVELOPMENT OF RAILWAY STATIONS

(Recommendation No. 13)

14. The Committee had noted that in order to accelerate the redevelopment of major stations across the country, a new scheme 'Amrit Bharat Station Scheme' has been launched in the Budget of 2023-24. The stations under this scheme will have state of the art technology such as aesthetic design including enhanced passenger amenities, Roof Plaza, Multi-Model Integration, clutter free platforms, focus on local art & culture, improvement in traffic circulation, beautification of circulating area, divyangjan friendly facilities and more facilities at par with Airports. Under this scheme, 1275 Railway stations had been identified for redevelopment across the country. They had also noted that the contracts for 50 Stations had already been awarded and tenders had been initiated for 09 more stations. The Committee, in their 6th Report on 'Passenger Amenities including Modernization of Railway Stations' noted that the Railways had undertaken modernization of railway stations under various schemes such as Model Station, Modern Station and Adarsh Station Schemes from the years 1999 to 2009. Under the Adarsh Station Schemes, 1,253 stations were identified in 2009 for development and out of it, 1218 stations have already been developed and rest of the stations are planned to be developed by June, 2023. Also, the Railways had proposed

redevelopment of 400 erstwhile 'A-1' and 'A' category stations as world class stations by resorting to the PPP mode. The Committee were informed that bids for only two (2) stations of Jammu Tawi and Kozhikode were received. The bids for other stations had to be foreclosed owing to the not-so-encouraging response from the bidders. However, the Committee desired that the Railways should find out the reasons for low response for the bids and take corrective measures in that regard. The Committee had further noted that the railways have not indicated any time frame for the redevelopment of stations. The Committee were concerned to note that no railway station had been developed under PPP mode. They had felt that there was something amiss in the planning of the Railways so far as redevelopment of Stations was concerned. The Committee had desired the Ministry to chalk out a time bound action plan for redevelopment of railway stations for providing modern and state-of-the-art amenities to end users. In the extant case also, the Committee would like to impress upon the Ministry to chalk out a time bound action plan for the redevelopment of railway stations for carrying out the redevelopment works of such stations within the targeted time frame. They would also like to suggest to the Ministry to accelerate the pace of tendering process for the stations selected under Amrit Bharat Stations in a time bound manner.

15. In their Action Taken Replies furnished to the Committee, the Ministry of Railways have stated as under:

"Ministry of Railways has accelerated the development/ redevelopment of major stations across the country and has initiated "Amrit Bharat Station scheme". 1275 stations have been identified for development under this scheme. Presently work is in progress at 88 Railway Stations under this scheme to provide modern amenities. Other Railway Stations are at different stages of tendering and planning. Redevelopment of railway stations across the country will have a multiplier effect in the economy with increased job creation and improved economic growth.

The Amrit Bharat Station Scheme has recently been launched for development of Railway Stations on Indian Railways. This scheme envisages development of stations on a continuous basis with a long-term approach.

It involves preparation of Master Plans and their implementation in phases to improve the amenities at the stations like improvement of station access, circulating areas, waiting halls, toilets, lift/escalators as necessary, cleanliness, free Wi-Fi, kiosks for local products through schemes like 'One Station One Product', better passenger information systems, executive lounges, nominated spaces for business meetings, landscaping etc. keeping in view the necessity at each station.

The scheme also envisages improvement of building, integrating the station with both sides of the city, multimodal integration, amenities for Divyangjans, sustainable and environment friendly solutions, provision of ballastless tracks, 'Roof Plazas' as per necessity, phasing and feasibility and creation of city centres at the station in the long term.

Development/redevelopment of Railway Stations is complex in nature involving safety of passengers and trains and requires various statutory clearances from urban/local bodies etc and these factors affect the completion time. Therefore, no time frame can be indicated.

Rani Kamlapati Station of West Central Railway, has been developed and commissioned under PPP mode. Gandhinagar station of Western Railway and Sir M. Visveswaraya Terminal Station of South Western Railway have been developed and commissioned.

The scheme of Adarsh station has been introduced in the year 2009 to provide basic facilities such as drinking water, adequate toilets, catering services, waiting rooms and dormitories especially for lady passengers, better signage etc. at Railway stations identified under Adarsh this Scheme. 1253 stations were selected for development as Adarsh Station. So far, 1235 stations selected under Adarsh Station Scheme have been developed. Out of the 18 remaining stations, one station (Howbagh in Madhya Pradesh) has been closed due to gauge conversion project, one station(Dakaniya Talav) is proposed to be dropped from this scheme due to its selection under Amrit Bharat Station Scheme and remaining 16 railway stations are targeted to be developed during 2023-24.

The progress of work is being monitored continuously. The work was slowed down during COVID-19 period. However, Railways is expediting the completion of the project by deploying adequate resources.

Due to high upfront cost of the station projects, and limited recurring revenues from station itself, the projects where land leasing revenue was included in business model had an incoherent business mix of infrastructure with real estate. Due to this, there were apprehensions that the Developers will not focus adequately on the station redevelopment component and rather focus more on the real estate business. Due to this, currently it is planned to unbundle the project and the station redevelopment is to be taken up on EPC mode. The station O & M shall be done through specialized agencies on PPP mode and the land leasing/ commercial development of real-estate shall be done through private investment. This model ensures that individual components are coherent, insulated from risks due to bundling of other components and ensure proper risk allocation."

16. The Committee note that the Ministry has launched an ambitious scheme *viz*. Amrit Bharat Station Scheme for development/redevelopment of select railway stations of Indian Railways to provide various modern facilities/amenities. The Committee are aware that the station redevelopment work is complex in nature and involves safety issues for both passengers and trains and also requires various statutory clearances from different State Governments / civic bodies and the same results in delays in completion of the same in a targeted time frame. As submitted in the replies, the Committee too apprehend that the Developers may

focus more on the real estate business rather than the station redevelopment due to high upfront cost, limited recurring revenues from the station. Railways are therefore planning to unbundle the project and planning for redevelopment of stations on Engineering, Procurement and Construction (EPC) mode and the station Operations and Maintenance (O&M) shall be done through specialized agencies on PPP mode and land leasing / commercial development of real estate shall be done through private investment. While appreciating this approach of risk allocation among various stakeholders, the Committee exhort the Ministry to ensure effective implementation of the EPC mode by devising a robust regulatory frame work that promotes fair competitions, transparency and accountability. It is also imperative that a detailed roadmap for timely execution of development / redevelopment under the 'Amrit Bharat Station Scheme' is framed. The Committee would like to be informed of the steps being taken in the matter.

E. Hydrogen for Heritage Scheme

(Recommendation No. 15)

17. The Committee had noted that the Finance Minister in her budget speech announced the Hydrogen for Heritage scheme to use Hydrogen as fuel for Heritage Hill & Tourist Railways. In this regard, the Railways had planned to acquire and operate Hydrogen Train sets on Hill Railways and on other routes which are environmentally sensitive and with tourist potential. The Committee had further noted that Railways had proposed to run 35 Hydrogen Trains at an estimated cost of Rs. 80 cr. per train and ground infrastructure of Rs. 70 cr. per route and as a pilot project for retrofitment of Hydrogen Fuel Cell on existing Diesel Electric Multiple Unit (DEMU) rake with ground infrastructure as planned to fund on Jind - Sonipat Section of Northern Railway at a cost of Rs. 111.83 cr. In this regard, the Committee had felt that once the same is operational, it would go a long way and in right direction towards green energy. The Committee while appreciating the initiative, had impressed upon the Railways to make suitable preparedness and act vigorously to fulfill the concept.

18. In their Action Taken Replies furnished to the Committee, the Ministry of Railways have stated as under:

"IR has taken a lead by awarding a contract to convert a 1200 KW DEMU (Diesel Electric Multiple Unit) with Hydrogen Fuel cell based DPRS (Distributed Power Rolling Stock).

Field trials of the first prototype are slated to commence from June 2024.

IR further envisage manufacturing of Train set with Fuel cell based propulsion system to provide traction energy from Hydrogen Fuel cell.

