

(SIXTEENTH LOK SABHA)

FIFTH REPORT
RAILWAY CONVENTION COMMITTEE
(2014)

(SIXTEENTH LOK SABHA)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

SHARE OF RAILWAY TRAFFIC VIS-À-VIS ROAD AND AIR
TRANSPORT – AN EVALUATION

Presented to Lok Sabha on 11.8.2016

Laid in Rajya Sabha on 11.8.2016



LOK SABHA SECRETARIAT

NEW DELHI

August, 2016 /Sharavana, 1938 (Saka)

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- I. Minutes of the Eleventh sitting of the Railway Convention Committee (2014) held on 08 January, 2016.
- II. Minutes of the Sixteenth sitting of the Railway Convention Committee (2014) held on 01 June, 2016.
- III. Minutes of the Eighteenth sitting of the Railway Convention Committee (2014) held on 08 August, 2016.

COMPOSITION OF RAILWAY CONVENTION COMMITTEE-(2014)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Abhishek Banerjee
3. Shri Sanganna Amarappa Karadi
4. Shri K. Ashok Kumar
5. Shri Kamalbhan Singh Marabi
6. Vacant#
7. Shri Nana Patole
8. Shri Janak Ram
9. Shri Rahul Ramesh Shewale
10. Shri Bharat Singh
11. Shri Liladharbhai Khodaji Vaghela
12. Shri K.C. Venugopal

RAJYA SABHA

13. Shri Derek O' Brien
14. Vacant*
15. Shri T.K. Rangarajan
16. Vacant**
17. Shri Prem Chand Gupta***
18. Shri Abdul Wahab***

SECRETARIAT

- | | | | |
|-----|------------------------|---|----------------------|
| 01. | Shri K. Vijayakrishnan | - | Additional Secretary |
| 02. | Shri S.C. Chaudhary | - | Joint Secretary |
| 03. | Shri M. K. Madhusudhan | - | Director |
| 04. | Shri D. R. Mohanty | - | Additional Director |
| 05. | Shri Gaurav Attray | - | Committee Assistant |

Vacancy occurred w.e.f. 05th July, 2016 vice Smt. Anupriya Patel was appointed MOS.

*Vacancy occurred w.e.f. 29th June, 2016 vice Dr. Vijaylaxmi Sadho retired from Rajya Sabha.

**Vacancy occurred w.e.f. 07th July, 2016 vice Sh. K.C. Tyagi retired from Rajya Sabha.

***Nominated w.e.f. 20th June, 2016.

INTRODUCTION

I, the Chairperson, Railway Convention Committee (2014), having been authorized by the Committee, present this Fifth Report on 'Share of Railway traffic vis-à-vis road and air transport- An evaluation'.

2. The Committee obtained background material and written information from the Ministry of Railways (Railway Board) in connection with the examination of the subject. The Committee also took oral evidence of the representatives of the Ministry of Railways (Railway Board) on 08th January, 2016 and 1st June, 2016. The Committee express their thanks to the representatives of the Ministry of Railways (Railway Board) for appearing before the Committee and also for furnishing requisite written information in connection with the examination of the subject.

3. The Committee considered and adopted this Report at their sitting held on 8th August, 2016. The Minutes of the sitting of the Committee are appended to the Report.

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

New Delhi:
08 August, 2016
17 Shravana, 1938 (SAKA)

BHARTRUHARI MAHTAB
CHAIRPERSON
RAILWAY CONVENTION COMMITTEE

REPORT

PART - I

I. INTRODUCTORY

The Indian Railways, considered as the lifeline of India, are committed to offer affordable transportation services to the people of the country. Out of the total passenger traffic, the suburban segment constitutes 54.2%, and 28.7% are second class ordinary. Thus, about 83% of passenger traffic is from those segments where fares have been consciously kept very low to cater to the need of common people.

2. While the tariff policy of the Indian Railways has been to keep passenger fares low, especially in the lower classes so that even the poorest segment of the people can travel by rail, the freight rates have been increased periodically. For the period 2004-05 to 2013-14, the Passenger fares grew at a CAGR of 2.87%, inclusive of all charges, while the Freight rates grew at a CAGR of 6.54%, inclusive of all charges like busy season, development charges, etc.

3. Thus, increase in passenger fares has been lower than the growth in costs, resulting in under-recovery of costs in the passenger services. That is why the Indian Railways are incurring heavy losses in passenger service over the years which, at present, stand at approx. Rs. 28,000 crore. In order to offset the loss suffered in passenger business, the Railways have traditionally cross-subsidized passenger business through their freight business as a result of which the Railway freight rates have increased regularly while passenger fares have stagnated. This has made the Railway's freight business less competitive vis-à-vis other modes of transport.

4. While Freight traffic (NTKMs) between 1950-51 and 2013-14 grew 15 times, Passenger traffic (PKM) grew 15.7 times during the same period. But, over the years, IR's share (in originating tonnage) has come down from 89 per cent in 1951 to 30 per cent in 2007-08. A similar trend is observed in passenger transport, where the share of IR (in PKMs) has declined from 74.3 per cent in 1951 to 12.9 per cent in 2004-05, while the share of road transport has increased from 25.7 per cent to 86.7 per cent during the same period.

5. IR has focused on carrying bulk cargo in train-loads dominated by a narrow basket of nine commodities such as coal (46 per cent), iron ore, cement, fertilizers, steel, raw materials for steel plants except iron ore, food grains, petroleum products and container traffic; together, these account for over 90 per cent of the freight traffic. The slow growth in network capacity has resulted in progressively increasing congestion, particularly on the arterial trunk routes. Road sector, on the other hand, has grown manifold through massive investment in expansion which has enabled it to attract more traffic, both in passenger and freight segments.

6. At the time of Independence, the Indian Railways had substantial share of freight as well as passenger traffic Freight share was around 81 per cent and passenger share was around 75 per cent. Over a period of time, even though in absolute terms the passenger and freight traffic have been improving substantially, as a percentage vis-à-vis other modes of transport, the Indian Railways' share has been consistently going down. Today, the freight share is between 30 percent and 35 percent and the passenger share has come down to 13 per cent to 15 per cent.

7. Against the above backdrop, the Committee took up the subject for examination and report. In the process, the Committee obtained background notes, written replies and other requisite documents from the Ministry of Railways. The Committee also took evidence of the representatives of the Ministry of Railways (Railway Board) on two occasions. The Committee undertook on-the-spot Study Visits to various Zonal Railways to obtain first-hand knowledge on the subject matter. Based on the written and oral depositions of the Ministry of Railways, as well as the inputs gathered during the field visits, the Committee have deliberated on the issues concerning the subject matter in the succeeding paragraphs.

