3

STANDING COMMITTEE ON RAILWAYS
(2014-15)

SIXTEENTH LOK SABHA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

DEMANDS FOR GRANTS
(2014-15)

THIRD REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/ Agrahayana, 1936 (Saka)

SCR NO.: 190

THIRD REPORT

STANDING COMMITTEE ON RAILWAYS
(2014-15)

(SIXTEENTH LOK SABHA)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

DEMANDS FOR GRANTS (2014-15)

Presented to Lok Sabha on 18.12.2014

Laid in Rajya Sabha on 19.12.2014

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/ Agrahayana, 1936 (Saka)

CONTENTS

COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2014-15)

Shri Dinesh Trivedi - Chairperson

MEMBERS

LOK SABHA

2. Shri E. Ahamed
3. Kunwar Pushpendra Singh Chandel
4. Shri Ram Tahal Choudhary
5. Shri Sanjay Dhotre
6. Shri Gourav Gogoi
7. Shri Rajen Gohain
8. #Shri Chandra Prakash Joshi
9. Shri Ramesh Chander Kaushik
10. Shri Gajanan Kirtikar
11. Shri Balabhadra Majhi
12. Shri Arjun Ram Meghwal
13. Shri K.H. Muniyappa
14. Shri Thota Narasimham
15. Shri A.T. Nana Patil
16. Shri R. Radhakrishnan
17. Shri Mekapati Raja Mohan Reddy
18. Shri Lakhan Lal Sahu
19. Shri Ganesh Singh
20. Shri Uday Pratap Singh
21. Shri S.R. Vijayakumar

RAJYA SABHA

22. Shri A.K. Antony
23. Shri Mukut Mithi
24. Shri Dilipbhai Pandya
25. @Vacant
26. Shri Ambeth Rajan
27. Shri T. Rathinavel
28. Shri Bashistha Narain Singh
29. Shri Devender Goud T.
30. Shri Alok Tiwari
31. Shri Motilal Vora

---

* Constituted *vide* Lok Sabha Bulletin Part II No.623 dated 01.09.2014

\# Sh. Bandaru Dattatreya ceased to be a Member on his appointment as Minister w.e.f. 09.11.2014. Shri Chandra Prakash Joshi was nominated as Member *vide* LSS Bulletin Part No.783 dt.14.11.2014

@ Smt. Kusum Rai retired on 25.11.2014 vide R.S.S. I.d. No.1(2)2014-coord. dt.20.11.14

LOK SABHA SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Smt. Anita Jain	-	Joint Secretary
3.	Smt. Mamta Kemwal	-	Additional Director
4.	Smt. Geeta Parmar	-	Deputy Secretary

INTRODUCTION

I, the Chairperson of the Standing Committee on Railways (2014-15), having been authorised by the Committee to present the Report on their behalf, present this Third Report of the Standing Committee on Railways on 'Demands for Grants – 2014-15 of the Ministry of Railways'.

2. The Committee took evidence of the representatives of the Ministry of Railways (Railway Board) on 16.10.2014.

3. The Committee considered and adopted the Report at their sitting held on 17.12.2014. Minutes of the related sittings are given in appendix to the Report.

4. The Committee wish to express their thanks to the officers of the Ministry of Railways (Railway Board) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants – 2014-15. They would also like to place on record their deep sense of appreciation for the valuable assistance rendered to them by officials of Lok Sabha Secretariat attached to the Committee.

5. 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;
17 December, 2014
26 Agrahayana, 1936 (Saka)

DINESH TRIVEDI
Chairperson,
Standing Committee on Railways

PART – I

REPORT

CHAPTER – I

INTRODUCTORY

The Indian Railways is a departmental commercial undertaking of the Government of India. The formulation of policy and overall control of the Railways is vested in the Railway Board comprising the Chairman, who is an *ex-officio* Principal Secretary to the Government of India, Financial Commissioner and other functional Members for Traffic, Engineering, Mechanical, Electrical and Staff matters, all *ex-officio* Secretaries to the Government of India. The Indian Railway system is managed through 17 zones and 68 operating divisions. Apart from the Zonal Railways representing the operational part of the system, there are six production units engaged in the manufacture of rolling stock and other related items. Research, Designs and Standards Organization (RDSO) is the sole research and development wing of the Indian Railways, functioning as the technical advisor and consultant to the Ministry, Zonal Railways and Production Units with the status of a Zonal Railway.

2. The Indian Railway is the world's largest government railway. The Railway functions as a vertically integrated organization providing Passenger and Freight services. It is a single system which consists of 65,436 route kms of track that criss-cross the country, on which more than 20,038 number of trains ply, carrying about 23 million passengers and hauling nearly 2.77 million tonnes of freight every day, thereby contributing to economic growth of the country and at the same time promoting national integration. The railway service is rendered through a nation-wide rail infrastructure covering tracks, stations, sidings, freight terminals, locomotives, coaches and wagons and infrastructure inputs like signalling, telecom, electrical installations, maintenance workshops, etc.

3. As compared to road transport, the railway has a number of intrinsic advantages as it is five to six times more energy efficient, four times more

efficient in land use and significantly more superior from the standpoint of environment impact and safety. The Indian Railways, thus, plays a pivotal role in the growth and development of the nation.

4. As the Railway Finances were separated from the General Finances under the Separation Convention, 1924, a separate Budget is presented since then for the Railways showing the estimated receipts and expenditure in respect of every financial year. Though the Railway Budget is separately presented to Parliament, the figures related to the receipt and expenditure of the Railways are also shown in the General Budget since the receipt and expenditure of the Railways are a part and parcel of the total receipts and expenditure of the Government of India.

5. The Budget Statement shows the total revenue receipts, revenue and works expenditure, distribution of excess of receipts over expenditure and position of various Funds which the Railways keep with the Central Government, *viz.* the Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Railway Liability Reserve Fund and Railway Safety Fund.

6. The Revenue receipts of the Railways consist of earnings from goods traffic, passenger traffic, other coaching earnings, including parcels, luggage and sundry other earnings like rent, catering receipts, interest and maintenance charges from outside bodies, commercial utilisation of land and air space and commercial publicity on rolling stock and station buildings, etc.

7. There are other Miscellaneous receipts also like receipts of Railway Recruitment Boards from sale of application forms and examination fees, etc. and Government's share of surplus profits which includes receipts from subsidised Railway companies in which the Government has no capital interest. The subsidy from General Revenues in respect of dividend reliefs forms part of the Miscellaneous receipts. The total of Revenue and Miscellaneous receipts makes up the total receipts of the Railways. The portion of the earnings which is due to the Railways during the financial year but has not actually been realised is held in a 'Suspense' account.

8. The expenditure incurred by the Railways is on Revenue account and on Works account. The Revenue account consists of Ordinary Working Expenses incurred by various Departments of the Railways in their day-to-day working and other miscellaneous expenditure like the expenditure on Railway Board, Audit, Surveys and other miscellaneous establishments, payments as regulated by contracts to worked lines which are not owned by the Railways and are either worked by the Indian Railways or companies concerned. The Revenue Account also includes appropriation to the Depreciation Reserve Fund, Pension Fund and dividend paid by the Railways to the General Revenues. Appropriation to the Depreciation Reserve Fund is made annually on the basis of the recommendations of the Railway Convention Committee and is intended to finance the cost of new assets replacing old assets, including the cost of any improved features that such new assets may have. Appropriation to the Pension Fund is to finance Pension and Death-cum-retirement gratuity payments to the Railway staff. Dividend is payable at the rate of 5 percent on the dividend paying capital of the Railways. The excess of receipts over expenditure remaining after discharging the dividend liability is appropriated to the Development Fund, the Capital Fund, the Debt Service Fund and the Railway Safety Fund. These Funds are meant to finance part of the Plan requirements.

9. Works expenditure is financed from capital borrowed from the General Revenues and also from internal resources, *viz.* Capital Fund, Depreciation Reserve Fund, Development Fund and Railway Safety Fund. The overall budgetary support of the general finances of the Government of India consists of capital loans and the sums temporarily loaned to meet the deficient amount, if any, in the Capital Fund and the Development Fund. A part of the investment in Railway assets, covered by the Railway Plans, is also made by the Indian Finance Corporation which raises funds through borrowing. All the revenue earnings of the Railways are credited to the Consolidated Fund of India and expenditure is also incurred therefrom. No amount can be withdrawn from the Fund without the authorization from the Parliament.

Railway Budget 2014-15

10. The Railway Budget for the year 2014-15 was presented in the Parliament by the Minister of Railways on 8th July, 2014. An annual outlay of Rs. 65445 crore comprising Gross Budgetary Support of Rs. 30100 crore, Road Safety Fund of Rs. 2200 crore, internal resources of Rs. 15350 crore and Extra Budgetary resources of Rs.17795 crore has been proposed for the year 2014-15. The estimates of expenditure from the Consolidated Fund included in the Budget Statement and required to be voted by the Lok Sabha are submitted in the form of Demands for Grants. There are 16 Demands for Grants of Railways. Demand Nos. 1 to 15 which relate to Revenue account contain expenditure to be incurred on the day-to-day working by various Departments in the Railways' miscellaneous establishments. Demand No. 16 relates to expenditure to be incurred by the Railways on Works Account. Expenditure under Demand No.16 - Assets-Acquisition, Construction & Replacement is made on works/projects which, *inter alia*, cater to development of infrastructure, renewal and replacement of assets, amenities for passengers, amenities for staff, etc. Plan head-wise outlays and expenditure and also the physical targets vis-a-vis achievements have been dealt with in the succeeding paragraphs. The Demands for Grants of the Railways for 2014-15 are given in the following statement:-

(In thousands of rupees)

No. of Demand	**Name of Demand**	**Total Demand**	
		Voted	**Charged**
1.	Railway Board	278,01,00	..
2.	Miscellaneous Expenditure (General)	831,45,00	211,00
3.	General Superintendence and Services on Railways	6472,70,06	..
4.	Repairs and Maintenance of Permanent Way and Works	10267,93,11	*72,41*
5.	Repairs and Maintenance of Motive Power	4665,64,10	..

