9

# STANDING COMMITTEE ON RAILWAYS
# (2021-22)
# SEVENTEENTH LOK SABHA

**MINISTRY OF RAILWAYS**
**(RAILWAY BOARD)**

**[Action taken by Government on the Observations/Recommendations contained in the 7th Report of the Standing Committee on Railways (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22) of the Ministry of Railways']**

**NINTH REPORT**

सत्यमेव जयते

**LOK SABHA SECRETARIAT**
**NEW DELHI**

NOVEMBER, 2021/AGRAHAYANA, 1943 (SAKA)

SCR NO. 236

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## (RAILWAY BOARD)

**[Action taken by Government on the Observations/Recommendations contained in the 7th Report of the Standing Committee on Railways (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22) of the Ministry of Railways']**

**Presented to Lok Sabha on 30.11.2021**

**Laid in Rajya Sabha on 30.11.2021**

सत्यमेव जयते


**LOK SABHA SECRETARIAT**
**NEW DELHI**

NOVEMBER, 2021/AGRAHAYANA, 1943 (SAKA)

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**COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2021-22)**

**Shri Radha Mohan Singh - Chairperson**

**MEMBERS**

**LOK SABHA**

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

**RAJYA SABHA**

22. Shri Narhari Amin
23. Shri Chh. Udayanraje Bhonsle
24. Shri H.D. Devegowda
25. Smt. Phulo Devi Netam
26. Ms. Saroj Pandey
27. Shri Ashok Siddharth
28. Dr. Sumer Singh Solanki
29. Shri Binoy Viswam
30. Prof. Manoj Kumar Jha[#]
31. Vacant

** The Committee constituted w.e.f. 13.09.2021 vide Lok Sabha Bulletin Part II No. 3192 dated 09.10.2021.*

*# Prof. Manoj Kumar Jha nominated w.e.f. 14.10.2021 vide Lok Sabha Bulletin Part II No. 61163 dated 18.10.2021.*

## LOK SABHA SECRETARIAT

| | | | |
|---|---|---|---|
| 1. | Shri Prasenjit Singh | - | Additional Secretary |
| 2. | Shri Arun K.Kaushik | - | Director |
| 3. | Shri R.L. Yadav | - | Additional Director |
| 4. | Smt. Banani Sarker Joshi | - | Committee Officer |

# INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2021-22), having been authorised by the Committee to present the Report on their behalf, this Ninth Report on Action Taken by Government on the Observations/Recommendations of the Committee contained in their Seventh Report (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22) of the Ministry of Railways'.

2. The Seventh Report was presented to the Lok Sabha and laid in the Rajya Sabha on 08.03.2021. The Report contained 19 Observations/Recommendations. The Ministry of Railways furnished Action Taken Notes on all the Observations/Recommendations contained in the Report on 23.07.2021.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 26.11.2021. The minutes of the sitting are given in Annexure.

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

5. An analysis of the Action Taken by Government on the Observations/Recommendations contained in the Seventh Report of the Standing Committee on Railways (Seventeenth Lok Sabha) is given in Appendix.

NEW DELHI:
26 November, 2021
5 Agrahayana, 1943 (Saka)

**RADHA MOHAN SINGH**
**Chairperson,**
**Standing Committee on Railways**

# CHAPTER I

# REPORT

This Report of the Standing Committee on Railways deals with the action taken by the Government on the Recommendations/Observations contained in their Seventh Report (17th Lok Sabha) on "Demands for Grants (2021-22) of the Ministry of Railways".

2. The Seventh Report was presented to the Lok Sabha and laid in Rajya Sabha on 08.03.2021. It contained 19 Observations/ Recommendations. Replies of the Government in respect of all these Observations/Recommendations have been received and are categorized as under:-

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

Para Nos. 1,2,3,6,7,9,10,11,12,13,14,15,16,17and 19

Total : 15
Percentage: 78.94%

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

NIL

Total :00
Percentage: 00

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

Para Nos. 4,5,8 and 18

Total :04
Percentage: 21.06%

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

NIL

Total :00
Percentage: 00

**3. The Committee trust that utmost importance will be given to the implementation of the Recommendations accepted by the Government. The Committee desire that Action Taken notes in respect of observations/recommendations contained in Chapter-I.**

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

## A. INTERNAL REVENUE GENERATION

**(Recommendation Para No. 4)**

5. The Committee found 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 showed 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 were 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 7$^{th}$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 were 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 SanrakshaKosh (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 had emphasised 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. The Committee, therefore, urged 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 had stressed 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 expected a hike in internal resources generation through the steps initiated by Railways and desired the railways should implement these measures with full vigour and keep the Committee informed of the same.

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

> "The share of internal resources in total capex, both in absolute and percentage terms, had improved in 2018-19 *vis-a-vis* 2017-18. While the Railways were expecting further improvement in 2019-20 and 2020- 21, Railways' internal resource generation was adversely impacted by the spread of Covid 19 pandemic. Expecting containment of the pandemic and normalization of train services in 2021-22, Railways have estimated to provide Rs.7,500cr from internal resources for capex. Railways have taken a lot of measures towards increasing revenues and expenditure control which are likely to bring results in the coming year 2021-22 and beyond. As recommended by the Hon'ble Committee, Railways would continue to pursue them and take other necessary measures for maximizing internal resource generation.
>
> However, given the volume of investment required in the Railways and given the constraints of Railways, Railways' internal resources can at best supplement GBS and market borrowing for capex. Efforts are also being made to attract private sector investments in Railways."