35 train-set rakes (of 6 cars each) have been sanctioned in RSP 2023-24 for following 8 sections:

1. Matheran Hill Railway (CR),
2. Darjeeling Himalayan Railway (NFR),
3. Kalka Shimla Railway(NR),
4. Kangra Valley (NR),
5. Bilmora Waghai (WR),
6. Patalpani Kalakund (WR),
7. Nilgiri Mountain Railways (SR),
8. Marwar-Goram Ghat (NWR)

Abstract Cost for manufacturing of one rake of 6 coaches with Hydrogen propulsion is approx. 80 Crores per rake and abstract cost for ground infrastructure is 600 Crores.

A meeting on manufacturing of Trainsets with Hydrogen Fuel Cell was organized on 20.02.2023 with prospective Technology Partners regarding technical knowhow and prevailing technologies related to Hydrogen Generation methods, Transportation, Storage options, Hydrogen Fuel Cell, different batteries technology.

Expression of Interest to solicit the response of industry is under preparation."

19. The Committee note that under Rolling Stock Programme (RSP) 08 Sections of Indian Railways which are environmentally sensitive and have huge tourist potential have been sanctioned 35 train set rakes of 6 cars each. Further, Railways has also awarded a contract to convert a 1200 KW DEMU with Hydrogen Fuel cell based Distributed Power Rolling Stock (DPRS). The field trial of first prototype is scheduled to commence in June, 2024. The Committee are pleased to note that a coordination meeting in this regard has also been organized with Technology Partners on manufacturing of train sets, Hydrogen generation methods, transportation and other different technical issues. While noting that the

expression of interest to solicit the response of industry is under preparation, the Committee emphasize upon the Ministry to take proactive steps and closely monitor the progress made in this regard at the highest level. As the step is highly futuristic and can have positive impact on the environment, the Committee desire that this green energy initiative may be accorded highest priority. The Committee may also be kept apprised of the progress made in this green energy initiative.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

The Indian Railways is one of the largest rail network with 68043 Route KMs of track and more than 19414 number of passenger and freight trains carrying approximately 9.64 million passengers and hauling 3.88 million tones of freight per day. It has always played a pivotal role in meeting India's social obligation and its socio-economic development besides being an engine of growth in diverse economic activities. Indian Railways provide an economic mode of transportation to strata of the society especially to the poorer, managing a large volume of manpower and endeavours to fulfill the expectations of their commuters. The aim of Government is to make Indian Railways the growth engine of the economy. To meet this end, the Government is increasing investment and introducing modern technology while focusing on safety, speed and service to passengers. Infrastructure creation, augmentation and modernisation are the thrust areas for Indian Railways. Indian Railways has set ambitious targets for itself and is all geared up to achieve the same. To this effect, Indian Railways has taken several steps to prioritize and timely delivery of project such as the formulation of the National Rail Plan and creation of Gati-Shakti Units to bring synergy and team working amongst all Ministries and Departments in sanctioning and execution of projects. As a follow up to the National Rail Plan, Indian Railways has prepared an ambitious plan of expansion in rail infrastructure and network by FY28 so that freight loading in absolute tonnage of 3000 MT could be achieved by FY30 (Mission 3000 MT). Under Mission 3000 MT, over 1200 works have been identified/prioritised to be completed within 5 years with projected Capex of 8.45 Lakh Cr, which are at various stages of execution.

The Committee note that the trend of revenue receipts in 2022-23 is encouraging and Railway operations are rapidly recovering from the adverse impact of Covid 19 pandemic. By the end of January 2023, total traffic receipts reflect a CAGR of 10.4% over corresponding period of 2019-20 (pre-covid stage). The Committee further note that in the year 2021-22, due to continuation of adverse impact of the pandemic on Railway receipts, the Government has allowed Railways to incur revenue expenditure in excess of receipts. The operation of Railways has normalized in the post COVID stage and has even achieved normal growth. In the sphere of freight, Railways incrementally loaded 184 MT in 2021-22 and are likely to load additional 84MT in

2022-23. Passenger revenues have resumed to pre-covid levels. The Committee expect the Railways to carry on their operations akin to pre covid period so as to augment their earnings.

The Demands for Grants for the year 2023-24 of the Ministry of Railways were tabled in the House on 3 February, 2023. The Committee undertook a detailed scrutiny of Demands for Grants (2023-24) pertaining to the Ministry of Railways. During the deliberations of the Committee with the representatives of the Ministry of Railways (Railway Board) and the written replies submitted by the railways, the Committee had a sense of core issues of Indian Railways.

The Committee note that the Railways are making earnest efforts towards mopping up requisite resources and initiating structural reforms through a wide range of endeavours. The Committee are of the considered opinion that these are steps in the right direction which also needs continuous follow up and effective monitoring so as to enable the Railways to garner sufficient external resources, generate adequate internal revenues and meet social obligations. Based on the information supplied by the Railways and the evidence of the representatives of the Ministry of Railways (Railway Board), the Committee have arrived at certain conclusions which have been discussed in succeeding paragraphs.

Reply of the Government

As mentioned by the Hon'ble committee, after the setback during Covid 19 period, Indian Railways is on path of recovery. In this direction, Indian Railways traffic revenue for 2022-23 are about Rs 2.4 lakh cr. reflecting a CAGR of about 9 % over 2018-19 (pre-Covid period). The growth in revenues during 2022-23 is 25.6 % over 2021-22. Railways is constantly striving for higher revenues by bringing in operational efficiencies with structural reforms even while bearing the social service obligations.

For the year 2023-24, Indian Railways has set a target of total receipts at Rs. 2,65,000 cr. based on highest ever freight loading target of 1600 MT i.e. 100 MT incremental over RE 2022-23 and 7475 million passengers. To augment Railways' revenue, special emphasis is on land monetization and increase in the share of non-fare revenue in IR's total revenue. The additional capacity being created through highest ever infrastructure investment will also help Railways achieve its revenue targets.

Recommendation (Para No. 2)

The Committee note that the Railway Budget consists of Budgetary Resources from the Government Exchequer, Internal Resources (Passenger and freight earnings and monetization of commercial space and leasing of Railway land) and Market Borrowings/EBR (P). They observe that the Annual Plan for the year 2023-24 of the Ministry of Railways has been pegged at Rs. 260200 crore comprising of gross Budgetary support of Rs. 2,40,200 cr including Nirbhaya Fund, Internal Resources of Rs. 3,000 crore and Extra Budgetary resources (P) of Rs 17,000 crore. The Committee are happy to note that in 2022-23, an amount of Rs. 1,37,300 cr was proposed as BE which was increased to Rs. 1,59,300 crore at RE stage. The reason for this enhancement has been attributed to the rapid pace of infrastructure works and a robust trend of utilization assessment till September, 2022 leading to receipt of more GBS from Govt at RE stage. They note that the Ministry was not able to incur this enhanced amount. Out of this amount, they could spend only Rs. 1,34,406 cr as on 31.01.2023. The Ministry has attributed the reasons for this under-spending to sharp increase in working and operating expenses like staff and fuel costs. The Committee feel that it may not be adequate for effectively enforcing the ambitious investment plan of the Railways as also expeditious completion of long pending projects. The Committee impress upon the Ministry to formulate their planning realistically as far as possible and to escalate their efforts to optimally utilize the earmarked funds for carrying out the intended objectives.

Reply of the Government

The total Capex for Indian Railways was fixed at Rs. 2,45,300 crore in RE 2022-23 against Rs.2,45,800 crore of BE 2022-23. In RE, based on trend of utilization, the GBS was enhanced to Rs.1,59,100 crore from Rs.1,37,100 crore of BE 2022-23 (increase of Rs.22,000 crore), while reducing outlays from Internal Resource and Extra Budgetary Resource segments. The increase in GBS is meant to cater to rapid pace of infrastructure works. MoR has completely utilized GBS of Rs. 1,59,100 cr in 2022-2023.

Despite robust revenues, internal generation got impacted by rising cost of fuel, higher lease charges and other operational expenditure. Railways also bears social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 2021-22. This impacts the Net Revenues limtingMoR’s ability to fund capex from internal generation.

Hence, the utilisation under Internal Resource segment was regulated to the extent of available resources. As regards EBR, Railways uses these funds judiciously for remunerative projects and rolling stock keeping repayment liabilities in view.