6.	Repairs and Maintenance of Carriages and Wagons	10943,45,72	*1,79*
7.	Repairs and Maintenance of Plant and Equipment	6228,18,65	...
8.	Operating Expenses – Rolling Stock and Equipment	9463,30,01	..
9.	Operating Expenses – Traffic	19713,11,48	..
10.	Operating Expenses – Fuel	35181,17,49	*13,76*
11.	Staff Welfare and Amenities	5111,38,18	---
12.	Miscellaneous Working Expenses	5338,76,95	*138,72,14*
13.	Provident Fund, Pension and Other Retirement Benefits	29792,70,02	*5550*
14.	Appropriation to Funds	41478,74,00	..
15.	Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of Over-Capitalization	9135,00,00	..
16.	Assets – Acquisition, Construction and Replacement		
	Revenue		..
	Other Expenditure		
	Capital	109372,06,14	111,9550
	Railway Funds	17095,30,00	5,40,00
	Railway Safety Fund	2198,00,00	2,00,00
	Total	**323566,91,91**	**261,62,10**

<u>Budgetary Allocations/Financial Performance</u>

11. The Budget at a Glance as given in the Explanatory Memorandum on the Railways Budget for 2014-15 is as follows:-

(Rs. in crore)

Actuals 2012-13	Budget Estimate 2013-14	Description	Actual (Provisional) 2013-14	Budget Estimate 2014-15 As now proposed
123732.59	143742.00	1.Gross Traffic Receipts	139558.19	160165.00
		2. Miscellaneous Receipts		
2286.14	2746.00	(a) Subsidy from General Revenues towards dividend relief & other concessions	3370.56	4059.30
161.70	138.00	(b) Other Miscellaneous Receipts	285.14	150.00
2447.84	2884.00	(c) Total Miscellaneous Receipts	3655.70	4209.30
126180.43	146626.00	3. Total Receipts	143213.89	164374.30
84012.04	96500.00	4. Net Ordinary Working Expenses	97570.77	112649.00
20710.00	22000.00	5. Appropriation to Pension Fund	24850.00	28550.00
6850.00	7500.00	6. Appropriation to Depreciation Reserve Fund	7900.00	6850.00
111572.04	126000.00	7. Total Working Expenses [4+5+6]	130320.77	148049.00
		8. Miscellaneous Expenditure		
28.02	60.00	(a) O.L.W.R.	27.67	--
965.18	1170.00	(b) Other Miscellaneous Expenditure	1116.38	1126.56
993.20	1230.00	(c) Total Miscellaneous Expenditure	1144.05	1126.56
112565.24	127230.00	9. Total Expenditure [7+8]	131464.82	149175.56
13615.19	19396.00	10. Net Revenue [3-9]	11749.07	15198.74
5348.94	6249.20	11. Dividend Payable to General Revenues	8008.67	9135.00
8266.25	13146.80	12. Excess/Shortfall [10-11]	3740.40	6063.74
7815.00	3550.00	13. Appropriation to Development Fund	3075.00	300.00
451.25	5433.80	14. Appropriation to Capital Fund	500.00	5662.74
--	4163.00	15. Appropriation to Debt Service Fund	165.40	101.00
90.2%	87.8%	16. Operating Ratio	93.6%	92.5%

7.4%	9.2%	17. Ratio of Net Revenue to Capital-at-Charge and investment from Capital Fund	5.6%	6.3%

It may be seen from above that the actual total receipt during 2013-14 has declined to Rs. 143213.89 crore (Provisional) from Rs. 146626.00 crore at BE. However, actual total expenditure has increased to Rs. 131464.82 crore (Provisional) from Rs.127230.00 crore at BE. As a result, the actual net revenue has decreased to Rs. 11749.07 crore (provisional) from Rs. 19396.00 crore at BE.

Decline in Traffic Receipts

12. When asked about the factors responsible for the decline in total receipts and increase in expenditure, it has been replied that the total traffic receipts was revised downward at the RE stage on account of lower RE target for passenger earnings over BE. This was due to reduction in advance reservation period from 120 days to 60 days from May 2013 onwards and also due to downward revision in passenger traffic plan keeping in view the persistent negative growth in originating passengers upto December 2013. Originating passengers target was reduced from BE 9,089 million to RE 8,471.97 million and Passenger Kilometers from BE 11,81,484 million km to 10,72,542 million km.

13. During the course of evidence, the Committee asked the Ministry about the reasons for the drop in the number of passengers during 2013-14; the Chairman, Railway Board, submitted as under:

> *"......... One is about drop in the number of passengers. This has been bothering us. So, we have done a detailed exercise. What has happened is that the 0-50 kms. passenger traffic has dropped. The others have picked up. The difference in 0-50 kms is quite substantial. We went further into an analysis as to why it happened. There are various reasons for that but the drop is in the lower segment of 0-50 kms"*

14. The Committee pointed out that travelling by road cannot be cheaper than Railways. The witness reacted as under:

> *"Road travel is not cheaper. In these segments, we have found the sections where it happened. It happened in some parts of Kerala, Gujarat, Bengal-Odisha border. The Bengal-Odisha border is in the South Eastern, East-Coast Railway. It also happened in some parts of Madhya Pradesh, Jharkhand where the distance was too short. There, when the bus was taking Rs.5, people were travelling at Rs.4. when train fare increased from Rs. 4 to Rs. 6, bus journey became cheaper for them. It is a short distance but number of passenger is very big. So, this 0-50 km. segment is the major segment where the fall has taken place. "*

The witness added that such passengers comprised more than 55 per cent of the total traffic.

15. Turning their attention to certain passengers travelling without tickets, the witness submitted that when they came to know of that aspect, they increased the ticket checking drive.

16. The Committee have observed that the target for the total receipt for the year 2014-15 has been kept on the higher side at Rs. 164374.30 crore as compared to total receipt of Rs.143215.89 crore (provisional) during 2013-14. Also, the proposed total expenditure for 2014-15 is kept on a higher side at Rs. 149175.56 crore as compared to Rs.131464.82 crore (provisional) during 2013-14.

17. The Committee desired to know about the specific measures proposed to be taken by the Railways to realise higher targets for revenue receipt during 2014-15. In reply, the Ministry have stated that the revenue target for 2014-15 has been set on the basis of higher traffic plan and additional resource mobilization on account of rationalization of fare and tariff structure. Loading target in BE 2014-15 is 1,101.25 million tonne (51 MT incremental over 2013-14 provisional) and Originating passengers target in BE is 8,645 million (219 million incremental over 2013-14 provisional). Passenger fare and goods freight rates were raised by 14.2 percent and 6.5 percent, respectively, w.e.f. 25th June 2014. Further, in addition to reviewing the trend of earnings every

ten days by the Board, reviews with the Zonal Railways are also being done so that the targets could be met.

Rise in Working Expenditure

18. Further, as regards the increase in expenditure during 2013-14 as against the BE, it has been stated that the total expenditure was increased in order to allocate higher provision under Ordinary Working Expenses (OWE) and to increase appropriation to Pension Fund. OWE for 2013-14 fixed at Rs.96,500crore at BE stage was enhanced to Rs.97,060 in RE and the Actual (Provisional) worked out to Rs.97,571 crore, which is Rs.511 crore more over RE. There are five Demands showing excess expenditure. These are: D 'Repairs & Maintenance - permanent way & works' (Rs 56 crore); D5 'Repairs & Maintenance - Motive power' (Rs 85 crore); D6 'Repairs & Maintenance - Carriages & wagons' (Rs 243 crore); D8 'Operating expenses – rolling stock & equipment' (Rs 61 crore); and D10 'Operating expenses – fuel' (Rs.711 crore). The overall excess is partly offset by savings under other Demands. It may be seen that the excess is only 0.5 percent of total grants and mostly is on account of operating expenses fuel cost and increased maintenance activities. Further, appropriation to Pension Fund from revenue budgeted in 2013-14 at Rs 22,000 crore had to be stepped up at RE stage to Rs.24,000 crore. Actual (Provisional) is Rs 24,850 crore. The increase provided is on account of increased pension debits received by the Zonal Railways.

19. With regard to keeping a higher target for total expenditure in Budget Estimates 2014-15 vis-à-vis 2013-14, it has been stated that this is mainly on account of higher provision under Ordinary Working Expenses (OWE) and higher appropriation to Pension Fund. In BE 2014-15, Rs. 1,12,649 crore has been provided under OWE, which is Rs. 15,589 crore more over 2013-14 RE of Rs 97,060 crore and Rs. 15,078 crore more over 2013-14 Actual (provisional) of Rs 97,571 crore. The reasons for increase in Budget Estimates 2014-15 over Revised Estimates 2013-14 are given below:-

(Rs. in crore)

	2013-14 RE	2014-15 BE	Variation
Staff Cost	47218	52665	5447
Fuel -Electric Traction	9644	10826	1182
Fuel -Diesel Traction	18827	24220	5393
Total Fuel	**28471**	**35046**	**6575**
Stores	4426	4764	338
Lease Charges	5932	7330	1398
Misc.	11013	12844	1831
Total	**97060**	**112649**	**15589**

20. The Committee asked the Ministry about the steps being taken by them to contain their expenditure during 2014-15. It has been replied that a spending limit of Rs.1,08,499 crore has been imposed on the Zonal Railways by keeping a reserve of Rs.4,150 crore for better financial management. Further, economy and austerity instructions issued by the Ministry of Finance vide OM No.7(2)/E.Coord/2013 dated 18.09.13 have also been adopted and conveyed to the Zonal Railways and other railway units for strict compliance.

Reduced Plan Outlay

21. The Annual Plan resources of the Ministry of Railways in years 2012-13, 2013-14 and for 2014-15 are as under:

(Rs. in crore)

	2012-13		2013-14		2014-15
1	2	3	4	5	6
	Approved by the Planning Commission	Actual	Approved by the Planning Commission	Actual (Provisional)	Approved by the Planning Commission
GBS (including Diesel Cess and w/o National projects)	25102	25234	27102	28135	31596

Internal Resources	18948	10007	15158	10132	16054
Extra Budgetary Support(EBS)	16050	15142	21103	15085	17795
Total	60100	50383	63363	53352	65445

It is seen from the above that the Annual Plan 2012-13 and 2013-14 have fallen short of the targets by Rs. 9717 crore (Rs. 60100 crore- Rs. 50383 crore) and Rs. 10011 crore (Rs. 63363 crore- Rs. 53352 crore), respectively. The major areas of shortfall had been on account of Internal & External Budgetary Resources, including PPP & WIS, which was to the tune of Rs. 9849 crore (Rs.8941 crore in r/o Internal Resources & Rs.908 in r/o EBR) and Rs.11044 crore (Rs.5026 crore in r/o Internal Resources & Rs.6018 in r/o EBR) during 2012-13 and 2013-14, respectively.

22. Asked to state the reasons for the shortfall in internal resources, it has been replied that Railways traffic is a derived demand and is dependent on the growth of the economy, especially in the core sector, since the Railways is primarily a bulk carrier of freight. The shortfall was largely due to slow growth in the core sector of the economy, compounded by negative growth in Iron.

Steps/Schemes to Increase Freight Earnings

23. The Ministry's attention was invited to the Report on the Demands for Grants (2013-14) of the Ministry of Railways in which the Committee had emphasised the need to explore ways and means to increase the Railways' share in non-core sector to bridge the gap in earnings due to slow down in the core sector industries. In reply, the Ministry have stated to have taken the following steps:

1. **Freight Incentive schemes**: A slew of freight incentive schemes have been introduced with the objective of generating additional traffic volume and additional revenue for the Railways. These schemes which are

in operation since 2006, have since been meaningfully moderated and suitably modified based on experience gained in the interregnum. These schemes have been re-introduced as "The Freight Incentive Schemes and Transportation Products 2009" w.e.f. 1st January, 2010 as under:

(a) **Incentive Schemes for Loading Bagged Consignments in Open and Flat wagons:** For encouraging loading of bagged commodities in open & flat wagons, special freight incentive ranging from 20% to 30% is extended for different commodities on tariff rates.

