15

INDIAN RAILWAY CATERING AND TOURISM CORPORATION (IRCTC)

MINISTRY OF RAILWAYS

COMMITTEE ON PUBLIC UNDERTAKINGS
2016-17

FIFTEENTH REPORT

(SIXTEENTH LOK SABHA)

LOK SABHA SECRETARIAT
NEW DELHI

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INDIAN RAILWAY CATERING AND TOURISM CORPORATION (IRCTC)

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Presented to Lok Sabha on 16th December, 2016
Laid in Rajya Sabha on 16th December, 2016

LOK SABHA SECRETARIAT
NEW DELHI

16 December, 2016/ 25 Agrahanaya, 1938(Saka)

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(2016-17)

Shri Shanta Kumar   -   *Chairperson*

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2.   Shri L.K. Advani
3.   Shri Ramesh Bais
4.   Shri Biren Sing Engti
5.   Dr. Khambhampati Haribabu
6.   Shri Kristappa Nimmala
7.   Shri Prahlad Patel
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SECRETARIAT

1.	Smt. Sudesh Luthra	-	Joint Secretary
2.	Smt. Anita B. Panda	-	Director
3.	Shri G.C. Prasad	-	Deputy Secretary
4.	Ms. Patricia Elizabeth Jacobs	-	Committee Assistant

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COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

Shri Shanta Kumar   -   *Chairperson*

MEMBERS
Lok Sabha

 2.   Shri L.K. Advani
 3.   Shri Ramesh Bais
 4.   Shri Pankaj Chaudhary
 5.   Shri Nand Kumar Singh Chauhan
 6.   Shri Biren Singh Engti
 7.   Shri Feroze Varun Gandhi
 8.   Dr. Kambhampati Haribabu
 9.   Shri Baijayant Panda
10.   Shri Prahlad Patel
11.   Shri Rayapati Sambasiva Rao
12.   Shri Ram Sinh Rathwa
13.   Prof. Saugata Roy
14.   Shri B. Senguttuvan
15.   Shri Sushil Kumar Singh

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18.   Shri Praful Patel
19.   Shri Rangasayee Ramakrishna
20.   Shri C.M. Ramesh
21.   Shri Tapan Kumar Sen
22.   Shri Ram Chandra Prasad Singh

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INTRODUCTION

1.   I, the Chairperson, Committee on Public Undertakings (2016-17) having been authorized by the Committee to submit the Report on their behalf, present this Fifteenth Report on 'Indian Railway Catering and Tourism Corporation' (IRCTC).

2.   The Committee on Public Undertakings (2015-16) had selected the above said subject for detailed examination. As the examination of the subject remained inconclusive during the term of the Committee on Public Undertakings (2015-16), the present Committee decided to carry forward the subject so as to complete the unfinished task.

3.   The Committee (2015-16) was briefed about the subject by the representatives of the Ministry of Railways on 7th January, 2016.The Committee on Public Undertakings (2016-17) took oral evidence of the representatives of IRCTC on 9th June, 2016.

4.   The Committee considered and adopted the Report at their sitting held on 14th December, 2016.

5.   The Committee wish to express their thanks to the representatives of IRCTC and Ministry of Railways for tendering evidence before them and furnishing the requisite information to them in connection with examination of the subject.

6.   For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi   **SHANTA KUMAR**
14 December, 2016   **Chairperson**
23 Agrahayana, 1938 (S)   **Committee on Public Undertakings**

ABBREVIATIONS

ACC	Appointments Committee of the Cabinet
AGM	Additional General Manager
AM	Assistant Manager
ARP	Advanced Reservation Period
AVM	Automatic Vending Machine
BNR	Bengal Nagpur Railway
Cert-In	Computer Emergency Response Team - India
CMD	Chairman and Managing Director
CPSE	Central Public Sector Enterprises
CVO	Central Vigilance Officer
DAM	Database activity monitoring
DBMS	database management system
DGM	Deputy General Manager
DPE	Department of Public Enterprises
ECoR	Eastern Coast Railway
EOI	Expression of Interest
FSSAI	Food Safety and Standards Authority of India
GGM	Group General Manager
HR	Human Resources
HWH	Howrah Railway Station
GM	General Manager
GRC	Grievance Redressal Committee
IR	Indian Railways
IRCTC	Indian Railway Catering and Tourism Corporation Ltd.
ISO/HACCP	International Organisation for Standards/Hazards Analysis and Critical Control Points
JGM	Joint General Manager
MoR	Ministry of Railways
MoU	Memorandum of Understanding
NCIIPC	*National Critical Information Infrastructure Protection Centre*
NDLS	New Delhi Railway Station
NGeT	Next Generation e-ticketing
NRC	Non-Railway Catering
OWASP	Open Web Application Security Project
PDW	Packaged Drinking Water
PII	Personal Identifiable Information
POI	President of India
PRP	Profit Related Pay
PSU	Public Sector Undertaking
QSFK	Quick Service Food Kiosk
RYN	Rail Yatri Niwas
SER	South Eastern Railway
WVM	Water Vending Machine

PART I

CHAPTER I

BACKGROUND ANALYSIS

I. INTRODUCTION

1.1   Indian Railway Catering and Tourism Corporation Ltd.(IRCTC) is a Public Sector Undertaking (PSU) under the Ministry of Railways. During 1999, in the context of reduced budgetary support and high cost of market borrowings, Indian Railways (IR) explored ways and means of maximising revenues, mobilising resources, reducing subsidies and stimulating private participation and investment in rail related infrastructure and services through various options including organisational restructuring and corporatisation. The need to commercialise and corporatise railway catering and tourism related business as a profit centre and cost centre was acknowledged as running of passenger services and allied amenities such as catering, hospitality etc., which had inbuilt subsidies by way of low tariffs, administered pricing, possible leakage of revenues and high establishment costs, were an important part of Railway's business.

1.2   Further, International consultants and multilateral agencies had also recommended that Indian Railways should corporatise and divest its catering and tourism related business in an independent entity as part of wider organisational reform and restructuring. The same was accepted by the Government and announced in the Parliament.

1.3   In this backdrop, IRCTC was incorporated on 27th September, 1999 as an extended arm of the Indian Railways to upgrade, professionalize and manage the catering and hospitality services at stations, on trains and other locations and to promote domestic and international tourism through development of budget hotels, special tour packages, information & commercial publicity and global reservation systems. The Company obtained Certificate of Commencement of Business on 2nd December 1999. The authorised share capital of the Company is ₹50 crore and paid up share capital is ₹20 crore, fully subscribed by Ministry of Railways, Government of India. The full-fledged functioning of the Company started on 1st August 2001, after setting up the functional Board. The registered and Corporate Office of IRCTC is at New Delhi.

1.4   Currently, IRCTC operates through the following offices and plants:-

- 6 *Rail Neer* bottling plants at Nangloi-Delhi, Danapur-Patna, Palur-Chennai, Ambernath-Maharashtra, Amethi-Uttar Pradesh and Parassala-Kerala;
- 1 central Kitchen at Noida;

- 4 Base Kitchens at New Delhi, Howrah, Ahmedabad and Patna;
- 5 Zonal Offices, namely, New Delhi, Mumbai, Kolkata, Chennai, Secundrabad;
- 10 Regional Offices, namely, Lucknow, Chandigarh, Jaipur, Bhopal, Ahmadabad, Guwahati, Bhubaneswar, Patna, Ernakulam and Bangalore;
- 1 Internet Ticketing Office, New Delhi;
- 1 Tourism office, New Delhi

II. ORGANISATIONAL SET UP

1.5   IRCTC informed about their composition of the Board of Directors as under:-

Dr. Arun Kumar Manocha	Chairman & Managing Director
Shri Mahendra Pratap Mall	Director (Finance)
Shri V. Sri Ram	Director (Catering Services)
Smt. Amritbir Kaur Brar	Director (Tourism & Marketing)
Shri Ranjan Prakash Thakur	Government Director
Shri B. Prashanth Kumar	Government Director

1.6   When asked if the composition of the Board of Directors of IRCTC meets the requirements of DPE guidelines, IRCTC stated that due to vacancy of 3 non-official/ Independent Directors since 19th July 2015 on the Board of IRCTC, the composition does not meet the requirements of DPE guidelines. As per DPE guidelines, there should be at least 1/3rd of Independent Directors on the Board of non-listed CPSE. With the completion of tenure of all the Independent Directors on 19th July, 2015, at present, there are no non-official/independent Directors on the Board. However, the Ministry has been apprised and requested to take necessary action to fill up the post of non-official/Independent Directors on the Board of IRCTC at the earliest.

1.7   Regarding the number of meetings held by the Board of Directors of IRCTC, the Company informed that the Board met for a total of 26 times in the last five years (2010-11 to 2014-15).

1.8   When enquired about the status of the process to fill up the vacancy of the Independent Directors on the Board of Directors of IRCTC during the briefing given by Railway Board on IRCTC on 7th January, 2016. In this regard, Chairman, Railway Board stated that:-

> *"Three posts of independent Directors are lying vacant. They are independent Directors who are appointed by Department of Public Enterprises and approved by ACC. That process is on. Incidentally I may mention that Screening Committee meeting is scheduled today afternoon for selecting the independent Directors and once it is done I think these posts will get filled up."*

1.9   Consequently, after deposing before the Committee on 9th June, 2016, IRCTC in their written reply submitted that the three posts were yet to be filled. It further elaborated that since as per Article of Association, the appointment of Directors vests with the President of India (POI) through Ministry of Railways (MoR), the Company has requested the Ministry accordingly. The

Ministry of Railways has sent the proposal for appointment of Independent Directors to DPE on 18th March, 2016.

1.10 When asked if the working of IRCTC was affected by the continuance of the abovementioned vacancies, the Company in their written reply drew attention to the Companies Act, 2013 and DPE guidelines which lay down the importance of Independent Directors on the Board of a Company. IRCTC reiterated the viewpoint that due to the vacancy of Independent Directors on the Board of IRCTC, the composition of the Board of Directors and Committees thereof was not in conformity with the provisions of Companies Act, 2013 and Clause 3.1.4 of Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE and the Company has not been able to disburse PRP for the year 2014-15.

III. OBJECTIVES OF IRCTC

1.11   The vision, mission and objectives of IRCTC are given below:-
Vision :

To be the leading provider of high quality travel, tourism and hospitality related services, for a range of customer segments, with consistently high level of customer satisfaction.

Mission :

IRCTC will establish itself as a leader in the area(s) of hospitality services, Travel and Tourism, packaged drinking water, and Internet Ticketing by providing value added products and services for passengers, tourists and other customers, targeting IR and Non-IR related services alike, building a resilient business portfolio that is scalable and based on core competence.

The specific objectives of IRCTC are:-

(i)   To provide high quality catering services directly as well as through network of professionally competitive licensees and franchisees.
(ii)   To be a significant player in the hospitality business.
(iii)   To produce bulk food manufacturing facilities like food factories etc.
(iv)   To provide high quality package drinking water (Rail Neer) to passengers in trains and at Railway stations.
(v)   To promote and market packaged drinking water in competitive market outside Railway premises under a different brand name or otherwise.
(vi)   To promote tourism across the country especially for all segments of Rail Passengers.
(vii)   To promote inbound travel mainly correlated to religious tourism thereby enhancing diplomatic initiatives through "people to people contact".
(viii) To provide single window solution to its customers including train travel, road travel, air travel, hospitality, hotel accommodation and catering etc.
(ix)   To develop and operate "post arrival and pre-departures services" at Executive Lounges, Multi-functional complexes, budget hotels   etc. through participation by professionals.
(x)   To maintain leading position in internet ticketing, e-commerce and technology for customers interface for railway passengers/ customers.

(xi)   To be a technology-driven customer-oriented Company through constant innovation and human resource development.

(xii) To promote private sector participation and expertise to improve quality of products and services.

(xiii) To imbibe strong customer friendly, professional and ethical work culture.

(xiv) To adopt strong Corporate Governance practices and best and transparent industry practices.

(xv)   To work towards creation of additional infrastructure on Railway or non-railway premises in their mandated line of business with a view to improve the Gross Block.

IV. HUMAN RESOURCE DEVELOPMENT

The sanctioned and actual staff strength of IRCTC as on August 2015 is given below:

Post	No. Of sanctioned posts	Staff in position
CMD	1	1
Director	3	3
CVO	1	1
GGM/CRM	23	17
GM	21	1
AGM	11	7
JGM	65	17
DGM	14	45
Manager	128	73
AM	32	34
Sr.Exe.	171	72
Exe.	11	20
Supervisor	994	529
Workman	1320	670
Total	**2795***	**1490**

* The posts have been kept in abeyance, after transfer of Catering to Indian Railways, in pursuance of Catering policy 2010

1.12   In the preliminary material, IRCTC also elaborated on the salient features of its recruitment policy.

I.   Objectives:

1)   To enable the Corporation to induct manpower in order to meet the Organizational objectives and needs, and;

2)   To obtain and retain the right human resources of appropriate skill, knowledge, aptitude and merit which will enable the Corporation to grow and develop into a premier Organization.

II.   Cadres and Induction Levels   Induction Level

a)   Hospitality (Catering and *Rail Neer*)   E4,E2, EO, S1, W1
b)   Travel and Tourism   E4, E2, E0, S1, W1
c)   IT & Technical cadre   E4,E2, E0, S1,
d)   HRD, Legal, General Administration   E4,E2, E0, S1,
       and Raj Bhasha, Legal

e)   Finance and Accounts   E4, E2,E0,S1,

III.   Mode of Recruitment:

- Direct recruitment on all India basis by means of open competition viz. Written test and interview in case of E2 and below and interview only for E4.
- Recruitment in E4 Level will be made in exceptional circumstances only with the approval of Executive Board of Directors.
- Permanent absorption from Indian Railways/various other PSUs in order to meet certain specialized requirement of the corporation in terms of absorption policy of IRCTC.
- Campus selection will be done in case of specialized skilled manpower requirement and for the post for which no past experience is required. However management may decide for campus interview in higher grades in case of exigency of service with the prior approval of Executive Board of Directors.

IV.   Process of Recruitment:
Recruitment to Corporation will be handled In-house or by any reputed agencies having experience in recruitment with the approval of Executive Board of directors.

V.   Reservation of Posts:
The Government directives of reservations for Scheduled Caste / Scheduled Tribes / Other Backward Castes / Physically Handicapped / Ex-Servicemen shall be followed.

VI.   Medical Examination:
Candidates finally selected for appointment will be sent for medical examination. No one shall be allowed to join the services of the Company unless he/she is medically examined and found fit by the concerned medical officer/Superintendent of the IRCTC nominated Hospitals. All internal candidates if selected will be exempted from medical examination.