II. PASSENGER TRAFFIC

8. As regards the trend of passenger movement in Indian Railways vis-à-vis the Road transport from 1999-2000 to 2011-12, the following information was furnished to the Committee:

Year	Road Transport (Percentage)	Railways (Percentage)
1	2	3
1999-2000	1,831.6 (81.0)	430.7 (19.0)
2000-01	2,075.5 (82.0)	457.0 (18.0)
2001-02	2,413.1 (83.1)	490.9 (16.9)
2002-03	2,814.7 (84.5)	515.0 (15.5)
2003-04	3,070.2 (85.0)	541.2 (15.0)
2004-05	3,469.3 (85.8)	575.7 (14.2)
2005-06	4,251.7 (87.4)	615.6 (12.6)

2006-07	4,545.8 (86.7)	694.8 (13.3)
2007-08	4,860.3 (86.3)	770.0 (13.7)
2008-09	5,196.5 (86.1)	838.0 (13.9)
2009-10	5,555.9 (86.0)	903.4 (14.0)
2010-11	5,940.3 (85.9)	978.5 (14.1)
2011-12	6,351.2 (85.9)	1,046.5 (14.1)

9. As would be seen from the above statement, the passenger movement percentage in Indian Railways has come down to 14.1 in 2011-12 from 19.0 in 1999-2000. Asked to furnish the data from 2012-13 onwards, the following information was submitted to the Committee:-

Financial Year	Number of passengers (in millions)
2012-13	8421
2013-14	8397
2014-15	8224
2015-16	8151.90

10. Observing a steady decline in the number of passengers in Indian Railways since 2012-13 onwards, the Committee desired to be apprised of the reasons therefor. In reply, the Railway Board attributed the reasons to various factors, including capacity constraints on major trunk routes of IR, improvement in road infrastructure offering better and faster connectivity leading to increase in the number of personal and commercial vehicles, gradual shift of passenger traffic to growth of metro rail projects in

cities, and cancellation of trains due to agitations, natural calamities, etc. during this period.

11. Asked to state the measures taken/proposed for improving passenger traffic, the Ministry submitted that the following measures were being taken for the purpose:

- (i) Augmentation of on-board capacity by attachment of additional coaches, running of special trains during festivals and holidays, running of Suvidha trains, etc. for the convenience of passengers.
- (ii) Organizing intensive ticket checking drives, including fortress checks, etc. to discourage ticketless travel.
- (iii) Augmentation of ticket selling capacity through operation of Automatic Ticket Vending Machines (ATVM), mobile ticketing, utilizing the services of ticketing agents like Jan Sadharan Ticket Booking Sewaks (JTBS), Station Ticket Booking Agents (STBA), Yatri Ticket Suvidha Kendra (YTSK), etc.

12. The Committee then desired to know whether any study had been conducted to assess the impact of the above measures in increasing the number of rail passengers. In reply, the Ministry submitted as under:

“The passenger traffic is regularly monitored at Divisional, Zonal as well as Railway Board level to assess the performance of passenger traffic on Indian Railways and analysis of trends and factors affecting passenger traffic performance undertaken for taking remedial measures, viz. augmentation of on-board capacity by attachment of additional coaches and running of Special/Suvidha trains, etc. Ticket checking has been intensified to curb ticketless travel which has resulted in improved window

sale of tickets. During the current year, positive growth of 0.45% in number of passengers booked has been registered from April, 2016 to May, 2016 as compared to corresponding period of last year.”

13. On being asked to state additional measures proposed from 2016-17 onwards with a view to increasing the number of passengers, the Railway Board submitted as follows:

“To further improve passenger traffic, Alternate Train Accommodation Scheme known as VIKALP has been introduced on pilot basis to provide confirmed accommodation to waitlisted passengers in the alternate trains based on the choice exercised by them and to ensure optimum utilization of available accommodation. Ticket checking drives, including fortress checks, are proposed to be intensified to discourage ticketless travel. Measures are also undertaken to augment ticket dispensing capacity through operation of Automatic Ticket Vending Machines (ATVM), mobile ticketing, utilizing the services of ticketing agents like Jan Sadharan Ticket Booking Sewaks (JTBS), Station Ticket Booking Agents (STBA), Yatri Ticket Suvidha Kendra (YTSK), etc. Temporary/permanent augmentation of on-board capacity by attaching additional coaches/running of special/Suvidha trains to meet the demand is a continuous exercise.”

III. PASSENGER FARES

14. As mentioned earlier, the Indian Railways are incurring heavy losses in passenger service over the years because increase in the passenger fares has been lower than the growth in costs. The Committee were further informed that according to the Planning

Commission document for the 12th Plan, in case of passenger fares, China charges 2.7 times than that of Indian Railways and Germany and Japan charge 6.2 and 9.4 times, respectively.

15. In the above context, the Committee desired to know about the social obligations of the above said countries vis-a-vis India. In reply, the Ministry stated as under:

“Indian Railways does not have data relating to social obligation on other countries, including these countries. The socio-economic condition of India is not comparable with the other developed countries, and hence the fares, freight rates, amenities provided to passengers, etc. on Railways of developed countries cannot be compared.”

16. When asked to state whether the Indian Railways were providing the same comfort and amenities to the passengers as that of the countries mentioned above, the Ministry submitted as under:

“The principle of differential pricing is practiced on Indian Railways and Passengers are charged according to the facilities provided to them. IR have different classes of travel with different facilities, i.e. First AC, Second AC, Sleeper Class and Second Class, which are priced differently. Fares are also fixed according to the branding of the train, their speed, catering facilities and other passenger amenities provided in different trains like Rajdhani/Duronto, Shatabdi, Superfast Mail/Express and passenger trains, etc. Berths are also made available at a higher price for earmarked berths called “Tatkal berths” which are made available for passengers wanting to book

tickets at short notices. Further, additional trains, over and above the time tabled trains run to meet the demand surges during peak travel time like summer holidays, pooja holidays are also run on differential pricing structure called Suvidha and Special trains on special fares.”

17. In response to a specific query regarding low cost Airlines fare impacting the 1 AC and 2 AC Rail fares/passengers, the Ministry apprised as under:

“Indian Railway’s fare tariff is normally explicitly notified in the form of a firm fare structure, based on the class of travel and its lead. The tariff structure prevalent on other modes of transport, such as airways, is generally based on different principles. Indian Railways do not maintain the fares of airlines and hence it is not possible to compare the same.”

18. Not satisfied, the Committee queried whether Railways were contemplating introduction of dynamic fare system for the passengers in line with Airlines fare. In response, the Ministry submitted as under:

“Indian Railways have already introduced Dynamic Fare System for passenger traffic. The concept of premium train services on dynamic fare over and above the regular train services was introduced from 24.12.2013 and the first Premium train was introduced between New Delhi and Mumbai on dynamic fare. The fare of premium special trains on dynamic pricing increases depending upon the demand and availability of accommodation. Further, from

01.07.2015, the concepts of Suvidha trains on Dynamic fare have been introduced in place of Premium fare system with rationalized variable fare structure and provisions of refund and booking across PRS counter.”

19. In evidence, the Chairman, Railway Board elaborated as under:

“These low cost airline fares compare well with the AC II tier fares. If you take the booking 60 days in advance, they compare well and may be our AC I class is costlier than low cost airlines. But when it comes to the last day booking, their fares are three or four times than what the Railway fare is. Your point is a very valid point. These distortions are there but today we do not have dynamic fares which we had for Suvidha and earlier versions of such trains. Perhaps we should think on those lines and try to improve the earnings. There is also a necessity to rationalize the fares even for other passengers like second class and sleeper class travelers because people pay perhaps more money for commuting from their house to the station than perhaps on the fare of the Railway ticket.”

20. The Committee were then informed that in order to offset the loss in passenger services, Railways are cross subsidizing passenger business through their freight business as a result of which Railways freight rates have increased regularly while passenger fares have remained stagnant, thereby making Railways’ freight business less competitive vis-à-vis the other modes of transport.

