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STANDING COMMITTEE ON RAILWAYS
(2014-15)
SIXTEENTH LOK SABHA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken by Government on the recommendations/observations contained in the 3rd Report of the Standing Committee on Railways (Sixteenth Lok Sabha) on 'Demands for Grants – 2014-15 of the Ministry of Railways']

SEVENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

AUGUST, 2015/ SHRAVANA, 1937 (SAKA)

SCR NO. 196

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Presented to Lok Sabha on 11.08.2015

Laid in Rajya Sabha on 11.08.2015

LOK SABHA SECRETARIAT
NEW DELHI

August, 2015/ Shravana, 1937 (Saka)

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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. $Shri Parimal Nathwani
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

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* 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.20.11.14Shri Parimal Nathwani nominated as Member w.e.f. 19.12.2014 *vide* LSS Bulletin Part II No.1212 dated 31.12.2014

LOK SABHA SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
3.	Shri Arun K. Kaushik	-	Director

INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2014-15), having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Third Report (Sixteenth Lok Sabha) on 'Demands for Grants – 2014-15 of the Ministry of Railways'.

2. The Third Report was presented to the Lok Sabha on 18.12.2014 and was laid in Rajya Sabha on 19.12.2014. The Report contained 23 recommendations/observations. The Ministry of Railways furnished their Action Taken Notes on all the recommendations/observations contained in the Report on 20.04.2015.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 06.08.2015. The minutes of the sitting is given in Appendix-I.

4. For facility of reference and convenience, the observation and recommendations of the Committee have been printed in bold letters.

5. An analysis of the Action Taken by Government on the recommendations/observations contained in the Third Report of the Standing Committee on Railways (Sixteenth Lok Sabha) is given in Appendix-II.

NEW DELHI:
6 August, 2015
15 Shravana, 1937 (Saka)

DINESH TRIVEDI
Chairperson,
Standing Committee on Railways

CHAPTER I

REPORT

This Report of the Committee deals with the Action Taken by the Government on the recommendations and observations contained in the 3rd Report (16th Lok Sabha) on 'Demands for Grants 2014-15 of the Ministry of Railways'. The Report was presented to the Lok Sabha on 18.12.2014 and laid in Rajya Sabha on 19.12.2014.

1.2. Action Taken Notes have been received from the Government on all the 23 recommendations/observations contained in the Report. These have been broadly categorized as follows:

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

Para Nos. 1, 2, 6, 7, 8, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, and 23

Total : 16
Chapter II

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

Para No. 5, 10 and 17

Total : 03
Chapter III

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

Para Nos. 3, 4, 11 and 18

Total : 04
Chapter IV

(iv) Recommendations/observations in respect of which final replies are still awaited:-

Para No. Nil

Total : Nil
Chapter V

1.3 The Committee trust that utmost importance will be given to implementation of the recommendations/observations accepted by the Government. The Committee desire that Action Taken Notes on the recommendations/observations contained in Chapter-I of this Report should be furnished to them not later than three months of the presentation of this report.

1.4 The Committee will now deal with the action taken by the Government on some of their recommendations/observations.

A Shortfall in Extra Budgetary Resources

Recommendation (Para No.3)

1.5 The Committee were perturbed to note that the target for Extra Budgetary Resources fixed at Rs. 21,103 crore for 2013-14 had fallen short by Rs. 6,018 crore (provisional). The main reason for shortfall in target for Extra Budgetary Resources, was the non-materialisation 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 had noted that the very same reasons were furnished by the Ministry of Railways year after year for not achieving the PPP targets and recommended 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 could expect a reasonable rate of return.

1.6 In their Action Taken Reply, the Ministry of Railways have stated as under:

"Ministry of Railways have framed new Model Concession Agreements for Build Operate Transfer (BOT), Joint Venture and Private line model. Sectoral

Guidelines for Domestic/ Foreign Direct Investment have also been framed under which certain permissible areas have been identified for investment.

An Investors Meet was also organised on 5th December 2014 to share the Policies of Ministry of Railways. The new Agreements/Sectoral Guidelines provide better framework to investors under which risks and responsibilities are balanced and will enable exploration of investment avenues by investors."

1.7 The Committee note that the Railways have taken some steps to attract private investment, viz., preparation of new Model Concession Agreements for Build Operate Transfer (BOT), Joint Venture and Private line models, framing of Guidelines for Domestic/Foreign Direct Investment and organizing an Investors Meet. However, the Committee feel that these measures are not adequate to meet various targets. They would like to be informed of the status of achievement of PPP targets during 2014-15 as result of these measures and the targets set for the financial year 2014-15. The Committee find that specific steps for providing a conducive environment for private investors for PPP in Railways have not been spelt out. The Committee urge the Ministry to identify specific areas suitable for PPP investment and enumerate measures for providing a conducive environment for private investors for PPP, besides giving wide publicity about such incentives for enhancing investments. They will like to be informed of the measures taken in this regard and the results achieved from time to time.

B Implementation of PPP Projects

Recommendation (Para No. 4)

1.8 The Committee had observed that during 2013-14, against a target of Rs. 6,000 crore for PPP, the achievement remained to the tune of Rs. 1,520 crore (approx.) only, which is too meagre. The Committee further learnt 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. 8,000 crores approximate have been given 'in principle' approval/have been sanctioned. Since new PPP projects have been sanctioned, the Committee called upon the Ministry to ensure that the implementation started soon and the target for 2014-15 is realized. The Committee also liked 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.

