

**STANDING COMMITTEE ON
RAILWAYS
(2016-17)
SIXTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

[Action taken by Government on the recommendations/observations contained in the 9th Report of the Standing Committee on Railways (Sixteenth Lok Sabha) on '**Demands for Grants – 2016-17 of the Ministry of Railways**']

ELEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

DECEMBER, 2016/ AGRAHAYANA, 1938 (SAKA)

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Presented to Lok Sabha on 14.12.2016

Laid in Rajya Sabha on 14.12.2016



**LOK SABHA SECRETARIAT
NEW DELHI**

DECEMBER, 2016/ AGRAHAYANA, 1938 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2016-17)

Shri Sudip Bandyopadhyay - Chairperson

MEMBERS

LOK SABHA

2. Shri E. Ahamed
3. Kunwar Pushpendra Singh Chandel
4. Shri Ram Tahal Choudhary
5. Shri Gaurav Gogoi
6. Shri Sudheer Gupta
7. Shri Chandra Prakash Joshi
8. Shri Ramesh Kaushik
9. Shri Gajanan Chandrakant Kirtikar
10. Shri Balabhadra Majhi
11. Shri K.H. Muniyappa
12. Shri A.T. Nana Patil
13. Shri R. Radhakrishnan
14. Shri M. Raja Mohan Reddy
15. Shri Lakhanlal Sahu
16. Prof. (Dr.) Ram Shanker
17. Shri G.M. Siddeshwara
18. Shri Ganesh Singh
19. Shri Uday Pratap Singh
20. Shri Narasimham Thota
21. Shri S.R. Vijayakumar

RAJYA SABHA

22. Shri A.K. Antony
23. Shri Ranvijay Singh Judev
24. Shri Shwait Malik
25. Shri Satish Chandra Misra
26. Shri Mukut Mithi
27. Shri Garikapati Mohan Rao
28. Shri T. Rathinavel
29. Shri Bashistha Narain Singh
30. Shri Alok Tiwari
31. Shri Motilal Vora

LOK SABHA SECRETARIAT

- | | | | |
|----|----------------------------|---|-------------------|
| 1. | Smt. Abha Singh Yaduvanshi | - | Joint Secretary |
| 2. | Shri Arun K. Kaushik | - | Director |
| 3. | Dr. Mohit Rajan | - | Committee Officer |

INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2016-17), having been authorised by the Committee to submit the Report on their behalf, present this Eleventh Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Ninth Report (Sixteenth Lok Sabha) on 'Demands for Grants – 2016-17 of the Ministry of Railways'.

2. The Ninth Report was presented to the Lok Sabha and was laid in Rajya Sabha on 25.04.2016. The Report contained 42 recommendations/observations. The Ministry of Railways furnished their Action Taken Notes on all the recommendations/observations contained in the Report on 29.08.2016.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 08.12.2016. The minutes of the sitting is given in Appendix-I.

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

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

NEW DELHI;
8 December, 2016
17 Agrahayana 1938 (Saka)

SHRI SUDIP BANDYOPADHYAY
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 Ninth Report (16th Lok Sabha) on "Demands for Grants 2016-17 of the Ministry of Railways".

2. The Ninth Report was presented to the Lok Sabha and laid in Rajya Sabha on 25 April, 2016. It contained, inter alia, 40 Recommendations/Observations along with 2 paras (nos. 1 and 6) of overview statements.

3. Action Taken Notes in respect of 40 Recommendations/Observations have been received and categorised as follows:

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

Para Nos. 2, 3, 4, 5, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 25, 26, 27, 29, 32, 33, 34, 35, 38, 39, 40, 41 and 42

Total : 32
Chapter II

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

Para No. 9, 23, 24, 28, 30, 36

Total : 6
Chapter III

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

Para No. 31

Total : 1
Chapter IV

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

Para No. 37

Total : 1
Chapter V

4. The Committee trust that utmost importance will be given to implementation of the Recommendations accepted by the Government. The Committee desire that action taken notes on the Recommendations/Observations contained in Chapter-I of this Report should be furnished to them not later than three months of the presentation of this report.