21. In the above context, the Committee enquired about the plans and proposal, for rationalization of the tariff policy to come out of the predicament. In reply, the Railway Board deposed as under:

“While Indian Railways is committed to offer affordable transportation to poorest segment of the society, certain steps are being taken to reduce the loss on this account. Evaluation of various alternatives relating to rationalization of Passenger Fare structure is an on-going process. In order to reduce the cross subsidy on passenger business during last five years, the Passenger fares were rationalized from time to time. With effect from 25.06.2014, the Passenger fares of all classes, including Monthly Season Tickets, were increased by 14.2%.”

22. When the Committee desired to hear the views of the Chairman, Railway Board, on tariff rationalization, he submitted in evidence:

“...we have to gradually go in for a system where we marginally keep on increasing the fares gradually and try to reduce this cross-subsidy portion and whatever is the earning, the additional earning comes out of this passenger sector, is invested in creating facilities for the passengers.”

IV. FREIGHT TRAFFIC & TARIFF

23. The share of rail and road transport in freight traffic from 1999-2000 to 2011-12 was stated to be as under:

Year	Road Transport (Percentage)	Railways (Percentage)
1	2	3
1999-2000	467.0 (60.5)	305.2 (39.5)
2000-01	494.0 (61.3)	312.4 (38.7)
2001-02	515.0 (60.7)	333.2 (39.3)
2002-03	545.0 (60.7)	353.2 (39.3)
2003-04	595.0 (61.0)	381.2 (39.0)
2004-05	646.0 (61.1)	411.3 (38.9)
2005-06	658.9 (59.9)	441.8 (40.1)
2006-07	766.2 (61.4)	481.0 (38.6)
2007-08	851.7 (62.0)	521.3 (38.0)
2008-09	920.2 (62.5)	551.4 (37.5)
2009-10	1,015.1 (62.8)	600.5 (37.2)
2010-11	1,128.4 (64.3)	625.7 (35.7)
2011-12	1,212.4 (64.5)	667.6 (35.5)

24. As would be seen from the above comparative data, the percentage of freight traffic by rail transport since 2006-07 has shown a declining trend. In that context, when the Committee desired to be apprised of the precise reasons for the noticeable

decline in the percentage of freight traffic in Indian Railways, the Railway Board responded as under:

“The share of freight business by Indian Rail is subject to a number of factors including impact of hike in freight rates and growth and competition from alternative modes of transportation. Under investment in building up rail transportation capacity over the years along with the reduced competitiveness of Railways vis-a-vis other modes due to high freight rates (necessitated due to cross subsidization of passenger segment in order to keep passenger fares low) has resulted in reduction in share of Railways in the total freight movement in the country. Due to capacity constraints, Indian Railways has been focusing on the core sectors of the economy. This has resulted in the majority of the rail freight basket being confined to a small group of bulk commodities with coal constituting almost 50% of the freight traffic. Further, the need for servicing the core sectors of the economy in spite of severe capacity constraints forced Railways to accept only “train load” consignments. This has led to a drop in the share of Railways freight movement in the country as large proportion of the movement is in less than train load sizes.”

25. Asked to state the percentage of rail freight movement from 2012-13 to 2015-16, the Ministry submitted as under:

“The exact details regarding percentage share of Railways in freight movement from 2012-13 onwards are not presently available. However, the trend of increasing share in freight transportation of road and other non-Railway

modes from 2012-13 onwards is expected to have continued, for reasons mentioned earlier.”

26. Expressing surprise, the Committee asked about the basis on which corrective measures would be taken in the absence of a comparative study of the Railway share in freight segment from 2012-13 onwards. In reply, the Ministry stated that the data of Rail share and Road share in freight movement up to 2012-13 was furnished based on Road Transport Year Book (2012-13) published by the Ministry of Road Transport & Highways in November, 2015. The Ministry further stated that Railways have been undertaking continuous in-house study of Railway share in freight segment based on inputs received from various stakeholders.

27. The Committee then desired to know the specific measures taken/proposed to increase the freight traffic percentage in Indian Railways. In reply, the Railway board submitted as under:

“The Government has initiated various steps so as to increase the share of Rail in transportation market. The strategy adopted to increase share of Railways in freight movement is multi-pronged. It includes directed and focused investments to increase transportation capacity in congested sections and also tariff and non-tariff policy initiatives aimed at attracting more traffic (including new traffic) streams to Railways. Some of these are as under:

- i) The originating traffic tonnage is likely to increase in the coming year because of the impact of budget announcement such as expansion of the freight basket of IR, expansion of container sector to all traffic (barring Coal & specified Mineral

Ores) and access to container traffic for all existing terminals/sheds. Moreover all efforts would be made to increase the share of high value commodities in total loading.

ii) The freight rates are being rationalized further to make it more competitive with other modes of transportation. Certain steps have already been initiated in this direction to attract more traffic to rail which includes:

- Permitting all covered wagons for booking of traffic to two-point/multi-point combinations, mini rake.
- Distance restriction applicable for mini rake has been relaxed from 400 to 600 kms.
- Automatic freight rebate scheme for traffic loaded in empty flow direction has also been introduced.
- Withdrawal of Port Congestion charge.
- Withdrawal of Busy Season Charge.
- Discontinuance of dual freight policy for Iron Ore traffic.
- Introduction of Roll-on-Roll-off policy.
- Merry-Go-Round (MGR) scheme has been further rationalised to attract short lead traffic.

The proposal of tariff rationalisation policy initiative which are under process are as follows:

- Review of Classification of commodities, like Red Mud, Alumina, Fly Ash, Bauxite, Slag and Stone, etc.
- Increase commodity basket- Inclusion of new commodities.
- Differentiated tariffs to increase utilization of alternate routes.
- Long Term Contracts with customers.
- Recapture traffic through containerization.
- All existing terminals/sheds would be granted access to Container traffic.

In addition to this, certain 'Digital India Initiatives' have been taken like:

- Electronic Registration of Demands & Electronic Transmission of Railway Receipt.
- SAMVAD – A process of structured dialogue between customers and top Railway authority has been initiated at Railway Board as well as zonal level to take continuous feedback from customers. Ten key Customer Managers at Railway Board level have been nominated to liaison with major freight stake holders.

28. Asked to state whether any assessment had been done to gauge the impact of the measures initiated to increase rail freight traffic, the Ministry submitted as under:

“Automatic Freight Rebate Scheme for traffic loaded in traditional empty flow direction was introduced from 25th June 2015. Till date, under this scheme, 2 million tonnes of additional traffic has been moved, which has generated addition revenue of around Rs.108 crore. The other initiatives to increase freight traffic schemes have been launched recently and it is too early to assess its impact on freight transportation. It is expected that in the short run Railways will not only be able to stabilize its share in the total freight segment but would reverse the trend in the long run as all these initiatives will help Railways to become more competitive in comparison to other modes of transportation and Railways will be able to increase its share in total freight business.”

29. As stated earlier, the Committee were informed that the need for servicing the core sectors of economy, in spite of severe capacity constraints, had forced the Railways to accept only 'train load' consignments leading to a drop in the share of Railways freight movement as a large portion of the freight movement had been on less than 'train load' sizes.

