8

STANDING COMMITTEE ON RAILWAYS (2015-16)

SIXTEENTH LOK SABHA

MINISTRY OF RAILWAYS (RAILWAY BOARD)

[Action taken by Government on the recommendations/observations contained in the 4th Report of the Standing Committee on Railways (Sixteenth Lok Sabha) on 'Demands for Grants – 2015-16 of the Ministry of Railways']

EIGHTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2015/ AGRAHAYANA, 1937 (SAKA)

SCR NO. 200

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Presented to Lok Sabha on 08.12.2015

Laid in Rajya Sabha on 08.12.2015

LOK SABHA SECRETARIAT
NEW DELHI

December, 2015/ Agrahayana, 1937 (Saka)

CONTENTS

COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2015-16)

Shri Dinesh Trivedi - Chairperson

MEMBERS

LOK SABHA

2. Shri E. Ahamed
3. Shri 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 Kaushik
10. Shri Gajanan Chandrakant Kirtikar
11. Shri Balabhadra Majhi
12. Shri Arjun Ram Meghwal
13. Shri K.H. Muniyappa
14. Shri A.T. Nana Patil
15. Shri R. Radhakrishnan
16. Shri M. Raja Mohan Reddy
17. Shri Lakhanlal Sahu
18. Shri Ganesh Singh
19. Shri Uday Pratap Singh
20. Shri Narasimham Thota
21. Shri S.R. Vijayakumar

RAJYA SABHA

22. Shri A.K. Antony
23. Shri Satish Chandra Misra
24. Shri Mukut Mithi
25. Shri Dilipbhai Pandya
26. Shri T. Rathinavel
27. Shri Bashistha Narain Singh
28. Shrimati Bimla Kashyap Sood
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.2340 dated 1.08.2015

LOK SABHA SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
3.	Shri Arun K. Kaushik	-	Director
4.	Smt. Geeta Parmar	-	Deputy Secretary
5.	Smt. Banani Sarker Joshi	-	Sr. Cte. Assistant

INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2015-16), having been authorised by the Committee to submit the Report on their behalf, present this Eight Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Fourth Report (Sixteenth Lok Sabha) on 'Demands for Grants – 2015-16 of the Ministry of Railways'.

2. The Fourth Report was presented to the Lok Sabha on 20.04.2015 and was laid in Rajya Sabha on 23.04.2014. The Report contained 18 recommendations/observations. The Ministry of Railways furnished their Action Taken Notes on all the recommendations/observations contained in the Report on 24.08.2015.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 30.09.2015. 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 in the body of the Report.

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

NEW DELHI;
1 December, 2015
10 Agrahayana, 1937 (Saka)

DINESH TRIVEDI
Chairperson,
Standing Committee on Railways

CHAPTER I

REPORT

This Report of the Standing Committee on Railways deals with the action taken by the Government on the Recommendations/Observations contained in their Fourth Report (16th Lok Sabha) on "Demands for Grants 2015-16 of the Ministry of Railways".

2. The Fourth Report was presented to the Lok Sabha on 20 April, 2015 and laid in Rajya Sabha on 23 April, 2015. It contained, inter alia, 18 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations have been received and categorised as follows:

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

Para Nos. 2, 3, 4, 6, 8, 9, 10, 11, 13, 14, 15, 18

Total : 12
Chapter II

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

Para No. 1, 7 and 16

Total : 3
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. 5, 12 and 17

Total : 03
Chapter IV

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

Para No. NIL

Total : NIL
Chapter V

4. The Committee trust that utmost importance will be given to implementation of the Recommendations 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.

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

A. Budgetary Planning

Recommendation (Para No.2)

6. The Committee, in their 4th Report on the Demands for Grants (2015-16), had noted that the Annual Plan of the Ministry of Railways for the year 2015-16 had been budgeted at Rs.1,00,011 crore which was an increase of 52% as compared to RE 2014-15. There was 37 percent increase in capital (budgetary support) and an increase of 8 percent in Internal Resources. The Committee had also noted that there was a large shelf of pending projects which was estimated at Rs.4,91,510 crore. They were informed that due to funds constraints, allocation to all plan heads was not as per requirement. Therefore, the Committee had strongly recommended that the NITI (National Institution for Transforming India) Aayog/Ministry of Finance should consider a higher and realistic allocation for the Ministry, so as to effectively meet the objective of transforming the Railways into an efficient vehicle for development as well as for meeting the increasing demands of the economy.

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

> "Ministry of Railways is requesting repeatedly for higher budgetary support to the Railways for timely completion of present projects in progress and other important infrastructure projects necessary for provision of additional facilities to the passengers.

Reference was made to NITI Aayog in this regard for information and necessary action at their end. NITI Aayog in their response have agreed with the observation of the Committee that the Railways are the life line of the national economy and it needs to be given top priority in implementation of its various programmes including modernization and capacity enhancement. It is with this view that an Investment plan of Rs.5,19,221 crore, consisting of Rs.1,94,221 crore of GBS, Rs.1,05,000 crore of Internal Resource Generation, Rs.1,20,000 crore of Market Borrowings and Rs.1,00,000 crore of Private Investment, including PPP, was approved for the 12th Plan period (2012-2017).

NITI Aayog has further stated that in the first three years of the Plan, 43.73% of total projected outlay of GBS has been provided. As far as the GBS component of the planned investment is concerned, the shortfall in the first three years has been made good in the 4th year (2015-16) by allocating an amount of Rs.41,646 crore, an increase of 31.8% over the Revised Estimates of 2014-15 and an increase of 47.8% over the Budget Estimates of 2014-15.

The allocation / mobilization of GBS in the four year stands at Rs.1,26,650 crore (65.2%)."

8. The Committee note that in response to their recommendation to consider a higher and realistic allocation for the Ministry of Railways, the NITI Aayog have stated that in view of the implementation of various programmes of the Indian Railways, including modernisation and capacity enhancement, an investment plan of Rs.5,19,221 crore which included GBS of Rs.1,94,221 crore, had been approved. Further, allocation of GBS in the first four years of the 12th Five Year Plan stands at Rs.1,26,650 crore which is 65.2 percent of the approved GBS. In this regard, the Committee would like to stress that the NITI Aayog should allocate to the Ministry of Railways the remaining 34.8 percent of the approved Five Year Plan allocation in its last year, i.e. 2016-17 with a view to enabling them to implement their developmental projects.

9. The Committee are aware that Railways are unable to generate sufficient internal resources for various reasons. Further, the Railways have a huge throw forward of pending projects largely due to severe fund constraints. In such a scenario, the Committee again urge the NITI Aayog/Ministry of Finance to augment financial allocation for the Railways in the coming years, commensurate with their need to provide efficient rail services to the travelling public.

B. Implementation of the recommendations of Expert Committees

Recommendation (Para No. 5)

10. The Committee had noted that in the recent past, various Expert Committees had been constituted by the Ministry of Railways to study different aspects of the functioning of the Indian Railways. For example, the Kakodkar Committee was constituted to review the safety of the railways system; the Mittal Committee was formed to suggest ways and means to raise the revenue of the Indian Railways; the Sreedharan Committee was set up to review the delegation of commercial powers for railway projects to the lower levels of bureaucracy; and the Sam Pitroda Committee looked into the ways and means to modernize the railway system. Similarly, the Bibek Debroy Committee was set up to study and report the limited role of the Railway Board, revamping of HR functions and switch over to commercial accounting. Though some of these Committees had submitted their Report in the year 2012, their recommendations were still under examination and awaiting implementation. Taking note of the lackadaisical approach of the Ministry of Railways in this regard, the Committee had recommended that a time-schedule be prescribed to implement the recommendations of these Expert Committees and that the progress made on the matter should be closely monitored regularly and scientifically at the highest level in the Ministry.

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

" (i) Kakodkar Committee:

The recommendations of High Level Safety Review Committee (Kakodkar Committee) have since been discussed by the Board as regards their acceptance/partial acceptance/non-acceptance. The recommendations are presently under acceptance by the Minister of Railways. The recommendations found acceptable will shortly be initiated for implementation as per the availability of funds.

(ii) Mittal Committee:

It is stated that the report of the Mittal Committee was recently submitted on 30.12.2014. The recommendations of the Committee have been duly circulated to all the Directorates for examination. Some of the recommendations were incorporated in the Budget Speech of the Minister. Other recommendations are under review and acceptance of Board, after which they will be taken up for implementation and monitored.

(iii) Sreedharan Committee:

Ministry of Railways had constituted One Man Committee of Dr. E. Sreedharan on 13th November, 2014 to suggest a proper system and procedure to ensure proper accountability and transparency at the General Manager and other functionaries levels for taking all commercial decisions, including tendering. The One Man Committee submitted its Final Report on 11.03.2015.

(iv) Sam Pitroda Committee:

Action has been initiated on various key recommendations of the Sam Pitroda Committee recommendations such as pertaining to elimination of level crossing & unmanned level crossings, mechanised maintenance of track, introduction of new generation locomotives, high speed potential LHB coaches, upgradation of suburban coaches, green toilets on all passenger trains, development of modern high pay to tare ratio wagons, enhancement of customer amenities at stations and on trains, development of various PPP models to attract private investment, feasibility studies of high speed and semi high speed corridor etc.

Sam Pitroda Committee had assessed a fund requirement of Rs.5.6 lakh crore for various modernisation works which has been a challenge.

(v) Bibek Debroy Committee:

However, some recommendations pertaining to organisation restructuring/ reforms, which have far-reaching implications, have not been implemented. Bibek Debroy Committee: Restructuring and reforms on Indian Railways have been separately examined by the Bibek Debroy Committee whose final report has also been received."

12. The Committee observe that the Ministry of Railways have not submitted a proper response to the recommendation of the Committee and have simply given the status of implementation of the recommendations of various expert committees. The Committee stress that there has been inordinate delays in implementation of the recommendations of different expert committees and that such delays defeats the very purpose of constitution of the expert committees. The Committee reiterate that a time-schedule may be prescribed for examination so that the implementation of recommendations of the expert committees can take place in a timebound manner. Further, the progress made in this regard should be monitored regularly at the highest level in the Ministry.

C. Track Renewals

Recommendation (Para No. 12)

13. The Committee had found that the progress on track renewal had reached an alarming level, due to inadequate allocation of funds and inability to wipe out arrears which had resulted in a backlog of 5300 kms. The Committee were extremely concerned about the sluggish progress and felt that not only would this backlog result in disproportionately high maintenance efforts but would also result in reduced reliability of assets, which could lead to safety failures. The Committee

had, therefore, recommended that the Ministry of Railways should take urgent remedial measures and accord highest priority to this sector. Further, they had advised that the pace of track renewal must be accelerated with utmost promptness to complete the backlog of those tracks which need urgent renewal and are operationally important.

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

"Railway Tracks are changed as and when a stretch of track becomes due for renewal on age-cum-condition basis i.e. on the basis of traffic carried over the track and physical condition of track etc. Track renewal works are planned in advance every year and their execution is prioritized according to the condition of track and overall availability of funds ensuring all the time that track is in a sound condition for safe running of trains. In case, if any stretch of track is not renewed in time due to various reasons including scarcity of funds, materials etc., suitable speed restrictions is imposed to ensure safe running of trains. Regular inspection of tracks is carried out to ensure safe running of trains.

The progress of track renewals during 2014-15 is 2424 km against revised estimate of 2200 km. The budget outlay for 2015-16 has been increased to Rs 6035 cr in comparison to Rs 5046 cr in Revised Estimates of 2014-15. Accordingly a target of 2500 km of track renewal has been kept. It is expected that with the increase in outlay, the arrears of track renewal will come down.

As on 31.03.2015, track renewal and related works covering 2250 km of track renewal have been sanctioned. In addition, track renewal works for 2850 km have been sanctioned in the year 2015-16."

15. Taking note of the huge backlog of track renewal works estimated at a staggering 5300 km, the Committee had recommended that the pace of track renewables should be urgently accelerated. The action taken reply furnished by the Ministry has stated that if track renewal is not possible due to various reasons, speed restrictions are imposed. The Committee wish to impress upon the Ministry that track renewables

should be accorded the highest priority and funds utilized in the most efficient manner in order to cover the current requirements as well as the accumulated backlog. The Committee, therefore, reiterate their recommendation and urge the government to implement the same at the earliest.

