7

STANDING COMMITTEE ON RAILWAYS
(2020-21)

(SEVENTEENTH LOK SABHA)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

SEVENTH REPORT

DEMANDS FOR GRANTS

(2021-22)

LOK SABHA SECRETARIAT

NEW DELHI

March, 2021/Phalguna, 1942 (Saka)

S.C.R. No. 234

SEVENTH REPORT

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DEMANDS FOR GRANTS

(2021-22)

Presented to Lok Sabha on 08.03.2021

Laid in Rajya Sabha on 08.03.2021

सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

March, 2021/Phalguna, 1942 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2020-21)@

Shri Radha Mohan Singh - Chairperson

MEMBERS

LOK SABHA

2. Shri T.R. Baalu
3. Smt. Ranjanben Bhatt
4. Shri Pankaj Choudhary
5. Shri Abu Hasem Khan Chowdhury
6. Shri Kaushalendra Kumar
7. Smt. Diya Kumari
8. Smt. Jaskaur Meena
9. Shri Sunil Kumar Mondal
10. Smt. Queen Oja
11. Smt. Keshari Devi Patel
12. Shri Mukesh Rajput
13. Shri N. Reddeppa
14. Shri Achyutananda Samanta
15. Shri Sumedhanand Saraswati
16. Shri Arvind Ganpat Sawant
17. Dr. Amar Singh
18. Smt. Sangeeta Kumari Singh Deo
19. Shri Kodikunnil Suresh
20. Shri Gopal Jee Thakur
21. Sadhvi Pragya Singh Thakur

RAJYA SABHA

22. Shri Narhari Amin
23. Shri Chh. Udayanraje Bhonsle
24. Shri H.D. Devegowda
25. Shri N. Gokulakrishnan
26. Prof. Manoj Kumar Jha
27. Shri Joginipally Santosh Kumar
28. Smt. Phulo Devi Netam
29. Ms. Saroj Pandey
30. Shri Ashok Siddharth
31. Shri Bashistha Narain Singh

@ Constituted w.e.f. 13.09.2020 vide Lok Sabha Bulletin Part II No. 1741 dated 29.09.2020.

LOK SABHA SECRETARIAT

1.	Shri Prasenjit Singh	-	Joint Secretary
2.	Shri Arun K.Kaushik	-	Director
3.	Shri R.L. Yadav	-	Additional Director
4.	Smt. Archana Srivastva	-	Deputy Secretary
5.	Smt. Banani Sarker Joshi	-	Executive Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2020-21) having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report on 'Demands for Grants (2021-22) of the Ministry of Railways'.

2. This Report is based on facts and figures submitted by the Ministry of Railways and the depositions made by the representatives of the Ministry of Railways (Railway Board) before the Committee on 12.02.2021. The Committee considered and adopted the Report at their sitting held on 02.03.2021. Minutes of the related sittings are given in the Appendix to the Report.

3. The Committee wish to express their thanks to the officers of the Ministry of Railways (Railway Board) for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants (2021-22). They would also like to place on record their appreciation for the assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
March, 2021
Phalguna, 1942 (Saka)

RADHA MOHAN SINGH
Chairperson
Standing Committee on Railways

REPORT

PART-I

INTRODUCTORY

The Indian Railway is one of the world's largest railways. It functions as a vertically integrated organization providing Passenger and Freight services. It is a single system which consists of 67,956 route kms of track that traverse the country on which more than 21648 number of trains ply, carrying about 22.15 million passengers and hauling nearly 3.32 million tonnes of freight every day. The Indian Railways are seen not only as a great integrator with a major role in its socio-economic development but also as an engine of growth with contribution in diverse economic activities like agriculture, mining, industry etc. The railway service is rendered through a nationwide rail infrastructure covering tracks, stations, sidings, freight terminals, locomotives, coaches and wagons and a myriad of infrastructure inputs like signaling, telecom, electrical installations, maintenance workshops, etc.

2. The Indian Railways have a number of intrinsic advantages as it is more energy efficient compared to road transport and significantly more superior from the standpoint of environmental impact. In terms of providing an economic source of transportation to all strata of society especially the poorest, the Indian Railways have proved to be a lifeline. The Indian Railways are also one of the largest employers in India with more than 12.54 lakh regular employees on their strength.

3. The Indian Railways is a departmental commercial undertaking of the Government of India. The formulation of policy and overall control of the Railways is vested in the Railway Board comprising of the Chairman and Chief Executive Officer, an ex-officio Principal Secretary to the Government of India and other functional Members for Finance, Traction and Rolling Stock, Infrastructure and Operations & Business Development, all ex-officio Secretaries to the Government of India. The Indian Railway system is managed through 17 zones (including Kolkata Metro) and 68 operating divisions. In addition, there are six production units engaged in manufacturing of rolling stock and other related items. There are also a number of Training Establishments, Public Sector Enterprises and other Offices working under the control of Railway Board. The Indian Railways has an exclusive Research and Development wing, viz. the Research, Designs and Standards Organization (RDSO) with the status of a Zonal Railway, extending their technical advice and consultancy to the Ministry, Zonal Railways and Production Units.

BUDGET ANALYSIS

4. After the merger of the Railway budget with the General Budget from the year 2017-18, the Railway receipts and expenditure have been a part of the documents of the General Budget. The expenditure of the Railways is now a part of Demands for Grants of the Ministry of Finance like other Ministries/Departments of Government of India. The entire expenditure of Railways is now covered in 'Demand for Grant No. 84' with sub-sections as 'Revenue' and 'Capital'.

5. The Demands pertaining to the Ministry of Railways for the year 2021-22 were laid in Lok Sabha on 03.02.2021. The Demands for Grants of the Ministry of Railways are detailed as under:

(Rs. in thousands)

Sl. No.	Details	Total Demand (2021-22)	
		Voted	Charged
	Revenue		
1	Indian Railways – Policy Formulation, Direction, Research, and other Miscellaneous Organization	2296,01,00	4,00,00
2	General Superintendence and Services on Railways	9197,88,49	25,95
3	Repairs and Maintenance of Permanent Way and Works	16946,04,74	1,21,93
4	Repairs and Maintenance of Motive Power	6406,78,82	1,10
5	Repairs and Maintenance of Carriages and Wagons	16675,86,49	1,05
6	Repairs and Maintenance of Plant and Equipment	9157,96,95	4,66
7	Operating Expenses – Rolling Stock and Equipment	16874,46,54	1,05
8	Operating Expenses – Traffic	35690,05,06	9,72
9	Operating Expenses – Fuel	24075,86,88	-
10	Staff Welfare and Amenities	8534,03,92	5,75
11	Miscellaneous Working Expenses	7765,86,30	460,24,60
12	Provident Fund, Pension and Other Retirement Benefits	58650,15,81	4,19
13	Appropriation to Funds	60761,00,00	-
	Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of Over-Capitalization	-	-
14	Other Transport Services	2954,64,00	-
	Total Revenue	275986,65,00	466,00,00
	Capital		
15	Assets – Acquisition, Construction and Replacement	304836,88,00	92,08,00
	Grand Total (Revenue + Capital)	580823,53,00	558,08,00

6. The Railway Budget Statement shows the total revenue receipts, revenue and works expenditure, distribution of excess of receipts over expenditure and position of various Funds *viz*., Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, RRSK and Railway Safety Fund.

7. The Revenue receipts of the Railways consist of earnings from passenger traffic, other coaching earnings (which include parcels and luggage), earnings from goods traffic and sundry earnings like rent, catering receipts, interest and maintenance charges from outside bodies, commercial utilisation of land and air space, commercial publicity on rolling stock and station buildings, reimbursement of operating losses of strategic railway lines by the Ministry of Finance, etc.

8. There are also other Miscellaneous receipts like receipts of Railway Recruitment Boards from sale of application forms and examination fees, etc. and Government's share of surplus profits which includes receipts from subsidised Railway companies in which the Government has no capital interest. The total of Revenue and Miscellaneous receipts makes up the total receipts of the Railways.

9. The portion of the earnings which is due to the Railways during the financial year but has not actually been realized is held in a "Suspense" account. The expenditure incurred by the Railways is on Revenue account and on Works account.

10. The Revenue account consists of Ordinary Working Expenses incurred by the various Departments on the Railways in their day-to-day working and other miscellaneous expenditure like the expenditure on Railway Board, Audit, Surveys and other miscellaneous establishments etc. The Revenue Account also includes appropriation to the Depreciation Reserve Fund and the Pension Fund.

11. The Indian Railways are financed primarily through the following three sources:

(i) Budgetary Support from the Government

(ii) Internal Resources (Passenger and freight earnings from leasing Railway lands, other coaching, other sundry heads and RRB earnings)

(iii) Extra Budgetary Resources (EBR) (which include market borrowings, PPP, institutional financing and Foreign Direct Investment)

12. The total Capital Outlay for the Ministry of Railways for the year 2021-22 has been kept at Rs.2,15,058 cr. The share of Gross Budgetary Support (GBS), Internal Resources (IR) and Extra Budgetary Resources (EBR) and Actual Expenditure 2019-20, Budget Estimates 2020-21, Revised Estimates 2020-21 and Budget Estimates 2021-22 are shown in the following table –

(Rs. in crore)

	Actual 2019-20	**BE 2020-21**	**RE 2020-21**	**BE 2021-22**
Gross Budgetary Support	67461	70250	29250*	107300
%age to total Capex	46%	44%	18%	50%
Internal Resources	1686	7500	3875	7500
%age to total Capex	1%	5%	2%	3%
Extra Budgetary Resources	78918	83292	128567	100258
%age to total Capex	53%	52%	80%	47%
Total CAPEX	148064	161042	161692	215058

13. When asked about the decrease in share of EBR in 2021-22 compared to the previous year of 2020-21, the Ministry have informed as under:

> "The share of all three components of Capex viz. GBS, IR and EBR are constantly in the same range over the years. The only exception is RE 2020-21 where a new source called EBR (Special) of ₹ 51000 cr has been introduced as a onetime arrangement for financing Capex in view of reduction in Gross Budgetary Support, leading to the EBR share rising from 53% of Actual 2019-20 to 80% in RE 2020-21. At the same time GBS share has gone down from 46% to 18% in RE 2020-21, which in BE 2021-22 has again been fixed at 50%".

They have further informed as follows:

"Railway projects are highly capital intensive and require huge investment mainly from GBS for their execution. To supplement this investment, EBR funds are resorted to, primarily for remunerative projects of Doubling & Electrification and procurement of Rolling Stock".

14. The Ministry have furnished the details of plan allocation and utilization during the last three years as under:

(Rs. in crore)

Description	RE 2019-20	Actuals 2019-20	BE 2020-21	RE 2020-21	BE 2021-22
1.Gross Traffic Receipts	205833	174356.60	225613	146309	217110
2. Miscellaneous Receipts	436	338.09	300	300	350
3. Total Receipts (1+2)	206269	174694.69	225913	146609	217460
4. Net Ordinary Working Expenses	151208	150211.21	162753	140786	154399
5. Appropriation to Pension Fund	48350	20708.00	53160	523	53300
6. Appropriation to Depreciation Reserve Fund	400	400.00	800	200	800
7. Total Working Expenses [4+5+6]	199958	171319.21	216713	141509	208499
8. Miscellaneous Expenditure	2500	1785.86	2700	2300	2400
9. Total Expenditure (7+8)	202458	173105.07	219413	143809	210899
10. Net Revenue [3-9]	3811	1589.62	6500	2800	6561
11. Appropriation to Development Fund	1311	1388.86	1500	800	1561
12. Appropriation to Rastriya Rail Sanraksha Kosh	2500	200.76	5000	2000	5000
13. Operating Ratio*	97.46%	98.36%	96.28%	96.96%	96.15%

** Due to COVID-19 related resource gap, Railways appropriated/estimated to appropriate less than required amount to Pension Fund in 2019-20 and RE 2020-21. With required level of appropriation to Pension Fund from Railway Rvenues in Actual 2019-20 and in RE 2020-21, the Operating Ratio would be 114.19% and 131.49% respectively. (Required appropriation to Pension Fund in 2019-20 is Rs.48,350 cr as at RE level and in 2020-21 Rs.51,000 cr as per estimated expenditure in RE)*

15. From the above table, it is evident that the Budget Estimates for Gross Traffic Receipts for the year 2020-21 was Rs.2,25,613 cr which was reduced by Rs.79,304 cr i.e., approx. 35% and kept at Rs.146309 cr at the Revised Estimates stage. Further, the actuals of 2019-20 were to the tune of Rs.1,74,356.60 cr. Compared to RE of Rs.2,05,833 cr of the year. The total working expenditure at BE 2021-22 has been kept at Rs.2,08,499 cr which shows an increase of 47% in comparison to RE 2020-21 of Rs.1,41,509 cr.

16. Net revenue has similarly been reduced from Rs.6500 cr at BE 2020-21 by 57% at RE and kept at Rs.2800 cr. On the other hand, actuals for 2019-20 stood at Rs.1589.62 cr compared to RE of Rs.3,811 cr of the year. Net revenue for 2021-22 has been targeted at Rs.6561 cr i.e. more than the double of RE 2020-21 which is Rs.2,800 cr.

ANNUAL PLAN

17. The Annual Plan outlay of Rs.2,15,058 cr for the year 2021-22 comprises of Gross Budgetary Support of Rs.1,07,300 cr, internal resources of Rs.7,500 cr and Extra Budgetary Resources of Rs.1,00,258 cr consisting of Marketing Borrowings, Public Private Partnership (PPP), FDI etc.

18. The financing of Annual Plan proposed in 2021-22 and its comparison with 2018-19, 2019-20 and actuals of 2020-21 (as on 31.01.2021) of 2020-has been detailed as under:

(Rs. in crore)

S.No.	**Source of Funds**	**2018-19**	**2019-20**	**2020-21**			**BE 2021-22**
				BE	**RE**	**Actual up to Jan'21**	
1	Capital from General Exchequer	34838	45592	46750	29250	38516	81700
2	RRSK	15000	15000	15000	0	9847	15000
3	Railway Safety Fund	3000	6886	8500	0	3545	10600
4	**GBS (1+2+3)**	**52838**	**67477**	**70250**	**#29250**	**51909**	**107300**
5	Capital Fund	..	..	..	..		..
6	Depreciation Reserve Fund	534	524	1000	750	503	1000
7	Development Fund	1108	1137	1500	1125	804	1500
8	RRSK from revenue	3015	24	5000	2000		5000
9	RSF from revenue	6	..	..	..		..
10	**Internal Resources(5+6+7+8+9)**	**4663**	**1685**	**7500**	**3875**	**1307**	**7500**
11	Market Borrowings through IRFC	23736	33376	30000	34567	23016	31000
12	Institutional Finance	27859	32916	28000	28000	20674	34258
13	Public Private Partnership (PPP) etc.	24281	12609	25292	15000	5525	35000
14	Extra Budgetary Support(Special)	..	..	..	51000	10669	
15	**Total EBR(11+12+13+14)**	**75876**	**78902**	**83292**	**128567**	**59883**	**100258**
Total Plan		**133377**	**148064**	**161042**	**#161692**	**113099**	**215058**

#Excludes Rs.79398 cr. Special loan to Railways

19. It may be seen from the table above that the Capital outlay for Budget Estimates 2021-22 has been fixed at Rs.2,15,058 cr (inclusive of Rs.200 cr of Nirbhaya Fund). The BE 2020-21 for capital expenditure was Rs.1,61,042 cr which revised upward by only 1% i.e., Rs.650 cr at RE and kept at Rs.1,61,692 cr (this excludes the Rs.79,398 cr special loan to Railways). BE 2021-22 has, therefore, been fixed at Rs.53,366 cr higher than RE 2020-21, i.e., an increase of 33%.

20. Regarding the lowering of allocations at RE 2020-21 stage (compared to BE 2020-21), the Ministry stated the reasons as under:

> "In RE 2020-21 due to resource constraints, Gross Budgetary Support (GBS) from General Exchequer for project financing had been reduced from Rs.70,250 cr to Rs.29,250 cr. However, to offset the reduction in GBS for project financing, sufficient provision has been made under 'EBR (Special)' with a provision of Rs.51,000 cr, as a onetime arrangement for financing works which were previously charged to Capital (except outlays for Lease Charges, Investment in PSU/JV/SPVs, expenditure on land acquisition and charged appropriation), Railway Safety Fund and Rashtriya Rail Sanraksha Kosh. As such, despite decrease in GBS share for project financing, the Railways have been able to sustain Capex size, almost at the level of BE 2020-21".