1.9 In their action taken reply, the Ministry of Railways have stated as under:

> "Under the Participative Policy, the financial commitments received from investors are likely to be achieved in next few years. Ministry of Railways has no role in implementation of such projects which are implemented by private developer/Concessionaire. The target of 12th Plan includes certain projects like Elevated Rail Corridor in Mumbai, High Speed and Station Development. Most of these projects depend on active participation of State Government which is not forthcoming in many of the cases. However, the targets for Rail Connectivity to Ports/Mines will be achieved."

1.10 The Committee note that the Ministry of Railways in their action taken reply, have stated that the financial commitments received from investors are likely to be achieved in the next few years. The Committee, however, find that the Ministry have chosen to remain silent about their line of action, ways and means and strategy adopted to achieve implementation of the 16 projects amounting to Rs.8000 crore. Moreover, the Committee are unhappy with the routine response of the Ministry that most of these projects depend on active participation of State Governments which is not forthcoming in many of the cases. The Ministry have also not spelt out any concrete strategy planned by them to achieve the huge target of Rs.1 lakh crore for the Twelfth Plan to

attract private investment through PPP. The Committee strongly reiterate that the Ministry should proactively persuade the State Governments to seek their active participation in implementation of the targets set for 2014-15. Further, the Committee desired to be apprised of the concrete action plan adopted by the Ministry to achieve the target of Rs.1 lakh crore for the 12th Plan to attract private investment through PPP.

The Committee stress that the Ministry cannot shirk their responsibility by merely suggesting that they have no role in implementation of such projects which are implemented by private developer/concessionaire. The Committee emphasize that it is the prime responsibility of the Railways to ensure that such projects are implemented within the stipulated timeframe and they should adhere to the given timelines without fail.

C North East Region Rail Development Fund

Recommendation (Para No. 11)

1.11 The Committee drew 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., North East Region Rail Development Fund (NERRDF) wherein funds to the tune of 25 percent of yearly requirement are to be provided by the Railways through GBS and 75 percent funds are to be provided by the Ministry of Finance dividend-free as an additionality to GBS. The Committee, however, learnt 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 had recommended 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.

1.12 In their Action Taken Replies, the Ministry of Railways have stated as under:

"Based on the Cabinet Committee decision, a reference was made to Controller General of Accounts (CGA), Ministry of Finance (MOF) for introduction of Account head in the list of Major & Minor heads of Accounts of Government. However, the same was not agreed to by that office on the ground that capital investments are meant for creation of Assets and transfer of budgetary support to proposed Fund would not result in actual creation of assets. It has also been stated that the office of Controller & Audit General (C&AG) of India has not agreed to such accounting adjustments. They had, thus, suggested to create the proposed fund from revenue surplus instead of budgetary support. A back reference was again made referring to the Cabinet decision. However, MOF reiterated their earlier stand.

Creation of a new fund from railway revenue surplus has not been found feasible. As recommended by the Standing Committee, another reference has been made to Controller General of Accounts, Ministry of Finance to reconsider the proposal."

1.13 The Committee stress that the issue of creation of the non-lapsable fund viz., North-East Region Rail Development Fund (NERRDF) should be pursued with utmost diligence as the Committee strongly feel that the creation of this Fund will act as a catalyst of growth for the Northeast region. The Committee, therefore, emphatically reiterate that the Ministry should pursue the matter with the Ministry of Finance and resolve the issue so that the NERRDF is created at the earliest.

D Signalling & Telecommunications (S & T)

Recommendation (Para No. 14)

1.14 The Committee had noted that in the 12th 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 had 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 had recommended that the Ministry of Railways should coordinate with the Ministry of Finance/Planning Commission so that they receive sufficient funds as per the 12th Plan targets for such an important head as it directly relates to the safety and security of the travelling public.

1.15 In their Action Taken Replies, the Ministry of Railways have stated as under:

"Noted."

1.16 The Committee, taking note of the fact that many works which were important for enhancing the level of safety like Train Management System (TMS) and Train Protection Warning System (TPWS) were hindered as allocations were reduced before regular revised allocation in the last three years, had recommended that the Ministry of Railways should coordinate with the Ministry of Finance/Planning Commission so that they receive sufficient funds under the 12th Plan for such an important head as it directly relates to the safety and security of the travelling public. The Committee are surprised to note that the Ministry of Railways has merely responded as having 'Noted', without specifying the efforts made by them in

persuading the Ministry of Finance for more funds. Keeping in view the seriousness of safety in the Railway system, the Committee will like to be apprised of the modalities and concrete action plan worked out by the Ministry in this regard.

E Computerisation

Recommendation (Para No. 16)

1.17 The Committee were 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 were not convinced with the reasons given by the Ministry for underutilisation of funds for computerisation. The Committee were unhappy to note that more than 50 per cent of the allocated funds have not been utilized by the Ministry. The Committee were 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.