Observations of the Hon’ble Committee for making all out efforts in achieving targets optimally and utilising allocated funds to the full have been noted. Railways has ensured complete utilization of allotted funds in 2022-2023.

Recommendation (Para No. 3)

The Committee note that the BE of the Ministry for the year 2022-23 was Rs. 2,45,800 cr which was decreased to Rs. 2,45,300 cr. at RE stage while the actual expenditure up to 31.01.2023 remained only to the tune of Rs. 1,64,587 cr. Likewise, during the year 2021-22, while the RE was kept at Rs. 2,15,000 cr., the actual utilization was Rs. 1,90,267 cr. During the year 2020-21, the RE was Rs. 1,61,692 cr. whereas the actual expenditure remained only Rs. 1,55,181 cr. Thus, the fiscal performance of the Railways during the last three years reveals that the earmarked allocation at RE stage could not be met in full. The Committee note that the aim of the government is to make Indian Railways the growth engine of the economy. Even, the Railways has set ambitious targets and geared up to achieve the same. The Committee trust that the Railway should be able to honour the aspirations of the government and intensify their efforts for optimally utilizing the proposed allocation of Rs. 2,60,200 cr (BE) in the FY 2023-24. The Committee are of firm belief that by virtue of optimum achievement in the fund utilization, the Railways would be on a stronger footing in achieving the goal of the Government of making Indian Railways a growth engine of the economy.

Reply of the Government

The following table indicates Capex outlay / expenditure during 2020-21, 2021-22 and 2022-23:

(Rs incr)

Period	GBS	IR	EBR	Total
BE 2020-21	70250	7500	83292	**161042**
RE 2020-21*	29250	3875	128567	**161692**
Actual 2020-21*	29923	2062	123196	**155181**
Utilisation	*102%*	*53%*	*96%*	*96%*
BE 2021-22	107300	7500	100258	**215058**
RE 2021-22	117300	2500	95200	**215000**
Actual 2021-22	117508	1694	71066	**190267**
Utilisation	*100%*	*68%*	*75%*	*88%*
BE 2022-23	137300	7000	101500	**245800**
RE 2022-23	159300	4300	81700	**245300**

During 2020-21, Railways revenues were severely impacted on account of covid. Passenger revenues were only Rs 15,248 cr and hence MoR was unable to appropriate required amount to Pension Fund. MoF reduced GBS for capital expenditure to provide necessary funds for Pension at RE stage. However, in RE 2020-21, due to inadequate GBS for capital expenditure, Railways were permitted to make expenditure under EBR(Spl) as a one-time-arrangement. An expenditure of Rs. 50515 crore has been incurred under EBR(Spl) in 2020-21.

It would be seen from the above table that during 2020-21 and 2021-22, there was full utilization of GBS outlays for Capital expenditure received from General Exchequer. During the year 2022-23 also, Railways has made full utilisation of allotted funds under GBS.

Despite robust revenues in 2022-23, net internal generation was less on account of steep rise in OWE on account of higher HSD prices, lease charges etc. It is also a fact that Railways bears social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. Railways has not been able to revise its fare and freight rates dynamically, with a view to keep logistics cost low and help the marginal sections of society. This leads to reduction in Net Revenues impacting MoR's ability to fund capex from internal generation.

Hence, the utilisation under Internal Resource segment was regulated to the extent of available resources since the Railways were not able to generate adequate internal resources for Capital expenditure. As regards EBR, Railways uses these funds judiciously for remunerative projects and rolling stock keeping repayment liabilities in view.

Recommendation (Para No. 4)

The Committee are concerned to note that during the past several years, there has been a gradual shortfall in the generation of internal resources by the Indian Railways and resultant thereto, it has to depend on the Gross Budgetary Support from the Government exchequer and Extra Budgetary Support which is not desirable for the financial health of the Railways. To illustrate, for 2019-20, actual internal revenue generation was Rs. 1,685 cr. which was only 1.14 percent of the total CapEx. Further, for the year 2020-21, Internal resources marked a rising trend of Rs. 2,062 cr. which was 1.33 percent of the outlay. For the year 2021-22, Internal Resources again dipped to Rs. 1,694 cr i.e. just 0.89 per cent of CapEx. For 2022-23, the BE was proposed at Rs. 7,000 cr. while the same was drastically reduced to Rs. 4300 cr at RE stage. This was also 1.71 % of the total outlay (RE) of 2,45,300 cr. Even, this reduced RE could not be met and the actuals remained to Rs. 1377 cr, as on 31.01.2023 i.e. 0.56% of total plan size. The main reason attributed for this decline in internal resources by the Ministry is sharp increase in working and operating expenses such as staff cost and fuel bills on account of higher operations. The Committee feel that the persistent decline in internal resource generation is an indicator towards internal deficiencies in overall planning and management of the Railways. The Committee are perturbed to note that despite enhanced budgetary support and extra budgetary Resources, the Railways have not been able to generate sufficient fund internally. Taking note of the reasoning of the Ministry that the Railways are making efforts to realistically formulate the plan at BE stage, the Committee impress upon the Railways to intensify their efforts to augment internal resource generation to ensure augmentation of revenues for meeting their ambitious planning. The Committee stress that the Ministry should endeavor to explore various other avenues like Non fare revenue such as advertisement at Railway Stations (Hoardings), Trains, Railway bridges, and other assets, monetization of surplus railway land, setting up of ATMs at Railway Stations, offering digital content on trains and platforms, Mobile assets etc. In addition, the Committee, therefore, recommend that more powers should be delegated to the Zonal / Divisional Railways for faster decision making to remove inherent deficiencies in the overall delivery mechanism, prioritize completion among Zonal Railways and commissioning of remunerative projects, besides exploring other commercial viable avenues that would not put the Railways under financial duress in order to supplement their internal resources.

Reply of the Government

Ministry of Railways has taken concrete steps in recent past to regain modal share. In 2021-2022, Railways loaded 184 MT of freight incrementally while for 2022-2023, incremental traffic is 95 MT. This reflects a cumulative growth of 22.5% in loading in past 2 years. Passenger revenues at nearly Rs 63,300 cr for 2022-23 imply complete recovery from revenue losses during pandemic. Sundry revenues will improve in future with monetisation of land and real estate. However, internal generation was impacted by several facts that increase OWE.

Ordinary Working expenditure was adversely impacted by higher diesel prices, GST and lease charges etc. which have limited the Railways ongoing efforts for enhancing internal resource generation.

It is also a fact that Railways bears social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. Railways has not been able to revise its fare and freight absorbing all cost on real time basis, with a view to keep logistics cost low and help the marginal sections of society.

To create additional capacity while ensuring safety, Government has been allocating record GBS for Railways. This will enable Railways to carry more freight. The other endeavourfor enhancing revenues includes initiatives like expansion of commodity basket through creation of Business Development Units (BDUs) at the Ministry, Zonal and Divisional levels for better coordination for movement of bulk commodities like coal, effective and innovative marketing strategies to capture more traffic, optimum utilization of the existing rail infrastructure including rolling stock etc. improvement of passenger interface, periodic rationalization of fare and freight rates and focus on increasing the share of non-fare revenue sources in Railways is also being undertaken to increase total revenue. Various measures including monetisation of surplus Railway land and station development will lead to higher non fare revenues in coming years.

On the expenditure side, suitable expenditure control measures including economy and austerity measures, improved man-power planning, better asset utilization, inventory management, optimizing fuel consumption etc. are also been undertaken to reduce cost.

Zonal Railways have been empowered with suitable delegation of powers for both capital works along with for revenue augmentation.

As a result of all these ongoing measures, the trends of revenue receipts in 2022-23 has been encouraging and Indian Railways traffic revenue for 2022-23 are about Rs 2.4 lakh cr. reflecting a CAGR of about 9 % over 2018-19 (pre-Covid period). The growth in revenues is 25.6 % over 2021-22. During 2022-23, Railways have not only met its revenue expenditure but also generated revenue surplus to supplement capex.