21. On the allocation-head wise comparison of RE 2020-21 and BE 2021-22 outlay, the Ministry have provided the information as shown in the following table:

(Rs in cr)

Allocation-heads	RE 2020-21	BE 2021-22	Variation
Capital	29250 *	81700	+52450
DRF	750	1000	+250
DF	1125	1500	+375
RSF	0	10600	+10600
RRSK	2000	20000	+18000
EBR(IRFC-Bond)	34567	31000	-3567
EBR(Institutional Fin)	28000	34258	+6258
EBR(Partnership)	15000	35000	+20000
EBR(Special)	51000	0	-51000
Total Capex	161692	215058	+53366

** excludes Rs.79,398 cr special loan to Railways*

22. On being asked about the extent of BE/RE/Actuals of 2019-20 and 2020-21 and the reasons for mismatch (if any), the Ministry have furnished the following information:

(Rs. in cr)

	BE 2019-20	RE 2019-20	Actual 2019-20	BE 2020-21	RE 2020-21
Gross Budgetry Support	66105	68105	67461	70250	29250*
%age to total Capex	41%	44%	46%	44%	18%
Internal Resources	10500	5000	1686	7500	3875
%age to total Capex	7%	3%	1%	5%	2%
Extra Budgetary Resources	83571	83247	78918	83292	128567
%age to total Capex	52%	53%	53%	52%	80%
Total CAPEX	160176	156352	148064	161042	161692

** Excludes Rs.79,398 cr as special loan to Railways*

23. It may be seen from the above that in 2019-20, the total Capex outlays in BE, RE and Actual indicated a downward trend which as per the Ministry was mainly due to lesser generation of internal resources. In 2020-21, compared to BE, there is an increase at the RE stage despite decrease in GBS for expenditure on projects and internal resources segment, as the Railways had introduced the component of EBR (Special) with Rs.51000 cr, as a onetime arrangement for financing works which were previously charged to Capital (except outlays for Lease Charges, Investment in PSU/JV/SPVs, expenditure on land acquisition and charged appropriation), Railway Safety Fund and Rashtriya Rail Sanraksha Kosh.

24. On being asked about the measures being contemplated for achievement of the targets fixed for 2021-22, the Ministry have submitted as under:

> "The Government aimed to make Indian Railways the growth engine of the economy. To achieve this, the Ministry were enhancing investment and introducing modern technology while focusing on safety, speed and service to passengers, which is evident from increasing trend of CAPEX aimed at implementing the objectives/thrust areas of the Annual Plan."

25. They have elaborated that the main thrust of the Annual Plan 2021-22 would be on projects/works required for safe running of trains, removal of infrastructural bottlenecks and creation of capacity which will help Railways enhance its modal share. These projects/works include Dedicated Freight Corridor (3 existing and 3 future), Mumbai Ahmedabad High Speed Rail, Semi-high speed (Delhi-Mumbai and Delhi-Howrah), Signaling, Doubling/Multi tracking, New line, Gauge conversion, Loco and loco sheds, Rolling stock, Energy management, Railway Electrification, Track machine, Telecom, Terminal facility, ROB/RUBs, Bridges, Metro transport (sub-urban), Track renewal and Private train project.

INTERNAL RESOURCES

26. Internal Resources of the Indian Railways consists of appropriations to Capital Fund, Depreciation Reserve Fund, Development Fund, Rashtriya Rail Sanraksha Kosh (RRSK) from Revenue and Railway Safety Fund (RSF) from Revenue. The percentage share of internal resources in the total capital expenditure of the Indian Railways since 2017-18 is as below:

(Rs.in cr)

	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Total Capex	101986	133377	148064	161692	215058
Internal Resources	3070	4663	1685	3875	7500
Internal resource as % of total Capex	3.01%	3.5%	1.14%	2.3%	3.4%

27. From the information furnished, it is evident that the share of Internal Resources in the total capex has denoted a downward trend from year to year. The estimate for 2021-22 is also pegged at Rs.7,500 cr, which is 3.4% of the total Railway Budget. When asked about the reasons for the downward trend of the generation of Internal Resources from year to year over the last several years, the Ministry replied as under:

> "Contribution from Railways' internal resources to capex is determined primarily on the basis of Railways' internal resource generation after meeting all obligatory revenue expenses while taking note of the capex needs from internal resource segment. As is known, the recommendations of 7th Central Pay Commission on pay and pension were implemented in 2016-17. In 2017-18, in addition to the enhanced burden of pay and pension, the recommendations with regard to allowances were implemented. This led to a sharp increase in staff cost in 2017-18 vis-a-vis 2016-17, but the traffic revenue did not rise commensurately, adversely impacting the trend of internal resource generation and contribution to capex".

28. They have further stated that traffic revenue in 2017-18 and 2018-19 were also hit by slump in demand of major commodities like coal and cement which have traditionally been mainstay of IR's freight basket. Railways had to cover essential and unavoidable revenue expenses from the revenue receipts, a part of which was mobilized through freight advance scheme. Also, the freight revenue in 2019-20 could not pick up as the loading trend continued to be sluggish and around Rs. 8,000 cr of the freight advance taken in 2018-19 had to be adjusted in 2019-20. The revenue trend in 2019-20 was further impacted due to the spread of COVID-19 pandemic and consequent lockdown. All these factors led to downward trend in internal resource segment in capex since 2016-17.

29. Regarding the sluggish movement of Internal Resources, the Ministry have submitted that maximizing internal resource generation requires progressively higher growth rate in railway receipts vis-

a-vis the growth in railway expenditure. Since about 90% of Railways' total receipts come from Passenger and Goods, these two segments have all along been the focus area for revenue mobilisation. They added that the Railways' efforts towards this have been hamstrung by inflexibility of a major part of revenue expenditure, implementation of periodic pay commissions, periodic slowing down of the core sector of the economy affecting IR's freight traffic and stiff competition of the ever expanding road sector to Railways' passenger & goods traffic.

30. On the question of the concrete steps being taken/proposed to be taken to elevate the generation of internal resources, the Ministry have explained as below:

> "They have been taking measures on a continuing basis to improve the financial position and internal resource generation. This comprised of a combination of initiatives aimed at maximizing revenue receipts and minimizing controllable revenue expenses. Revenue enhancing measures, inter alia, include:
>
> a. targeting progressively higher traffic throughput
> b. expansion of commodity basket
> c. effective and innovative marketing strategies to capture more and more traffic
> d. creation of additional capacity and
> e. optimum utilization of the existing rail infrastructure including rolling stock,
> f. enhancement in productivity and efficiency,
> g. improvement of passenger interface,
> h. periodic rationalization of fare and freight rates and
> i. focus on increasing the share of non-fare revenue sources in Railways' total revenue.
>
> The Ministry were also undertaking expenditure control measures which include:
>
> a. strict economy and austerity measures
> b. improved man-power planning
> c. better asset utilization
> d. inventory management
> e. optimizing fuel consumption etc."

31. It was stated that inspite of the Railways' efforts towards improving the finances and internal generation, earnings have been adversely affected under the impact of the COVID-19 pandemic on rail operations and revenue. Due to relentless efforts and policy interventions, Railway finances are gradually improving and in expectation of full normalisation of train operations and recovery of the economy. The Committee were assured that Railway would be able to meet the internal resource target of Rs.7,500 cr kept in BE 2021-22.

EXTRA BUDGETARY RESOURCES

32. The Plan expenditure of Indian Railways is partially financed by extra budgetary support from IRFC, institutional finance, Public-Private-Partnership etc. The details of Extra Budgetary Resources in Actual Expenditure 2019-20, Budget Estimates 2020-21, Revised Estimates 2020-21 and Budget Estimates 2021-22 are shown in the following table:

(Rs. in cr)

Source	Actual 2019-20	Budget Estimates 2020-21	Revised Estimates 2020-21	Budget Estimates 2021-22	Variation (BE-RE) (Col.5-Col.4)	Variation (BE-BE) (Col.5-Col.3)	Variation (BE-Act) (Col.5-Col.2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
EBR(IRFC Bond)	33376	30000	34567	31000	-3567	+1000	-2376
EBR(Institutional Finance)	32916	28000	28000	34258	+6258	+6258	+1242
EBR(Partnership)	12609	25292	15000	35000	+20000	+9708	+22391
EBR(Special)			51000		-51000		
Total	78901	83292	128567	100258	-28309	+16966	+21257

33. A close perusal of the above table shows that the EBR at BE stage for FY 2020-21 was kept at Rs.83,292 cr which was increased by 54% i.e. at the RE stage to Rs.1,28,567 cr. This, however, is due to the provision of Rs.51,000 cr at RE stage under EBR (Special) as a onetime arrangement for financing Capex in view of reduction in Gross Budgetary Support. The BE for 2021-22 has been kept at Rs.1,00,258 cr which is less than RE of FY 2020-21 by 22% (Rs.1,28,567 cr).

34. On being asked about the lowering of the EBR especially when the allocations made under this head are utilized for funding remunerative projects of doubling, electrification and procurement of rolling stock, the Ministry, in their written reply, stated as under:

> "No impact would be felt on execution of projects especially in light of the fact that CAPEX in BE 2021-22 is higher than BE 2020-21".

35. In response to a question regarding reasons for over-dependence of the Railways on Government support and market borrowings instead of augmenting internal resources, the Ministry have stated as follows:

> "Railway projects are highly capital intensive and require huge investment mainly from GBS for their execution. To supplement this investment, EBR funds are resorted to, primarily for remunerative projects of Doubling & Electrification and procurement of Rolling Stock. Internal Resources, on the other hand are utilised for meeting expenditure on replacement / renewal of assets and upgradation/developmental works, which are largely unremunerative. The GBS is funding both NHSRCL and DFCCIL which will give a huge impetus to Rail sector. As the investment in PSU/JV/SPVs cannot be funded by EBR, GBS has shown proportionate increase. Increasing Revenue of the Railways is an ongoing exercise and steps are being taken to augment traffic revenue and limit expenditure. With the easing out of country-wide COVID-19 restrictions and the economy slowly picking up pace, the Railways expect to improve upon the internal resource generation."

RAILWAY FUNDS

36. The Indian Railways administers several Railway Funds. The details of appropriations to and from the various Railway Funds during the last 3 years showing the BE, RE and Actuals is given at **Annexure-I**.

PENSION FUNDS

37. During RE 2019-20, the appropriation to the Pension fund stood at Rs.48,350 cr which was decreased by Rs.1,650 cr from BE of Rs.50,000 cr while the actuals were only Rs.20,708 cr resulting in a

hefty reduction of Rs.27,642 cr. On being asked about the reasons for the mismatch between the allocation and actuals especially in view of the fact that appropriation to the Pension Fund is obligatory and indispensable in nature, the Ministry have submitted as under:

> "Railway revenues were adversely impacted in 2019-20 due to spread of COVID-19 pandemic and consequent lockdown as a result of which Railways were not in a position to appropriate Rs.48,350 cr to Pension Fund from revenue as estimated at the Revised Estimates stage. Instead, an amount of Rs.20,708 cr was appropriated to the fund from Railway revenues. Pension expenditure being an obligatory and unavoidable expenditure, incurrence of expenses of Rs. 49,188 cr towards pension in 2019-20 led to an adverse closing balance of Rs. 28,398 cr in Pension Fund (including interest payment liability on the adverse balance).
>
> With the continuing adverse impact of COVID-19 on rail operations and revenue, based on the resource position envisaged in Revised Estimates (RE) 2020-21, Railways have estimated to appropriate only Rs. 523 cr to Pension Fund from railway revenue against a pension expenditure estimate of Rs. 51,000 cr. Considering the need to provide adequate budgetary support for incurring inevitable expenditure, the Government has extended a Special Loan of Rs. 63,000 cr for the COVID-19 related resource gap and Rs. 16,398 cr for liquidating adverse balance occurred in Public Account in 2019-20. The loans have been appropriated to Pension Fund in RE 2020-21 accordingly."

38. Further, the Ministry have supplemented that expecting normalization of train operations/economy and consequential resource position, Railways have estimated to appropriate 53,300 cr from Railway revenues to Pension Fund in BE 2021-22 to meet the estimated pension expenditure. It is expected that with the stabilization of Railway finances in the coming years, Railways would be able to meet the pension expenditure from own receipts.

DEPRECIATION RESERVE FUND (DRF)

39. The mandate of Depreciation Reserve Fund (DRF) is to meet capital expenditure on replacement and renewal of railway assets, including the improvement element. The amount of appropriation to DRF is from Railway revenues and is need based. Appropriation to Depreciation Reserve Fund (DRF) stood at Rs.534 cr. in 2018-19 and reduced to Rs.524 cr in 2019-20. For 2020-21, the amount had been raised to Rs.1000 cr at BE stage which was reduced to Rs.750 cr at RE while actuals up to January 21 are only to the tune of Rs.503 cr. Again, the BE for 2021-22 has been kept at Rs.1000. In view of the relative smaller appropriation under DRF, the Committee sought to know the reasons for declining appropriation to DRF year after year and measures taken to iron out its deficiencies. In reply, the Ministry have stated as under:

> "Keeping in view the need to galvanise Safety of Railways and to meet present challenges including fresh assessment, planning and implementation of the safety plans as also to ensure assured funding for implementing the assessed safety works, the Government created a dedicated reserve fund i.e. Rashtriya Rail Sanraksha Kosh (RRSK) w.e.f. 2017-18 with a committed funding of Rs.1 lakh cr in 5 years. 25% of the annual contribution to this fund is to be from Railways' internal resources. Since appropriation to DRF or Railway share of RRSK are from the Railway revenues, the appropriation levels to these funds are decided as per the works to be executed through each fund."

40. They have further clarified as under:

> "There is no sidelining of DRF as, for the time being, it finances only identified renewal and replacement works while major part of renewal and replacement works having safety implications

have been shifted to RRSK. In case, RRSK is not continued beyond 2021-22, all such works would have to be funded out of DRF again."

41. As regards variation in amount of appropriation to DRF, it is stated that the same has been as per requirement of expenditure from the fund and availability of resources during a year or at various budgetary stages of a year.

DEVELOPMENT FUND (DF)

42. The mandate of Development Fund (DF) is to meet capital expenditure on passengers and railway users' amenities, labour welfare works, unremunerative operating improvements and safety works of smaller value. Appropriation to this fund is done from Railways' net revenue keeping in view the annual requirement of capex from this Fund. Sanctioned works of specified nature, mainly Passenger Amenities, Staff Amenities, Computerization and other specified work are targeted to be executed through this fund in 2021-22. Appropriation to the Development Fund has shown an increase during 2018-19. However, during 2020-21 it was reduced at RE stage. The actuals upto January 21 stood at Rs.804 cr. BE for FY 2021-22 stands at Rs.1,500 cr. When asked about the projects that would be targeted out of the DF, the Ministry had replied as below:

> "The amount of appropriation to DF is as per requirement of expenditure from the fund and availability of resources during a year or at various budgetary stages of a year. Hence the same has been regulated accordingly without affecting the execution of works through the fund".

CAPITAL FUND (CF)

43. The mandate of Capital Fund (CF) is to meet the debt servicing obligation of principal component of market borrowings from Indian Railway Finance Corporation (IRFC) and for expenditure on works of capital nature. Appropriation to this fund is made from Railways' net revenue after meeting obligatory revenue expenditure. In BE 2019-20, based on the estimated internal resource position at that budgetary stage, appropriation to CF was estimated at Rs.3,035 cr. After 2019-20, no appropriation have been made to the Capital Fund. When asked the reason for not utilizing the fund in the last financial year as well as for not making appropriation for Capital Fund in the subsequent Budgets, the Ministry have stated that it was that due to inadequate internal resources generation, no appropriation was made to CF and no expenditure from the fund has been done/proposed in 2019-20, 2020-21 and 2021-22. The provision for obligatory payment of principal component of market borrowings from Indian Railway Finance Corporation (IRFC) has been made from Gross Budgetary Support (GBS).