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

A. Demand for Grants (2016-17) - An Overview

(Recommendation Para No.3)

6. The Railway Minister, in his Budget Speech, had stated that the Railways must provide to the citizens a rail system free from capacity constraints and inefficiency, and that it should be a system that is capable of taking care of its own needs - financial and otherwise. The theme of the Railway Budget 2016-17 is overcoming challenges – Reorganise, Restructure, Rejuvenate Indian Railways. The Railway Minister further highlighted the three cornerstones of his strategy reflecting a new thought process: (i) Nav Arjan – New receipts, i.e., exploiting new sources of revenue so that every asset tangible or non-tangible gets optimally monetised; (ii) Nav Manak – New norms, i.e., each rupee that gets expended will be re examined to ensure optimal productivity (the endeavour would be to improve Railways' efficiency yardsticks and procurement practices to bring them in line with the international best practices); and (iii) Nav Sanrachana - New Restructures, i.e., need to re-imagine the conventional ways of solving issues. Co-operation, Collaboration, Creativity and Communication should be the hallmark of decision making and actions, with a need to revisit all processes, rules and structures to enable this transformation of Indian Railways. The Railway Minister further stressed the Hon'ble Prime Minister's vision to convert into specific reality with speed, efficiency and total transparency. The Railway Minister also informed the House that bankable railway projects are now assured of funding and should be completed within the next 3-4 years and a new way of funding the projects would be through institutional financing. The Life Insurance Corporation (LIC)

alone has agreed to invest Rs.1.5 lakh crore over a span of 5 years on extremely favourable terms. He inter-alia stated that departmental orientation, absence of cross functional collaboration and lack of business focus have held back the Railways from realising the commanding heights which it is capable of achieving. Although there is no set pattern regarding the format of the Budget Speech of the Railway Minister, the Minister has annexed the details of the implementation of the budget announcements 2015-16 as Annexure-II of the Speech. The Budget Speech refers to the tepid growth of core sector as the primary reason for unprecedented slippages. The Committee feel that it would have been appropriate if the initiatives, plans and performance of the Railways were corroborated and highlighted with specific details in the Budget Speech itself. The Railway Minister has further proposed to reorganise the Railway Board along business lines and suitably empowering the Chairman, Railway Board, to lead the organization effectively. He also emphasised on sasaktikaran, i.e., improving planning practices. According to the Railway Budget 2016-17, a Railway Planning and Investment Organization for drafting medium and long term corporate plans will be set up. Further, to provide long term perspective to planning for augmenting railway network, the National Rail Plan NRP-2030 would be developed in consultation with various stakeholders, including State Governments / representatives and other relevant Central Ministries. NRP-2030 will endeavour to harmonise and integrate the rail network with other modes of transport and cross energy for achieving a seamless multi-modal transportation network across the country. This will also achieve the Hon'ble Prime Minister's vision of the integrated planning and cost optimization of the transportation network. The Committee appreciated the innovative steps taken and the proactive measures for systemic improvement announced in the Railway Budget, 2016-17. They, however, emphasized that these be implemented with a clean perspective in a time bound manner, keeping in mind the imperative to mobilize and optimally utilize the resources needed for most of these initiatives.

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

"Railways have started to arrange Extra Budgetary Resources (EBR) from financial institutions including Life Insurance Corporation of India for executing ongoing and new capacity enhancement projects to overcome severe capacity constraints. Life Insurance Corporation of India has agreed to extend a loan of Rs 1.5 lakh Crore over next five years and a MOU in this regard has been signed. All the Extra Budgetary Resources (EBR) from financial institutions will be channelized through IRFC. During 2015-16, Rs 9432 Crore have been arranged from Extra Budgetary Resources. During 2016-17, Rs. 20,985 Crore is expected to be arranged from Institutional Financing. The process for formulation of National Rail Plan-2030 has been initiated. To apprise all concerned Ministries of Railway's intent and for soliciting their views, a Kick-off meeting was held in Rail Bhavan on 20.05.2016. Apart from Ministry of Railways, representatives from NITI Aayog, Ministry of Shipping, Road Transport & Highways, Development of North Eastern Region, Statistics & Programme Implementation, Coal, Power, Heavy Industries & Public Enterprises, Defence, External Affairs alongwith representatives from Inland Waterways Authority of India, The Land Ports Authority of India/MHA & M/s RITES participated in the meeting. Terms of Reference of the study for formulation of the plan is under finalization. A Committee has been set up by Board (CRB) to deliberate upon various issues. The deliberations are being held by the Committee. As soon as the Report of the Committee is finalised the same will be submitted to Board."