Comments of the Committee

(Please see recommendation para No. 7 of Chapter-I)

Recommendation (Para No. 5)

The Committee note that upto the current year, the Extra Budgetary Resources (EBR) comprised a bulk portion in the Gross Budgetary Support (GBS) which had been increasing year by year in the wake of the shrinking in internal resource generation and constraints of GBS to fund important rail projects of public importance. The decline in generating enough internal resources had led the Railways to fund their capital expenditure through GBS and EBR. The Committee note that the Railways procured assets through IRFC on lease for which total outstanding principal as on 31.03.2022 was Rs. 4.3 lakh cr. arising out of rolling stocks worth Rs. 1.8 lakh cr. and Rs. 2.5 lakh cr. (raised by IRFC) for infrastructure projects. The Ministry have stated that the Railways are restoring to EBR through IRFC on leasing model for financing a part of CapEx and annual lease charges are being paid to IRFC. The Railways have met their liability for repayment from their revenues (interest component) and from Capital Fund (GBS from servicing capital repayments). The Committee are happy to note that GBS in BE 2023-24 (Rs. 2,40,200 cr.) has been increased by Rs. 80,900 cr. over RE of 2022-23. The higher GBS has been deployed for projects which were earlier financed through EBR (IF) and EBR (Bonds). In view of the increase in GBS from General Exchequer, Railways have not resorted to borrowing under EBR so as to save on lease charges / interest obligations. The Committee have been informed that the outlay under EBR segment of Rs. 17000 crore in BE 2023-24 is for estimated investment from Public-Private partnership and other stake holders under EBR (P). The Committee note that the enhanced investment through increased GBS would allow the Railways to augment capacity without increasing its repayment liabilities and help them to become financially sustainable. The Committee, therefore, would like to suggest to the Ministry to make all out efforts for optimum utilization of the enhanced GBS with strict fiscal discipline and robust monitoring of Railway and plug leakages judiciously and keep a vigil on non-remunerative expenditure so that reliance on the borrowing component of EBR is gradually put to a halt.

Reply of the Government

As noted by the Hon'ble Committee, in BE 2023-24, with the GOI increasing GBS for Railways by Rs. 80,900 crore over RE 2022-23, funds have been deployed for projects which were earlier financed through EBR(IF) and EBR(Bonds). For BE 2023-24, EBR(IF) and EBR(Bonds) is nil. The increase in GBS has led the Railways to restrict borrowings under EBR so as to save on lease charges / interest obligations. The enhanced GBS will be deployed for capacity augmentation and safety related works. Railways has allotted Rs 1.21 lakh cr for capacity augmentation in FY24. With the additional capacity being created MoR intends to shift modal share of freight traffic to the railways, by loading 3000 MT, by 2030. The progress of projects are being monitored at all levels on regular basis. The outlay under EBR segment in BE 2023-24 of Rs. 17000 crore is for estimated investment from Public-Private partnership and other stake holders under EBR(P). The suggestions of the Hon'ble Committee for optimum utilization of GBS with strict fiscal discipline have been noted for strict compliance.

Recommendation (Para No. 6)

The Committee note that prior to the introduction of RRSK in 2017-18, all works of replacement and renewal were charged to DRF, while works relating to improvement of operational efficiency and other upgradation and developmental works charged to DRF. They also note that, at present, all identified works of renewal, replacement, upgradation etc. on safety considerations are being charged to RRSK. DRF is mainly used to fund those works which are due for renewal but not required for safety of train operations. The Committee are aware that RRSK was created in 2017-18 for a period of 5 years to ring-fence funds for execution of works for renewal / replacement with safety related implications with annual contribution of Rs. 20,000 cr. (Rs. 15,000 cr. from GBS and Rs. 5,000 cr. from Railways' internal resources). The Committee note that the total RRSK allocation in BE 2022-23 was to 12000 cr. (Rs. 10,000 cr. on GBS and Rs. 2000 cr from internal resources. They also note that since the Railways was not in a position to contribute to RRSK from revenues of 2022-23, they had utilized the balance fund available in RRSK from previous year and provided a total provision of Rs. 11,000 cr (Rs. 10,000 from GBS and Rs 1,000 cr. from the balance fund of previous year for RRSK i.e. Rs. 10,000 from GBS and Rs 1,000 cr. from the balance fund of previous year. The Committee, in their 13th Report (16th Lok Sabha) on Demands for Grants (2017-18) had expressed their apprehensions about the financing of RRSK and had recommended dedicated financing for it. In their 19th Report (16th Lok Sabha), the Committee again recommended the Ministry to ensure the non-fundable financing to RRSK and stressed to ensure prudent deployment of the fund strictly on the works it has been assigned for regular scrutiny of the progress. The Committee feel that the RRSK was created with a vision to have a single head in order to cater to all safety related needs of the Railways by dissolving various safety related funds and if the Railways are not able to appropriate the funds vigorously, the sole purpose of having a dedicated fund becomes futile. They, therefore, recommend that at the time when the Railways are on the path to complete recovery from the adverse impact of the pandemic and the Railways receipt have grown at a CAGR of 10.4% up to December, 2022) over corresponding period of 2019-20 i.e. pre COVID period, funding to and expenditure from RRSK for the earmarked purposes should be ensured at the highest level in order to accord paramountcy to the safety.

The Committee note that year after year there has been a noticeable gap in expenditure from the RRSK. The Committee note that the Railways did not meet the target of earmarked allocations during the past five years. In 2017-18, Rs 16,090 cr. were spent as against the RE of Rs 20,000 cr. In 2018-19 the actual expenditure remained at Rs. 18,013.32 cr. against the allocation of Rs. 19959.41 cr at RE stage. In 2019-20, Rs 17500.01 cr. was earmarked at RE but the actual expenditure remained at Rs. 15023.80 cr. In 2020-21 also, a fund of Rs. 2000 cr. was provisioned but the actual was only Rs. 314.25 cr. Even, the Railways have been short of full spending of Rs. 25000 cr in 2021-22 and spent only Rs. 24731.53 crore. The Committee note that the primary focus under RRSK is on reduction of collisions derailments and unmanned level crossing accidents which cause 90% of accidents on IR. Though the Ministry has claimed that since the creation of RRSK in 2017-18, the number of consequential train accidents and fatalities therein have decreased considerably, yet the Committee find that in 2021-22, the number of consequential train accidents have again risen from 22 in no. in 2020-21 to 35 in number in 2021-22. They feel that since RRSK has been created with an intended objectives to cater to safety related needs, such a shortfall reflects poorly on the ability of Indian Railways. The Committee also feel that the Railways need to address such deficiencies in the overall delivery mechanism and ensure stringent monitoring so that the objective of the dedicated fund of RRSK is met in full.

The Committee are happy to note that the Niti Aayog has appreciated the Railways' progress on safety and implementation of RRSK and held that safety indicators have shown improvement after implementation of RRSK. Based on the recommendations of the Niti Ayog, the Government have agreed to extend the currency of RRSK for another five years' term beyond 2021-22 with a contribution of Rs 45,000 cr. from GBS. From the foregoing, the Committee find that the Railways have not contributed to RRSK from the revenue of 2022-23 and utilized the previous year's fund balance to appropriate the intended RE of Rs 11,000 cr. The Committee, therefore, desire the Ministry to take all out efforts for intended funding to RRSK.

Reply of the Government

Safety has been accorded highest priority in Indian Railways. Financing of safety works from source RRSK help Railways achieve the Mission Zero Accidents faster. RRSK was contemplated for implementation of identified works of critical safety under plan heads Traffic Facilities, Level Crossings, Road Over/Under Bridges, Track Renewals, Bridge Works, S&T Works, Electrical/TRD Works, Machinery & Plant, Workshops, Training/HRD and Rolling Stock.

The position of expenditure under RRSK is shown in the following table. It would be seen that till 2021-22, an expenditure of Rs 74444.18 crore has been incurred out of RRSK, with contribution from GBS of Rs 70000 crore and from Internal Resource of Rs 4444.18 crore.