RASHTRIYA RAIL SANRAKSHA KOSH (RRSK)

44. 'Rashtriya Rail Sanraksha Kosh (RRSK)' was created in the year 2017-18 with a corpus of Rs.1 lakh crore over a period of five years (Rs.20,000 every year) for critical safety related works. RRSK, as per its mandate, is financed annually through – (i) additional Budgetary Support (Rs.5,000 cr), (ii) contribution from Railways' share from Central Road & Infrastructure Fund (Rs.10,000 cr) and (iii) Railways' contribution from internal resources (Rs.5,000 cr). The actual status of year wise financing

(Budgetary allocation and actual allocation) and source of actual financing to RRSK since its inception i.e., 2017-18 is as follows:

(Rs. in cr)

Period	Amount (Net)	Break up of Amount	
RE 2017-18	20000.00	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	5000.00
Actual 2017-18	16091.00	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	1091.00
RE 2018-19	20000.00	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	5000.00
Actual 2018-19	18015.33	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	3015.33
RE 2019-20	17500.00	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	2500.00
Actual 2019-20	15023.88	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	23.88
BE 2020-21	20000.00	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	5000.00
RE 2020-21	2000.00	Addl. Budgetary Support	0
		Central Road & Infrastructure Fund	0
		Internal Resources	2000.00
BE 2021-22	20000.00	Addl. Budgetary Support	5000.00
		Central Road & Infrastructure Fund	10000.00
		Internal Resources	5000.00

45. It may be seen from the table above that while the funding per annum of Rs.15,000 cr from Budgetary resources have been made during all years from 2017-18 onwards except RE during the year 2020-21, the mandated contribution of Rs.5,000 cr to be made from the internal revenues have been falling short in recent times. In fact, during 2017-18 while Rs.1,091 cr (RE) was contributed towards RRSK from the share of internal revenue by the Railways, it rose almost three times during 2018-19 and stood at Rs.3,015.33. However, in 2019-20, a lowest ever amount of Rs.23.88 cr was devolved to the RRSK from Internal Resources. Explaining the reasons for lowering of appropriation to the RRSK from the share of internal revenues, the Ministry have submitted as under:

> "The adverse resource position during 2019-20 did not permit desired level of funds to be transferred to RRSK. As a result expenditure of Rs.24 cr was made out of the Fund from internal

resources. However, total expenditure of Rs.15024 cr was appropriately utilised to finance important safety works."

46. As mandated, funds under RRSK are utilised for financing identified works under Planheads Track Renewal, Bridge Works, Signal & Telecom Works, Road Safety works of Level Crossings and Road Over/Under Bridges, Rolling Stock, Traffic Facilities, Electrical Works, Machinery and Plant, Workshops, Passenger Amenities and Training/HRD.

47. On the question of the monitoring mechanism of the RRSK, the Ministry replied that Planning Directorate of Railway Board has been assigned the task of regularly monitoring physical and financial progress of works funded through RRSK. In addition, an independent RRSK Monitoring Committee has been created, headed by CEO, NITI Aayog to regularly examine the RRSK performance.

48. As far as the expenditure incurred under RRSK since its inception in 2017-18 under various Plan heads, the Ministry informed in a tabular form as below:

(Rs in cr)

Minor Heads	RE 2017-18	Actual 2017-18	RE 2018-19	Actual 2018-19	RE 2019-20	Actual 2019-20	BE 2020-21	RE 2020-21	BE 2021-22
16-Traffic Facilities	788.30	654.02	350.09	498.31	357.00	370.78	500.00		259.00
18-Railway Research			0.0001		0.0001		0.10		0.10
21-Rolling Stock	2212.97	1099.10	1853.16	1637.28	3436.82	1116.15	1380.00	2000.00	2775.36
29-Level Crossings	674.95	535.99	742.71	678.60	546.50	570.25	700.00	0.03	
30-Road Over Bridges	3999.74	3175.23	4550.01	3488.82	2447.31	2334.15	3100.00	1.73	1500.00
31-Track Renewals	7859.26	8903.99	10111.68	9697.31	8461.71	8314.30	10599.47	0.01	10695.00
32-Bridge Works	695.16	451.34	500.31	516.72	713.52	752.59	725.00	6.63	855.00
33-Signal & Tele Works	1965.86	1201.01	1222.77	1461.29	1289.82	1536.60	1550.00	1.37	2248.30
36-Other Elec/TRD Works	489.02	350.24	400.00	349.79	278.61	301.10	500.00	0.01	600.00
41-Machinery & Plant	234.90	127.10	249.35	179.82	153.46	162.94	225.00		350.00
42-Workshops incl PUs	299.85	240.96	250.00	202.67	227.30	256.08	300.00		500.00
53-Passengers Amenities	670.00	462.55	1371.85	795.10	827.60	870.12	1525.00	1350.19	1350.00
64-Other Spec Works			50.00	42.00	150.00	141.17	300.00		300.00
65-Training/HRD	110.00	58.00	75.00	48.01	80.00	73.38	100.00		50.00
Credits/recoveries		1168.8	1726.93	1580.31	1469.65	1775.73	1504.57	1359.97	1482.76
Total	20000.00	16090.73	20000.00	18015.33	17500.00	15023.88	20000.00	2000.00	20000.00

49. As may be seen, since its inception in 2017-18 that a total expenditure of Rs.49130 cr has been incurred on such safety works till 2019-20. During the year 2017-18, utilization of funds was 80% of the total allocation under RRSK, which rose to almost 90% in the succeeding year i.e., 2018-19. In 2019-20, the RE was lowered to Rs.17,500 cr and utilization was to the tune of Rs.15,023.88 cr i.e. up to 84%. During 2020-21 also, BE of Rs.20,000 cr was lowered by 90% and kept at Rs.2,000 cr at RE. For 2021-22, BE has been kept as usual, at Rs.20,000 cr.

50. About the reasons for the massive deduction of funds during 2020-21, the Ministry have informed that Rashtriya Rail Sanraksha Kosh (RRSK) was created with a corpus of Rs.1 lakh crore over a period of five years (Rs.20,000 every year) for critical safety related works. The Ministry have, however, assured that since sufficient provision has been made under 'EBR (Special)' with Rs.51000 cr, as a onetime arrangement for financing works which were previously charged to Capital, Railway Safety Fund and Rashtriya Rail Sanraksha Kosh, they are confident that the targets would be fulfilled.

51. When asked about the measures being undertaken by the Ministry to ensure that the objectives behind the introduction of the RRSK could be fulfilled, the Ministry stated as under:

> "All out efforts are being made to generate adequate internal resources for contribution towards RRSK. Railways are trying to increase Revenue earnings through increase in loading, number of passengers. Additionally, certain other measures including increase in non-fare revenue were also being taken in this regard. The Zonal Railways have been advised to priortise works and incur expenditure as per priority and availability of resources, so that sufficient funds to important safety works are ensured. The Ministry are hopeful that with the easing out of country-wide COVID-19 restrictions and the economy slowly picking up pace, the results will hopefully be visible in near future".

GROSS TRAFFIC RECEIPTS (GTR)

52. The Revenue receipts of the Railways consists of earnings from goods traffic, passenger traffic, other coaching earnings, including parcels, luggage and sundry other earnings like rent, catering receipts, interest and maintenance charges from non-railway bodies, commercial utilization of land and airspace and commercial publicity on rolling stock and station buildings etc. Further, there are miscellaneous receipts like receipts of Railway Recruitment Boards from the sale of application forms and examination fees etc.

The Gross Traffic Receipts (GTR) for the last five years are given in the table below:

(in Rs. Cr)

Sl.No.	Year	BE	RE	Actuals
1	2016-17	184819.84	172155.0	165292.20
2	2017-18	188998.37	187225	178725.32
3	2018-19	200840	196714	189906.58
4	2019-20	216675	2,05,833	174356.60
5	2020-21	2,25,613	146309	
6	2021-22	217110		

53. The head-wise approximate traffic revenue till end of January 2021 is shown as follows:

(Rs. in crore)

Sl. No.	Head	RE 2020-21	Approximate to end of January 2021
1	Passenger revenue	15000	9529.21
2	Other Coaching revenue	1500	1438.05
3	Goods revenue	124184	93517.82
4	Sundry other revenue	5500	3929.67
5	Total traffic revenue (1+2+3+4)	146184	108414.75
6	Traffic Suspense	125.00	
7	Gross Traffic Receipts (5+6)	146309	

54. It has been clarified that since efforts to maximize traffic revenue are ongoing, it would not be feasible to speculate the year end outcome. Approximate of Revenue earnings have been provided till the end of January 2021 in the table above.

55. It may be seen from the above that the BE targets for GTR have been consistently revised downwards at RE stage. To illustrate, while a target of Rs.1,84,819.84 cr was kept at BE during 2016-17, it was reduced to Rs.172155 cr at RE whereas actuals were to the tune of Rs.1,65,292.20 cr. In the same

manner, GTR at BE 2017-18 was reduced at RE to Rs.1,87,225 cr from Rs.1,88,998.37 cr while actuals were Rs.1,78,725.32 cr.

56. The trend continued in the subsequent years i.e., 2018-19 and 2019-20. During 2020-21, however, the RE dropped significantly from BE of Rs.2,25,613 cr to Rs.1,46,309 cr reduction of nearly Rs.79,304 cr pr around 35%. Actuals, on the other hand, have remained almost static registering very negligible change over the last five years.

57. Asked to explain the reasons for the sluggish growth of GTR, the Ministry have submitted that currently, Railways' passenger and freight business are confronting intense competition from low cost airlines and speedily expanding road sector. The situation has been further aggravated by the recent slump in demand for coal and cement which used to be the mainstay of Railways' freight basket. Further, Railways' limited success in raising revenues through land monetization and advertisement etc. has led to downward revision in RE stage or lower achievement in sundry revenues during these years.

58. The Ministry have also provided the details for reduction in GTR since 2016-17 yearly as summarized below:

2016-17

- Drop in originating passengers – in non-suburban segment in RE vis-a-vis BE and in Actuals vis-a-vis RE
- Drop in loading and average freight lead in RE vis-a-vis BE and in average freight lead in Actuals vis-a-vis RE

2017-18

- Drop in originating passengers – in non-suburban segment in RE vis-a-vis BE and drop in average sub-urban lead in actuals vis-a-vis RE
- Trend of lesser average freight lead in RE vis-a-vis BE and less loading in Atuals vis-a-vis RE.
- Very low growth in other coaching revenue
- Remittance of dividend receipts from Railway PSUs to General Revenues which hitherto used to be part of Railways' sundry revenue and lesser mobilisation under land monetisation.

2018-19

- Drop in originating passengers – in non-suburban segment in RE vis-a-vis BE and drop in average passenger lead in actuals vis-a-vis RE
- Low growth in other coaching revenue
- Non-materialisation of revenue target from land monetisation.

2019-20

- Reduction in average passenger lead in RE vis-a-vis BE
- Reduction in loading target and average freight lead in RE vis-a-vis BE
- Reduction in revenue target under various heads of sundry revenue in RE vis-a-vis BE.
- Reduction of revenue in all segments in Actuals vis-a-vis RE due to spread of COVID-19 pandemic and consequent lockdown.

- An amount of Rs. 802.35 cr paid to RLDA as a refund from Sundry revenue and an arbitration award of Rs. 1200.52 cr paid to Parsavnath rail land developers which was also refunded from Sundry revenue resulting adversely impacting Railway revenues by Rs. 2002.87 cr.

2020-21

Drastic reduction in Gross Traffic Receipts(GTR) target of 2020-21 from BE level of Rs.2,25,613 cr to Rs.1,46,309 cr in RE is attributable to the massive impact of COVID-19 pandemic on passenger services, lower loading potential in the given economic scenario and impediments on the asset monetization initiatives. Anticipating normalization of train services and return of the economy in the growth trajectory, a GTR target of Rs.2,17,110 cr has been kept.

59. Earnings from passenger and freight traffic are given in the table below:

(Rs. in cr)

	Actuals 2018-19	**Actuals 2019-20**	**BE 2020-21**	**RE 2020-21**	**ACTUALS 2020-21 (To end of January'21)**	**BE 2021-22**
Passenger	51066.65	50669.09	61000	15000	9529.21	61000
Freight	127432.72	113487.89	147000	124184	93517.82	137810

60. As may be seen from the data provided, that earnings from passenger traffic decreased from 2018-19 to 2019-20 by Rs.397.56 cr. Similarly, freight earnings declined from Rs.1,27,432.72 cr to Rs.1,13,487.89 cr between 2018-19 and 2019-20. During BE 2020-21, the passenger earnings were kept at Rs.61,000 cr which was reduced to Rs.15,000 cr understandably due to restricted service of passenger trains. During the same period, freight registered a decrease of Rs.22,816 cr from Rs.1,47,000 cr at BE to Rs.1,24,184 cr at RE.

61. In an effort to increase the receipts of the Railways, the Ministry have stated that they have been taking measures on a continuing basis to improve the GTR. The endeavour comprises of a combination of initiatives aimed at maximizing revenue receipts Revenue enhancing measures, inter alia, include targeting progressively higher traffic throughput, expansion of commodity basket, effective and innovative marketing strategies to capture more and more traffic, creation of additional capacity and optimum utilization of the existing rail infrastructure including rolling stock, enhancement in productivity and efficiency, improvement of passenger interface, periodic rationalization of fare and freight rates and focus on increasing the share of non-fare revenue sources in Railways' total revenue. The results of such efforts are seen from the year on year increase in GTR till 2018-19. Railways' efforts towards enhancing GTR have however been adversely affected under the impact of the COVID-19 pandemic on rail operations and revenue. Due to relentless efforts and policy interventions, Railway revenues are gradually improving and in expectation of full normalisation of train operations and recovery of the economy, Railway would be able to meet achieve the BE target of GTR.

62. During evidence, the representatives of the Ministry of Railways deposed before the Committee as under:

> "हमारे रेलवे के कर्मचारियों ने अथक प्रयास किया है, यह तभी संभव हो सका है। उन्होंने पूरी कर्तव्य निष्ठा से काम किया है ताकि हम माल ढुलाई कर सकें। इसके साथ ही साथ हमने अपने इंफ्रास्ट्रक्चर के लिए और अपने फ्रेट कस्टमर के लिए बिजनेस डेवलपमेंट यूनिट बनाए हैं, जो डिविजिन जोन और हेडक्वार्टर में है ताकि हम लोग अपने फ्रेट के कस्टमर तक पहुंच सकें और उनकी रिक्वायरमेंट्स को अच्छी तरह से समझकर उसको कैरी कर सकें। इस मुझे बताते हुए हर्ष हो रहा है कि अगस्त से हमारी फ्रेट लोडिंग पिछले वर्ष की तुलना में ज्यादा रही है। जनवरी के महीने में हम लोगों ने 119.8 मिलियन टन ट्रैफिक कैरी किया जो कि रेलवे के इतिहास में एक रिकॉर्ड है। हमें उम्मीद है कि इस वर्ष के अंत तक हम अपने टारगेट को एक्सीड कर जाएंगे और हम लोगों को जो भी दायित्व दिया है, उसको हम लोग पूरा कर लेंगे।"

63. Asked to clarify the reasons for the same, the Ministry have stated that BE targets are basically estimates made on certain assumptions before the commencement of a fiscal. These are subsequently modified at RE stage taking into account the trends during the year as a part of budgeting exercise. Target of traffic receipts for a year at BE stage is decided taking into consideration the traffic plan as also other tariff and non-tariff measures undertaken/to be undertaken during the year. Further, the BE targets for revenue are usually kept at a reasonably challenging level so as to encourage the entire set up to achieve it by mobilizing itself. Since most of Railways' traffic receipts (about 90%) comes from two major segments of Railway revenues i.e. passenger and goods, upward or downward revision of Gross Traffic Receipts target or actual achievement there-under largely depends upon the performance under these segments during the year. During the years in question, subdued performance under these two segments led to the downward revision or lower achievement in GTR.

RAILWAY REVENUE

64. Net revenue is excess of Railway receipts over expenditure. The details of Railway revenue for the last five years have been given in the table below:

(Rs. in cr.)

Sl. No.	Year	BE	RE	Actuals
1	2016-17	18210.64	7695	4913
2	2017-18	8948.37	6425	1665.61
3	2018-19	12990	6014	3773.86
4	2019-20	9035	3811	1589.62
5	2020-21	6500	2800	
6	2021-22	6561		

65. As it may be seen from the above, that the net revenue has been inconsistent for the last five years. Further, over the last five years, Budget Estimates are being drastically reduced at RE stage, and even the reduced targets nowhere matched the actuals. Asked to state the reasons for this huge reduction in the revised estimates as well as actual Net Revenue, the Ministry have submitted as under:

> "Increases or decreases at various budgetary stages during a year depending upon the volume of receipts and expenditure as estimated or accrued in each budgetary stage. Main reasons for gradual decline in Net Revenue from 2016-17 to 2018-19 are (i) higher outgo towards pay, allowances and pension consequent upon implementation of 7th CPC recommendations and (ii) lesser growth in traffic revenue than estimated. They have further clarified that Decline in Net Revenue during the years impacted by Pay Commissions are not unusual as the expenditure

abruptly increases during such years while the revenue do not grow commensurately. As regards 2019-20, the Net Revenue in RE was revised downward from BE level on account of drastic reduction in loading from 1274 mt in BE to 1223 mt in RE, non-materialisation of land monetization target kept in BE and a refund of over Rs. 2000 cr from Railway revenue (Sundry revenues), major part of it due to arbitration award. The Net Revenue got further reduced in actuals 2019-20 due to adverse impact of COVID-19 pandemic on railway revenues. The Net Revenue target in RE 2020-21 has been reduced from BE level taking note of the revenue potential despite rigorous expenditure control measures". They Committee further informed that "maximizing net revenue requires progressively higher growth rate in railway receipts vis-a-vis the growth in railway expenditure. Since about 90% of Railways' total receipts come from Passenger and Goods, these two segments have all along been the focus area for revenue mobilization. One of the biggest challenges being faced by the Railways in raising net revenues has been that railways' efforts towards this are hamstrung by inflexibility of a major part of revenue expenditure, implementation of periodic pay commissions, periodic slowing down of the core sector of the economy affecting IR's freight traffic and stiff competition of the ever expanding road sector to Railways' passenger & goods traffic. The Ministry has however been taking measures on a continuing basis to improve the financial position and net revenue".