**7. The Committee are aware that Covid-19 pandemic has severely impacted the internal revenue generation of the Railways. However, the Ministry had informed that funds generated by internal resources cater to four critical fundings i.e. appropriations to DRF, Development Fund, RRSK and the Railway Safety Fund. Short of any of these funds would certainly impact upon system productivity, replacement/renewal of assets and upgradation/developmental works. The Committee find that the Ministry has taken a lot of measures towards increasing the internal revenues and exercising expenditure control among other things and outcomes of which would be visible in the coming years. The Committee are happy to note that the Railways are making serious efforts for augmentation of internal resources which have shown drastic fall over the past several years and have been a little indicative of inherent deficiencies on the part of the Railways. The Committee desire that this should be addressed pragmatically. They are of the firm belief that the efforts taken in right earnest towards increasing the internal revenues would go a long way in addressing their problems of funding and shaping their performance. The Committee while reiterating their earlier recommendation urge the Ministry to take all out efforts to augment their internal revenues so as to get refrained from the dependency of EBR as far as possible.**

## B. EXTRA BUDGETARY RESOURCES (EBR)

**(Recommendation Para No.5)**

8. The Committee had noted 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 also noted 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 noted 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 were 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 had, therefore, desired 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.

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

> "Despite increase in GBS over the years, progressively higher market borrowings has been resorted to in order to address the problem of underinvestment which resulted in severe capacity constraints leading to shrinking of Railways' share in freight market. Hence, the market borrowings are consciously being invested primarily for remunerative capacity augmentation projects of Doubling & Electrification and procurement of Rolling Stock. In the medium and long run, such investments are expected to create huge capacity which would be beneficial for Railways as also the economy at large.
>
> Thus, while Railways would continue their efforts for internal resource generation for supplementing capex, given the volume of investment required in the Railways and given the constraints of Railways, market borrowing cannot be avoided altogether as a major source for capex. These borrowings in the form of leasing of assets are only for remunerative projects in general."

**10. The Committee concur with the Ministry that higher market borrowings had been resorted to in order to address the problem of under-investment which had led to capacity constraints in the Railways. The Committee are of the opinion that the Railways need to assure fiscal discipline and thoroughly assess the bankability of all such projects where funding has been planned through EBR. The Committee, therefore, recommend that the Railways should utilize this high-cost and risk-infested market borrowings cautiously and preferably in those sectors only that can offer assured returns.**

## C. RASHTRIYA RAIL SANRAKSHA KOSH (RRSK)

**Recommendation Para No. 8**

11. The Committee had found that the Rashtriya Rail SanrakshaKosh (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 found 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 has been 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 found that during 2020-21 due to resource constraints only Rs.2000 crore was proposed from the internal resource segment. The Committee were 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 felt 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 felt 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, recommended that funding to and expenditure from RRSK for safety purposes should be ensured at highest level in order to accord top priority to safety.

12. In their Action Taken Replies, the Ministry of Railways have submitted as under:

> "Total expenditure of Rs.49130 cr has been incurred out of RRSK till 2019-20. During 2017-18, utilization of funds was 80% of the total allocation, which rose to almost 90% in 2018-19. In 2019-20 utilization was up to 84%. Sharp increase in staff cost and pension expenditure in 2016-17 resulting from implementation of 7th Central Pay Commission recommendations also continued during 2017-18. 2018-19 and 2019-20. Further, the spread of Covid19 pandemic and consequential impact on rail operations impacted railway revenues adversely. The adverse resource position did not permit desired level of funds to be transferred to RRSK. However, all out efforts are being made to minimize variable revenue expenses and to generate adequate internal resources for contribution towards RRSK. In RE 2020-21, in addition to appropriation of Rs.2000 cr to RRSK in view of resource constraints, adequate provision has also been made under 'EBR(Special)' with Rs.51000 cr, as a one-time arrangement. In BE 2021-22, provision of Rs.20000 cr has been made for RRSK, including

Rs.5000 cr from Railways' internal resources. Railways are trying to increase Revenue earnings through increase in loading, number of passengers. Additionally, certain other measures including increase in non-fare revenue are 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. With the easing out of country-wide Covid19 related restrictions and the economy showing signs of picking up pace, hopefully the Railways will be able to contribute the full amount of Rs.5000 cr towards RRSK."