(Rs in crore)

	Total RRSK exp	*Contribution from GBS*	*Contribution from IR*
Actual 2017-18	16091	*15000*	*1091*
Actual 2018-19	18015	*15000*	*3015*
Actual 2019-20	15024	*15000*	*24*
Actual 2020-21	314	*0*	*314*
RE 2021-22	25000	*25000*	*0*
Total (2017-18 to 2021-22)	**74444**	***70000***	***4444***
RE 2022-23	**11000**	**10000**	**1000**

BE 2023-24	11000	***10000***	***1000***
Total (incl BE 2023-24)	**96444**	***90000***	***6444***

During 2020-21, Railways revenues were severely impacted on account of covid. Passenger revenues were only Rs 15,248 cr and hence MoR was unable to appropriate required amount to Pension Fund. MoF reduced GBS for capital expenditure to provide necessary funds for Pension expenditure at RE stage. Due to inadequate GBS in RE for capital expenditure, Railways were permitted to make expenditure under EBR(Spl) as a one-time-arrangement. An expenditure of Rs. 50515 crore has been incurred under EBR(Spl) in 2020-21 which included projects funded through RRSK.

The Railways could not contribute intended funds to RRSK due to inadequate resource generation and non availability of surplus funds for being deployed toward Capex. Railways internal generation got impacted adversely by higher traction cost, repayment of lease charges and GST charges etc. as traffic growth was muted till 2020-21. It is also a fact that Railways bears social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. Railways has not been able to revise its fare and freight required for absorbing increase in cost, with a view to keep logistics cost low and help the marginal sections of society. This leads to reduction in Net Revenues impacting MoR’s ability to fund capex from internal generation.

However, with a steady pace of expenditure, continued and assured contribution from GBS, the objective of creation of the Fund for financing critical safety works has been achieved to a great extent. Adequate expenditure on safety works continued to be incurred without any impact of Covid19 pandemic. NITI Aayog has appreciated Railways’ progress on safety and implementation of RRSK and held that safety indicators have shown improvement after implementation of RRSK. On the recommendation of NITI Aayog, the Government extended the currency of RRSK for another term of five years beyond 2021-22 with a corpus of Rs. 45000 crore.

A provision of Rs. 11000 cr has also been made both in RE 2022-23 and BE 2023-24 with contribution from GBS being Rs.10,000 cr and from Internal Resources of Rs.1,000 cr.

Regarding the Hon’ble Committee’s observation of all out efforts to be made by MOR for intended funding to RRSK, Railways are taking steps to increase net revenue so that adequate fund may be appropriated to RRSK from internal resources.

Comments of the Committee

(Please see recommendation para No. 10 of Chapter-I)

Recommendation (Para No. 7)

The Committee note that though the RRSK was introduced in 2017-18 for a period of five years which has been extended for further five years beyond 2021- 22 on the recommendations of Niti Aayog. In 2021-22, the Depreciation Reserve Fund (DRF) was provisioned for Rs. 800 cr at BE stage which was drastically reduced to Rs. 500 cr. at RE stage. The fund was again increased to as high as Rs. 2000 cr. in BE 2022-23 and reduced drastically at BE of 2023-24 i.e. Rs. 1,000 cr. The Committee do not understand the rationale behind adopting the ups and downs of the funding in DRF. Though the mandate of DRF has been given to meet the capital expenditure on replacement/renewal of Railway assets, yet the Committee do not understand the rationale of less appropriation of required funds to DRF. The reasons attributed to lower internal resource generation, shifting of safety centric renewal and replacement works to RRSK and its need based appropriation subject to resource availability are not acceptable to the Committee. The Committee desire the Ministry to put in more vision in formulating the plan prudently and as far as possible realistically.

Reply of the Government

Railways bears huge social service obligations including concessions to Divyangjan, students, patients, freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. To keep logistics cost low and help the marginal sections of society, Railways has not been able to revise its fare and freight required for fully absorbing increase in cost. This leads to reduction in Net Revenues impacting MoR’s ability to fund capex from internal generation including DRF.

Since most of the safety centric renewal and replacement works earlier funded out of DRF have been shifted to RRSK, the appropriation to DRF has been in tune with the reduced requirement for executing works specifically from DRF. Thus, appropriation to DRF is now need based. DRF is mainly used to fund those works which are due for renewal but not required for safety of train operations.

The ministry noted the Hon’ble Committee’s suggestions and will implement these while budgeting.

Recommendation (Para No. 8)

The Committee note that the mandate of Capital fund is to meet the debt servicing obligation of principal component of market borrowings from Indian Railway Finance Corporation (IRFC) and for expenditure on works of capital nature. Appropriation to this fund is made from Railway net revenues after meeting obligatory revenue expenditure. The Committee observe that the required amount from Railway revenues could not be appropriated to Capital Fund to meet the liability on account of payment of capital component of Lease charges to IRFC. Further, being an obligatory payment, the same was made out of GBS. While examining the subject "Role of IRFC and use of SPV methodology in financing development needs of Indian Railways" the Railway Convention Committee (RCC) (2014) in their 4th Report presented to the House objected to this practice and recommended in their 13th Action Taken Report that the accounting policy of the Railways should urgently be corrected / updated in consonance with the extant rules of allocation so that the capital nature of works can be legally financed from GBS. The Committee note that as per the recommendations the codal provisions relating to rules of allocation for capital and capital fund have been modified allowing payment of principal component of lease charges to IRFC from Capital (GBS) in case adequate funds are not available under the Capital Fund. The Committee feel that this codal provisions have been made resultant to the stressed generation of internal resources which need to be improved taking stern measures by the Railways. They, therefore, desire the Ministry to preferably make all out efforts to improve generation of internal resources to provide for adequate fund in Capital Fund. They would like to suggest to the Ministry to optimally utilize their assets for augmenting the internal resources. They would also like to recommend that the Railways should re-examine their working model with a view to generating higher revenues so that the revenue generation could be accrued to Railway funds including the Capital Fund.

Reply of the Government

Indian Railway has undertaken a major drive to augment the capacity of the system to carry more cargo and to modernize passenger services by higher capital investments.

Result of infusion of Capex in recent years, is clearly visible as IR has loaded 1414 MT in 2021-22 i.e. 184 MT increase over 2020-21. In 2022-23, Railways has achieved freight loading of 1509 MT i.e. 95 MT more than 2021-22 and for 2023-24, freight loading incremental target is 100 MT.

To improve passenger services and increase in revenue from Passenger segment, Railways are taking various steps like induction of more AC travel coaches, introduction of state of art Vande Bharat Trains, Tejas trains etc as per popular demand of passengers. The other endeavour includes initiatives aimed at maximizing revenue receipts like expansion of commodity basket through creation of Business Development Units (BDUs) at the Ministry, Zonal and Divisional levels for better coordination for movement of bulk commodities like coal, effective and innovative marketing strategies to capture more traffic, creation of additional capacity and optimum utilization of the existing rail infrastructure including rolling stock etc. and focus on increasing the share of non-fare revenue sources in Railways is also being undertaken to increase total revenue. Efforts are also being made to control the working expenses of Railways so that adequate net revenue may be generated to appropriate to various funds to supplement Capex.

Recommendation (Para No. 9)

The Committee note that the Railways usually attempted to appropriate to Pension Fund to meet the liabilities on 'Pay as you go' basis. In 2022-23, Pension expenditure up to January, 2023 was Rs. 48,108 cr and was assessed to be around Rs. 56,000 cr by the end of the year. However, based on the resource position and pension expenditure, appropriation to Pension Fund has been reduced at RE vis-à-vis BE in 2022-23. The Ministry have reasoned that the reduction of appropriation to Pension Fund in RE 2021-22 was in line with assessment of lower expenditure, internal resource position and also available balances in Pension Fund. As regards the BE of 2023-24, the Ministry have stated that the pension expenditure was assessed at Rs. 62,000 crore and with a view to build up fund reserves, Railways have proposed to appropriate Rs. 70,616 cr from the revenue to the Pension Fund. The Committee note that in 2021-22, the Government has allowed Railways to incur revenue expenditure in excess of revenue receipt which was used to meet the pension expenditure. On pension liabilities, the Committee, in their 11th Report on Demands for Grants (2022-23) of the Ministry of Railways, had inter alia recommended to convince the Ministry of Finance for bearing at least a part of Railways pensionary liabilities keeping in view the depleting internal resources and keeping in view the social service obligations of the Railways. In this regard, the Committee have been apprised that the Ministry of Finance has not agreed to the proposal. However, as per the action taken replies contained in the 13th Action Taken Report of the Committee, the Ministry has again taken the issue with the Ministry of Finance. The

Committee would like to suggest the Ministry to vigorously pursue the matter with the Ministry of Finance.