VII.   Age Relaxation:
Relaxation of age will be as per Government of India guidelines issued from time to time.

VIII.   Fixation of Pay:
All appointments would be made on the minimum of the pay scale except in case of absorption.

1.13   When asked if any study had been conducted to assess the manpower requirement of IRCTC, the Company informed the Committee in a written reply that the manpower available in Catering department of IRCTC are being reviewed periodically and surplus staff of Catering department are being deployed in other departments of IRCTC viz. HRD, Tourism, IT etc. Consequent upon the implementation of the New Catering Policy 2010, all the catering activities were transferred to Railways which resulted in repatriation of deemed-Deputationists Catering Staff to Railways.

1.14   On being asked about its Human Resource Development policy, IRCTC submitted the following in their written reply:

Various Human Resource policies in IRCTC:-

- **Promotion:** IRCTC Promotion Policy with 3 years residency period in present grade

- **Wages and Leave** :   Allowances –Cafeteria Approach
  Performance Related Pay
  Leave Encashment annually

- **Welfare Schemes:**   Medical-Cashless in empanelled hospitals.
  Gratuity-applicable after 5 years of regular service.
  Group Insurance-Group Personal Accidental Insurance
  SBI Sampurna Suraksha Life Insurance

- **IRCTC Service Conduct Rules 2003**

- **IRCTC Discipline and Appeal Rules**

- **Incentives for Acquiring Higher qualification**

- **IRCTC Lease Accommodation Policy**

- **IRCTC TA/DA Rules**

1.15 When asked by the Committee about the steps taken to train its employees involved in catering and other related services, IRCTC, in the zreplies stated that Catering department employees are trained in various fields to enhance their job skills. Major areas of training are: Housekeeping Practices, Food Safety, Goods Storage Practices, Preventive Maintenance, Inventory control, ISO/HACCP awareness, Personal hygiene, Safety & Sanitation, Service Etiquettes, Nutrition, Fire-fighting, First aid, Handling customer complaints etc.

1.16 IRCTC have further informed that they do not have their own training institute. However employees are trained on need basis through reputed institutes. The details are as given below:

a.   Skill certification training programme conducted at Institute of Hotel Management, Pusa, New Delhi.
b.   Enterprise Risk Management training programme conducted at Faculty of Management Studies, Delhi University.
c.   MDP on Logistics and Supply Chain Management at G.D. Goenka University, Gurgaon.
d.   Trainer development program for catering staff at Institute of Hotel Management, Hyderabad.
e.   Training program on Leadership skill development conducted in association with M/s Know N Grow Ltd., Chennai.
f.   Training on Tax planning and digital banking at RO/ERS in association with HDFC Bank.
g.   National HR summit conducted by Institute of HRD, Bangalore.
h.   Executive diploma in Project Management conducted by International Institute of Program & Project Management, Noida, etc.

1.17 Asked if IRCTC plans to train and employ young people as hosts and hostesses to work in its lounges/retiring rooms/trains, IRCTC stated that it engages professionally trained hosts and hostesses to work in lounges/retiring rooms/trains from manpower service provider agency. The manpower service provider agency imparts them training from time to time as per service industry standards.

1.18   With regard to redressal of grievances of employees, IRCTC submitted as under that:-

"It is important that employees are treated fairly and receive prompt responses to grievance and concerns. For this reason, the IRCTC provides a grievance procedure to promote prompt and responsible resolution of issues raised by staff. This procedure is being used without fear of retaliation, and Department of Human Resources is available to assist throughout the procedure. Even imaginary grievances are given due care and redressed with equal weightage."

CHAPTER II

PRESENT BUSINESS ACTIVITIES - CORE SERVICES OF IRCTC

2.1   The Committee have been informed that IRCTC while discharging its mandate, has made a significant mark in its passenger-services oriented business lines like setting up of Food Plazas on Railway premises, E-catering, *'Rail Neer'*, Rail Tour Packages and Internet Railway Ticketing bringing great deal of professionalism into the operations. IRCTC has also ventured into Airline Ticketing, Domestic air packages, Executive Lounges, Online Hotel Booking, catering to Ministries and Institutes, e-Retail etc.

2.2   The various passenger related services of IRCTC's business portfolios are organized into "segments" viz., Catering Services, Internet Ticketing and allied Information Services, Tourism Services and packaged drinking water (*Rail Neer*).

I. CATERING BUSINESS

2.3   The business vertical of Catering and Hospitality is limited to Food Plazas, Food Courts and Fast Food Units on the Railways. IRCTC provides comprehensive catering services at various offices & Institutions and also provides/organises sophisticated professional catering services at high-end events and functions.

   The catering and hospitality segment of the Company is segregated into:

- Railway Catering & Hospitality: Railway catering includes, Departmental Catering, Mobile Catering, Static Catering like Food Plaza, QSFK & Jan Ahar, Executive Lounges, Budget Hotels and Rail Yatri Niwases, Central Kitchen, Base Kitchen etc.

- Non-Railway Catering (NRC) & Hospitality: Non-Railway Catering includes, Institutional Catering, Office Catering, Event Catering and Management, Facility Management, Guest House Management, Housekeeping services, Consultancy Services Food Courts, Kiosks etc.

2.4   The catering services of Indian Railways were entrusted to IRCTC after issuance of Catering policy 2000. All the catering units over Indian Railways i.e. static units (at stations) and mobile units were hived off to IRCTC.

2.5   IRCTC managed the catering services both through licensee as well as departmental mode and converted catering services a profitable non-core activity of Railways. Later, under the new catering policy issued in 2010, all catering business except Food Plazas, Fast Food units and Food Courts were taken over by Railways. After handing over the catering services back to Railways, IRCTC is only managing catering services on a limited number of mobile units, both through departmental and licensee modes. Further, Ministry has also instructed that

IRCTC will continue to manage other catering units at Railway stations and mobile units, till the Zonal Railways are in position to take over the same. Now, Ministry of Railways has also decided that Suvidha trains will also be managed by IRCTC.

2.6 Presently, IRCTC is managing following units on Indian Railways, as on 30th September, 2015:

☐ Food Plazas and Fast Food units	= 186 units
☐ Catering services on board trains	= 50 trains
☐ Suvidha trains	= 01 trains
☐ Base Kitchen	= 04 Kitchens
☐ Jan Ahaar	= 13 units
☐ Refreshment Rooms	= 03 stations
☐ Other minor units	= 113 units

2.7 When asked about the number of trains and routes which are catered by IRCTC, the PSU submitted that at present, onboard catering services in 79 trains are being managed under IRCTC.

2.8 Regarding the reasons for the introduction of the Catering Policy 2010. IRCTC in its post evidence replies explained that the new Catering Policy was introduced with effect from 21st July, 2010 with the following objectives:-

(i) To provide hygienic, good quality affordable food to the travelling public by adopting best trade and hospitality industry practices;

(ii) To provide catering services in a socially responsible manner from the least advantaged passenger to the relatively affluent; and

(iii) To meet all the social objectives of the Government, including provision of reservations as per Government Directives issued from time to time.

The salient features of the Catering Policy 2010 are as under:-

- In a paradigm shift, management and monitoring of all catering services (except Food Plaza, Food Courts and Fast Food Units) shifted from Indian Railways Catering & Tourism Corporation (IRCTC) to Zonal Railways so as to leverage Zonal Railways' vast and elaborate all-India network to effect a thorough supervision and control over catering activities.

- IRCTC to be responsible for managing the catering services at Food Plazas, Food Courts and Fast Food Units.

- Zonal Railways shall have an effective and transparent contract awarding, management and monitoring system.

- Emphasis to ensure availability of quality food for not-so-affluent classes of passengers by provision of Janta food, Jan Ahaar (economy combo-meals) and affordable regional cuisine.

- Supervision and monitoring strengthened by the zonal railway by deploying railway personnel to check quality and hygiene and take corrective actions including imposition of stringent penalties.

- Standard Bid Document for allotment of contracts has been designed with detailed parameters to ensure quality and hygienic food is supplied to passengers.

Quality Assurance Mechanism through Third Party Audits to ensure quality of catering services.

II. BASE KITCHENS

2.9   When asked about the number of base kitchens/mini-base kitchens run and operated by IRCTC at various Railway stations across the country, IRCTC stated that 4 (Four) Base Kitchens at New Delhi, Howrah, Ahemdabad and Patna are being run and operated by IRCTC at various Railway stations across the country. The Base Kitchens at New Delhi (NDLS), Howrah (HWH) and Patna (RJPB) Railway Stations under IRCTC are ISO-22000:2005 certified and supply high quality meals to the departmental trains however, since Railways is managing catering service on almost all trains, only few trains are under IRCTC. Departmentally managed trains like Rajdhani/Shatabadi/Duronto are being provided meals from these Base Kitchens on daily basis.

2.10   On enquiring about the profitability of these base kitchens, IRCTC submitted in a written reply that currently all the 04 Base Kitchens under IRCTC are being managed departmentally and meals are being supplied to departmentally managed Rajdhani/Duronto trains, which are limited in number as the mobile units have already been handed over in 2011 to Railways as per Catering Policy 2010. The total turnover of the Base kitchens is ₹ 58 Crore & loss is ₹ 3 Crore.

2.11   In order to increase the efficiency & productivity output of the Base Kitchens, upgradation with emphasis on mechanization of processes has to be undertaken aggressively but, this exercise of capacity building needs permanent assignment of Catering services of all trains to IRCTC by Railways. IRCTC has already proposed the same to Railway Board.

2.12   When asked if the number of base kitchens currently in operation were adequate to cater to the demands of Railway passengers, IRCTC submitted that the number of Base kitchens currently in operation under IRCTC was inadequate. The Company has already identified 50 locations for setting up of base kitchens in phases and proposal has been sent to Railway Board. In addition to above, IRCTC has also proposed to set up Mega Central Base Kitchen at New Delhi Railway Station.

2.13   When the Committee enquired during the evidence of IRCTC about the reason for the distance between some base kitchens and stations, IRCTC replied that the setting up of Base Kitchens in the railway premises or near the stations depends upon the availability of land/suitable space.

2.14   On being asked whether the distance between the base kitchens and railway stations affects the quality of the food or the cost of the food served by IRCTC, the Company stated that the impact of distance of base kitchen between railway stations on cost is directly proportional taking into the cost towards logistics & handling of meals.

III. FOOD PLAZAS AND FAST FOOD UNITS

2.15   Details of the number of catering units, AVM Kiosks / Milk Stalls, Food Plaza / Fast Food Units which were given licenses / awarded contracts for their operation during the last five years of:

Sl. No.	Type of Unit	Details of Last Five Years					
		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.	AVM	7.22 Cr. (116 units)	IRCTC has transferred all licensee static units to respective Zonal Railways except Food Plaza & Fast Food Units as per Catering Policy 2010				-
2.	Milk Stalls	1.25 Cr. (1 unit)	-				-
3.	Food Plaza / Fast Food Unit	9.87 Cr. (63 units)	10.57 Cr. (73 units)	13.44 Cr. (88 units)	20.32 Cr. (136 units)	25.82 Cr (176 units)	15 Cr. (51units)

2.16   During the oral evidence of IRCTC, the Committee also expressed concern over the possibility of monopoly in securing of contracts for the catering of food through IRCTC. When asked to explain the working of the licensee catering system including the method and criteria utilised for the selection of caterers, IRCTC submitted in a written reply that IRCTC awards licenses of Food Plaza and Fast Food Unit under two packet open tender system. In terms of Catering Policy 2010 the tenure of Food Plaza is 9 year and further extendable to 03 years where as the tenure of Fast Food Unit is of 5 year with no extension.

2.17   With regard to the process of tendering for IRCTC's catering activities, IRCTC in a written submission further elaborated as follows: -

"IRCTC awards licenses of Food Plazas and Fast Food Units under two packet open tender system. In terms of Catering Policy 2010 the tenure of Food Plaza is 9 year and further extendable to 03 years where as the Tenure of fast Food Unit is of 5 year with no extension.

For Competitive Bidding process under two packet tender system, Bids are invited from the bidders by publishing NIT in leading news papers as well as IRCTC & CPP Portal. After submission of Bids, documents submitted by the applicant are scrutinized on eligibility criteria of tender document.

The applicants who become qualified in technical criteria (Pkt A) are invited for opening of Financial Bid (Pkt B). The financial Bid (Pkt B) is opened in the presence of qualified bidder. The bidder who quotes highest license fee p.a. is considered as successful highest bidder and letter of Award of license is issued to them."

2.18   When asked if IRCTC has registered caterers with it and the terms of the system of registration, IRCTC replied that

"The Company does have a system of registration of caterers. It has floated Expression of Interest for empanelment of service providers for onboard catering services in trains, the EOI document is available on website & the process is open throughout the year. 15th of every month is cut-off date for each month. The empanelment, subject to other conditions, is for a period up to 14th September, 2019. There are detailed terms & conditions including the term of the license & its validity."

2.19   Asked   if   the   Company   plans to open new food outlets/canteens at various railway stations, IRCTC stated:-

"Management of Food outlets / canteens at Railway stations are within the competency of Zonal Railways. IRCTC has awarded 125 licences for Food Plaza and Fast Food Units at various Railway stations, which are at the various stages for commissioning. Zone wise details of such units are as under:-

Zonal Railway	Food Plaza/Fast Food Units to be opened (Nos.)
SER	2
ECoR	3
ECR	8
ER	7
NFR	8
SECR	5
CR	10
WR	11
WCR	2
NR	22
NCR	6
NWR	5
NER	14
SR	7
SWR	10
SCR	5

IV. E-CATERING

2.20   The pilot project for e-catering by IRCTC was launched in compliance to Budget Announcement of 2015-16 with the objectives to facilitate passengers to book meals of their choice. The pilot project has been extended from time to time to cover more number of trains on Indian Railways. Presently, 1520 trains have been approved for e-catering. Now, it has been decided by the Ministry of Railways to proliferate this scheme on the station so that passengers are able to get pre-ordered meals of their choice at stations. In the 1st phase, the pilot project is to be undertaken by IRCTC to start e-catering services on 46 numbers of major stations. These

stations are Howrah, Sealdah, Guwahati, New Jalpaiguri, Patna, Bhubaneshwar, Vishakhapatnam, Mugalsarai, Kanpur Central, Lucknow Junction., Varanasi, Jaipur, Bilaspur, Kharagpur, Allahabad, Lucknow (NR), Gorakhpur, Anand Vihar Terminal, Hazrat Nizamuddin, New Delhi, Delhi, Amritsar, Chandigarh, Ludhiana, Secunderabad, Tirupati, Vijayawada, Chennai Central, Chennai Egmore, Ernakulam Junction, Calicut, Madurai Junction, Thrissur, Tiruvananthapuram Central, Bengaluru City, Yesvantpur, Nagpur, Pune, Agra Cantt., Gwalior, Jhansi, Bhopal, Ahemdabad, Mumbai Central, Surat, Vadodara. Accordingly, IRCTC has launched station based e-catering.