**13. The Committee note that the Rashtriya Rail SanrakshaKosh (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. Further, they had expressed certain concerns over its implementation which needed to be addressed. These included non-achievement of the intended utilization figures where actual utilization has invariably fallen short of the intended utilization since the inception of the RRSK and the contraction in the contribution of the Railways from their internal revenue segment towards the RRSK. The Committee are of the opinion that since RRSK was devised with a view to clear critical safety works backlog and is nearing its full term, the Ministry needs to proactively ensure full utilization of the funds so that the objectives of the creation of the fund are successfully accomplished.**

## D. WATER LOGGING IN RUBs

### Recommendation Para No. 18

14. The Committee had observed 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 was discussed by the Committee in their earlier reports also. The Committee had noted that in spite of frequent assurances from the representatives of Railway Board, a little has been done in this direction. The Committee, therefore, recommended the Ministry to take urgent action in the matter and inform the Committee about the action taken in this regard.

15. In their Action Taken Replies, the Ministry of Railways have submitted as under:

"Railway Board in April 2012 communicated to all Zonal Railways that level crossings which do not qualify for sanction of RUB on cost sharing basis in terms of Para 925 of Indian Railway Permanent Way Manual (IRPWM), can be planned for elimination by subways, if found technically feasible. Railways were to bear the complete initial cost of construction of subway and future maintenance cost of subway proper. Any land required over and above the road passing through the level crossing for purpose of construction of subway outside the Railway area alongwith the maintenance of road passing through subway, lighting, drainage system, diversion road and any other allied works, will rest on the State Government.

The above instructions were revised after thorough scrutiny and suggestions of various Zonal Railways in July'2018. It was decided that the responsibility for the maintenance of road passing through the subway, lighting, drainage system, diversion road and any other allied works in Railway portion will be with Railways and beyond Railway portion the responsibility of maintenance will rest with State Govt.

Railway Board on 22.4.2020, issued comprehensive guidelines to all Zonal Railway for taking specific measures to avoid water logging problem in RUBs. Drainage plan has been made integral part of RUB for all future construction.

Further, based on detailed survey of RUB/Subways, 1368 locations were identified by zonal railways prone to water logging out of total 9964 RUB/Subways already constructed. Railways have taken up the work of permanent remedial measures on these RUB/Subways and with consistent efforts, 920 RUBs/Subways have been provided with necessary infrastructure to prevent water logging and maintain its functionality in future. Works in balance RUB/Subways are also planned for completion by 31.03.2021. The objective of all this exercise is to keep RUBs/Subways functional throughout the year."

**16. The Committee take note of the steps initiated by the Railways with a view to alleviate the problem of water-logging of RUBs during the Monsoons/rainy seasons. The Committee are of the considered view that the actions initiated are in the right direction and should be continued with in right earnest so that the hardships faced by the common man can be reduced and eventually permanently removed. They are, however, not convinced with the contention of the Ministry that only 1368 of the 9964 RUBs/subways constructed are prone to water logging. The Committee would like the Ministry to consult the local authorities while undertaking surveys so that the factual ground situation can be accurately assessed and remedial actions can be initiated appropriately. The Committee would like to be kept apprised of all actions initiated in this regard.**

## CHAPTER-II

## RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

### Recommendation (Para No. 1)

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.

**Reply of the Government**

Noted.

### Recommendation (Para No. 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.

**Reply of the Government**

Capital Outlay for 2021-22 has been fixed at an all time high of Rs.2,15,058 crore. The thrust of the Budget is on infrastructure development, throughput enhancement, development of terminal facilities, augmentation of speed of trains, signalling systems, improvement of passengers/users' amenities, safety works of road over/under bridges etc. Focused allocation has been made for New Lines, Gauge Conversion, Doubling, Electrification Projects, Rolling Stock, Road Over/Under Bridges, Track Renewal, Passenger Amenities, Investment in PSU/JV/SPVs and Metropolitan Transport Projects. This will propel the Railways into fast track development of infrastructure and capacity enhance for laying foundation of future ready Railways. However, observations of the Hon'ble Committee have been noted for making all out efforts in achieving targets optimally and utilising allocated funds to the full.

REMARKS:

In the overall interest of the nation and to ensure that projects are completed in time without cost overrun, lot of monitoring is done in Railways at various levels (field level, divisional level, zonal level and Board level) and regular meetings are held with the officials of State Government and concerned authorities to resolve the pending issues that are obstructing the progress of projects.

With the view to prioritise projects and ensure optimum resource utilization, Indian Railways has undertaken large number of initiatives in the last few years, such as:

• Taken up capacity enhancement works like doubling/multitracking and prioritised the same into super critical and critical works for focused execution.

• Eliminated all Unmanned Level Crossings.

• Totally switched to the production of modern and safer Linke Hoffman Busch (LHB) coaches.

• Taken up the target for 100% electrification.

• Up gradation of speed to 160 kmph on Delhi-Howrah and Delhi-Mumbai routes taken up.

• Up gradation of speed to 130kmph on all other Golden Quadrilateral- Golden Diagonal (GQ/GD) routes taken up.

• Elimination of all Level Crossings on all GQ/GD route taken up.

• Proliferation of indigenously developed Train Protection System to minimise accidents due to human error.

• Commissioning of Eastern and Western Dedicated Freight Corridors (DFC) fast tracked.

• Identified 3 additional DFCs.

• Introduced indigenously made first ever semi high speed train set –The Vande Bharat Express.