Reply of the Government

Despite recommendations of the Hon'ble committee in the past, MoF has not agreed to the proposal of this Ministry for bearing at least a part of Railways pensionary liabilities. However, in light of the Hon'ble committee's present recommendation, MoF has again been requested to consider bearing a part of pension expenditure. MoR during 2022-23 was able to meet its pension expenditure from its revenue receipts.

Recommendation (Para No. 10)

The Committee note that since 2018-19, the actual GTR of Indian Railways seen a declining trend. The BE was proposed at higher level which was reduced at RE stage in all the years. The Ministry have reasoned that the BE targets for revenue are usually kept at a reasonably challenging level so as to encourage the entire set up to achieve it by mobilizing itself. Further, most of the Railways traffic receipts (about 90%) comes from two major segments of Railway revenues i.e. passenger and freight. Upward or downward revision of Gross Traffic Receipt target largely depends upon the performance under the segments during the year. Also, the years 2019-20 to 2021-22 were adversely impacted by the COVID Pandemic leading to reassessment of estimates. The Committee note that in 2022-23, the GTR target has been revised upward at RE compared to BE keeping in view of the healthy trend of growth in receipt as the operation of Railways has normalized in the post covid stage and has achieved normal growth. The Ministry have elaborated that the freight operations have seen incremental growth and passenger revenues have also resumed to pre-COVID levels. The Committee are of the firm opinion that the Railways should accord the highest priority to their projects for expansion of network including dedicated freight corridors not only to enhance the freight traffic but also to decongest the High Density Network for increasing the carrying capacity of passenger traffic as well. The Committee would like to suggest the Ministry to adhere to the timeline and monitor on real time basis of their projects for completion so that the objectives of the projects are not defeated and the earnings of the Railways exchequer could be augmented.

Reply of the Government

The slowdown in construction is due to the pandemic-induced challenges, delays in environmental clearances, illegal encroachments and local agitations holding up land acquisition.

Railway accords the highest priority to completion of the projects within timeline and in this direction, a record Capex of Rs. 2,45,300 cr. was provided in RE 2022-23 and Rs. 2,60,200 cr. for the ensuing year so that the capacity of the system can be enhanced to carry more cargo and to modernize passenger services. The construction work on the Western and Eastern Dedicated Freight corridors is progressing well. Besides track laying, the construction of level crossings through overbridges and underpasses, stations and feeder routes to link the corridors with important ports, multi-modal logistics parks and private freight terminals have been progressing well. This has been reflected in New Lines, Gauge Conversion and doubling/multi-tracking projects where MoR commissioned nearly 5243 kms in 2022-23.

Result of infusion of Capex in recent years is clearly visible as IR has loaded 1414 MT in 2021-22 i.e. 184 MT increase over 2020-21. In 2022-23, Railways has achieved a freight loading of 1509 MT i.e. 95 MT more than 2021-22 and for 2023-24, freight loading incremental target is 100 MT.

To improve passenger services and increase in revenue from Passenger segment, Railways are taking various steps like induction of more AC coaches, introduction of state of art Vande Bharat Trains, Tejas trains etc as per popular demand of passengers. Railway stations are being developed to provide passenger amenities and comfort to generate non fare revenue.

Railways are hopeful that as a result of these efforts, Railways' gross traffic receipts will increase at an accelerated pace.

Recommendation (Para No. 12)

The Committee note that the operating ratio of Indian Railways has been persistently high. It was 97.29% in 2018-19 which noted an upward trend i.e. 98.36% in 2019-20. In 2020-21, though it noted a slight decline and stayed at 97.45% but soared high in 2021-22 i.e. 107.39%, which was the highest ever in the last four years. The Ministry have reasoned for higher operating ratio in the year 2019-20 and 2020-21 that due to COVID related resource gap, the railways appropriated less than required amount to Pension Fund in 2019-20 and 2020-21. The Committee are happy to note that the Railways have recovered from the pandemic impact in current year and are expected to stage a better performance in 2023-24. Even then, the operating ratio target of 98.45% in BE 2023-24 is higher than the previous year's Operating Ratio of 98.22% (RE of 2022-23). The Ministry has attributed the reasons for the higher value of Operating Ratio to appropriation of Rs. 70,516 cr from Railway revenues to pension fund as against an estimated pension expenditure of Rs. 62,000 cr. to build up fund balance and ever growing social service obligations borne by the Railways which impacted the Railways operating ratio adversely. Though the Railways have enumerated various measures being taken to arrest the high value of Operating Ratio viz. capacity improvement works like Dedicated Freight Corridors, doubling /quadrupling and electrification ring-fencing allocation of ongoing last mile projects and priority projects for early completion so that these along with the capacity enhancement projects enhance traffic throughput substantially and increase railway revenues. These are expected to contribute to improvement in the operating ratio to a reasonable level. Taking note that the operating ratio is a function of total working expenditure to total traffic earnings and any effort to improve the same revolves around maximizing the traffic earning and minimizing the controllable working expenses, the Committee express their concern over the higher value of Operating Ratio and recommend the Ministry to regulate their finances and monitor in such a way so that the same could result into a subservient balancing of accounts reflecting the better value of Operating Ratio. Also, the Railways need to review their strategic outlook and adopt a long term strategy for enhancing the efficiency in operation and various maintenance units.

Reply of the Government

The high Operating Ratio in 2016-17 and 2017-18 was owing to implementation of 7th Central Pay Commission recommendations detail of which has been submitted to Hon’ble Committee in detail and need no further reiteration. While the Operating Ratio in 2018-19 improved to 97.3% from 98.4% in 2017-18, adverse impact of the Covid 19 pandemic on Railway revenues has disrupted the pace of improvement of the Operating Ratio.

For the medium and long run, policy initiatives have been/are being undertaken to diversify freight basket, to achieve a loading of 3000Mt by the year 2030and substantially regain Railways’ market share in freight. For this, Indian Railway has undertaken a major drive to augment the capacity of the system to carry more cargo and to modernize passenger services by way of spending record Capex.

To improve passenger services and increase in revenue from Passenger segment, Railways are taking various steps like induction of more AC travel coaches, introduction of state of art Vande Bharat Trains, Tejas trains etc as per popular demand of passengers. Railway stations are being developed to generate revenue from non-fare revenue sources.

On the other hand, Railways also has to bear huge social service obligations including concessions to Divyangjan, students, patients, on freight to/from NE regions etc. Total Social service obligations including pricing below cost was Rs 51,138 cr in 21-22. Railways has not been able to revise its fare and freight in order to keep logistics cost low for the economy in general and help the marginal sections of society.

Additionally, expenditure control measures are also being taken such as electrification of the entire Railway network so as to save on fuel, institution of strict economy and austerity measures, improved man-power planning, better asset utilization, inventory management, optimizing fuel consumption etc to reduce operating costs. With the above measures, the Net Revenue and Operating Ratio are expected to improve.