D. Social Service Responsibility

Recommendation (Para No. 17)

16. The Committee had observed that the Indian Railways had been incurring losses every year by undertaking a variety of non-remunerative but socially necessary services. The Railways had to bear social service obligation of around Rs. 25,000 crore every year and that cost was met through cross-subsidization. Further, in order to compensate the social obligation costs, the Ministry of Railways had approached the Ministry of Finance and consequently a Committee of Secretaries had recommended that such costs be reimbursed to the Railways. However, the matter was unresolved. The Committee, had therefore, recommended that the Government should work out a procedure on the basis of which the social service obligation costs could be reimbursed to the Railways.

17. The Ministry of Railways in their action taken notes have stated as under:

"The following points are requested to be considered by the Standing Committee with regards to Social Service Obligation:

1. Arising out of recommendations of the Standing Committee on Railways in 1997-98, 1998-99 & 1999-2000 as well as the Railway Convention Committee, a draft Cabinet Note highlighting the various social service obligations borne by the Railway and the urgent need for compensation from the Central Government for offsetting the loss thus suffered was circulated on 21.1.2000.

2. The parameters on the basis of which compensation was calculated were not acceptable to the Ministry of Finance and at the behest of Ministry of Finance an Inter-ministerial Working Group (IMWG) comprising of the functionaries of

Ministry of Railways, Ministry of Finance and Planning Commission was set up with a view to establish the parameters for calculation of Social Service Obligation in an objective and transparent manner.

3. The draft Cabinet Note seeking compensation for Social Service Obligation was turned down categorically by the Ministry of Finance with observation that the Railways were very much part of the Government and the Railway Budget is an adjunct of the General Budget. It is included in the General Budget. Therefore, any loss arising out of Government decisions taken in public interest by the Ministry of Railways cannot be claimed as compensation as if these were to be paid to a body corporate outside the Govt.

4. Similarly, Planning Commission observed that "the tariff policies and fare structure of the railways should be such that the price of each service should reflect its cost as closely as possible".

5. Railways have initiated various steps in this regard:

i) Fuel adjustment component - Railway have set up a mechanism to neutralise the impact of increase in fuel price on operating expenses.

ii) In 2015-16, Railway Minister in his Budget Speech has commented that "Indian Railways currently is the only rail-based trans-city infrastructure provider and operator in the country. Therefore, for the purpose of orderly development of infrastructure services, enabling competition and protection of customer interest, it is important to have a regulation mechanism independent of the service provider. Initially it was contemplated to set up only a Tariff Regulator, however, it is now proposed to set up a mechanism, which will be entrusted with making regulations, setting performance standards and determining tariffs. It will also adjudicate on disputes amount licenses/private partners and the Ministry, subject to review in appeal". Steps have been initiated to complete the process.

6. Ministry of Railways has raised this issue in the Railway Convention Committee (2014) memorandum. Further action will be taken as per the recommendations of the Railway Convention Committee.

The tariff policy of Indian Railways has been to keep passenger fares low especially in the lower classes so that even the poorest segment of the people can travel by rail. Railways have traditionally cross-subsidized passenger business through their freight business as a result of which Railway freight rates have increased regularly while passenger fares have stagnated.

The commodities in Low Rated Classes are being carried below cost of operations.

Railways have been granting concession of 6% in freight on all goods traffic booked to and from NE region since 1983, as amended from time to time.

Apart from these, during natural calamities and disasters, Railways carry relief materials free of cost to the affected States.

In Passenger segment the losses incurred in different classes of travel are as under: -

Classes	**Loss in Rs. Cr. 2013-14**	**%age to total**
Second Class	17718.74	57.07%
Sleeper Class	8858.65	28.53%
Upper Classes	374.53	1.21%
EMU Suburban & 1st Ordinary	4097.36	13.20%
Total	**31049.28**	**100%**

All of the above are part and parcel of Indian Railways Social responsibility.**”**

18. The Committee note that the Ministry of Railways had taken up the matter of compensating the expenditure borne by them on various social service obligations with the Ministry of Finance and Planning Commission. However, a draft Cabinet note seeking compensation in this regard was turned down by the Ministry of Finance with certain observations.

19. The Committee note from the Performance Budget of the Ministry of Railways that the Indian Railways is a departmental commercial undertaking of the Government of India; however, a substantial amount of Railways' total outlay goes towards meeting social obligations. Besides, there is a huge throw-forward of railway projects in financial and physical terms. As such, the Committee strongly desire that the issues relating to reimbursing the amount spent by the Railways in fulfilling social service obligations should be looked into and resolved expeditiously.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2)

The Railways are rightly described as a national integrator and considered to be the lifeline of the national economy. It is the most availed means of connectivity among the people, interlinking the length and breadth of the country. In order to transform the Railways into an effective, efficient and transparent vehicle for development as well as for meeting the ever increasing demands of the economy, innovative ideas have to be conceived and implemented as a matter of topmost priority. What is needed is a distinctive vision of the Indian Railways and its vary significant role in buoying up the nation's economy. It has to function as a catalyst of growth for the economy, for which the Railways need a huge investment. In this context, the Committee note that the Annual Plan of the Ministry of Railways for the year 2015-16 has been budgeted at Rs. 1,00,011 crore which is an increase of 52% as compared to RE 2014-15. There is 37 percent increase in capital (budgetary support) and an increase of 8 percent in Internal Resources. The Committee also note that there is a large shelf of pending projects which is estimated at Rs. 4,91,510 crore. As submitted to the Committee by the Ministry, due to funds constraints, allocation to all plan heads are not as per requirement. The Committee are disappointed to note that the allocation of funds for the fiscal year 2015-16 is not adequate for effectively enforcing the ambitious investment plan of the Railways as well as expeditious completion of pending projects. As such, the Committee strongly recommend that the NITI (National Institution for Transforming India) Aayog/Ministry of Finance should consider a higher and realistic allocation for the Ministry, so as to effectively meet their objective of transforming the Railways into an efficient vehicle for development as well as for meeting the increasing demands of the economy.

Reply of the Government

Ministry of Railways is requesting repeatedly for higher budgetary support to the Railways for timely completion of present projects in progress and other important infrastructure projects necessary for provision of additional facilities to the passengers.

Reference was made to NITI Aayog in this regard for information and necessary action at their end. NITI Aayog in their response have agreed with the observation of the Committee that the Railways are the life line of the national economy and it needs to be given top priority in implementation of its various programmes including modernization and capacity enhancement. It is with this view that an Investment plan of Rs. 5,19,221 crore, consisting of Rs. 1,94,221 crore of GBS, Rs. 1,05,000 crore of Internal Resource Generation, Rs 1,20,000 crore of Market Borrowings and Rs.1,00,000 crore of Private Investment including PPP was approved for the 12th plan period (2012-2017).

NITI Aayog has further stated that in the first three years of the Plan, 43.73% of total projected outlay of GBS has been provided. As far as the GBS component of the planned investment is concerned, the shortfall in the first three years has been made good in the 4th year (2015-16) by allocating an amount of Rs. 41,646 crore an increase of 31.8% over the Revised Estimates of 2014-15 and an increase of 47.8% over the Budget Estimates of 2014-15.

The allocation / mobilization of GBS in the four year stands at Rs.1, 26,650 crore (65.2%).

Comments of the Committee

(Please see recommendation para no. 8 and 9 of Chapter I)

Recommendation (Para No.3)

The Committee note that the Railways, in a bid to shake off the inertia of under investment, have formulated a forward looking and a highly ambitious investment plan for 2015-2019. An investment of Rs. 8.5 lakh crore has been envisaged for these five years. While admitting that the resource crunch had severely eroded the financial credibility of the Railways, the Ministry has placed utmost reliance on this fund's injection. The Plan size of Rs 8.5 lakh crore would be funded through a mix of internal generation by the Railways, Budgetary Support from the Government and through Extra Budgetary Resources, including market borrowings. The Committee have also been informed that while the funding for the bulk of the investment plan, i.e. to the tune of Rs. 2.5-3 lakh crore would be provided by the Government, the Railways expects to generate Rs. 1 lakh crore as internal resources. Besides, the Life Insurance Corporation of India have committed an investment of Rs. 1.5 lakh crore to the Railways for the next five years. The Railways also expect to generate Rs. 1 lakh crore through private public partnerships. The Committee find that out of the total Rs. 8.5 lakh crore, the Railways propose to utilize around Rs. 3.99 lakh crore on network expansion and network decongestion. The Committee are of the considered view that the proposed five-year investment plan should serve as a stimulus package to assist in the turnaround of the Railways' financial resources. The Committee, therefore, desire that availability of funds should be matched by strict financial discipline on the part of the Railways to ensure effective utilisation of resources, coupled with achievement of the physical targets in the stipulated timeframe with no cost escalations or delays. Accordingly, the Committee recommend that a National Policy on Indian Railways should be formulated, wherein, inter alia, a detailed road map is drawn up to sort out the bottlenecks. The Committee would await specific action taken by the Government in the matter.

Reply of the Government

Noted. NITI Aayog has been advised about the observation of Standing Committee on Railways to formulate National Policy on Indian Railways to sort out the bottlenecks.

Recommendation (Para No.4)

The Committee find that the Railways are endeavoring to secure funding from infrastructure funding agencies, multilateral and bilateral agencies, institutional investors, etc. The Committee also note that funding from the World Bank and the Japanese Bank for International Cooperation (JICA) has already been tied up for the

Eastern and Western Corridors for the Dedicated Freight Corridor (DFC). However, the Committee are not certain as to whether the bankability of projects have been meticulously worked out by the Railways. In this connection, the Committee wish to remind the Ministry that borrowings from these agencies have financial liabilities attached to them in the form of payment of heavy interest and return of principal amount. The Committee, therefore, would like to caution the Railways not to get into a debt-trap. The Committee feel that implementing a model of financing without going into the minute details of bankability of projects could be a sure recipe for disaster. The Committee, therefore, recommend that the Railways should not only undertake a pragmatic study on bankability of projects but also utilize this high-cost and risk-infested market borrowings in those sectors that can offer assured returns.

Reply of the Government

Debt funding of US$ 2.725 billion from the World Bank and 550 million JPY from Japan International Cooperation Agency (JICA) have been tied up for the Eastern and the Western Dedicated Freight Corridors respectively. These two freight corridors would carry significant volumes of freight traffic and as such have also been assessed as bankable projects by the lending agencies in their project appraisal documents (FIRR of 16% for the Eastern Dedicated Freight Corridor & 9% for the Western Dedicated Freight Corridor). The RITES report of 2007 has also considered the traffic volumes and bankability of the project. The concerns expressed by the Committee have been noted.

Recommendation (Para No.6)

The Committee's examination has revealed that the Annual Plan outlay for the year 2015-16 was to the tune of Rs. 1,00,011 crore which would be broadly financed through Gross Budgetary Support of Rs.40,000 crore; Diesel Cess of Rs. 1645.60 crore; market borrowing under Extra Budgetary Support of Rs. 17655 crore; and internal resources of Rs. 17,793 crore. Further, the Railways' share of diesel cess from the Central Road Fund and funding through PPP would be to the tune of Rs. 5781 crore. The Committee are dismayed to find that over the years, there has been a sharp decline in the generation of internal resources by the Railways which has resulted in greater dependence on Budgetary Support and on market borrowings which do not help in the long term. The reasons for poor generation of internal resources has been primarily attributed to the Pension Fund, dividend paid by the Railways to the General Revenues and the implementation of the recommendations of the Sixth Central Pay Commission. The Committee are not convinced with the oft-repeated reason attributed to the implementation of the recommendations of the Sixth Central Pay Commission for the adverse financial health of the Railways. This reason has become all the more worrisome when the recommendations of the Seventh Pay Commission will be implemented very soon. Nonetheless, the Committee examined the aspect of payment of Dividend by the Railways to the General Revenues and the budgetary support given by the Government to the Railways and found this arrangement as contradictory and counter-productive. On the one hand, the Railways are made to pay the dividend and on the other hand, the Government provide budgetary support to the Railways. The Committee, therefore, strongly recommend that a two-pronged strategy should be adopted by the Government, i.e. they should ensure strict financial discipline and practice prudent ways to cut the unproductive expenditure and at the same time, the practice of paying dividend to the General Revenues by the Railways be kept in abeyance till the financial health of the Indian Railways is improved and the proposed investment plan is implemented in its entirety. The Railways also could look at commercialization of stations including branding of stations, to generate additional revenue.

Reply of the Government

(i) It is to be clarified that the Railways' share of diesel cess from the Central Road Fund (CRF) (Rs 1,646 cr) and funding through PPP mode (Rs 5,781 cr) totaling to Rs 7,427 cr in the Annual Plan 2015-16 and not Rs 5,781 cr mentioned in the para.