• Indigenously manufactured 12000HP Electric locomotive making India the first country in the world to operationalise it on a broad gauge network.

• Prepared a National Rail Plan for the first time with the objective to create capacity ahead of demand, which in turn would also cater to future growth in demand right up to 2050 and increase the modal share of Railways to 45% in freight traffic.

## Recommendation (Para No. 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.

**Reply of the Government**

The recommendation of the Hon'ble Committee that till such time the Railways are able to generate sufficient internal resources, NITI Aayog / Ministry of Finance should consider a higher allocation under Gross Budgetary Support to Ministry of Railways to meet objective of transforming the Railways into efficient vehicle for progress and for meeting cumulative demands of the economy has been noted.

In BE 2021-22, Government has provided the highest ever Budgetary Support of Rs.1,07,100 crore for Railways' capex.

## Recommendation (Para No. 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.

**Reply of the Government**

In the light of recommendations of Hon'ble Committee, the Ministry would continue to pursue the revenue enhancing and expenditure control measures with a view to maximizing internal resource generation for ensuring higher appropriation to Railway Funds and their utilization.

## Recommendation (Para No. 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 3 rd Report (17 th 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.

**Reply of the Government**

Post merger of Railway Budget with Union Budget, Ministry of Railways had requested Ministry of Finance(MoF) to consider taking over Railways' pensionary expenditure but the same was not agreed to by MoF citing the terms of merger approved by the Union Cabinet. In the light of the recommendations of the Committee to vigorously pursue the matter, Member Finance, Railway Board has written to Secretary, Department of Economic Affair on 19.03.2021 to consider taking over a part, if not completely, of the pension liability so as to ensure financial viability and sustainability of Indian Railways.

## Recommendation (Para No. 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.

### Reply of the Government

After absorbing the impact of 7th Central Pay Commission, Railways' Net Revenue had shown signs of improvement in 2018-19 vis-a-vis 2017-18. However, in 2019-20 the same declined vis- a-vis 2018-19 due to adverse impact of Covid 19 pandemic on railway revenues. Despite improvement in trend of railway revenues in the 2nd and 3rd quarter vis-a-vis the 1st quarter and containment of variable operating expenses, the Net Revenue position in 2020-21 is not expected to improve.

Expecting containment of the pandemic, normalization of train services, return of the economy in the growth trajectory, a higher Net Revenue target of Rs. 6,561 cr has been kept in BE 2021-22. Accordingly, while keeping the revenue expenditure to the bare minimum, a higher loading target of 1270 mt has been kept and mobilization of non-fare revenues through asset monetization etc has been planned. For the medium and long run, policy initiatives have been/are being undertaken to diversify freight basket, to achieve a loading of 2024 mt by the year 2024, substantially regain Railways' market share in freight, heavy investment on capacity augmentation projects are expected to ensure financial viability and sustainability of Railways. The progress on all these fronts is constantly being monitored and reviewed at the highest level in the Ministry.

## Recommendation (Para No. 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.

### Reply of the Government

The reasons of high Operating Ratio in 2016-17 and 2017-18 owing to implementation of 7th Central Pay Commission recommendations has been submitted to Hon'ble Committee in detail and need no reiteration. But the Operating Ratio in 2018-19 improved to 97.3% from 98.4% in 2017-18. Adverse impact of the Covid 19 pandemic on Railway revenues has disrupted the improvement chances of the Operating Ratio.

Expecting containment of the pandemic, normalization of train services, return of the economy in the growth trajectory, a better Operating Ratio target of 96.15% has been kept in BE 2021-22. Accordingly, while keeping the revenue expenditure to the bare minimum, a higher loading target of 1270 mt has been kept and mobilization of non-fare revenues through asset monetization etc has been planned.

For the medium and long run, policy initiatives have been/are being undertaken to diversify freight basket, to achieve a loading of 2024 mt by the year 2024, substantially regain Railways' market share in freight, heavy investment on capacity augmentation projects are expected to improve the Operating Ratio to a reasonable level.

### Recommendation (Para No. 11)

14. 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.

**Reply of the Government**

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

IR has taken a number of measures to capture its market share. Detail are as under:

1. Short lead traffic:
   a) Normally, Short lead traffic prefers to move by road and long lead traffic by Rail. To attract such short lead traffic from road to rail, Indian Railways (IR) have introduced concession in freight for Short Lead Traffic i.e. @50%, 25% and 10% is granted to the traffic booked upto 0-50 km, 51-75 and 76-90 km respectively except Coal & Coke and Iron ore traffic.
   b) With a view to facilitate transportation of coal from mines to power houses near pit heads (Short lead i.e. upto 100Km), the Merry-go- round (MGR) policy has been issued, the freight rates for MGR have been kept very competitive and low.
   c) In container, to attract ultra short lead traffic (upto 50Km), Round Trip based charging has been implemented which provide an economical and reliable alternative for ultra short lead (upto50Kms) container traffic.
2. Long lead traffic:
   a) There is very negligible traffic of Coal & Coke, Iron Ore and Iron & Steel, limestone, Clinker, beyond 1000 km. To attract long lead traffic of Coal & Coke, Iron ore and Iron & Steel traffic, graded concession is granted; 20% to Coal & Coke for distance >1400KM, 20% to Iron &

Steel for distance >1600KM; and 15% for distance >700KM and 20% for distance >1500 Km for Iron ore.

b) These long lead concession has also been extended to Clinker traffic @20% and 25% for the lead >1000 km and Limestone traffic @25% for the lead >1500 km subject to certain terms and conditions.