1.18 In their Action Taken Replies, the Ministry of Railways have stated as under:

"Committee's observation have been examined however it is observed that actual expenditure has increased from Rs. 97.00 cr. in 2012-13 to Rs.141.22 cr. in 2013-14. Actual Expenditure stated above is indicative of increasing expenditure in comparison to the previous years. This is due to the fact that Railways are making an all out effort for optimum utilization of resources. During the current year, detailed Estimate of a large number of works have been sanctioned which lead to more fund utilization. Till the end of January, 2015, funds to the tune of Rs. 99.02 cr. have already been utilized which will further increase by end of current financial year. However, the Committee's observations have been noted for further enhancing the level of expenditure and its utilization for IT implementation."

1.19 The Committee note that their recommendation has not been taken in right earnest as Rs. 239.98 crore amounting to 70.79 % of the total fund was still left unutilized till the end of the January, 2015. The Committee also find that the Ministry have failed to enumerate concrete steps being taken for more utilization of funds. While expressing their unhappiness over this attitude of the Ministry, the Committee reiterate their earlier recommendation and desire that the allocated funds should be gainfully and meaningfully deployed in a time bound manner as under-utilization of funds defeats the very purpose of allocation.

F Train Services

Recommendation (Para No. 18)

1.20 The Committee had noted 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, regretted 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 were of the view that these issues involved in the introduction of proposed trains 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, had liked the Ministry to ensure the introduction of the all train services proposed during 2014-15 within the definite time frame.

1.21 In their action taken reply, the Ministry of Railways have stated as under:

> "In Railway Budget 2014-15, introduction of 138 new trains, extension of 15 train services and 5 train services has been announced. As on date, 100 new trains, 14 extension of existing train services and 5 increase in frequency of existing train services has been implemented. Of the remaining 38 new train services and 1 extension of train service, 10 new train services are now ready for implementation and 29 train services are pending introduction due to various constraints like non-completion of gauge conversion/infrastructural works, non-receipt of Commissioner for Railway Safety (CRS) sanction, non-availability of Rolling stock etc. In regard to train services announced in Railway Budget 2013-14, out of 10 train services 4 train services are now ready and remaining 6 train services are pending due to various constraints like non-completion of gauge conversion works, non-receipt of necessary clearance from the Commissioner of Railway Safety (in case of newly opened and gauge converted sections), etc. These trains will be introduced as soon as the constraints are overcome."

1.22 The Ministry, in their action taken reply, has *inter alia* stated that 29 new train services are pending due to non-completion of gauge conversion/infrastructural works and non-receipt of sanction of the Commissioner for Railway Safety (CRS). The Ministry have further stated that with regard to the train services announced in Railway

Budget 2013-14, 10 train services are pending due to various constraints like non-completion of gauge conversion works, non-receipt of necessary clearance from the Commissioner of Railway Safety (CRS) (in case of newly opened and gauge converted sections), etc. and that 'these trains will be introduced as soon as constraints are overcome'. However, no definite time frame can be given for implementation. The Committee reiterate their earlier recommendation and urge the Government to inform them of the specific steps taken in this regard.

G Status of Reports of Dr. Kakokdar Committee and Shri Sam Pitroda Committee

Recommendation (Para No.21)

1.23 The Committee had noted that a committee headed by Dr. Anil Kakodkar 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 modernization and resource mobilization had submitted its report on 27 February, 2012. The Committee were 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 had urged 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

1.24 In their action taken reply, the Ministry of Railways have stated as under:

"Efforts are being made by the Ministry to expedite decision on the recommendations of the High Level Safety Review Committee. As already advised, action has been initiated for implementation of some of the recommendations of the Committee.

In respect of the Sam Pitroda Committee recommendations also, action has been initiated for implementation of various key recommendations. Recommendations pertaining to organisational restructuring/Reforms, etc. are being separately considered by an Expert Group. The financial projections given in the Report including the total investment of Rs.8.39 lakh crores during the 12th Plan and the Gross Budgetary Support and Internal Generation going up by 2.5 times and 5.3 times respectively are, considering the actuals of the first three years of the 12th Plan, not practicable. The Annual Plans take into account the investment requirements for modernization and technology upgradation."

1.25 The Committee had urged the Ministry to take decisions on the recommendations of two Committees, i.e. Dr. Anil Kakodakar to examine safety standards on Indian Railways and an expert group headed by Shri Sam Pitroda on modernization and resource mobilization without further loss of time so that the very purpose of setting up of these committees is well served. The Committee are disappointed to note that the Ministry, in their action taken reply, has not informed them of the specific action initiated with regard to implementation of the recommendations contained in these two reports. The Committee, therefore, reiterate their earlier stand and strongly recommend to the Ministry to implement the recommendations of these two Committees. They will like to be apprised of the action taken in this regard within three months.

H Utilisation of Funds under MGNREGA for Railway Works

Recommendation (Para No.23)

1.26 The Committee had noted 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.

1.27 In their action taken reply, the Ministry of Railways have stated as under:

"Noted."

1.28 The Committee had desired that the Ministry of Rural Development may be persuaded to include Railways works under MGNREGA as it would open up more options for gainful employment of the rural population and make a significant contribution to the development of infrastructure of Indian Railways. While the Ministry has informed that the recommendation of the Committee has been 'Noted', no specific proposals have been provided to show that this aspect has been taken up by them with all the seriousness it deserves. The Committee, therefore, reiterate that it is necessary to chalk out a time bound strategy to achieve the intended objective. The Committee will like the Ministry to furnish details of progress in a structured manner, encompassing targets and efforts to achieve them. They also call upon the Ministry to give specific response to Committee recommendations instead of merely stating "Noted" which does not give any indication about the Ministry's follow-up of Committee recommendations.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 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

Reply of the Government

The classification of consequential train accidents issued vide Board's letter No. 2000/Safety(A&R)/19/20 dated 13.12.2000 has been reviewed by the Ministry of Railways from time to time to meet the requirements and to make these classifications relevant. Necessary amendments have accordingly been incorporated from time to time. Indian Railways strictly comply with the classification of consequential train accidents issued vide Board's letter referred above. Recommendations of the Standing Committee for further review of the above classification have since been noted.