(ii) Further, the internal resource generation which declined during the period from 2008-09 to 2011-12 due to implementation of the 6th Central Pay Commission (CPC) has improved discernibly since 2012-13. It stands at Rs 15,380 cr in 2014-15 and is estimated to increase to Rs 22,166 cr in 2015-16 (BE). The Railways' annual plans have conventionally been dependent on budgetary support, market borrowings and internally generated resources to sustain the Capex programmes. While market borrowings are deployed for funding rolling stock procured every year and are put to traffic use immediately thereby enhancing immediately the traffic capacity, the budgetary support is essential for various capital works and projects.

(iii) It is a fact that internal generation of resources is certainly impacted by the outgo under pay and pension. The pension outgo, as was the case with salary and allowances, had to be paid as per 6th CPC while the receipts continued to grow at the normal traffic growth rate. This lead to drop in internal resource generation. It may be appreciated that the pay and pension expenditure on Indian Railways has increased manifold after implementation of the 6th CPC. Cumulatively, the additional outgo on this account has been assessed to be more than 1.00 lakh crore rupees up to the end of the current fiscal. Pay and pension cost, which constituted 36.3% in the pre-6th CPC era spiked to 62% in 2009-10, and still stands at about 52% (in 2014-15) despite fare and freight rationalizations done several times. Thus this continues to be one of the main reasons that adversely impact the internal resource generation of the Railways.

(iv) Dividend payment by the Railways and Budgetary support by the Government are per-se not contradictory and counterproductive. These serve two different purposes and are two different accounting streams. While the GBS from the Government is used for funding capital works under different plan-heads, more importantly items like New Lines, Land cost for projects, Gauge Conversion, Doubling, Railway Electrification, Traffic Facilities having a higher rate of return, workshops, equity investments, MTP, National Projects and projects of national importance, the dividend payment on the other hand is paid on the cumulative capital contributed by the general revenues and is met out of revenue. Budgetary Support would be required even in the absence of dividend waiver or dividend deferment. The proposed investment plan has been prepared keeping the above in view.

(v) As recommended by the Committee, it has always been the endeavour of the Railways to control the avoidable unproductive expenditure.

(vi) The issues relating to dividend is decided by the Railway Convention Committee. The contention of the Standing Committee for dividend waiver so as to augment the resource position of railways is indisputable and the same has been pleaded in the Memorandum submitted to the RCC (2014) that has been constituted in March 2015. The concern of the Railways in meeting the likely impact of 7th CPC has also been spelt out in the Memorandum proposed.

(vii) As regards commercialization of stations including branding of stations to generate additional revenue, it is submitted that a task force under the Member Traffic (Railway Board) has been constituted to tap this potential.

Redevelopment of stations is planned through leveraging commercial development of land/air space in and around the stations. The model adopted for redeployment of stations would be such that revenues realized from leveraging commercial development are sufficient to at least cover the entire cost of station redevelopment after meeting the full expenditure on real estate development and maintenance obligations. Such redevelopment would generally be cost neutral to railways, however, at some stations railway may get surplus revenue to finance its other developmental activities.

Recommendation (Para No.8)

The Committee find that there has been a downward revision of the Budget allocation for 2014-15 to the tune of Rs. 917 crore. It has also been observed that against the BE target of Gross Traffic Receipts of Rs. 1,60,165 crore and RE allocation of Rs. 1,59,248 crore during 2014-15, the actual Gross Traffic Receipts were Rs. 1,40,250.98 crore (upto February, 2015). The Committee also find that though the actuals of the GTR for 2014-15 are not yet compiled by the Railways, a close examination of the approximate traffic earnings of Rs. 1,40,250.98 crore (upto the end of February, 2015) indicates that it is short of the proportionate budget target (based on RE) by around 1.4 percent or by Rs. 2303 crore. According to the Ministry of Railways, the downward shift in Gross Traffic Receipts is primarily on account of the downward revision of earnings target under passenger, other coaching and sundry earnings. The Committee are perturbed to note the tendency of the Ministry of Railways to give stereotyped reasons for this regressive trend. The Committee, again, are seriously apprehensive as to whether the ambitious target of Rs. 1,83,578 crore on account of Gross Traffic Receipts for the year 2015-16 would be achieved or not. The Committee, therefore, recommend the Railways to take effective steps, viz., increasing the seating capacity by attaching additional coaches, reduction in wagon turnaround time, rationalization of freight structure and goods tariff, etc. to achieve the targets in respect of Gross Traffic Receipts. The Committee may be apprised of action taken in this regard.

Reply of the Government

Indian Railways subject to operational feasibility, traffic justification consistently endeavours to augment the load of train services. Accordingly, during 2014-15 various train services have been augmented utilizing 568 coaches. Further, during the financial year 2015-16 (till June 2015), 200 coaches have been attached in existing trains on permanent basis. Besides, Indian Railways also attach coaches on temporary basis to serve the sudden rush of passengers during holidays, vacations, mela etc. These steps not only help generate additional accommodation for travelling passengers but also additional revenue for the Indian Railways.

Evaluation of various alternatives relating to rationalisation of freight structure is an on-going process. In line with the Recommendation of the Committee, recently, w.e.f. 01.04.2015 freight rates have been rationalized; the salient features of this rationalization are as under:-

i) The freight structure for the Base Class-100 has been increased by 10%.
ii) The classification of the following commodities has been reduced:-

S.No.	Commodity	Earlier Class	Revised Class
1	Salt for Human consumption	110	100
2	Cement	150	140
3	Coal and Coke	150	145

4	Limestone, Dolomite & Manganese ore	160	145
5	Iron or Steel	180	165
6	Pig Iron	160	150
6	Iron ores	180	165
7	Petroleum Products	200	180

(iii) The distance slabs beyond 1500 kms has been revised from 250 km to 125 km between1501-3500 km.

(iv) List of Commodities in Goods Tariff has also been rationalized and a revised Goods Tariff has been issued.

Apart from the above rationalization following steps have also been taken to increase the rail share;

With a view to convert empty wagon into loaded one and thereby increasing the revenue and Automatic freight rebate scheme was launched in October 2014 as a pilot project on NF and S. Rly. It has been decided to implement this scheme on all India bases.

(ii) Electronic registration of demand (e-RD) and Electronically transmission of Railway Receipts (e-TRR) have been launched in order to make the procedure simple, transparent and hassle-free and customer friendly. Now customer can register their demand from comfort of the Home or Office instead of physically visiting the Goods Shed.

The following steps have been taken/are being taken for reduction of wagon turn round:-

1. The focused attention on improving the operational efficiency & optimization of wagon utilization even in the empty flow directions.

2. The availability of locomotives is being improved through review of the existing links of passenger trains.

3. Focused investment on improvement of the freight terminals.
4. Intensive monitoring of freight terminals through a computerized Freight Operation Information System (FOIS) for effective reduction in wagon detention.
5. Review of maintenance practices.
6. Removal of bottlenecks to traffic, speedier completion of throughput enhancement works and rapid induction of newer rolling stock.

Recommendation (Para No.9)

The Committee observe that the passenger earnings which were budgeted at Rs. 44,645 crore during 2014-15 were revised downwards to Rs. 43,002 crore. However, the actuals (upto the end of February 2015) were Rs. 38,008 crore only. The Committee find that besides poor funds utilization, the Railways have also suffered a negative growth of around 2.12% in originating passengers during 2014-15. This had prompted the scaling down of originating passengers from a BE figure of 8645 million to 8350 million at RE. The reasons quoted by the Railways for the negative growth in passenger traffic are broadly the norms/ regulations in the issue of concessional tickets, closure of certain sections in the North Eastern Railway, shortage of ticket checking staff, etc. The Committee are not convinced with these reasons given by the Railways. The Committee, therefore, impress upon the Railways to realistically examine the reasons for the dissatisfaction of the passengers with the services made available to them, including issues like unsatisfactory on-board services, catering, punctuality, hygiene, etc. The Committee further desire that the Railways should make concerted efforts to increase the passenger earnings as it will help the Railways to augment the generation of internal resources. The Committee also recommend that the Railways should improve the last mile connectivity to attract short and medium distance passengers which may lead to increased passenger earnings.

Reply of the Government

Indian Railways continuously strive to augment revenue through various measures like introduction of new trains, augmentation of train services, running of special trains during festivals and holidays, facilitating the purchase of tickets through appointment of Jansadharan Ticket Booking Sewaks (JTBS), Station Ticket Booking Sewak (STBS), establishment of Yatri Ticket Suvidha Kendras (YTSK), proliferation of Automatic Ticket Vending Machines (ATVMs) etc. For increasing the passenger revenue, w.e.f. 01.10.2014, 50% of the existing Tatkal quota under the dynamic fare scheme has been introduced on selected trains which are most in demand. This is a distance-slab based fare scheme where the fare increases by 20% after each slab of 10% berths are sold subject to the existing cap (maximum fare chargeable) on dynamic fare. Further based on demand w.e.f. 01.07.2015, Suvidha trains shall be introduced during peak seasons like winter rush, summer rush, Holi rush and on other occasions as decided by Zonal Railways. The minimum fare for this train shall be Tatkal fare and the fare will increase after booking of every 20% of the berths/ seats. Evaluation of various alternatives to rationalise Passenger fares is however an ongoing exercise. In recent Budget MR has announced that Railways are making efforts to make travel on Indian Railways a happy experience with various initiatives and there is no increase in Passenger fares. Zonal Railways have been given powers to run Special Trains with special fare structure to meet the holiday and festival rush in popular sectors.

In the context of improving last mile connectivity, instructions have already been issued to Zonal Railways impressing upon the need for a focussed strategy to identify potential sectors taking into consideration the available constraints on achieving growth. The Railways have been advised to initiate dialogue with the State Road Transport Corporations (SRTC) to provide bus services at identified stations suiting the train timings, connecting major residential and office areas, which can build synergy between the two modes by feeding customers for each other. Possibility of issuing combined MSTs for road and rail may also be explored. Similar action can be taken with regard to providing combined passes for Rail and Metro services which will help both organizations to increase the passenger traffic. Introducing facilities like integrated e-ticketing with SRTCs and single ticket over both modes of transport could reduce the burden of standing in queue at each location for purchase of tickets. In order to utilize the Sleeper Class coaches effectively and to offer more accommodation in trains to General Class passengers, General

Managers/Railways have been given powers to decategorise Sleeper Class coaches as General coaches in identified trains and sectors to optimize utilisation of coaches and to provide additional General Class accommodation.

On Board Housekeeping Services (OBHS) scheme has been envisaged for all the Rajdhani/Shatabdi/ Duronto and select mail/ express trains for on board cleaning and hygiene attention to the coach compartments and toilets. Good quality washed bedrolls are provided in the AC coaches. For further improvement in the quality of washing of bedrolls, Railways are in the process of setting up of mechanized laundries at identified locations.

Supervision and Monitoring is strengthened through surprise, periodical and scheduled inspections of catering units. Emphasis during the inspections is laid on corrective actions to improve the quality, hygiene and standard of food to the travelling passengers. Deficiencies are analyzed and remedial actions are accordingly taken. A system for obtaining feedback from the passengers has been put in place wherein regular passenger opinion/ feedback, on services rendered to them, are obtained, analyzed and corrective actions are taken.

Improvement of catering services is an on-going process. Steps taken/ being taken to further improve the catering services include (i) Third Party Audit of catering services to be conducted at periodic intervals by independent and reputed auditing agencies accredited by NABCB (National Accreditation Board for Certification Bodies) as empanelled by the zonal Railways. The parameters for audit include all aspects of catering services like personal hygiene, infrastructure facilities, cleaning and sanitation, food safety, storage facilities, implementation of regulatory, statutory and safety regulations, quality of presentation etc. (ii) Introduction of E-Catering so that passengers can book the food of their choice through internet. (iii) Introduction of Pre-cooked Food (ready to eat) meals of reputed brands to improve the quality, hygiene and to provide variety of options of meals to the passengers. (iv) A Centralised Catering Service Monitoring Cell (CSMC) has been set up having a toll free number 1800-111-321 for prompt redressal of the passenger grievances related to the catering activities for real time assistance to travelling public (v) Imposition of stringent punitive action including heavy penalties in case of deficiencies in services.