Recommendation (Para No. 13)

The Committee note that in order to accelerate the redevelopment of major stations across the country, a new scheme 'Amrit Bharat Station Scheme' has been launched in the Budget of 2023-24. The stations under this scheme will have state of the art technology such as aesthetic design including enhanced passenger amenities, Roof Plaza, Multi-Model Integration, clutter free platforms, focus on local art & culture, improvement in traffic circulation, beautification of circulating area, divyangjan friendly facilities and more facilities at par with Airports. Besides, the concept of sustainable development including water harvesting / recycling and green energy would also be provided in the new aesthetic design. Under this scheme, 1275 Railway stations have been identified for redevelopment across the country. The Committee are happy to note that almost all the States / UTs have been covered under this scheme. They also noted that the contracts for 50 Stations have already been awarded and tenders have been initiated for 09 more stations. The Committee, in their 6th Report on 'Passenger Amenities including Modernization of Railway Stations' noted that the Railways had undertaken modernization of railway stations under various schemes such as Model Station, Modern Station and Adarsh Station Schemes from the years

1999 to 2009. Under the Adarsh Station Schemes, 1,253 stations were identified in 2009 for development and out of it, 1218 stations have already been developed and rest of the stations are planned to be developed by June, 2023. Also, the Railways had proposed redevelopment of 400 erstwhile 'A-1' and 'A' category stations as world class stations by resorting to the PPP mode. The Committee inter alia noted that the first phase of station redevelopment program by Zonal Railways was launched on 08.02.2017 and bids for redevelopment of 23 railway stations were invited. The Committee were informed that bids for only two (2) stations of Jammu Tawi and Kozhikode were received. The bids for other stations had to be foreclosed owing to the not-so-encouraging response from the bidders. However, the Committee desired that the Railways should find out the reasons for low response for the bids and take out corrective measures in that regard. The Committee further noted that the railways have not indicated any time frame for the redevelopment of stations. The Committee were concerned to note that no railway station had been developed under PPP mode. They felt that there was something amiss in the planning of the Railways so far as redevelopment of Stations was concerned. The Committee desired the Ministry to chalk out a time bound action plan for redevelopment of railway stations for providing modern and state-of-the-art amenities to end users. In the extant case also, the Committee would like to impress upon the Ministry to chalk out a time bound action plan for the redevelopment of railway stations for carrying out the redevelopment works of such stations within the targeted time frame. They would also like to suggest the Ministry to accelerate the pace of tendering process for the stations selected under Amrit Bharat Stations in time bound manner.

Reply of the Government

Ministry of Railways has accelerated the development/ redevelopment of major stations across the country and has initiated “Amrit Bharat Station scheme”. 1275 stations have been identified for development under this scheme. Presently work is in progress at 88 Railway Stations under this scheme to provide modern amenities. Other Railway Stations are at different stages of tendering and planning. Redevelopment of railway stations across the country will have a multiplier effect in the economy with increased job creation and improved economic growth.

The Amrit Bharat Station Scheme has recently been launched for development of Railway stations on Indian Railways.This scheme envisages development of stations on a continuous basis with a long-term approach.

It involves preparation of Master Plans and their implementation in phases to improve the amenities at the stations like improvement of station access, circulating areas, waiting halls, toilets, lift/escalators as necessary, cleanliness, free Wi-Fi, kiosks for local products through schemes like 'One Station One Product', better passenger information systems, executive lounges, nominated spaces for business meetings, landscaping etc. keeping in view the necessity at each station.

The scheme also envisages improvement of building, integrating the station with both sides of the city, multimodal integration, amenities for Divyangjans, sustainable and environment friendly solutions, provision of ballastless tracks, 'Roof Plazas' as per necessity, phasing and feasibility and creation of city centres at the station in the long term.

Development/redevelopment of Railway Stations is complex in nature involving safety of passengers and trains and requires various statutory clearances from urban/local bodies etc and these factors affect the completion time. Therefore, no time frame can be indicated.

Rani Kamlapati Station of West Central Railway, has been developed and commissioned under PPP mode. Gandhinagar station of Western Railway and Sir M. Visveswaraya Terminal Station of South Western Railway have been developed and commissioned.

The scheme of Adarsh station has been introduced in the year 2009 to provide basic facilities such as drinking water, adequate toilets, catering services, waiting rooms and dormitories especially for lady passengers, better signage etc. at Railway stations identified under Adarsh this Scheme. 1253 stations were selected for development as Adarsh Station. So far, 1235 stations selected under Adarsh Station Scheme have been developed. Out of the 18 remaining stations , one station (Howbagh in Madhya Pradesh) has been closed due to gauge conversion project, one station(Dakaniya Talav) is proposed to be dropped from this scheme due to its selection under Amrit Bharat Station Scheme and remaining 16 railway stations are targeted to be developed during 2023-24.

The progress of work is being monitored continuously. The work was slowed down during COVID-19 period. However, Railways is expediting the completion of the project by deploying adequate resources.

Due to high upfront cost of the station projects, and limited recurring revenues from station itself, the projects where land leasing revenue was included in business model had an incoherent business mix of infrastructure with real estate. Due to this, there were apprehensions that the Developers will not focus adequately on the station redevelopment component and rather focus more on the real estate business. Due to this, currently it is planned to unbundle the project and the station redevelopment is to be taken up on EPC mode. The station O & M shall be done through specialized agencies on PPP mode and the land leasing/ commercial development of real-estate shall be done through private investment. This model ensures that individual components are coherent, insulated from risks due to bundling of other components and ensure proper risk allocation.

Comments of the Committee

(Please see recommendation para No. 16 of Chapter-I)

Recommendation (Para No. 14)

The Committee note that during the budget speech of 2022-23, the Finance Minister had announced for 400 Vande Bharat trains. The Committee note that as on 17 February 2023, Indian Railways have introduced 10 pairs of Railways' flagship train called Vande Bharat Express. They have been informed that the manufacturing of 400 Vande Bharat Rakes has been planned in a phased manner within the Railway Production Units itself i.e. 120 rakes at Marathwara Rail Coach Factory (MRCF), Latur, 80 rakes at ICF, Chennai, 100 rakes at Rail Coach Navinikarn Karkhana (RCNK), Sonipat and 100 rakes at Modern Coach Factory, Rae Bareilly engaging different technology partners. During the current financial year 2022-23, the three Production Units i.e. ICF, RCF and MCF have managed to produce 35 rakes (560 coaches) and planned to produce 67 rakes (1072 coaches) in the year 2023-24 in these three Production Units. The Committee while expressing their concern to find that out of 35 rakes of Vande Bharat planned for the year 2022-23, only 08 rakes have been turned out till date. They are of the view that with this pace of production, the Railways may find it difficult to achieve their set target. They would like to suggest to the Ministry to intensify their efforts for production of Vande Bharat rakes / coaches in order to meet the aspirations of Rail commuters. The Committee also desire that the Railways should extend the technological support to other Production Units to enable them to manufacture the rakes / coaches of Vande Bharat Trains for bringing into the fleet.

Reply of the Government

Indian Railway Production Units has turned out Thirteen (13) rakes of the Vande Bharat train till March, 2023.

IR has further planned to manufacture 816 (ICF-736, MCF-16 & RCF-64) Vande Bharat Coaches in 2023-2024 and 1008 (ICF-688, MCF-160 & RCF-160) Coaches in 2024-2025

Till 11 Apr 2023 IR has turned out additional 03 (three) rakes against the production plan 2023-2024.

Production of Vande Bharat rakes is being stepped up as per traffic requirement. However, the actual production depends on supply chain which is developing rapidly.

Total 75 Vande-Bharat rakes are planned in Chair Car version and remaining is planned in Sleeper version. IR has also planned to manufacture additional 400 Vande Bharat trains (Sleeper version) of different technologies for which Tenders have been floated to select Technology Partners for manufacturing within IR Production Units utilising IR man power.

In addition to the above, manufacturing of additional 8000 Vande Bharat Coaches in subsequent years have also been sanctioned in the Budget 2023-24".

Recommendation (Para No. 15)

The Committee note that the Finance Minister in her budget speech announced for the Hydrogen for Heritage scheme to use the Hydrogen as fuel for Heritage Hill & Tourist Railways. In this regard, the Railways have planned to acquire and operate Hydrogen Train sets on Hill Railways and on other routes which are environmentally sensitive and with tourist potential. The Committee further note that Railways have proposed to run 35 Hyderogen Trains at an estimated cost of Rs. 80 cr. per train and ground infrastructure of Rs. 70 cr. per route and as a pilot project for retrofitment of Hydrogen Fuel Cell on existing Diesel Eelectric Multiple Unit (DEMU) rake with ground infrastructure as planned to fund on Jind - Sonipat Section of Northern Railway at a cost of Rs. 111.83 cr. In this regard, the Committee feel that once the same is operational, it would go a long way and in right direction towards green energy. The Committee while appreciating the initiative, impress upon the Railways to make suitable preparedness and act vigorously to fulfill the concept.

Reply of the Government

IR has taken a lead by awarding a contract to convert a 1200 KW DEMU (Diesel Electric Multiple Unit) with Hydrogen Fuel cell based DPRS (Distributed Power Rolling Stock).

Field trials of the first prototype are slated to commence from June 2024.