2.21   In the briefing given by the Railway Board to the Committee on 7th January, 2016, the Chairman, Railway Board explained the rationale behind the introduction of the e-catering scheme as follows:-

> *"One area where we are weak is that we are unable to provide catering on all trains. We are able to give this service on only 300-350 trains. Pantry car is also not available on all trains. That is why we have introduced the e-catering scheme. On those trains where we could not provide catering because of lack of pantry car, i.e. around 1,520 trains we have introduced e-catering. Then we saw that even on trains where there are pantry cars, there are many passengers, even high end passengers who want pizzas or Haldiram food products - so for this we have tied up with many food chains. As on date, there are 45 designated stations, where even if there is pantry car on train or not, food delivery is available. Food is delivered via e-catering, through the PNR number of the passenger. This service has just been recently introduced, that is why the penetration of the service is not that much, but we are hopeful that in 3-4 months, i.e. after 6 months it will be quite popular."*

2.22   When the Committee enquired about the response of consumers to IRCTC's e-catering scheme, during its evidence on 9th June, 2016, the Company in a written reply submitted that the response of consumer to IRCTC E-catering scheme is satisfactory. The average number of meals booked per day is given as under:

Month	**Total No. Of Meals booked**	**Average Meals booked per day**
Oct-15	9274	299
Nov-15	12453	415
Dec-15	19804	639
Jan-16	22287	719
Feb-16	20450	705
Mar-16	41345	1333
Apr-16	56726	1890
May-16	113035	3646

2.23   IRCTC also elaborated on the working of the e-catering system and its implementation
stating as follows:-

"E-catering project was launched as a pilot project by IRCTC with the objective to
facilitate passengers to book meals of their choice. The pilot project has been extended
from time to time to cover more number of trains on Indian Railways. Based on
response/feedback received from the passengers and the need to ensure provision of
catering services to travelling passengers, it has been decided by the Ministry of Railways
to proliferate this scheme on Stations so that passengers are able to get pre-ordered
meals of their choice at stations. Presently, station based e-catering is allowed at 409 A-1
& A Class Stations.

IRCTC has established a call centre and has also operationalized E-catering
website www.ecatering.irctc.co.in and Mobile Application for booking of orders by
passengers. Passengers can now pre-order the meal from the different options available
as per the choice, for delivery at the opted stations through the e-catering (website/Mobile
App & phone/SMS call centre). The mode of payment in e-catering shall be Pre-paid i.e.
online payment as well as Cash on delivery (CoD) basis. The shortlisted vendor shall
deliver the pre-ordered meal to customer at the opted station. The opted meal shall be
communicated to the Vendor through SMS as well as email at the time of booking and
also again at about 2 hours in advance of delivery time (Delivery time is the train arrival
time on a particular station).Vendors/Food Aggregators/Self Help Groups will issue the
invoices to passengers for both Pre paid orders and CoD orders."

2.24   When asked if the scheme had accrued any significant revenue to IRCTC, the PSU
submitted that the scheme is still in its nascent stage. The revenue generated by IRCTC
through e-catering is given as under:

Period	Total Meals Delivered	Total Amount	Total Margin
2015-16	137893	₹1.74 Crore	₹12.76 Lakh
April'2016	56490	₹67.30 Lakh	₹4.92 Lakh
May'2016	95308	₹99.92 Lakh	₹7.04 Lakh

2.25   The Committee further enquired if IRCTC had devised a system to ensure timely
delivery of food through e-catering system to rail passengers. In this regard, IRCTC has stated:-

"The Company partners with vendors/ food aggregators/Self Help groups, whose
order is booked by the passenger and is communicated through SMS, E-mail, Vendor
Mobile application. Vendors are reminded of the order by call centre, reminder SMS
twice, a day prior to the scheduled delivery and on the day of delivery. Vendors are
provided with passenger mobile number to get in touch with him. The Call centre
facilitates the vendor regarding train running position. Delivery staff of the vendor are
provided with platform entry permits to ensure the free movement within the station
premises for delivery of food.

IRCTC also communicates (through mail & telecom or any other means) the
details of the meal item/s, quantity, station, train, name of passenger/s, coach/berth,
contact number etc. to the Vendor for proper delivery of meal in time."

2.26   The Committee were particularly concerned with regard to safety of passengers and
their baggage during the process of delivery of food by non-Railway personnel under the e-

catering system. They expressed apprehension about the safety of the luggage of passengers in general when personnel from e-catering vendors enter train compartments to deliver food. When asked about the steps taken to ensure that no untoward incidents occur during delivery under the e-catering system, the Chairman and Managing Director of IRCTC, during the evidence of IRCTC, submitted before the Committee that:-

"Railways issue passes (to the delivery personnel of e-catering vendors et al.) only after a lot of scrutiny and verification. Apart from this, we have also involved (food) aggregators who will utilize one designated person to bring (food) from several different agencies."

2.27   On the matter of safety of passengers, IRCTC in its post evidence replies further elaborated on the steps taken by it to ensure safety of passengers and their baggage vis-à-vis entry of food delivery personnel booked via e-catering as under:-

"The pre-ordered meals are supplied by the delivery boys authorized by Railways/IRCTC for delivery of meals booked through e-catering. The delivery persons are required to carry Identity Card/Authority issued by Divisions for entry into railway premises.

While finalising the EOI document of Vendors/Food Aggregator the credentials of the applicant company are scrutinized and only reputed organization which fulfill the laid down criteria are empanelled. IRCTC keeps a specific amount as Security Deposit as well.

According to IRCTC, these are reputed Vendors/Food Aggregators and in a business of delivering the food. Also, IRCTC keeps a check on the behavior of the delivery staff by taking feedback from e-catering customers."

2.28   During the evidence of IRCTC, when the Committee further suggested the creation of kiosks for receiving food booked via e-catering system to be delivered on the arrival of the intended trains and their passengers by IRCTC or Railway personnel or the setting up of food kiosks by reputed food chains at the railway stations, the CMD, IRCTC replied as follows:-

"In the long term, we will create kiosks, where everyone will deliver their food and we will deliver it through one or two persons. If the load of delivery is more, then we might employ more people under this."

2.29   However, in its post evidence replies, IRCTC has stated that it is not planning to establish a kiosk for the delivery of food to trains. The need would arise if deliveries increase manifold at any given station. The option of establishing kiosks at stations would then be explored.

2.30   One of the major concerns raised by the Committee on the working of IRCTC was the quality of food supplied to customers and passengers. When asked if the food supplied by IRCTC through food outlets at railway stations as well as on board trains was of the highest standards, the Company submitted the following information in this regard: -

a) ISO certifications of Base Kitchens/units -
The Base Kitchens at NDLS, HWH, RJPB and Central Kitchen /Noida are ISO 22000:2005 certified. These kitchens are following very stringent norms for maintaining hygiene. ISO 22000:2005 is a system based on monitoring Food Safety Hazards. Base Kitchen /Ahmedabad is also under ISO 22000:2005 Certification.

Further five Non-Railway Catering units, 3 mobile units, 131 Food Plazas/Fast Food Units and IRCTC Complaint Management System are also ISO certified.

b) *Customer Satisfaction Survey*:
Customer satisfaction surveys are conducted in IRCTC managed Trains and Food plaza/FFU at railway stations regularly by reputed Third Party Agencies. These surveys are carried out twice in a year and based on reports received, suitable changes are effected, if necessary.

c)*Passengers' feedback***:
IRCTC is also conducting passenger feedback survey for railway services like, quality of food served in trains, cleanliness at stations, cleanliness in trains, trains punctuality, comfort of air conditioner cooling and quality of bed rolls. On daily basis, about 1,00,000 passengers are surveyed through interactive Voice Response System(IVRS)

d) *Food Audits:*
Food Safety & Hygiene audits are being conducted regularly in Base Kitchens, Departmental Trains and Food plaza/FFU by Third Party Auditors Food audits for trains are also carried out by Third Party Auditors. Based on Audit reports short, medium and long term action plan are formulated and monitored for implementation by Zonal Authorities.

e)*Regular inspections of kitchens by Officials*:
A schedule of regular inspections at various levels is in place in the organization.

f) *Testing of food samples*:
Regular microbiological testing of food samples is being conducted by IRCTC, through in-house and NABL approved labs.

g) *Central Control*:
In order to monitor the quality of catering services overall, Central Control has been set up at New Delhi which is fully equipped with Phone, Fax, PC with broadband connectivity and scanner and is operational round the clock. All the Zonal Offices are also having Zonal Control Offices to monitor the quality of catering services. In case of any abnormality in train operation, control offices inform all concerned service provider for making provision of catering services, so as to avoid any public complaint.

h) *Short Listing Of Suppliers:*
Short listing of suppliers have been done for all PAD items identified for Mobile catering. Special privileges as per Government Policy are extended to SSI units registered with NSIC. The Brand is shortlisted after fulfilling the eligibility criteria and inspection of manufacturing facility.

In our endeavor to serve best quality standard food products, reputed leading brands of PAD and NPAD have been short listed to supply these products over IRCTC network. In addition B2B and retail Chains are shortlisted for supply of grocery items.

i) *Centralized Rate Contract:*
In order to ensure availability of reputed branded products in various segments including Biscuits, Aerated drinks, Chips, Packaged Drinking Water, Cakes and Namkeens, Rate

Contracts have been awarded to the short listed National players. This is aimed at making reputed/branded quality products available to the passengers.

V. *RAIL NEER*- PACKAGED DRINKING WATER

2.31   In the preliminary material provided to the Committee, IRCTC informed that the supplementary business segment to its catering operations - *Rail Neer* - was conceived in 2003-04 with a view to enter into the bottled water (Packaged Drinking Water - PDW) business on Indian Railways where a multiplicity of players existed with no regulatory mechanism in force. IRCTC took the policy route to build and operate rather than the franchising route and have therefore committed substantial investible resources in this business.

2.32   IRCTC has 06 (six) *Rail Neer* Plants under operation. The locations of *Rail Neer* Plants are Nangloi (Delhi), Danapur (Bihar), Palur (Tamil Nadu), Ambernath (Maharashtra), Amethi (U.P.) and Parassala (Kerala).

2.33   When asked if there were any plans of expansion, IRCTC stated that at present, there is no plan to expand the capacity of the existing plants. However, to make availability of *Rail Neer* at other parts of Railway Network, *Rail Neer* Plants at Parassala (Trivandrum) and Bilaspur (Chhattisgarh) have been constructed and some more company owned as well as PPP plants are in planning stage in different parts of the country.

2.34   The two plants under operation at Amethi and Parassala (near Trivandrum) are under PPP mode. Amethi plant was made operational in June'2015 and Parassala in March'2016. Each plant has an installed capacity of 72,000 bottles per day. Amethi plant supplies *Rail Neer* to central and eastern parts of Uttar Pradesh, whereas Parassala plant supplies *Rail Neer* in Kerala.

Details of the annual sales of *Rail Neer* for the last five years are mentioned below:

S. No.	Year	Annual Turnover (Crore rupees)
1	2010-11	43.16
2	2011-12	58.08
3	2012-13	70.80
4	2013-14	87.48
5	2014-15	95.37
6	2015-16	131.61

2.35   During the evidence of IRCTC, the CMD elaborated on the challenges of producing and distributing *Rail Neer*:-

> *"This year we are going to set up 2 plants, 3 plants next year, and apart from this, more Rail Neer plants are to be set up. Making and distributing Rail Neer has some*

procedural problems. The budget approval for this was made 10 year ago. To make this, we need railway or state level land. There are some places where we did not get land. Tenders have been finalised but land is not becoming available, like in Lalitpur near Ambala. It takes one to two years to make a Rail Neer plant. The third problem which we face is the parallel drinking water packaging companies in the market - their interest is also there...like you have mentioned that some raids have also taken place and instead of Rail Neer they carry other kinds of water. Sir, Rail Neer is cheaper than other packaged drinking water in the market. When we plan for the expansion of Rail Neer, we have to see our existing plants and the amount of sale. Rail Neer is supplied to the contractor by us in exchange for payment. The contractor is not interested in taking Rail Neer because the duplicate is available in the market. There is more margin of profit there and that is why we have difficulties. After the recent raid, our sales have increased. We are able to meet 20 per cent of the demand of the passengers through Rail Neer. One and a half years ago, we set up a 2 lakh bottles per day plant in Ambernath near Mumbai and in Thiruvananthapuram one plant was commissioned and in Nagpur, Bilaspur we shall do so this year. You may have read the newspapers last month of a case in the Supreme Court in which Solicitor General was summoned, I had also gone. This was because of the Railways direction that only Rail Neer would be sold at Railway stations. The view of the litigants was that a sample check had been done in the Mumbai area in which they did not find something right. We were informed two and a half months later, when the time for us to appeal had lapsed. We informed the Supreme Court that since we had tested the same batch of water so that is why we found it right. That is why with great difficulty the Supreme Court gave a stay order for the Mumbai Central railway. The profit margin is very high and such problems turn up in packaged drinking water so we try to move forward and work in spite of such obstacles. When we make Rail Neer, we discuss with railway board which stations are to designated where only Rail Neer water will be supplied a hundred per cent. We have land in Dasna near Hapur where we are trying to build. Wherever we get railway or state land, we will try to build. I would like to say that our water meets WHO standards, according to the European community. Among the packaged drinking water brands in India, quality wise Centre for Science and Environment did a test two three years ago, then we were ranked third and Consumer Voice magazine survey sometime back we were named among the top 6. There is no compromise in our quality. Having less lead in the market, our profit is also less. But we are constantly trying to increase it as much as possible."

2.36   When asked about steps taken by IRCTC to address problems due to sale of spurious/fake bottles of *Rail Neer*, the Company submitted in its post evidence replies that supervision and monitoring has been strengthened to check the circulation of fake/spurious packaged drinking water bottles. As a pilot project, bottles shredding machine was installed at Ahmedabad railway station by an NGO with its own cost and manpower. IRCTC is planning to provide such machines at more stations. Passengers are being made aware to destroy empty *Rail Neer* water bottles after use.

VI. WATER VENDING MACHINES (WVMs)

2.37   A novel scheme of the Ministry of Railways and IRCTC is the provision of Water Vending Machines launched this year. In this regard, the following was informed to the Committee:-

"Vide Commercial circular No. 36 of 2015 dated 16.06.2015, Railway Board issued guidelines for installation and operation of Water Vending Machines by IRCTC to provide purified, chilled & potable drinking water to railway passengers at extremely cheaper rate (@ ₹5/- per 1 litre) thereby reducing pollution on account of lesser consumption of plastic bottles & generating employment.

IRCTC has already awarded licenses for installation of 2300 numbers of machines over Indian Railways with a target of installing all the machines by March-2017 (tenders for another 700 nos. are in process).

    i. Type of stations covered in first phase- A1, A, B & C categories
    ii. Stations identified – 1200 nos.
    iii. Total no. of clusters consisting of one or more divisions – 58
    iv. No. of WVMs planned for installation – 3000
    v. Average annual License fee per WVM – 1.0 lakh (approx.)
    vi. Till 19th June, 2016, 300 nos. of Water Vending Machines have been commissioned over 18 divisions. Now onwards, it is targeted to commission 250 numbers of WVMs every month.
    vii. Tenders for installation and operation of 2000 WVMs over D & E categories of stations are in process.
    viii. The average sale per machine at A1 & A category stations –500 lts per day (approx).
    ix. The likely employment generation would be around 20,000 nos."