Punctuality of Mail/Express trains on terminating basis is 74.5% (from April to June 2015) as compared to 80% in the corresponding period of the last financial year (2014-15). Loss of punctuality of Mail/Express trains is largely due to line capacity constraints on account of increasing passenger and freight traffic due to economic development and growth, adverse weather conditions, intermittent natural calamities such as floods, cyclones, heavy rains; heavy road traffic at level crossing gates across the Indian Railways network; multi faceted law and order problem, including public agitations and bandh calls in left wing extremism affected areas, miscreant activities such as theft of Railway assets (over head equipment wires, signaling cables and other equipment); mid-section run over cases involving cattles and humans due to no-fencing of Railway tracks, etc. In addition to the above, too many experimental stoppages for long distance trains at shorter intervals have also adversely impacted the average speed of trains and punctuality performance by reducing line capacity on the IR network. However, pro-active steps which have been initiated by the Railways for improving punctual running of trains are 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.

Recommendation (Para No.10)

The Committee note that 65 percent of the revenue of the Railways comes from freight earnings. The Committee further note that the Revised Estimates of 2014-15 for freight earnings and freight loading were Rs. 1,06,927 crore and 1101.25 million tonnes, respectively, whereas the actuals show a downward trend of Rs. 94,986.05 crore and 993 million tonnes, respectively. The Committee are, therefore, apprehensive that the increasing freight cost in the Railways will have a cascading effect on the earnings and will also nullify the efforts of the Railways to expand their freight carrying capacity. The Committee, therefore, recommend that with a view to attracting the enhanced freight traffic volumes, the Railways should operate their existing capacity in a refined market-driven mode in a commercially-viable manner. The Railways should also accord the highest priority to the Dedicated Freight Corridor Project so that on its completion, the carrying capacity of the Railways as well as earnings could be progressively increased.

The Committee note that the tariff policy of the Indian Railways has traditionally followed the principle of cross subsidization in order to offset the losses incurred in passenger and other coaching services through additional revenue from freight movement. The Committee feel that both passenger fares and freight rates have to be demand-cum-market driven and fixed differently for different segments. The Committee, therefore, recommend that pricing should be fixed so as to yield a net return that corresponds to the scarcity value of the capital in the economy.

Reply of the Government

With a view to enhance freight loading by making transport by rail more efficient and competitive, following steps have been taken by the Railways:

(i) In order to enhance the rail share in the movement of bulk commodities by competitive pricing, the classification of the major commodities has been reduced as per the following:-

S.No.	Commodity	Earlier Class	Revised Class
1	Salt for Human consumption	110	100
2	Cement	150	140
3	Coal and Coke	150	145
4	Limestone, Dolomite & Manganese ore	160	145
5	Iron or Steel	180	165
6	Pig Iron	160	150
6	Iron ores	180	165
7	Petroleum Products	200	180

(ii) To retain longer lead traffic with rail, the existing distance slab of 250 km beyond 1500 kms has been reduced to 125 km

(iii) Apart from above following market driven initiatives have been undertaken for optimum utilization of existing capacity:

(a) With a view to convert running of empty wagon into loaded one and thereby increasing the revenue, Automatic freight rebate scheme in empty flow directions was launched in October 2014 as a pilot project on N.F. Railway and S. Railway. Now, it has been decided to implement this scheme on all India bases.

(b) In order to make the registration of demand simple, transparent and hassle-free, electronic registration (e-RD) of demand has been introduced, which facilitates customers to register their demand through FOIS website without physically visiting the Railway offices.

Railways have traditionally cross-subsidized passenger business through freight business as a result of which Railway freight rates have increased regularly while passenger fares have stagnated. In the Railway Budget 2014-15, a beginning was made to correct these imbalances. With effect from 25.06.2014, therefore, the passenger fares of all classes, including Monthly Season Tickets was increased by 14.2%, whereas the freight rates were increased by 6.5%.

Dedicated Freight Corridor (DFC) Project is a strategic capacity augmentation initiative taken by Railways and involves construction of dedicated freight lines to carry predominantly coal and steel on Eastern DFC and container on Western DFC. The construction of DFCs are on fast track and are being monitored on regular basis for timely completion. The DFC has been planned for commissioning in phases between 2017 to 2019. The operationalisation of the DFC will result in segregation of freight and passenger traffic leading to quicker freight movement. The average speed of trains will go up which will reduce the transit time. The higher axle load of DFC route will further go up from 25 tonnes to 32.5 tonnes in future which would result in increase in throughput.

As a result both carrying capacity of Railways and earnings will progressively increase.

Recommendation (Para No.11)

The Committee are of the firm opinion that that New Lines, Gauge Conversion, Doubling and Track Renewals are long-term assets and a major revenue multiplier. The Committee note that under-investment and a staggered approach in these areas have impacted the network expansion and modernisation and the Railways are caught in the perennial problem of resource crunch. The Committee are disheartened to note that the expenditure on these counts has not been in tandem with the requirements and has severely depleted in the last few years. The Committee express their serious concern on the fact that the throw-forward for New Lines and Gauge Conversion is Rs. 1,21,907 crore and Rs. 1,90,20 crore, respectively, whereas for doubling, it is Rs. 34,789 crore. In fact, while taken together, it is almost 75 percent of the total cost of the pending priority projects. The Committee are extremely alarmed at this and wonder if the Railways will ever be able to wipe out these mammoth arrears. The Committee, therefore, strongly recommend that if the Railways wish to stay relevant in the present-day market-driven economy, they have to drastically improve their working and delivery system by way of re-fashioning their approach: projects which are near the completion stage, projects which are operationally viable, and projects which are traffic capacity generators should be given precedence over others.

Reply of the Government

It is precisely with this objective that an exercise of prioritization of projects was carried out. Main objective of prioritization of projects was to give focused & directed attention to important projects & avoids thin spread of funds. Last mile connectivity, last mile, throughput enhancement, debottlenecking, alternate route, National, Cost sharing projects have been accorded higher priority. Allocation of funds is being done based on the prioritization.

Recommendation (Para No.13)

The Committee observe that the outlay under rolling stock during the fiscal year 2014-15 was Rs. 15,322 crore which was subsequently revised upwards to Rs.

17,376.90 crore and, later on, the actuals were significantly lowered to Rs.11,255.66 crore. The Committee have been informed that there is an overall shortfall in the acquisition of wagons, coaches and locomotives during the fiscal year 2014-15. There has also been a serious issue of replacement of overaged assets. As of now, there are 6177 and 1120 overaged wagons and coaches, respectively. Similarly, there are 170 and 40 overaged diesel and electric locomotives, respectively. While giving reasons for the slow pace of replacement of rolling stock, the Ministry of Railways have informed that it was primarily due to the slowing down of the manufacturing activities. The Committee are extremely disappointed to note that even when the Railways are fully conscious of the overaged rolling stock and the consequences of continuing their operations on such obsolete stock, thereby posing a serious threat to life and property, not much effort has been made to tide over this situation. Merely stating that the Railways could not replace the overaged rolling stock because the manufacturing activities had slowed down is an unacceptable reason, considering the very serious nature of its consequences. The Committee are left wondering that if the Railways do not realize the hazards of running their operations on obsolete stock and do not formulate a quick solution to this precarious problem, how they can ensure safety and security on the Railway network. The Committee, therefore strongly recommend that the Railways should give top-most priority to the replacement of overaged rolling stock for which a structured policy needs to be formulated and implemented at the earliest. At the same time, the production capacity of rolling stock should be enhanced so that replacement of overaged rolling stock with the new ones is done in a systematic and methodical manner. The Committee also wish to urge the Government to consider immediately withdrawing those overaged rolling stock which are suspect technologically. The Committee would like to be kept informed of progress made in this regard.

Reply of the Government

The outlay under rolling stock at Budget Estimate 2014-15 stage was Rs.15,322 crores which was subsequently revised upwards to Rs.17,376.9 crores during the Revised Estimate 2014-15 stage. The actuals of Rs.11,255.66 indicated, is the approximate expenditure up to the end of December 2014 only. During 2014-15, the tentative booking on account of acquisition of rolling stock, so far, is Rs.15, 087 crores. However, inventory of about Rs.2,075 crores is yet to be booked. Final expenditure figures will be known in the next couple of months.

The physical targets and the actual production / acquisition of rolling stock during 2014-15 is as given below:

Rolling Stock	**Target 2014-15**	**Actual 2014-15**
Wagons	10000	11151
Coaches	3658	3731
Locos	649	605

As may be seen that there was no shortfall/slowdown of manufacturing activities in the case of coaches and wagons. In case of locomotives, the shortfall occurred because the requirement was being reassessed in view of economic slow down and provision of adequate funds for manufacture of locomotives during the year was consequently delayed. As all rolling stock, especially locomotives, require sufficient lead time for procurement of material and manufacturing process, this resulted in shortfall in the outturn.

As on 01.01.2015, there are 1200 Wagons, 260 Diesel Locos, 48 Electric Locos and 1120 Coaches (as on 31.03.2014), running overaged. The rolling stock on Indian Railways (IR) is condemned based on the criteria of age-cum-condition basis. The Survey Committee nominated for the purpose examines the condition of the rolling stock and recommends for its condemnation. All the rolling stocks approved for condemnation by the competent authority are invariably grounded. In addition, all the rolling stocks are checked at laid down intervals by the competent technical personnel for its safety before permitting them to run on Indian Railways. Any rolling stock unsafe for running is never permitted to run on Indian Railways.

Nevertheless, to meet the rising demand of rolling stock, as also to replace the overaged rolling stock on case to case basis, production capacities of Diesel Locomotive Works/Varanasi and Chittaranjan Locomotive Works/Chittaranjan are being enhanced. Setting up of a new Diesel Locomotive Factory at Marhowra and an Electric Locomotive Factory at Madhepura have also been planned. In case of coaches, the production capacity of Integral Coach Factory/Chennai has been augmented and a new Rail Coach Factory at Raebareli is also being set up.

Recommendation (Para No.14)

The Railways are mandated to provide for basic facilities like safe drinking water, clean toilets, proper lighting, etc. at the stations as well as in the trains, besides maintaining an acceptable level of cleanliness. Further, the general infrastructure of the stations like lifts, escalators, waiting rooms, etc. are some of the basic services which constitute passengers amenities. The Committee have, however, observed that in spite of various initiatives taken by the Railways, passengers amenities are far from satisfactory, both in the trains and at the stations. The Committee are surprised that even when the entire country is committed to the Swachh Bharat Abhiyan, the level of amenities provided by the Railways is still co-related with passenger traffic at stations and annual earnings. It is high time that the Railways acknowledged that passenger amenities and its maintenance cannot be limited on the basis of a classification based on the annual earnings of the Railways. The Committee strongly recommend that the provision/maintenance/ augmentation of amenities, including drinking water, toilet facility and seating arrangements at railway stations should be undertaken by the Railways on a uniform pattern. With a view to improving the standard of cleanliness and standard of passenger amenities, the Committee recommend that Railways should re-visit their station-category-based passenger amenities' approach and implement a multi-pronged strategy by synergizing technology, user awareness, provision of mechanized equipment as well as penalty provisions. The Railways should also pay special attention to the facilities that are being offered on long distance trains. Further, the Committee urge the Railways to lay stress on special arrangements that should be made for the benefit of differently abled passengers as also senior citizens, which should be prominently displayed. In particular, Railways may introduce Railway Time-Tables in Braille for the benefit of the visually challenged. The Committee would like to be apprised of a definite roadmap, including targeted dates for implementation of the action plan in this regard, at the earliest.

Reply of the Government

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. 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. Although, there is no direct relation between increase in passenger fares and provision of passenger facilities/amenities at stations but upgradation of stations to higher category is done on the basis of increase in the earnings at that stations which is also a fair indicator of volume of traffic handled at the station.

Passenger amenities items are provided in coaches as per the prescribed norms. All the passenger amenity items fitted in the coaches of Indian Railways are monitored during the various maintenance schedules and the deficiency found, if any, is rectified. On Board Housekeeping Services (OBHS) for cleaning attention on run has also been prescribed for all the Rajdhani Express trains. However, some complaints/ references are received from the passengers regarding passenger amenities in the coaches and these are acted upon appropriately by Indian Railways.

Efforts are being made to improve upon the cleanliness and hygiene in coaches including toilets. For improving cleanliness standards in the coaches including toilets, mechanized cleaning is now being done in coaching depots. Coach cleaning activity is being monitored by supervisors. Coaches are also being cleaned at identified enroute stations under 'Clean Train Station' (CTS) scheme. In addition, on-board house-keeping on the coaches of Rajdhani/ Shatabdi and Duronto and select Mail/ Express trains are also being provided for attention during run.

As regards facilities at stations for persons with disabilities, the short term facilities viz. standard ramp with railing for barrier free entry, earmarking of at least one parking lot for two vehicles used by disabled persons, a non-slipper walkway from parking lot to building, signages of appropriate visibility, at least one drinking water tap suitable for use by a disabled person, at least one toilet on the ground floor and 'May I help you' booth are planned to be provided at all stations, beginning with 'A1', 'A' & 'B' category stations.