3. Freight Incentive Schemes: To increase the market share of Indian Railways and to increase the revenue from freight business, a slew of Freight Incentive Schemes have been launched. Based on the feedback of the Railways and Customers, suitable modifications are made in the Schemes to make it more attractive. These schemes are directed towards better utilization of railway assets in Traditional Empty Flow Directions (TEFD), encouraging freight forwarders, loading of bagged consignment in open wagons, etc. The procedure for availing the benefits has been simplified. Besides, guidelines for various transportation products like Mini Rake (20 wagons) and two point rakes has been issued. Distance, for operation of Mini Rake (20 wagons), has been increased to 1500KM. Mini rakes have also been permitted beyond 1500KM upto 2000KM and beyond 2000KM on payment of supplementary charge @7.5% and @10%, respectively.

4. Long Term Tariff Contract Policy is based on the concept of pre-determined price escalation principles. The objective of the policy is to attract additional traffic and revenue by offering growth-based rebate and also stability of freight rate to its key customers.

More than 30 contracts have already been signed under LTTC policy till now. Most of the key customers like Tata Steel, Ultra tech Cement, ACC Cement, Ambuja Cement, SAIL, JSW steel etc. are under agreement with Railway under this policy.

5. Railway has undertaken action to gain larger share of new traffic under container and automobile traffic. Some of these are as following-

a) Automobile transportation and e-commerce segment are two sectors which are largely untapped as far as transportation through railways is concerned.

b) Ministry of Railways has a scheme for Automobile Freight Operators (AFTO), wherein Operators invest in privately owned rakes customized for automobile transportation (BCACBM type) through Railway. Till date approvals have been granted for 59 privately owned rakes, out of which 23 rakes are already operational.

c) Besides, railways also use modified old passenger coaches (NMG rakes) for carriage of cars.

d) Railways are also embarking on the idea of tapping the vast and growing market of e-commerce transportation by developing long- term relationships with major players in the field. Already, a pilot project has been executed on Delhi–Mumbai and Delhi– Kolkata sectors, which has been largely successful.

6. Various initiatives has been to prompting containerization such as 25% concession on Haulage Charge in case of empty containers and wagons, 5% concession on loaded containers, Introduction of Cube Container for two wheeler automobile traffic, large numbers of commodities has been de-notified and brought under FAK rates (Freight All Kind) which are even lower than CCR(container Class Rate).

7. Moreover time to time various initiatives has been taken to increase loading such as 40% discount in movement of fly ash in open & flat wagons, withdrawal of levy of Busy of season Charge @ 15%, Introduction of Premium Indent Scheme for benefit of freight customers in sidings and goods sheds, Liberalisation of Terminal Access Charges (TAC), Customer friendly rationalization of weighment Policy etc.

Ministry of Railways has sanctioned for construction of two dedicated freight corridors; i.e. Eastern and Western Dedicated Freight Corridors (EDFC & WDFC) primarily to augment the rail transport capacity to meet the growing need of the economy and facilitate faster evacuation of freight traffic.

The construction of DFC is in advanced stage and the following sections of DFC have been commissioned for traffic:

- Eastern DFC - New Bhaupur-New Khurja section (approx. 351 Kms.) on 29-12-2020
- Western DFC New Rewari - New Kishangarh- Madar (306 Kms.) on 07-01-2021.

The balance portion of Eastern and Western DFCs are expected to be completed in phases by June 2022. All efforts are made to complete the DFC projects within the target date.

Remark has been obtained from Container Corporation of India Ltd. (CONCOR). CONCOR stated that they are having the arrangement of first mile pick up of containers and last mile delivery of containers since its inception at the most of the terminals. However, this facility was optional wherein customers were free to use CONCOR services for first mile last mile connectivity as per their requirement.

Further, to strengthen first mile last mile connectivity for its customers, CONCOR has created own App based platform "FMLM App" in the year 2020 wherein empanelled local transporters at the respective terminal participate in bidding process by way of e-auction followed by e-reverse auction for providing competitive, cost effective rates to our customers.

Despite COVID-19 pandemic CONCOR has moved 1,33,260 TEUS under first Mile Last Mile Connectivity In the financial year 2020-21 and 98,418 TEUs in the first quarter (April 2021 to June 2021) of financial year 2021-22.

## Recommendation (Para No. 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.

### Reply of the Government

Indian Railways (IR) is committed to offer affordable transportation solution to the poorest section of the society and therefore, the passenger fares have traditionally been kept at low level particularly for second class ordinary and suburban passengers which constitute about 79.7% of the total passenger traffic.