OPERATING RATIO

66. The financial health of the Indian Railways is determined by the operating ratio. Operating ratio indicates how much Indian Railways spends to earn 1 rupee. A lower figure of operating ratio is, therefore, regarded as indicative of robust financial health of the system. The overall position of the operating ratio in the last five years is provided below:

Sl.No.	Year	BE	RE	Actuals
1	2015-16	88.5	90	90.5
2	2016-17	92	94.9	96.5
3	2017-18	94.57	96	98.4
4	2018-19	92.8	96.2	97.29
5	2019-20	95	97.46	98.36
6	2020-21	96.28	96.96	
7	2021-22	96.15		

67. The Ministry have also clarified that Railways' Operating Ratio (OR) is calculated at the close of the year when the whole year's financial performance is compiled. Operating Ratio target in current year's RE is 96.96%. However, with desired appropriation of Rs.51,000 cr from Railway revenues to Pension Fund in RE 2020-21, Operating Ratio would be 131.49%.

68. The major factors that have contributed to the high operating ratio as stated by the Ministry was that in 2016-17, sharp rise in staff cost due to implementation of 7th CPC coupled with drop in goods earnings primarily contributed to rise in Operating Ratio. In 2017-18, shortfall in passenger, other coaching and sundry other revenue vis-a-vis the RE targets and the implementation of revised allowances pursuant to 7th CPC recommendations were the main reasons for rise in Operating Ratio. In 2018-19, though the Operating Ratio at 97.3% is a marginal improvement over 2017-18, the same remained high due to continuing pressure of 7th CPC on Ordinary Working Expenses & Pension expenditure on the one hand and subdued growth in traffic revenue on the other. In 2019-20, the Operating Ratio target in RE was revised upward in the light of trend of negative/nil growth in traffic revenue despite reducing the total expenditure provision in RE by Rs. 5,442 cr from the BE level. In the actual stage, the Operating Ratio

further increased from RE level due to adverse impact on total traffic revenue owing to spread of COVID-19 pandemic and consequent lockdown despite reduction in revenue expenditure.

69. The Ministry have, however, assured that with gradual restoration of passenger services and spectacular freight performance despite COVID-19 impediments, the trend of Railway revenue is on the path of recovery. In expectation of resumption of normal train services, return of the economy in the growth trajectory, higher loading target of 1270 mt, mobilization of non-fare revenues like asset monetization etc and bare minimum revenue expenditure, the emerging Operating Ratio target in BE 2021-22 is 96.15% which is considered moderate in the given scenario.

70. When asked about the operating ratio which was at an all time high of 98.36% during 2019-20, the Ministry replied as under:

> "The revenue receipts got impacted adversely due to spread of COVID-19 pandemic and consequent lockdown. Moreover, a refund of over Rs.2000 cr from Railway revenue was made, a major part of which was due to arbitration award and adjustment of over Rs.8,000 cr out of the total freight advance taken in 2018-19. Though there were savings under certain segments of revenue expenditure due to suspension of passenger services and strict implementation of economy and austerity measures, the expenditure reduction was not commensurate to the decline in revenue receipts as most part of revenue expenses are inelastic. This resulted in higher Operating ratio in 2019-20".

71. In an effort to contain the operating ratio to more sustainable levels, the Ministry have stated that they are taking a number of measures for increasing traffic revenue and containing controllable revenue expenses. These have been enumerated at **Annexure-II**.

PHYSICAL TARGETS VIS-À-VIS ACHIEVEMENTS

72. The physical targets and achievements is provided in the table below:

Progress of Monitorable Targets-Ministry of Railways									
Items/Unit	**Annual Target 2017-18**	**Achieve-ment 2017-18**	**Annual Target 2018-19**	**Achieve-ment 2018-19**	**Annual Target 2019-20**	**Achievement 2019-20**	**Annual Target 2020-21**	**Achievements 2020-21 (till January)**	**Annual Target 2021-22**
New Lines (Kms)	402	409.42	1000	479	300	359.71	300	196	300
Doublings (Kms)	945	998.88	2100	2519	2450	1458.22	1400	998	1600
Gauge Conversion (TKM)	574	453.52	1000	597.1	400	408.49	400	299	500
Electrification Projects (RKM)	4000	4087	6000	5276	6000	4378	6000	2488	6000
Track Renewals	4000	4023	3900	4181	3900	4500	4000	3279	4000

NEW LINES

73. It may be seen from the tables above that during 2017-18 target was set at 402 km, while achievement was 409.42 km. During 2018-19, while targets were set for 1000 km only, only 479 km could be laid. Targets for 2019-20 were set at 300 km and achievement was 359.71 km. Till January 2021, 196 km of new lines were laid against a target of 300 km during 2020-21.

DOUBLING

74. Regards doubling, during 2017-18, a target of 945 km was set and achievement was 998.88 km. During 2018-19, the target of 2100 km was also exceeded and the achievement was to the tune of 2519 km. The achievements during 2019-20 fell short of BE targets of 2450 km as the Railways could manage to construct only 1458.22 km. The annual target for 2020-21 were kept at 1400 km and achievement till January 2021 was 998 km. For 2021-22, a target of 1600 km have been kept for doubling.

GAUGE CONVERSION

75. Gauge conversion targets for 2017-18 was set at 574 km and final achievement fell short by 120 km and remained at 453.52 km. During 2018-19, the targets were set for 1000 km at BE and approximately 59% of the targets were achieved as the Ministry managed to convert only 597.1 km. During 2019-20, 408.49 km of gauge conversion was achieved against the target of 400 km. In 2020-21, , 299 km was converted against the target of 400 km till January 2021.

TRACK RENEWAL

76. Track renewal works undertaken during 2017-18 were to the tune of 4023 km against target of 3900 km, and subsequent years also an increase in achievements was noted over targeted ones. However, in 2020-21, the Ministry had managed to renew 3667 km of track upto January'2021 against annual target of 4000 km till January'2021.

RAILWAY ELECTRIFICATION

77. The Finance Minister in her Budget Speech, have announced that Indian Railways have aimed 100% electrification by 2023. As may be seen from the table above that since 2018-19, the target has been set at 6000 km but the targets could not be met. As regards the target for FY 2020-21, actuals were only 2488 km against the target of 6000 km upto 31.01.2021. As on 31.01.2021, approx. 42354 km i.e., 65.47% of the total broad gauge network have been electrified. The table below shows the work in progress and balance RKM and planned for completion progressively as per planning given below:

	During the Year	**Total Route Kilometers to be Electrified**	**% Electrified**
By 31.03.2021	6,000	45,866	70.90%
By 31.03.2022	6,000	51,866	80.18%
By 31.03.2023	6,500	58,366	90.23%
By 31.12.2023	6,323	64,689	100%

78. When asked about the measures being taken to complete electrification work of the remaining network by 2023, the Ministry have informed as under:

> "To expedite electrification of railway lines in the country, the steps taken include among others, granting sanctions for electrification of the entire existing Broad Gauge (BG) network of Indian

Railways (IR), award of Engineering Procurement and Construction (EPC) contracts for better execution of works, proactive project monitoring mechanism, delegating more power to field units for award of contracts/sanction of estimates and close monitoring at highest level. The Ministry have also assured that the pace of electrification which has been achieved during the year 2014 to 2020 shall be maintained in the coming years too and the balance routes shall be commissioned by December, 2023".

79. Regarding the throw forward of rail expansion projects, notably those of new lines, gauge conversion, track renewals, doubling and railway electrification, the Ministry furnished the details as as under:

	Plan Head	**Throw forward as on 01.04.2020**
1	New Lines	Rs.3,10,278 Crore
2	Gauge Conversion	Rs.36,294 Crore
3.	Track Renewals	Rs.41,057 Crore
4.	Doubling	Rs.2,17,508 Crore
5.	Railway Electrification	Rs.25,288 Crore

80. About the steps being taken in respect of giving impetus to rail expansion projects under (i) New Lines (ii) Guage Conversion (iii) Doubling and (iv) Track Renewal, the Ministry replied that following steps for giving thrust to track renewal works are being taken:

i. Track renewal works are sanctioned every year on the basis of traffic carried, condition etc. and their execution is prioritized according to condition of track and overall availability of funds.
ii. Mechanisation of track laying activity through use of track machines like PQRS, TRT, T-28 etc to improve progress of track renewal along with ensuring quality.
iii. More availability of funds for track renewal through Rastriya Rail Sanrakhsha Kosh (RRSK).
iv. Improvement in quantum of supply of Rails through close coordination with SAIL.
v. Maximising supply of 10 Rail/20 Rail long panels for increasing progress of rail renewal and avoiding welding of joints, thereby improving safety and riding comfort.

Various steps being taken by the Ministry for effective and speedy implementation of rail projects were enumerated by the Ministry as under:

(i) Prioritization of projects: Capacity enhancement projects have been categorized as 58 Super Critical, 68 Critical, 20 Additional Coal connectivity, 41 Multi Tracking projects on HDN/HUN. Super Critical projects are targeted to be completed by March 2022, Critical projects, Additional Coal projects and Multi Tracking projects on HDN/HUN are targeted to be completed by March 2024.

16 New Line projects, 9 National projects and 25 Gauge Conversion projects are targeted to be completed by March 2024.

(ii) Substantial increase in allocation of funds,

(iii) Delegation of powers at field level,

(iv) Close monitoring of progress of project at various levels,

(v) Regular follow up with State Governments and concerned authorities for expeditious land acquisition, forestry and Wildlife clearances and for resolving other issues pertaining to projects.

DEDICATED FREIGHT CORRIDOR (DFC)

81. The Ministry of Railways are implementing two Dedicated Freight Corridors (DFCs) viz. Eastern DFC (From Ludhiana to Dankuni-1875 km) and Western DFC (From Dadri to Jawaharlal Port Terminal-1506 Km). It has been informed that from Ludhiana to Sonnagar (1337 Km) Section of Eastern DFC and the entire Western DFC are targeted to be commissioned in phases by June, 2022. The Sonnagar-Dankuni (538 Km) Section of Eastern DFC has been planned for execution through PPP. Regarding the Government's plan for expansion of the DFC network, the Government have identified following three more DFCs for undertaking Detailed Project Report (DPR) :-

(i) East Coast Corridor - Kharagpur- Vijawada (Length 1115 Km)

(ii) East-West Sub Corridor :

(a) Bhusawal-Wardha-Nagpur-Rajkharswan-Kharagpur-Uluberia-Dankuni (Length 1673 Km)

(b) Rajkharswan-Kalipahari-Andal (Length-195 Km)

(iii) North-South Sub Corridor - Vijaywada-Nagpur-Itarsi (Length 975 Km)

82. As regards the current status of operations on the DFCs, the Ministry have informed that two DFCs have partially been made operational by the Railways i.e., Eastern DFC Section between New Bhaupur-New Khurja (approx. 351 Km) commissioned on 29-12-2020 and Western DFC Section between New Rewari-New Kishangarh-Madar (approx. 306 Km) commissioned on 07-01-2021.

83. In this regard, the representatives of Ministry of Railways deposed before the Committee as under:

"इस वर्ष इंफ्रास्ट्रक्चर के लिए बजट में एक अच्छा केपैक्स दिया गया है। नेशनल इम्पोर्टेंस के प्रोजेक्ट्स और डीएफसी के कॉरिडोर्स हैं। ईस्टर्न और वेस्टर्न फ्रेट कॉरिडॉर्स में काम किया है और हमने करीब-करीब 650 किलोमीटर से ज्यादा को चालू भी कर दिया है। हमें पूरी उम्मीद है कि ये दोनों फ्रेट कॉरिडोर्स अगले साल जून, 2022 तक परिचालित हो जाएंगे। इस बार का थ्रस्ट डिलिवरेंस के ऊपर है, इंफ्रास्ट्रक्चर डेवपलमेंट के ऊपर है और कैपेसिटी ऑगमेंटेशन के ऊपर है। हमने अपना एक नेशनल रेल प्लान बनाया है कि वर्ष 2050 तक हम कितना ट्रैफिक कैरी करेंगे, उसकी तैयारी हम वर्ष 2030 तक कर लें। हम लोगों को यह दायित्व है कि हम उसके लिए अपनी कैपेसिटी को स्ट्रांग कर लें।"

84. On the question of commodities being carried on these two routes, the Ministry informed as follows:

"Between New Bhaupur and New Khurja Section of Eastern DFC, general commodities carried are Coal, Iron & Steel, Petroleum, Containers, Food grains & misc. On the return direction i.e. towards Bhaupur, the principal commodities include Container, Petroleum, Food Grains and Empty rakes towards loading point. Up to 31-01-2021, total 571 trains (219 trains in Up direction and 352 trains in Dn direction) were run over this section. Over Western DFC, major traffic moved are Containers (Double stack) and Cement on which total 93 Trains (Up-53 trains and Dn-40 trains) were run up to 31-01-2021".

85. As regards the speed of trains on the DFC, the Ministry in a reply stated as under:

"The average speed of freight trains over the sections opened for traffic on DFC network has increased considerably. This has also resulted in release of sectional capacity on IR network, which will enhance the punctuality of coaching services. On complete commissioning of Dedicated Freight Corridors, Railways will be will be able to offer higher transport output with assured and faster transit time".

86. It was further informed by the Railways as under:

"Trains on DFC is achieving an average speed of 60/65 KMPH in both directions on Eastern DFC and 50/55 KMPH average speed on Western DFC. Western DFC section is targeted for commissioning up to New Palanpur in 2021. DFC is planned with maximum 100 KMPH speed potential. The average speed of 60 KMPH can be easily achieved. Trade & Industries are taking a large interest in utilizing the DFC corridor for faster and assured transit time of DFC. It is expected that RO-RO (Roll On-Roll Off) traffic is expected to start on WDFC between New Rewari-New Palanpur with commissioning of the section".

87. On the question of the refrigerated commodities being transported over these routes, require faster turnaround time as well as to recapture the traffic lost by Railways in this segment, the Ministry have stated as under:

"Refrigerated commodities in the form of RO-RO can be transported between New Palanpur–New Rewari".

88. When asked about the planning of the Railways to monetize the assets of DFC, the Ministry have stated as under:

"After the Eastern DFC and Western DFC become fully operational and the DFCCIL starts registering healthy revenue & profit levels, the monetization of assets of DFCCIL can be taken up".

ROAD SAFETY WORKS AND ROAD OVER BRIDGE (ROB)/ROAD UNDER BRIDGE (RUB)

89. Road safety works and provision/construction of ROBs/RUBs are intrinsic to the safety of rail operation. The physical targets and achievements in respect of road safety are given in the table below:

Physical Targets & achievement:

(Figures in Nos.)

SN	Item	2017-18		2018-19		2019-20		2020-21	
		Target	Progress	Target	Progress	Target	Progress	Target	Progress (upto Jan'21)
1	Elimination of Unmanned Level Crossings	1500	1565	1500	3479	All UMLCs on Broad Gauge were eliminated in Jan.'2019			
2	Closure of Manned Level Crossings	350	470	400	631	1000	1273	1000	630
3	Construction of ROBs/ RUBs/ Subways	1250	1395	1400	1477	1500	1315	1100	700

90. It is evident from the data furnished that in January 2019, all UMLCs on broad gauge have been eliminated. Moreover, Railways were working for elimination of LC (Manned) as much as possible to improve safety and mobility. It has been informed to the Committee that as on 01.04.2020, there were 20375 manned level crossings, out of which 630 manned level crossings have been eliminated upto January 2021. Regarding the timelines set for removal of manned level crossings, the Ministry have stated that construction of ROB/RUBs depends upon the consent of State Government for closure of LCs & cost sharing, wherever applicable, availability of encroachment free land for approach roads, technical feasibility, shifting of utilities, allocation of adequate funds by State agencies, public support etc.