The recommendation of the Committee for bringing out Railway Time Table in Braille, for the convenience of blind people, is well taken. However, it would be appreciated that the same is not feasible for implementation, as Railways presently do not have necessary wherewithal for bringing out such time tables.

Recommendation (Para No.15)

The Committee observe that for the fiscal year 2014-15, the Railways improved their operating ratio to 91.8% at RE as against the BE target of 92.5%. Similarly, for the fiscal year 2015-16, the Railways have projected an aspirational operating ratio of 88.5%. The Committee find that the overall performance of the Railways is invariably reflected in terms of their operating ratio. The Committee are of the strong view that in order to reduce operating ratio, the Railways need to adopt a long-term strategy by enhancing the efficiency in operation and various maintenance units. The Committee, therefore, recommend that the Railway finances should be monitored and managed prudently by keeping a close and constant tab on the undesirable/ unproductive expenditure so that the operating ratio may reach an acceptable level in the near future.

Reply of the Government

1. The Operating Ratio as per provisional accounts for 2014-15 have improved further to 91.3% from the RE target of 91.8%.

2. Operating Ratio for 2015-16 is based on the strength of projected incremental traffic earnings and expenditure management. As a long term measure, efforts have been made to prioritise projects that directly contribute to capacity augmentation which will increase throughput. The annual plan for 2015-16, as a part of the 5 year investment plan mentioned in the Budget, reflects increase in the outlays, under capital and railway funds, for project plan-heads (doubling, gauge conversion and electrification) by around 40% ; under Traffic Facilities planhead by about 49% and in 'M&P and Work-shop' planhead by about 21.1%.

3. Apart from capital investment that would help improving capacity on a long term basis, expenditure under working expenses is closely monitored so that the operating ratio may reach targeted level. Some of the key features are detailed below:

(a) Budgetary control and monitoring on Revenue expenditure, demand-wise, on a monthly basis;

(b) A well set system of concurrent finance function, internal audit, post audit, MIS, costing, work studies and financial reviews. The system keeps a strong tab on undesirable and unproductive expenditure.

(c) Pension management like complete revision of pension master, reconciliation with banks, pensioner's verification, spot-checks in banks are being carried out. Further, a pension portal and pension application named 'ARPAN'-Advanced Railway Pension Access Network have been launched.

(d) Expenditure under DRF is also strictly monitored and regulated to cater to essential replacements and renewals.

(e) Revenue expenditure is managed by imposing spending limits so that the expenditure is regulated during the year. Economy and austerity instructions are complied with in full. Items like net inventory are also monitored very tightly.

(f) In Budget 2015-16, various initiatives have been announced for the improvement of management processes, systems and HRD. It has been proposed to link key activities to global benchmarking, to audit train operations, and to undertake a human resource audit. Due emphasis is being given to manpower planning and staff rationalisation on Indian Railways. Zonal Railways are consistently asked to surrender vacancies in non-safety non-essential categories, identify pockets of surpluses and redundancies for activities which have become redundant or obsolete due to technological upgradation and changes in working system, and right-size activities as per benchmarking norms. To improve staff productivity, it is proposed to analyse manpower deployment by reviewing activity-based yardsticks of all departments to arrive at adequate number of staff requirement.

Recommendation (Para No.18)

The Rakesh Mohan Committee had observed that purely at operating level, Indian Railways is in a terminal debt trap and it, 'under business as usual growth scenario (2-3% per annum growth in NTKM)' would declare a bankruptcy of Rs. 61,000 crore by 2015. However, over the next few years, the same Railways staged a dramatic turnaround and its operating ratio improved to 76% in 2007-08 although it did not bear the impact of the 6th Central Pay Commission.

Unfortunately, the Indian Railways once again is reeling under a severe financial crisis. Its operating ratio has deteriorated to 93.6%, ratio of net revenue to capital to 5.6% and excess surplus of just Rs. 3740 crore in 2013-14. Though these ratios were projected to improve as per RE of 2014-15 but as reported by the Railways, the actual earnings are likely to fall short of the RE by nearly Rs. 2500 crore and thus the projected improvement in operating ratio may not materialize to any significant extent and the actual operating ratio may be in the range of 92.5 to 93.5%, depending upon increase/decrease in provision for depreciation and pension fund. However, even the operating ratio of 93% may also be understated; had the Railways made adequate provisions for depreciation based on actual requirements for replacement of overaged assets, the operating ratio would have been close to

100%. The fact that the Railways are making provision for depreciation on residual basis rather than on the basis of actual requirement for replacing all overaged assets, is also corroborated by the following observations of Shri Bibek Debroy, Member, NITI Ayog Committee:

"…With dividends and appropriation to the pension fund fixed, a "desirable" operating ratio is determined and appropriations to the DRF obtained as a residual. Thus, whenever appropriations to the Pension Fund have increased, as they have after the Sixth Pay Commission, appropriations to DRF have declined and IR has been constrained to fund even rolling stock through market borrowings through IRFC."

Under provisioning for depreciation is resulting in piling up of throwforward of works concerning renewal of overaged assets of the order of Rs. 41871 crore (as reported by the Railways in their reply). What is more serious is the fact that appropriation for development fund, which is used for taking up traffic facility works for uninterrupted and smooth flow of traffic under various plan heads, has declined from Rs.7800 crore in 2013-14 to Rs.1305 crore in 2014- 15 RE. Under-provisioning for depreciation and the inability of the Railways to generate enough cash flows for servicing, and increased borrowings for financing of rolling stock have resulted in a sharp decline in track renewals, procurement of wagons, coaches and electric locos. Simply stated, presently the Railways are not generating enough cash flows for even running as a `going concern' on a continuing basis. In their replies, the Railways have admitted that IR needs to generate adequate internal resources to cater for four critical requirements, viz. depreciation, development and debt servicing apart from dividend payment to the General Exchequer. Admittedly, Traffic Facility works and other areas could have benefited from higher allocations which was not possible due to these being appropriated from resources left over from the other priorities detailed above. The resource position of the Railways that was drastically eroded due to the impact of the 6th CPC, required higher market borrowings through IRFC primarily to meet its rolling stock requirements. The market borrowing level that was Rs. 4844 crore in 2007-08 has increased to Rs. 17,276 crore in 2015-16.

Under-provisioning for depreciation, sharp fall in procurement quantities of rolling stock (for example, procurement of wagons has gone down from

16894 in 2012-13 to 10,000 in 2014-15, electric locos from 305 to 250, etc.) and not taking up even absolutely critical throughput enhancement operational improvement and traffic facility works for operational improvement and efficiency have adversely impacted system productivity. System productivity which was by and large at a secure uptrend for the last many decades has started falling after 2012-13 onwards. For example, unit input cost per NTKM at a constant prices (the broad measure of systems productivity for freight operations) has gone up from 31.19 paise in 2011-12 to 32.61 paise in 2013-14, i.e. a deterioration of nearly 4 ½% in systems freight operations system productivity. Similarly, unit cost per PKM at constant prices has gone up from 22.82 to 23.21%, i.e. a decline of 1.7% in systems passenger business productivity. Fall in systems business productivity is further corroborated only in individual asset productivity like NTKM per wagon day has come down from 9261 in 2011-12 to 8471 in 2013-14, wagon turnaround time has deteriorated from 5.08 to 5.13, NTKM per route km has gone down from 11.94 to 11.45, NTKM per employee from 0.55 to 0.53, etc.

A similar trend has also been observed in passenger business productivity. Over the last many decades, unit cost of the Railways for freight and passenger business was increasing by and large than the rate of inflation in the economy minus improvement in system productivity. But since for the last two years, system productivity is falling on an annual rate of 1% to 2% its unit cost at current prices both for passenger and freight business has grown in double digits though the rate of inflation in the economy has been far less than this number. For example, the Railways have admitted that unit cost at current prices per NTKM has gone up around 15% each in 2012-13 and 2013-14. This is one of the sharpest increases in unit cost of freight operation in the recent years. Similarly, passenger unit cost has gone up by nearly 13.4% in 2013-14 over 2012-13 but the Railways unfortunately appears to be totally unaware of this disturbing trend as reflected in their self-contradictory reply.

Despite decline in systems productivity, rise in unit cost and decline in procurement of rolling stock, the Railways have projected a growth rate of over 15% in gross traffic receipts for the year 2015-16. Its operating ratio is expected to improve from 93.6% in 2013-14 to 88.5% in 2015-16. It has also projected a growth rate of nearly 16% in passenger earnings and over 7.5% growth in freight BTKMs. In their reply, the Railways have admitted that these targets appear to be challenging. Achievement of these targets become all the more difficult in the light of the fact that the RE targets for 2014-15 have already been missed by nearly Rs.2500 crore and therefore the required growth rate of over 15% would get enhanced to 16.5% – 17% for 2015-16. These targets can only be achieved either by a sharp increase in passenger and freight rates or by a quantum jump in productivity of existing assets of sweating them harder and faster and by improving the overall operating efficiency.

The Railways improved its financial performance in between by single mindedly focusing on its core operating performance and the same has again deteriorated sharply. The Railways can easily come out of this morass by following the same strategy of improving productivity of the existing assets and the overall operational efficiency. Text book solutions of privatization, downsizing, frequent passenger fare hikes, apart from being politically unpalatable, are not enough to transform the financial health of the Railways. On the other hand, scale driven strategy, of 'playing on volumes, reducing unit cost, reducing tariffs and gaining market share and margins can once again work wonders for turning around the financial health of the Railways. This strategy is eminently suitable for the Railways as its operating leverage is very high and variable costs are not more than 15%-20%.

This strategy can be successfully implemented by 'resource leveraging, i.e. by getting more out of same existing assets' by sweating them harder and faster. Undue emphasis on construction and procurement of new assets has to be replaced with renewed focus on asset maintenance, enhancing productivity and better utilization of assets. Innovation and asset optimization, as opposed to asset accumulation, are central to this strategy. The entire supply side strategy can be summarized in three words 'faster (faster turnaround of trains), longer (adding additional coaches / wagons) and heavier (higher axle load) trains'. For example, reducing turnaround time of wagons from 6 to 5 days alone can add nearly 20% of incremental freight carrying capacity at zero additional cost. Similarly, demand side strategy is captured in another three words: dynamic (peak and non-peak tariff), differential (tariff for politically sensitive and not so sensitive segments) and market driven (tariff driven by the relative competitive strength of Railways). The focus has to be on value creation, agility, customers' satisfaction and tech savvy approach.

But this is easier said than done as operating longer, faster and heavier trains has been debated for decades in the Railways. The key obstacles are the Railway's narrow departmentalism, monopoly mindset and lack of commercial orientation. Indian Railways is a mega system with several sub-systems within systems. These systems are structured around various Departments and are interwoven and interdependent in complex ways. Each technological intervention requires collaboration across Departments, Zones and Divisions, and to expand the capacity of the system there is a need to work on several variables simultaneously to synergize policy initiatives. For example, reducing wagon turnaround time from 6 to 5 days would require coordination among decisions regarding investment, commercial and operating policies as well as train maintenance and examination practices.

This would also require that the available funds are invested strategically to fill the gaps by adopting a systems based approach to improve the utilization of the existing assets. 'Low cost, short gestation, rapid pay back and high returns investments' should be given top priority in the allocation of plan funds of over Rs.65,000 crore (excluding tied funds for DFC and national projects). Such investments would include increasing the length of the platforms and goods terminals, upgrading and strengthening infrastructure at examination and maintenance depots and deploying information technology for strengthening the freight and passenger operating information systems. There should be no restriction (subject to availability of funds) on taking up works 'for replacement of overaged assets, traffic facility and throughput enhancement'. For augmenting network capacity, throughput enhancement works identified through route-wise planning simulations for elimination of critical bottlenecks on high density networks and congested junctions have to be given top priority. The focus has to be on increasing the overall capacity of critical routes by enhancing throughput per train or augmenting the number of trains on a particular route, or both. Returns from the limited funds can be multiplied manifold by fostering strategic alliances for the purpose with the private sector, particularly the customers.

The Committee would like the Ministry of Railways to look into the recommendations of the Committee especially in the context of the serious financial constraints the Ministry of Railways are facing today. The Committee desire that they should be apprised of the steps taken by the Ministry of Railways in this regard.