2.38 While the Committee commended the aim of IRCTC to reduce dependence on bottled water and the incidence of discarded plastic bottles which can harm the environment they desired to know about steps being taken to ensure that no waste is generated in the use of WVMs, through the dispensation of water via plastic or thermocol cups. In this regard, IRCTC stated that the waste water is collected in a tank which is used for platform cleaning. The used cups and bottles are collected in the dustbins provided nearby WVMs and further disposed off along with other wastages by Railways.

VII. IRCTC HOTELS AND EXECUTIVE LOUNGES

2.39 IRCTC is currently managing properties under Budget hotels section on Licensee Model at 04 locations as mentioned below:

1. Rail Yatri Niwas/ New Delhi Railway Station.
2. Rail Yatri Niwas/Howrah
3. BNR Hotel/Puri
4. BNR Hotel/Ranchi

Name of Property/ Budget Hotel	Division	Railway	IRCTC Zone
RYN/NDLS	DLI	NR	North Zone
RYN/HWH	HWH	ER	East Zone

2.40 However, the Committee Members observed that Rail Yatri Niwas in Ranchi and Puri typically have high room charges and should hence not be termed as budget hotels. In this regard the Chairman, Railway Board submitted as follows:-

> *"A point was made regarding budget hotel and stating that Ranchi can by no means be said to be a budget hotel. It is a very costly hotel, maybe costlier than a five star hotel. Railway has two hotels, one in Ranchi and one in Puri. They are not today's creations. IRCTC was born in 2001. These hotels were opened by Britishers. They are very old hotels with elegant looks and very good cutlery. They have standards of almost a five star hotel. If we have used the word budget hotel for these two hotels, it is an incorrect nomenclature. These two hotel are run by Railways. These definitely cannot come in the category of budget hotels. We will definitely remove from the list of budget hotels."*

2.41   On the same issue, IRCTC further submitted in its post evidence replies, that the tariff charged by IRCTC Budget Hotel in Ranchi is very less if compared to other vicinity hotels offering similar facilities and budget hotels of IRCTC are fairly profitable. When asked if the Company took any special steps to promote its budget hotels, IRCTC stated that it provides Booking of budget hotels at www.irctctourism.com.

2.42   When asked about IRCTC's commercial tie ups with private enterprises, especially with regard to OYO Rooms and Amazon shopping which are prominent on IRCTC's website, the Company submitted that:-

> "To fulfill the Tourist/Passenger requirement of Budget Hotels, IRCTC has tied up with OYO Rooms (M/s Oravel Stays Pvt. Ltd.) for selling Online Hotels. For the purpose the technical support along with the Room inventory is supported by Oyo Rooms. The passengers can book Hotels across India in more than 160 cities. The commercials shared between IRCTC & OYO are 15% commission on fulfilled hotel booking and Rs 1.40 crore per month fix amount against using IRCTC Tourism selling platform, Technical Integration, Advertisement, Branding, Manpower etc. IRCTC OYO Rooms concept is in liked by the passengers and the demand of budget hotels is growing.

> IRCTC has tied up with Amazon India to market the Amazon Products in the month of Feb 2015. IRCTC earned approximately 18 crore per annum through partnership. The project ended on 25th June, 2016.

> To enhance the security features of IRCTC website IRCTC has tied up with NLP Captcha on pilot basis to provide image based captcha in place of traditional text captchas. The project went live on 13th April 2016. The project is expected to improve the security of website and will also help in generating the additional revenue through advertisements on image captchas.

> In order to increase the additional revenue and to encash the strength of being one of the most visited website IRCTC has tied up with Google to provide banner advertisement from April 2014. IRCTC has earned approximately 18 crore annually through the project."

VIII. INTERNET TICKETING (E-Ticketing)

2.43   IRCTC was the first to start internet ticketing in India even before airline operators in the Country did so. It has been stated in the Annual Report 2014-15 of IRCTC that Internet Ticketing was launched in 2002. The Company had booked a mere 27 tickets on the first day of commencement of e-ticketing service in the country. After thirteen years, it has emerged as the

largest in the country with a record of 7.15 lakh tickets booked as on 27th August, 2014. On an average, more than 5.01 lakh tickets were sold daily through IRCTC's website during 2014-15.

2.44   The number of e-tickets booked, the number of passengers, the revenue collected and the amount of revenue generated through service charges by IRCTC in the last five years, i.e. from 2010-11 to 2014-15 is as under: -

(In lakhs)

Year	e-Tickets booked	No. of passengers	Revenue generated	Revenue generated through service charge
2010-11	969.11	1742.65	800716	13683
2011-12	1161.77	2099.91	949846	16278
2012-13	1406.88	2544.73	1241946	19758
2013-14	1579.82	2794.96	1541013	24761
2014-15	1830.22	3288.45	2062099	28445

2.45   The Committee observed that there is a general perception among the public that owing to heavy congestion in accessing IRCTC's e-ticketing site, purchase of rail e-tickets is very difficult. The problem is further compounded by the short log-in time window for booking tickets on the website which is inadequate and expires before purchase of tickets, particularly in the case of tatkal tickets. When questioned about this, IRCTC stated as follows:-

> "The demand of Tatkal ticket booking is very high and increasing day by day. The Next Generation e-ticketing system was implemented in Apr-2014 to cater the increased demand of Tatkal tickets. The capacity of 7200 tickets in a minute was planned for a span of five years. The capacity exhausted within one year itself and has further been expended by adding 5 new Itanium servers at integration layer and adding more storage space. System will now be able to book 15000 tickets in a minute with 3,00,000 concurrent connections and enquiry of 3000 per second. Further to take care of Tatkal load, Tatkal ticket booking start timings have been split with 10 AM as the booking time for AC Classes and 11 AM for Sleeper Classes.
>
> Due to less number of Tatkal tickets and heavy booking capacity of the System and simultaneous booking from PRS counters as well as website, important trains get filled up very fast. Due to demand and supply gap in Tatkal tickets there are dissatisfied customers those who do not get Tatkal tickets during Tatkal hour on internet.
>
> The Tatkal quota has been fixed as 30% of the capacity of the coach, to be rounded off to next higher number. The ratio of updation of Tatkal waiting list against cancellation of confirmed general accommodation is 1(General):2(Tatkal).

According to IRCTC, there is no average session time limit given to each subscriber/visitor for   purchase of e-ticket, however if no activity will be done by an user within 7 minutes after login then session will be timed out after 7 minutes during both peak and off seasons .

The average number of hits on IRCTC's website is 10 crore in a day and subscribers were 21 lakh in a day in August-2015. The average number of tickets booked was 5.5 lakh per day in August-2015. The share of Internet tickets is 55-60% out of total reserved rail tickets sales at present."

2.46   IRCTC also informed that unutilized Tatkal tickets are released to wait-listed passengers. Confirmed tatkal tickets can be cancelled but no refund is provided. Wait-listed tatkal tickets can be cancelled and refund is admissible after deducting clerkage charges. The Tatkal charges   are applicable on Tatkal tickets in addition to normal train ticket fare for that particular class and train.

2.47   When asked about the difference between Tatkal scheme and Premium Tatkal Scheme, the Committee was informed as under:-

"The main difference of Premium Tatkal scheme, with all other ticketing including the regular Tatkal tickets, is the dynamic nature of ticket cost similar to airlines. Premium Tatkal tickets are available only in selected trains. These trains are defined by railway. Normally 50% of the Tatkal quota is defined as Premium Tatkal Quota. While booking an e-ticket online, a user can select either Tatkal quota or Premium tatkal quota."

2.48   When asked about the remedial measures being taken by IRCTC to ease the network congestion and provide easy access for purchase of tickets on its site, IRCTC submitted that the following measures have been taken in this regard:-

1.   5 New servers have been added to integration layer to cater increased load.
2.   Storage space increased from 1 TB to 6 TB.
3.   Bandwidth is being increased as per requirement.
4.   System is being monitored regularly for updations.

2.49   The Committee then enquired if there is any quota of tatkal tickets which is made available for bookings by organisations/travel agents other than railway station booking counters and online booking considering the speed at which tatkal tickets are exhausted during the limited booking time window. In this regard, IRCTC stated that:-

"There is no such earmarking of separate tatkal ticket quota for organizations/ travel agents. Rather, travel agents are not allowed to book any opening Advanced Reservation Period (ARP, 120 days) tickets and opening tatkal tickets in the first half an hour of their opening, i.e. 8:00 to 8:30 hours; 10:00 to 10:30 hours and 11:00 to 11:30 hours."

2.50   Concerned about unscrupulous travel agents who book railway tickets at exorbitant rates, the Committee also enquired if IRCTC takes any action against such agents. In this regard, IRCTC stated that it has a system of authorized agents. A heavy penalty of ₹20,000 +

double the amount of overcharging is imposed, if any authorized agents of IRCTC is reported to have overcharged the customer and his booking ID is also blacklisted and cannot be used anymore for booking tickets through IRCTC platform.

2.51   They further informed as under:-

"Policy for appointment of Agents - Principal Service Providers is already in vogue and is available on the website www.irctc.co.in under 'Agents' links. Principal Service Provider in turn appoints Retail Service Providers. The details of IRCTC Authorised Principal Service Providers is also available on website www.irctc.co.in.

In the market, there are some unauthorized ticketing agents who carry on the business of unauthorized ticket selling. These activities are checked by zonal railways by the team of RPF, vigilance and commercial departments. Such persons are taken up by railways under section 143 of Indian Railway Act through GRP and Railway Magistrates. IRCTC does not have much role in this as such persons are not authorized by IRCTC. However, IRCTC helps railways if they require any information about suspected e-ticketing users involved in such activity. Users suspected to be involved in touting activities are also deactivated by IRCTC. About 94945 such users have been deactivated during the year 2015-16."

2.52   IRCTC also stated in the preliminary material furnished that till 31st March, 2015, the MoR had permitted IRCTC to collect nominal service charges of ₹10/- per ticket for non AC tickets and ₹20/- per ticket for AC tickets. For the year 2014-15, IRCTC has been asked to share it in the ratio of 20:80 with the Railways.

2.53   With effect from 1st April, 2015, the service charges were revised by the Ministry to ₹20/- for non-AC and ₹40/- for AC tickets, but with the proviso that from 2015-16 onwards the service charge revenues is to be shared 50:50 with the Railways. This could change further in the future depending on any revision in the policy from the Ministry of Railways.

2.54   On enquiring about the ticketing implication of the 50:50 revenue sharing between the Ministry and IRCTC, the Company submitted that the 50:50 sharing of service charge revenue between Ministry of Railways and IRCTC has come into effect since April 2015. IRCTC service charge has also been doubled w.e.f. 1st April 2015. There will be no impact on IRCTC revenue from e-ticketing business. However, this will reduce the reserves of IRCTC which could have been used for future enhancement/new projects.

2.55   IRCTC have invested ₹ 180 Crore for Next Generation e-ticketing (NGeT) for a span of five years. The recurring expenditure for maintaining its online ticket booking website was ₹ 93 Crore in year 2014-2015.

IX. TRAVEL AND TOURISM

2.56   IRCTC have stated that their tourism and hospitality are complementary businesses where significant value added services may be offered to attain superior brand positioning for the PSU. They are confident of the growth potential of this business and believes that this growth will impress upon Indian Railways to dedicate infrastructure in order to exploit the full potential of this business.

2.57   IRCTC's tourism services include value added tour packages train and coach charters, car rentals and even domestic air packages.

2.58   The Company provides a bouquet of products and services which are useful for all types of tourists including Bharat Darshan Tourist trains, Semi-luxury Tourist trains, Maharajas Express, State Special Tourist trains, Rail Tour Packages, Charter Trains & Coaches, Hill Charters, Educational Tours, Online Air ticketing, and Corporate Travel Services, Outbound Air packages, Domestic Air packages, Helicopter packages, On-line hotel booking services, Land Tour packages, Cab Rental Services, LTC facilities, customised packages etc.

2.59   As mentioned in the Rail Budget announcement of FY 2015- 16, IRCTC operated two Gandhi Circuit trains to cover the footsteps of Mahatma Gandhi and two special trains for Farmers under Kisan Yatra. During the year, IRCTC operated State Special trains of State Governments of Madhya Pradesh, Chhattisgarh, Rajasthan and Uttar Pradesh. The Company plans to further enhance tourism business by expanding existing business lines as well as introducing new products. Some of the important plans include Gatiman type Rail Tour packages, Aastha Circuit, Glass Top Coaches, Helicopter Services, Medical Tourism etc. During the year, the tourism segment generated an income of ₹375.02 crore as compared to ₹362.37 crore in previous year thereby registering a growth of 3.5%.

X. CUSTOMER SATISFACTION

2.60   Customer satisfaction with the services of IRCTC was another one of the major points of concern for the Committee. The Committee sought to know if IRCTC had engaged any professional experts for conducting customer satisfaction survey of travellers and to provide details of their findings and the follow-up steps taken to bring about improvement in overall customer satisfaction. In this regard IRCTC replied in the affirmative. It elaborated that the quality of Food & Service can be gauged adequately by the Customer Satisfaction Survey and IRCTC has been professionally conducting such surveys through Third Party agencies. IRCTC has empanelled 5 such agencies for a period of 3 years who are members of Market Research Society of India, i.e IMRB, Neilsen, GFK-Mode, Hansa Research and TNS India. Currently M/s

Hansa Research has been engaged to conduct Customer Satisfaction Survey on behalf of IRCTC.

2.61   During the year 2014-15, Duronto/Rajdhani trains as well as Food Plazas and Fast Food Units were covered under Customer Satisfaction Survey. Two rounds of surveys were done in Oct-Nov, 2014 and March, 2015 respectively. The overall score of Rajdhani was 72% in First round and improved to 82% in second round done. For Duronto trains, the first round score of 71% improved to 86% in second round.

2.62   Customer Satisfaction Surveys have also been conducted in Food Plazas/Fast Food Units during the year 2014-15. A total of 59 such units were covered over which an average customer satisfaction level was gauged at 75 %.

2.63   The Committee, noting that the Customer Satisfaction Surveys conducted by IRCTC through third party agencies have returned 71-86% customer satisfaction scores for Duronto/Rajdhani trains and Food Plazas and Fast Food units, enquired about the reasons for the same and the steps taken by IRCTC to improve the ratings further. In a written reply, IRCTC submitted the following reasons:

- **Hygiene Level:** Packed Food is collected and stacked in Hot Cases which are at the end of the coach. Service and Distribution of Food is done from this area as there is no other options available. Many passengers do not like this.

- **Variety of Menu**: Some passengers do not find variety of menu served in trains, as Cyclic Menu is served in Trains.

- **Quality of Food**: There is a time gap between preparation of food, its packaging and actual consumption of food which affects the quality of food.