Annual Plan Financing components

(Rs in cr)

	BE 2012-13	Actual 2012-13	Variation	BE 2013-14	Actual 2013-14	Variation
Gross Bud. Support :						
Capital	24000	24132	132	26000	27072	1072
RSF	2000	1578	-422	2000	1983	-17
Internal Resources	18050	9531	-8519	14260	9709	-4551
Extra Bud. Resources:						
Market Borrowing	15000	15142	142	15103	15225	122
PPP etc	1050		-1050	6000		-6000
Total Plan Outlay	**60100**	**50383**	**-9717**	**63363**	**53989**	**-9374**

As is seen from the above tables, the shortfall in Annual plan targets during 2012-13 and 2013-14 were mainly on account of shortfall under internal resource (combined provision under Capital Fund, Depreciation Reserve Fund & Development Fund) and extra budgetary resource components (under investment from PPP).

Internal resource component of the plan has however increased from Rs. 9531 cr in 2012-13 to Rs. 9709 cr in 2013-14 and further to Rs. 15728 cr. in 2014-15 (RE). As regards, the EBR Component, all out efforts are being made to attract extra budgetary resources in selected sectors of Railway plan.

Internal Resource Generation:-

(Rs in cr)

BE 2012-13	Actual 2012-13	Variation	BE 2013-14	Actual 2013-14	Variation
25117	15144	-9973	20707	11668	-9039
Reasons for shortfall are: • Shortfall in passenger earning due to major roll back of passenger fare hike			Reasons for shortfall are: • Shortfall in passenger earning due to negative growth in passengers booked over previous year specially		

proposed in BE and short achievement of passengers booked than targeted in BE; • Shortfall in goods earnings mainly due to short achievement of loading target; • Less receipt under subsidy from General revenues and net accrual in traffic outstandings; • Higher provision for pension.	in non-suburban (non-PRS) segment;. • Net accrual in traffic outstandings; • Higher provision for pension, OWE & DRF. • Higher dividend outgo consequent on enhancement in dividend rate to 5% in 2013-14 from 4% in 2012-13.

Progressively higher internal resource generation necessitates Railways' revenues to grow at a higher pace than the expenditure. It is a continuous endeavour of the Railways to increase revenues and control expenditure. Steps taken to maximize the traffic earnings, inter-alia, include periodic rationalization of fare and freight tariff, introduction of Fuel Adjustment Component in fare and freight, effective marketing strategies to capture more and more traffic both in passenger(like augmentation of capacity of popular trains & introduction of premium trains etc.) and goods, creation of additional capacity and optimum utilization of the existing rail infrastructure, improved throughput by steps to increase productivity and efficiency, improvement of passenger interface etc.

Recommendation (Para No. 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 Resouces was largely due to slow growth in the core sector of the economy since the Railways is primarily a bulk carrier of 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, upto 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.

Reply of the Government

A slew of Freight Incentive Schemes namely; Incentive Scheme for loading of bagged consignment in open and flat wagons, Freight Forwarder Scheme, Incentive Scheme for Incremental Traffic and Incentive Scheme for traffic booked in traditional empty flow directions were launched with a view to garner additional volume of traffic and revenue. With effect from 01.10.2014, an Automatic rebate in freight scheme for traffic loaded in specified inter-zonal empty flow direction has been launched as a pilot project. Initially this scheme has been launched from (i) N. F. Railway to Eastern, South Eastern, West Central, Northern Railways and (ii) Southern Railway to South Central Railway for BCN group of rakes. Under the scheme, the traffic is being charged automatically once the benchmark NTKM is crossed, irrespective of the customer and commodities.

In addition to the above, the following objectives of policy are being adopted to generate more freight business:

1. **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 3 rakes for movement of caustic soda, 3 rakes of Special steel wagons for movement of long welded rails. One proposal for movement of alumina is awaiting clearance.

2. **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.

3. Kisan Vision Project: This scheme provides for investment in transportation of perishable traffic. Central Railside Warehouse Company Ltd. (CRWC), Central Warehousing Corporation (CWC) and CONCOR have been entrusted with the responsibility of developing perishable cargo centers over Indian Railways through Public Private Partnership (PPP) mode.

Recommendation (Para No. 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 41 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.

Reply of the Government

Shortfall of Rs. 3412.11 cr in total receipts of the Indian Railways in 2013-14 vis-à-vis the BE target is solely on account of lesser passengers booked by the year end than estimated at BE stage and a net accrual of traffic outstandings by about Rs. 330 cr. The drop in passengers booked than estimated in the BE was seen not only in the sub-urban segment but also in the Non-suburban (Non-PRS) segment. Railways are targeting to achieve progressively higher traffic earnings through various initiatives namely augmentation of the length of the passenger trains, special trains, premium trains, levy of port congestion on charge on freight traffic, increased focus on ticket checking etc. Railways are also exploring alternate sources of revenue like commercial exploitation of surplus railway land, advertisement and publicity on railway assets etc. to augment their resources.