Reply of the Government

This is the concluding Para of fourth report of the Hon'ble Committee. The fact that despite the crisis pointed out by the Rakesh Mohan Committee, Indian Railways (IR) staged a turnaround by achieving an Operating Ratio (O.R.) of 76% in 2007-08, points to the inherent strengths and restores confidence in the capability of IR to overcome any crisis and contribute to the national growth. However the slippages in O.R. in subsequent years arose for reasons beyond control of railways as explained below:

The resource position of the IR had been stretched by two factors: (i) the impact of the 6th CPC which had impacted IR by over Rs 1 lakh crore in last 7 years, and (ii) the second factor is non-revision of fares in lower-classes; in fact a nominal drop of one rupee was effected over several years, in the decade from 2003-04 to 2011-12. The revenue foregone on this count would have significantly contributed to improvement in O.R. and in fund balances.

The fact that IR's O.R. in 2014-15 (Prov.) has improved to 91.3%, despite higher than B.E. appropriations to DRF and PF, is encouraging. The fund balances have improved, entire lease charge (interest and capital) has been paid out of internal resource generated and full dividend has been paid to the General exchequer. These are indicative of improvement in railways' finances.

The points on depreciation raised by the Hon'ble Committee were replied by this Ministry in the submission to the questions raised by the Committee. The Report of the 'Committee for mobilization of resources for major railway projects and restructuring of Railway Ministry and Railway Board' under Mr. Bibek Debroy has been received only in June 2015 and is yet under examination. Therefore, without any reference to any of the observations made in that report, we would like to reiterate that appropriation to DRF is made on need basis and building up of balances in respective funds is judiciously planned keeping in view the planned requirements. The basis of appropriation to railway funds has been approved by the successive Railway Convention Committees.

In so far as rolling stock replacement and renewals are concerned, these are increasingly being funded out of market borrowings since 1986-87 and such rolling stocks are leased out to IR by the lessor IRFC in view of low GBS. However, IR fully provides for rolling stock as per traffic requirements.

Indian Railways (IR) is aware of the capacity constraints and congestion in its existing network. These are the fundamental reasons that are stunting traffic growth and systems efficiency. Precisely with the objective of removing these constraints, IR has formulated a five year investment plan pegged at Rs 8.56 lakh crore. As a part of the said five year plan, an investment of Rs 1 lakh crore has been envisaged in the annual plan of 2015-16 (BE). The concerns of the Committee are amply taken care of as this investment plan aims not only at capital investments for capacity augmentation but at all replacements, renewals, and traffic facility works etc.

While expressing its concern on system productivity, the Committee has specifically based their comments with reference to 2013-14 and 2011-12. The parameters commented upon are (a) unit cost (at constant prices) per NTKM, (b) NTKMs per Wagon day and (c) wagon turnaround. These, and several other efficiency parameters, are a matter of constant monitoring by the Ministry and by the General Managers and Divisional headquarters. However, the point needs some elaboration for clearer appreciation.

NTKMs of IR have seen a fall due to drop in freight lead. NTKM in 2011-12 was 667607 million and in 2013-14 it was 665810 million. The loading however in this period has grown from 969.05 million tonnes in 2011-12 to 1051.64 million tonne in 2013-14.

The expenditure on freight services (at constant prices) has grown by 4% from 2011-12 to 2013-14 while tonnage has grown by 8.5%. The Committee has taken cost (at constant prices) per NTKM as a reflection of systems productivity. **This cost per NTKM reflects deterioration but the same cost per million tonne shows a vast improvement and therefore a better productivity.**

The drop in lead is beyond the control of railways. Despite best efforts of the railways to capture long lead traffic, it is purely a function of behavior of demand of the economy.

The above elaboration on its own provided the clue that explains the deterioration in NTKMs per wagon day noted by the Committee. A negative growth in NTKMs would reflect in poorer NTKMs per wagon day. However, the average load per wagon has improved from 53 tone in 2011-12 to 54.9 tones in 2013-14. Wagon usage parameter has also improved from 265.6 wagon kilometer per wagon day in 2011-12 to 266.5 km in 2013-14.

It is also mentioned that system productivity has gone up in 2013-14 over 2012-13 in various efficiency parameters shown below:-

Items	2012-13	2013-14
TKMS per wagon day (Kms.)	8453	8471
'agon turn around (days)	5.18	5.13
TKMs per route Kms. (millions)	11.38	11.45
TKMs per employee (millions)	0.53	0.53

The Ministry would also like to address the Committee's concern on fall in number of wagons. The average number of wagons on line daily has improved significantly from 196828 numbers in 2011-12 to 228547 numbers in 2013-14.

The Committee's concern on innovation is a welcome concern. In 2015-16 BE, IR has provided a growth of 105% and 93% respectively in allocation to Railway Research and Computerization plan-heads.

RDSO (Research Design & Standards Organisation) as the sole R&D agency of Indian Railways has grown from strength to strength over the years and developed core competences in applied railway research. Large numbers of lab to field innovations and value engineering projects have been successfully accomplished. A list of such important projects is enclosed as Annexure.

Further to above, IR's emphasis on innovation could be appreciated from the fact that in 2015-16, IR has instituted 'Malaviya' chair at IIT-BHU for development of new materials for use in all assets of railways, besides a tie up with National Institute of Design (NID) - Ahmedabad. Apart from these, the budget itself mentions several measures like (a) radio-based signal design project with IIT-Kanpur for warnings at unmanned level crossings, (b) better welding techniques, (c) setting up of an innovation council called 'Kayakalp' for the purpose of business re-engineering and introducing a spirit of innovation in railways, (d) technology portal to invite innovative technological solutions, (e) setting up four Railway Research Centres for doing fundamental research, (f) RFID tracking of parcels and freight wagons, (g) consortium of ministries of railways, HRD, S&T and Industries as a part of technology mission of IR (h) contribution to skill-India initiative. All of these amply underline IR's commitment towards innovation and its application for railways growth.

Growth in traffic, in the current year and targeting 1.5 billion tonne in next five years is based on a multi-pronged strategy. Policy measures like forming JVs/SPVs, Institutional Financing and formuplating participative customer funding models are some such steps in attracting investment while Private Freight Terminals, Liberalized Siding Policy, Own your Wagon Scheme. Wagon Investment Scheme, Wagon Leasing Scheme, Special Freight Train Operator Scheme, Automobile Freight Operator Scheme, Automatic freight rebate scheme in empty flow direction, mechanized loading and unloading, 'ease of doing business' by adopting effective customer friendly IT systems etc are some of the measures to tap more and more traffic.

In annual plan 2015-16, high return investments have been given top priority. The allocations under doubling, gauge-conversion, electrification, traffic facilities, passenger amenities have been provided a growth of 377%, 47%, 56%, 204% and 108% respectively.

The above steps will go a long way in addressing the concerns of the Hon'ble Committee as also in improving the performance of IR both physical as well as financial.

CHAPTER – III

Recommendation (Para No.1)

The Committee undertook a detailed scrutiny of the Demands for Grants of the Ministry of Railways, 2015-16. During the Presentation made by the representatives of the Ministry and during interactions with them in the Committee meetings, a large number of issues which impinges on the functioning of the Indian Railways came to the fore. The written replies provided to the Committee by the Ministry also brought into sharper focus the content and contours, besides the extent, of these issues. The Committee deliberated on these matters extensively, in the context of the Demands for Grants, 2015-16 and the White Paper on the Indian Railways presented to the Parliament.

The Committee noted that the Indian Railways have been an integral part of the Indian life for over one and a half centuries. The Railways has an enormous social responsibility on its shoulders, and a national obligation as well, to inter-link this country through its network, offer affordable transport to millions of passengers on a day-to-day basis, and contribute – directly and indirectly – to the nation's GDP through movement of goods. The Indian Railway is undoubtedly a solid organization, right from the gang man to the highest in the hierarchy, with institutionalized experience to run its labyrinthine network. However, the Committee note with serious concern that there is a deep-rooted malaise that has afflicted the Indian Railways over the decades, the origin of which can be traced to travails of resource crunch. First and foremost, the Committee strongly feel that the Indian Railways should have a clear and unambiguous perception of their role, and their obligations, to the nation: are they a 'commercial entity' – as they state – with a profit motive, or are they an organization with a societal obligation to the billion plus people of this country who use this facility every day?

If profit motive is the sole criterion, then the Indian Railways have failed themselves, besides failing this country which prides itself as a welfare state. If, however, they aspire to be an organization with a social obligation, then too they have not succeeded to the extent that they should have, especially in the post-Independence years. The Committee understand, and even appreciate, that there are many historical and other factors responsible for their predicament; nonetheless, the Committee are convinced that what is urgently required is perspective planning and proactive leadership, which can facilitate sufficient external resources, generate adequate internal resources, provide quality services, enable last-mile connectivity, contribute to the national economy, and most of all keep the huge workforce motivated to deliver their best. In short, the Committee will like to stress that the key to the success of the Indian Railways lies in the prudent management of their resources – financial, physical and personnel.

During evidence tendered by the representatives of the Ministry of Railways, the Committee took serious note of various dimensions of the resource crunch faced by the Railway administration, and the resultant debilitating impact it had – and still has in a larger measure – on the Railway system as a whole. Since the Committee are examining the

Demands for Grants of the Railways, 2015-16, some of these issues that have a special bearing on the Railway functioning vis-a-vis the acute fund shortage need recapitulation:

- The Railways have the unenviable task of generating enough operating cash surplus after payment of dividend and principal component of the leasing charges to the IRFC, to run as a `going concern' on a continuing basis. This becomes all the more difficult when the Railways have to make adequate provision, based on actual requirements, for depreciation and appreciation to the Development Fund for traffic facility works. The Railways have admitted that they need to generate internal resources to cater to four critical requirements, viz. depreciation, development, debt servicing and dividend payment to the General Exchequer.

- Another problem area is liquidation of arrears of over-aged assets through SRSF, affecting replacements and renewals, which also seriously affect safety on the Railway system.

- Figures for track renewals and procurement of electric locos, wagons and coaches, including DEMU and MEMU, have shown a downward trend.

- A steep fall in appropriation for Development Fund has compelled the Railways not to take up even those traffic facility works that are absolutely critical for the smooth and uninterrupted flow of traffic on the high density network. This drastic fall in appropriation for Development Fund has also resulted in fall in throughput and the system's productivity.

- The Railways have submitted that there is an expected drop of 3.6% in PKMs during FY 2014-15, as compared to FY 2013-14. There is also a negative growth of 2.15% in the number of passengers booked in FY 2014-15 compared to 2013-14 for the period April-February. Further, in the last two decades, the passenger growth recorded a negative growth in the year 2002-03 over 2001-02, and during 2013-14 over the previous year.

- The fall in system's productivity, coupled with rise in the prices of input cost, has resulted in increase of unit cost at current prices at 15% over the last two years.

- As per approximate accounts to the end of February 2015, traffic earnings are short of the proportionate Budget target based on RE in Passenger, Other Earnings and under Goods.

- POL NKTM, which has been at a secular decline, has fallen by nearly 8% in 2014-15 over the previous year.

- The Railways are faced with the gargantuan challenge to generate enough incremental free cash flow for servicing market borrowings of over Rs.30,000 crore on a long-term durable basis.

- The Railways have admitted that while private commitments for rail projects under the Annual Plan may reach Rs. 5500 crore, the actual fund flow in that year may not match the commitments as the time frame of bidding process and implementation will vary from project to project, ranging from 3 to 5 years.

- Even when private involvement was there, the results have not been very encouraging.

- The revenue from premium trains is not often commensurate with the investment. On the other hand, investment for facilities in non-premium trains leaves much to be desired, which is very visible in the condition of the non-premium trains.

- Goods traffic, and loading across goods, has not shown the desired progress.

- The system of setting targets in different segments of the Indian Railways needs an urgent relook and review. The projections are unrealistic and actual are most often much below the targets set.

- Much has been made out of the fact that no new trains have been announced in the Budget Speech of 2015-16. The larger question that goes a begging is: what happens to those citizens eking out a living in far-flung, remote, undeveloped, tribal or hilly areas who have been waiting for decades to see a rail link to their distant homes and hearths? Their disappointment and disenchantment with the system could lead to a sense of alienation from the national mainstream and may possibly give rise to a frustration with the establishment as a whole, and even extremist tendencies.

- It is of the greatest concern that even Rail projects linked to the defence sector have been inordinately delayed for various reasons, including resource crunch. This is most alarming, considering that it affects the country's security and defence preparedness. This is also in stark contrast to the concerted efforts of some of the neighboring countries that are building state of-the-art Railway networks right next to India's borders, that too in highly inhospitable terrains.