- **Appropriateness of Price and Value for Money**: Some passengers do not feel value for money for catering services provided in the trains as they are not aware about the catering charges

Steps taken to improve Customer satisfaction levels further:
- Food Audits: Food Safety & Hygiene audits are being conducted regularly in base kitchens, both departmental & licensee owned, by Third Party Auditors. Food audits for trains are also carried out by Third Party Auditors.

- Regular inspections of kitchens and onboard catering services by Officials: A schedule of regular inspections at various levels is in place in the organization.

- IRCTC has developed a Complaint Management System (CMS) on its web portal to redress passenger complaints and suitable preventive and punitive action is taken at appropriate level to resolve the complaints. In addition IRCTC operates Central and Zonal control offices on 24 X 7 basis to resolve any passenger grievance in running train on real time basis.

- Testing of food samples: Regular microbiological testing of food samples is being conducted by IRCTC, through in-house and NABL approved labs.

- E-catering service has been started by IRCTC exclusively for passengers travelling in trains without pantry where passenger can book preferred meal through e-catering website as well as through phone and SMS also

- Interactive outbound voice response calls, approximately 1,00,000 per day, are being made to the rail passengers and feed back is being taken. SMS is being sent to the concerned officials in case of dissatisfied customers.

IX. SAFETY OF CUSTOMER DATA

2.64   In the first week of May 2016, several newspapers and news websites reported a hacking incident involving IRCTC's e-ticketing website. It was alleged that the transaction history of many registered users had been wiped clean and their personal data stolen. When asked to elaborate on the incident, IRCTC submitted the following information: -

"a.   It was reported in the Newspapers and TV Channels that IRCTC website has been hacked and data of 1 crore users pertaining to their bank account, Aadhar Card, PAN Card etc., have been stolen. Contrary to the news reports, IRCTC does not store Bank Account/Card details of users. It also does not Capture PAN Card/Aadhar Card details during booking process. Therefore, there was no truth in the news reports about hacking or data stolen.

b.   Further a screen shot of 23 records was made available to IRCTC with fields containing Name, Mobile, City, State, Gender and Date of birth. On scrutiny of the data, it was observed that Field names in the reportedly stolen data were not matching with Field names of IRCTC Database. The following were the major observations in detail:

- The data does not belong to IRCTC, as IRCTC user IDs are not mentioned in the data. IRCTC User Id and password are crucial to establish any link and correct ownership of data.

- IRCTC does not store bank/card details of the users.

- PAN card and Aadhar card details are also not captured at the time of booking or otherwise, except for PAN No. in case of agents and e-wallet holders at the time of their registration, the number of which is very small.

- E-mail IDs were also not available in the data.

- The style of Gender is in the form of Male / Female in the data provided. Whereas the gender is stored in the old website   as 0 / 1 and in new website as M/F.

- Date of birth is in the format of "DD-MM-YYYY HH:MM", while it is stored as "DD-MM-YYYY" in IRCTC database.

c.   Thus data in Screen shot   was at large variance from IRCTC user data and differed in many ways. Though above variations are very significant and still if these are ignored, the summary of 23 records is as under:

- 05 records   may be said to be matching (With above mentioned variations)

- 03 mobile numbers out of 23 are not available in IRCTC database. No User is registered on these 3 mobile numbers.

- 09 Mobile Numbers are available in IRCTC database but registered with some other user name.

- 06 records are also not matching due to variation in name Style, City, State, Gender etc.

In order to investigate the issue and to take preventive steps to control such problem, a joint committee was nominated by CMD/IRCTC, comprising 3 members each from IRCTC and CRIS, after a meeting held in the Railway Board on this issue. Prior to this, as soon as the incident was reported, Technical teams were deployed in IRCTC and CRIS that very night to check any unusual activity in the e ticketing system.

After examining the issues, the Committee had observed that no unusual activity was noticed either on NGet Site or old IRCTC site. Further, the Committee also stated that a large number of data (e-mail, mobile, date of birth, address, etc) is already and commonly available across e-commerce websites. So there is every possibility of someone misusing the same data in the name of IRCTC for the vested marketing interest. Though the Committee did not find any evidence of data hacking or data theft, it made several recommendations having short and long term implications in terms of time and money and these would be dealt with in a timely and phased manner."

2.65   Asked about the steps taken to prevent the possibility of such data theft in the future, IRCTC stated that the following steps have been taken to secure the data in future:

"a. Restricted the roles and user-privileges on the databases, including "Select/Read" privilege.
b. All privileges are specific to the data tables/columns as per the user department requests.
c. General/wide-ranging queries will be restricted to specific user IDs only.
d. Everyone is now using personalized user-id to fetch the data and generic departmental user ids are blocked.
e. Restricted internet access provided to the user departments."

XII. EXPANSION AND DIVERSIFICATION

2.66   According to the preliminary information furnished by IRCTC, after Catering Policy 2010, the Company has accelerated its efforts for capturing the Non-railway catering business. IRCTC has been providing comprehensive Catering services at various offices & Institutions and been providing sophisticated professional catering services at high-end Events and functions such as the Commonwealth Games Delhi 2010.

2.67   IRCTC is gearing up on a pan-India basis to take on institutional catering. The Company's emphasis is to adopt catering requirements empathetically. IRCTC provides a one window Catering & Hospitality Services, Front office and Facility Management solutions. Some of major projects coming up in the near future are as follows:

- Food Plazas are normally set up to provide multi-cuisine variety of food under one roof in a relaxed atmosphere with good ambience. Food plazas are being run on Licence and Franchise Model.

- Retiring Rooms/ Budget Hotels are being planned to augment the services to Tourists by providing the facilities of Lounges & Food Courts, Wash & Change, etc.

- Executive Lounges are being focused upon to create a lavish space for travellers providing the waiting and dining facilities. These lounges are also equipped with basic amenities sale floors.

- IRCTC is planning to come up with a Fine Dining Restaurant at Connaught Place, Delhi. This will not only add to the revenue stream of IRCTC, but also will be a big boost to the Brand image of the company. This will put IRCTC in the category of premium catering organization.

2.68   Using the expertise in Hospitality, IRCTC plans to add Event Management service to its portfolio. This will involve aggregation of various elements such as Catering, Stage Management, Audio Visual Presentations and Hospitality for an event.

2.69   IRCTC will set up 50 Executive Lounges in future in phased manner at Railway stations on pan-India basis. Tenders have been floated for setting up of 19 Executive Lounges in phase one. Four (4) Executive Lounge are likely to be commissioned by 2015 -16. The balance sites would be commissioned progressively as and when the tenders are finalized.

2.70   Presently IRCTC is managing 4 Base Kitchens, 1 Central Kitchen and 34 departmental trains and has capability to manage base kitchens and premium trains on Indian Railways. It is proposed to set up chain of state of art base kitchens to supply food to trains and static units. IRCTC will invest in infrastructure and modern equipment and base kitchens will have mechanized logistics for transfer of food under controlled temperature.

2.71   In order to meet the demand of Institutional and Corporate sectors, IRCTC has commissioned a state of art Food Factory with a capacity of about 25000 meals per day at Noida. The factory is fully automated with equipment from the best manufactures and professionals from India & abroad.

2.72   A number of future projects have been identified and are at various stages in the pipeline for Non Railway Catering segment. Some of the major ones are National Academy of Indian Railways Vadodara, Chennai Port Trust, Air India at various locations in Delhi, Central Vigilance Commission New Delhi, Rohini Court, New Delhi, DG/All India Radio office and Hyderabad Metro.

2.73   However, when asked for further details of setting up its Fine Dining outlets, especially in the light of the fact that customer satisfaction with IRCTC's food was not very high, IRCTC replied that the plan for the same has been withdrawn.

XIII. SMS BASED RESERVATION SYSTEM AND ONLINE AIR TICKETING

2.74   In the preliminary information furnished by IRCTC, the Company has stated that among the areas they are aiming to focus on are SMS based reservation system and online air ticketing. When asked to elaborate on the SMS based reservation system, IRCTC stated that the system was introduced as a pilot project on 28th June, 2013 in partnership with four service providers. It was introduced to facilitate those customers with feature phones (without internet facility). However, the performance of mobile bookings through feature phones has not picked up. The major drawback reported was the limitations in Payment Gateway & complexities of SMS syntax. As such the improvement in overall bookings over a period of time has been negligible, rather it has decreased drastically. People have been moving towards Mobile apps which provide the ease of working and better speed. Speed of booking on desktop as well as mobile booking is very crucial due to heavy demand and less availability of berths. Mostly service providers have withdrawn from the scheme with booking dropping to almost NIL. This product did not have much future and has now been discontinued.

2.75   During the evidence of IRCTC, the CMD, IRCTC had also informed the Committee regarding the setting up of a separate IRCTC website for booking air tickets as well as the launch of an app for the same. In its post evidence replies, IRCTC further elaborated on the scheme. It stated that Air Ticketing Website was launched in June 2012 for allowing booking of air tickets for IRCTC customers. For this IRCTC has developed website based on the API based integration with different airlines. It allows its customer to book air ticket for its domestic travel as well as International travel along with LTC air ticket .IRCTC manages the booking and cancellation operations for the ticket booked on its air website.

2.76   Curious about the response of consumers to the launch of IRCTC's air ticketing site, the Committee sought details of the number of bookings made through this website since its launch and the revenue earned to IRCTC through it. In this regard, IRCTC submitted that its air ticketing business is growing at a steady rate since its start in June 2012. IRCTC started with 600 travel segments per day and currently doing approx. 3000 travel segment per day. Customer response is increasing day by day. IRCTC allows booking of tickets to all the customers who are registered users of IRCTC train ticket website. Users can also book tickets as a guest user by providing their Mobile numbers and Email id.

Year wise earning of IRCTC from air ticketing business:

				(In Rs.)
Financial Year	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Earning	5,04,67,859.00	4,47,72,012.65	7,70,56,481.50	9,65,42,872.08

XIV. OUTSOURCING

2.77   IRCTC engages outsourced resource personnel through Manpower Service provider agency to perform non-perennial nature of work. The details of areas of IRCTC's operation which have been outsourced are as below:

"Security services, Housekeeping & Maintenance work, Operation & Maintenance of Packaged Drinking water Bottling Plant under brand name of "*Rail Neer*" at Nangloi, Delhi, Waiter assisting in service in train and cooks assisting in preparation of food, Data Entry Operators, Secretarial support staff."

2.78   Expenditure incurred on Outsourced agency for engaging outsourced staff for various business heads is as follows:

SI.No	Department	2013-14 Expenditure Incurred (in crore) (₹)	2014-15 Expenditure Incurred (in crore) (₹)	2015-16 Expenditure Incurred (in crore) (₹)
1	Catering	34.25	30.9	31.52
2	Tourism	1.06	1.02	2.09
3	Internet Ticketing	4.66	5.18	5.94
4	Railneer	0.37	0.41	0.50
5	Others (Fin+HR)	2.20	3.12	2.47
	Total	**42.54**	**40.63**	**42.52**

CHAPTER III

PHYSICAL AND FINANCIAL PERFORMANCE

3.1   The physical performance of IRCTC during the period 2012-13 to 2014-15, as reflected in the annual Public Enterprise Survey Report (2014-15) of the Department of Public Enterprises is as follows:-

Products/Services	Unit	Performance during		
		2014-15	**2013-14**	**2012-13**
Rail Neer (Packaged Drinking Water)	Bottle of 1000ml	117883	109800	102153
Departmental Catering	₹ in crore	296.42	280.83	241.15
Licensee Catering Services	₹ in crore	69.79	26.89	21.44
Internet Ticketing	₹ in crore	308.12	228.49	187.94
Travel & Tourism	₹ in crore	362.37	324.14	188.71

3.2   Total revenue of the Company registered an increase of ₹149.98 crore during 2014-15, which went up to ₹1102.85 crore in 2014-15 from ₹952.84 crore in 2013-14. The profit of the Company has gone up by ₹58.62 crore to ₹130.63 crore in 2014-15 from ₹72.01 crore in the previous year due to increase in the operating income. Return on Net worth of the Company is at 29.40% in 2014-15 as against 20.76% in 2013-14 and Net Profit ratio is at 12.76% in 2014-15 as against 7.87% in 2013-14. The current ratio of the Company is at 1:55:1 during 2014-15 as against 1:45:1 in the previous year.

3.3   As regards the performance of IRCTC during the Financial Year 2015-16, relevant extracts from their Chairman's speech, as contained in their Annual Report (2015-16) are reproduced below:-

"During FY16, the Company achieved a total income of ₹1505 crore as compared to ₹1141.2 crore in 2014-15 (registering a growth of 32%); Profit before Tax of ₹308.6 crore as compared to ₹214.0 crore in the previous year and Profit after Tax of ₹188.6 crore as compared to ₹130.6 crore in 2014-15 (both registering a growth of 44%).

As advised by Ministry of Railways, to pay dividend @40% of Profit after Tax, the Directors have recommended a Final Dividend of ₹75.45 crore (40% of net profit)excluding Dividend Distribution Tax, for the financial year 2015-16, which is approximately 377% of the paid-up share capital, as against ₹26.13 crore (131% of the paid-up share capital) paid in the previous year, and is around 3 times of the divided declared in 2014-15."

He also stated as under:-

"During the FY16, the Company witnessed sustained growth and high performance. The Company's overall performance for FY15 earned it "Excellent" MoU rating from the Government of India and the Company is poised to retain "Excellent" MoU rating for FY 16 too.

You will be pleased to know that for the second year in a row, the Company has made it to the prestigious Fortune India Next 500 list of Indian companies, with improving its ranking to 199 from 328 in 2015. I feel honoured to share that if the Company continues with its present pace of performance, it would be a part of Fortune India 500 list of Indian Companies in next 2 years. "

3.4   The Government of India holds 100% shares of IRCTC. The total Investment in IRCTC by Ministry of Railways (Government of India) as on 31/03/2015 is ₹ 200 lakh, as paid up equity share capital.