While the progress of Railways' earnings vis-à-vis the targets is captured on a 10 day approximate basis, the freight data as also the expenditure trends are collected and analysed on a monthly basis for continuous & close review. Further, periodic reviews are conducted at the Zonal and the Board level for monitoring the trends and for necessary intervention for meeting the targets.

Recommendation (Para No. 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.

Reply of the Government

While the Railways have tried to contain working expenditure under controllable heads to the barest minimum, Hon'ble Committee may appreciate that working expenditure on heads like salary, DA, allowances, pension, fuel expenditure which constitute 77.5% of total Working Expenses. On the other hand, Railways being a public utility service, the pricing policy has been based on the principle of what the traffic can bear. Nevertheless, Railways have been taking steps to maximize the traffic earnings which, inter-alia, include rationalization of fare and freight tariff, introduction of Fuel Adjustment Component in fare and freight, effective marketing strategies to capture more and more traffic both in passenger(like augmentation of capacity of popular trains & introduction of premium trains) and goods, creation of additional capacity and optimum utilization of the existing rail infrastructure, improved throughput by steps to increase productivity and efficiency, improvement of passenger interface etc. Some specific initiatives to achieve this are running of more special and premium trains, innovative schemes for traditional empty flows, increased focus on ticket checking, improvement in ticket dispensation through ATVM's, & JTBS, etc. Railways are also exploring alternate sources of revenue like commercial exploitation of surplus railway land, advertisement and publicity on railway assets etc. to augment their resources. Besides these the stringent efforts has been made to control the expenditure by:-

- imposing spending limits on zonal Railways
- Exchequer control
- not permitting zonal railways to re-appropriate money from staff PUs to non-staff PUs, from fuel to non-fuel and from stores to non-stores.
- tight inventory control
- economy & austerity measures and
- Monthly reviews at Board level and periodical review meetings with the General Managers and FA&CAOs of zonal railways.

Recommendation (Para No. 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.

Reply of the Government

In addition to rationalization of fare and freight periodically, Railways has undertaken Fuel Adjustment Component (FAC) linked revision in fare and freight to recover the expenditure incurred on account of increase in prices of fuel. The latest rationalization has been implemented with effect from 25.06.2014 wherein freight rates have been increased by 6.5% (inclusive of 1.4% on account of FAC) and passenger fares have been increased by 14.2% (inclusive of 4.2% on account of FAC).

Present day passengers expect visible, qualitative and effective improvements on each and every item of public utility provided at the stations/platforms. In view of the increased expectations of the passengers/ daily commuters, Indian Railways are making all out efforts to provide various facilities at the stations.

Indian Railways has more than 8,500 stations. It has always been the endeavour of the Railways to provide adequate amenities to the passengers at the stations. Passenger amenities at stations are provided in accordance with comprehensive guidelines issued to Zonal Railways which specify the level of amenities to be provided at each category of stations. Upgradation of passenger amenities at stations is a continuous process and the norms for provision of passenger amenities at various categories of stations, which includes Minimum Essential Amenities, Recommended Amenities and Desirable Amenities, are reviewed and revised periodically. Accordingly, Zonal Railways have been advised to upgrade the amenities at stations. In addition, identification of stations has also been done for development under the Adarsh station Scheme. Adarsh station Scheme prescribes conforming to ethnic ethos, quick entry and exit of passengers, smooth entry from the civil road to station premises, better signage, wider foot-over-bridges, etc. However, there is no connection between increase in passenger fares and provision of passenger facilities/amenities at stations.

Regarding Passenger amenities in trains, augmenting/improving passenger amenities and facilities is an ongoing process irrespective of fare structure.

Recommendation (Para No. 9)

The Committee are further informed that in order to contain expenditure during 2014-15, the Ministry have imposed a spending limit 43 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.

Reply of the Government

In 2014-15, with the financial management measures mentioned in reply to para above and gains due to lower HSD prices under Ordinary Working Expenses, apart from lower inventory balances, it enabled Railways on the one hand to allocate more funds towards operational and essential maintenance activities and also more to DRF and Pension requirements, and at the same time help to improve operating ratio over B.E. 2014-15.

Recommendation (Para No. 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.

Reply of the Government

Primary reason for delay in projects is huge throwforward and non-availability of commensurate resources. The Gross Budgetary Support (GBS) being extended to Ministry of Railways by Ministry of Finance is not only inadequate but also not sufficient enough even to neutralize escalation in cost of the project. Other reasons for delay in execution of projects are, delay in land acquisition, forestry clearances, law & order issues etc. In order to tide over the problem, Ministry of Railway are encouraging State Governments to share cost of the projects in their States, invite private player to take up project through various participative models enunciated by Ministry of Railways form SPV with beneficiary industries etc. All ongoing projects of Indian Railways have been reviewed and railway has carried out the prioritization to give pointed & 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 project & last connectivity projects, projects enhancing throughput, decongesting saturated sections, providing alternate route etc.

Recommendation (Para No. 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.