91. When asked about the waterlogging in the RUBs, the representatives of the Ministry of Railways have informed as under:

> "महोदय, यह बात सही है कि अंडर पास में पानी भर जाता है। यह टेक्नीकल इश्यू है और उसे ठीक करने के लिए भी आपने सुझाव दिए हैं और हमने अलग से अंडर पास के लिए प्रावधान किया है कि उसमें पम्प लगाएं और पम्प की सहायता से पानी निकालें और जहां पानी का लेवल ज्यादा है, वहां मेड़ लगाकर उसे रोका जाए।"

ROLLING STOCK

92. The main categories of rolling stock include:

(i) locomotives
(ii) coaches
(iii) wagons
(iv) EMU/MEMU/Train sets
(v) DEMU

93. The physical targets and achievements with respect to rolling stock for the last three years is given in the table below:

Plan Head	**2017-18**		**2018-19**		**2019-20**		**2020-21 (To end of Jan, 21)**	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Coaches	4659	4444	6058	6076	8026	7524	4802	3877
Diesel locomotives	290	296	122	129	0	33	0	0
Electric locomotives	352	377	573	605	725	785	725	569
Total	5301	5117	6753	6810	8751	8342	5527	4449

Plan Head	**2017-18**		**2018-19**		**2019-20**		**2020-21 (To end of Jan, 21)**	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Wagons (No.s)	7120	6290	11000	9535	12000	11382	10000	8382

94. The financial targets and achievements as furnished are as under:

Plan Head(Rolling Stock 2100) (In Crores)	2017-18	2018-19	2019-20	2020-21 (Jan 21)
Target	27668.11	30755.55	42067.27	41881.29
Actuals	20322.29	28329.47	37339.34	25896.87

95. When asked about the proactive measures being taken to introduce technological innovations with respect to rolling stock with the fast pace of modernization of the travel industry, the Ministry have stated that they were undertaking the steps as under:

"The details of new technological innovations introduced/ / proposed with respect to Rolling Stock are listed below:-

I. State-of-the-art Train-set Vande Bharat services have been introduced between New Delhi-Varanasi and New Delhi-Shri Mata Vaishno Devi Katra. These trains have ultra modern features like quick acceleration, on board infotainment and Global Positioning System (GPS) based passenger information system, automatic sliding doors, retractable footsteps and Zero discharge vacuum bio toilets etc.

II. Various premium train services like Humsafar, Tejas, Antyodaya, Utkrisht Double Decker Air-conditioned Yatri (UDAY), Mahamana and coaches like Deen Dayalu and Anubhuti, which have upgraded interiors / exteriors and improved passenger amenities, have been introduced in service in various train services over IR.

III. Indian Railways is manufacturing only Linke Hofmann Busch (LHB) coaches, which are technologically superior and have better riding, aesthetics and safety features than conventional Integral Coach Factory (ICF) type coaches. Production Units of IR have stopped the manufacturing of ICF type coaches and are manufacturing only LHB coaches from the year 2018-19 onwards.

IV. Vistadome coaches provide panoramic view, through wider body side windows as well as through transparent sections in the roof, thus enabling the passengers to enjoy the scenic beauty of the places through which they travel. Recently, Vistadome coaches on LHB platform have been manufactured with several modern features / amenities.

V. Indian Railways had also launched Project Utkrisht in April 2018 in order to improve the condition of ICF type coaches running in Mail / Express trains. Upgradation of 447 rakes of Mail / Express trains has been completed till December 2020 under Project Utkrisht.

VI. Under Project Swarn, 65 rakes of Rajdhani and Shatabdi trains have been upgraded across multiple dimensions, which include coach interiors, toilets, onboard cleanliness, staff behaviour, linen, etc.

VII. 63 smart coaches with ultra modern features like Smart Public address and passenger information system, Smart HVAC (Heating, Ventilation and Air Conditioning system), Smart security and surveillance system etc. have been manufactured and introduced in service.

VIII. Conversion of End-On-Generation (EOG) trains into Head-On-Generation (HOG) trains to reduce noise and air pollution at stations and in trains. It is expected to significantly reduce the consumption of fossil fuels.

IX. Conventional lighting in coaches has been replaced with modern and energy efficient Light Emitting Diode (LED) lights.

X. Indian Railways has also been providing increased number of mobile charging points in coaches.

XI. Closed Circuit Television (CCTV) Cameras cameras have been provided in more than 2,900 coaches over IR. Air conditioned Electric Multiple Unit (EMU) services have been introduced on Western Railway and Central Railway. CCTV Cameras, Emergency Talk Button have been installed in EMU Trains.

XII. With a view to further fortify the security system, in addition to CCTV Cameras and Emergency Talk Back System, Flasher lights have also been provided in ladies coaches in EMU rakes in South Eastern Railway.

XIII. Installation of GPS based Passenger Announcement cum Passenger Information System (PAPIS) in EMU & Kolkata Metro has already been installed. This Passenger Information System informs the passengers regarding the next approaching station through audio announcement on speakers as well as through video display on LED screens simultaneously. Further, newly manufactured EMU/ Mainline Electric Multiple Unit (MEMU) rakes are already equipped with such technology/system.

(i) Development of 9000 HP locomotive:

- Indian Railways developed its first High Horse Power Freight locomotives (9000 HP) in-house under make in India initiative.
- This is a vital initiative in the direction of right powering of freight trains over IR.

(ii) Increasing speed of passenger trains - WAP-5/WAP-7 locomotive in push-pull mode

Trials are going on for running premium trains with push-pull mode to save journey time. This will happen when speed of Indian Railways track increase to 160 kmph for which Cabinet approval has been taken and project for Delhi-Mumbai and Delhi-Howrah route has been sanctioned.

(iii) Crew Voice & Video Recording System (CVVRS)

Crew Voice and Video Recording Systems (CVVRS) are being provided on electric locos which will work as a Black Box and provide Cab and Track view for any post-event analysis. It will allow an investigator to confirm nature of crew communication and dynamics of crew interaction. Procurement of 5000 numbers will be initiated by CLW during the current year against sanctioned RSP. 297 electric locomotives have been fitted with CVVRS.

(iv) Fog pass devices:

A GPS based portable hand-held Fog pass device is being provided to Loco Pilots in fog affected area which raise audio visual alarm whenever landmarks like signals, level crossing gates etc. comes within the Geo-fence range. 12742 nos. Fog Pass Devices have been dispatched to Zonal Railways. of additional 7000 nos. proposed in RSP 2021-22.

(v) Head on Generation:

Indian Railways has introduced the HOG scheme in passenger locomotives on large scale for eliminating the need of diesel fuel requirement in DG sets of LHB power cars for feeding electric supply to coaches for train lighting and air conditioning thereby reducing carbon emissions, noise level and consumption of fossil fuels. 992 HOG compliant electric locomotives are available for cater HOG compliant train services over IR."

BUDGET ANNOUNCEMENTS 2021-22

96. As per the Budget announcements, the Indian Railways would be focusing on transforming Indian Railways into 'green railways'. In this regard, the Ministry have stated the measures being taken by them as under:

> "With a view to transform Indian Railways into "Green Railways" and to capture the economic benefits of electric traction in an accelerated manner, Indian Railways has planned to electrify balance BG routes by December, 2023 to achieve 100% electrification of BG routes. This will facilitate elimination of diesel traction resulting in significant reduction in environmental pollution.
>
> Indian Railways, with a goal of transforming into Green Railway envisages to become 'Net Zero Carbon Emission' by 2030; thereby meeting all its needs through renewable energy, predominantly solar and become a complete 'Green mode of transportation'. 100% electrification would help to achieve this."

97. As part of the Green Railways initiative, the Ministry have further stated as under:

"The Ministry have elaborated that "assessment and rating of IR's major Workshops and Production Units as Green Industrial Units started with 'GreenCo' certification of 2 Workshops and 1 Production unit in 2016-17. At present 55 Workshops and other industrial units have been certified green. 16 Railway Stations have achieved Green Certification, 22 more Railway Buildings including Offices, Campuses and other establishments like schools, hospitals, training Centres are also Green certified. Ajmer is the first railway hospital to achieve Green rating."

98. Further,

"more than 600 Railway Stations have been certified for implementation of Environment Management System to ISO: 14001 in last 2 years. In train operations, Indian Railways has focused its efforts towards electrification contributing continuously towards greening of Railways. Railways is targeting complete electrification of its BG operations by 2023 resulting into significant reduction in the use of fossil fuel in transport. Freight operations on Eastern & western DFC routes will further contribute towards green efforts of Railways by achieving reduction in carbon emissions. Indian Railways has total installed capacity of 102 MW of Solar power and 103.4 MW of Wind power. 505 pairs of trains have been converted to Head On Generation resulting in saving of diesel. Bio-toilets have been provided in all BG passenger coaches. 20 Automatic Coach Washing Plants have been installed to reduce water consumption. 576 Plastic bottle crushing machines have been installed at 400 stations. Around 4 crore saplings have been planted in last four years. 75 Water Recycling Plants have been installed."

99. The Indian Railways, also, in line with Budget Pronouncement 2020-21, plans to utilize its unused vacant Land parcels for setting up of Land Based Solar Plants for its traction power requirement as 'Green mode of transportation'. In this regard, Indian Railways has taken up pilot projects for setting up of solar power plants details of which are as under:

"1) 50 Mega Watt (MW) solar power plant at vacant unused land at Bhilai (Chhattisgarh).

2) 2 MW solar plant at Diwana (Haryana). Commissioned in Sept.'2020.

3) 1.7 MW solar plant at Bina (Madhya Pradesh). Commissioned in July, 2020. This is a First of its kind of solar project in the world wherein solar power is directly fed to the Over Head Equipment (OHE) system for electric traction. With successful commissioning of this pilot project, Indian Railways intends to further utilize solar energy on large scale for electric traction.

The Railways also Plan on setting up of solar power plant of combined capacity of 3 Giga Watt (GW). Details are as under:

1) **Phase-I**: 1.6 GW capacity in Railway plots under Developer Model. Tender opened on 25.11.2020 and is under finalization.

2) **Phase-II**: 0.4 GW capacity in Railway plots under ownership model (Captive use). Tender to open on 17.03.2021.

3) **Phase-III**: 1 GW capacity in Railway Plots along the tracks under Developer model. Tender to open on 05.03.2021.

Indian Railways will provide solar panels on vacant Railway land progressively in a phased manner as per feasibility."

100. On the current status of setting up of Solar Power Plans, the Ministry have informed as under:

"At present about 118 Mega Watt (MW) of solar plants (both on rooftops and land) have been commissioned over Indian Railways and are supplying electricity to Indian Railways. So far, 179 million units of electricity have been saved by these solar plants amounting to savings of about Rs.69 crore to Indian Railways".

NATIONAL INFRASTRUCTURE PIPELINE

101. The National Infrastructure Pipeline was inaugurated in December, 2019 with the objective to augment infrastructure and create jobs in the country. The projected total investment was planned to the tune of Rs.111 lakh crore. The share of Indian Railways was planned to be around 12-13 per cent. Regarding the works identified by the Railways under the National Infrastructure Pipeline, the Ministry have submitted as under:

> "Presently, about 670 no projects costing Rs.14.55 Lakh Cr are part of National Infrastructure Pipeline (NIP) project of Ministry of Railways. The identified projects/works include Dedicated Freight Corridor (3 existing and 3 future), Mumbai Ahmedabad High Speed Rail, Semi-high speed (Delhi-Mumbai and Delhi-Howrah), Signaling , Doubling/Multi tracking, New line, Gauge conversion, Loco and loco sheds, Rolling stock, Energy management, Railway Electrification, Track machine, Telecom, Terminal facility, ROB/RUBs, Bridges, Metro transport (sub-urban), Track renewal and Private train project, etc."

102. They have further informed as under:

> "NIP projects are being undertaken and are in different stages of execution. Out of about 670 nos, 470 projects are under implementation stage and remaining are in concept/development stages. Few projects have already been completed".

103. As regards the funding pattern of these works, the Ministry have stated as follows:

> "Funding of NIP projects is mainly through sources like Gross Budgetary Support (GBS), External Aid (World Bank, Asian Development Bank, Japan International Cooperation Agency etc), Debt (Extra Budgetary Resources -Institutional Funding, Indian Railway Finance Corporation-Bond), State Joint Venture, Public Private Partnership, Internal Resources, etc."

104. It was also informed that "Department of Economic Affairs is the nodal agency for monitoring NIP scheme for all the concerned Ministries. Implementation of NIP projects of Ministry of Railways is being undertaken by the Ministry of Railway".

KISAN RAIL

105. "Kisan Rail" was announced in the Union Budget 2020-21 to enable movement of perishables including fruits, vegetables, meat, poultry, fishery and dairy products from production or surplus regions to consumption or deficient regions; and speedy movement to ensure minimum damage during transit. Regarding the offering of competitive rates vis-à-vis road transport, the Ministry have stated as under:

> "Potential circuits for movement of vegetables, fruits and other perishables are being identified in consultation with Ministry of Agriculture & Farmers Welfare and Agriculture/Animal Husbandry/Fisheries Departments of State Governments. The assessment is being done on the basis of seasonal availability of these items, so as to obtain efficiency and economies of scale".

106. The Ministry have further informed as under:

> "Since the launch of first Kisan Rail service on 7th August 2020 and upto 19th February 2021, Indian Railway have operated 271 Kisan Rail services, transporting approximately ninety thousand tonnes of perishables including fruits and vegetables. Commodities booked via Kisan Rail trains are charged at 'P'-scale of parcel tariff. 50% subsidy in freight, which is borne by Ministry of Food

Processing Industries (MoFPI) under the “Operation Greens (TOP to TOTAL)” Scheme, is being granted on transportation of fruits and vegetables through Kisan Rail Services. Temperature controlled Perishable Cargo Centres have been established at Nashik, Singur, New Azadpur, Raja Ka Talab/Varanasi, Ghazipur and Fatuha”.

107. In an effort to make this initiative more user-friendly, the Zonal Railways have been advised to ensure that Kisan Rail trains are run as multi-consignor/multi-commodity/multi-stoppage train service, to benefit all sections of farming community. Zonal Railways have also been advised to give wide publicity for the Kisan Rail services so that all potential customers are able to avail the benefits as per their requirements.

108. During evidence, representatives of the Ministry of Railways informed as under:

“किसानों का जो प्रोड्यूस है, जो अपने खेतों में कमोडिटीज बनाते हैं, उनको हमने किसान रेल के माध्यम से पूरे देश में भेजा। हम लगभग 160 से ज्यादा किसान रेल चला चुके हैं और 50 हजार टन से भी ज्यादा सामग्री पूरे देश में वितरित की है।“

RUNNING OF TRAINS IN PPP MODE:

109. One of the Budget announcements of 2020-21 was the running of 150 trains in PPP mode. Asked about the status of this project, the Ministry had stated as under:

“With a view of to invite investment and induct modern rakes over select routes through Public private Partnership (PPP) mode and to provide world class services to the passengers, Ministry of Railways issued 12 Requests for Qualification (RFQs) on 1st July, 2020 for operation of over approximately 150 passenger train services (divided into 12 clusters), the list of which is available in the public domain namely, http://www.indianrailways.gov.in/IndicativeRoutesfor1 2clusters.pdf. On successful completion of RFQ process, Requests for Participation (RFP) has been issued on 24th - 25th November, 2020. Two Pre-bid meetings for the Request for Proposal (RFP) stage have been held in this regard so far and the Bids are scheduled to be opened on 31.03.2021.”

110. Regarding the terms of service, the Ministry have informed as under:

“These services to be operated through PPP mode, shall be additional train services and is aimed at increasing the availability of train services to the public. The existing passenger train services shall not be affected by the operation of passenger train services through PPP mode. The detailed terms and conditions of the envisaged project are contained in the Draft Concession Agreement, which inter-alia includes the following:-

The Concessionaire shall procure and make available the Trains for the Concession Period including through ownership or leasing from the sources of its choice, provided such trains and locomotives are compatible with specification and standards specified in the Concession Agreement.

The concessionaire shall be liable to pay to the Government a Concession fee, a share in the Gross Revenue, Haulage Charges for operating passenger trains on the Railway Network, Energy Charges as per actual consumption of traction energy by the train and other charges including taxes and duties as specified in the Draft Concession Agreement”.

111. In response of a question on the running staff of these trains, the Ministry informed that “the Crew (Drivers and Guards), required for operation of these trains, shall be provided by Indian Railways. Besides, the responsibility of train operations and safety certification rests with Indian Railways”.