(b) **Incentive Schemes for Traditional Empty Flow Direction**: To encourage and popularize loading in the empty return direction, graded freight concession of 10% to 40% is offered on Net Tariff Rate for different distance slabs, subject to certain conditions.

(c) **Incentive Schemes for Freight Forwarders**: Freight forwarders are levied confessional train load class rate or composite class rate for aggregating and dispatching goods instead of charging at dearer wagon load rates subject to certain conditions.

(d) **Incentive Schemes for Incremental Traffic**: In order to further boost dispatches from the regular customers, graded freight concession is afforded for incremental loading beyond prescribed benchmark, plus 10%, under certain conditions. In addition, a pilot project has been launched on SR and NFR for Automatic Freight Rebate for loading in notified empty flow direction in BCN traffic. Thus it is expected to capture additional traffic.

2. **Special Freight Train Operators (SFTO)**: The objective of the policy is to increase railway share in transportation of non-conventional traffic in High Capacity or Special Purpose Wagons, thereby increasing commodity based railway traffic. This provides an opportunity to logistics service providers to invest in wagons for transportation of selected commodities. Approval has been given for movement of caustic soda. One proposal for movement of alumina is awaiting clearance.

3. **Automobile Freight Train Operators (AFTO)**: This policy provides an opportunity to logistics service providers and road transporters to invest in wagons for transportation of automobiles. Two operators have registered as AFTO. Two rakes of M/S Maruti Udyog Limited are running since March 2014 and one of M/S APL Vascor has also been inducted in August 2014.

4. **Kissan Vision Yojna (KVY)**: This scheme provides for investment in transportation of perishable traffic. CWC and CONCOR are building cold storage at Singur, Nasik (Ojhar), Jalpaiguri, Naya Azadpur, Dankuni and Murshidabad.

24. The Ministry have further added that the steps taken by the Railways have paid rich dividend. In the current year up to September 2014, freight traffic in non-core sector has achieved a substantial growth as detailed below:

Commodity	Freight loading (in million tones)	Freight earning (Rs. in crores)	Growth in loading in percent	Growth in earnings in percent
Container traffic	24.60	2297.73	16.26	6.95
Balance other goods	37.25	3264.62	14.65	22.30

25. Regarding advance measures being taken/proposed by the Ministry in order to avoid the shortfalls during 2014-15, it has been stated that efforts are being made to garner as much internal resources as possible. Railways have already undertaken an exercise of prioritisation of work so that focused attention can be paid to the important and urgent projects which are either in the last leg of their completion or are concerned with capacity enhancement and de-bottlenecking of the network. Further, efforts are being made to encash empty flows of wagons, launch of Private Freight Terminal (PFT) Scheme, Special Freight Train Operator (SFTO) and Automobile Freight Train Operator (AFTO) policy.

26. The Ministry added that improvement of efficiency on Indian Railways is a continuous process through operational improvements, technological upgradation, modernization, augmentation of infrastructure (fixed and moving assets), adoption of Information Technology (IT) in various areas of Railway working, etc.

Public-Private Partnership model

27. The shortfall in realization of the target for EBR is stated to be mainly due to non-materialization of PPP targets. It has been stated that the rail infrastructure projects are highly capital intensive and have generally a low rate of return. Because of this reason while users of railways have been successfully engaged in PPP projects, general investors have not shown adequate interest in making investments. Railway projects are also long gestation projects.

28. The Committee wanted to know the targets vis-à-vis achievements in respect of PPP in the last two years. In reply, it has been informed that during 2012-13, the target for PPP was Rs.1050 crore and the achievement was Rs.2500 crore. However, in 2013-14, the target was 6,000 crore and the achievement was approximately Rs.1520 crore only. These investments were generated through container operators, wagon investment scheme, private freight terminals, wagon leasing scheme, AFTO (Automobile Freight Train Operator scheme) and port connectivity projects.

29. It was added that the shortfall during 2013-14 was mainly because of poor investments in rail connectivity projects. However, in December, 2012, the Ministry of Railways had announced a participative policy to strengthen capacity augmentation and building rail connectivity projects. This new policy had attracted a commitment from investors to the tune of Rs.10,000 crore in 17 projects in building rail connectivity projects for ports and mines. While such commitment has been received, the actual investment on year-to-year basis will take some time. It is pertinent to mention here that a target of Rs.1 lakh crore has been set up to attract private investment through PPP for the 12^{th} Five Year Plan.

30. It is pertinent to mention that while examining the Demands for Grants (2012-13) of the Ministry of Railways, it had been stated that Indian Railways had been suffering from serious capacity constraints due to inadequate investment. Therefore, an attempt was made in the 12th Plan to address capacity bottlenecks and investment on modernization and safety so that the Railways could provide satisfactory services to passengers and customers. The share of components as proposed were as under:

Gross Budgetary Support	Rs.2.5 lakh crore
Government Support for national projects	Rs.30,000 crore
Ploughing back	Rs.20,000 crore
Internal Resources	Rs.1,99,805 crore
Extra Budgetary Resources	Rs.2,18,775 crore
Railway Safety Fund	Rs.16,842 crore

31. On the statement made by the Minister of Railways during his Budget Speech that around Rs.50,000 crore are required per year for the next 10 years for the Railway ongoing projects alone, which leaves a huge gap between what is available as surplus and what is needed, the Committee asked how the Ministry of Railways strategise to arrange the funds of the required level. In reply, it has been stated that in the present scenario of the huge gap between what is available as surplus and what is needed, Indian Railways has taken up prioritisation and completion of existing projects and adopting a near plan holiday approach.

32. It has subsequently been informed that the Ministry of Railways had proposed an outlay of Rs.7,19,671 crore for the 12th Five Year Plan; however, the Planning Commission approved only Rs.5,19,221 crore for Railways. Also, during 2012-13, 2013-14 and 2014-15, against the proposed outlays of Rs.77645 crore, Rs.72500 crore and Rs.72000 crore, funds to the tune of Rs.60100 crore, Rs.63363 crore and Rs.65445 crore, respectively, have been

allocated. The Railways are facing a major issue of meager internal generation because of general slowdown in economy and rising input cost. This has been coupled with limited GBS and the high cost of borrowing. The funds allocated almost for all the projects or activities under the Plan heads were not at all sufficient for the project targeted during all these years. As a result, doubling, traffic facility works, signalling & telecom works, work for workshops, new line, new rolling stock acquisition, gauge conversion, etc. have suffered the most for want of sufficient funds.

33. The thrust of the Annual Plan, 2014-15 is stated to be on safety which includes manning/interlocking of level crossing and construction of road over/under bridges on busy level crossings, renewal of track, construction/replacement of railway bridges and signalling & telecommunications works. The allocation for these has been increased from Rs.8443 crore during 2013-14 to Rs.8869 crore in 2014-15. Construction of new lines, provision of traffic facilities for removing bottlenecks, computerization and information technology projects and setting up & expansion of workshops/sheds have also received special impetus. Outlay for such works has been increased from Rs.10336 crore to Rs.14088 crore. Staff welfare activities like construction/replacement of staff quarters and amenities for staff have been provided with higher funds for better amenities to the railwaymen. The allocation for these plan heads has been increased from Rs.613 crore to Rs.652 crore in Budget Estimates 2014-15.

34. The Committee have been informed that during the preceding years, the tariff policy adopted lacked a rational approach. Passenger fares were kept lower than costs, thus causing loss in the passenger train operations. On the other hand, freight rates were revised periodically and kept high in order to compensate the losses sustained in the passenger sector, resulting in freight traffic getting diverted consistently. Also, the share of railways in freight traffic came down consistently in 30 years.

Steps to Increase Passenger Earnings

35. In this context, the Committee asked the Ministry about the strategy adopted by them to compensate the losses in the passenger sector. In reply, it has been stated that passenger fares on the Indian Railways are very low and there is a massive under recovery. Between 2002-03 and 2011-12, passenger fares did not witness any increase, rather fares in several segments of passenger services, including Second Class, were revised downwards in this period. The passenger losses in 2013-14 is estimated to Rs.28,888 crore. Further, Railways have been permitted to recover the expenditure incurred on account of increase in prices of fuel by imposing FAC. In order to reduce passenger losses, Railways have taken the following steps from 2012-13:

2012-13:

a) With effect from 01.04.2012, passenger fares in the case of higher classes, were increased by 10 paisa per km in First Class, 15 paisa per km in case of AC 2-Tier and 30 paisa per km in case of AC First/Executive Class.

b) With effect from 22.01.2013, class-wise passenger fares were increased in paise per passenger km: 2nd Class (Ordinary) Suburban and Non-Suburban -2 paise, Second Class-3 paise, Sleeper Class – 5 paise, AC Chair Car-10 paise, AC 3-Tier -10 paise, First class-3 paise, AC 2-Tier – 6 paise, AC First Class/Executive Class-10 paise.

2013-14: From 07/10/2013, this revision was inclusive of FAC. Fares for Second Class Ordinary (Non-Suburban) increased by a maximum of Rs. 5/- in select distance slabs, while in the other distance slabs there was no change in existing fares. In all other classes, the fares were increased by about 2 percent.

2014-15: From 25/06/2014, a flat 10 percent increase in all classes. No increase upto minimum distance for charge. Inclusive of 4.2 percent FAC, the increase in Passenger fares was around 14.2 percent for different classes of travel. MST fares have also been revised by applying 14.2 percent increase over existing fares w.e.f. 28.06.2014.

36. It has been supplemented that in order to increase passenger earnings, efforts are made to cater to additional demand and augment revenue through various measures like introduction of new trains, enhancement of the composition of more popular trains, attachment of extra coaches in the existing trains, etc. Also special trains are run for clearance of extra passenger traffic during peak seasons, festivals and special events. Further, premium special trains are being operated on certain high-demand sectors with dynamic pricing which is resulting in higher passenger revenues.

37. It has been added that being the common man's preferred mode of travel, the major constraints/difficulties faced by this Ministry is increasing the fares of lower classes which constitute almost 90 percent of total passenger carried. Any increase in this segment is met with severe public criticism and is certainly not a popular measure. An example of this is the roll back of the revision in Passenger fares during Railway Budget 2012-13 which was withdrawn for all classes of travel except the higher classes, *viz.* First AC/ Executive class, AC 2-Tier and First class. Recently, i.e. from 25.06.2014, passenger fares for all classes were increased by 14.2 percent and Season Ticket fare was revised to 30 single journey fares in a month. But due to several representations, fare of Monthly season tickets was revised by 14.2 percent instead of 30 single journey fares and there was no increase in Second Class (Suburban) Ordinary fares up to a distance of 80 kms.

Status of Infrastructural Projects

38. The Committee learnt that keeping in view the overall thrust of the Twelfth Five Year Plan, the policies of the Indian Railways currently focused on the creation of additional capacity, modernisation of existing network, improvement in asset utilisation and productivity and modernisation of rolling stock and maintenance practices to bring about overall improvement in the

quality of railway services while augmenting profitability and internal resource generation.