The above, inter alia, are some of the major issues that the Committee have flagged in the wake of the detailed scrutiny of the Demands for Grants of the Indian Railways, 2015-16. After deliberating on these concerns in detail, the Committee want to stress that there is an urgent imperative of a National Policy of the Indian Railways, which should be the guiding force for the Railway network, irrespective of the Government in power. It is stating the obvious that the Railways need huge investments to tide over the many difficulties that they are confronted with and the dire financial straits they are in, today. The Indian Railways are inevitably a catalyst for growth of the nation's economy that can contribute substantially to the GDP. The moot point that the Ministry of Railways need to address is whether its planning should be resource-based, or need-based. Equally importantly, the Railways have to reinvent themselves as vehicle of social engineering and sustainable development and as an organization with a social responsibility – and especially with its tremendous connectivity network – and not merely as a commercial entity with a profit motive. The success of the Indian Railway system will lie in how best they can judiciously do both, to take it to newer heights, a Railway system that will provide last-mile connectivity with adequate facilities for the passengers, a worthy contributor to the national economy and an organization that can be emulated by their counterparts across the world.

In the light of the above, the Committee will now delve into some of the specific components of the Demands for Grants of the Ministry of Railways, 2015-16.

Recommendation (Para No.7)

The Annual Plan of 2014-15 was revised to Rs. 65,798 crore from BE of Rs. 65,445 crore, which shows an increase of Rs. 353 crore. The Committee find that the ordinary working expenses in the BE 2014-15 has been scaled down by Rs. 2078 crore or almost by 1.40 per cent in RE stage. Though plan outlays for major heads like New Lines, Gauge Conversion, Doubling, Signalling & Telecom Works and Electrification Projects have been increased, the physical targets of the New Lines, Gauge Conversion and Doubling have shown a downward trend or remained unchanged. The examination of the Committee further revealed that despite availability of Capital Support from the General Exchequer, the Railways have not been able to manage their developmental Plan 2014-15 which is an indication that there are some inherent deficiencies in the overall delivery mechanism. As a matter of fact, despite availability of resources for the developmental needs, the Railways have not been able to showcase any laudable achievements. The Committee are of the view that the Railways should manage their resources and delivery mechanism in a more professional manner rather than the traditional bureaucratic model. However, Committee are glad to note that appropriation to the Development Fund has seen a commendable increase of nearly Rs. 1005.62 crore. The Committee have been informed that replacement and renewals of assets are provided for under the Depreciation Reserve Fund and for meeting the requirements under track renewals, bridges, signal & telecommunication, plants, equipment and machinery, etc. The Committee also find that the Railways have set a target of Rs. 14,266 crore to be generated as a surplus in the year 2015-16. While expecting that the projections made would be concretized in 2015-16, the Committee have genuine apprehensions on their achievability. The Committee, therefore, recommend that the Railways should pragmatically re-design their working model with a view to generating higher revenues so that it may accrue increased allocations under the Development Fund to nurture the developmental agenda of the Railways.

Reply of the Government

(i) While formulating the targets of 12th Five Year Plan, it was envisaged to have an outlay of Rs. 1,25,852 crore from Gross Budgetary Support(GBS) for New Lines, Gauge Conversion and Doubling Projects. Accordingly, a target of laying 17,153 km of track was set. However, the Planning Commission approved a plan outlay of Rs. 62,421 crore for these projects for five years. Accordingly, the target was scaled down to 8,025 km. Further, in first three years of the 12th plan, Railway received less than proportionate GBS and as such the outlays as envisaged at the beginning of the 12th Five Year Plan could not be allocated for the projects. Moreover, a large portion of outlay provided for New Line, Gauge Conversion and Doubling has been earmarked for National Projects which fall in hilly region and are highly capital intensive. The table shown below gives an indication of allotment for the projects other than National Projects.

(Rs in crore)

Year	**2007-8**	**2008-9**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Outlay/Expenditure	7624	8357	10552	11648	11259	11427	12867	16057
DFC Land	-	-	30	1404	1531	1477	1738	1050
National Projects	1231	1300	1899	2203	2371	3072	3764	6027
Balance Outlay for other project	6393	7057	8623	8041	7357	6878	7365	8980
Total KM completed	2131	1283	2222	2315	2335	1811	1562	1545

From the above table it is seen that the balance outlay for projects other than National Projects have effectively reduced over the years since 2009-10, more so in view of the escalation in cost. As against the target of 8025 km for 12th Five Year Plan, Indian Railways have laid 4918 km of track in first three years.

Physical achievements during 2014-15 are indicated below:

Items	2014-15			Remarks
	Original Target	Revised Target	Achievement	
New Lines (Route km)	300	300	313	It is evident from this table that the achievements in 2014-15 are higher than the target.
Gauge Conversion(Route km)	450	450	527	
Doubling (Route km)	700	700	705	
Electrification (Route km)	1300	1350	1375	
Track Renewals (km)	2100	2200	2424	
Locos (Nos)	649	649	605	
Coaches(Nos)	3658	3658	3731	
Wagons (Nos)	13162	10000	11151	

In 2015-16, outlay for New Line, Gauge Conversion and Doubling have been substantially increased and Railway has set a target of laying 2000 km. Further, as against 1983 km of track commissioned in 2014-15, a target of 2500 km commissioning has been kept for 2015-16.

(ii) Railway's plan expenditure is continuously on the rise, though the same is inadequate in terms of the overall requirement for expansion of the Railway network. Railway projects, besides being capital intensive, have long gestation period due to which the returns cannot always be seen or correlated immediately or concomitantly with the investment. Further, Railways also have to make investments in financially unviable projects in public interest. Nevertheless, Railways' Gross Traffic Receipts are rising over the years. After overcoming the adverse impact of 6th Central Pay Commission on Railway Finances, Railways have been able to generate higher internal resources for supplementing their plan expenditure. The figures of Plan Expenditure, Gross Traffic Receipts and Internal Resource Generation by Railways over the years are indicated below:

(Rs. in cr)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (Approx)	2015-16 BE
Plan Expenditure	39672	40793	45061	50383	53989	57444	100011
Gross Traffic Receipts	86964	94536	104110	123733	139558	156637	183578
Internal Resource generation	2229	6955	7676	15145	11668	15380	22166

(iii) In order to reap the benefits of investments at the earliest, projects have been prioritized based on their operational requirements. Such projects and the last mile projects have been ring-fenced with adequate outlays for early completion. Apart from this, a five year(2015-19) investment plan of Rs. 8.56 lakh crore has been formulated with special emphasis on capacity augmentation. These efforts would enable Railways to enhance their traffic output substantially and generate higher internal resources for reinvesting and fulfilling the developmental agenda of Railways.

For the immediate, Budget Estimates 2015-16 aims at a growth of 17.2% in Gross Traffic Receipts as against a growth of 13.4% in Total Working Expenses comprising Ordinary Working Expenses and appropriation to Pension Fund and Depreciation Reserve Fund. The projection of Gross Traffic Receipts is based on an incremental loading target of around 91 million tonnes and 4.5% growth in originating passengers. Projections also take into account efforts to maximize earnings from non-core areas such as commercial exploitation of surplus railway land, land lease, advertisement on railway premises/rolling stocks, dividend from Railway PSUs etc.

Recommendation (Para No.16)

In respect of safety issues, the Committee further notes that the performance of the Railways is far from reassuring. For instance, there are 18,785 manned and 11,563 unmanned level crossings and nearly 40 percent of all railway accidents occur at these crossings. In 2014-15, the allocation was increased from Rs. 413 crore to Rs. 459.75 crore at RE and it has been substantially reduced to Rs. 305.56 crore for the fiscal year 2015-16. There is also a noticeable gap in the utilization which is only Rs. 353.86 crore. A very disturbing trend of continuous reduction in the outlay on this account has also been witnessed over the last several years which is evident from the fact that in 2011-12, Rs. 800 crore was allocated, whereas for the fiscal year 2015-16, a meager amount of Rs. 305 crore has been earmarked. The Committee also observe that allocations and utilization for building Road Over Bridges and Road Under Bridges have consistently been on a downward trend so much so that BE 2014-15 of Rs. 2287 crore was reduced to Rs 2017.25 crore while utilization was only 1083, i.e. around 50 percent of the outlay (up to December 2014). Furthermore, the allocation for the fiscal year 2015-16 has been substantially reduced to Rs. 1340.45 crore. The Committee emphasize that safety being one of the prime concerns of an organization like the Railways, it is their primary duty, as a service provider, to ensure safety of their passengers. It is a poor reflection on the Indian Railways that even after 65 years of Independence, they have not been able to convert the unmanned level crossings to manned ones; the tardy progress towards construction of ROBs/RUBs is also a matter of great concern. The Committee, while expressing its displeasure in this regard, strongly recommend that all safety concerns should be expeditiously addressed and a road map be drawn up to ensure that all unmanned level crossings should be converted to manned crossings and wherever required, construction of ROBs/RUBs should be undertaken. Safety of passengers and users is the primary responsibility of the Railways; they cannot, and should not, differentiate between those states which are willing to share the cost involved, and those that are not in a position to do so. The Committee would like to be kept informed about the quantifiable progress made in this regard.

Reply of the Government

It is endeavour of Ministry of Railways to eliminate all Unmanned Level Crossings (LCs) by any of the following methods depending upon the feasibility of the location:

(i) Closure: Closing unmanned Level Crossings having NIL/negligible Traffic Density.

(ii) Merger: Merger of unmanned Level Crossings to nearby Level Crossing or subway or Road Under Bridge (RUB) or Road Over Bridge (ROB) by construction of diversion road.

(iii) Provision of Subways/RUBs.

(iv) Manning: Unmanned Level Crossings which cannot be eliminated by above means will be progressively manned based on rail-road traffic volume, visibility conditions.

In the last seven years (2008-15), Indian Railway has eliminated 7,650 unmanned Level Crossings, out of which 4,588 by closure/ merger/subways and 3,062 by manning. Year-wise break-up is as under:

Year	Elimination of Unmanned LCs		
	By Closure/ Merger/ Subways	By Manning	Total
2008-09	556	259	815
2009-10	553	377	930
2010-11	800	434	1234
2011-12	481	777	1258
2012-13	700	463	1163
2013-14	777	325	1102
2014-15	721	427	1148
Total	**4588**	**3062**	**7650**

Works related to elimination of Unmanned Level Crossings by Closure/ Merger/ Manning and other works like interlocking of busy manned level crossings and improvement/upgradation of level crossings etc. are chargeable to Plan Head-29 (Road Safety Works - Level Crossings). Whereas, works related to elimination of Unmanned Level Crossings by Subways/RUBs and other works like elimination of manned level crossings by ROBs/RUBs/Subways are charged to Plan Head-30 (Road Safety Works - ROBs/RUBs). Hence, works of elimination of unmanned Level Crossings are charged to Plan Head-29 as well as Plan Head-30. Allotments of funds and expenditure in Road Safety Works in last five years are as under:

(Rs. in crore)

Year	Plan Head-29		Plan Head-30		Total (PH-29 + (PH-30)		
	Revised Allocation	Expenditure	Revised Allocation	Expenditure	Revised Allocation	Expenditure	% Utilisation
2010-11	702	414	999	687	1701	1101	65%
2011-12	652	519	1005	810	1657	1329	80%
2012-13	650	528	1350	1057	2000	1584	**99%**
2013-14	**510**	**504**	**1490**	**1482**	**2000**	**1986**	**101%**
2014-15*	**460**	**441**	**1740**	**1782**	**2200**	**2222**	
Total	**2974**	**2406**	**6584**	**5818**	**9958**	**8222**	

*** Expenditure for 2014-15 is provisional.**

It is evident from the above, that percentage utilisation of Fund in Road Safety works is improving every year and it is 100% in the last two years.

'Railway Safety Fund (RSF)' is a non-lapsable Fund created to finance road related safety works under plan heads '29-Level Crossings' and '30-Road Over/Under Bridges'. The Fund is credited with finance received as Railways' share out of Central Road Fund from cess collected from HSD oil and petrol etc as per Central Road Fund Act 2000.

The allotment of works under the plan heads is made out of the amount of Diesel Cess received from Ministry of Finance (MOF) and the same is augmented by utilizing a part of the unspent fund available in the Fund balances. However, as the utilization of funds against the works has improved, there is very little amount left in the Fund balances for redeployment. The allotment of Rs. 2200 crore in 2014-15 consisted of Rs. 1496 crore as diesel cess and Rs. 704 crore as draw-down from available balance. However, in 2015-16, while the amount of diesel cess received from MOF is Rs. 1646 crore, there is no amount available for draw-down, hence the total allotment remains Rs. 1646 crore only.