NATIONAL RAIL PLAN

112. A long term 'National Rail Plan' has been developed to plan infrastructural capacity enhancement works over a period along with strategies to increase modal share of the Railways. The National Rail Plan will be a common platform for all future infrastructural, business and financial planning of the Railways. The objective of the Plan is to create capacity ahead of demand by 2030, which in turn would also cater to future growth in demand right up to 2050 and also increase the modal share of Railways from 27% to 45% in freight traffic. The draft plan has been put in the public domain and is now being circulated amongst Ministries for comments. Regarding the main objectives of the Rail Plan, the Ministry have detailed as under:

"The key objectives of the National Rail Plan are:-

- Formulate strategies based on both operational capacities and commercial policy initiatives to increase modal share of the Railways in freight to 45%.
- Reduce transit time of freight substantially by increasing average speed of freight trains from present 22 Kmph to 50 Kmph.
- Reduce overall cost of Rail transportation by nearly 30% and pass on the benefits to the customers.
- Select projects along with appropriate technology in track work, signaling and rolling stock to mitigate these bottlenecks well in advance.
- As part of the National Rail Plan, Vision 2024 has been launched for accelerated implementation of certain critical projects by 2024 such as 100% electrification, multitracking of congested routes, upgradation of speed to 160 kmph on Delhi-Howrah and Delhi-Mumbai routes, upgradation of speed to 130kmph on all other Golden Quadilateral-Golden Diagonal (GQ/GD) routes and elimination of all Level Crossings on all GQ/GD route.
- New Dedicated Freight Corridors identified, Detailed Project Report for which are already underway.
- Several new High Speed Rail Corridors have also been identified. Survey on Delhi-Varanasi High Speed Rail already under way.
- Assess rolling stock requirement for passenger traffic as well as wagon requirement for freight.
- Assess Locomotive requirement to meet twin objectives of 100% electrification (Green Energy) by December 2023 and also the increasing traffic right up to 2030 and beyond up to 2050.
- Assess the total investment in capital that would be required along with a periodical break up.
- Identify new streams of finance and models for financing including those based on PPP.
- Sustained involvement of the Private Sector in areas like operations and ownership of rolling stock, development of freight and passenger terminals, development/operations of track infrastructure etc.
- In effect the National Rail Plan envisages an initial surge in capital investment right up to 2030 to create capacity ahead of demand and increase the modal share of the Railways in freight to 45% which is around 27% presently.
- Projects will be prioritized to decongest the operational bottle necks and which create capacity in order to achieve the targeted modal share by the Railways."

IMPACT OF COVID-19 ON RAILWAY OPERATIONS

113. COVID-19 gripped the world during 2020, impacting all walks of life. One of the most affected was the transportation system of the world. As part of the coronavirus lockdown, in an unprecedented move the Indian Railways had to, for the first time in its 167-year-old history shut down all its passenger services from 21.03.2020. Due to the spread of COVID-19 and consequential lockdown, Railway operations and revenues were adversely impacted in 2019-20 leading to an adverse balance of Rs.28,398 cr in the Pension Fund.

114. On being asked about the impact of the COVID-19 pandemic on the operations of Indian Railways, the Ministry had replied as under:

> "In the current year, total traffic revenue of Railways to end of January 2021 had declined by Rs.36,918.86 cr compared to corresponding period of last year (COPPY), out of which Rs.34,750.51 cr is on account of decline in Passenger revenues alone. Due to the lockdown and limited operation of passenger services in the post lockdown phase, the Ordinary Working Expenses (OWE) have been contained and are Rs.15,164.40 cr less than COPPY to end of January 2021 i.e., 11.26% less than COPPY. However despite a reduction in expenditure, Railways anticipate a revenue gap during the year which was assessed at Rs.51,000 cr at Revised Estimates stage(2020-21)."

115. When asked about the resumption of rail services, the Ministry have stated that Indian Railways, in accordance with the guidelines issued by the Government from time to time, resumed passenger train operations w.e.f 1st May, 2020 by operating Shramik Special trains on demand based on the demands placed by state governments in order to facilitate rapid transportation of migrant workers and other stranded persons. Followed by operation of Rajdhani Special services w.e.f 12th May, 2020 and other Special trains with effect from 1st June, 2020. As on 26.02.2021, Railway board has given permission for operating 2012 Mail/Express Special trains, 638 passenger trains and 5362 Suburban trains. The number of services is being increased in phased manner by keeping a close watch on the prevailing COVID-19 situation including concerns and suggestions of State Governments. The Mail/Express trains are running on fully reserved basis whereas unreserved tickets are being issued on all operational suburban services and some short distance passenger trains.

116. The Ministry have further stated that during operation of these trains, Railways have ensured compliance of COVID-19 related instructions issued from time to time by Central Government and concerned State Governments.

117. Regarding the steps being taken to assuage the impact of COVID-19 on Indian Railways, the Ministry had replied as under:

> "They were taking all out efforts to contain the resource gap by maximising railway revenue and restricting revenue expenditure, considering the need to provide adequate budgetary support for incurring inevitable expenditure, the Government has extended a Special Loan of Rs.63,000 cr for the COVID-19 related resource gap and Rs.16,398 cr for liquidating adverse balance occurred in Public Account in 2019-20. The biggest financial impact of COVID-19 on Railway finance was that there occurred an adverse balance of Rs.28,398 cr in Pension Fund in 2019-20 which would likely lead to a resource gap in 2020-21 also".

118. On the question of terms of agreement and terms of repayment of special loan for COVID-19, the Ministry have stated as under:

"Considering the need to provide adequate budgetary support to meet inevitable expenditure, the Government has provided a total of Rs.79,398 cr - Rs.63,000 cr as 'Special Loan for COVID-19 related resource gap' and another loan of Rs.16,398 cr towards liquidating adverse balance in Pension Fund in 2019-20 with the following terms and conditions which are as under:

1. Ministry of Railways (MoR) has to ensure that no adverse balance is left in Public Account in the current year as also in all future financial years.
2. Terms & conditions with regard to loan of Rs. 63,000 cr:
   i. No interest is payable on the Principal amount,
   ii. The Principal will have a moratorium for a period of three (03) years till 31.03.2024,
   iii. The Principal shall be payable in twenty (20) equal installments thereafter, subject to the following conditions:
      a. If MoR meets specified financial performance indicators in the previous year, the repayment due in the next year will be provided by MoF as additional budget allocation,
      b. If the improvement in financial performance is substantial and appears to be long term, all or part of the remaining amount of the loan may be considered for waiver.
3. Terms & conditions with regard to loan of Rs. 16,398 cr:
   i. The loan will carry an interest rate of 5.8% p.a.,
   ii. The Principal and interest will have a moratorium for a period of three (03) years till 31.03.2024;
   iii. The Principal amount shall be payable in five (05) equal installments commencing from 2024-25;
   iv. Interest will accrue for the period of moratorium but shall be payable along with Principal later.
4. Financial Performance Indicators stipulated by Ministry of Finance (MoF) subject to improvement of which additional budget provision towards repayment of loan or waiver of loan would be considered by MoF:

4.1 **Performance-related condition for repayment**:

i. Actual amount of monetization of assets achieved by Indian Railways from 01.04.2021 to 31.03.2024 will be eligible for one-for-one additional budget provision from General Revenues towards repayment of the special loan. For instance, if Rs. 5,000 cr is realised from asset monetization during the fiscal 2021-22, an additional budget provision of Rs, 5,000 cr will be made available for fiscal 2022-23 towards repayment of this loan to that extent. The balance loan after adjustment of such amounts will be eligible for repayment in twenty (20) installments after 31.03.2024.

ii. The balance loan outstanding on 01.04.2024 after adjustment as per para 4.1(i) shall be eligible for additional budget provision as follows:
   a) In each financial year, if IR achieves a ratio of coaching service revenue to cost of not less than 60%, 50% of the amount due to be repaid in the next financial year will be given as additional budget provision from General Revenues at the RE stage of the next financial year. If the ratio is above 55% but below 60%, 40% of the amount due to be repaid will be so provided instead of 50%.
   b) In each financial year, if IR achieves an Operating Ratio of 95% or less, 50% of the loan repayment due in the next financial year will be given as additional budget provision from General Revenues at the RE stage of the next financial year.

4.2 **Performance-related condition of waiver**:

4.2.1 Proposal for waiver of the remaining amount of the special loan will be considered for approval of the Competent Authority if Railways demonstrate that

i. the ratio of coaching service revenue to cost is above 65% and has remained above 60% at least for two consecutive financial years,

ii. operating ratio is not more than 90% and has remained below 95% for at least two consecutive financial years,

iii. Railways has made demonstrable increase in sundry revenue.

5. The provisions of Paras 4.1 and 4.2 are based on the presumption that no adverse balance will occur in the Public Account in any of the relevant financial years".

119. On being asked about the precarious state of Railway finances and the manner in which the Ministry would repay the loan liability, the Ministry had submitted as under:

"The total loan amount of Rs.79,398 cr has been utilized for appropriation to Pension Fund for liquidating the adverse balance in the fund occurred in 2019-20 as also for meeting pension expenditure in 2020-21. The Ministry had also informed that since the Special Loan as stated above, both the loans have a moratorium period of three years and the loan of Rs.63,000 cr is interest free. Railways intend to utilize the moratorium period for streamlining the Railway operations and finances and are hopeful of generating adequate internal resources to be able to repay the loans. Further, by improving the performance levels, the Railways would also make a sincere attempt to get the benefit of certain reliefs in repayment and waiver. They have further clarified that the loans are also repayable in annual installments spreading over five to twenty years. Possibilities of various reliefs and waiver of loan have also been stipulated in the terms and conditions subject to achievement of certain performance related parameters".

PART-II

RECOMMENDATIONS/OBSERVATIONS

The Indian Railways is one of the world's largest rail networks with 67,956 Route KMs of track and more than 21648 number of passenger and freight trains carrying approximately 22.15 million passengers and hauling 3.32 million tonnes of freight per day. Indian Railways has always played a major role in India's socio-economic development besides an engine of growth in diversed economic activities. Railways provide an economic mode of transportation to all strata of the society especially to the poorer, managing a large volume of manpower and endeavours to fulfill the expectations of their customers. In a vast and large populated country like India, the growth of Railways has a larger connotation beyond measuring or accessing it merely in numeric and economic terms. After the merger of Railway Budget with the General Budget which was aimed to facilitate Multi-model transport planning among Highways, Railways and Inland Waterways, the Railways have undergone a paradigm shift in terms of their budgetary process and discontinued the decades long Victorian legacy of presenting a separate budget for Railways. The expenditure of the Railways is now a part of the Demands for Grants of the Ministry of Finance akin to other Ministries/Departments of the Government of India. The Committee undertook a detailed scrutiny of the Demands for Grants of the Ministry of Railways, 2021-22 which were tabled in the House on 3 February, 2021. Based on the deliberations with the representatives of Railway Board before the Committee and the written replies submitted by the Ministry of Railways, they have reached at certain conclusions which have been discussed in succeeding paragraphs.

ANNUAL PLAN 2021-22

2. The Committee note that the Budget for 2021-22 has been presented under very difficult situations. The COVID-19 pandemic worldwide disrupted normal life in general and the transportation sector in particular. For the first time in the history of 167 years, the Indian Railways saw the suspension of its entire passenger segment on 21.03.2020. The revenue targets for 2020-21 of the Indian Railways were severely hit which caused the gross traffic receipts, passenger earnings, freight earnings and internal resource generation showing a downward trend.

The Committee's find that the Annual Plan outlay for the year 2021-22 is to the tune of Rs.2,15,058 crore which would be broadly financed through Gross Budgetary Support of Rs.1,07,300 crore, internal resources of Rs.7500 crore and market borrowing under Extra Budgetary Support of Rs.1,00,258 crore consisting of EBR (IRFC-Bond) of Rs.31000 crore and EBR-Public Private Partnership (PPP) of Rs.35000 crore and EBR (Institutional Finance) of Rs.34258 crore. The Annual Plan 2021-22 is financed through GBS (50 percent), IR (3 percent) and through EBR (47 percent). The last few years have witnessed a growing emphasis on the proliferation of the rail network in India which has been matched by higher outlays during each succeeding year culminating in the highest ever outlay during 2021-22. The Committee laud this positive step and urge the ministry to fully exploit the benefits of this enhanced allocation and fast-track the pace of capacity augmentation. They hope that augmentation in Capital Outlay would be justified and utilized in those areas/projects which would yield optimum output in terms of finances and at the same time fulfilling their social service obligations. They, therefore, recommend the Ministry to ensure that the availability of funds be matched by strict financial discipline and close monitoring on their part to ensure optimum utilisation of resources, coupled with accomplishment of the physical targets in the stipulated timeframe without cost escalations or delays.

GROSS BUDGETARY SUPPORT

3. The Committee's examination has revealed that while the share of the GBS during 2020-21 contracted from 44 percent to only 18 percent of the budget at revised estimates, it was offset by a provision made under EBR (Special) to the tune of Rs.51,000 crore. At the same time the share of internal revenues of the Railways in the total budget shrank from 5 percent at BE to only 2 percent at RE. The Committee 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 dependency on market borrowings which are counterproductive in the long term. While taking cognisance of the fact that over the last few years the contribution of GBS has been steadily increasing the Committee feel that the diminishing contribution from the share of internal revenue should not impede the growth of the Railways. The Committee therefore recommend that the NITI (National

Institution for Transforming India) Aayog/Ministry of Finance should consider a higher allocation under GBS till such a time that the Railways succeed in bringing the generation of internal resources in line with budgetary planning so as to effectively meet their objective of transforming the Railways into an efficient vehicle for progress as well as for meeting the cumulative demands of the economy.

INTERNAL REVENUE GENERATION

4. The Committee find that Internal Revenue Generation in Railways is only 3.4 percent of the Annual Plan 2021-22, which is not a positive indicator. The trend from previous years shows that the Ministry in recent years have not been able to generate enough internal resources. As for 2017-18, actual internal revenue generation was Rs. 3070 crore which was only 3.01 percent of the total CapEx. Further, for the year 2018-19, Internal resources rose marginally and stood at Rs.4663 crore or 3.5 percent of the outlay. The Committee are concerned to note that in the subsequent years, the Railways were not able to sustain even these low figures and the share of internal resources slumped to an abysmal 1.14 percent in 2019-20. During 2020-21, the provisioning under internal resources was still a meagre 2.3 percent only. The main reasons attributed for this decline in internal resources has been attributed by the Ministry to the burden of the 7th Central Pay Commission and exacerbated by the additional burden imposed on account of payment of allowances which led to a sharp increase in staff cost since 2017-18, inflexibility of a major part of revenue expenditure, periodic slowing down of the core sector of the economy affecting IR's freight traffic and stiff competition of the ever expanding road sector to Railways' passenger & goods traffic. Additionally, the Committee are given to understand that funds generated by internal resources cater to four critical requirements, i.e., appropriations to Depreciation Reserve Fund, Development Fund, Rashtriya Rail Sanraksha Kosh (RRSK) and the Railway Safety Fund (RSF). Under-provisioning for any of these funds will adversely impact system productivity, replacement/ renewal of assets and upgradation/developmental works, which the Railways can ill-afford. The Committee wish to emphasise that any shortfall in generation of revenue from Internal Resources increasingly compel Railway to rely on Extra Budgetary Support in the form of borrowings which eventually bear extra interest liability. Therefore, the Committee urge the Ministry to explore and

review all possible areas where resources can be mobilized with a view to increase their internal resources and refrain themselves from depending on Budget/EBR to the extent possible. The Committee stress that the Ministry should endeavour to remove inherent deficiencies in the overall delivery mechanism, prioritise completion and commissioning of remunerative projects, besides exploring other commercial viable avenues that would not put the Railways under financial duress in order to supplement internal resources. The Committee expect hike in internal resources generation through the steps initiated by Railways and desire the railways to implement these measures with full vigour and keep the Committee informed of the same.

EXTRA BUDGETARY RESOURCES (EBR)

5. The Committee note that railway projects are highly capital intensive which require huge investments from GBS for execution. Since internal revenue generation have shown a declining trend over the years and the Budgetary Support is also limited, the Railways have no option but to resort to EBR to fund their projects. The Committee note that during the past years the EBR financing has shown upward trend which indicates the dependence of Railways on EBR in GBS. In the opinion of the Committee, Railways have to pay a huge amount on account of interest and other liabilities of EBR. The Committee note that the EBR at BE of 2021-22 has been kept at Rs.100258 crore as against RE of Rs.128567 crore during 2020-21. The Committee are not satisfied with the funding pattern of the railways wherein approximately half of the CapEx is dependent on EBR funding which is detrimental to the overall financial health of the Railways. The Committee, therefore, desire the Ministry to take intensive measures to step up the generation of internal revenue with a view to avoid dependence on EBR to the extent possible.