39. With regard to creation of additional capacity, it has been informed that 4000 km of new lines, 5500 km of gauge conversion, 7653 km of doubling and 6500 km of electrification are targeted in the 12th Five Year Plan. In the first two years of the Plan, with the resources made available, 951 km of new lines, 1009 km of gauge conversion, 1413 km of doubling and 2667 km of electrification have been completed. In the current year 300 km of new lines, 450 km of gauge conversion, 700 km of doubling and 1300 km of electrification are planned. Besides, 3338 km of Dedicated Freight Corridor is also being built which is targeted for commissioning in 2018-19.

40. As regards the shortfall in achievement of targets with respect to new lines, gauge conversion, doublings and electrification projects during 2012-13 and 2013-14 and keeping the target during 2014-15 at the same or diminished levels, it has been stated that the shortfall in achieving the targets and for fixation of this year's targets at the same or diminished levels is due to extreme scarcity of funds. Allocation of Gross Budgetary Support (GBS), which is a loan from general exchequer, also comprised of National Projects (NP) as well as Externally Aided Projects (EAPs), besides all other activities. As NP/EAP demands committed and dedicated funding, fund available for other critical development activities is reducing with the passage of time.

41. On being asked how the Ministry propose to secure funds for other critical development activities of the Railways, the Ministry in their written replies stated that the infrastructure projects of the Railways are highly capital intensive and are executed from funds received as Capital from the General Exchequer. Over the years, due to ring-fenced provision of GBS for National Projects as well as other works, the availability of funds for other critical developmental works are less than the desired level, vis-à-vis the throw forward liability for such works. Therefore, the Railways have prioritised projects so as to complete the high priority works in a time-bound manner and make optimum

utilisation of available resources. Meanwhile, extra-budgetary resources are being actively explored for such works.

42. As informed, the details regarding New Lines, Gauge Conversion and Doubling of railway lines including National Projects targeted for completion during the 12th Five Year Plan are as under:

Sl. No.	Plan Heads	National projects (KM)	Remaining projects (KM)	Total Route Km targeted
1.	New Lines	327	1065	1392
2.	Gauge Conversion	993	1007	2000
3.	Doubling	0	4633	4633
	Grand Total	1320	6705	8025

43. The Committee enquired about the new lines, gauge conversion and doubling of railway lines, including National Projects, targeted for completion during 2012-13 and 2013-14. The information has been given as under:

S. No.	Plan Heads	National projects (KM)		Remaining projects (KM)		Total Route Km targeted	
		2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
1.	New Lines	0	14	470	436	470	450
2.	Gauge Conversion	361	154	214	221	575	375
3.	Doubling	0	0	705	700	705	700
	Grand Total	361	168	1389	1357	1750	1525

44. With regard to route kms of new Lines, Gauge Conversion and Doubling of railway lines, including National Projects, targeted for completion during 2014-15, the information furnished by the Ministry is as given below:

S. No.	Plan Heads	National projects (KM)	Remaining projects (KM)	Total Route Km targeted
1.	New Lines	0	300	300
2.	Gauge Conversion	170	280	450
3.	Doubling	0	700	700
	Grand Total	170	1280	1450

45. The Committee desired to know about the corpus of North East Region Rail Development Fund (NERRDF) and how effectively has it benefited the Railways in implementation of National Projects. In reply, it has been stated that for implementation of National Projects in the Northeast Region, CCEA had approved creation of a non-lapsable fund, i.e., North East Region Rail Development Fund (NERRDF) wherein funds to the tune of 25 percent of yearly requirement was to be provided by Railways through GBS and 75 percent funds were to be provided by the Ministry of Finance dividend-free as an additionality to GBS. However, till date, the fund could not be created due to objection of the Controller General of Accounts (CGA) of the Ministry of Finance.

46. The details regarding the 12th Five Year Plan outlay from GBS and Internal Resources are as under:

(Rs. in crore)

		GBS	**Internal Resources**
1.	Total XII FYP sanctioned	1,94,221	1,05,000
2.	Investment/year (if pro-rata basis)	38,844	21,000
3.	Pro-rata allocation (3 years)	1,16,533	63,000
4.	Actual allocation (during 2012-13, 2013-14 & BE 2014-15)	84,965	34,127
5.	Shortfall	31,568	28,873
6.	Shortfall %age	27%	46%

Throw-forward of railway projects

47. The Minister of Railways, in his Budget Speech, 2014-15, mentioned that in the last ten years, 99 railways' new line projects worth Rs.60,000 crore were sanctioned; however, out of the same, only one project had been completed as on date. Further, there are four projects that are as old as 30 years but are still not complete for one reason or another.

48. The Committee desired to know the Ministry's' throw-forward (number of railway infrastructure under implementation) as on 1 April, 2014 and the amount required for their completion. The break-up with respect to throw-forward of new line, doubling and gauge conversion projects in physical as well as financial terms as on 1st April, 2014 is given as under:

Plan Head	**No. of Projects**	**Total Length (km)**	**Total Anticipated Cost (in cr.)**	**Exp as on 31.3.2014 (in cr.)**	**Financial Throw-forward as on 1.4.2014 (in cr.)**	**Physical throw-forward in km**
New Lines	154	17129	163448	42330	121118	13900
Gauge Conversion	42	9828	41803	20308	21496	5500
Doubling	166	9264	53026	13416	39610	7300
Total	362	36221	258278	76054	182224	26700

49. The Ministry have further added that the total throw forward indicated is the cost of the project as sanctioned. It does not indicate the completion cost of the project. The completion cost of the project can be worked out by factoring in the escalation which depends upon the period of completion. These projects are funded by Gross Budgetary Support which is extended on yearly basis by the Ministry of Finance at the beginning of the year. Total allocation for new line, gauge conversion and doubling for the year 2014-15 is only Rs.13494 crore as against the throw-forward of Rs.1,82,224 crore.

50. On being specifically asked about the timelines for completion of these projects, it has been stated that with the prevailing system of funding, which itself is inadequate, wherein there is no financial closure of the project, it would be difficult to give a reasonable timeline for completion of projects and without the timeline, completion cost cannot be worked out.

51. When asked whether the fund allocation for these projects are sufficient, the Ministry have submitted that the total funds allocated to National Projects and cost sharing project with State Governments for the year 2014-15 is

Rs.6000 crore and Rs. 1802 crore (out of GBS), respectively. The funds allocated for National Projects are stated to be sufficient; however funds allocated for cost sharing projects are inadequate.

52. The details regarding the projects pending for more than 20 years from date of its sanction are given as under:

S. No.	Plan Head	Project	Year	Status in brief
1	New Line	Howrah-Amta(43 Km), Bargachia-Champadanga (32Km) &Champadanga-Tarakeshwar (8 Km), Amta-Bagnan (16 Km) &Janghipara-Furfurasharif (12.3 Km) as Material Modifications	1974-75	Howrah-Bargachia-Amta (43 Km) has been completed and commissioned. Bargachia-Champadanga (32 Km) could not be taken up as State Govt. did not provide land free of cost as per initially MoU signed in 1973. State Govt. hasn't acquired land even after Railway agreed to bear 2/3rd cost of Land. Remaining Projects i.e Champadanga-Tarakeshwar (8 Km), Amta-Bagnan (16 Km) &Janghipara-Furfurasharif (12.3 Km) were sanctioned as Material Modifications to original projects are progressing as per availability of funds.
2	New Line	Nangal Dam-Talwara (83.74 km) & Taking over siding of Mukerian-Talwara (29.16 km)	1981-82	After part commissioning of the Nangaldam-Una section (16.45 Km), the work was frozen from 1991-92 to 1999-2000 as State Govt. of Himachal Pradesh backed out the initial commitment to bear the land cost and provide wooden sleepers at their cost. Later on, the State Govt. agreed to provide Govt. land free of cost and the project was de-frozen in 1999-2000. Based on the availability of resources, the work from Nangaldam to AmbAndaura (44.90 Km) has been commissioned and

S. No.	Plan Head	Project	Year	Status in brief
				work between Amb/Andaura to Kartoli Punjab has been taken up. State Govt. has been requested to share 50 percent cost of the balance portion of the project.
3	New Line	Eklakhi-Balurghat (87.11 km) & Gazole-Itahar (28 km), Raiganj-Itahar (21.8 km) & Itahar-Buniadpur (39 km) as Material Modifications.	1983-84	Main project, Eklakhi-Balurghat (87.11 Km) has been commissioned. Remaining projects, i.e. Gazole-Itahar (28 km) &Raiganj-Itahar (21.8 km) &Itahar-Buniadpur (39 km) were sanctioned as Material Modification to the main project and are progressing as per availability of funds. After review, Itahar-Buniadpur has been frozen for the present.
4	New Line	Tamluk-Digha (89 Km) and, Deshpran-Nandigram(18.5 Km), Kanthi-Egra (26.2 km),Nandakumar-Bolaipanda (27 km) NL &Nandigram-Kandhimari (Nayachar) (7 km) NL as Material Modifications.	1984-85	Main project Tamluk-Digha (89 Km) along with its Electrification has been commissioned. Remaining projects, *viz.* Deshpran-Nandigram (18.5 Km), Kanthi-Egra (26.2 km), Nandakumar-Bolaipanda (27 km) NL &Nandigram-Kandhimari (Nayachar) (7 km) NL were sanctioned as Material Modification to the main work project and are progressing as per availability of funds.
5	New Line	Guna-Etawah via Shivpur-Gwalior-Bhind (348.25 km)	1985-86	Guna –Shivpuri completed in Feb' 1991. Shivpuri-Gwalior completed in April' 1999. Balance section, i.e. Bhind – Etawah is targeted for commissioning during 2014-15.
6	New Line	Laxmikantapur-Namkhana (47.5Km) and Namkhana -Chanda	1987-88	Main project, Laxmikantapur-Namkhana (47.5 Km) has been commissioned. Remaining

S. No.	Plan Head	Project	Year	Status in brief
		Nagar (14 km), Kakadwip-Budakhali (5 km) &Chandanagar-Bakhali (17.2 km) as Material Modifications		projects, *viz.* Namkhana-Chanda Nagar (14 Km), Kakadwip-Budakhali (5 km) &Chandanagar-Bakhali (17.2 km) have been sanctioned as Material Modifications to the main work and are progressing as per availability of funds.
7	New Line	Daitari-Banspani (155 km) and its Electrification, Jakhapura-Haridaspur 3rd line as Material Modification.	1992-93	Main Project, Daitari-Banspani and its Electrification sanctioned as Material Modification has been commissioned. Work on Jakhapura-Haridaspur 3rd line is targeted for completion in 2014-15.
8	New Line	Peddapalli-Karimnagar-Nizamabad	1993-94	Peddapalli-Karimnagar (35.53 Km) and Karimnagar-Jagityal (48.08 Km) have been commissioned. Work on remaining portion, i.e. Jagityal-Nizamabad (94.28 Km) is in progress as per availability of funds.
9	Gauge Conversion	Bhildi-Viramgam with new MM for Mehsana-Taranga hill(57.4Km)	1990-91	Bhildi-Viramgam (155.63KM) Gauge Conversion project comprises of gauge conversion of 104.6 Km. between Viramgam to Patan with extension to Bhildi as New Line (51.03 Km). Mehsana-Taranga hill (57.14 Km.) GC was sanctioned in 2011-12 as Material Modification. Viramgam-Mehsana Gauge Conversion (64.81 Km.) and Mehsana–Patan Gauge Conversion (39.79 Km.) has been completed. Patan-Bhildi (51.03 New Line) is in progress, linking of track of 9.00 Km has been completed except near Rani ki Vav for want of NOC from National

S. No.	Plan Head	Project	Year	Status in brief
				Monumental Authority. Work on balance portion is progressing as per availability of funds. In case of Mehsana – Tarnga Hill FLS is in progress.

