

**INDIAN RAILWAYS CATERING AND TOURISM CORPORATION (IRCTC)**

**MINISTRY OF RAILWAYS**

**COMMITTEE ON PUBLIC UNDERTAKINGS**

**(2017-2018)**

**TWENTY FIRST REPORT**

**(SIXTEENTH LOK SABHA)**

**(Action taken by the Government on the Observations / Recommendations contained in the Fifteenth Report (Sixteenth Lok Sabha) of the Committee on Public Undertakings (2017-18) on Indian Railways Catering and Tourism Corporation (IRCTC)**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

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Indian Railways Catering and Tourism Corporation)**



***Presented to Lok Sabha on 19.12.2017  
Laid in Rajya Sabha on 19.12.2017***

**LOK SABHA SECRETARIAT  
NEW DELHI**

**19 December, 2017/ 28 Agrahayana, 1939 (Saka)**

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**COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS**  
**(2017-2018)**

Shri Shanta Kumar - Chairman

MEMBERS

*Lok Sabha*

1. Shri L.K. Advani
2. Shri Ramesh Bais
3. Shri G. Hari
4. Shri Rabindra Kumar Jena
5. Dr. Hari Babu Kambhampati
6. Shri Kristappa Nimmala
7. Shri Ajay Nishad
8. Shri Shanta Kumar
9. Shri B. Vinod Kumar
10. Shri Prahlad Singh Patel
11. Prof. Saugata Roy
12. Adv. Narendra Keshav Sawaikar
13. Shri Ravneet Singh
14. Shri Sushil Kumar Singh
15. Shri Rameswar Teli

*Rajya Sabha*

16. Shri Narendra Budania
17. Shri Naresh Gujral
18. Shri Shamsheer Singh Manhas
19. Shri Praful Patel
20. Shri A.K. Selvaraj
21. Shri Tapan Kumar Sen
22. Shri Ram Chandra Prasad Singh

SECRETARIAT

1. Smt. Sudesh Luthra - Additional Secretary
2. Smt. Anita B. Panda - Director
3. Shri G. C. Prasad - Deputy Secretary
4. Shri Shailendra Priyadarshi - Committee Officer

## INTRODUCTION

I, the Chairperson, Committee on Public Undertakings having been authorized by the Committee to submit the Report on their behalf, present this Twenty-first Report on Action Taken by the Government on the Observations/Recommendations contained in the Fifteenth Report of the Committee on Public Undertakings (Sixteenth Lok Sabha) on "Indian Railways Catering & Tourism Corporation (IRCTC)."

2. The Fifteenth Report of the Committee on Public Undertakings (2017-18) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 16 December, 2016. The Action taken Replies to all the 11 recommendations contained in the Report were received from the Ministry of Railways 24 July, 2017.

3. The Committee considered and adopted the draft Report at their sitting held on 14 November, 2017.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Twenty-first Report of the Committee (2017-2018) is given in Appendix II.

**New Delhi**  
**18 December, 2017**  
**27 Agrahayana, 1939(S)**

**SHANTA KUMAR**  
**Chairperson,**  
**Committee on Public Undertakings.**

## CHAPTER I

### DRAFT REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations contained in the Fifteenth Report (Sixteenth Lok Sabha) of the Committee on Public Undertakings (2016-17) on “**Indian Railway Catering and Tourism Corporation (IRCTC)**” which was presented to Lok Sabha on the 16<sup>th</sup> December, 2016.

2. The Report contained eleven Observations/Recommendations. Action Taken notes have been received from the Government in respect of all the eleven Observations / Recommendations contained in the Report. These have been categorized as follows:

- |       |   |           |
|-------|---|-----------|
| (i)   | Observations / Recommendations which have been accepted by the Government (Chapter II)<br>Sl. Nos. 2, 4, 5, 8 and 9   | (Total 5) |
| (ii)  | Observations / Recommendations which the Committee do not desire to pursue in view of the Government’s replies (Chapter III)                                  | (Nil)     |
| (iii) | Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee (Chapter IV)<br>Sl. Nos. 1, 3, 10 and 11 | (Total 4) |
| (iv)  | Observations / Recommendations to which the Government have furnished interim replies. (Chapter V)<br>Sl. Nos. 6 and 7  | (Total 2) |

3. The Committee desire that the response to their comments in Chapter I of the Report should be furnished to them expeditiously. They further desire that the final replies in respect of the Observations/Recommendations, for which interim replies have been furnished may be furnished to the Committee expeditiously.

4. The Committee will now deal with the Action Taken by the Government on some of the Observations/Recommendations in succeeding paragraphs.

#### Recommendation Serial No. 1

5. The Committee in their Fifteenth Report had recommended as follows:-

“The IRCTC, in its eighteen-year existence of serving as a Government corporate entity in the areas of rail catering, tourism, hospitality and passenger amenities, has come a long way. The Committee are happy

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

6. The Ministry of Railways in their action taken reply have stated as follows:-

" Noted."