8. The Committee note the steps taken by the Ministry of Railways in the direction of formulation of National Rail Plan-2030 and hope the Ministry will continue with their consistent time-bound efforts in future. They, however, desired that the National Rail Plan 2030 be formulated expeditiously. Further the Committee note that the Ministry has remained silent on setting up Railway Planning and Investment Organisation for drafting medium and long term corporate plans which intends to improve planning practices. The Committee reiterate their previous observation on corroborating initiatives, plans and performances of the Railways announced in the Budget Speech. They

would like to be intimated of the initiatives taken by the Government in this regard.

B. Financial Performance during 2015-16 and Budgetary Allocation for 2016-17

(Recommendation Para No.13)

9. The Committee had noted that during 2015-16, the Ministry of Railways have fallen short of their target in respect of Gross Traffic Receipts (GTR) wherein Rs.183578 crore (BE) has been revised downward to Rs.167834 crore (RE), leading to a shortfall of Rs.15,744 crore, i.e. 8.57%. When compared with the GTR of Rs. 156710.54 crore (Actuals) during 2014-15, then GTR during 2015-16 has been missed by a margin of nearly 10%, i.e., there was mere 7% growth at RE level in 2015-16 against the targeted growth of 17% at BE level in 2015-16. It is indeed a matter of concern for the Committee that this situation, when the percentage gap between RE growth over BE growth was more than 5 percent, has happened only twice previously, i.e. in 2001-02 and in 2012-13 when the same was -6.4% and -6.6%, respectively. Similarly, the expected shortfall on account of freight loading would be around 80 MT (-10.1 % growth over BE level in 2015-16). Here again, there is a gap of 11% between growth at RE over BE of NTKMs during 2015-16 if compared to actual 2014-15. Such a situation had happened only twice in the last 20 years when the targets were missed by more than 5%, i.e., in 1998-99 and 2012-13 at 9.1% and 5.1%, respectively.

The reason for the shortfall during the year 2015-16 has been attributed to less realisation of both freight loading and passenger traffic. The Committee inter-alia felt that sharp deterioration in the competitive strength of Railways in its AC-I and AC-II passenger business, and in finished products like Petroleum, Oil and Lubricants (POL), Cement, Steel etc. are also the factors for falling volumes in Railways' passenger and freight segments. For example, in early 2000 domestic air travel used to be a small fraction of Railways AC business, but over the last 15 years, it has left Railways far behind. Now, number of domestic air travellers is over 50 times the number of AC-I and 6 times AC-II passengers of Railways. In fact, now the combined AC business (of all the 4 classes i.e. AC-I, AC-II, AC-III and AC Chair Car) is smaller by 20% as compared to domestic air travel business. While