53. It has simultaneously been informed that the Indian Railways have reviewed all their ongoing projects and have carried out the prioritisation to give pointed and focused attention to projects to ensure optimal utilization of meager Gross Budgetary Support and to avoid thin spread of funds. Priority has been accorded to National Projects, cost sharing projects, last mile projects and last connectivity projects, projects enhancing throughput, decongesting saturated sections, providing alternate route, etc.

Signalling & Telecommunications (S & T)

54. An allocation of Rs.1107 crore was made for Signalling and Telecommunication (S & T) Works during 2013-14. However, the same had been reduced to Rs.902 crore at RE stage. Further, an allocation of Rs. 966 crore has been made during 2014-15.

55. In response to a query relating to under-utilisation of funds during 2013-14 for Signalling and Telecommunication (S & T) works, it has been stated that in the 12th Five Year Plan, Rs.10,000 crore were finalised for allotment of S&T works out of the total outlay of Rs.519921 crore. Accordingly, Rs.2000 crore was required to be allocated every year. However, during 2013-14, Rs.1107 crore was allotted, which was reduced to Rs.902 crore at RE stage. On account of this low allotment for S&T works, the works had to be prioritised and mainly outlay was restricted to works, which were in the last leg of completion. Many other works, which were important from the angle of enhancing the Level of Safety as well as Line Capacity and Efficiency, had to be deferred. Lower allotment also affected the sanction of new works on account of stringent norms for sanction of works linked with throw forward and outlay. Targets for

replacement of S&T equipment, as required, could not be fully met during 2013-14.

56. The Ministry further added that on account of reduced outlay, the works of Train Management System (TMS) had to be deferred and the works of Train Protection Warning System (TPWS), having a sanctioned value of Rs.1768 crore, could not even start. Upgradation of Signalling to Standard-II R could also not progress at the pace with which the works are required to be done. Unless steady funding is given for these works, progress cannot be made in these areas, which are linked with safety in train operations, Line Capacity augmentation, Efficiency and Flexibility in yard working and on line information for the management as well as the rail user. Similarly progress of ongoing Telecom works, i.e. provision of Optical Fibre Cable (OFC) and Quad Cable got affected and new works to replace overaged and failure prone over head alignment and RE underground Cable could not be included in the Works Programme.

57. It has been supplemented that due to fund scarcity in internal resources, which are the only source for Depreciation Reserve Fund (DRF) & Development Fund (DF) allocation, Budget allotment had to be reduced before regular Revised allotment in the last three years, i.e. Rs.904 crore from Rs.1101.8 crore in the year 2011-12, Rs.1012 crore from Rs 2006.6 crore in the year 2012-13 and Rs.915 crore from Rs.1107 crore in the year 2013-14. Utilization of funds depends on timely and steady allotment of funds and simplification of procedure of work and stores procurements during execution. Further, the utilization of funds with respect to BE (revised) is consistent in the range of 93-100 percent.

58. It was pointed out that funds worth of Rs.10,000 crore had been approved for S & T works in the 12th Plan; however, the funds were not proportionately allocated. In response, the Ministry have given the break-up of Rs. 10,000 crore for S & T for the 12th Plan which is Rs. 1500 crore from GBS and Rs. 8500 crore from internal resources. It was further stated that due to reduced availability both from GBS and internal resources the actual year-wise

allocation are lower as compared to proportionate requirement. The low actual outlays are affecting the pace of renewal of assets.

Level Crossing (LC)

59. The Committee have learnt that 40 percent of consequential rail accidents and 60 percent of fatalities are accounted for by level crossings. The Minister of Railways, during his Budget Speech 2013-14, had emphasised on safety and the elimination of 10,797 level crossings during the 12th Plan and not adding any new LC to the IR system henceforth.

60. In this context, the Committee enquired about the progress made in this regard. In reply, the Ministry of Railways have stated that during the first two years of the 12th Five Year Plan, i.e. in the year 2012-13 and 2013-14, total of 2,265 unmanned level crossings have been eliminated. For the current year, i.e. 2014-15, the target for elimination of unmanned level crossings has been fixed as 730 numbers. In the first five months (upto August 14), 428 unmanned level crossings have already been eliminated.

61. The Committee have noted that in his Budget Speech during this year, the Hon'ble Minister of Railways have stated that the safety of passengers is of paramount importance for Indian Railways.

Computerisation

62. The Committee have observed that during the last two years, funds allocated for computerization were not fully utilized. During 2012-13 and 2013-14, against BE of Rs.346 crore, and 362 crore, respectively, the actual expenditure was Rs.97 crore and Rs.141.22 crore, respectively. Asked about the reasons for consistent under-utilisation of funds, it has been stated that computerization in Railways involve a total change of age old processes of doing things, involving various stake holders from top to bottom as such while conceptualization itself takes time. A number of changes also come in at the stage of finalization and actual implementation in the field.

63. It has further been stated that there are also very quick technological changes which are occurring every day in the Information Technology field; as such any computerization project is quite complex and undergoes several changes before it actually fructifies. Railways are also virtually pioneers and well ahead of various other organizations in its computerization efforts. The complexities involved are such that it leaves a large gap between expectations and actual completion of projects, resulting in consistent under utilization of funds for computerization.

64. Fund utilization under the plan head – 17 (Computerization) has gradually increased from Rs. 97.00 cr. in 2012-13 to Rs. 141.22 cr. in 2013-14. At the time of budget allotment the allocation is done on the basis of expected expenditure likely to occur as per the progress of works/status of estimates.

65. As regards the steps being taken to optimally utilize the allocation of Rs.339 crore during 2014-15, it has been stated that streamlining expenditure by segregating between maintenance expenditure and expenditure on new works will improve the utilization of funds in the current financial year. The monitoring of projects and adherence to timelines have been intensified and will also lead to better utilization of funds.

High Speed Trains

66. The Minister of Railways, in his Budget Speech for the year 2014-15, mentioned that it is the wish and dream of every Indian that India runs a bullet train as early as possible and Indian Railways is on its way to fulfill the long cherished dream. Bullet trains are proposed by starting of with an already identified Mumbai-Ahmedabad sector, where a number of studies have been done. It had simultaneously been stated that while a bullet train would require completely new infrastructure, higher speed for existing trains would be achieved by upgrading the present network. An effort will therefore be made to increase the speed of train to 160 to 200 kmph in select sectors so as to significantly reduce travel time between major cities.

67. The Committee enquired whether the Ministry have the necessary resources/capacity to introduce bullet trains. In response, the Ministry in a written information has stated that the bullet train projects are highly capital intensive and require substantial financial support from the Government for their implementation. Such projects though financially unviable are justified on the basis of economic rate of return as such big ticket projects enhances economic activity in the country in terms of growth in manufacturing, services, technology absorption, mobility of people, etc.

68. The Committee further sought elucidation about the justification given by the Ministry for introducing the bullet trains though they are unviable as according to them this reasoning can be applied to all other big railway projects. In response, the Ministry have clarified that as compared to other big Railway projects, the bullet train project has the additional unique feature contributing to improved economic rate of return. The value of time saved (of passengers) results in greater manpower productivity. The environmental benefit of carbon dioxide emission saving of bullet train vis-a-vis airlines is also substantial. Also, benefits by appreciation in real estate value and residual value of infrastructure after completion of concession period are considered in the economic rate of return, and are a reality. This project is expected to greatly enhance economic activity in the country. Bullet train project also enhances the nation's international stature.

69. When enquired how the Ministry would mobilize the resources required to materialise this dream project, it has been replied that the Railways is exploring all possible funding options with bilateral/multilateral agencies and PPP.

Train Services

70. The Economic Survey 2014 has mentioned that the demands of a growing economy require Indian Railways to expand its freight network, increase its ability to carry higher freight per wagon and the efficiency of the rail system for faster delivery and to improve the reach and quality of its passenger services. In this context, when asked about the steps being taken by the Railways to

improve the reach and quality of its passenger services, it has been stated that the Indian Railways continuously endeavour for providing to its passengers better connectivity to different parts of the country and in this pursuit, the Railways introduce new train services, increase the frequencies and augment existing train services. The above efforts are reinforced by operating special trains on special occasions and peak seasons to meet traffic surges. This helps in taking care of the increased travelling needs of passengers and with this end in view, Indian Railways in the Railway Budget 2014-15, have proposed introduction of 138 new train services, extension of 15 train services and increase in frequency of 5 existing train services.

71. It has further been stated that the Railways are required to cater to various segments of travelling passengers; therefore it proposes to introduce various categories of train services which include Premium services, Jan Sadharan services, Double Decker services, Shatabdi Express, Mail/Express trains, MEMU, DEMU and Passenger services. Accordingly, introduction of 22 Premium train services with dynamic pricing, 5 Jan Sadharan train services, 2 Double Decker train services and 1 Shatabdi Express service have been included in the current Railway Budget. For the first time, Katra station (in the State of Jammu & Kashmir), Naharlagun (serving Itanagar in the State of Arunachal Pradesh) and Mendipathar (in the State of Meghalaya) will be connected by rail.

72. The Ministry further added that the Indian Railways, in order to clear extra rush of passengers during peak summer season, have operated 8,778 trips of special trains and attached 25,452 extra coaches on temporary basis. This is further to attachment of 40 extra coaches on permanent basis on existing trains.

73. It has been observed that the Indian Railways had proposed introduction of 126 new train services during 2013-14. However, out of the same, 10 train services are yet to be started. As stated, no definite dates for their introduction can be indicated as works are in progress.

74. The Ministry of Railways have further stated that they accord the highest priority to punctuality of trains to improve the quality of its services. This is done by monitoring punctuality on almost real time basis through IT enabled tools. The punctuality performance on Indian Railways in respect of passenger carrying Mail Express trains on terminating basis presently stands at approximately 80 percent. The factors affecting the punctuality of trains are internal to the Railways and those beyond its control. In depth analysis of internal factors is done to avoid their recurrence. Continuous efforts are made to improve coordination with Civil Authorities so that law and order problems get obviated and anticipatory action taken in disturbed areas so that the passenger carrying trains run smoothly in a safe and secure manner.