7. **The Committee while noting that IRCTC is doing business in diversified areas, has been earning profit in all segments except Departmental Catering, and as part of its future business strategy plans to add other services beyond its core area, had desired the Ministry to furnish a detailed note on the performance in these business ventures at the action taken stage. The Committee are disappointed to note the way the Ministry has responded. Instead of furnishing a detailed note as desired, only a one word response 'Noted' has been furnished. The Committee had desired the detailed information with a view to comprehend the performance of IRCTC in its varied areas of operations so as to understand the reasons/need for expanding operations in the non-core activities by IRCTC. While reiterating the recommendation, the Committee would like a detailed note as desired by the Committee in their original report.**

### **Recommendation Serial No. 3**

8. The Committee, in their Fifteenth Report, had recommended the following with regard to IRCTC's manpower :-

"From the information provided to them by IRCTC, the Committee find that out of the 2795 posts in the Company, only 1490 posts have been filled up. It implies that about 47 percent of the posts in IRCTC are lying vacant. The Committee were made to understand that certain posts had

been kept in abeyance due to transfer of catering to Indian Railways in pursuance of the Catering Policy 2010. However, the number of posts kept in abeyance since 2010 and the number of staff hired on contract/outsourced has not been indicated separately by IRCTC. While the Committee desire to be apprised of the same, as on date, they wonder as to how an organisation dealing with catering, travel and tourism is managing its affairs in the absence of more than 50 percent of its sanctioned manpower. It is clear that IRCTC is managing its affairs mostly through either outsourcing or contractual staff. The Committee have been informed that many activities of IRCTC which are non-perennial in nature, such as security services, housekeeping & maintenance, operation & maintenance of packaged drinking water bottling plant under the brand name *Rail Neer*, waiters assisting in service in trains and cooks assisting in preparation of food, data entry operators, secretarial support staff, etc. have been outsourced at the cost of over Rs.40 crore annually. The Committee, however fail to comprehend as to how most of the work such as security services, cooking jobs, secretarial support staff work, etc. has been categorized as 'non-perennial'. The Committee are of the view that these are critical areas where Railways need to have permanent staff and hiring contractual staff or outsourcing its jobs to manage its affairs are not desirable for the Company in the long run, especially when the organisation is still growing and most of its work is perennial in nature. The Committee feel that if IRCTC aims to make a mark in the hospitality business, people with right knowledge, skill and aptitude to rise in hospitality industry need to be recruited against proper vacancies and retained there. The Committee, therefore, recommend to discontinue outsourcing, i.e. getting the work done through contract/franchise in case of works under the category/nature of perennial work. The Committee desire to be furnished with the accurate picture of staff in the payroll of IRCTC, the contractual workers as well as existing vacancies in the Company and their future plan of hiring staff in the wake of their foray into expanding and diversifying its business segments.”

9. The Ministry of Railways, in their Action Taken reply, have stated as follows:-

" As on February 2017, IRCTC had total manpower working strength of 2137 with the 1414 regular employees, 65 deputationists, 14 contractual staff, 42 consultants and 602 outsource personnel. IRCTC used to engage outsourced resource personnel through manpower service provider for non-perennial work such as security services, housekeeping & maintenance, catering staff assisting in service in trains, cooks assisting in preparation of foods & other secretarial support staff, which were non permanent job and these work portfolios keeps on changing from time to time & from place to place. For instance Duronto Express between Secunderabad and Nizamuddin runs only twice a week so outsource personnel are engaged.



Further, IRCTC business profile has been changing as it is highly dependent on Railway policy and to manage such time bound projects temporary staff are required. IRCTC had recruited catering staff in year 2008, 2009 & 2010 as per business requirement of the company at that time as IRCTC used to handle all the catering activities of Indian Railway network. Due to implementation of Catering Policy 2010, most of the catering activities were handed over to railways, resulting into many surplus catering staff and which are being utilized in other departments as and when required. As per new catering policy 2017, Railway has again transferred catering activities back to IRCTC. However, new catering model is based on unbundling of production and services to be managed by licensee and quality supervision by IRCTC. Trains are being handed over to IRCTC gradually and complete transfer may take a year or so. IRCTC will continuously review the requirement of staff for managing the catering & other activities and on that basis will recruit to fill the vacancy."

- 10. The Committee in the original recommendation had recommended to discontinue outsourcing, i.e. getting the work done through contract/franchise in case of works under the category/nature of perennial work and desired the accurate picture of staff in the payroll of IRCTC. The Committee from the action taken reply are not able to understand the necessity/rationale of hiring contractual staff/outsourced personnel. From the data, the Committee note that the existing number of regular employees is 1414 against the sanctioned manpower of 2795 and IRCTC is using the services of 65 deputationists, 14 contractual staff, 42 consultants and 602 outsource personnel. The Committee find that on the one hand IRCTC is hiring personnel on contract/outsourcing, on the other hand, it is stated that handing over of catering activities to railways due to implementation of Catering Policy 2010, resulted into many surplus catering staff and are being utilized in other departments as and when required. Now when Railways have again transferred catering activities back to IRCTC, hiring of personnel on contract/through outsourcing has been justified by stating that new catering model is based on unbundling of production and services to be managed by licensee and quality supervision by IRCTC.**

The Committee are unhappy to note that nowhere in the reply, the Ministry has responded to the basic issue raised in the recommendation i.e. to discontinue outsourcing, i.e. getting the work done through contract/franchise in case of works under the category/nature of perennial work. They are of the view that outsourcing of these works is violative of the current labour laws. Not only that as per the reply, outsourced personnel are being engaged for security services, housekeeping & maintenance, catering staff assisting in service in trains, cooks assisting in preparation of foods & other secretarial support staff, which are stated to be as non permanent job. The

**Committee fail to understand how these tasks fall in the category of non-perennial/non-permanent job. The Committee conclude from the aforesaid scenario that efforts have not been made to really assess the requirement of permanent/outsourced staff with the transfer of catering activities to Railways and now transferring back the same to IRCTC. While expressing unhappiness over the way the policy regarding handling catering by IRCTC is being changed and the issues regarding engaging manpower have been dealt with, the Committee reiterate their recommendation to discontinue outsourcing i.e. getting the work done through contract/franchise in case of works under the category/nature of perennial work. Besides, as stated above, the requirement of permanent personnel as per the spirit of the recommendation of the Committee and contractual/outsourced personnel in the existing position i.e. handing over of catering by Railways to IRCTC should be assessed and the Committee apprised accordingly along with the existing accurate picture of staff in the payroll of IRCTC.**

#### **Recommendation Serial No. 10**

11. On the issue of expansion and diversification, the Committee in their Fifteenth Report have recommended the following:

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

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

catering segment had to be shut down due to declining customer satisfaction.”