Indian Railways continues to incur losses every year by performing a variety of un-remunerative service. These losses are mostly due to (a) Low ordinary second class fare, (b) Low Suburban and non-suburban season ticket, (c) Loss on essential commodities carried below cost, and (d) a variety of concessions granted on passenger ticket. Working of uneconomic branch lines, too, imposes a heavy burden on Indian Railways' finances. A gap is thus created between the revenue income generated through these service and their costs. In order to compensate this loss, freight services are priced higher and are used to cross-subsidize the loss in passenger services. Resultantly, passenger fares have not been increased proportionately to increase in input cost.

Due to worldwide outbreak of Novel Corona-virus Disease (COVID-19) pandemic including India in March 2020, the entire country was under lockdown condition. The passenger service was totally put on hold and still these services are not normalized. In freight segment, loading and revenues were badly impacted during April to July-2020. To promote economic activities in the country during Covid pandemic, Indian Railways have taken a number of freight policy measures to boost up its loading. Relaxations have been provided to the customers by slew of incentives announced by Indian Railways. These include graded discount in long lead traffic of Coal & Coke, Iron Ore, Iron & Steel, clinker and limestone; reintroduction of Short lead discount (10-50% in freight) upto 90Km, 40% discount in freight to fly ash traffic booked in Open Stock; both in bagged condition as well as bulk/loose condition, increase in distance for operation of Mini Rake (20 wagons) beyond 2000 KM etc. In order to promote container traffic initiatives such as 5% discount on movement of loaded container, non-levy of Stabling charges for container traffic till 31.03.2021, 25% discount on haulage charges for movement of empty containers and empty flat wagons etc. have also been taken as a relief measure during difficult economic conditions prevailing currently.

By doing so IR has been able to achieve the loading of 1100.48 MT from 2020-21 (upto Feb), which is almost at par with same period of the previous year.

Keeping in view the demand and market pattern, Indian Railways had already introduced Flexi fare system for Rajdhani/Duronto and Shatabdi trains w.e.f. 09.09.2016. Under this system, the fare increases by 10% after booking of 10% berths subject to maximum ceiling limit of 1.5 times for 2 AC, Sleeper, 2S, Chair Car and 1.4 times for 3 AC. Moreover the fare structure of new semi/high speed train like Humsafar Express, Tejas Express, Antyodaya Express and Mahamana Express, Vande Bharat Anubhuti coaches, Gatimaan trains have been introduced on higher fare on cost recovery basis due to higher capital cost and various additional facilities provided.

Indian Railways has planned to run trains under Public Private Partner (PPP) on different clusters to attract customer and improve the travelling experience.

## Recommendation (Para No. 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.

**Reply of the Government**

The achievements vis a vis targets for the year 2020-21 for construction of New Line, Gauge Conversion, Doubling and Track Renewal are given below:

| SN | Plan Head | Target (in Kms) | Achievements (in Kms) |
|---|---|---|---|
| 1 | New Line | 300 | 286.31 |
| 2 | Gauge Conversion | 400 | 469.93 |
| 3 | Doubling | 1400 | 1614.18 |
| 4. | Track Renewal | 4000 | 4363 |

1. Various steps being taken by the Government for effective and speedy implementation of rail projects include (i) prioritisation of projects (ii) substantial increase in allocation of funds on priority projects (iii) delegation of powers at field level (iv) close monitoring of progress of project at various levels, and (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.
2. The execution of Track renewal works have also been prioritized according to the condition of the Track and availability of funds.

Railway tracks are replaced through track renewal works which is an ongoing process. Track renewal works are undertaken as and when a stretch of track becomes due for renewal on the basis of criteria laid down in Indian Railway Permanent Way Manual on age / condition basis viz. traffic carried in terms of gross million tonnes, incidence of rail fracture / failure, wear of rails, corrosion of rails, maintainability of track as per standards, etc.

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. Normally, track renewal works are completed in two to three years of sanction.

During 2020-21, track renewal of 4363 track km has been done, against original target of 4000 track km.

## Recommendation (Para No. 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.

### Reply of the Government

At the end of Financial Year 2020-21 (i.e. by 31.03.2021), BG routes of 45,881 RKM (71%) have been electrified.

During 2020-21, total BG routes of 6,015 RKM have been electrified against the target of 6,000 RKM, which is highest ever electrification in single year in the history of Indian Railways, surpassing previous best ever electrification of 5,276 RKM during 2018-19.

As recommended by Committee, all the measures are being taken to accelerate the pace for achievement of 100% electrification.

## Recommendation (Para No. 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.

**Reply of the Government**

Noted please.

REMARKS:

The National Infrastructure Pipeline aims towards enhancing the pace of infrastructure development, which is so vital for the growth of national economy as a whole including employment generation. Railway achieved Capital Expenditure of Rs 1,55,162 Cr (96%) as against Revised Estimate of Rs 1,61,692 Cr for FY 2020-21, despite impact of Covid-19 during initial months. Further Railways has been allotted Rs 2,15,058 Cr for Capital Expenditure for FY 2021-22 out of which Railways has already achieved capital expenditure of Rs 29,455 Cr by May'2021.