75. In subsequent information furnished to the Committee, it has been informed that Punctuality Performance for Mail/Express trains over Indian Railway during the period of 1 April 2014 to 27 Oct 2014 is 81.85 percent. Punctuality for passenger trains for the same period is 77.5 percent. Regarding constraints/difficulties being faced by the Railways to bring the level of punctuality to optimal level, they are stated to be as under:

- Line capacity constraints on account of increasing passenger and freight traffic due to economic development and growth.
- Adverse weather conditions (fog during December – February period in Northern parts), intermittent natural calamities such as floods, cyclones, heavy rains, etc.
- Heavy road traffic on Level crossing gates across the Indian Railway network.
- Law and order problem, including regular public agitations and Bandh calls, and other miscreant activities such as theft of Railway assets (OHE wires, Signalling cables and other equipment)
- Mid-section run over cases involving cattle and humans due to no fencing of Railway tracks.

76. As regards the steps taken by the Ministry to overcome the above-mentioned constraints, it has been stated that concrete steps are taken by the

Railways by completing infrastructural works in over-saturated sections – doubling, third/fourth line, additional loop line, platforms, signalling improvements like automatic signalling, panel interlocking/RRI installations, replacing token system to token-less system of block working, railway electrification for seamless working, rationalizing the existing time table – revisiting the dwell time at stoppages, adjustment of time amongst Zonal Railways to accommodate additional stoppages/speed restrictions/new infrastructural works, etc. In addition, resources are mobilized to replace Level Crossing gates by low-height sub-ways and reaching out to State Governments in obtaining their acceptance for construction of ROB (Road Over Bridge) and RUB (Road under Bridge) in lieu of these gates.

Status on Dr. Anil Kakokdar and Shri Sam Pitroda Committees reports

77. A committee headed by Dr. Anil Kakokdar was set up to examine the current standard of safety on Indian Railways and to suggest suitable benchmarks and safety protocols. The committee had submitted its Report on 17 February, 2012, and recommended far-reaching measures and safety protocols. As safety standards cannot be achieved without modernization, an expert group headed by Shri Sam Pitroda was also set up on modernization and resource mobilization. The said Group had submitted its Report on 27 February, 2012, and had provided a blueprint for modernization of Indian Railways for the next five years.

78. When asked about the present status with regard to the implementation of the recommendations of the above said committees, the Ministry have stated that the 106 recommendations made by the High Level Safety Review Committee (Kakodkar Committee) require in-depth analysis and are presently under active examination of the Board as regards their Acceptance/Non-acceptance/Partial acceptance. Further, the recommendations of the Modernisation Committee headed by Shri Sam Pitroda are also under active examination. These recommendations are also stated to be far reaching in scope and spread, require in-depth analysis and detailed deliberation. Moreover, these have to be considered and examined in the background of technical feasibility

and huge cost of implementation as these constitute major changes in systems and structures, both infrastructural and organizational.

79. The Committee pointed out that already more than two and half years have passed since the above said reports were submitted, and wanted to know how the Ministry could justify such inordinate delay in taking decision even with regard to Acceptance/Non-acceptance/Partial acceptance of the recommendations contained in the reports. The Ministry, in their reply, have stated that the recommendations of the High Level Safety Review Committee are being taken up for discussion by the full Board and decision has been arrived at on the acceptability/non-acceptability of many of the recommendations. Safety being the topmost priority and an ongoing process, Railways have already initiated action on some of the recommendations such as enhancing the production of LHB coaches (which have anti-climbing features), track friendly bogies, IT based system for monitoring train accidents (Safety Information Management System), Hot box detectors, 60 kg rail, empowerment at working level, green toilets, elimination of level crossings and filling up of safety category vacancies.

80. It has further been added that the recommendations of the Modernization committee headed by Shri Sam Pitroda have also to be considered and examined in the background of technical feasibility and the huge cost of implementation (Rs. 5,60,000/-). Pending final acceptance of the recommendations, the Railways have already initiated action for the implementation of several important recommendations pertaining to elimination of level crossings, mechanized track maintenance, new generation diesel and electric locomotives, high speed potential LHB coaches, high pay to tare ratio wagons, green toilets on passenger trains, modernization and upgradation of stations and terminals, modernization of rolling stock, development of PPP models to attract private investment and construction of the eastern and western dedicated freight corridors.

Railways' share from Central Road Fund (CRF)

81. The Committee have learnt that the Central Road Fund was established by the Parliament in order to fund the development and maintenance of the National Highways, State Highways and Rural Roads. The Fund was first established by a Resolution of Parliament passed in 1988. The Central Road Fund Act, 2000, gave statutory status to the Fund. In order to mobilize the Fund, the Central Road Fund Act, 2000, proposed to levy and collect by way of cess, a duty of excise and duty of customs on petrol and high speed diesel oil. At present, Rs.2 per litre is collected as cess on petrol and high speed diesel oil. The Central Road Fund is utilized for the development and maintenance of National Highways, State Roads and Rural Roads and for provision of road over bridges/under bridges and other safety features at unmanned railway crossings.

82. The Committee had been apprised while examination of the Demands for Grants of the Ministry of Railways for the year 2013-14 that the total requirement of funds for road safety works had been Rs.36,830 crore; however the average annual accrual in Road Safety funds was only Rs.1050 crore and with that level of funding the expected completion period of road safety works would be 34 years. It was further learnt that the Ministry has approached the Ministry of Finance to enhance the share of the Ministry of Railways from the Central Road Fund (CRF) from the existing Rs.1100 crore to Rs.5000 crore for the next seven years.

83. When asked about the progress in the matter, the Ministry of Railways have stated that in February 2013, the then Minister of Railways had written to the Finance Minister for enhancement of Railway's share from the Central Road Fund by suitably amending the provisions. But no response had been received from the Ministry of Finance. Also, a Cabinet Note had been moved in January 2013 for enhancement of allocation for Railways from the Central Road Fund by suitably amending the CRF Act. However, PMO, vide its note dated 04.03.2013, had asked the Ministry of Railways to withdraw the Cabinet Note.

84. The Ministry has added that the matter for elimination of busy level crossings on National Highways (NH) was discussed with the Ministry of Surface Transport &

Highways which has agreed to eliminate all level crossings on NH at their cost in the next five years. They are again planning to approach the Ministry of Finance for enhancement of Railway's share from the Central Road Fund by suitably amending the provisions of the CRF Act.

Utilisation of funds under MGNREGA for rail works

85. During evidence, the Committee drew the attention of the Ministry of Railways towards construction of subways under MGNREGA in Bikaner Division by the North Western Railways. The Committee desired that provisions in the North Western Railway for using funds under MGNREGA for construction of ROB/RUBs can be replicated by other Railway Zones also.

86. To this, the Ministry, in a written reply, have informed that they have requested the Ministry of Rural Development to include a few railway works under MGNREGA as this would not only open up more options for gainful employment of the rural population but also would make a significant contribution to the development of infrastructure of the national transport system.

87. During the meeting held on 07.08.2014, the Ministry of Rural Development has identified only the work of construction and maintenance of approach roads for level crossing under MGNREGA scheme. However, the work of construction of subways under MGNREGA scheme is yet to be included by the Ministry of Rural Development.

88. It has been added that in Rajasthan, the State Government has made some local arrangement for construction of subways under MGNREGA in the Bikaner Division. This arrangement can, however, be universalized all over the Indian Railways after inclusion of the work of construction of subways under the MGNREGA scheme by the Ministry of Rural Development.

PART - II

RECOMMENDATIONS/OBSERVATIONS

BUDGETARY ALLOCATIONS VIS-A-VIS FINANCIAL PERFORMANCE

1. The Committee note that the Ministry of Railway's Annual Plan 2013-14 targeted at Rs.63363 crore has fallen short by Rs.10011 crore at Rs.53352 crore (provisional). During 2012-13 too, the trend was similar, with the Annual Plan targeted at Rs.60100 crore falling short by Rs.9717 crore at Rs.50383 crore. The major cause of the shortfall during 2012-13 and 2013-14 had been on account of less generation of Internal and External Budgetary Resources to the tune of Rs.9849 crore and Rs.11044 crore, respectively. The Committee find that repeated shortfalls in Annual Plans have an adverse effect on Railway Finances, resulting in cut in expenditure on critical planned works. The Committee, therefore, would like that serious efforts be made by the Ministry of Railways to fully achieve the Annual Plan targets for 2014-15 pegged at Rs.65445 crore in all sectors. They urge the Ministry to closely monitor resource mobilization from every sector periodically and any shortfall in achieving targets should be looked into seriously and remedial measures taken.

SHORTFALL IN INTERNAL RESOURCES

2. The Committee note that against the Annual Plan target for internal resource generation for 2013-14 of Rs.15158 crore, the actual internal resource generation was only Rs.10132 crore (provisional). The Committee are apprised that the shortfall in respect of the target for

Internal Budgetary Resources was largely due to slow growth in the core sector of the economy since the Railways is primarily a bulk carrier of freight and Railway traffic is dependent on the freight from the core sector. The Committee, however, note that to increase freight traffic in non-core sector, the Ministry of Railways have taken many steps like Freight Incentive Schemes, Special Freight Train Operators, Automobile Freight Train Operators and Kisan Vision Yojana, which have paid rich dividends. In the current year, up to September 2014, freight traffic in non-core sector has achieved a substantial growth. Growth in loading for 'Container traffic' and 'Balance other goods' has been 16.26 and 14.65 percent, respectively. The Committee are convinced that such initiatives can generate more freight business and, as such, urge the Ministry to intensify their efforts in this direction.

PUBLIC-PRIVATE PARTNERSHIP (PPP)

3. The Committee are perturbed to note that the target for Extra Budgetary Resources fixed at Rs.21103 crore for 2013-14 has fallen short by Rs.6018 crore (provisional). The main reason for shortfall in target for Extra Budgetary Resources, was the non-materialisaion of funding models under PPP to the tune envisaged. As stated by the Ministry, the rail infrastructure projects are highly capital intensive with long gestation period and have generally a low rate of return and, hence, general investors have not shown adequate interest in making investments under PPP. The Committee note that the very same reasons are furnished by the Ministry of Railways year after year for not achieving the PPP targets and

recommend that the Ministry should find out ways and means to provide a conducive environment for private investors for PPP in Railways and explore other avenues of the railway sector which have comparatively low gestation period, which are less capital intensive and where investors can expect a reasonable rate of return.

4. The Committee observe that during 2013-14, against a target of Rs.6000 crore for PPP, the achievement remained to the tune of Rs.1520 crore (approx.) only, which is too meagre. The Committee further learn that the Ministry, in December, 2012, had announced a participative policy to strengthen capacity augmentation and building rail connectivity projects. Under the policy, 16 projects amounting to Rs.8000 crore have been given in principle approval/have been sanctioned. Since new PPP projects have been sanctioned, the Committee call upon the Ministry to ensure that the implementation starts soon and the target for 2014-15 is realized. The Committee also would like to be apprised of the strategy planned by the Railways to achieve the huge target of Rs.1 lakh crore for the 12th Plan to attract private investment through PPP.