### **Reply of the Government**

12. The Ministry of Railways in their Action Taken Reply, on the above Recommendation has stated as follows:

“Comprehensive Business Plan has been prepared by KPMG in July 2016. In view of the new catering policy, wherein most of the catering activities are being transferred back to IRCTC. IRCTC has engaged Price Water Cooper to suggest a takeover plan.”

13. **The Committee once again express their surprise at the haphazard system of policy making and implementation, resorted to i.e first taking catering from IRCTC during 2010 and now in 2017 transferring catering again to IRCTC with the implementation of Catering policy 2017. While IRCTC had informed the Committee during examination of the subject that it intended to diversify and expand its portfolio and activities, the Committee fail to understand how the PSU may be able to stick to its plans or even execute any in the light of the catering policy being changed. The Committee are concerned as to how the Comprehensive Business Plan prepared by KPMG in July 2016 and the engagement of Price Waterhouse Coopers for suggestion of a new takeover plan would be reconciled since both have been formulated at different stages of policy change. The Committee feel that it was a wastage of time and funds as these agencies must have charged substantially. Hence, the Committee while expressing their unhappiness over the way the agencies are being engaged for business/take over plans without taking on board the ground situation with regard to handling of catering by IRCTC. Besides the Committee are unable to understand the Company’s strategy to diversify its activities in non-core areas, particularly when the core activity i.e. railway catering, has been returned back to IRCTC. The Committee would again like to caution IRCTC to consider the work load and the capacity particularly with the change in catering policy before venturing into the non-core activities. The clarifications on the issues in the light of the observations made by the Committee in their original report and action taken comments may accordingly be furnished within three months of the presentation of the Report.**

### **Recommendation Serial No. 11**

14. The Committee in their Fifteenth Report have recommended the following on the issue of CSR in IRCTC:-

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

The Committee, however, note that the CSR Policy as approved by the IRCTC Board is not in conformity to the CSR Guidelines issued by the DPE as upgradation of passenger amenities and provision of infrastructure for passengers at railway stations is the primary responsibility of the Ministry of Railways. The Ministry of Corporate Affairs and the Department of Public Enterprises have time and again issued clarifications that expenses incurred by Companies for fulfillment of statutory obligations would not count as CSR expenditure. As such, inclusion of the welfare of customers, consumers, railway passengers and railway employees in their CSR Policy document is not in conformity of the CSR Guidelines issued by the Government. In view of this, certain CSR activities undertaken by IRCTC under their CSR Policy do not qualify for CSR expenditure viz. provision of RO treated pure drinking water facility at NRCH, New Delhi in 2013-14 and carrying out sanitation work at Delhi Cantonment Railway Station in 2014-15 as funds for these activities should have been met from the "provision of amenities for passengers" budget of IRCTC and not from the funds marked for CSR activities. The Committee also feel that the idea behind CSR activities is to target the most backward areas of the Country and to focus on the poorest of the poor and marginalized sections of society to bring about all-round development in the Country.

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

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

### Reply of the Government

15. The Ministry of Railways in their Action Taken Reply, on the above Recommendation has stated as follows:-

"Suggestions of the Committee have been noted."

16. **The Committee find that the Ministry have agreed to the recommendation of the Committee to relook CSR policy so as to be in conformity to the CSR guidelines issued by DPE and clarifications issued by the Government from time to time and not allocating CSR outlay for activities falling in their statutory obligations as well as to carry forward unspent amount allocated in a year under CSR to CSR budget of subsequent year. The Committee in this regard would further like to emphasize that the CSR allocations made for activities falling in the category of statutory obligations should be treated as inadmissible activity under CSR as recommended by the Committee in their Eighth Report on CSR and reiterated in Fourteenth Action Taken Report, and an equal amount of allocation made for inadmissible activities in this regard should be made and spent on CSR in the true spirit of CSR policy. The Committee would like to be apprised at the final action taken stage about the concrete action taken in this regard along with the total unspent allocations carried forward to subsequent years as recommended by the Committee in the original report and agreed to by the Ministry.**