30. In the above context, the Committee desired to be apprised of the strategy chalked out and measures taken/proposed to attract less than 'train load' sizes. In response, the Ministry submitted that the following measures were being taken/proposed for the purpose:

- i) "Two point and Multi point booking has been permitted for availing trainload rate.
- ii) Mini Rake has been allowed for trainload benefit.
- iii) Freight Forwarder Scheme is in operation under which Freight Forwarders aggregate Parcel size traffic and transport their consignments.
- iv) Containerisation of traffic is being promoted to attract piecemeal traffic.
- v) It has been announced in the Budget 2016-17 that Parcel business will be opened for Container traffic; part load Container trains will be permitted in non-peak traffic.
- vi) For non-bulk piecemeal parcel traffic, scheme for leasing of parcel space is already in existence. Under the scheme, parcel space of different capacity is leased out to the private operator by inviting bids through open tenders for long term contracts. The parcel capacity available for leasing is inter-alia (a) compartment of Brakevan having parcel capacity of 4 tonnes; (b) Parcel Vans having parcel capacity of 18/23 tonnes; (c) Parcel Special trains

(leased or non- leased) having parcel capacity ranging between 360 and 460 tonnes.”

31. As regards the Indian Railways’ freight rates, the Ministry submitted as under:

“Today IR’s freight rates are almost the highest in the world. Railway’s freight competitors are becoming more competitive not just because of their efficiency, etc. but also because Railways freight rates make them appear better. Customers are exploring various options like pipelines, conveyors, inland water ways, etc. which may not be the most efficient option. This is not in the interest of the Railways. In the Planning Commission document for the 12th Plan, a comparison of freight and passenger fares of Indian Railways with other Railways has been done. Rail freight rates in USA and China are about half of India while in case of passenger fares, China charges 2.7 times while Germany and Japan charge 6.2 and 9.4 times, respectively.”

32. The Chairman, Railway Board, further apprised the Committee in evidence as under:

“One more reason as to why we have lost out on our freight is that we are perhaps the highest in the world as far as freight charges are concerned. In other countries like China and USA, the freight charges are defined in net tonne per kilometer and the charges are almost half of what we are charging.”

33. The Committee were further informed that over the years Indian Railways' share (in originating tonnage) had come down from 89 percent in 1951 to 30 percent in 2007-08. The Ministry as already stated earlier, further submitted as under:

“IR has focused on carrying bulk cargo in train-loads dominated by a narrow basket of nine commodities such as coal (46 per cent), iron ore, cement, fertilizers, steel, raw materials for steel plants except iron ore, food grains, petroleum products and container traffic; together these account for over 90 per cent of the freight traffic. Slow growth in network capacity has resulted in progressively increasing congestion, particularly on the arterial trunk routes. While Freight traffic (NTKMs) between 1950-51 and 2013-14 grew 15 times, Passenger traffic (PKM) grew 15.7 times. In sharp contrast, the Total Route kilometers grew by 1.23 times only.”

V. INVESTMENT AND CAPACITY BUILDING

34. The Ministry further stated that the Road Sector had grown manifold through massive investment in expansion, enabling it to attract more traffic. Indian Railways, therefore, needed influx of requisite capital for modernization, capacity building and infrastructure development which would enable it to increase its share in freight segment.

35. The Committee asked about the endeavours made by the Indian Railways to augment resources for capacity building. In response, the Ministry submitted as under:

“Railway projects are capital intensive and have a long gestation. Modernization, capacity building and infrastructure development in Railways, so that its share in the transport sector increases to the required volumes, would require huge investments on a continuous basis. Railways’ plan expenditure is met from multiple sources which include Gross Budgetary Support by the Government, internal resources generated by Railways and Extra Budgetary Resources such as Market borrowings and Partnerships. Internal Resources generated by Railways are appropriated to Railway Funds namely DRF, CF, DF and DSF, wherefrom Railways’ specific plan requirements are provided for, viz.

- (a) Capital Fund - repayment of principal component of lease charges to IRFC for the market borrowings,
- (b) Depreciation Reserve Fund - renewal and replacement works,
- (c) Development Fund - works related to Passenger and other Railway Users Amenities, Staff Welfare, Operating Improvement and Safety Works,
- (d) Debt Service Fund are actually meant for meeting pay liabilities due to IBRD, JICA and salary impact of pay commissions.

From the above, it may be appreciated that internal resources generated by Railways do not significantly impact capacity building which is actually done through Budgetary Support received from the Government and Market borrowings through IRFC and the Institutional Finance that is being resorted to since 2015-16.

Moreover, being a Government Department bearing huge Public Service Obligations by way of providing certain services below cost, Railways' capacity to generate adequate internal resources through tariff measures is limited. Further, its endeavours towards maximizing internal resource generation are also marred by inflexibility of expenditure. Nevertheless, through various short term and long term measures, Railways continuously endeavours to maximise earnings and control expenditure so that adequate internal resources are available for supplementing plan investment."

36. Asked to state the investment plan for network expansion with a view to increasing the rail share in freight segment, the Ministry apprised that they had drawn up an investment plan of Rs. 8.56 lakh crore (approximately 130 Billion US dollar) over the next five years. The sources of funds to finance the investment plan were stated to be as under:

(Rs. in lakh crore)	
Gross Budgetary Support	2.56
Internal Generation	1.0
State Joint Ventures	1.2
Public-Private Partnership (PPP)	1.3
Extra Budgetary Resources (EBR)	2.5
Total	8.56

37. On the issue of inadequate internal generation of revenue, the Chairman, Railway Board, submitted in evidence:

"...Because of these anomalies or contradictions in the system that we have, our capability to generate internal resources has substantially come down. We are under restraint to generate the resources. There are constraints

from the Central Government side to give us financial support in improving the network congestion and improving the services.”

38. The Committee were also apprised that Railway’s endeavours towards maximizing internal resource generation had been marred by inflexibility of expenditure. In that context, the Committee asked about the measures taken to rationalize expenditure and augment internal resources to supplement the plan investments. In reply, the Ministry submitted as under:

“Besides taking various measures to achieve higher volumes of freight and passenger traffic and increasing the earnings already apprised to the Committee, Railways are taking all measures to minimize their operating expenses so that internal resource generation is maximized for supplementing the plan investment. Comprehensive instructions on Expenditure Management - Economy Measures, Austerity, Cost control, Rationalization of Expenditure have been circulated to all concerned for being followed scrupulously. Broadly, the measures taken to rationalize and control expenditure revolve around the following areas:-

- Constant endeavour to effect economy in expenditure on controllable heads like travelling allowances, over-time allowance, etc.;
- Austerity and economy measures in areas such as hospitality, publicity, advertisements, inaugural ceremonies, seminars/workshops and contingent office expenses, etc.
- Implementation of guidelines on expenditure control and management circulated by Ministry of Finance.
- Imposition of Spending Limits and Exchequer control.

- Rigorous monitoring of expenditure with regard to the monthly budget proportions.
- Pre-check of indents and estimates.
- Rigorous concurrent and internal audit functions.
- Various cost cutting measures in purchase and use of fuel, both electric and diesel, like purchase of power as distribution licensee, purchase of power at lower rates from various State Electricity Boards and other units, taking up of various energy conservation measures, fitment and working of auxiliary power units, use of bio diesel, rationalization of fuelling pattern, improvement in SFC and SEC, etc.
- Manpower planning, benchmarking and yardsticks based on work studies.
- Post checks of pension payment by banks.
- Efficiency and productivity test of assets, etc.”