REDUCED PLAN OUTLAY

5. The Committee are deeply concerned to note that the Railways require around Rs.50000 crore every year for the next 10 years for their ongoing projects alone, leaving a huge gap between the availability of funds and the requirements. They are further constrained to note that in the present scenario when the Ministry of Railways had projected an

amount of Rs. 719671 crore for the 12th Five Year Plan, the Planning Commission has approved only Rs.519221 crore. Further, during 2012-13, 2013-14 and 2014-15, against the projected outlays of Rs.77645 crore, Rs.72500 crore and Rs.72000 crore, respectively, the Planning Commission had approved only Rs.60100 crore, Rs.63363 crore and Rs.65445 crore, respectively. The reduced outlays have adversely affected the Railways' projects of new line, gauge conversion, doubling, traffic facility works, signaling & telecom works, new rolling stock acquisition and work for workshops, etc. The Committee are unhappy with the reduced outlays for the Ministry of Railways by the Planning Commission. They recommend that the projected funds should not be curtailed as these funds are absolutely necessary to implement crucial railway projects in the country.

<u>DECLINE IN TRAFFIC RECEIPT</u>

6. The Committee are unhappy to learn that during 2013-14, the Ministry of Railways could not achieve their target in respect of traffic receipts. As against the BE of Rs.146626.00 crore for Total Traffic Receipt, the actual has decreased by Rs.3412.11 crore to Rs.143213.89 crore (provisional). The reasons for decline in traffic receipts are stated to be the lower RE target for passenger earnings over BE due to reduction in advance reservation period from 120 days to 60 days w.e.f. May 2013 onwards and downward revision in passenger traffic plan, keeping in view the persistent negative growth in originating passengers upto December

2013. The Chairman, Railway Board, informed during evidence that passenger traffic has dropped mainly in the 0-50 kms segment due to increase in train fare compared to bus journey in some areas. While expressing their apprehension over the drop in originating passengers as one of the main reasons for downward revision of the traffic receipt during 2013-14, the Committee desire that the précise reasons for less realisation of total receipt than the projected level should be looked into and remedial measures taken to contain the decline in traffic receipt. They advise that the Ministry should closely monitor the total receipt on a monthly basis to ensure that the target fixed at BE during 2014-15 is achieved.

RISE IN WORKING EXPENDITURE

7. It has been brought to the notice of the Committee that during 2013-14, the expenditure of the Ministry was enhanced in order to allocate higher provision under Ordinary Working Expenses (OWE) and to increase appropriation to Pension Fund. The Committee also observe that during 2014-15, BE for total expenditure is kept on a higher side at Rs.149175.56 crore as compared to Rs.127230.00 crore during 2013-14(BE). The Committee are of the opinion that there is an urgent need for increasing revenue earnings of the Railways in order to compensate the likely rise in expenditure in the coming years. The Committee hope that the Railways would take effective measures to increase their revenue, besides making strenuous efforts to control their overall expenditure.

STEPS TO INCREASE NET REVENUE

8. The Committee note that the Ministry have taken certain steps to raise their revenue. The Railways have effected a flat 10 per cent increase in Passenger fares in all classes from 25 June, 2014. Inclusive of 4.2 per cent Fuel Adjustment Component (FAC), the increase in Passenger fares was around 14.2 per cent for different classes of travel. The Monthly Season Ticket (MST) fares have also been revised by applying 14.2 per cent increase over the existing fares. Besides, it has been stated that in order to increase passenger earnings, efforts are being made by the Ministry to meet the additional demand and augment revenue through various measures like introduction of new trains, enhancement of the composition of more popular trains, attachment of extra coaches in the existing trains, etc. The Committee have been informed that special trains are run for clearance of extra passenger traffic during peak seasons, festivals and special events. Further, premium special trains are also being operated on certain high-demand sectors with dynamic pricing which is resulting in higher passenger revenues. The Committee hope that all the measures taken by the Ministry of Railways would yield desired results and passenger earnings would show an upward trend so as to ensure higher revenue generation. The Committee, however, desire that with increase in train fares, attention be also paid in augmenting/improving passenger amenities and facilities in trains and at Railway stations.

9. The Committee are further informed that in order to contain expenditure during 2014-15, the Ministry have imposed a spending limit

of Rs.108499 crore for the Zonal Railways by keeping a reserve of Rs.4150 crore for better financial management. Also, economy and austerity instructions issued by the Ministry of Finance in September, 2013, have been adopted and conveyed to the Zonal Railways and other railway units for strict compliance. Further, Railways have been permitted to recover the expenditure incurred on account of increase in prices of fuel by imposing a Fuel Adjustment Component (FAC). The Committee trust that these measures would help the Ministry to contain the rise in expenditure.

STATUS OF INFRASTRUCTURAL PROJECTS

10. The Committee take a serious note of the fact that though the Ministry of Railways had sought a modest Gross Budgetary Support of Rs.316842 crore for the 12th Five Year Plan for meeting their stipulated Plan Targets, the Planning Commission/Ministry of Finance approved an outlay of Rs.194221 crore only. It is pertinent to note that even the year-wise allocation of funds during the first three years of the 12th Plan is not proportionate. Although pro-rata allocation during the first three years should have been Rs.116533 crore, the actual allocation is Rs.84965 crore only and therefore there is a shortfall of around 27 per cent. The reduced plan size has adversely affected Railways' New Lines, Doubling, Gauge Conversion and electrification works. Because of the reduced GBS, the Ministry of Railways have projected very modest targets for their important projects. Thus, they will now be able to achieve a target of only 1392 km for New Lines (including 327 kms of National Projects) against

Planning Commission target of 4000 km., 2000 km for Gauge Conversion (including 993 km of National Project) against Planning Commission target of 5500 km and 4633 km. for Doubling against Planning Commission target of 7653 km. The Committee earnestly desire that the Gross Budgetary Support in the 12th Plan outlay should be suitably stepped up in line with the targets set by the Planning Commission.

11. The Committee draw some satisfaction from the fact that for implementation of National Projects in the Northeast Region, the Cabinet Committee for Economic Affairs (CCEA) has approved creation of a non-lapsable fund, *viz.*, the North East Region Rail Development Fund (NERRDF) wherein funds to the tune of 25 per cent of yearly requirement are to be provided by the Railways through GBS and 75 per cent funds are to be provided by the Ministry of Finance dividend-free as an additionality to GBS. The Committee, however, learn that till date the fund could not be created due to an objection of the Controller General of Accounts (CGA) of the Ministry of Finance. The Committee recommend that the Ministry of Railways should pursue the matter with the Ministry of Finance and resolve the issue so that the NERRDF is created at the earliest.

THROW-FORWARD PROJECTS

12. The Committee are very disappointed to learn that in the last ten years, out of the sanctioned 99 New Line projects worth Rs.60000 crore, the Ministry have been able to complete only one project. There are four projects which are as old as 30 years and are still not completed. The Committee consider it

to be a matter of grave concern which does not reflect positively on the performance of the Indian Railways. The Committee, therefore, recommend that an action plan be prepared to expedite completion of these projects. The Committee desire to know the detailed reasons for their pendency and the Railways' efforts for expeditious implementation of these projects.

13. The Committee are also unhappy to note that as on 1st April, 2014, the Ministry of Railways have a throw-forward of 362 projects (154 New Lines, 42 Gauge Conversion and 166 Doubling projects). Further, the financial throw-forward is Rs.182224 crore (Rs.121118 crore for New Lines, Rs.21496 crore for Gauge Conversion and Rs.39610 crore for Doubling projects). The Committee are told that the total throw-forward indicated by the Ministry is the cost of the project as sanctioned and the completion cost of the project would have to be worked out by factoring in the escalation which depends upon period of completion. The Committee understand that there would be cost over-run in these projects due to delayed completion and are disappointed to note that a meagre allocation of Rs.13494 crore has been made as against the throw-forward of Rs.182224 crore which is less than 10 per cent of the amount required. The Committee observe that there has been a tendency for the past many years to keep unrealistic targets which ended up in a slow and tardy progress of the projects due to non-availability of sufficient resources, which has adversely affected the performance of the Railways. The Committee, therefore, desire that more funds should be made available for throw-forward projects so that these projects are completed expeditiously. To this end, the Committee recommend that the Ministry should review all the

pending projects considering their economic viability, critical importance, etc., and prepare an action plan to implement them in a definite time frame. Requisite funds should also be made available for these projects as per the action plan.

SIGNALLING & TELECOMMUNICATIONS (S & T)

14. The Committee note that in the 12^{th} Plan, Rs.10,000 crore was finalised for allotment for Signalling and Telecommunication (S&T) works. Accordingly, Rs.2000 crore was required to be allocated every year. However, allocations were reduced before regular revised allocations in the last three years, i.e, Rs.904 crore from Rs.1101.8 crore in the year 2011-12, Rs.1012 crore from Rs.2006.6 crore in the year 2012-13 and Rs.915 crore from Rs.1107 crore in the year 2013-14. Again, a lower allocation of Rs.966 crore has been made during 2014-15. The Committee have been informed that due to reduced allocation, S&T works had to be prioritised and outlay was mainly restricted to those works which were in the last leg of completion. Many other works which were important for enhancing the level of safety like Train Management System (TMS) and Train Protection Warning System (TPWS) had to be deferred due to scarcity of funds. The targets for replacement of S&T equipment as required could also not be fully met during 2013-14. The Committee recommend that the Ministry of Railways should coordinate with the Ministry of Finance/Planning Commission so that they receive sufficient funds as per the 12^{th} Plan targets for such an important head as it directly relates to the safety and security of the travelling public.

LEVEL CROSSING (LC)

15. The Committee note that the Ministry of Railways have laid special emphasis on safety, and plan to eliminate 10,797 level crossings during the 12th Plan. The Committee, however, note that during 2012-13 and 2013-14, only 2,265 unmanned level crossings had been eliminated. If the target set for the year 2014-15 to eliminate 730 unmanned LCs is fully achieved, 7802 LCs [10797-(2265+730)] would still remain pending for elimination in the last two years of the 12th Plan. Therefore, it is evident that the steps taken by the Ministry in this direction are not adequate. It is pertinent to note that 40 percent of consequential rail accidents and 60 percent of fatalities are accounted for by level crossings. Hence, recognising the paramount need to eliminate the level crossings to improve the safety performance of Railways, the Committee urge the Ministry of Railways to gear up its efforts to address their constraints while paying focused attention to the work related to elimination of railway level crossings.