## **CHAPTER II**

### **Recommendations / observations which have been accepted by the Government**

#### **Recommendation (Sl. No. 2)**

The Committee note that though IRCTC has been granted 'Excellent' rating for Corporate Governance, the appointment of Independent Directors on its board has remained a problematic issue. As per principles of Corporate Governance under the Companies Act 2013 and DPE Guidelines, there should be at least one- third number of Independent Directors on the Board of Companies. An Independent Director is vested with a variety of roles, duties and liabilities for good corporate governance. She/he helps a Company to protect the interest of minority shareholders. IRCTC has informed that as per the Companies Act, 2013, there should be three Independent Directors on their Board. However, the Committee find that there is not even a single Independent Director on their Board since 19<sup>th</sup> July 2015 which is a gross violation of the Companies Act and the principles of Corporate Governance. Although the Ministry of Railways has been requested by IRCTC to fill up the vacancies, the posts are still lying vacant. As a result, it is learnt that even the decision to disburse Performance Related Pay (PRP) for the year 2014-15 has not been taken by the Board so far. In the Committee's opinion, owing to the absence of Independent Directors, the work of Audit Committee and Stakeholders Committee of the IRCTC Board must also be severely affected as these Committees are required to be headed by Independent Directors. The Committee feel that the presence of Independent Directors is to ensure that the Board takes unbiased decisions and to bring in accountability and credibility to the Board. Therefore, it is imperative that the Government fills up the posts of Independent Directors on the IRCTC Board immediately, for which, the Government should draw up a panel of Independent Directors well in advance, so that the vacancies are filled up immediately as soon as they arise on the Board. The Committee, therefore, desire that the Ministry of Railways should apprise them of the reasons for the not filling up the existing vacancies of Independent Directors on IRCTC's Board and hope that the Ministry endeavours to fill these with suitable persons urgently.

#### **Reply of the Government**

Ministry of Railways vide its Order no. 2008/PL/49/1 dated 31.01.2017 had conveyed that in pursuance of Article 104 of the Memorandum and Articles of Association of the Indian Railway Catering & Tourism Corporation Limited (IRCTC), the President has appointed following three persons as part-time non-officials Directors on the Board of IRCTC for a period of three years or until further orders, whichever is earlier.

- (1) Dr. Rabi Narayan Bohidar
- (2) Dr. Dheeraj Sharma
- (3) Smt. Kanak Aggarwal

Thus, all the three posts of independent Directors have been filled. The delay in filling vacancies was due to procedural requirements of Department of Public Enterprise.

[Ministry Of Railways]  
(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

#### **Recommendation (SI. No. 4)**

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

Nonetheless, the Committee acknowledge the novelty and innovation being introduced by IRCTC this year through their e-catering scheme for 1520 trains and 46 stations in a pilot project. They desire that the expectations of all kinds of passengers should be met. The Committee further recommend that more e-catering services should be added to trains after due assessment of the results achieved in the pilot project. As hospitality and catering services is a very dynamic field in the current economic scenario, IRCTC should also explore newer methods to improve the existing catering services on trains by introducing meal packages which provide creative options, judicious meal portions and minimize waste. In addition, streamlining of the existing e-catering booking system and development of a mobile-based app to order food from trains with the facility of payment through mobile e-wallets and similar efforts to bring about constant improvement based on customer feedback should be undertaken by IRCTC. This would also prevent the vendors from overcharging passengers and help improve the presentation of meals, reduce wastage due to excess quantities in the

meal packets and maintain cleanliness while handling the distribution and consumption of meals. The Company should strive to partner with more Self-Help Groups, particularly those run by women, to provide catering. There is also a need to make arrangements for collection of empty meal packets resulting from meals delivered to passengers by other caterers/fast food chains/self-help groups/food aggregators via e-catering. IRCTC should also monitor the transactions made by passengers in its mobile app to have a better control over issues like refund on cancelled orders etc. The Committee urge the Ministry and IRCTC to initiate action on these suggestions and inform them accordingly.

The Committee feel that a third party audit of the quality of meals and other services of IRCTC be done on a regular basis so as to have a better assessment of the resources and for improving the services of IRCTC. A complaint mechanism should also be developed for registering of complaints of passengers online or through mobile phones with appropriate tools for the passengers to track their complaints or to know the action taken on their complaints. The online complaints should be monitored by senior officers of IRCTC or Railway Board to increase the confidence of passengers.

### **Reply of the Government**

Ministry of Railways vide its Commercial Circular No. 20/2017 dated 27<sup>th</sup> February, 2017 has issued New Catering Policy 2017, vide which, IRCTC has been mandated to carry out the unbundling by creating a distinction primarily between food preparation and food distribution. In order to upgrade quality of food preparation, IRCTC shall be setting up new kitchens and upgrade existing ones. Vide this Policy, IRCTC shall be responsible for catering services through mobile catering units, Base Kitchens, Cell Kitchens, Refreshment Rooms at A1 & A category of stations, Food Plazas, Food Courts, Trains Side Vending, Jan Ahaars.

Following this policy IRCTC has already taken over 145 trains and by the end of this financial year 203 more trains will be taken over. Thus, Catering operations of IRCTC will be undergoing change in view of the new catering policy and corrective action will be accordingly taken.

E-catering services, as an option to provide choice of food, has started at 306 stations. IRCTC is already integrated with 8 aggregators and 130 vendors for E-Catering and is booking around 6000 meals a day. IRCTC have projected to shortlist a minimum of 3 vendors/brands per station to ensure availability of a wide variety of choices at the stations.