Reply of the Government

Total allocation for New Line, Gauge Conversion and Doubling for the year 2014-15 is only Rs. 13494 crs as against the throwforward of Rs 1,82,224 crs. 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 project Projects are funded by Gross Budgetary Support which is extended on yearly basis by Ministry of Finance at the beginning of the year. Projects are taken up in phases and efforts are made to complete reasonable portion of the project and put to use within the overall availability of funds. Accordingly yearly target are fixed at the beginning of the year. Committee suggestion has been noted in this regard. Ministry of Railways has reviewed all ongoing & prioritized. Within this also 30 projects have been accorded highest priority to complete them in a time-bound manner.

Recommendation (Para No. 14)

The Committee note that in the 12th 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 12th Plan targets for such an important head as it directly relates to the safety and security of the travelling public.

Reply of the Government

Noted.

Comments of the Committee

(Please see recommendation para no.1.16 of Chapter I)

Recommendation (Para No. 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.

Reply of the Government

Ministry of Railways endeavors to eliminate all unmanned level crossings. The work of elimination is being carried out to the extent possible based on the availability of funds. Ministry of Railway requires approximately Rs.20,700/- crores for the elimination of these unmanned level crossings. It is possible to eliminate these unmanned level crossing within the 12th Five Year Plan provided funds to the tune of Rs.20,700/- crore are made available for this purpose.

Funding for these works comes from Central Road Fund out of the cess collected on petrol and diesel. At present, Rs.2/- per litre each is collected as cess on Petrol and High Speed Diesel (HSD) Oil. The accrued fund is distributed for development and maintenance of National Highways, state roads, rural roads and for railway over bridges/under bridges and other safety features as provided in Central Road Fund Act, 2000. Railway gets a share of 4.6875% of entire diesel and 9.375% of petrol cess. The average annual allocation to Railways is Rs.1,100 crore which is extremely inadequate.

In the past, Ministry of Railways has made numerous efforts to arrange additional funds to liquidate arrears of Road Safety Works including the work of elimination of Unmanned level crossings as under:

(a) In February'2013, the then Hon'ble MR has written letter to the Hon'ble Finance Minister for enhancement of Railway's share from Central Road Fund by suitably amending the provisions.

(b) Ministry of Railways has moved a Cabinet Note in the month of January 2013 for enhancement of allocation for Railways from Central Road Fund (CRF) by suitably amending the CRF Act. In this Cabinet Note, approval of CCEA was solicited for enhancement of cess on Diesel & Petrol each by Rs.0.20 per litre to take it to Rs.2.20 per litre against the existing Rs.2.00 per litre and to make available additional fund to Ministry of Railways for time-bound elimination of Level Crossings/ROBs/RUBs.

However, PMO asked, vide their note dated 04.03.2013, Ministry of Railways to withdraw the Cabinet Note. As such, above efforts have not materialized.

But inspite of that Ministry of Railways is again approaching Ministry of Finance for enhancing the share of Ministry of Railways from

Central Road Fund and allocate assured funding to the tune of Rs.20,700/- crore for the elimination of unmanned level crossings.

Recommendation (Para No. 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.

Reply of the Government

Committee’s observation have been examined however it is observed that actual expenditure has increased from Rs. 97.00 cr. in 2012-13 to Rs.141.22 cr. in 2013-14. Actual Expenditure stated above is indicative of increasing expenditure in comparison to the previous years. This is due to the fact that Railways are making an all out effort for optimum utilization of resources. During the current year, detailed

Estimate of a large number of works have been sanctioned which lead to more fund utilization. Till the end of January, 2015, funds to the tune of Rs. 99.02 cr. have already been utilized which will further increase by end of current financial year. However, the Committee's observations have been noted for further enhancing the level of expenditure and its utilization for IT implementation.

Comments of the Committee

(Please see recommendation para no.1.19 of Chapter I)

Recommendation (Para No. 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.

Reply of the Government

Instructions have been issued to all Zonal Railways vide Board's letter No.2015/TG-I/20/Spl. Train/Publicity dated 11.03.2015 regarding adequate publicity of special trains/extra coaches for clearing rush during peak seasons (copy enclosed).

Recommendation (Para No. 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.

Reply of the Government

Committee's recommendation for inculcating a new work culture for improvement in punctuality performance has been well taken.

In order to inculcate a new work culture for improving punctuality performance over Indian Railways, the following steps have already been initiated by the Railways:

Sensitization of staff involved in train operations towards importance of punctuality.

- Prioritization of preventive maintenance of assets to minimize asset failures and rectification of failures in shortest possible time.
- Better co-ordination with Civil and Police authorities of states to minimize delays arising out of law & order problems.

- Stress on timely completion of Capacity enhancement projects such as construction of additional loop lines, Doubling, Third line corridors, automatic signaling, RUB’s, ROB’s etc which are already sanctioned and in progress.
- Time table of identified bad runners are being revisited.
- Proactive approach for better punctuality performance through rewards and punishment to staff.

It is pertinent to mention here that the punctuality performance of Mail/Express trains traversing through quadrilateral routes such as Delhi-Howrah, Delhi-Mumbai, Delhi-Chennai and Howrah-Mumbai have been adversely impacted as these sectors are facing severe capacity constraint due to saturated line capacity.

To ease off decongestion of traffic on the Indian railway network, Eastern and Western dedicated freight corridors have already been sanctioned and their execution is in progress. While the eastern corridors runs from Ludhiana to Dankuni covering the highly saturated route of Khurja-Allahabad-Mughalsarai, the Western corridor will extend from Dadri to JNPT (Mumbai). Once these corridors become operational, punctuality performance of passenger carrying trains are likely to improve.