RAILWAY FUNDS

6. The Committee note that the Railways maintain various funds for nurturing their developmental agenda viz. Depreciation Reserve Fund, Development Fund, Railway Safety Fund and Capital Fund. The Committee further note that appropriations to the DRF has been to the tune of Rs.534 crore in 2018-19, Rs.524 crore in 2019-20 and Rs.503 crore till January 2021. Under provisioning for depreciation and development funds can result in piling up of throw-forward of works concerning renewal of over aged assets, safety, traffic works etc. The Committee are given

to understand that appropriations to the DRF have reduced in recent years in light of the fact that with the introduction of the RRSK a major part of renewal and replacement works having safety implications are being financed from it. The DRF for the time being finances only identified renewal and replacement works. The Committee take note of the assurance given by the Ministry that in the case of RRSK not continuing beyond 2021-22, all such works would have to be funded out of DRF again. The Committee, therefore, recommend that irrespective of the injection of funds from time to time, the Ministry on their part should ensure that available funds are invested strategically and existing assets are optimally utilized. The Committee would also like to recommend that the railways should re-examine their working model with a view to generating higher revenues so that it may accrue increased allocations under the various funds.

<u>PENSION FUND</u>

7. The Ministry has also to administer the Pension Fund as well as to finance pensionary payments to the retirees. The Committee find that during RE 2019-20, the appropriation to the Pension Fund which was targeted at Rs.49,188 crore could not be achieved and the actuals were only Rs.20,708 crore resulting in adverse closing balance of Rs.28,398 crore in Pension Fund (including interest payment liability on the adverse balance). Taking note of the fact that Railway revenues were adversely impacted in 2020-21 due to spread of COVID-19 pandemic and consequent lockdown as a result of which Railways could appropriate only Rs.523 crore to Pension Fund from railway revenue against a pension expenditure estimate of Rs.51,000 crore. The Committee have been informed that a Special Loan of Rs.63,000 crore for the COVID-19 related resource gap and Rs.16,398 crore for liquidating adverse balance occurred in Public Account has been extended to the Railways which have been appropriated to Pension Fund in RE 2020-21 accordingly. In this regard, the Committee recall that they had desired in their 3rd Report (17th LS) that the feasibility of bearing at least a part of the Railway's pensionary liabilities by the Ministry of Finance, consequent upon the merger of the Railway Budget with the General Budget, be explored so as to provide some relief to the Railways. The Committee would like to reiterate that the Railways should vigorously pursue this matter with the Ministry of Finance.

RASHTRIYA RAIL SANRAKSHA KOSH (RRSK)

8. The Committee find that the Rashtriya Rail Sanraksha Kosh (RRSK), a dedicated fund for safety was created in 2017-18 with a corpus of Rs.1 Lakh crore over a period of 5 years for clearing the backlog of critical safety related works. It was expected to fund track renewals/safety, strengthening of bridges, elimination of unmanned level crossings, upgradation of maintenance facilities, signalling improvement and complete switchover to LHB/coaches/retro fitment of CBC couplers in ICF coaches. The Committee also find that as per its mandate RRSK is financed annually through – (i) additional Budgetary Support (Rs.5,000 crore), (ii) contribution from Railways' share from Central Road & Infrastructure Fund (Rs.10,000 crore) and (iii) Railways' contribution from internal resources (Rs.5,000 crore). However, it is seen that since the inception of the fund in 2017-18 the actual utilization has invariably fallen short of the intended utilization figures. To illustrate, while the RE during 2017-18 was kept at Rs 20,000 crore, actuals were to the tune of Rs.16,091 crore or a reduction of almost 20 percent. Similarly during 2018-19, the actuals were about 90 percent of the allocations. During 2019-20 the actuals were Rs.15023.88 crore against the revised allocation of Rs.17500 crore. The Committee find that during 2020-21 due to resource constraints only Rs.2000 crore was proposed from the internal resource segment. The Committee are constrained to note that year after year, there has been a noticeable gap in the funding of RRSK from the internal resources utilization. The Committee feel that since RRSK was created with a vision to have a single head to cater to safety related needs, such a shortfall reflects poorly on the ability of Indian Railways to generate surpluses. The Committee also feel that the railways need to address this inherent deficiency in the overall delivery mechanism and ensure that the objectives of creation of the fund is not diluted. They therefore recommend that funding to and expenditure from RRSK for safety purposes should be ensured at highest level in order to accord top priority to safety.

NET REVENUE

9. The Committee note that the actual earnings of the Railways have fallen short of projected earnings for all years since 2016-17. While it was Rs.4913 crore during 2016-17, the net revenue fell to Rs.1665.61 crore in 2017-18. It rose sharply to Rs.3773.89 crore in the subsequent year to

again slump during 2019-20 to Rs.1589.62 crore. The Committee further find that in all of these years accruals were far short of budgetary targets which clearly indicate that either unrealistic projections were made in this regard or the efforts of the Ministry to actualise the accruals during the financial year have not been sufficient. Notwithstanding the reasons forwarded by the Ministry as being responsible for the decline in net revenue, the Committee strongly feel that it is imperative on the part of the Railways to keep the targets for Net Revenue realistic and strive for achieving the same. They therefore recommend the Ministry to institute such remedial measures so as to plug any leakages and stem the trend of declining net revenue while at the same time finding ways and means to generate and augment rail revenues. The Committee would also like to suggest that the Ministry should rigorously and sternly monitor the revenue receipts on a regular basis in order to ensure optimal achievement of proposed targets.

<u>OPERATING RATIO (OR)</u>

10. The Operating Ratio (OR) is an effective tool to gauge the financial health and reflect the overall performance of the Railways. Operating Ratio indicates how much the Railways spend to earn a rupee. To illustrate, an operating ratio of 98.36% as seen for 2019-20 indicates that to earn Rs.100, the Railways would have to spend Rs.98.36 implying a tiny surplus. The Committee observe that for the fiscal year 2015-16, the Railways Operating Ratio was 90.5%. In contrast in the succeeding years the Operating Ratio has regularly deteriorated. For the fiscal year 2016-17, the Operating Ratio sharply rose to 96.5% which worsened during 2017-18 to 98.4%. In the succeeding years the Operating Ratio has remained consistently high. For the year 2020-21, Operating Ratio is estimated to be 131.4%. The Committee find that for 2021-22 the Railways have projected a target of 96.15% Operating Ratio. The Committee are of the view that in order to arrest the Operating Ratio, it is essential that the Railways espouse a long-term planning strategy to enhance the efficiency in operations and target higher rail revenues. 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 at acceptable level in the near future.

FREIGHT OPERATIONS

11. The Committee note that freight is the mainstay of the Indian Railways as almost 85 percent of the revenue of the Railways comes from freight earnings. Yet in recent years they have seen a contraction of the freight business attributable to the over-dependence on a conservative 'freight basket' and cross subsidisation by using profits from its freight business to counterbalance the losses in the passenger segment. 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 feel that Indian Railways should identify key measures to capture the traffic from high potential segments. The Committee, therefore, recommend that with a view to attracting to boost freight traffic volumes, the Railways should operate their existing capacity in a refined market oriented approach in a commercially-viable manner. The Committee would also like to recommend that the Indian Railways should reduce their reliance on transportation of bulk commodities and instead diversify their freight portfolio to meet the goals of attracting a larger share of the total goods movement in the country. In this regard the Committee urge the Ministry of Railways to work on a structured plan to target development of last mile connectivity and customised interventions in order to make rail competitive vis-à-vis road transport.

The Committee feel that the cumulative levels of subsidisation in passenger fares were generating disproportionate demand resulting in heavy network congestion and decline in the level of services provided. The resultant excessive demand for passenger traffic displaces and slows down the speed of freight traffic especially on HDNs. To this end, the Committee are of the opinion that Railways should accord the highest priority to the Dedicated Freight Corridor Projects to enhance not only the revenue from freight but also to increase the carrying capacity as well. While noting that certain sections of the Eastern and Western DFCs have been made operational, the Committee recommend that the timelines for completion of the DFCs should be adhered to so that the objectives of the projects are not defeated.

The Committee note that the intended purpose of setting up of CONCOR was to facilitate the customers to pick up their goods and deliver them at doorstep. However, the existing trend

has shown that the goods are delivered to the warehouses only by freight services and the clientele has to arrange to pick up the same from there on their own. On the contrary, the road facilities provide them to pick up from the origin and deliver them at doorstep. As a result, most of the customers of the railway have opted for road transport. The Committee are of the view that if the Railways evolve some mechanism for extending transportation of goods at doorstep similar to road transport, the clienteles lost by the railway would certainly return which would definitely increase the railway revenue manifold. The Committee, therefore, would like to suggest the Ministry to act proactively and take corrective measures accordingly.

PASSENGER TRAFFIC

12. The Committee note that the traffic receipts on the passenger segment have always been lower as compared to freight traffic. The passenger earnings during 2018-19 were Rs.51066.65 crore which dropped to Rs.50669.09 crore in 2019-20. Budget Estimates for 2020-21 were understandably reduced at RE levels from Rs.61000 crore to Rs.15000 crore. However, the actuals (upto the end of January, 2021) were Rs.9529 crore only due to suspension of Passenger trains during COVID-19 as informed by the Railways. Some of the reasons for shortfall in passenger earnings have been stated to be the social responsibility and operation on un-remunerative routes by Railways. The Committee note that the recent COVID pandemic has also deteriorated the receipts of passenger segment when the passenger trains were suspended for a considerable period and still the same have not yet been fully resumed. The Committee are of the view that the Railways should consider to resume their passenger services keeping in view the protocol norms in various States with a view to boost their revenues. They hope that the earnings on passenger segment would gradually improve once the operation of passenger trains are resumed completely.

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 the heavily subsidised passenger and other coaching services through additional revenue from freight movement. It is seen that in such a scenario, overall fare structure of the railways are unable to generate sufficient surpluses necessary for capacity expansion and provision of enhanced amenities. 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 the Ministry to undertake a prudent adjustment of passenger fares with a view to reduce the burden on freight segment.

RAILWAY EXPANSION - NEW LINES, GAUGE CONVERSION, TRACK RENEWAL AND DOUBLING

13. The Committee note that capacity creation is one of the thrust areas of the 2021-22 railway budget. They further note that the throw-forward in terms of new lines is Rs.3,10,278 crore, Gauge conversions it is Rs.36,294 crore, Doubling works is Rs.2,17,508 crore Track renewals Rs.41,057 crore and for Railway Electrification Rs.25,288 crore. Cumulatively there is a massive throw-forward of Rs.6.3 lakh crore in terms of rail expansion works. The Committee find that the Railways have instituted a number of remedial measures to give an impetus to rail expansion projects. The Committee are of the firm opinion that New Lines, Gauge Conversion, Doubling and Track Renewals being a long-term asset and a major revenue multiplier it is imperative that the Railways should exercise due diligence in identify and removing the obstacles of network expansion so as to achieve the targeted growth figures within the stipulated time.

The Committee further note that in respect of new lines, against a target of 300 kms during 2019-20, the achievement was 359.71 kms. For 2020-21, 196 kms of lines have been laid till January, 2021 against a target of 300 kms. With regard to doubling, against a target of 2450 kms, 1458.22 kms was achieved during 2019-20. For 2020-21, 998 kms. of doubling has been achieved till January, 2021 against a target of 1400 kms. In respect of gauge conversion, 408.49 kms was achieved during 2019-20 against a target of 400 kms. In 2020-21, 299 kms. of gauge conversion has been achieved till January, 2021 against a target of 400 kms. The Railways have managed to renew 3667 kms. of tracks till January, 2021 against a target of 4000 kms. The Committee appreciates these achievements of Railways in meeting the physical targets and hope that the Railways will be able to meet the physical targets set for New Lines, Doubling, Gauge conversion and Track Renewals for the year 2020-21.

RAILWAY ELECTRIFICATION

14. The Committee note that the Railways have targeted to achieve 100 percent electrification on BG routes by 2023. The Committee find that so far 42354 km or 65.47 percent of the BG network has been electrified. During 2020-21 as against the target of 6000 kms, the achievement upto

January, 2021 has been 3279 kms or roughly 50 percent. The Committee would also like to draw attention of the Ministry towards their submission that during COVID period, the works of Railways were taken up at a faster speed. They feel that the under achievement on this count could have been averted. While expressing their apprehension on achievement of targets, the Committee desire that Railway take more stringent measures to accelerate their pace for achievement of 100% electrification on broad gauge lines by 2023. They also desire the Railways to plan for the provisions of Rolling Stock and other logistics required by them consequent upon completion of electrification process.

NATIONAL INFRASTRUCTURE PIPELINE (NIP)

15. The Committee note that the National Infrastructure Pipeline aims to augment infrastructure and generate employment in the country. From the information furnished, the Committee note that currently 670 number of railway projects have been identified under the NIP of which 470 are at various stages of implementation. The Committee laud the initiative taken by the Railway and trust that the Ministry would fully utilize the earmarked funds and ensure strict monitoring to achieve financial and physical targets in a time bound manner.

GREEN RAILWAYS

16. The Committee note that as announced in the Budget Speech, Indian Railways will be focusing on transforming into 'Green Railways'. For this purpose various initiatives such as 100% electrification of BG routes by December, 2023, becoming 'Net Zero Carbon Emission' by 2030, assessment and rating of major Railways Workshops and Production Units as 'Green Industrial Units' etc. are proposed to be taken. The Committee are happy to note that more than 600 Railway Stations have been certified for implementation of Environment Management System to ISO:14001 in last 2 years. The Committee also note that Railways plan to utilise its unused vacant land parcels for setting up Solar Plants for its traction power requirement. The Committee appreciate these initiatives and desire the Railways to frame a time bound plan to accomplish these initiatives at the earliest.

KISAN RAIL

17. One of the Budget announcements of 2020-21 was the implementation of the Kisan Rail initiative to enable movement of perishables including fruits, vegetables, meat, poultry, fishery and dairy products from production or surplus regions to consumption or deficient regions and speedy movement to ensure minimal damage during transit. The Committee note that since August 2020 the Railways have operated 271 Kisan Rail services. The Committee further note that the Ministry is taking a number of measures to make Kisan Rail more user friendly. The Committee laud this initiative of the Railways and desire that the Railways should expand the network of Kisan Rails throughout the country and diversify the nature of goods carried through it. They further desire that last mile connectivity for increasing the potential client-base should be provided.

WATER LOGGING IN RUBS

18. The Committee observe that during their meetings with the representatives of the Ministry of Railways, the issue of water logging in RUBs is raised by the Members from almost all the parts of the country. This menace has caused serious problems for users passing through these RUBs. The matter has been discussed by the Committee in their earlier reports also. The Committee note that in spite of frequent assurances from the representatives of Railway Board, a little has been done in this direction. The Committee, therefore, recommend the Ministry to take urgent action in the matter and inform the Committee about the action taken in this regard.

IMPACT OF COVID-19 ON INDIAN RAILWAYS

19. The Committee find that notwithstanding the fact that the COVID-19 pandemic has severely crippled railway finances due to suspension of passenger services, yet the Railways overcame all odds by offering unparalleled service to the people of India especially to the poorest during this very difficult and challenging time. Addressing the issue of mass-migration of workers from the States such as Maharashtra, Gujarat and Punjab since the early months of the pandemic, the Indian Railways operated 4,621 'Shramik Special' trains for carrying over 63.13 lakh migrants/stranded passengers to their respective destination. This endeavor was made more challenging since such a large group had to be moved within the restrictions imposed by Covid-19 protocols. The Railways also provided more than 2 crore meals during this period.

The Committee further find that in addition to providing transportation to our migrant work force the Railways also undertook yeoman's service in India's battle against Covid-19 pandemic by running special parcel services to ensure the transportation of medical equipments, medicines, and other essential commodities at a time when all modes of transportation had been suspended due to the nation-wide lock-down. The Committee further find that as a precautionary measure and to buttress the health infrastructure of the States, Indian Railways had converted 5601 railway coaches to be used as COVID quarantine and isolation centers.

Taking into cognizance the vital role played by the Indian Railways in the fight against COVID pandemic especially in light of the life-threatening nature of the virus the Committee would like to place on record their deep sense of appreciation for the matchless service provided by the Railways during this difficult time. The Committee would like to state in clear and unequivocal terms that Indian Railways true to their role as a national asset have undertaken an initiative worthy of emulation by their counterparts across the world.