3.5   Below is the statement of financial assets and liabilities of IRCTC of last 5 years, highlighting the net worth of IRCTC:-

In Lakh Rupees

I. EQUITY AND LIABILITIES	As on 31.03.11	As on 31.03.12	As on 31.03.13	As on 31.03.14	As on 31.03.15
(1) Shareholder's Funds					
(a) Share Capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
(b) Reserves and Surplus	19,141.04	22,670.17	27,177.32	32,691.69	42,425.30
(2) Non-Current Liabilities					
(a) Deferred tax liabilities (Net)	-	-	-	-	-
(b) Other Long term liabilities	8,104.21	8,545.57	7,884.13	11,332.37	9,609.35
(c) Long term provisions	1,504.76	1,705.67	2,022.04	3,322.95	5,492.34
(3) Current Liabilities					
(a) Trade payables	9,188.08	8,191.02	5,441.59	3,331.18	4,035.94
(b) Other current liabilities	29,428.05	33,414.59	40,832.75	41,728.30	47,634.23
(c) Short-term provisions	1,412.95	1,179.79	1,428.05	2,047.89	3,542.24
TOTAL	70,779.09	77,706.81	86,785.88	96,454.38	1,14,739.40
II. Assets					
(1) Non-Current Assets					
(a) Fixed assets					
(i) Tangible assets	7,243.14	10,213.80	11,022.28	10,820.54	14,037.14
(ii) Intangible assets	320.99	293.01	377.63	222.18	1,494.70
(iii) Capital work-in-progress	1,636.08	201.33	439.90	1,606.16	1,647.82
(b) Non-current investments	-	-	-	-	-
(c) Deferred tax assets (net)	-	-	-	-	-
(d) Long term loans and advances	1,716.52	1,848.56	1,308.56	3,191.52	1,925.07
(e) Other Non Current Asset	24.65	185.22	16,268.24	12,514.20	10,280.40
(2) Current Assets					-
(a) Inventories	620.92	544.64	907.82	953.03	953.63
(b) Trade receivables	26,163.88	27,996.46	11,246.61	18,003.81	14,897.52
(c) Cash and Bank Balance	24,586.11	23,819.13	31,774.23	34,807.63	35,408.47
(d) Short-term loans and advances	7,625.26	11,486.50	12,087.73	12,878.64	32,683.48
(e) Other current assets	841.53	1,118.16	1,352.88	1,456.67	1,411.17
TOTAL	70,779.09	77,706.81	86,785.88	96,454.38	1,14,739.40
Net Worth	21,141.04	24,670.17	29,177.32	34,691.69	44,425.30

Budgeted and Actual Figures of IRCTC for the last 5 years is as under:-

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget/ MOU	Actual	Budget/ MOU	Actual	Budget/ MOU	Actual	Budget/ MOU	Actual	Budget/ MOU	Actual
Revenue										
Licensee Catering	26364.00	31626.17	1800.00	3038.48	2400.00	2143.52	2000.00	2688.52	2400.00	6979.35
Railneer (Excl. Stock Transfer)	2994.00	2395.88	4563.00	4514.60	5460.00	5632.95	7322.00	7210.97	10311.00	8103.16
Add: Stock Transfers (Part of Dept. Catering)	1922.00	1936.31	2857.00	1304.51	1600.00	1548.51	1950.00	1606.55	1800.00	1510.73
Total- Railneer	4916.00	4332.19	7420.00	5819.11	7060.00	7181.46	9272.00	8817.52	12111.00	9613.89
Internet Ticketing	14821.00	14292.46	13700.00	16064.43	16410.00	18794.15	19370.00	22848.93	23815.00	30812.47
Tourism	6316.00	6703.93	8400.00	9895.41	12000.00	18871.02	15500.00	32414.19	31000.00	36237.02
Departmental catering	19573.00	19857.94	22913.00	19763.62	22200.00	24114.98	26308.00	28082.55	29595.00	29642.14
Less: Stock Transfer- Railneer	1922.00	1936.31	2857.00	1304.51	1600.00	1548.51	1950.00	1606.55	1800.00	1510.73
Net Dept. Catering	17651.00	17921.63	20056.00	18459.11	20600.00	22566.47	21658.00	26476.00	27795.00	28131.41
Net Profit/ -Loss	5455.00	6078.63	2727.00	4853.73	5755.00	5884.18	3978.00	7201.42	8213.00	13062.81
Dividend paid	NA	1215.73	NA	970.75	NA	1177.00	NA	1440.00	NA	2613.00

3.6   When asked if IRCTC conducts any internal/external audit, the Company replied that the internal audit of the Corporation has been outsourced to a firm of Chartered Accountants on limited tender basis. Further, IRCTC, being a Government Company, Statutory Auditors appointed by the Comptroller & Auditor General of India (C&AG) conducts the external audit on the financial statements. In addition, C&AG also conduct supplementary audit.

3.7   IRCTC further added that there have been no adverse remarks/inadequacies found by C&AG and the Company has been issued NIL comments for the last 3 financial years i.e. 2012-13, 2013-14 and 2014-15.

3.8   When asked if IRCTC had any outstanding dues from PSUs/Government/Private Bodies and steps taken to recover the outstanding dues, IRCTC stated as follows:-

"As on 31st March, 2015 ₹161.52 crore (net of provision) was outstanding against PSU/Government bodies out of which ₹130.34 crore is outstanding against Railways. The outstanding issues of Railway debtors have been taken up at the highest level and reconciliation meetings are conducting on regular basis. The Railway Board is also requested to advise all the Zonal Railways to release the long pending dues of IRCTC on priority basis. Further, ₹12.08 crore is outstanding towards Public Sector Banks on account of settlement of transaction of Internet based Ticket Booking this outstanding is

settled in a period of 2-3 days. Other dues against Government bodies (other than Railways) are pending as per normal business policy and recovery is being made regularly.

As on 31st March, 2015 ₹88.52 crore (net of provision) is outstanding against Private Parties. ₹45.52 crore is outstanding against private licensee for which contracts has been handed over to Zonal Railways under tripartite agreement on phase manner with reference to the New Catering Policy, 2010. Further, ₹15.85 crore is outstanding towards Private Sector Banks on account of settlement of transaction of Internet based Ticket Booking this outstanding is settled in a period of 2-3 days.

As per Railway Boards Lr No. 2010/TG-III/600/22 dated 31st August, 2010 Board has advised that IRCTC should not let "No Dues Certificate" be the reason for not assigning these units to the Zonal Railways and if there are outstanding against the concerned licensee then IRCTC should advise the details of such outstanding train wise, work wise against such licensee to the concerned Zonal Railways for enabling the realization of the same.

Accordingly, IRCTC has requested Zonal railway and Railway Board regarding realization of above outstanding against the licensee.

3.9   Segment-wise break-up of profit/loss in the various business segments of IRCTC in the last five years is given below:-

Segmental Profit/(Loss)

(INR in Crores)

Segment	2011-12	2012-13	2013-14	2014-15	2015-16 (Provisional)
Licencee Catering	9.42	3.20	3.97	8.22	19.44
Railneer	(0.82)	0.45	2.65	5.42	16.71
Internet Ticketing	111.02	137.51	171.62	215.59	260.41
Tourism	(10.83)	(12.98)	(4.68)	18.65	28.15
Departmental Catering	(53.59)	(59.84)	(68.23)	(57.32)	(65.66)
Total	55.20	68.34	105.33	190.56	259.05

3.10   The Committee observed in the preliminary material furnished by IRCTC, that departmental catering of the Company was running in consistent loss as compared to licensee catering. This is evident in the table given below.

Profitability of Licensee catering vis-a-vis Departmental catering of last 5 years is as under:

Particulars					Profit/-Loss
	Years				
	2010-11	2011-12	2012-13	2013-14	2014-15
Licensee catering	7,874.18	941.75	319.97	396.59	822.37
Departmental catering	-5,546.84	-5,359.79	-5,984.12	-6,823.40	-5,732.16

3.11 When asked for the reasons for the same, IRCTC submitted that prior to October 2013, the rates for catering in premier trains were not revised. The last revision was undertaken in the year 1999 and after 14 years the rates for catering charges were revised. Further, subsequent to the handing over of catering activities to Zonal Railways, about 188 deemed Deputationist staff was on the rolls of IRCTC thereby incurring heavy HR cost. The catering tariff on IR is not linked to the inflation; therefore, departmental business remains in losses whereas wage bill and cost of material keeps on increasing.

3.12 The Committee then enquired about the steps being taken by IRCTC to mitigate the losses in departmental catering, since one of the objectives of IRCTC is providing high quality catering, which it cannot keep doing at a loss. In this regard, IRCTC stated as follows:-

"Presently 79 trains are being run departmentally. These units are giving operational profit of ₹4.84 crore (2015-16), however, the overall losses come to INR 23.85 crore after adding allocable HR and Admin cost. It further added that in compliance with Rail Budget Announcement 2016-17, it is envisaged that IRCTC would begin to manage catering services where production and service activities will be unbundled by creating a distinction between food preparation and distribution of food with outsourcing of only back end operations like support staff, service staff, cooks, transportation, packaging etc. to professional/reputed players to reduce/optimise expenditure. With the proposed unbundling of mobile catering with outsourcing of back end operations like support staff, service staff, cooks, transportation, packaging etc. to professional/reputed players IRCTC, is likely to not only make good the losses but will also earn profit from mobile units. This will enable IRCTC to mitigate the losses in departmental catering."

CHAPTER IV

CORPORATE SOCIAL RESPONSIBILITY

4.1   In the preliminary information submitted by IRCTC, the Company informed the Committee about their CSR initiatives and activities. According to them, IRCTC has formulated a CSR & SD Policy in accordance with the provisions of section 135 of the Companies Act 2013 and DPE's Guidelines on Corporate Social Responsibility and Sustainability indicating the activities to be undertaken by the Company as specified in Schedule VII of Act which has also been made of CSR Policy. The same was approved by Board in its 71st meeting held on 17th February, 2015. During the year 2010-11, IRCTC initiated its first project under CSR in the field of Community Development. The number of activities in the FY 2011-12 increased and initiative in fields such as Sanitation, promotion of use of solar energy were undertaken. The past experience of the company in the field CSR was put to work which resulted in undertaking increased activities in the field of promotion of Indian heritage and culture, development of campus infrastructure for providing training in the field of rail transport and logistics in addition to the ongoing activities in the field of Sanitation, community development, promote use of solar energy.

The Company submitted as under:-

"The aim is to achieve the below-mentioned key Value behind CSR Policy:
"To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including railway passengers, customers, consumers, shareholders, employees, local community and society at large".

This policy document is not a mere statement of good intentions, but has been drafted to serve as a roadmap for formulation of actionable plans. IRCTC has undertaken numerous initiatives aimed at developing the communities around which the Company conducts its operations. The overriding objective is to create value and ensure all inclusive growth."

4.2   During the year 2013-14, new fields such as promotion of Indian classical music, supporting relief & rehab of Uttarakhand flood victim, sponsoring education of poor children of widows, provision of clean drinking water at public places, provision of primary medical facilities for elderly persons & other vulnerable citizens were explored and activities in these areas were undertaken by IRCTC.   In the year 2014-15, activities such as sponsoring free cataract surgeries for needy persons, preservation of environment by way of installing PET recycling machine, provision of golf carts at railway stations, provision of scholarship to meritorious students, construction of toilet complexes for girls students, provision of wheel chairs at railway stations etc were undertaken.

Details of the CSR projects/activities undertaken during last 5 years are given below: -

Sl. No.	Name of Activity	Year	Implementing Agency	Nature of Activity	Area (Name of District)
01	Providing Artificial limbs/Calipers	2010-11	Bhagwan Mahavir Viklang Sahayata Samiti	Public Health	Jaipur
02	Construction of toilet complex at Anand Nagar, UP	2011-12	Sulabh Sanitation Mission Foundation	Sanitation	Anand Nagar (Maharajganj)
03	Development of model Village at SUPI, Uttarakhand		The Energy & Resources Institute	Community development & Promoting alternate energy	Supi (Nainital)
04	Maintenance of toilet complex constructed at Anand Nagar, UP	2012-13	Sulabh Sanitation Mission Foundation	Sanitation	Anand Nagar (Maharajganj)
05	Special train for students for exposing rich Indian culture & heritage		SPIC MACAY	Promotion of Indian Culture	New Delhi, Rajasthan
06	Construction and commissioning of Gait Lab		Bhagwan Mahavir Viklang Sahayata Samiti	Public Health	Jaipur
07	Development of campus for training at Dwarka, New Delhi		Asian Institute of Transport Development (AITD)	Education	Dwarka (South West Delhi)
08	Maintenance of toilet complex constructed at Anand Nagar, UP	2013-14	Sulabh Sanitation Mission Foundation	Sanitation	Anand Nagar (Maharajganj)
09	Construction of toilet complex at Sanauli, UP		Sulabh Sanitation Mission Foundation	Sanitation	Sanauli (Maharajganj)
10	Sponsoring the event VIRASAT 2012 for promoting Indian classical music		SPIC MACAY	Promotion of Indian classical music & culture	Delhi (Delhi)

		and dance		
11	Relief & Rehab for flood affected areas of Uttarakhand	Uttarakhand Govt	Natural Calamity	Uttarakhand
12	Training of employees on CSR & SD	Training	Training	Delhi
13	Impact Assessment of the project at Supi	Impact Assessment	Impact assessment	Supi (Nainital)
14	Sponsoring education of children of poor widows	Loomba Foundation	Education	Delhi
15	Provision of Primary Medicare facility at Kushinagar, UP through HelpAge India	HelpAge India	Public Health	Kushinagar (Kushinagar)
16	Development of Model village at Malla Salya Kot	The Energy & Resources Institute	Community development, Environment & Promoting alternate energy	Malla Salya Kot (Nainital)
17	Provision of RO treated pure drinking water facility at NRCH, New Delhi	IRCTC	Community Development	New Delhi
18	Provision for outdoor solar lighting system at CK, Noida & RNP, Nangloi	IRCTC	Environment & Promoting alternate energy	Nangloi (West District)
19	Providing APFC (Automatic Power Factor Corrector) capacitor panel for saving electricity	IRCTC	Environment	Noida (Gautam Budh Nagar)

20	Maintenance of toilet complex constructed at Anand Nagar, UP	2014-15	Sulabh Sanitation Mission Foundation	Sanitation	Anand Nagar (Maharajganj)
21	Providing meal packets to cancer patients & survisors during celebration of International Cancer Day by CanKids		Cankids	Others	New Delhi
22	Installation of MyPET bottle crusher machine		M/s. Arts Alive Ventures Pvt Ltd	Environment	Ahmedabad
23	Sponsoring cataract surgery		Mahavir International	Public health	Delhi (South Delhi District)
24	Provision of Golf Cart at NDLS		LNM Sales		New Delhi
25	Construction of toilet complex at Govt. Adi Dravidar School, Palur, Tamil Nadu		Sulabh Tamil Nadu State Branch	Sanitation	Palur(Tiruchirappalli)
26	Provision of scholarship to meritorious students of Govt. Adi Dravidar school, Palur		Govt. Adi Dravidar School	Education	Palur (Tiruchirappalli)
27	Sanitation work at Delhi Cantt. station and surrounding area		Ms/ R K	Sanitation	Delhi Cantt (Southwest District)
28	Providing APFC (Automatic Power Factor Corrector) capacitor panel for saving electricity		IRCTC	Environment	Noida (Gautam Budh Nagar)

4.3   The Committee however observe that some of the key values embedded in the CSR policy of IRCTC viz. "to remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including railway passengers, customers, consumers, shareholders, employees…" do not qualify as CSR since such activities are the primary responsibility of the Railway authorities. On similar CSR activities undertaken by Rail Vikas Nigam Ltd. (RVNL), which under the instructions from its administrative Ministry, i.e. the Ministry of Railways had assigned targets for upgradation of passenger amenities, the Committee on Public Undertakings in their Eighth Report (Sixteenth Lok Sabha Sabha) had categorically remarked that such activities should not be considered under CSR. The Ministry of Corporate Affairs that is responsible for the implementation of the CSR policies and the Companies Act, 2013 had clarified in their Action Taken Notes as under:-

> "Upgradation of passenger amenities is part of the primary responsibilities of Ministry of Railways. Further, provision of infrastructure for the elderly and disabled persons at the railway stations also remains the primary responsibility of the Railways authority. CSR spend should not be utilised to fund statutory obligations.