Recommendation (Para No. 21)

The Committee note that a committee headed by Dr. Anil Kakodkar 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 modernization 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

Reply of the Government

Efforts are being made by the Ministry to expedite decision on the recommendations of the High Level Safety Review Committee. As already advised, action has been initiated for implementation of some of the recommendations of the Committee.

In respect of the Sam Pitroda Committee recommendations also, action has been initiated for implementation of various key recommendations. Recommendations pertaining to organisational restructuring/Reforms, etc. are being separately considered by an Expert Group. The financial projections given in the Report including the total investment of Rs.8.39 lakh crores during the 12th Plan and the Gross Budgetary Support and Internal Generation going up by 2.5 times and 5.3 times respectively are, considering the actuals of the first three years of the 12th Plan, not practicable. The Annual Plans take into account the investment requirements for modernization and technology upgradation.

Comments of the Committee

(Please see recommendation para no.1.25 of Chapter I)

Recommendation (Para No. 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 53 proposal purposively with the Ministry of Finance. The Committee desire that they should be kept informed of the progress in this regard.

Reply of the Government

Noted. Ministry of Finance is being requested to enhance the Railway's share from the Central Road Fund (CRF) towards Railway Safety Fund for Road Safety Works so that all unmanned level crossing can be eliminated.

Recommendation (Para No. 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.

Reply of the Government

Noted.

Comments of the Committee

(Please see recommendation para no.1.28 of Chapter I)

CHAPTER III

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

Recommendation (Para No. 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 40 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.

Reply of the Government

This is a direction by the Standing Committee to Planning Commission and Railways agree with this. It is pertinent to mention that Railways have been consistently requesting the erstwhile Planning Commission in the last three years for increased outlays (including but not limited to enhanced Gross Budgetary Support) in the absence of which capacity augmentation efforts of Railways like new line, gauge conversion, doubling, traffic facility works, signaling & telecom works, new rolling stock acquisition and work for workshops, etc are suffering badly.

Recommendation (Para No. 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. 3,16,842 crore for the 12th Five Year Plan for meeting their stipulated plan Targets, the Planning Commission/Ministry of Finance approved outlay of Rs. 1,94,221 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 1,16,533 crore, the actual allocation is Rs. 84,965 crore only and therefore there is a shortfall of around 27 per cent. The reduced plan size has adversely affected Railways' New Line, Doubling, Gauge Conversion and electrification works. Because of 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 1392 km for New Lines (including 327 kms. of National Projects) against Planning Commission Target of 4000 Kms., 2000 Kms for Gauge Conversion(including 993 kms of National Projects) against Planning Commission Targets pf 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.

Reply of the Government

The recommendations of the Committee are noted and the matter of increasing actual outlays/ Gross Budgetary Support during the Plan period would be taken up with the Planning Commission.

Recommendation (Para No. 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.

Reply of the Government

The essence of the bullet train project is expressed in the Hon'ble MR's Budget Speech, July 2014, as "It is the wish and dream of every Indian that India runs a bullet train as early as possible. Indian Railways is on its way to fulfill that long cherished dream".

The bullet train project finances are proposed to be separated from the finances of Indian Railways. It is to be funded through an appropriate mix of Gross Budgetary support, bilateral/ multilateral funding, PPP etc.

Cost Benefit analysis of big Railway projects are always carried out in terms of Rate of Return (ROR). Since the bullet train project has several indirect benefits, and is expected to bring about big ticket boost to economic activity in the country, the economic internal rate of return (EIRR) has been calculated.

Bullet Trains have additional advantage that they compete with the Airlines in terms of running time and, therefore, a good amount of time of the user is saved which results in greater manpower productivity. On the other hand, conventional trains take much more time than the airlines.

Also in terms of carbon-dioxide emission Bullet Trains are more environment friendly than airplanes & cars.

Bullet trains are also more efficient i.e. a double track rail line has much more passenger carrying capacity than a six lane highway, and requires less than half the land. So, it is clear that conventional trains does not give the same benefits as are derived from Bullet Trains. Due to this reason, economic rate of return (EIRR) is not calculated for conventional railway projects.

In view of all the above, it is submitted that the benefits of Bullet Train projects cannot be compared to other Railway projects.

CHAPTER IV

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

Recommendation (Para No. 3)

The Committee are perturbed to note that the target for Extra Budgetary Resources fixed at Rs. 21,103 crore for 2013-14 has fallen short by 6,018 crore (provisional). The main reason for shortfall in target for Extra Budgetary Resources, was the non-materialisation 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 conductive 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.

Reply of the Government

Ministry of Railways have framed new Model Concession Agreements for Build Operate Transfer (BOT), Joint Venture and Private line model. Sectoral Guidelines for Domestic/ Foreign Direct Investment have also been framed under which certain permissible areas have been identified for investment.

An Investors Meet was also organised on 5th December 2014 to share the Policies of Ministry of Railways. The new Agreements/Sectoral Guidelines provide better framework to investors under which risks and responsibilities are balanced and will enable exploration of investment avenues by investors.

Comments of the Committee

(Please see recommendation para no.1.7 of Chapter I)

Recommendation (Para No. 4)

The Standing Committee observe that during 2013-14, against a target of Rs. 6,000 crore for PPP, the achievement remained to the tune of Rs. 1,520 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. 8,000 crores approximate 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.