Ministry of Railways has approved to include SHGs in IRCTC's e-catering fold as vendors. In order to include more and more SHGs in the project, an NIT for Expression of Interest (EOI) for Short-listing of Self Help Groups (SHGs) as Vendors for supply & delivery of pre-ordered meals through e-catering has already been



published. The list of SHG's already empanelled by IRCTC for E-Catering services is as under:-

Vijayawada Jn.: - Shri Vani (April' 2016), Visakhapatnam: - Sri Srinivasa (Jan' 2016), Anakapalle: - Sri Srinivasa (Jan' 2016), Tuni: - Sri Srinivasa (Jan' 2016), Mysore:- Spoorthy Janaabhivrudhi Samsthe (Oct' 2016), Ernakulam:- Cafe Kudumbashree (Feb'2016), Ernakulam Town:- Cafe Kudumbashree (Feb'2016), Saugor:- Laxmi Mahila Mandal (May' 2016), Savantwadi:-Maher Lok Sanchalit Sadhan Kendra (CMRC) (Aug' 2016), Adra:- Manorma Pariseba Sambay Samity Ltd. (Aug' 2016).

As on date, an IRCTC customer can lodge complaints through following modes:-

- Through Twitter @IRCTCLtd.
- Through Email [customercare.ecatering@irctc.com](mailto:customercare.ecatering@irctc.com).
- Through Central Control & other Zonal Control.
- Through Complaint Monitoring Cell (Railway Board)
- Through IRCTC WEBSITE FMS (Feedback Management System)

Further, IRCTC has developed a complaint management module from which customer can directly lodge a complaint on E-Catering website & also on E-Catering App.

IRCTC is getting third party audit conducted for food safety and hygiene through NABCB accredited agencies for all its mobile and static units.

**[Ministry Of Railways]**

(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

### **Recommendation (Sl. No. 5)**

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

recommend that the matter may be examined and taken to a logical conclusion. This would go a long way in building a positive image of IRCTC as well as improving the catering services of the Company and would consequently widen their customer base.

### **Reply of the Government**

“As per clause 2.7 of EOI documents for short-listing of aggregator for supply & delivery of pre-ordered meals, regarding properly trained & professional staff is listed down as under:-

*"The Aggregator shall deploy delivery attendants who should be courteous and should wear clean service uniform and carry photo ID card at the time of delivery at Railway Station. The delivery attendant should carry mobile phone with the mobile application uploaded for verification of OTP from the passenger. The Aggregator shall undertake all necessary work to make itself and the staff well versed with the railway rules and other notification issued by government from time to time".*

Further, the instructions for issue of platform permit to vendors/aggregators has already been issued on 18/05/2017. It has, inter-alia, been provisioned that platform permits issued by IRCTC shall be countersigned by station Manager/Station Master/ASM for smooth entry of delivery persons of aggregator/vendors. This permit is issued after collecting – 2 photographs, Government ID, medical examinations – verification by police or MP or MLA or Municipal councilor or first class officers. IRCTC takes responsibility of issuing these to genuine workers.

**[Ministry Of Railways]**

(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

### **Recommendation (Sl. No. 8)**

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

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

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

### **Reply of the Government**

#### **Rail Neer**

During the current financial year, IRCTC has commissioned Rail Neer Plant at Bilaspur and construction work is in progress at Nagpur plant and likely to be commissioned by 31-10-2017.

The hurdles cited are being taken care of by constant meetings and negotiations. Accordingly, 6 plants are in different stages of construction and tendering. Once all the above plants are commissioned in next two years, IRCTC will be in a position to meet the demand of packaged drinking water over Indian Railways to the extent of 40-50%. To ensure quality of Rail Neer, microbiologists have been posted in all Rail Neer plants. IRCTC has yet to make the action plan for providing bottle crushing machines at major stations in consultation with Zonal Railways.

#### **Water Vending Machines:-**

1100 nos. of WVMs have been installed till 31.03.2017 and further 1250 nos. are being installed during 2017-18. With the installation of above machines, the annually revenue earned through licensing of these machines will be approx. Rs.18 Cr.

[Ministry Of Railways]

(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

**Recommendation (Sl. No. 9)**

The Committee are happy to note that IRCTC has earned good revenue through Internet Ticketing. The number of tickets booked online in 2010-11 was 969.11 lakh which shot up to 1830.22 lakh in 2014-15. Similarly the revenue generated through E-ticketing during 2010-11 was `8007.16 crore which increased to `20620 crore during 2014-15. Concurrently, the Committee note that the number of complaints with regard to IRCTC's e-ticketing system have also increased. On the recent complaints reported about the theft of personal data of registered E-ticketing users by hackers, IRCTC in their investigation report have stated that it did not find any material to suggest the hacking of personal data. However, the apprehensions of people still persist. Further, there are numerous complaints about the insufficient log-in time window available for Tatkal bookings and also of the IRCTC website frequently hanging during the process of booking Tatkal tickets online. Complaints from registered users have also surfaced about the inability to get Tatkal tickets on IRCTC's website after much efforts while it is not uncommon to find Travel Agents and passengers at the Railway Reservation Counters managing to do so easily. In this connection, the Committee note from the reply of IRCTC that many concrete measures have been taken after reporting of the hacking incident for ensuring the security of personal data of registered users of IRCTC's website. In addition, IRCTC have statedly invested `180 Crore for Next Generation E-ticketing (NGeT) for a span of five years under which the capacity of booking E-tickets has been enhanced to 15000 tickets from the previous 7200 tickets per minute. They have also segregated the Taktal booking timings for AC and Non-AC categories to ease the congestion. The Committee acknowledge the genuine efforts made by the Company for easing the process, however, they feel that owing to the tremendous increase in the number of train passengers, some complaints of users might be genuine. Such incidents are being frequently reported in the media also. Therefore, there is an urgent need to redress the problems of the passengers, who book tickets online, particularly students and young professionals, as most of them are largely dependent on the E-tickets system especially for Tatkal tickets when they have to travel at a very short notice. The Committee, therefore, desire that the capacity of the E-ticketing system should be further enhanced in order to be commensurate the number of users. Further, the Tatkal window of the IRCTC website should also have a Customer Complaint System wherein users can lodge their complaints online which can be monitored on real-time basis and redressed immediately by IRCTC.