## Recommendation (Para No. 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.

**Reply of the Government**

In line with Budget Pronouncement 2020-21, Indian Railways (IR) 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'.

Directions have already been issued to Zonal Railways for identification of unutilized vacant Railway land parcels along the tracks & vacant Railway plots available for setting up of solar panels. There is about 51,000 hectare of vacant Railway land. IR has already taken up 3 pilot projects:

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, IR intends to further utilize solar energy on large scale for electric traction.

Indian Railways plans to set up 20 Giga Watt (GW) solar plants on its unused vacant Land parcels for meeting its traction power requirement and therby becoming a 'Net Zero Carbon Emitter' by 2030.

In this regard, initially Railway's has planned for setting up of solar power plant of combined capacity of 3 Giga Watt (GW), details of which are as under:

✓ Phase-I: 1.6 GW capacity in Railway plots under Developer Model.

✓ Phase-II: 0.4 GW capacity in Railway plots under ownership model (Captive use).

✓ Phase-III: 1 GW capacity in Railway Plots along the tracks under Developer model.

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

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 as per planning below:

| **Year** | **Target (RKM)** |
|---|---|
| 2021-22 | 6,000 |
| 2022-23 | 6,500 |
| 2023-24<br>(upto December, 2023 | 6,308 |

### Recommendation (Para No. 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.

**Reply of the Government**

Potential circuits for movement of vegetable, fruits and other perishables are primarily based on demand received from farmers and farming community, and are also being identified in consultation with Ministry of Agriculture & Farmers Welfare and Agriculture/ Animal Husbandry/ Fisheries Departments of State Governments. Necessary action is being taken by Railway as and when demand for Kisan Rail is received.

As regard last mile connectivity, it is informed that most of the services of Kisan Rail have originated from stations situated within agricultural zones, i.e. Devlali, Sangola, Sangli, Yeola, Nagarsol, Dhahanu Road, Dhoraji, Mahuva, Amalasad, etc. The Kisan Rail trains also have adequate stoppages to facilitate en-route loadings. Besides, there is no restriction on the minimum quantity that can be booked in Kisan Rail services - to enable small and marginal farmers benefit from the scheme.

Upto 19th March, 2021, around 403 Kisan Rail services have been operated on 44 routes, transporting approximately 1.3 lakh tones of commodities.

## Recommendation (Para No. 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.

**Reply of the Government**

This is an appreciation of the efforts of IR in fight against Covid-19.

The Ministry and the entire Rail Parivar feel encouraged by the words of appreciation of the Hon'ble Committee and assure continuation of their service to the nation in all circumstances.

# CHAPTER – III

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

**-NIL-**

## CHAPTER – IV

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

### Recommendation (Para No. 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 7 th 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.

### Reply of the Government

The share of internal resources in total capex, both in absolute and percentage terms, had improved in 2018-19 vis-a-vis 2017-18. While the Railways were expecting further improvement in 2019-20 and 2020-21, Railways' internal resource generation was adversely impacted by the spread of Covid 19 pandemic. Expecting containment of the pandemic and normalization of train services in 2021-22, Railways have estimated to provide Rs. 7,500 cr from internal resources for capex. Railways have taken a lot of measures towards increasing revenues and expenditure control which are likely to bring results in the coming year 2021-22 and beyond. As recommended by the Hon'ble Committee, Railways would continue to pursue them and take other necessary measures for maximizing internal resource generation.

However, given the volume of investment required in the Railways and given the constraints of Railways, Railways' internal resources can at best supplement GBS and market borrowing for capex. Efforts are also being made to attract private sector investments in Railways.

## Recommendation (Para No. 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.

### Reply of the Government

Despite increase in GBS over the years, progressively higher market borrowings has been resorted to in order to address the problem of underinvestment which resulted in severe capacity constraints leading to shrinking of Railways' share in freight market. Hence, the market borrowings are consciously being invested primarily for remunerative capacity augmentation projects of Doubling & Electrification and procurement of

Rolling Stock. In the medium and long run, such investments are expected to create huge capacity which would be beneficial for Railways as also the economy at large.

Thus, while Railways would continue their efforts for internal resource generation for supplementing capex, given the volume of investment required in the Railways and given the constraints of Railways, market borrowing cannot be avoided altogether as a major source for capex. These borrowings in the form of leasing of assets are only for remunerative projects in general.

## Recommendation (Para No. 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.

### Reply of the Government

Total expenditure of Rs.49130 cr has been incurred out of RRSK till 2019-20. During 2017-18, utilization of funds was 80% of the total allocation, which rose to almost 90% in 2018-19. In 2019-20 utilization was up to 84%. Sharp increase in staff cost and pension expenditure in 2016-17 resulting from implementation of 7th Central Pay Commission recommendations also continued during 2017-18. 2018-19 and 2019-20. Further, the spread of Covid19 pandemic and consequential impact on rail operations impacted railway revenues adversely. The adverse resource position did not permit desired level of funds to be transferred to RRSK. However, all out efforts are being made to minimize variable revenue expenses and to generate adequate internal resources for contribution towards RRSK. In RE 2020-21, in addition to appropriation of Rs.2000 cr to RRSK in view of resource constraints, adequate provision has also been made under 'EBR(Special)' with Rs.51000 cr, as a one-time arrangement. In BE 2021-22, provision of Rs.20000 cr has been made for RRSK, including Rs.5000 cr from Railways' internal resources. Railways are trying to increase Revenue earnings through increase in loading, number of passengers. Additionally, certain other measures including increase in non-fare revenue are 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. With the easing out of country-wide Covid19 related restrictions and the economy showing signs of picking up pace, hopefully the Railways will be able to contribute the full amount of Rs.5000 cr towards RRSK.