39. Asked to state the impact of the dip in fuel prices and the induction of more Electric/CNG locos in bridging the gap between passenger and freight fares, the Ministry submitted as under:

“It is a fact that the decline in diesel prices in recent times eases the Railway Finance to some extent. In order to pass the benefit of lower fuel bill to our customers, Indian Railway has been able to rationalize the freight rates which includes withdrawal of Port Congestion charge and Busy Season charge, abolition of dual freight policy for Iron Ore, introduction of Automatic Freight Rebate Scheme for Empty flow direction, Merry-Go-Round scheme to attract short lead traffic, etc. These steps will be instrumental in bridging the gap between passenger fare and freight rates.”

40. Pointing out that the road sector holds edge over Railways because of its coverage and small distance preference by carriers and passengers, the Committee desired to be apprised of the measures taken/proposed by the Railways to expand their reach. In reply, the Ministry submitted as under:

“It is true that Road Sector holds edge over Railways over small distance and in areas where a long distance has to be covered by the cargo before it can access a rail head. Railways have attempted to expand the reach by connecting new regions through new lines as also by strengthening the existing rail network through gauge conversion and doubling. Details of the projects taken on hand in these categories are as under:

S.No.	Plan Head	No. of works	Length (kms)	Latest cost (Rs in crore)
1	New Line	166	18,592	2,47,840
2	Gauge Conversion	39	8,470	48,582
3	Doubling	253	21,337	1,87,089
	Total	458	48,339	4,83,511

In addition to the above, Railways have, from time to time, provided incentives to bulk cargo moving over shorter distances to come to Railways.”

41. Asked to state whether Railways proposed to provide door to door delivery system, the Ministry responded as under:

“It is true that Road sector has door to door capability whereas Railway traffic has to depend on road bridging at both ends unless the bulk cargo moves from siding to siding of the customer. In order to overcome this, a number of initiatives

have been taken with a view to attract non-bulk piecemeal traffic.”

42. The Chairman, Railway Board, elaborated in evidence as under:

“We took a policy decision long back when we introduced the container services. The purpose was to take care of the door to door business. The purpose was also to accumulate the small container load which can be transferred or moved from one end to another. There are limitations in that also but this is going to be one area which we are going to focus upon for consolidation of traffic as well as door to door delivery.”

VI. LOADING & UNLOADING DETENTION TIME

43. The Committee then desired to know about the measures taken to improve the speed and efficiency of the loading and unloading of rail freight. In response, the Ministry submitted as under:

“Railways provide the basic transportation facilities, whereas the loading and unloading arrangements are normally done by the rail users. In order to ensure improvement, Railways has progressively been encouraging its customers to move to mechanised loading arrangements, for example Silos with rapid loading system are being installed for loading of bulk materials like coal. Increased deployment of front end loading equipment like pay loaders has also helped in enhancing the speed of loading of bulk materials. As regards unloading, mechanised tipping operations for BOXN wagons and unloading on track hopper through BOBRN wagons which have bottom discharge facilities have been encouraged at major sidings like power houses and steel plants. Mechanised loading of bagged

consignments like cement and fertilisers have also commenced at many of the plants. Further, measures like imposition of demurrage charges (including penal demurrage) also help in incentivising the rail users to move towards mechanized and efficient handling systems. The loading and unloading detentions have shown improvement. Details are as under:-

Year	Loading Detention	Unloading Detention
2014-15	16.31 hrs	18.28 hrs
2015-16	16.08 hrs.	18.07 hrs.

44. Asked to state whether the loading detention time of 16.08 hours and unloading detention time of 18.07 hours in 2015-16 was still on a higher side, the Ministry replied in the affirmative. The Committee then enquired about the measures taken/proposed to further reduce the detention time. In reply, the Ministry deposed as under:

“Meticulous planning is done at Divisional and Zonal level to ensure that the detention on Railway’s account is kept at minimum. However, under certain circumstances, detentions do occur for removal of rakes which are beyond the control. Further, bunching of rakes due to poor clearance by loading / unloading parties also cause detention to Railway wagons at terminals. To control such detentions, demurrage is levied on wagons. At terminals which perform poorly on regular basis, punitive demurrage are levied so as to ensure that the wagons are released at the earliest and next rake is placed for loading / unloading. Railways have been insisting for more of mechanized operations for loading (loading under rakes and using pay loaders) and unloading (at track hoppers and wagon tipplers).

Railways regularly sensitize the stake-holders to minimize detention to rakes both at loading and unloading terminals and all possible efforts including deployment of officials are made especially at chronic terminals to reduce detention to rakes on the system.”

45. In response to a specific query regarding demurrage charges levied for detention of wagons beyond the prescribed free time, the Ministry submitted as under:

“Freight is charged for movement of traffic from loading point to destination point and not for loading/unloading of wagons. For loading of consignment, rail users place indent for wagons. Wagons are supplied as per the indent. Permissible free time has been prescribed for loading/unloading of wagons. Demurrage charge is levied for detention of wagons beyond prescribed free time. Guidelines have also been laid down for its waiver. Rail users may prefer application for waiver and the same is considered based on the merit of the case. In general, railway frames a very tight free time regime so that customers can be motivated to invest for adopting more efficient handling systems. Inability of the customers to perform to these standards is handled through demurrage waiver giving them an opportunity to improve their performance over time. That this philosophy has been successful in its objectives is borne out by the continuously improving wagon turn round performance of the Railway, as detailed below.

Year	Wagon Turn Round (in days)
2010-11	4.97
2011-12	5.08
2012-13	5.18
2013-14	5.13
2014-15	4.98

The details of Demurrage collected during the last five years are given below-

Year	Amount of Demurrage (Rs Cr)
2010-11	1106.54
2011-12	1114.41
2012-13	936.44
2013-14	1344.52
2014-15	1151.01

VII. CONGESTION

46. When the Committee desired to know about the problem of congestion on the existing Railway Network, the Chairman, Railway Board, deposed in evidence:-

“We have a serious congestion in the network, with the result that we are not able to guarantee a delivery time. In fact, bulks of our sections are saturated. In fact, 6 per cent of the major sections carry almost 60 per cent to 70 per cent of the traffic resulting in severe congestion and freight train getting lower priority and passenger train getting higher priority, because of which our share is going down and we are not able to guarantee a delivery time to the consumers and this has also resulted in more freight traffic being moved by road.”

47. Asked to state the specific measures taken/proposed to tackle the problem of congestion, the Ministry submitted that Capacity constraints were being faced at the terminals and in between stations on the congested sections. In order to tackle the capacity constraints on the section, 253 doubling projects and 21337 kms. had already been sanctioned at a cost of Rs.1,87,089 crore. In order to tackle terminal and other constraints, 550 Traffic Facility Works had also been sanctioned which included construction of terminals, longer loops, crossing stations, bypasses, flyovers, IBSs, new goods sheds, improvement in goods sheds, yard remodeling, removal of permanent speed restriction, auto signaling, etc.

48. In response to a specific query regarding measures taken/proposed for offsetting low revenue generation owing to congestion at some sections and under utilization at some other stations, the Ministry stated that Railway Infrastructure plan had been based on the premise of high volume and the only way to offset low revenue generation in Railways was to carry larger volumes of traffic.