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

reliable for customers.

### **Reply of the Government**

#### **A. Capacity Enhancement of E-Ticketing System**

The e-Ticketing is increasing day by day and booking through mobile apps is also increasing. The Next Generation E-Ticketing System was implemented in 2014 for five (5) years and is being upgraded regularly.

Present ticketing load is well below the per minute ticketing capacity of e-ticketing website. IRCTC has been regularly upgrading the capacity of website well before the requirement. Capacity was more than doubled in the year 2015-16 and at present also several works of capacity enhancement by 25% like addition of more servers and application layer, database, integration layer and storage are in progress.

#### **B. Online Customer Complaint Redressal System**

Tatkal complaints are because of heavy demand and less availability of Tatkal tickets. IRCTC has a dedicated call centre for handling complaints and handling a large number of calls and e-mails, everyday. To address Talkal complaints, deployment of call center staff is more during Tatkal booking hours.

#### **C. Enhancement of Software Security Mechanism**

IRCTC has implemented cutting edge security infrastructure in the NGeT system and also put in place state-of-the-practice security monitoring/management processes.

In order to ensure that NGeT system is free from known security vulnerabilities, regular security audits are being conducted on NGeT system through STQC. STQC (Standardisation Testing and Quality Certification) Directorate is an attached office of the Ministry of Electronics and Information Technology, Government of India. These security audits cover Vulnerability Assessment and Penetration Testing (VAPT) of entire NGET system including web application (www.irctc.co.in), Servers (Operating system and application level) as well as network & security devices. Web Application audit are conducted on the basis of Open Web Application Security Project (OWASP) guideline. First such audit was conducted by STQC between July'15 and Aug'16. All the vulnerabilities observed and reported by STQC were addressed and closed in NGeT system by applying patches and configuration changes. After this, following directions from Railway Board, STQC services were further hired in 2016 for carrying out bi-annual security audits (VAPT) on NGeT system for next two years. As part of this, first bi-annual audit was started by STQC in Sept 2016 with VA audit of Servers and network devices. Audit of web application is currently under progress. Any security observations or gaps reported by STQC are being closed by technical teams.

In addition to security audits, the NGeT system is also being monitored by CERT-In on 24/7 real-time basis for any security attack or malicious activities.

[Ministry Of Railways]

(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

**CHAPTER III**

**Recommendations /observations which the Committee do not desire to pursue  
in view of the Government's replies**

**-- NIL --**

**CHAPTER IV****Recommendations / observations in respect of which replies of the Government have not been accepted by the Committee****(Recommendation Sl. No. 1)**

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

**Reply of the Government**

Noted.

[Ministry Of Railways]

O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017

**(Recommendation Sl. No. 3)****MANPOWER**

From the information provided to them by IRCTC, the Committee find that out of the 2795 posts in the Company, only 1490 posts have been filled up. It implies that about 47 percent of the posts in IRCTC are lying vacant. The Committee were made to understand that certain posts had been kept in abeyance due to transfer of catering to Indian Railways in pursuance of the

Catering Policy 2010. However, the number of posts kept in abeyance since 2010 and the number of staff hired on contract/outsourced has not been indicated separately by IRCTC. While the Committee desire to be apprised of the same, as on date, they wonder as to how an organisation dealing with catering, travel and tourism is managing its affairs in the absence of more than 50 percent of its sanctioned manpower. It is clear that IRCTC is managing its affairs mostly through either outsourcing or contractual staff. The Committee have been informed that many activities of IRCTC which are non-perennial in nature, such as security services, housekeeping & maintenance, operation & maintenance of packaged drinking water bottling plant under the brand name *Rail Neer*, waiters assisting in service in trains and cooks assisting in preparation of food, data entry operators, secretarial support staff, etc. have been outsourced at the cost of over Rs.40 crore annually. The Committee, however fail to comprehend as to how most of the work such as security services, cooking jobs, secretarial support staff work, etc. has been categorized as 'non-perennial'. The Committee are of the view that these are critical areas where Railways need to have permanent staff and hiring contractual staff or outsourcing its jobs to manage its affairs are not desirable for the Company in the long run, especially when the organisation is still growing and most of its work is perennial in nature. The Committee feel that if IRCTC aims to make a mark in the hospitality business, people with right knowledge, skill and aptitude to rise in hospitality industry need to be recruited against proper vacancies and retained there. The Committee, therefore, recommend to discontinue outsourcing, i.e. getting the work done through contract/franchise in case of works under the category/nature of perennial work. The Committee desire to be furnished with the accurate picture of staff in the payroll of IRCTC, the contractual workers as well as existing vacancies in the Company and their future plan of hiring staff in the wake of their foray into expanding and diversifying its business segments.”