New Delhi;
March, 2021
Phalguna, 1942 (Saka)

RADHA MOHAN SINGH
Chairperson
Standing Committee on Railways

Annexure-I

Railway Fund Balances

(in cr.)

	2017-18			2018-19			2019-20			2020-21		BE 2021-22	Remarks
	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual	BE	RE		
Pension Fund													
Opening Balance as on 1st April	**1058**	775	775	253	1974	1974	1984	196	196	156	-28398	179	
Appropriation to Fund	44000	44700	46398	48100	47900	44880	50600	48950	21308	53760	80049	53900	
Withdrawal from Fund	45000	45250	45275	48000	48000	46718	51000	49000	49188	53000	51000	54000	
Interest on balances	..	29	77	17	111	61	103	10	-715	31	-472	4	
Closing balance on 31st March	58	253	1974	371	1984	196	1687	156	-28398	947	179	84	
Depreciation Reserve Fund													
Opening Balance as on 1st April	233	464	465	285	712	712	959	718	718	348	834	506	
Appropriation to Fund	5200	5200	1740	700	700	500	700	600	600	1000	400	1000	
Withdrawal from Fund	5000	5400	1526	500	500	534	1000	1000	524	1000	750	1000	
Interest on balances	..	21	33	22	47	40	47	30	39	20	22	17	
Closing balance on 31st March	433	285	712	507	959	718	705	348	834	368	506	523	
Development Fund													
Opening Balance as on 1st April	390	425	429	450	583	583	617	248	248	68	519	206	
Appropriation to Fund	2000	1500	1506	1000	1000	750	1000	1311	1389	1500	800	1561	
Withdrawal from Fund	2000	1500	1381	1000	1000	1108	1500	1500	1137	1500	1125	1500	
Interest on balances	..	24	28	26	34	23	21	9	19	4	12	8	
Closing balance on 31st March	390	450	583	476	616	248	138	68	519	72	206	275	
Capital Fund - Railways													
Opening Balance as on 1st April	1087	340	340	1311	360	360	395	381	381	402	400	414	
Appropriation to Fund	5948	4925	0	6990	14	0	3035	0	0	0	0	0	
Withdrawal from Fund	6000	4000	0	5000	0	0	3000	0	0	0	0	0	
Interest on balances	..	46	20	133	21	21	24	22	20	23	14	14	
Closing balance on 31st March	1036	1311	360	3434	395	381	454	402	400	426	414	428	
Debt Service Fund													
Opening Balance as on 1st April	803	933	933	163	193	193	204	204	204	216	215	222	
Appropriation to Fund	0	..	0	0	0	0	0	0	0	0	0	0	
Withdrawal from Fund	0	800	771	0	0	0	0	0	0	0	0	0	
Interest on balances	0	31	31	9	11	11	12	12	11	12	7	8	
Closing balance on 31st March	803	163	193	173	204	204	216	216	215	228	222	230	
Railway Safety Fund													
Opening Balance as on 1st April	18	23	160	23	147	147	147	301	141	141	505	505	

Appropriation to Fund from GBS	10668	11375	11375	12180	13000	13000	15250	17250	17250	18500		20600	# In BE 21-22, Rs. 10600 cr. for RSF and Rs. 10,000 cr. for RRSK.
Appropriation to Fund from Revenue			160										
Withdrawal from Fund	10668	11375	11548	12180	13000	13006	15250	17250	16886	18500		20600	
Closing balance on 31st March	18	23	147	23	147	141	147	301	505	141	505	505	

Rastriya Rail Sanraksha Kosh(RRSK)													
Opening Balance as on 1st April	0	0	0	0	9	9	9	18	18	18	195	195	BE 21-22- Rs. 5000 cr from Surplus, Rs. 5000 cr from Budgetary support and Rs. 10000 cr. transfer from RSF
Appr to Fund from Revenue	5000	5000	1100	5000	5000	3024	5000	2500	201	5000	2000	5000	
Appr to Fund from other sources	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000		15000	
Withdrawal from Fund	20000	20000	16091	20000	20000	18015	20000	17500	15024	20000	2000	20000	
Closing balance on 31st March	0	0	9	0	9	18	9	18	195	18	195	195	

Annexure-II

Revenue enhancing and Expenditure control measures

1. **Measures for increasing revenue:**

1.1 **Freight Revenue**

- Main reason for inadequate growth in earnings - huge capacity constraints in meeting customers' demands. To tackle this, Capex increased significantly to improve capacity.
- Capacity enhancement projects like doubling (including Dedicated Freight Corridors), gauge conversion, traffic facilities, electrification and modernization of signaling system etc. being given priority with increased funding and being monitored on a regular basis so that such projects are completed expeditiously and provide enhanced capacity to train operations and thereby to revenues.
- Blocks to be availed in an integrated manner (shadow blocks) to maximize maintenance hours and minimize down time of operations;
- Focus on completion of last mile projects with assured allotment of funds so that financial returns accrue from commissioning of such projects.
- Quantum jump in freight loading – target of 2024 million tone by FY 2024 by expending share of existing bulk commodities and attracting non traditional cargo.
- Diversification of freight basket – Iron ore, Fly ash, Sugar, Rice bran, Sand, Agor products, Automobiles
- Business Development Units set up at Divisions, Zones and Board level
- Increasing speed of freight stock to 100 KMPH in empty condition and 75 KMPH in loaded condition.
- Higher speeds being institutionalized through zero based time table.
- To create dedicated paths for freight trains in congested network, freight convoys being run on identified routes by regulation and rationalization of passenger traffic and maintenance practices
- Scheduled parcel trains to be maximised with zero based timetabling
- Restrictions on co-use of private sidings removed – allowed to become private freight terminals effectively
- 405 Goods sheds improved with concrete surface, airport type lighting, improved approach roads, provision of better labour facilities etc.
- Rationalization of freight rates in order to increase freight traffic - 5% surcharge on mini-rakes/two-point rakes and multi-destination rakes withdrawn to attract cargo of smaller parcel sizes to Railways. Other restrictive conditions for loading and transportation of such rakes removed.
- Following concessions have been approved:
    - ✓ Long lead- 15 to 20% on Coal, Iron ore and Finished steel
    - ✓ Short lead- 10 to 50% on all cargo (except Coal and Iron ore)
    - ✓ Container traffic- 5% on loaded and 25% on empty
    - ✓ Fly ash- 40%
- Increased asset utilization of existing wagons by doubling average freight speed and quicker turn around
- Newer designs – lighter design of taller wagons for bulk commodities, double stack dwarf containers
- Industry specific customization –conversion of ICF coaches to New Modified Goods rakes(Automobile), Autocar wagons, refrigerated wagons/Kisan rail for perishable commodities, fibre glass container for sult
- Introduction of Kisan Rail in circuits identified for single commodity seasonal traffic
- Protein Container Special from Dadri to JNPT/Mundra/Pipavav started
- Negative list of commodities to be carried in containers drastically pruned down to allow container operators flexibility to attract new traffic.
- Bringing parties under advance freight policy.
- Busy season surcharge (15%) not levied w.e.f October, 2019 onwards.
- Quick clearance of PFT/Siding proposals.
- Pending STS proposals being expedited.
- Reduction in terminal detention by following EOL system in terminals where the handling of the rakes being done within 5 to 6 hours.
- Up gradation of CC+6 and CC+4 routes to CC+8 routes.

- Permission to run CC+8 loads on CC+6 and CC+4 routes with restricted speed.
- Increase of validity of premium rakes to 15+3 days from existing level of 12 + 3 days; in case of CC rakes, validity to be increased from 30 + 5 days to 35 + 5 days.

1.2 **Passenger Revenue**

- Graded increase in passenger fares to cut down losses.
- All new trains to be introduced with higher fare
- Conversion of Passengers to Mail/Express trains
- All existing trains with 100% occupancy to have higher fare during high demand – season, week, day and time
- No concessional travel in high demand period
- Two new coaches – AC 3 Tier with 83 berths and AC general class with 100 seats
- Need based special trains during peak and festival season
- Augmentation of on-board capacity by attachment of additional coaches
- Clone/duplicate specials for trains with very high patronage
- Induction of MEMU in place of passenger trains in congested routes
- New trains/alternate trains on sectors with high traffic density
- Attachment of high capacity parcel vans with each Tejas rake for freight/parcel movement as per fixed time table
- Induction of private participation in the operation of 150 pairs of passenger trains.

1.3 **Non fare Revenue**

- Advertisement & Publicity revenues – Rail Display Network, Content on Demand.
- Land License fee revision & clearance of Right of Way cases on mission mode.
- User charges through Station Redevelopment
- Asset monetization- Overhead Electrification Asset Sale and Lease back, Land monetization, DFC monetization, PSU disinvestment

1.4 **Other Measures**

- Increasing loco availability by extending inspection schedules, both for coaching and freight locomotives.
- Maximising leasing of SLR spaces in trains.
- Out-turn of workshops to be stepped up by introduction of 3rd shift working.
- Augmenting crew availability.
- Combining CC base of BOXN examination to achieve flexibility in loading as well as less running of empty rakes to improve WTR.

2. **Important austerity/economy measures to control expenditure**:
   Spending Limits lower than the sanctioned budget imposed in 2020-21.

- Freeze on new post creation except safety related posts.
- Rationalization of manpower in workshops.
- Reduction in instances of OT, TA by 50% and other controllable allowances by 33% to 50%.
- Reduction in operations/traffic output should reflect in significant savings in controllable allowances like KMA, NDA etc.
- Redeployment to ensure utilization of existing manpower for multitasking.
- Grounding of all Diesel locos over 31 yrs through sale/export.
- Critical review of outsourcing activities especially OBHS, linen management, station cleaning, lifts and escalators manning, station announcement etc.
- Outsourcing under non-core activities by RPF like colony security, crowd management etc. to be reviewed immediately.
- Enforcing strict monitoring of fuel savings on account of change in traction.
- Reduction in energy consumption (in units) due to energy conservation measures ; purchase of power by Railways as “distribution licensee; Reduction of diesel consumption commensurate with Railway Electrification.
- Loco-wise energy consumption data of passenger, EMU, DEMU and goods locos to be analyzed and monitored.
- Non- Traction energy consumption should be reduced by at least 25%.
- No running of diesel under wire without approval of GM.

- No new furniture, additional vehicle, computers, printers and other such T&P items should be procured.
- Expenditure like entertainment, publicity, travel and organising meeting should be curtailed.
- Immediate review of re-engaged staff.
- Zero based material planning – review of AAC/EAR.
- Life of certain 'must change' items of rolling stock to be aligned with their replacement schedule.
- Critical review of indents of diesel loco spares to minimise procurement.
- Zonal works to be curtailed, no fancy item to be executed.
- All states to be covered under open access mode.
- More trains to be shifted to hotel load with conversion to HOG to reduce consumption of diesel in power cars. Power car reduced to one per rake.
- With use of e-office/e-dak/VC, booking of staff for sending files etc. to be stopped. Stationery articles, cartridges etc reduced by at least 50%.
- Review and closure of uneconomic branch lines to the extent possible.
- Expenditure on vehicles to be reduced. DRMs may conduct a zero base review of expenditure on vehicles i.e. MUVs, Trucks, Official Vehicles etc.
- All imprest other than safety & COVID related activities to be reduced by 33-50%, underutilized imprests should be surrendered.

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Appendix-I

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2020-21)

The Committee met on Friday, the 12h February, 2021 from 1400 hrs. to 1535 hrs. in Committee Room No. 2, Block-A, PHA Extension Building, New Delhi.

PRESENT

Shri Radha Mohan Singh - Chairperson

MEMBERS

LOK SABHA

2. Shri T.R. Baalu
3. Shri Pankaj Choudhary
4. Shri Kaushalendra Kumar
5. Smt. Diya Kumari
6. Smt. Jaskaur Meena
7. Shri Sunil Kumar Mondal
8. Smt. Keshari Devi Patel
9. Shri N. Reddeppa
10. Shri Achyutananda Samanta
11. Shri Sumedhanand Saraswati
12. Shri Arvind Ganpat Sawant
13. Smt. Sangeeta Kumari Singh Deo
14. Shri Kodikunnil Suresh
15. Shri Gopal Jee Thakur
16. Sadhvi Pragya Singh Thakur

RAJYA SABHA

17. Shri Narhari Amin
18. Shri Chh. Udayanraje Bhonsle
19. Shri N. Gokulakrishnan
20. Smt. Phulo Devi Netam

SECRETARIAT

1. Shri Prasenjit Singh - Joint Secretary
2. Shri Arun K. Kaushik - Director
3. Shri Ram Lal Yadav - Addl. Director

REPRESENTATIVES OF THE MINISTRY OF RAILWAYS (RAILWAY BOARD)

1.	**Sh. Suneet Sharma**	Chairman & Chief Executive Officer, Railway Board & Ex. –officio Principal Secretary to the Government of India.
2.	**Sh. Naresh Salecha**	Member (Finance), Railway Board & Ex. -officio Secretary to the Government of India.
3.	**Sh. Pradeep Kumar**	Member (Infrastructure), Railway Board & Ex. -officio Secretary to the Government of India.
4.	**Sh. P.S. Mishra**	Member (Operations & Business Development), Railway Board & Ex. -officio Secretary to the Government of India.
5.	**Sh. N. P. Pandey**	Additional Member, Budget
6	**Sh. Sanjay Rastogi**	Additional Member, Planning *L/A*
7	**Sh. R. N. Singh**	Principal Executive Director, Infrastructure

2. At the outset, the Chairperson welcomed the representatives of the Ministry of Railways (Railway Board) to the sitting of the Committee. The Chairperson invited attention of the officials to the provisions contained in Direction 55 of the Directions by the Speaker, Lok Sabha regarding the proceedings to be treated as confidential.

3. The Committee then took oral evidence of the representatives of the Ministry of Railways (Railway Board) on Demands for Grants (2021-22) of the Ministry of Railways. The Chairman & CEO (Railway Board) briefed the Committee about main thrust of this year's Rail Budget viz. deliverance, infrastructural development and capacity augmentation etc. as contained in the National Rail Plan. He apprised the Committee about various measures being undertaken for optimum utilization of the budgetary allocation, current status of Dedicated Freight Corridors, business development unit for freight customers, preparatory works regarding draft National Rail Plan, measures taken to enhance safety, production of Vista Dome Coaches, funding of various ongoing projects, etc. He also outlined briefly the impact of the COVID-19 pandemic on Rail operations. The Committee also enquired about the salient features of Future Ready Rail System, measures being taken to reduce the Operating Ratio and 'Atmanirbhar Bharat Mission' etc. Besides, various other issues such as resumption of passenger train services, measures taken to resolve the water logging in Railway Underpasses (RUBs) etc. were also discussed.

4. The Committee, then, sought certain clarifications on the issues related to the Demands for Grants (2021-22) of Ministry of Railways. The Chairman & CEO, Railway Board replied to some of the queries. The Chairperson thanked the Chairman & CEO, Railway Board and other officials of the Ministry for appearing before the Committee for providing valuable information and also directed the Ministry to provide written replies to the queries in respect of which the information was not readily available within a week. The evidence was concluded.

5. xxxxx xxxxx xxxxx xxxxx

6. A verbatim record of the proceedings of the Committee has been kept.

The Committee then adjourned.

Appendix-II

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2020-21)

The Committee met on Tuesday, the 2nd March, 2021 from 1100 hrs. to 1140 hrs. in Committee Room 'B', PHA, New Delhi.

PRESENT

Shri Radha Mohan Singh - Chairperson

MEMBERS

LOK SABHA

2. Shri Pankaj Choudhary
3. Shri Kaushalendra Kumar
4. Shri Sunil Kumar Mondal
5. Shri Mukesh Rajput
6. Shri Arvind Ganpat Sawant
7. Dr. Amar Singh
8. Shri Kodikunnil Suresh
9. Shri Gopal Jee Thakur
10. Sadhvi Pragya Singh Thakur

RAJYA SABHA

11. Shri Narhari Amin
12. Shri H.D. Devegowda
13. Shri Ashok Siddharth

SECRETARIAT

1. Shri Prasenjit Sigh - Joint Secretary

2. Shri Arun K. Kaushik - Director

4. Shri Ram Lal Yadav - Addl. Director

5. Smt. Archana Srivastva - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration the draft Report on Demands for Grants (2021-22) of the Ministry of Railways.

The Committee adopted the above-mentioned Report without any modifications.

3. xxxx xxxx xxxx xxxx

4. The Committee authorized the Chairperson to finalise and present the Report to the Parliament.

The Committee then adjourned.