> For the year 2015-16, the Annual Report (2015-16) of IRCTC states as under: -

> "During the year, the Company has undertaken numerous initiatives towards CSR & Sustainability activities in the field of public health, facilities for elderly and differently abled persons, education, rural infrastructure development, sanitation and cleanliness, community development and socio-economic development. Under "Sanitation", the Company has assigned construction of toilets at various locations on PAN India basis through CII Foundation. In fact, IRCTC is the only railway PSU, which is spending most of its CSR funds on the activities in and around railway premises."

4.4   When asked if the activities undertaken by IRCTC under CSR complied CSR Rules framed under the Companies Act, 2013, the Company replied in the affirmative.

4.5   Budget allocated vis-a-vis expenditure incurred on CSR activities during each of the last five years is as under:

Sl. No.	Year	Funds allocated for CSR activities – (₹ in lakh)	Expenditure incurred on various activities – (₹ in lakhs)
1	2010-11	225	5 .00
2	2011-12	182	45.37
3	2012-13	153	298.29
4	2013-14	176	220.21
5	2014-15	197	96.80

4.6   When the Committee enquired if the funds earmarked were fully spent on target prescribed in each of these five years, IRCTC stated that during the initial years of implementation of the CSR activities in the organization i.e. 2010-11 and 2011-12, the earmarked fund could not be spent fully. However, the surplus amount was carried forward in

the next Financial Year and the same was utilised during the Financial Year 2012-13 and 2013-14 respectively.

4.7   During the FY 2014-15, IRCTC has identified and approved projects amounting to ₹ 1.85 crore approximately as against the budget of ₹ 1.97 crore. However, since CSR activities are project based and are based on milestones, payments amount to ₹ 96.80 lakh could only be released. The balance amount of the projects will be released on completion of the projects.

4.8   Concerned about instances of slippage in CSR spending, the Committee sought details from IRCTC about the same and the reasons for them. In this regard, IRCTC submitted:-

> "The Company does not believe in spending the CSR funds merely for the sake of compliance of Act/Rules/Guidelines. The CSR & SD vision of IRCTC clearly emphasis on selection of projects for attainment of aims of the CSR objectives of the company. Thus, CSR activities in IRCTC are project based. For ensuring that each project moves ahead in the right direction, each project sets its own milestone(s) and payments are released on achievement of milestones and verification by IRCTC officials. However, it would be worth mentioning that no slippage in physical terms has been experienced in the projects."

PART II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

1.   The IRCTC, in its eighteen-year existence of serving as a Government corporate entity in the areas of rail catering, tourism, hospitality and passenger amenities, has come a long way. The Committee are happy to note the fact that due to its improved performance, the Company has been included in the prestigious "Fortune India Next 500" list of Indian companies in the financial year 2015-16, with a rank of 199. Among its major business activities, IRCTC has been earning profits over the years in all segments except Departmental Catering. The Committee note that it has also taken major initiatives in the form of Next Generation E-ticketing (NGet), travel insurance for rail passengers, air packages, bookings through mobile e-wallets, water vending machines, etc. in the last two years. Moreover, IRCTC is stated to have approached Ministry of Railways for additional Railway businesses viz. multi-functional complexes, comprehensive maintenance of stations, etc. As part of its future business strategy, IRCTC plans to add other services too in its portfolio, viz. non-Railway Catering to Government institutions and establishments, event management services, setting up of Executive Lounges, more Base Kitchens, etc. The Committee desire the Ministry to furnish a detailed note to them on the performance of IRCTC in these business ventures at the action taken stage. While appreciating the efforts made by IRCTC to create value for its customers, the Committee have expressed their considered views in the succeeding paragraphs.

2. BOARD OF DIRECTORS

The Committee note that though IRCTC has been granted 'Excellent' rating for Corporate Governance, the appointment of Independent Directors on its board has remained a problematic issue. As per principles of Corporate Governance under the Companies Act 2013 and DPE Guidelines, there should be at least one-third number of Independent Directors on the Board of Companies. An Independent Director is vested with a variety of roles, duties and liabilities for good corporate governance. She/he helps a Company to protect the interest of minority shareholders. IRCTC has informed that as per the Companies Act, 2013, there should be three Independent Directors on their Board. However, the Committee find that there is not even a single Independent Director on their

Board since 19th July 2015 which is a gross violation of the Companies Act and the principles of Corporate Governance. Although the Ministry of Railways has been requested by IRCTC to fill up the vacancies, the posts are still lying vacant. As a result, it is learnt that even the decision to disburse Performance Related Pay (PRP) for the year 2014-15 has not been taken by the Board so far. In the Committee's opinion, owing to the absence of Independent Directors, the work of Audit Committee and Stakeholders Committee of the IRCTC Board must also be severely affected as these Committees are required to be headed by Independent Directors. The Committee feel that the presence of Independent Directors is to ensure that the Board takes unbiased decisions and to bring in accountability and credibility to the Board. Therefore, it is imperative that the Government fills up the posts of Independent Directors on the IRCTC Board immediately, for which, the Government should draw up a panel of Independent Directors well in advance, so that the vacancies are filled up immediately as soon as they arise on the Board. The Committee, therefore, desire that the Ministry of Railways should apprise them of the reasons for the not filling up the existing vacancies of Independent Directors on IRCTC's Board and hope that the Ministry endevaours to fill these with suitable persons urgently.

3. MANPOWER

From the information provided to them by IRCTC, the Committee find that out of the 2795 posts in the Company, only 1490 posts have been filled up. It implies that about 47 percent of the posts in IRCTC are lying vacant. The Committee were made to understand that certain posts had been kept in abeyance due to transfer of catering to Indian Railways in pursuance of the Catering Policy 2010. However, the number of posts kept in abeyance since 2010 and the number of staff hired on contract/outsourced has not been indicated separately by IRCTC. While the Committee desire to be apprised of the same, as on date, they wonder as to how an organisation dealing with catering, travel and tourism is managing its affairs in the absence of more than 50 percent of its sanctioned manpower. It is clear that IRCTC is managing its affairs mostly through either outsourcing or contractual staff. The Committee have been informed that many activities of IRCTC which are non-perennial in nature, such as security services, housekeeping & maintenance, operation & maintenance of

packaged drinking water bottling plant under the brand name *Rail Neer*, waiters assisting in service in trains and cooks assisting in preparation of food, data entry operators, secretarial support staff, etc. have been outsourced at the cost of over ₹40 crore annually. The Committee, however fail to comprehend as to how most of the work such as security services, cooking jobs, secretarial support staff work, etc. has been categorized as 'non-perennial'. The Committee are of the view that these are critical areas where Railways need to have permanent staff and hiring contractual staff or outsourcing its jobs to manage its affairs are not desirable for the Company in the long run, especially when the organisation is still growing and most of its work is perennial in nature. The Committee feel that if IRCTC aims to make a mark in the hospitality business, people with right knowledge, skill and aptitude to rise in hospitality industry need to be recruited against proper vacancies and retained there. The Committee, therefore, recommend to discontinue outsourcing, i.e. getting the work done through contract/franchise in case of works under the category/nature of perennial work. The Committee desire to be furnished with the accurate picture of staff in the payroll of IRCTC, the contractual workers as well as existing vacancies in the Company and their future plan of hiring staff in the wake of their foray into expanding and diversifying its business segments.

4. CATERING AND CUSTOMER SATISFACTION

The Committee note that one of the specific objectives of IRCTC is to provide high quality catering services directly as well as through a network of professionally competitive licensees and franchisees. The Committee, however, observe that this specific objective has not been achieved, as the Company provides on-board catering on only 79 trains out of 7000 passenger trains operated by the Indian Railways. Under the Catering Policy 2010, Indian Railways have taken away most of the catering services from IRCTC except the said onboard catering in 79 trains and the food plazas, fast food units and food courts at various Railway stations for which the Company possesses 125 licenses at present. The Committee also found a grave deficiency on the part of IRCTC wherein its Departmental Catering units are experiencing consistent losses owing to high HR and administrative costs in comparison to Licensee Catering Units which are run by private entities. The Committee feel that although IRCTC has

introduced professionalism in its catering and corporatized this segment, it has not been successful so far to become a reliable name in providing good quality catering to all passengers on the Indian Railways.

Nonetheless, the Committee acknowledge the novelty and innovation being introduced by IRCTC this year through their e-catering scheme for 1520 trains and 46 stations in a pilot project. They desire that the expectations of all kinds of passengers should be met. The Committee further recommend that more e-catering services should be added to trains after due assessment of the results achieved in the pilot project. As hospitality and catering services is a very dynamic field in the current economic scenario, IRCTC should also explore newer methods to improve the existing catering services on trains by introducing meal packages which provide creative options, judicious meal portions and minimize waste. In addition, streamlining of the existing e-catering booking system and development of a mobile-based app to order food from trains with the facility of payment through mobile e-wallets and similar efforts to bring about constant improvement based on customer feedback should be undertaken by IRCTC. This would also prevent the vendors from overcharging passengers and help improve the presentation of meals, reduce wastage due to excess quantities in the meal packets and maintain cleanliness while handling the distribution and consumption of meals. The Company should strive to partner with more Self-Help Groups, particularly those run by women, to provide catering. There is also a need to make arrangements for collection of empty meal packets resulting from meals delivered to passengers by other caterers/fast food chains/self-help groups/food aggregators via e-catering. IRCTC should also monitor the transactions made by passengers in its mobile app to have a better control over issues like refund on cancelled orders etc. The Committee urge the Ministry and IRCTC to initiate action on these suggestions and inform them accordingly.

The Committee feel that a third party audit of the quality of meals and other services of IRCTC be done on a regular basis so as to have a better assessment of the resources and for improving the services of IRCTC. A complaint mechanism should also be developed for registering of complaints of passengers online or through mobile phones with appropriate tools for the passengers to

track their complaints or to know the action taken on their complaints. The online complaints should be monitored by senior officers of IRCTC or Railway Board to increase the confidence of passengers.

5. COLLABORATIONS OF IRCTC WITH VENDORS/FOOD AGGREGATORS

The Committee note that with IRCTC's collaboration with other players/fast food chains/food aggregators in providing catering services on trains, the movement of delivery persons for providing catering services on board would increase. In such situations, the safety of passengers becomes a major area of concern if the credentials of delivery persons are not checked thoroughly. The Committee feel that there could be high chance of theft of personal belongings/luggage of passengers in the absence of stringent measures to check the credentials of delivery persons. While IRCTC has informed that passes are issued to these delivery personnel after scrutiny and verification, the Committee desire that IRCTC should establish a fool-proof mechanism so that the credentials of persons entering rail premises or trains for the purpose of providing catering services are thoroughly checked and entry is permitted only to uniformed personnel with proper tamper-proof identity cards/smart tags. In view of the need to have properly trained persons for providing catering services to rail passengers, the Committee are of the opinion that wherever food aggregators/other vendors are involved, the tender document should include a clause on provision of properly trained and professional staff for delivering various services. The Committee recommend that the matter may be examined and taken to a logical conclusion. This would go a long way in building a positive image of IRCTC as well as improving the catering services of the Company and would consequently widen their customer base.

6. FINANCIAL PERFORMANCE

The Committee are happy to note that profits of IRCTC have increased from ₹48.53 crore in 2011-12 to ₹130.62 crore in 2014-15. However, while going through various segments of profit and loss earned by the Company, the Committee observe that IRCTC has been making constant losses under Departmental Catering segment when compared to its Licensee Catering segment since 2010-11. To cite an instance, during the Financial year 2015-16, while IRCTC's total

income was ₹1505 crore, registering a 32% growth compared to 2014-15, the loss in Departmental Catering segment increased from ₹57.32 crore in 2014-15 to ₹65.66 crore in 2015-16, whereas all other segments registered profits. One of the prime reasons being attributed for the losses is that since catering tariff is not linked to inflation, rates for catering in premier trains have not been revised since the last 14 years. Moreover, even subsequent to handing over of Departmental Catering activities to the Zonal Railways, ironically about 188 deputationist staff are still on the rolls of IRCTC - thus the wage cost further compounded the losses of the Departmental Catering segment. The Committee are sad to note the ironical situation with regard to IRCTC's Departmental Catering as the 79 trains, on which the Company provides catering give it operating profits, yet the monthly HR and administrative costs turn it ultimately into losses. To mitigate the situation, IRCTC is said to be exploring the possibility of unbundling of production and service activities with outsourced back-end operations going to professional/reputed players, thereby reducing overall costs. The Committee urge that this exercise should be completed soon so that necessary approvals are obtained and the process of implementation begins. They desire to be apprised of the progress and hope that the Company is able to rein in the factors leading to losses in this segment by the next financial year, thus further improving their overall profits.

7. BASE KITCHEN

The Committee note that IRCTC is departmentally managing four Base Kitchens, one each at New Delhi, Howrah, Ahmedabad and Patna, for supplying food to Rajdhani and Duronto trains. IRCTC has identified 50 other locations for setting up Base Kitchens and for also setting up of a Mega Central Base kitchen at New Delhi. The Company have cited several constraints coming in the way of setting up Base Kitchens in the vicinity or premises of Railway Stations. One of the constraints cited is the non-availability of land by the Railways for setting up of the Base kitchens even though the use of Railway land for catering business is permitted under the Catering Policy 2010. The Committee have also been apprised that the distance between the Base Kitchens and the Railway Stations adversely affects the quality/cost of the food which is directly proportional to the

cost of logistics and handling of meals. The Committee, therefore recommend that Railways, which have vast land resources, need to help IRCTC, its own PSU, to get the requisite land in the vicinity or in the premises of railway stations on priority basis which will enhance the services and productivity of the Base Kitchen network. The Committee also urge that IRCTC should use latest equipment and State-of-the-art kitchens to ensure better variety and quality of food for the passengers.

8. RAIL NEER AND WATER VENDING MACHINES (WVMs)

The Committee note that IRCTC sells WHO-standard packaged drinking water for passengers under the brand *'Rail Neer'* which is counted amongst top brands. The Company has six *Rail Neer* Plants at Delhi, Danapur, Palur, Ambermath, Amethi and Parassala and its annual sales have increased from ₹43.16 crore in 2010-11 to ₹131.61 crore in 2015-16. According to IRCTC, they do not intend to increase the capacity of the existing plants but are planning to set up new *Rail Neer* Plants in other places like Dasna in Uttar Pradesh to make bottled water available in all parts of the country. Though the Company sees a lot of potential in this business, yet it is stated to be facing several constraints in setting up more plants due to insufficient budget, non-availability of land by the State Government and the Railways, fake *Rail Neer* available in market, inadequate resources to meet the demand and parallel packaged drinking water companies' litigations for selling water exclusively in stations in the past.