Ministry of Finance has been approached for enhancement of allotment for Railway Safety Fund (RSF) in order to ensure timely completion of sanctioned works.

CHAPTER – IV
Recommendation (Para No.5)

The Committee note that in the recent past, various Expert Committees have been constituted by the Ministry of Railways to study different aspects of the functioning of the Indian Railways. For example, the Kakodkar Committee was constituted to review safety of railways system; the Mittal Committee was formed to suggest ways and means to raise the revenue of the Indian Railways; the Sreedharan Committee was constituted to review the delegation of commercial powers for railway projects for lower levels of bureaucracy; and the Sam Pitroda Committee looked into the ways and means to modernize the railway system. Similarly, the Bibek Debroy Committee was set up to study and report the limited role of Railway Board, revamping of HR functions and switch over to commercial accounting. The Committee find that notwithstanding the fact that some of these Committees submitted their Report in the year 2012, their recommendations are still under examination by the Ministry and no decision has been taken on their implementation. The Committee note with concern that public money which has gone into the setting up and working of the Committees lies squandered when their recommendations are not implemented. That being so, the Committee are constrained to point out that if the Committees' recommendations are not implemented in the right earnest, there appears no justification to constitute such Committees. This sort of inaction becomes all the more serious when the much acclaimed Investment Plan of Indian Railways is in a take-off stage and the Government of India have been claiming to transform the Indian Railways on the lines of the Chinese, Japanese and French Railways. Considering the lackadaisical approach of the Ministry of Railways, the Committee strongly recommend that a time-schedule may be prescribed by them to implement the recommendations of these Expert Committees. The progress made in this regard should be closed monitored regularly and scientifically at the highest level in the Ministry.

Reply of the Government

(i) <u>Kakodkar Committee:</u>

The recommendations of High Level Safety Review Committee (Kakodkar Committee) have since been discussed by the Board as regards their acceptance/partial acceptance/non-acceptance. The recommendations are presently under acceptance by the Minister of Railways. The recommendations found acceptable will shortly be initiated for implementation as per the availability of funds.

(ii) <u>Mittal Committee:</u>

It is stated that the report of the Mittal Committee was recently submitted on 30.12.2014. The recommendations of the Committee have been duly circulated to all the Directorates for examination. Some of the recommendations were incorporated in the Budget Speech of the Minister. Other recommendations are under review and acceptance of Board, after which they will be taken up for implementation and monitored.

(iii) <u>Sreedharan Committee:</u>

Ministry of Railways had constituted One Man Committee of Dr. E. Sreedharan on 13th November, 2014 to suggest a proper system and procedure to ensure proper accountability and transparency at the General Manager and other functionaries levels for taking all commercial decision, including tendering. The One Man Committee submitted its Final Report on 11.03.2015.

(iv) <u>Sam Pitroda Committee:</u>

Action has been initiated on various key recommendations of the Sam Pitroda Committee recommendations such as pertaining to elimination of level crossing & unmanned level crossings, mechanised maintenance of track, introduction of new generation locomotives, high speed potential LHB coaches, upgradation of suburban coaches, green toilets on all passenger trains, development of modern high pay to tare ratio wagons, enhancement of customer amenities at stations and on trains, development of various PPP models to attract private investment, feasibility studies of high speed and semi high speed corridor etc.

Sam Pitroda Committee had assessed a fund requirement of Rs.5.6 lakh crore for various modernisation works which has been a challenge.

(v) Bibek Debroy Committee:

However, some recommendations pertaining to organisation restructuring/ reforms, which have far-reaching implications, have not been implemented. Bibek Debroy Committee: Restructuring and reforms on Indian Railways have been separately examined by the Bibek Debroy Committee whose final report has also been received.

Comments of the Committee

(Please see recommendation para no. 12 of Chapter I)

Recommendation (Para No.12)

Track renewal is central to the Railways operations. To their utter distress, the Committee find that the progress on track renewal has reached an alarming level, due to inadequate allocation of funds and inability to wipe out arrears which has resulted in a backlog of 5300 kms. The Committee are extremely concerned about the sluggish progress and feel that not only will this backlog has resulted in a disproportionately high maintenance efforts but will also result in reduced reliability of assets, which could lead to safety failures. The Committee, therefore, recommend that the Ministry of Railways should take urgent remedial measures to contain this potentially dangerous situation and accord highest priority to this sector. Further, they advise that the pace of track renewal must be accelerated with utmost promptness to complete the backlog of those tracks which need urgent renewal and are operationally important.

Reply of the Government

Railway Tracks are changed as and when a stretch of track becomes due for renewal on age-cum-condition basis i.e. on the basis of traffic carried over the track and physical condition of track etc. Track renewal works are planned in advance every year and their execution is prioritized according to the condition of track and overall availability of funds ensuring all the time that track is in a sound condition for safe running of trains. In case, if any stretch of track is not renewed in time due to various reasons including scarcity of funds, materials etc., suitable speed restrictions is imposed to ensure safe running of trains. Regular inspection of tracks is carried out to ensure safe running of trains.

The progress of track renewals during 2014-15 is 2424 km against revised estimate of 2200 km. The budget outlay for 2015-16 has been increased to Rs 6035 cr in comparison to Rs 5046 cr in Revised Estimates of 2014-15. Accordingly a target of 2500 km of track renewal has been kept. It is expected that with the increase in outlay, the arrears of track renewal will come down.

As on 31.03.2015, track renewal and related works covering 2250 km of track renewal have been sanctioned. In addition, track renewal works for 2850 km have been sanctioned in the year 2015-16.

Comments of the Committee

(Please see recommendation para no. 15 of Chapter I)

Recommendation (Para No.17)

The Committee note that the Indian Railways incur losses every year by undertaking a variety of non-remunerative but socially necessary services. These losses are mostly due to low ordinary second class fare, suburban and non-suburban season fare, concessions granted on passenger ticket and transportation of certain commodities below cost. The operation of uneconomic branch lines, too, imposes a heavy burden on the Railway finances. In view of this, a wide gap is created between the income generated through these services and their running costs. Losses incurred on this account are termed as social service obligation. The Committee have been informed that the Railways have to bear social service obligation of around Rs. 25,000 crore every year and they have been meeting this cost of social service obligation through cross-subsidization. In this connection, the Committee wish to remind that most Railway establishments the world over are called upon to meet certain public service obligations at low tariff in the larger social interest for which they are adequately compensated by the Government. The Committee have been informed that in order to compensate the social obligation costs, the Ministry of Railways had approached the Ministry of Finance and consequently a Committee of Secretaries had recommended that these costs be reimbursed to the Railways. However, the matter is still unresolved. The Committee, therefore, recommend the Government to work out a procedure on the basis of which the social service obligation costs are reimbursed to the Railways.

Reply of the Government

The following points are requested to be considered by the Standing Committee with regards to Social Service Obligation:

1. Arising out of recommendations of the Standing Committee on Railways in 1997-98, 1998-99 & 1999-2000 as well as the Railway Convention Committee, a draft Cabinet Note highlighting the various social service obligations borne by the Railway and the urgent need for compensation from the Central Government for offsetting the loss thus suffered was circulated on 21.1.2000.

2. The parameters on the basis of which compensation was calculated were not acceptable to the Ministry of Finance and at the behest of Ministry of Finance an Inter-ministerial Working Group (IMWG) comprising of the functionaries of Ministry of Railways, Ministry of Finance and Planning Commission was set up with a view to establish the parameters for calculation of Social Service Obligation in an objective and transparent manner.

3. The draft Cabinet Note seeking compensation for Social Service Obligation was turned down categorically by the Ministry of Finance with observation that the Railways were very much part of the Government and the Railway Budget is a adjunct of the General Budget. It is included in the General Budget. Therefore, any loss arising out of Government decisions taken in public interest by the Ministry of Railways cannot be claimed as compensation as if these were to be paid to a body corporate outside the Govt.

4. Similarly, Planning Commission observed that "the tariff policies and fare structure of the railways should be such that the price of each service should reflect its cost as closely as possible".

5. Railways have initiated various steps in this regard:

(i) Fuel adjustment component - Railway have set up a mechanism to neutralise the impact of increase in fuel price on operating expenses.

(ii) In 2015-16, Railway Minister in his Budget Speech has commented that "Indian Railways currently is the only rail-based trans-city infrastructure provider and operator in the country. Therefore, for the purpose of orderly development of infrastructure services, enabling competition and protection of customer interest, it is important to have a regulation mechanism independent of the service provider. Initially it was contemplated to set up only a Tariff Regulator, however, it is now proposed to set up a mechanism, which will be entrusted with making regulations, setting performance standards and determining tariffs. It will also adjudicate on disputes amount licenses/private partners and the Ministry, subject to review in appeal". Steps have been initiated to complete the process.

6. Ministry of Railways has raised this issue in the Railway Convention Committee (2014) memorandum. Further action will be taken as per the recommendations of the Railway Convention Committee.

The tariff policy of Indian Railways has been to keep passenger fares low especially in the lower classes so that even the poorest segment of the people can travel by rail. Railways have traditionally cross-subsidized passenger business through their freight business as a result of which Railway freight rates have increased regularly while passenger fares have stagnated.

The commodities in Low Rated Classes are being carried below cost of operations.

Railways have been granting concession of 6% in freight on all goods traffic booked to and from NE region since 1983, as amended from time to time.

Apart from these, during natural calamities and disasters, Railways carry relief materials free of cost to the affected States.

In Passenger segment the losses incurred in different classes of travel are as under: -

Classes	**Loss in Rs. Cr. 2013-14**	**%age to total**
Second Class	17718.74	57.07%
Sleeper Class	8858.65	28.53%
Upper Classes	374.53	1.21%
EMU Suburban & 1st Ordinary	4097.36	13.20%
Total	**31049.28**	**100%**

All of the above are part and partial of Indian Railways Social responsibility.

Comments of the Committee

(Please see recommendation para no. 18 of Chapter I)

CHAPTER – V

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

-NIL-

NEW DELHI;
1 December, 2015
10 Agrahayana, 1937 (Saka)

DINESH TRIVEDI
Chairperson,
Standing Committee on Railways

<u>APPENDIX-I</u>

MINUTES OF THE STANDING COMMITTEE ON RAILWAYS (2015-16)
(Second Sitting)

The Committee sat on Wednesday, the 30th September, 2015, from 1500 hours to 1530 hours in Committee Room No.'53', Parliament House, New Delhi.

PRESENT

SHRI DINESH TRIVEDI - CHAIRPERSON

MEMBERS

LOK SABHA

2. Kunwar Pushpendra Singh Chandel
3. Shri Ram Tahal Choudhary
4. Shri Chandra Prakash Joshi
5. Shri Sanjay Dhotre
6. Shri Gaurav Gogoi
7. Shri Ramesh Chander Kaushik
8. Shri Gajanan Kirtikar
9. Shri Balabhadra Majhi
10. Shri K.H. Muniyappa
11. Shri A.T. Nana Patil
12. Shri Ganesh Singh
13. Shri Uday Pratap Singh

RAJYA SABHA

14. Shri A.K. Antony
15. Shri Mukut Mithi
16. Shri Dilipbhai Pandya
17. Smt. Bimla Kashyap Sood
18. Shri Bashistha Narain Singh
19. Shri Devender Goud T.
20. Shri Motilal Vora

SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Shri Arun K. Kaushik	-	Director
3.	Smt. Geeta Parmar	-	Deputy Secretary

2. The Committee took up for consideration the draft Report on action taken by the Government on the recommendations/observations of the Committee contained in their 4th Report on "Demands for Grants – 2015-16 of the Ministry of Railways" and adopted the same without any modification.

3. The Committee, then, authorised the Chairperson to finalise the Report and present the same to both the Houses of Parliament.

4. **XXX XXX XXX XXX**

The Committee, then, adjourned.

APPENDIX-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 4TH REPORT (16TH LOK SABHA) ON 'DEMANDS FOR GRANTS 2015-16 OF THE MINISTRY OF RAILWAYS''

Total number of Recommendations/Observations		18
(i)	Recommendations/Observations which have been accepted by the Government –	12
	Para Nos. 2, 3, 4, 6, 8, 9, 10, 11, 13, 14, 15, 18	
	Percentage of total	66.66%
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies –	3
	Para Nos. 1, 7 and 16	
	Percentage of total	16.66%
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration –	3
	Para Nos. 5, 12 and 17	
	Percentage of total	16.66
(iv)	Recommendations/Observations in respect of which final replies are still awaited -	Nil
	Para Nos. Nil	
	Percentage of total	0%