Reply of the Government

Under the Participative Policy, the financial commitments received from investors are likely to be achieved in next few years. Ministry of Railways has no role in implementation of such projects which are implemented by private developer/Concessionaire. The target of 12th Plan includes certain projects like Elevated Rail Corridor in Mumbai, High Speed and Station Development. Most of these projects depend on active participation of State Government which is not forthcoming in many of the cases. However, he targets for Rail Connectivity to Ports/Mines will be achieved.

Comments of the Committee

(Please see recommendation para no.1.10of Chapter I)

Recommendation (Para No. 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., North East Region Rail Development Fund (NERRDF) wherein funds to the tune of 25 percent of yearly requirement are to be provided by the Railways through GBS and 75 percent funds are to be provided by the Ministry of Finance dividend-free as an additionality to GBS. The Committee, however, learnt 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.

Reply of the Government

Based on the Cabinet Committee decision, a reference was made to Controller General of Accounts (CGA), Ministry of Finance (MOF) for introduction of Account head in the list of Major & Minor heads of Accounts of Government. However, the same was not agreed to by that office on the ground that capital investments are meant for creation of Assets and transfer of budgetary support to proposed Fund would not result in actual creation of assets. It has also been stated that the office of Controller & Audit General (C&AG) of India has not agreed to such accounting adjustments. They had, thus, suggested to create the proposed fund from revenue surplus instead of budgetary support. A back reference was again made referring to the Cabinet decision. However, MOF reiterated their earlier stand.

Creation of a new fund from railway revenue surplus has not been found feasible. As recommended by the Standing Committee, another reference has been made to Controller General of Accounts, Ministry of Finance to reconsider the proposal.

Comments of the Committee

(Please see recommendation para no.1.13 of Chapter I)

Recommendation (Para No. 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 50 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.

Reply of the Government

In Railway Budget 2014-15, introduction of 138 new trains, extension of 15 train services and 5 train services has been announced. As on date, 100 new trains, 14 extension of existing train services and 5 increase in frequency of existing train services has been implemented. Of the remaining 38 new train services and 1 extension of train service, 10 new train services are now ready for implementation and 29 train services are pending introduction due to various constraints like non-completion of gauge conversion/infrastructural works, non-receipt of Commissioner for Railway Safety (CRS) sanction, non-availability of Rolling stock etc. In regard to train services announced in Railway Budget 2013-14, out of 10 train services 4 train services are now ready and remaining 6 train services are pending due to various constraints like non-completion of gauge conversion works, non-receipt of necessary clearance from the Commissioner of Railway Safety (in case of newly opened and gauge converted sections), etc. These trains will be introduced as soon as the constraints are overcome.

Comments of the Committee

(Please see recommendation para no.1.22 of Chapter I)

CHAPTER V

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

NIL

NEW DELHI;
6 August, 2015
15 Shravana, 1937 (Saka)

DINESH TRIVEDI,
Chairperson,
Standing Committee on Railways

APPENDIX I

MINUTES OF THE STANDING COMMITTEE ON RAILWAYS (2014-15)
(Seventeenth Sitting)

The Committee sat on Thursday, the 6th August, 2015, from 1500 hours to 1530 hours in Committee Room No.'62', Parliament House, New Delhi.

PRESENT

SHRI DINESH TRIVEDI - CHAIRPERSON

MEMBERS

LOK SABHA

2. Kunwar Pushpendra Singh Chandel
3. Shri Ram Tahal Choudhary
4. Shri Sanjay Dhotre
5. Shri Ramesh Chander Kaushik
6. Shri Gajanan Kirtikar
7. Shri Balabhadra Majhi
8. Shri Arjun Ram Meghwal
9. Shri Thota Narasimham
10. Shri Mekapati Raja Mohan Reddy
11. Shri Lakhan Lal Sahu
12. Shri Ganesh Singh
13. Shri Uday Pratap Singh

RAJYA SABHA

14. Shri Mukut Mithi
15. Shri Dilipbhai Pandya
16. Shri Ambeth Rajan
17. Shri T. Rathinavel
18. Shri Devender Goud T.
19. Shri Motilal Vora

SECRETARIAT

1.	Shri K Vijayakrishnan	-	Additional Secretary
2.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
3.	Srhi Arun K. Kaushik	-	Director

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration the draft Report on action taken by the Government on the recommendations of the Committee contained in their 3rd Report on "Demands for Grants – 2014-15 of the Ministry of Railways" and adopted the same without any modification.

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

The Committee, then, adjourned.

APPENDIX-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 3RD REPORT (16TH LOK SABHA) ON 'DEMANDS FOR GRANTS – 2014-15 OF THE MINISTRY OF RAILWAYS'

Total number of Recommendations/Observations		23
(i)	Recommendations/Observations which have been accepted by the Government – Para Nos. 1, 2, 6, 7, 8, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, and 23	16
	Percentage of total	69.57%
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies – Para Nos. 5, 10 and 17	3
	Percentage of total	13.04%
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration – Para Nos. 3, 4, 11 and 18	4
	Percentage of total	17.39%
(iv)	Recommendations/Observations in respect of which final replies are still awaited - Para Nos. Nil	Nil
	Percentage of total	100%