## Recommendation (Para No. 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.

### Reply of the Government

Water-logging in RUBs:

Railway Board in April 2012 communicated to all Zonal Railways that level crossings which do not qualify for sanction of RUB on cost sharing basis in terms of Para 925 of Indian Railway Permanent Way Manual (IRPWM), can be planned for elimination by subways, if found technically feasible. Railways were to bear the complete initial cost of construction of subway and future maintenance cost of subway proper. Any land required over and above the road passing through the level crossing for purpose of construction of subway outside the Railway area alongwith the maintenance of road passing through subway, lighting, drainage system, diversion road and any other allied works, will rest on the State Government".

The above instructions were revised after thorough scrutiny and suggestions of various Zonal Railways in July'2018. It was decided that the responsibility for the maintenance of road passing through the subway, lighting, drainage system, diversion road and any other allied works in Railway portion will be with Railways and beyond Railway portion the responsibility of maintenance will rest with State Govt.

Railway Board on 22.4.2020, issued comprehensive guidelines to all Zonal Railway for taking specific measures to avoid water logging problem in RUBs. Drainage plan has been made integral part of RUB for all future construction.

Further, based on detailed survey of RUB/Subways, 1368 locations were identified by zonal railways prone to water logging out of total 9964 RUB/Subways already constructed. Railways have taken up the work of permanent remedial measures on these RUB/Subways and with consistent efforts, 920 RUBs/Subways have been provided with necessary infrastructure to prevent water logging and maintain its functionality in future. Works in balance RUB/Subways are also planned for completion by 31.03.2021. The objective of all this exercise is to keep RUBs/Subways functional throughout the year.

# CHAPTER – V

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

**-NIL-**

| | |
|---|---|
| New Delhi; | **RADHA MOHAN SINGH** |
| 26 November, 2021 | **Chairperson** |
| 5 Agrahayana, 1943 (Saka) | **Standing Committee on Railways** |

**ANNEXURE**

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2021-22)**

The Committee met on Friday, the 26th November, 2021 from 1500 hrs. to 1600 hrs. in Room No. 53, Parliament House, New Delhi.

**PRESENT**

**Shri Radha Mohan Singh - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Sunil Kumar Mondal
3. Shri Achyutananda Samanta
4. Shri Sumedhanand Saraswati
5. Shri Arvind Ganpat Sawant
6. Shri Gopaljee Thakur

**RAJYA SABHA**

7. Shri Narhari Amin
8. Smt. Phulo Devi Netam
9. Ms. Saroj Pandey
10. Shri Ashok Siddharth
11. Prof. Manoj Kumar Jha

**SECRETARIAT**

1. Shri Prasenjit Singh - Additional Secretary
2. Shri Arun K. Kaushik - Director
3. Smt. Archana Srivastva - Deputy Secretary

**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. Sanjeev Mittal** | Member (Infrastructure), Railway Board & Ex. - officio Secretary to the Government of India. |
| 3 | **Sh. Ram Prakash** | Additional Member, Railway Electrification |
| 4 | **Sh. Rahul Agarwal** | Additional Member, Signal |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration the two draft Reports on (i) 'Passenger Reservation System of Indian Railways' and (ii) Action taken by the Government on the Observations /Recommendations of the Committee contained in their 7th Report on "Demands for Grants (2021-22) of the Ministry of Railways".

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

3. The Committee authorized the Chairperson to finalise and present the Report to the Parliament during the ensuing Session.

4. xxxx xxxx xxxx xxxx

5. xxxx xxxx xxxx xxxx

6. xxxx xxxx xxxx xxxx

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

**The Committee then adjourned.**

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xxxx *not related to the Report.*

**APPENDIX**

## ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE 7TH REPORT (17TH LOK SABHA) ON "DEMANDS FOR GRANTS (2021-22) OF THE MINISTRY OF RAILWAYS"

| | | |
|---|---|---|
| Total number of Recommendations/Observations | | 19 |
| (i) | Observations/Recommendations which have been accepted by the Government – | |
| | Para Nos. 1,2,3,6,7,9,10,11,12,13,14,15,16,17and 19 | 15 |
| | Percentage of total | 78.94% |
| (ii) | Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies – | |
| | Para No. NIL | Nil |
| | Percentage of total | -- |
| (iii) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration – | |
| | Para Nos. 4,5,8, and 18 | 4 |
| | Percentage of total | 21.06% |
| (iv) | Observations/Recommendations in respect of which final replies are still awaited - | |
| | Para No. NIL | NIL |
| | Percentage of total | -- |