The Committee feel that a lot of growth potential exists in this sector, particularly owing to its high profit margins. However, they feel that the Company has to face a real challenge to tackle the menace of counterfeit *Rail Neer* available in the market through its vigilance mechanism, frequent quality and safety checks, and a fool-proof mechanism to prevent the reuse of discarded *Rail Neer* bottles for commercial purpose by unscrupulous elements. At present, only one empty-bottle crushing machine is said to be installed in Ahmedabad. In the Committee's view, such a facility should be available in all major stations. The Committee also recommend that the Government should provide requisite funds and land for setting up more *Rail Neer* plants so that the demand for bottled water in various stations of the Country can be met.

In this connection, the Committee note the efforts of the Ministry and IRCTC to install Water Vending Machines in 1200 identified Railway Stations by March, 2017 to provide RO/purified drinking water to passengers at the rate of ₹5 per 1 litre. In the Committee's view, this is commendable step and should be subsequently taken up at more stations. They would like to be apprised of the total machines installed and revenue earned at the action taken stage.

9. INTERNET TICKETING (E-TICKETING)

The Committee are happy to note that IRCTC has earned good revenue through Internet Ticketing. The number of tickets booked online in 2010-11 was 969.11 lakh which shot up to 1830.22 lakh in 2014-15. Similarly the revenue generated through E-ticketing during 2010-11 was ₹8007.16 crore which increased to ₹20620 crore during 2014-15. Concurrently, the Committee note that the number of complaints with regard to IRCTC's e-ticketing system have also increased. On the recent complaints reported about the theft of personal data of registered E-ticketing users by hackers, IRCTC in their investigation report have stated that it did not find any material to suggest the hacking of personal data. However, the apprehensions of people still persist. Further, there are numerous complaints about the insufficient log-in time window available for Tatkal bookings and also of the IRCTC website frequently hanging during the process of booking Tatkal tickets online. Complaints from registered users have also surfaced about the inability to get Tatkal tickets on IRCTC's website after much efforts while it is not uncommon to find Travel Agents and passengers at the Railway Reservation Counters managing to do so easily. In this connection, the Committee note from the reply of IRCTC that many concrete measures have been taken after reporting of the hacking incident for ensuring the security of personal data of registered users of IRCTC's website. In addition, IRCTC have statedly invested ₹180 Crore for Next Generation E-ticketing (NGeT) for a span of five years under which the capacity of booking E-tickets has been enhanced to 15000 tickets from the previous 7200 tickets per minute. They have also segregated the Taktal booking timings for AC and Non-AC categories to ease the congestion. The Committee acknowledge the genuine efforts made by the Company for easing the process, however, they feel that owing to the tremendous increase in the number of train

passengers, some complaints of users might be genuine. Such incidents are being frequently reported in the media also. Therefore, there is an urgent need to redress the problems of the passengers, who book tickets online, particularly students and young professionals, as most of them are largely dependent on the E-tickets system especially for Tatkal tickets when they have to travel at a very short notice. The Committee, therefore, desire that the capacity of the E-ticketing system should be further enhanced in order to be commensurate the number of users. Further, the Tatkal window of the IRCTC website should also have a Customer Complaint System wherein users can lodge their complaints online which can be monitored on real-time basis and redressed immediately by IRCTC.

The Committee also see future growth potential in the sector of E-ticketing which is substantiated by the constant growth in IRCTC's revenue from this sector in the last few years. The growth in digital technology and its usage is in line with the Nation's 'Digital India' programme. The users can also save a lot of time and money when they do not have to line up at counters for tickets. The Committee, therefore, recommend that IRCTC should enhance its software security mechanism and invest in more hack-proof software programmes/apps that can be accessed through mobiles or other electronic gadgets to make it totally reliable for customers.

10. EXPANSION AND DIVERSIFICATION

The Committee note that in line with the Catering Policy 2010, the Company has accelerated its efforts for capturing the non-Railway catering business in which it anticipates more business and profit. IRCTC have informed that many new initiatives are under way in a phased manner such as setting up of Food Plazas for providing multi-cuisine food under one roof; state-of-the-art Base Kitchens and Food Factory; catering service to Air India, Chennai Port Trust, All India Radio (Delhi), Hyderabad Metro, etc.; retiring rooms/ Budget hotels to augment the services of passengers; 50 Executive Lounges to create lavish space for travellers, fine dining restaurant at Connaught Place, New Delhi, event management service, provision of medical tourism, running of helicopter service between Katra and Vaishno Devi and also taking up minor passenger amenity

functions of the Railways viz. concierge services at stations, e-wheelchairs, provision of disposable bedrolls, etc.

While the Committee note the efforts made by IRCTC to expand and diversify its activities to become a Company providing one-window catering, hospitality, front-office and facility management solutions, they feel that in most of these areas, IRCTC could face heavy competition in view of the presence of already established names. The Committee, therefore, desire that IRCTC should have a well-researched business plan before they venture in some of these areas which are not in their original mandate/core activities. Improper planning and haphazard utilization of the available resources could prove counterproductive for IRCTC, particularly since in the past, a number of its units in its non-Railway catering segment had to be shut down due to declining customer satisfaction.

11. CORPORATE SOCIAL RESPONSIBILITY

The Committee note that IRCTC has been undertaking CSR activities since 2010-11, even before the CSR Guidelines were made mandatory by the Government from 2014-15. In terms of the provisions of the Companies Act 2013, the Corporate Social Responsibility & Sustainable Development (CSR & SD) Committee of IRCTC formulated a CSR Policy which was approved by the IRCTC Board in their 71st Meeting held in February 2015.

The Committee, however, note that the CSR Policy as approved by the IRCTC Board is not in conformity to the CSR Guidelines issued by the DPE as upgradation of passenger amenities and provision of infrastructure for passengers at railway stations is the primary responsibility of the Ministry of Railways. The Ministry of Corporate Affairs and the Department of Public Enterprises have time and again issued clarifications that expenses incurred by Companies for fulfillment of statutory obligations would not count as CSR expenditure. As such, inclusion of the welfare of customers, consumers, railway passengers and railway employees in their CSR Policy document is not in conformity of the CSR Guidelines issued by the Government. In view of this, certain CSR activities undertaken by IRCTC under their CSR Policy do not qualify

for CSR expenditure viz. provision of RO treated pure drinking water facility at NRCH, New Delhi in 2013-14 and carrying out sanitation work at Delhi Cantonment Railway Station in 2014-15 as funds for these activities should have been met from the "provision of amenities for passengers" budget of IRCTC and not from the funds marked for CSR activities. The Committee also feel that the idea behind CSR activities is to target the most backward areas of the Country and to focus on the poorest of the poor and marginalized sections of society to bring about all-round development in the Country.

The Committee also note from the CSR allocations and expenditure that the expenditure during 2010-11, 2011-12 and 2014-15 has not been satisfactory with huge under-spending during these years. Further, it appears from the data furnished that the CSR balance funds during 2010-11 and 2011-12 were not carried forward to the CSR Budget of subsequent years.

The Committee, therefore desire that the CSR Policy of IRCTC needs a re-look so as to be in conformity to the CSR Guidelines issued by DPE and clarifications issued by the Government from time to time. Further, IRCTC should not allocate funds for activities to fulfill their primary mandate or any activities which fall directly under the primary responsibility of IRCTC or the Ministry of Railways. The Committee also desire that CSR funds allocated by IRCTC for a particular purpose in a particular year should be spent in the same year itself and should not be carried forward for subsequent years.

New Delhi,   SHRI SHANTA KUMAR
14 December, 2016   Chairperson,
23 Agrahayana ,1938(S)   Committee on Public Undertakings.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-2016)

MINUTES OF THE SIXTEENTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 07th January 2016 from 1100 hrs to 1225 hrs in Committee Room "B", Ground Floor, Parliament House Annexe, New Delhi.

PRESENT
Shri Shanta Kumar   -   Chairperson

MEMBERS
Lok Sabha

2.   Shri Lal Krishna Advani
3.   Shri Prahlad Patel
4.   Shri Ram Sinh Rathwa
5.   Prof. Saugata Roy
6.   Shri Sushil Kumar Singh

Rajya Sabha

7.   Shri Rangasayee Ramakrishna

SECRETARIAT

1.   Smt. Sudesh Luthra   Joint Secretary
2.   Smt.Anita B. Panda   Director
3.   Shri G.C. Prasad   Deputy Secretary

MINISTRY OF RAILWAYS (RAILWAY BOARD)

1.   Shri A. K. Mital   Chairman (Railway Board)
2.   Shri Mohd. Jamshed   Member Traffic
3.   Shri P. Guha   Adviser (Coaching)
4.   Dr. A. K. Manocha   CMD, IRCTC

The Hon'ble Chairperson at the outset welcomed the Members and the representatives of the Ministry of Railways (Railway Board) to the Sitting and drew the attention of the representatives to Direction 55(1) of the Directions by the Speaker regarding confidentiality of evidence tendered before the Parliamentary Committees.

2.   The representatives of the Ministry of Railways (Railway Board) then made a power point presentation with respect to the functioning and performance of Indian Rail Catering and Tourism Corporation (IRCTC). In the presentation, the representatives provided an overview of the factors and conditions which led to the creation of IRCTC and elaborated on the mission and objectives of the Company along with outlining the performance history of IRCTC. While outlining IRCTC's financial status and performance, the representatives of the Ministry of Railways (Railway Board) also highlighted IRCTC's overall activities and assets, the various services offered by it, its plans for diversification in the future, provision/upgradation of various passenger amenities at stations, improvement of facilities in trains and stations, provision of quality food and water at economical costs for train passengers, etc. The Chairman, Railway Board explained in detail the steps envisaged by IRCTC to improve the process by which private persons or institutions may be contracted to supply fresh and economical food on trains which do not have pantry car facilities, with a particular emphasis on quality. He also mentioned the steps taken by the Railways to improve customer satisfaction by reviewing and addressing consumer complaints apart from elaborating on a number of novel steps which will be unveiled by the Railways like concierge services for senior citizens and provision of R. O. water dispensers at stations. The Chairman, Railway Board, also invited the Committee for a local visit to the IRCTC Central Kitchen in NOIDA.

3.   Thereafter, Members offered suggestions and raised several queries. These mainly pertained to issues like provision of economical and quality food to all passengers in trains and railway stations, setting up of escalators, facilities for senior citizens, availability of basic amenities at railway stations, maintenance of hotels run by IRCTC and overall cleanliness and hygiene in trains and Railway Stations. The representatives of the Ministry of Railways (Railway Board) responded to most of the queries. In respect of points for which information was not readily available with them, the Chairperson directed that written replies may be furnished to the Committee Secretariat at the earliest.

(The witnesses then withdrew).
A verbatim record of the proceedings has been kept separately.
The Committee then adjourned.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2016-2017)

MINUTES OF THE SECOND SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 09th June 2016 from 1100 hrs to 1300 hrs in Committee Room "D", Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar   -   Chairperson

MEMBERS
Lok Sabha

2.   Shri Lal Krishna Advani
3.   Shri Biren Singh Engti
4.   Shri Kristappa Nimmala
5.   Shri Prahlad Patel
6.   Smt. Krishna Raj
7.   Shri Sushil Kumar Singh
8.   Shri Rameshwar Teli

Rajya Sabha

9.   Shri Narendra Budania
10. Shri Ram Narain Dudi
11. Shri Naresh Gujral
12. Shri Praful Patel

SECRETARIAT

1.   Smt. Sudesh Luthra   Joint Secretary
2.   Smt.Anita B. Panda   Director
3.   Shri G.C. Prasad   Deputy Secretary

INDIAN RAILWAYS CATERING AND TOURISM CORPORATION (IRCTC)

1.   Dr. A. K. Manocha   CMD, IRCTC
2.   Shri M.P. Mall   Director (Finance)
3.   Smt. A.K. Brar   Director (T&M)
4.   Shri V. Sriram   Director (CS)

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The Hon'ble Chairperson at the outset welcomed the Members and the representatives of the Indian Railways Catering and Tourism Corporation (IRCTC) to the Sitting and drew the attention of the representatives to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of evidence tendered before the Parliamentary Committees.

2.   The representatives of IRCTC then made a power-point presentation on the functioning and performance of Indian Railway Catering and Tourism Corporation (IRCTC). In the presentation, the representatives elaborated on the creation of IRCTC, its mission and objectives and its current operations and performance, apart from its future plans. Thereafter, the Chairperson and Members raised several queries pertaining to the corporation. In particular, the Committee raised the issue of losses suffered by IRCTC in departmental catering segment, IRCTC's diversification into various business segments which did not involve catering, its investment and revenue earned from various segments, particularly the sale of 'Rail Neer', granting of tenders for catering etc. The Members were particularly concerned about the issue of hygiene and quality of food and the provision of affordable and pure drinking water to rail passengers. Issues regarding filling up of vacant posts, services rendered to rail passengers at railway stations particularly availability of retiring rooms, medicines etc. were also raised by the Members. The representatives of IRCTC responded to most of the queries. In respect of points for which information was not readily available with them, the Chairperson directed that written replies may be furnished to the Committee Secretariat at the earliest.

(The representatives of IRCTC then withdrew)
(Representatives of Department of Public Enterprises were then ushered in)

3.	****	****	*****	****
4.	****	****	*****	****
5.	****	****	*****	****

(A verbatim record of the proceedings has been kept separately).

The Committee then adjourned.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2016-2017)

MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 14th December 2016 from 1500 hrs to 1520 hrs in Main Committee Room, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar   -   Chairperson

MEMBERS

Lok Sabha

2. Shri Ramesh Bais
3. Dr. Kambhampati Haribabu
4. Shri Prahlad Patel
5. Shri Shivaji A. Patil
6. Shri Ram Sinh Rathwa
7. Shri Narendra Keshav Sawaikar
8. Shri Sushil Kumar Singh
9. Shri Rameshwar Teli

Rajya Sabha

10. Shri Narendra Budania
11. Shri Ram Narain Dudi
12. Shri Tapan Kumar Sen

SECRETARIAT

1. Smt. Sudesh Luthra   Joint Secretary
2. Shri G.C. Prasad   Deputy Secretary

2.   At the outset, the Chairperson welcomed the members to the sitting of the Committee.

3.   The Committee then took up for consideration of the draft report on the subject Indian Railway Catering and Tourism Corporation Limited (IRCTC).   The Committee adopted the report with a modification to recommendation at Sl. No. 3.

4.   ****   *****   *****   *****

5.   The Committee then authorized the Chairperson to finalise the aforesaid draft Reports on the basis of factual verification by Ministries/ Departments concerned and present the same to Parliament.

The Committee then adjourned.