COMPUTERISATION

16. The Committee are distressed to note that the funds allocated for computerisation in Railways were not optimally utilised during the first two years of the 12th Plan. Out of the allocation, of Rs.346 crore and Rs.362 crore during 2012-13 and 2013-14, respectively, only Rs.97 crore and Rs.141.22 crore, respectively were utilised. Regarding gross underutilisation of funds, the Committee have been apprised that the computerization in Railways involve a total change of age old processes of doing things and involving

various stake holders from top to bottom, while conceptualisation itself takes time. Further, a number of changes also come in at the stage of finalisation and actual implementation in the field. There are also very quick technological changes which are occurring every day in the Information Technology field; as such, any computerisation project is quite complex and undergoes several changes before it actually fructifies. The Committee are not convinced with the reasons given by the Ministry for underutilisation of funds for computerisation. The Committee are unhappy to note that more than 50 per cent of the allocated funds have not been utilized by the Ministry. The Committee are of the firm opinion that full computerisation would change the work culture of the Railways and provide better delivery of services to the common man of the country. They, therefore, recommend that the Ministry of Railways should take effective steps to fully utilize Rs.339 crore allocated for computerisation during 2014-15.**

HIGH SPEED TRAINS

**17. The Committee learn that the Railways have proposed to introduce bullet train on the already identified Mumbai-Ahmedabad sector, for which a number of studies have been done. As informed, the bullet train projects are highly capital intensive and require substantial financial support from the Government for their implementation. Besides, all possible funding options with bilateral/multilateral agencies and PPP mode are also being explored. The Ministry has justified this project even though it is financially unviable stating that as compared to other big railway projects, bullet train project has

additional unique feature contributing to improved economic rate of return in terms of value of time saved of passengers, environmental benefits, appreciation in real estate value and residual value of infrastructure, besides enhancing the country's prestige internationally. The Committee are not fully convinced with the above justifications given by the Ministry. The Committee feel that if the amount equivalent to that proposed to be expended for bullet trains is used for execution of the long pending railway projects, the benefits to the general public would be much more. The Committee, therefore, desire that before going ahead with the bullet train project, the Ministry should conduct a cost benefit analysis for the project vis-à-vis other pending railway projects so that the scarce resources of the Railways are utilized optimally and judiciously. However, the proposal for introduction of the high speed train on the Mumbai-Ahmedabad sector is laudable.

TRAIN SERVICES

18. The Committee note that in their effort to take care of the increased travelling needs of passengers, the Indian Railways, in the Railway Budget 2014-15, have proposed introduction of 138 new train services, extension of 15 train services and increase in frequency of 5 existing train services. They, however, regret to note that out of 126 new train services which were proposed to be introduced during 2013-14, 10 train services are yet to be started due to various constraints like sanction of the Commissioner for Railway Safety, non-completion of gauge conversion work, etc. The Committee are of the view that these issues involved in the introduction

of a proposed train should be taken into consideration before making such an announcement. Even after more than one and a half years, the Ministry still are not in a position to indicate the time by which these 10 train services will be introduced. The Committee, therefore, would like the Ministry to ensure the introduction of the all train services proposed during 2014-15 within the definite time frame.

19. The Committee note that in order to clear extra rush of passengers during peak summer season, the Railways have operated 8,778 trips of special trains and attached 25,452 extra coaches on temporary basis, which is in addition to attachment of 40 extra coaches on permanent basis on the existing trains. It is pertinent to note that in spite of the claims of adequate arrangements being made by the Railways to tackle the extra rush of passengers on special occasions, there have several unfortunate incidents during such peak times. The Committee do realise that the Ministry faces a big challenge ahead of the festivals and also during peak seasons, as a number of passengers board trains without reservation. The Committee suggest that the Railways should proactively coordinate with the State Governments to assess the requirements of extra services required and accordingly make necessary arrangements. Besides, adequate publicity should be given well in time of the special arrangements proposed to be made by the Railways regarding special trains, extra coaches, etc., to effectively deal with the extra rush of passengers at Railway Stations.

20. The Committee observe that the punctuality performance for Mail/Express trains over the Indian Railways during the period 1 April, 2014 to 27 October, 2014 has been 81.85 percent. Punctuality for passenger trains for the same period is 77.5 percent. The Committee have been apprised about various constraints/difficulties which are being faced by the Railways to bring the level of punctuality to the optimal level, *viz.* line capacity constraints on account of increasing passenger and freight traffic due to economic development and growth; adverse weather conditions (fog during December–February period in Northern parts; intermittent natural calamities such as floods, cyclones, heavy rains, etc.; heavy road traffic on level crossing gates across the Indian Railway network; law and order problem, including public agitations and bandh calls and other miscreant activities such as theft of Railway assets (over head equipment wires, signalling cables and other equipment); mid-section run over cases involving cattle and humans due to no-fencing of Railway tracks, etc. The Committee are of the view that while these factors may affect punctuality level, these alone cannot be responsible for the substantial delays that regularly occur on the Indian Railway network. Hence, the Committee strongly recommend that the Ministry should take concrete steps to inculcate a new work culture, where more focused attention should be given to punctuality performance of trains.

STATUS OF REPORTS OF DR. KAKOKDAR COMMITTEE AND SHRI SAM PITRODA COMMITTEE

21. The Committee note that a committee headed by Dr. Anil Kakokdar to examine the safety standards on Indian Railways and to suggest suitable benchmarks and safety protocols, had submitted its report on 17 February, 2012. Also, an expert group headed by Shri Sam Pitroda on modernisation and resource mobilization had submitted its report on 27 February, 2012. The Committee are disappointed to note that even after a lapse of more than two and a half years, the recommendations of the said committees are still being examined and awaiting final acceptance by the Ministry. The Committee urge the Ministry to take a decision on the recommendations of the two committees without further loss of time so that the very purpose of setting up of these committees is well served.

RAILWAYS' SHARE FROM CENTRAL ROAD FUND (CRF)

22. The Committee note that the Ministry of Railways' had mooted a proposal in January, 2013 for enhancement of the Railways' share from the Central Road Fund (CRF) towards the Railway Safety Fund for their road safety works, from the existing Rs.1100 crore to Rs.5000 crore for the next seven years by suitably amending the CRF Act; however, this has not been acceded to by the Government. The Committee have been informed that the Ministry of Railways are planning to approach the Ministry of Finance again for enhancement of the Railway's share from the Central Road Fund. Since adequate availability of funds is crucial for road safety works especially to eliminate level crossings, the Committee desire that the Ministry pursue the

proposal purposively with the Ministry of Finance. The Committee desire that they should be kept informed of the progress in this regard.

UTILISATION OF FUNDS UNDER MGNREGA FOR RAILWAY WORKS

23. The Committee note that the Ministry of Railways have requested the Ministry of Rural Development to include a few railway works under MGNREGA, as this would not only open up more options for gainful employment of the rural population but also would make a significant contribution to the development of infrastructure of the Indian Railways. So far, the Ministry of Rural Development has identified only the work of construction and maintenance of approach roads for level crossings under the MGNREGA scheme. However, the work of construction of subways under the MGNREGA scheme is yet to be included by the Ministry of Rural Development. The Committee desire that the matter should be pursued with the Ministry of Rural Development. The Committee would like to be apprised of the progress in this matter.

NEW DELHI;
17 December, 2014
26 Agrahayana, 1936 (Saka)

DINESH TRIVEDI
Chairperson,
Standing Committee on Railways

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2014-15)

The Committee sat on Thursday, the 16th October, 2014, from 1500 hours to 1645 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

SHRI DINESH TRIVEDI - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri E. Ahamed
3. Kunwar Pushpendra Singh Chandel
4. Shri Ram Tahal Choudhary
5. Shri Sanjay Dhotre
6. Shri Gaurav Gogoi
7. Shri Ramesh Chander Kaushik
8. Shri Gajanan Kirtikar
9. Shri Balbhadra Majhi
10. Shri Arjun Ram Meghwal
11. Shri K.H. Muniyappa
12. Shri Thota Narasimham
13. Shri R. Radhakrishnan
14. Shri S.R. Vijayakumar

RAJYA SABHA

15. Shri Dilipbhai Pandya
16. Smt. Kusum Rai
17. Shri Ambeth Rajan
18. Shri Bashistha Narain Singh
19. Shri Devender Goud T.
20. Shri Motilal Vora

SECRETARIAT

1. Shri K. Vijayakrishnan - Additional Secretary
2. Smt. Mamta Kemwal - Additional Director
3. Smt. Geeta Parmar - Deputy Secretary

REPRESENTATIVES OF THE MINISTRY OF RAILWAYS (RAILWAY BOARD)

1.	Shri Arunendra Kumar	Chairman, Railway Board & Ex-officio Principal Secretary to the Government of India
2.	Smt. Rajalakshmi Ravi Kumar	Financial Commissioner, Railways & Ex-officio Secretary to the Government of India
3.	Shri V. K. Gupta	Member-Engineering, Railways & Ex-officio Secretary to the Government of India
4.	Shri A.K. Mital	Member-Staff, Railways & Ex-officio Secretary to the Government of India
5.	Shri D. P. Pande	Member-Traffic, Railways & Ex-officio Secretary to the Government of India

2. At the outset, the Chairperson welcomed the Chairman and other officials of the Ministry of Railways (Railway Board) to the sitting of the Committee. The Chairperson then drew the attention of the witnesses to Direction 55 of the Directions by the Speaker, Lok Sabha.

3. The Committee, thereafter, took oral evidence of the representatives of the Ministry of Railways in connection with the examination of Demands for Grants – 2014-15 of the Ministry of Railways. The Members of the Committee sought clarifications from the witnesses on various issues relating to Demands for Grants – 2014-15 and other issues such as the status of pending and ongoing projects, status of Dedicated Freight Corridor Projects, construction of RUBs/ROBs in rural areas under MNREGA, decline in passenger traffic, rationalization of operating ratio, etc. The Chairperson directed the representatives of the Ministry to furnish detailed written replies on the points raised by the Members during the discussion.

4. A verbatim record of the sitting has been kept.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2014-15)

The Committee sat on Wednesday, the 17th December, 2014, from 1500 hours to 1530 hours in Committee Room No. '62', Parliament House, New Delhi.

PRESENT

SHRI DINESH TRIVEDI - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri E. Ahamed
3. Kunwar Pushpendra Singh Chandel
4. Shri Ram Tahal Choudhary
5. Shri Chandra Prakash Joshi
6. Shri Sanjay Dhotre
7. Shri Gaurav Gogoi
8. Shri Rajen Gohain
9. Shri Ramesh Chander Kaushik
10. Shri Gajanan Kirtikar
11. Shri Balabhadra Majhi
12. Shri K.H. Muniyappa
13. Shri Thota Narasimham
14. Shri R. Radhakrishnan
15. Shri Mekapati Raja Mohan Reddy
16. Shri Ganesh Singh
17. Shri Uday Pratap Singh

RAJYA SABHA

18. Shri Mukut Mithi
19. Shri Dilipbhai Pandya
20. Shri Ambeth Rajan
21. Shri T. Rathinavel
22. Shri Devender Goud T.
23. Shri Alok Tiwari
24. Shri Motilal Vora

SECRETARIAT

1. Shri K. Vijayakrishnan - Additional Secretary
2. Smt. Anita Jain - Joint Secretary
3. Smt. Mamta Kemwal - Additional Director

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration the following draft Reports and adopted the same without any modifications:

(i) XXX XXX XXX

(ii) XXX XXX XXX

(iii) Demands for Grants 2014-15 of the Ministry of Railways.

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

The Committee, then, adjourned.