domestic air travel has grown by double digits over the last few years and 15% during 2015-16, Railways AC passengers of all the 4 classes registered a negative growth last year. The Committee had felt that the Ministry should maintain data about domestic air travel which they do not maintain right now as submitted by them. From a commercial point of view, the Railways should look into this since it impacts its health in a highly competitive market place. Similarly, cement BTKMs declined by 8%, food grains BTKMs by 4% and container BTKMs by 1% in 2015-16 RE as against actuals of 2014-15. In the finished products segment of freight business also the competitiveness of Railways is under serious threat from road transport as Railways is a 'Station to Station' transporter rather than 'Point to Point' transporter like trucks and therefore, the incidental cost of Rail transportation is very high. In respect of freight loading, as stated, there had been a tepid growth of the core sector, which was only 1.9 percent upto January 2016 for the year 2015-16 as compared to 5 percent in the corresponding period of the previous year. The Ministry have apprised the Committee that the freight basket of Railways which is dominated by 10 bulk commodities will be expanded to increase the revenue base. The freight tariff policy will be reviewed to rationalise freight tariffs and make them more competitive as compared to other modes of transport. The Committee had called upon the Ministry to chalk out a clear and time-bound road map for the manner in which the Railways will enhance their freight basket and pursue the same. They also emphasised that the freight tariff policy should be reviewed with specified timelines and rationalisation of tariffs so as to inspire confidence in the intended segment, thus making the Railways more competitive as compared to other modes of transport. The Committee were of the opinion that this is one area which requires focused attention of the Ministry; they have conducted an in-depth study based on which they should take appropriate measures with a view to curbing the effect of negative growth of the core sector of the economy in respect of demand of coal, cement, iron, steel and foodgrains, on the Indian Railways. The progress in their efforts should be intimated to the Committee.

10. In their Action Taken Reply, the Ministry of Railways have stated 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 include directed and focussed 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.
- 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.
- Classification of Red Mud has been reduced from Class-150 to Class-120.

It is expected that the above mentioned initiatives would spur growth in various sectors of the economy and generate additional revenue for Railways. Rationalisation of tariff is an on-going process and in future also various initiatives would continue to be taken as per the need and demand of the IR and Economy. 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."

11. In their recommendation, the Committee drew the attention of the Ministry of Railways towards the sharp deterioration in the competitive strength of Railways both in passenger and freight business. The Ministry in their reply has elaborated on their efforts towards increase in transportation capacity in congested sections and tariff and non-tariff policy initiatives. While appreciating the various attempts put forth by the Ministry in the direction of expanding their freight earnings, the Committee express their concerns over the silence of the Ministry regarding passenger business of Railways in their replies. Passenger earnings has been a major source of income for Railways and the Committee are afraid if Railways continue to lose their business to other mode of transportation, the impact may surface out in the form of major financial trouble before Railways.

12. However, the Committee are dismayed to note that in their reply, the Ministry have not explained the various initiatives towards ensuring the competitiveness and restoring the passenger business. As such, the Committee apprehend that for Railways, passenger business is either a non-priority sector or the Ministry have not realized the essence of the recommendations of the Committee. While reiterating their earlier recommendation, the Committee expect the Ministry to take a serious note of the recommendations/observations made by the Committee and spell out some concrete steps taken in this direction.

C. Non-achievement of PPP Targets (Recommendation Para No.19)

13. The Committee observe that the Railways had not been able to achieve their targets in respect of PPP during 2012-13, 2013-14 and 2014-15. The achievement all these years was NIL, where the targets of Rs. 1050 crore, Rs. 6000 crore and Rs. 6005 crore, respectively were kept. Further, during 2015-16, BE of Rs. 5781 crore has been revised upward to Rs. 27269 crore. As stated, the estimated

figures at the final modification estimate (FME) stage of Extra Budgetary Resources (EBR) (partnerships) is Rs.15,081 crores, which includes the estimated investments/financial commitments in sanctioned rail connectivity PPP projects, investments in private freight terminals and wagon investment/leasing schemes, investments from State Governments in ROB/RUB works and in other rail line cost sharing projects, investment by container operators in rolling stock and terminals, cost sharing projects with Central Ministries, capital investments made in rail sector by railway PSUs and external direct funding for Eastern DFC project, etc. The Committee note that final modification estimate (FME) in 2015-16, indicates a shortfall vis-a-vis RE, 2015-16 for PPP. It matters that the under-achievement in targets for PPP could result in lowering of the Annual Plan size of Rs. 1,00,000 crore, substantially during 2015-16. The Committee call upon the Ministry to be extra cautious in their efforts to fulfill their targets of Rs.18340 crore in respect of PPP during 2016-17.

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

"All efforts will be made to achieve the target of 2016-17."