### **Reply of the Government**

As on February 2017, IRCTC had total manpower working strength of 2137 with the 1414 regular employees, 65 deputationists, 14 contractual staff, 42 consultants and 602 outsource personnel. IRCTC used to engage outsourced resource personnel through manpower service provider for non-perennial work such as security services, housekeeping & maintenance, catering staff assisting in service in trains, cooks assisting in preparation of foods & other secretarial support staff, which were non permanent job and these work portfolios keeps on changing from time to time & from place to place. For instance Duronto Express between Secunderabad and Nizamuddin runs only twice a week so outsource personnel are engaged. Further, IRCTC business profile has been changing as it is highly dependent on Railway policy and to manage such time bound projects temporary staff are required. IRCTC had recruited catering staff in year 2008, 2009 & 2010 as per business requirement of the company at that time as IRCTC used to handle all the catering activities of Indian Railway network. Due to implementation of Catering Policy 2010, most of the catering



activities were handed over to railways, resulting into many surplus catering staff and which are being utilized in other departments as and when required. As per new catering policy 2017, Railway has again transferred catering activities back to IRCTC. However, new catering model is based on unbundling of production and services to be managed by licensee and quality supervision by IRCTC. Trains are being handed over to IRCTC gradually and complete transfer may take a year or so. IRCTC will continuously review the requirement of staff for managing the catering & other activities and on that basis will recruit to fill the vacancy.

[Ministry Of Railways]

O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017

**(Recommendation Sl. No. 10)**

**EXPANSION AND DIVERSIFICATION**

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

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

## **Reply of the Government**

Comprehensive Business Plan has been prepared by KPMG in July 2016. In view of the new catering policy, wherein most of the catering activities are being transferred back to IRCTC. IRCTC has engaged Price Water Cooper to suggest a takeover plan.

[Ministry Of Railways]

O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017

### **(Recommendation Sl. No. 11)**

#### **CORPORATE SOCIAL RESPONSIBILITY**

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

The Committee, however, note that the CSR Policy as approved by the IRCTC Board is not in conformity to the CSR Guidelines issued by the DPE as upgradation of passenger amenities and provision of infrastructure for passengers at railway stations is the primary responsibility of the Ministry of Railways. The Ministry of Corporate Affairs and the Department of Public Enterprises have time and again issued clarifications that expenses incurred by Companies for fulfillment of statutory obligations would not count as CSR expenditure. As such, inclusion of the welfare of customers, consumers, railway passengers and railway employees in their CSR Policy document is not in conformity of the CSR Guidelines issued by the Government. In view of this, certain CSR activities undertaken by IRCTC under their CSR Policy do not qualify for CSR expenditure viz. provision of RO treated pure drinking water facility at NRCH, New Delhi in 2013-14 and carrying out sanitation work at Delhi Cantonment Railway Station in 2014-15 as funds for these activities should have been met from the "provision of amenities for passengers" budget of IRCTC and not from the funds marked for CSR activities. The Committee also feel that the idea behind CSR activities is to target the most backward areas of the Country and to focus on the poorest of the poor and marginalized sections of society to bring about all-round development in the Country.

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

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

### **Reply of the Government**

Suggestions of the Committee have been noted.

[Ministry Of Railways]

O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017

## **CHAPTER V**

### **Recommendations / observations to which the Government have furnished interim replies**

#### **Recommendation (Sl. No. 6)**

##### **FINANCIAL PERFORMANCE**

The Committee are happy to note that profits of IRCTC have increased from ₹48.53 crore in 2011-12 to ₹130.62 crore in 2014-15. However, while going through various segments of profit and loss earned by the Company, the Committee observe that IRCTC has been making constant losses under Departmental Catering segment when compared to its Licensee Catering segment since 2010-11. To cite an instance, during the Financial year 2015-16, while IRCTC's total income was ₹1505 crore, registering a 32% growth compared to 2014-15, the loss in Departmental Catering segment increased from ₹57.32 crore in 2014-15 to ₹65.66 crore in 2015-16, whereas all other segments registered profits. One of the prime reasons being attributed for the losses is that since catering tariff is not linked to inflation, rates for catering in premier trains have not been revised since the last 14 years. Moreover, even subsequent to handing over of Departmental Catering activities to the Zonal Railways, ironically about 188 deputationist staff are still on the rolls of IRCTC - thus the wage cost further compounded the losses of the Departmental Catering segment. The Committee are sad to note the ironical situation with regard to IRCTC's Departmental Catering as the 79 trains, on which the Company provides catering give it operating profits, yet the monthly HR and administrative costs turn it ultimately into losses. To mitigate the situation, IRCTC is said to be exploring the possibility of unbundling of production and service activities with outsourced back-end operations going to professional/reputed players, thereby reducing overall costs. The Committee urge that this exercise should be completed soon so that necessary approvals are obtained and the process of implementation begins. They desire to be apprised of the progress and hope that the Company is able to rein in the factors leading to losses in this segment by the next financial year, thus further improving their overall profits.

#### **Reply of the Government**

In order to mitigate the losses of the departmental catering department, the Unbundling model of catering operations, by making the distinction between the meal production and service, will be implemented for onboard catering services in the trains. Due to Unbundling of the catering operations, the losses in the departmental catering section will be considerably reduced resulting in increased efficiency in operations. In addition to above, as per the new Catering Policy-2017, total mobile

catering activity is to be handed over to IRCTC which will help to strengthen the bottom lines and overall revenue position.

Indian Railways have also constituted a Meal and Tariff committee to revise the tariff of all meals.