VIII. DEDICATED FREIGHT CORRIDORS

49. As regards the Dedicated Freight Corridors (DFCs), the Committee were informed as under:

“Currently, two major network expansion projects are underway – the Dedicated Freight Corridors (DFC), Eastern & Western, of around 3300 km. is being constructed to augment freight transportation capacity of Indian Railways and to increase rail freight share. These projects are being implemented through a combination of Gross Budgetary Support (GBS) and Debt from multilateral/bilateral funding agencies (World Bank and Japan

International Cooperation Agency (JICA). Apart from the Eastern and Western DFCs which are currently under implementation, it is also proposed to take up the following freight corridors:-(i) East-West Corridor (2328 kms) (Kolkata-Mumbai); (ii) North-South Corridor(2343 km), (Delhi-Chennai); and (iii) East Coast Corridor (1114 km) (Kharagpur-Vijayawada). The Preliminary Engineering Cum Traffic Survey (PETS) Reports of these Corridors are under examination. The above measures would considerably expand the Railway network and improve service levels in both passenger and freight segments.

50. Asked to state the impact of DFCs in easing out congestion and increasing revenue generation, the Ministry submitted as under:

“Due to the massive transport capacity that would be created by the DFCs and with the released capacity available for passenger traffic, there would be overall positive impact on the revenue generation of Indian Railway traffic on passenger and freight front. The feasibility study for the two freight corridors had indicated additional traffic of over 180 million tonnes due to the two DFCs. The actual outcome would depend on a number of economic factors and cannot be quantified at this stage.”

51. Elaborating on the issue, the Chairman, Railway Board, deposed in evidence:

“...Eastern and Western Corridors are likely to be completed by December 2019. The bulk of the coal traffic which moves from Eastern part of the country towards the Northern area will get shifted to Eastern Freight Corridor. Similarly, JNPT is getting connected to Dadri by Western Corridor and the bulk of the

container and port traffic that moves on Western traffic will get shifted to that dedicated Western Freight Corridor. With this shifting of freight to the dedicated Freight Corridor, this is likely to release substantial capacity on existing network and then Railways will be able to increase the services and improve the services. It should result in improvement of share that I have vis-à-vis other modes of transport.”

PART-II

OBSERVATIONS/RECOMMENDATIONS

1. The Committee are deeply concerned to note that presently the passenger share of Indian Railways has come down to around 13 to 15 percent from around 75 percent, as was the position at the time of Independence vis-à-vis other modes of transport. Such a decline in the percentage share of Railways passenger traffic has occurred despite substantial increase in the number of passengers in absolute terms over the years. Even then, the Committee find that there is a worrying trend of decline in actual number of passengers since 2013-14. For example, the number of Rail passengers in 2012-13 was 8421 million which has come down to 8151.90 million in 2015-16. The Railway Board have attributed the reasons for such reduction in both the actual numbers and percentage of shares of passengers to various factors, including capacity constraints on major trunk routes, improvement in road infrastructure offering better and faster connectivity, gradual shift of passenger traffic to growth of metro rail projects, cancellation of trains due to agitations, natural calamities, etc. The Committee are of the considered opinion that the vast improvement in road infrastructure offering better and faster connectivity and the comfort and convenience provided to passengers by Metro Railways should act as a stimulus for Indian Railways to

leverage their performances in passenger traffic/services through optimal utilization of the existing infrastructure as well as by requisite capacity augmentation.

2. The Committee appreciate the fact that with a view to improving the passenger traffic, the Ministry are taking a number of measures which inter-alia include attachment of additional coaches, running of special and Suvidha trains, augmentation of ticket selling capacity through operation of Automatic Ticket Vending Machines (ATVM), mobile ticketing, utilizing the services of ticketing agents like Jan Sadharan Ticket Booking Sewaks (JTBS), Station Ticket Booking Agents (STBA), Yatri Ticket Suvidha Kendra (YTSK), Alternate Train Accommodation Scheme known as VIKALP, etc. Furthermore, the passenger traffic is regularly monitored at Divisional, Zonal as well as Railway Board level to assess the performance of passenger traffic on Indian Railways. As a result of such measures, a positive growth of 0.45 percent in the number of passengers has been achieved during the first two months of 2016-17 fiscal. Needless to say, it implies that with adequate proactive measures the Indian Railways can improve their performance in the passenger traffic segment. The Committee, therefore, desire that more such effective and innovative steps be taken, with special emphasis towards continuous monitoring at all levels, so that the Indian Railways, despite constraints in many

areas, are able not only to retain its passenger base but also to attract more passenger traffic.

3. It is a matter of serious concern for the Committee that the Indian Railways are incurring heavy losses in passenger service over the years which, at present, stand at approximately Rs. 28,000 crore. Such losses have occurred due to the Indian Railways' social obligations and because of the fact that the increase in the passenger fares has not been commensurate with the growth in costs. In this context, the Committee observe that with effect from 25th June, 2014, the passenger fares of all classes, including monthly season tickets, have been increased by 14.2 percent which is reportedly still grossly inadequate. The Ministry have submitted that in the case of passenger fares, China, Germany and Japan charge 2.7 times, 6.2 times and 9.4 times, respectively, than that of the Indian Railways. The Committee are not inclined to consider the comparative fare structure of the above mentioned developed countries with that of Indian Railways in view of the Ministry's own submission that socio-economic conditions of India are not comparable with the developed countries. The Committee, however, are of the considered view that periodic evaluation of various alternatives relating to rationalization of the passenger fare is imperative. They, therefore, recommend that the Ministry of Railway should look into the

feasibility of gradually going in for a system of marginal increase in the passenger fares based on feedbacks obtained from various stakeholders, public opinion and after comprehensive re-evaluation of the social commitments so that the cross-subsidy portion is reduced and the additional revenue, thus generated, is gainfully utilized for passenger amenities. At the same time, the Committee would like to stress that travelling public should not be subjected to undue hardship, specially on the non-premium segments.

4. According to the Ministry, the tariff structure prevalent in other modes of transport such as airways is generally based on different principles whereas the Railways' fare tariff is normally explicitly notified in the form of a firm fare structure and hence the Indian Railways do not maintain the fares of Airlines. The Committee are not convinced with the contentions of the Ministry because Airlines have introduced novel schemes whereby they are entertaining customers at a cost of 2 AC/1 AC Rail fare. What concerns the Committee more is that today the Indian Railways do not have the dynamic fares which they had introduced for Suvidha and earlier versions of such trains, as submitted by the Chairman, Railway Board, in evidence. The Committee, therefore, exhort the Ministry to make concerted efforts and put in place a system of rationalized variable fare structure so as

to compete with the Airline pricing method and improve Railway earnings. However, the Committee would like to caution the Ministry that this fare structure should not be at the cost of the passengers so as to protect the overall interest of the travelling public. The Committee would like to specifically emphasize the imperatives involved on the part of Railways to guard against pilferage/leakage of revenue in passenger services.

5. The Committee are perturbed to note that in order to offset the losses in passenger services, Railways are cross subsidizing passenger business by increasing freight rates, thereby making Railways' freight business less competitive vis-à-vis other modes of transport. Thus, Indian Railways are at disadvantage on both passenger and freight business. While taking note of the predicament that the Indian Railways have been put into, the Committee are of the opinion that the systemic deficiencies and contradictions need to be addressed, enabling the Railways to fulfill their dual mandate of meeting their social commitments and commercial targets.