15. The Committee call upon the Ministry to be extra cautious in accomplishing their targets with respect to PPP during 2016-17. In this regard, the reply of the Ministry seems to be very superfluous and evasive. One line reply of the Ministry clearly indicates the level of seriousness of the Ministry towards the concerns of the Committee contained in their recommendation/observation. The Committee understand that just stating that all efforts will be made to achieve the target of 2016-17 expresses the casual attitude of the Ministry of Railways which may have larger implication on the finances of the Railways. The Committee expect from the Ministry to take their observations in full letter and spirit act and report upon it. The Committee, therefore, reiterate their earlier recommendation and desire the Ministry to update/inform the Committee regarding the specific steps taken in this direction.

D. Adarsh Stations

(Recommendation Para No.31)

16. The Committee were further apprised that out of 106 railway stations targeted to be developed during 2015-16 as Adarsh Stations, only 29 railway stations could so developed up to February, 2016. The works for the remaining stations are stated to be in progress and at advanced stage. The Committee expressed their apprehension about the completion of the work of the remaining 77 railway stations to be developed as Adarsh Stations by March, 2016. That being so, they urge the Ministry to complete the pending work expeditiously. The Committee further desired that the projects taken up during a year should be completed in a given time frame, as delays affect the physical and financial targets for the next year, besides leading to cost escalation and time overruns.

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

"1052 stations were identified upto 2014-15 for development under Adarsh station scheme. Out of these, 946 stations had been developed upto 31.03.2015. Balance 106 stations were targeted for development, out of these, 40 stations had been developed during 2015-16. Further, 200 stations have been identified for development under Adarsh Station Scheme during 2015-16 which are planned for development by 2017-18."

18. **The Committee observe that the Ministry of Railways have not submitted a proper response to the recommendations of the Committee and have simply provided the status of 40 out of 106 Adarsh Railway Station, which were developed during 2015-16. The Ministry is silent on the development of remaining 66 stations. The Committee reiterate that the Ministry should complete the pending work expeditiously and a time schedule may be worked out to check the progress on monthly basis as delay of every single day would result into cost escalation and time overruns. Further, the progress in this regard should be monitored regularly at the highest level and the Committee be kept informed in this regard at regular intervals.**

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2)

The Committee note that the Railway Budget for 2016-17 has been presented under difficult situations. The revenue targets for 2015-16 of the Indian Railways were missed, while the revised estimates for the same period, including gross traffic receipts, passenger earnings, freight earnings and internal resource generation showed a downward trend. These shortfalls have been mainly attributed to the global economic downturn and meagre domestic investment by the Railways which have adversely affected their resources. The additional pay out of Rs.28,500 crore as part of the 7th Central Pay Commission's recommendations has further impacted the financial condition of the Railways.

Reply of the Government

Hon'ble Committee's observations on the financial condition of Indian Railways are factual in nature. Despite missing the BE 2015-16 targets of originating passenger, goods NTKMs, Gross Traffic Receipts and internal resource generation in 2015-16, the Indian Railways finances have shown a consistent improvement over those in previous years.

The Operating Ratio has improved to 90.6% (Approx.) vis-à-vis 91.3% in 2014-15 and 93.6% in 2013-14. Fund balances (excluding RSF) have improved from Rs 5220 crore in 2013-14 to Rs 6776 crore in 2014-15 and to Rs 10950 crore (provisional) in 2015-16. Internal Resource Generation for plan outlay has also increased from Rs 11668 crore in 2013-14 to Rs 15440 crore in 2014-15 to Rs 15520 crore (provisional) in 2015-16.

However, the declining trend in traffic and the impact of 7th CPC implementation presents a very difficult year ahead, despite a provision of Rs 20,000 crore towards the

likely liability of pay and pension and target set for non-fare revenue generation to augment and supplement traditional traffic earnings.