[Ministry Of Railways]  
(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

### **Recommendation (Sl. No. 7)**

#### **BASE KITCHEN**

The Committee note that IRCTC is departmentally managing four Base Kitchens, one each at New Delhi, Howrah, Ahmedabad and Patna, for supplying food to Rajdhani and Duronto trains. IRCTC has identified 50 other locations for setting up Base Kitchens and for also setting up of a Mega Central Base kitchen at New Delhi. The Company have cited several constraints coming in the way of setting up Base Kitchens in the vicinity or premises of Railway Stations. One of the constraints cited is the non-availability of land by the Railways for setting up of the Base kitchens even though the use of Railway land for catering business is permitted under the Catering Policy 2010. The Committee have also been apprised that the distance between the Base Kitchens and the Railway Stations adversely affects the quality/cost of the food which is directly proportional to the cost of logistics and handling of meals. The Committee, therefore recommend that Railways, which have vast land resources, need to help IRCTC, its own PSU, to get the requisite land in the vicinity or in the premises of railway stations on priority basis which will enhance the services and productivity of the Base Kitchen network. The Committee also urge that IRCTC should use latest equipment and State-of-the-art kitchens to ensure better variety and quality of food for the passengers.

### **Reply of the Government**

As per the new Catering Policy 2017, IRCTC shall set up 10 Base Kitchens (mechanized, sophisticated) which will ensure supply of hygienic meals to trains. The setting up/ development / refurbishment of new or existing Base Kitchens/Kitchen units shall be undertaken by IRCTC. These kitchens will be owned, operated and managed by IRCTC. IRCTC shall develop different types of kitchens keeping in view supply of food and usage assessed. IRCTC shall prepare a detailed concession agreement for setting up/development of the kitchens. Meals for all mobile units will be picked up from the nominated kitchens owned, operated and managed by IRCTC. IRCTC will engage service providers from hospitality industry

for service of food in trains. Under the new catering policy all refreshment rooms, Jan Ahaars, cell kitchens and base kitchens at all A1 and A class stations will be handed over to IRCTC and some of these will be used for these kitchens, wherever required. IRCTC plans to use latest equipment and build State-of the-art kitchens to ensure better variety and quality of food for the passengers. Ministry of Railways shall assist IRCTC with land in the vicinity of Railway stations.

[Ministry Of Railways]  
(O.M. No. 2017/COPU/2014/206/2 dated 24/07/2017)

**New Delhi,  
18 December, 2017  
27 Agrahayana,1939(S)**

**SHRI SHANTA KUMAR  
Chairperson,  
Committee on Public Undertakings.**

**APPENDIX-I****MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2017-18)**

The Committee sat on Tuesday, the 14 November, 2017 from 1100 hours to 1200 hours in Committee Room 2, Block A, Parliament House Annexe Extension Building, New Delhi.

**PRESENT**

**Shri Shanta Kumar** - Chairperson

**MEMBERS*****Lok Sabha***

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri G. Hari
5. Shri Ajay Nishad
6. Shri B. Vinod Kumar
7. Shri Prahlad Singh Patel
8. Prof. Saugata Roy
9. Shri Rameswar Teli

***Rajya Sabha***

10. Shri Narendra Budania
11. Shri Tapan Kumar Sen
12. Shri Ram Chandra Prasad Singh

**SECRETARIAT**

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|----|---------------------|------------------|
| 1. | Smt. Anita B. Panda | Director         |
| 2. | Shri G.C. Prasad    | Deputy Secretary |

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2. At the outset, the Chairperson welcomed the members to the sitting of the Committee and apprised them about the agenda for the day's sitting viz. the consideration of the draft Action Taken Report on the observations/recommendations contained in the Fifteenth report of the Committee (2016-17) on "Indian Railways Catering and Tourism Corporation" followed by oral evidence of the representatives of Hindustan Steelworks Construction Limited (HSCL) on the subject "Review of Loss Making CPSUs". Then the Chairperson invited suggestions of the members of the Committee on the draft Action Taken Report. With these suggestions, the Committee adopted the report with some modifications to recommendations at Sl. No. 10 and 13 of the draft Report as given at Annexure. The Committee then authorized the Chairperson to finalize the aforesaid draft Action Taken Report on the basis of factual verification by Ministry/Department concerned and present the same to Parliament.

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***A verbatim record of the proceedings has been kept separately.***

***The Committee then adjourned.***

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**ANNEXURE**

(See para 2 of the Minutes dated 14.11.2017)

<b>S.No.</b>	<b>Page No.</b>	<b>Recommendation Para</b>	<b>Modifications</b>
1.	4	10 (Second Para)	<p>Add the following in Line 5 from above after the words "of perennial work"</p> <p><i>'They are of the view that outsourcing of these works is violative of the current labour laws.'</i></p>
2.	6	13	<p>Add the following in line 13 from above after the words "The Committee"</p> <p><i>'Feel that it was a wastage of time and funds as these agencies must have charged substantially. Hence, the Committee'</i></p>

*(Vide para 4 of the Introduction)*

**Analysis of the Action Taken by Government on the Observations/  
Recommendations contained in the Fifteenth Report of the Committee on  
Public Undertakings on  
Indian Railways Catering & Tourism Corporation (IRCTC)**

I	Total number of recommendations	11
II	Observations/Recommendations that have been accepted by the Government [Para Nos. 2, 4, 5, 8 and 9] Percentage to total:	05  45.45
III	Observations/Recommendation which the Committee do not desire to pursue in view of Government's replies Percentage to total:	Nil
IV	Observation/Recommendation in respect of which replies of the Government had not been accepted by the Committee [Para Nos. 1, 3, 10 and 11] Percentage to total:	04  36.36
V	Observations/Recommendations in respect of which Government have furnished interim replies [Para Nos. 6 and 7] Percentage to total:	02  18.19