6. The Committee are deeply concerned to note that while freight traffic (NTKMS) between 1950-51 and 2013-14 grew 15 times, Indian Railways' share (in originating tonnage) has come down from around 89 percent in 1951 to about 30 to 35 percent as of 2011-12. The share of road

transport, during the same period, has increased from 25.7 percent to 86.7 percent. Surprisingly, the exact details regarding percentage share of Railways in freight movement from 2012-13 onwards are not available with the Ministry though they have claimed to have been undertaking continuous in-house study of Railway share in freight segment based on inputs received from various stakeholders. In other words, had such in-house study been continuously undertaken by the Railways, the requisite information subsequent to 2011-12 should have been shared with the Committee instead of furnishing a vague reply that the trend of lower share of the Railways is expected to have continued also from 2012-13 onwards. In view of the significance of a continuous comparative study of the Railway's share in freight movement vis-à-vis other modes of transport, the Committee urge the Ministry to make an assessment in this regard so that timely measures could be taken to improve Railways' performance in freight traffic.

7. Apart from high freight rates, necessitated due to cross subsidization of passenger segment, the other factors that have caused decline in Railways' share of freight traffic inter-alia include under-investment in building up rail transportation capacity over the years, majority of the rail freight basket being confined to a small group of bulk commodities with coal constituting

almost 50 percent of the freight traffic, compulsions to carry only 'train load' consignments, etc. The Committee appreciate that the Government have initiated various steps so as to increase the share of Railways in the transportation segment. Such initiatives of the Government include expansion of the freight basket and container sector, rationalization of freight rates, automatic freight rebate scheme, withdrawal of port congestion and busy season charges, discontinuance of dual freight policy for iron ore traffic, introduction of Roll-on-Roll-off (RORO) policy, Merry-Go-Round (MGR) scheme to attract short load traffic, initiating a process of structured dialogue between customers and top level Railway Officials, etc. The Committee feel that these are steps in the right direction and the Government should intensify and focus on more such multi-pronged strategies so as to make Indian Railways' freight movement more competitive, better and faster which would subsequently result in stabilizing the Railways' share in freight traffic in the short run and reversing the declining trend in the long run.

8. The Committee note that the road sector has grown manifold through massive investment in expansion, enabling it to attract more traffic. The Indian Railways, therefore, need influx of requisite capital for modernization, capacity building and infrastructure

development which would enable it to compete with the road sector and increase its share in freight segment. In this context, the Committee find that the Railways have drawn an ambitious investment plan of Rs. 8.56 lakh crore (approximately 130 Billion US dollars) over the next five years. The sources of funds to finance the investment plan are through Gross Budgetary Support (Rs. 2.56 lakh crore), Extra Budgetary Resource (Rs. 2.5 lakh crore), Public Private Partnership (Rs. 1.3 lakh crore), State Joint Ventures (Rs. 1.2 lakh crore) and Internal Revenue Generation (Rs. 1 lakh crore). In view of the fact that as much as Rs. 6 lakh crore has to be mobilized through Railways' own initiatives, the Committee impress upon the Ministry to further intensify its endeavours towards raising the requisite funds through market borrowings by IRFC, PPPs, Joint Ventures and most importantly Internal Generation so that the Railways will be on a stronger footing for getting the remaining amount of Rs. 2.56 lakh crore as GBS for the ambitious plan investment.

9. The Committee appreciate the Ministry's submission that the Railways' capacity to generate adequate internal resources through tariff measures is limited, they being a Government Department bearing huge Public Service Obligations. But the Committee outrightly reject the Ministry's contention that internal resources generated by the Railways do not significantly impact capacity building

as internal generation of funds is a commercial mandate, also conferred upon the Railways along with the socio-economic mandate. Moreover, the Railways have themselves accepted that efforts towards maximizing internal resource generation has been marred by inflexibility of expenditure for which, of course, a number of measures are being taken to effect economy in expenditure. The Committee, therefore, desire that the Ministry, instead of making an attempt to underplay the import of internal resource generation, should continue to focus on rigorous monitoring of expenditure and gainful utilization of the assets already created, besides minimizing the operating expenses and checking leakages so that internal generation of funds is maximized for supplementing the plan investments.

10. The Committee note that the road sector holds an edge over Railways because of its small distance and door to door service capability, whereas the Railway traffic has to depend on road building at both ends, unless the bulk cargo moves from siding to siding of the customer. In order to overcome the problem, a policy decision has been taken by the Railways for the purpose of taking care of the door to door business as well as to accumulate the small container load which can be transferred or moved from one end to another. The Committee appreciate the efforts of the Ministry and desire that the Railways should

continue with the measures already initiated, besides contemplating additional steps with a view to attracting non-bulk piecemeal traffic and sustaining the competition from the road sector in small distance and door to door delivery capabilities.

11. The Committee are concerned to find that during the year 2015-16, the loading and unloading detention time of freight traffic was 16.08 hrs. and 18.7 hrs., respectively, which were considered to be still on a higher side, as admitted by the Railways themselves. The Committee, however, appreciate that the Railways are taking a number of initiatives to further reduce the detention time. The Committee recommend that these measures be further streamlined and the monitoring mechanism tightened to reduce the detention time to the barest minimum, so that the Railways are able to win the trust of the customers and earn more revenue.

12. The Committee note that demurrage charges are levied by the Railways for detention of wagons beyond the prescribed free time. During the years from 2010-11 to 2014-15, the Railways have collected an amount of Rs. 5652.92 crore as demurrage charges. The Committee desire that the free time prescribed by the Railways for detention of wagons be further tightened so that wagon

turn around performance is improved and customers are motivated to invest in a more efficient handling system.

13. The Committee are deeply concerned to observe that the Railways are facing a serious congestion in the network because of which they are unable to guarantee a delivery time to the customers. In order to tackle the congestion and capacity constraints, 253 doubling projects, 21337 kms. and 550 traffic facility works have already been sanctioned. The Committee would like to urge the Ministry to expedite the projects already sanctioned with a view to effectively tackling the problems of congestion and assuring a delivery time to the dedicated and prospective rail freight consumers.

14. The Committee are fully convinced that putting in place Dedicated Freight Corridors (DFCs) expeditiously will go a long way in augmenting the carrying capacity of the Indian Railways, both in the passenger and freight segments. This will also substantially improve the financial position of the Railways. In this context, the Committee note that apart from the Eastern and Western Dedicated Freight Corridors (DFCs) which are under implementation and likely to be completed by December, 2019, the Ministry are proposing to take up three more DFCs for considerably expanding the Railway network and improve service levels in both passenger and freight segments. As there would be overall positive impact on

the revenue generation of Indian Railway traffic on both passenger and freight fronts due to the proposed DFCs, the Committee exhort the Ministry to ensure the completion of the projects within the targeted/given timeline for the under implementation and proposed DFCs.