IR further envisage manufacturing of Train set with Fuel cell based propulsion system to provide traction energy from Hydrogen Fuel cell.

35 train-set rakes (of 6 cars each) have been sanctioned in RSP 2023-24 for following 8 sections:

1. Matheran Hill Railway (CR),
2. Darjeeling Himalayan Railway (NFR),
3. Kalka Shimla Railway(NR),
4. Kangra Valley (NR),
5. Bilmora Waghai (WR),
6. Patalpani Kalakund (WR),
7. Nilgiri Mountain Railways (SR),
8. Marwar-Goram Ghat (NWR)

Abstract Cost for manufacturing of one rake of 6 coaches with Hydrogen propulsion is approx. 80 Crores per rake and abstract cost for ground infrastructure is 600 Crores.

A meeting on manufacturing of Trainsets with Hydrogen Fuel Cell was organized on 20.02.2023 with prospective Technology Partners regarding technical knowhow and prevailing technologies related to Hydrogen Generation methods, Transportation, Storage options, Hydrogen Fuel Cell, different batteries technology.

Expression of Interest to solicit the response of industry is under preparation.

Comments of the Committee

(Please see recommendation para No. 19 of Chapter-I)

Recommendation (Para No. 16)

The Indian Railways used to offer a 40 per cent discount in fares to males aged 60 years or above and for females, a 50 per cent discount was given if the minimum age was 58 years. These concessions were granted in the fares of all classes of Mail / Express/Rajdhani/Shatabdi/Duranto group of trains. By the time, the Ministry had introduced 'Forgo Senior Citizen Concession Option' and the option was given to senior citizens who wanted to contribute towards national development. The concession for senior citizens was withdrawn on 20th March, 2020 in wake of the spread of Covid-19 pandemic. From the information furnished, the Committee note that the Covid situation has now been normalized and the Railways have achieved normal growth. The Committee, in their 12th Action Taken Report (17th Lok Sabha) on Passenger Reservation System had also desired that the concessions to senior citizens which were available in pre-Covid times may be reviewed and considered at least in Sleeper Class and 3A Class so that the vulnerable and genuinely needy citizens could avail the facility in these classes. The Committee, therefore, reiterate their earlier recommendation contained in their above said Report and urge upon the Railways to consider empathically for resumption of concessions in fares to sr. citizens particularly in Sleeper Class and 3A Class under intimation to this Committee.

Reply of the Government

Covid-19 Pandemic has adversely affected the financial condition of Railways. Government gave subsidy of Rs.59,837 crore on passenger tickets in 2019-20. This amounts to concession of 53% on an average, to every person, travelling on Railways. This subsidy is continuing for all passengers. Further concessions beyond this subsidy amount are continuing for many categories like Divyangjans, students and patients.

CHAPTER – III

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

-NIL-

CHAPTER – IV

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

Recommendation (Para No. 11)

The Committee note that the Net Revenue is the excess of Railway receipts over expenditure. This increases or decreases at various budgetary stages during a year depending upon the volume of receipts and expenditure as estimated or accrued in each budgetary stage. The Committee observe that the net revenues of the Railways witnessed a drastic downward trend since 2020-21 except in the year 2014-15 when it witnessed 8.20% increase (Rs. 16452.59 cr. At RE) over the BE of Rs. 15,198.74 cr. During the last five years i.e. with effect from 2018-19 onwards, the RE were reduced to more than 50% and the actuals were far behind from the RE in all these years. In this regard, the Ministry have reasoned that the Railways were not able to appropriate requisite amount to Pension Fund from its revenue. Also there was an adverse balance of Rs. 28,398 cr. in Pension Fund to the end of 2019-20. In 2020-21 and a special loan of Rs. 79,398 cr. was appropriated in Pension Fund. The Committee note that the Net Revenues of the year 2021-22 was Rs. (-)15,025 crore due to sharp rise in staff cost pursuant to implementation of 7th Central Pay Commission in 2016-17 and 2017-18 and the adverse impact of pandemic during 2019-20 to 2021-22 which have limited the Railways ongoing efforts for enhancing net revenues. The Committee are happy to note that in the year 2022-23, pursuant to recovery in Railways trend of receipts, the net revenue target has been kept at Rs. 2393 cr. against Rs. (-) 15025 crore compared to the corresponding period of 2021-22. Also, the Railways are taking measures on a continuous basis to improve the financial position and net revenues. Notwithstanding the measures proposed to be taken to improve the financial position and net revenues, the Committee strongly feel that it is imperative on the part of the Railways to keep the targets for Net Revenue realistic and strive for achieving the same. They, therefore, recommend to the Ministry to institute such remedial measures so as to plug any leakages and stem the trend of declining net revenue and at the same time finding ways and means to generate and augment rail revenues. The Committee would also like to suggest to the Ministry to rigorously and sternly monitor the revenue receipts on a regular basis in order to ensure optimal achievement of proposed targets.

Reply of the Government

Hon’ble Committee is aware that Railways’ capacity to generate Net Revenue was hampered in 2016-17 and 2017-18 due to the sharp increase in staff cost and pension expenditure pursuant to implementation of recommendations of 7th Central Pay Commission without commensurate growth in traffic revenues. With stabilization of working expenses and picking up of railway revenues, the year 2018-19 saw some improvement. But due to adverse impact of Covid-19 pandemic, Railways capacity to generate Net Revenue has been severely hampered in 2019-20, 2020-21 and 2021-22.

Railway receipts and expenditure are monitored on regular basis at the highest level and course corrective steps are instituted for any shortfall/excess from the target.

Comments of the Committee

(Please see recommendation para No. 13 of Chapter-I)

CHAPTER – V

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

-NIL-

NEW DELHI:
07 August, 2023
16 Sravana, 1945 (Saka)

RADHA MOHAN SINGH
Chairperson,
Standing Committee on Railways

ANNEXURE

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2022-23)

The Committee sat on Monday, the 07 August, 2023 from 1500 hrs. to 1530 hrs. in Committee Room No. 2, Parliament House Annexe Extn., New Delhi.

PRESENT

Shri Radha Mohan Singh - Chairperson

MEMBERS

LOK SABHA

2. Dr. Farooq Abdullah
3. Shri Ramesh Chander Kaushik
4. Shri Kaushlendra Kumar
5. Ms. Diya Kumari
6. Shri Dhairyasheel S. Mane
7. Smt. Jaskaur Meena
8. Ms. Chandrani Murmu
9. Smt. Keshari Devi Patel
10. Shri Mukesh Rajput
11. Smt. Satabdi Roy
12. Shri Sumedhanand Saraswati
13. Smt. Sangeeta Kumari Singh Deo
14. Shri Gopal Jee Thakur

RAJYA SABHA

15. Shri Narhari Amin
16. Shri Ahmed Asfaque Karim
17. Shri Khiru Mahto
18. Smt. Phulo Devi Netam
19. Ms. Saroj Pandey

SECRETARIAT

1.	Smt. Suman Arora	-	Joint Secretary
2.	Md. Aftab Alam	-	Director
3.	Ms. Savdha Kalia	-	Deputy Secretary

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

I. Action Taken by the Government on the Observations / Recommendations contained in their 14th Report (17th Lok Sabha) on 'Demands for Grants (2023-24) of the Ministry of Railways.

II. xxx xxx xxx xxxx

The Committee adopted the above-mentioned Reports without any modification.

3. The Committee authorized the Chairperson to finalise and present the Reports to the Parliament.

The Committee then adjourned.

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x- not related to the Report.

APPENDIX

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 14TH REPORT (17TH LOK SABHA) ON "DEMANDS FOR GRANTS (2023-24) OF THE MINISTRY OF RAILWAYS"

Total number of Recommendations/Observations -		16
(i)	Recommendations/Observations which have been accepted by the Government –	
	Para Nos. 1,2,3,4,5 6,7, 8,9,10,12,13,14,15 and 16	15
	Percentage of total	93.75%
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies –	
	Para No. NIL	NIL
	Percentage of total	0%
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration –	
	Para No. 11	01
	Percentage of total	6.25%
(iv)	Recommendations/Observations in respect of which final replies are still awaited -	
	Para No. NIL	NIL
	Percentage of total	0%