New Delhi:
08 August, 2016
17 Shravana, 1938 (SAKA)

BHARTRUHARI MAHTAB
CHAIRPERSON
RAILWAY CONVENTION COMMITTEE

RAILWAY CONVENTION COMMITTEE (2014)

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 08th January, 2016, from 1130 hrs. to 1300 hrs. in Room no G-074, Ground Floor, Parliament Library Building, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

Members

Lok Sabha

2. Shri K. Ashok Kumar
3. Smt Anupriya Patel
4. Shri Bharat Singh
5. Shri Liladharbhai Khodaji Vaghela
6. Shri K.C. Venugopal

Rajya Sabha

NIL

Secretariat

1. Sh. K. Vijaykrishnan - Additional Secretary
2. Sh. D. R. Mohanty - Additional Director

Witnesses

Representatives of the Ministry of Railways (Railway Board)

1. Sh. A. K. Mital - Chairman, Railway Board
2. Sh. S. Mookerjee - Financial Commissioner
3. Sh. Mohd. Jamshed - Member (Traffic)
4. Sh. S. C. Jethi - Additional member (Commercial)
5. Sh. Kundan Sinha - Additional member (Traffic)
6. Sh. H. K. Kala - Additional member (Planning)

2. At the outset, the Chairperson welcomed the Members and the representatives of the Ministry of Railways (Railway Board) to the sitting of the Committee, convened to have a briefing by the representatives of the Ministry of Railways on the subject "Share of Railway Traffic vis-à-vis Road and Air Transport –An Evaluation". Impressing upon the witnesses to keep the proceedings of the Committee "Confidential", the Chairperson requested the Chairman, Railway Board, to give an overview of the subject matter, including the constraints/impediments faced in increasing the freight and passenger traffic in Indian Railways.

3. The Chairman, Railway Board, accordingly briefed the Committee on various aspects of the subject matter highlighting, inter-alia the percentage of freight and passenger movements in Indian Railways vis-à-vis the Road Transport; share of major commodities carried by Indian Railways; comparison of passenger fare and freight rates of Indian Railways with other countries; various constraints faced by the Indian Railways to compete with other transporters, etc. The Chairman, Railway Board, and the other representatives of the Ministry also responded to the queries of Members. As some queries required detailed and statistical reply, the Chairperson asked the Chairman, Railway Board, to furnish written reply on the same within a period of 10 to 15 days. The Chairman, Railway Board, assured to comply.

4. The Chairperson thanked the witnesses for appearing before the Committee and for furnishing the available information that the Committee desired in connection with the examination of the subject.

The witnesses then withdrew.

A verbatim copy of the proceedings was kept on record.

5. The Committee, thereafter, considered the proposals for selection of additional subjects for examination and after some discussions, the Committee decided to take up the following additional subjects for examination and report:

- (i) Research and Development in Indian Railways
- (ii) Safety Provisions at Unmanned Level Crossings
- (iii) Facilities given by Indian Railways to passengers with disabilities
- (iv) Promotion of Travel, Tourism and Catering Services by Indian Railway Catering and Tourism Corporation Limited (IRCTC)
- (v) Construction of Railway Systems, Tunnels, Bridges and Project Management by Konkan Railway Corporation Limited (KRCL)
- (vi) Consultancy, Engineering and Project Management Services by Rail India Technical and Economic Services (RITES)

The Committee then adjourned.

RAILWAY CONVENTION COMMITTEE (2014)

MINUTES OF THE SIXTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 1st June, 2016, from 1130 hrs. to 1300 hrs. in Committee Room-C, Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

Members

Lok Sabha

2. Shri Sanganna Karadi
3. Shri Janak Ram
4. Shri Rahul Ramesh Shewale
5. Shri Bharat Singh
6. Shri K.C. Venugopal

Rajya Sabha

7. Shri Arvind Kumar Singh
8. Shri K.C. Tyagi

Secretariat

- | | | |
|--------------------------|---|----------------------|
| 1. Sh. K. Vijayakrishnan | - | Additional Secretary |
| 2. Sh. M. K. Madhusudhan | - | Director |
| 3. Sh. D. R. Mohanty | - | Additional Director |

Witnesses

Representatives of the Ministry of Railways (Railway Board)

- | | | | |
|----|-------------------|---|---------------------------------------|
| 1. | Sh. A.K. Mital | - | Chairman, Railway Board |
| 2. | Sh. S. Mookerjee | - | Financial Commissioner, Railway Board |
| 3. | Mohd. Jamshed | - | Member (Traffic) |
| 4. | Sh. Shahzad Shah | - | Additional Member (Budget) |
| 5. | Sh. S.C. Jethi | - | Additional Member (Commercial) |
| 6. | Sh. Ambrish Kumar | - | Additional Member (Traffic) |
| 7. | Sh. H.K. Kala | - | Additional Member (Planning) |

2. At the outset, the Chairperson welcomed the Members and the representatives of the Ministry of Railways (Railway Board) to the sitting of the Committee, convened to take further oral evidence of the representatives of the Ministry of Railways (Railway Board) on the subject "Share of Railway traffic vis-à-vis road and air transport- An evaluation". Impressing upon the witnesses to keep the deliberations confidential, the Chairperson asked the Chairman, Railway Board to highlight further developments [occurred on aspects] concerning the subject matter that took place since the last evidence. The Chairman, Railway Board, accordingly gave an updated account of the share of Railways in freight movement and passenger traffic, measures taken to improve the extant position, and steps contemplated to increase internal revenue generation and attract more investment in Indian Railways. The representatives of the Ministry also attended to various queries raised by the Members. As some queries remained unanswered and required detailed reply, the Chairperson asked the Chairman, Railway Board, to furnish written reply thereon within 15 days. The Chairman, Railway Board, assured to comply.

3. The Chairperson thanked the witnesses for appearing before the Committee and furnishing the available information that the Committee desired in connection with the examination of the subject.

The witnesses then withdrew.

A verbatim copy of the proceedings was kept on record.

The Committee then adjourned.

RAILWAY CONVENTION COMMITTEE (2014)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 08th August, 2016, from 1000 hrs. to 1045 hrs. in Room No.-133A, (Chairperson's Chamber), First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

Lok Sabha

2. Shri Sanganna Amarapappa Karadi
3. Shri K. Ashok Kumar
4. Shri Kamalbhan Singh Marabi
5. Shri Nana Patole
6. Shri K.C. Venugopal

Rajya Sabha

7. Shri Derek 'O' Brien
8. Shri T. K. Rangarajan
9. Shri Abdul Waheb

Secretariat

- | | | |
|--------------------------|---|----------------------|
| 1. Sh. K. Vijaykrishnan | - | Additional Secretary |
| 2. Sh. S.C. Chaudhary | - | Joint Secretary |
| 3. Sh. M. K. Madhusudhan | - | Director |
| 4. Sh. D. R. Mohanty | - | Additional Director |

2. At the outset, the Chairperson welcomed the Members to the sitting and apprised them that the meeting convened to consider and adopt two Draft Reports had been fixed at 1000 hrs. to facilitate the Members' timely presence in Lok Sabha/Rajya Sabha. Giving an overview of the main Observations/Recommendations contained in both the Draft Reports, the Chairperson solicited the views/suggestions of the Members.

3. The Members accordingly expressed their views and suggestions. After some deliberations, the Committee adopted the following Draft Reports on:

(i) Role of IRFC and use of SPV methodology in financing development needs of Indian Railways.

(ii) Share of Railway traffic vis-à-vis road and air transport- An evaluation.

4. The Committee then authorized the Chairperson to finalize the Draft Reports in the light of consequential changes that might arise out of factual verifications and present the Reports to both the Houses.

5. Thereafter, the Committee selected the subject 'Proposed Merger of Railway Finances with General Finances - Feasibility, Issues and Challenges' for examination and report.

6. The Committee then decided to undertake an On-the-Spot Study Visit during the month of September, 2016 to get first-hand knowledge of the subjects under examination.

The Committee then adjourned.