Recommendation (Para No.3)

The Railway Minister, in his Budget Speech, has clearly stated that the Railways must provide to the citizens a rail system free from capacity constraints and inefficiency, and that it should be a system that is capable of taking care of its own needs - financial and otherwise. The theme of the Railway Budget 2016-17 is overcoming challenges – Reorganise, Restructure, Rejuvenate Indian Railways. The Railway Minister further highlighted the three cornerstones of his strategy reflecting a new thought process: (i) Nav Arjan – New receipts, i.e., exploiting new sources of revenue so that every asset tangible or non-tangible gets optimally monetised; (ii) Nav Manak – New norms, i.e., each rupee that gets expended will be re examined to ensure optimal productivity (the endeavour would be to improve Railways' efficiency yardsticks and procurement practices to bring them in line with the international best practices); and (iii) Nav Sanrachana - New Restructures, i.e., need to re-imagine the conventional ways of solving issues. Co-operation, Collaboration, Creativity and Communication should be the hallmark of decision making and actions, with a need to revisit all processes, rules and structures to enable this transformation of Indian Railways. The Railway Minister further stressed the Hon'ble Prime Minister's vision to convert into specific reality with speed, efficiency and total transparency. The Railway Minister also informed the House that bankable railway projects are now assured of funding and should be completed within the next 3-4 years and a new way of funding the projects would be through institutional financing. The Life Insurance Corporation (LIC) alone has agreed to invest Rs.1.5 lakh crore over a span of 5 years on extremely favourable terms. He inter-alia stated that departmental orientation, absence of cross functional collaboration and lack of business focus have held back the Railways from realising the commanding heights which it is capable of achieving. Although there is no set pattern regarding the format of the Budget Speech of the Railway Minister, the Minister has annexed the details of the implementation of the budget announcements 2015-16 as Annexure-II of the Speech. The Budget Speech refers to the tepid growth of core sector as the primary reason for unprecedented slippages. The Committee feel that it would have been appropriate if the initiatives, plans and performance of the Railways were corroborated and highlighted with

specific details in the Budget Speech itself. The Railway Minister has further proposed to reorganise the Railway Board along business lines and suitably empowering the Chairman, Railway Board, to lead the organization effectively. He also emphasised on sasaktikaran, i.e., improving planning practices. According to the Railway Budget 2016-17, a Railway Planning and Investment Organization for drafting medium and long term corporate plans will be set up. Further, to provide long term perspective to planning for augmenting railway network, the National Rail Plan NRP-2030 would be developed in consultation with various stakeholders, including State Governments / representatives and other relevant Central Ministries. NRP-2030 will endeavour to harmonise and integrate the rail network with other modes of transport and cross energy for achieving a seamless multi-modal transportation network across the country. This will also achieve the Hon'ble Prime Minister's vision of the integrated planning and cost optimization of the transportation network. The Committee appreciate the innovative steps taken and the proactive measures for systemic improvement announced in the Railway Budget, 2016-17. They, however, emphasize that these be implemented with a clean perspective in a time bound manner, keeping in mind the imperative to mobilize and optimally utilize the resources needed for most of these initiatives.

Reply of the Government

Railways have started to arrange Extra Budgetary Resources (EBR) from financial institutions including Life Insurance Corporation of India for executing ongoing and new capacity enhancement projects to overcome severe capacity constraints. Life Insurance Corporation of India has agreed to extend a loan of Rs 1.5 lakh Crore over next five years and a MOU in this regard has been signed. All the Extra Budgetary Resources (EBR) from financial institutions will be channelized through IRFC. During 2015-16, Rs 9432 Crore have been arranged from Extra Budgetary Resources. During 2016-17, Rs. 20,985 Crore is expected to be arranged from Institutional Financing.

The process for formulation of National Rail Plan-2030 has been initiated. To apprise all concerned Ministries of Railway's intent and for soliciting their views, a Kick-off meeting was held in Rail Bhavan on 20.05.2016. Apart from Ministry of Railways, representatives from NITI Aayog, Ministry of Shipping, Road Transport & Highways, Development of North Eastern Region, Statistics & Programme Implementation, Coal,

Power, Heavy Industries & Public Enterprises, Defence, External Affairs alongwith representatives from Inland Waterways Authority of India, The Land Ports Authority of India/MHA & M/s RITES participated in the meeting.

Terms of Reference of the study for formulation of the plan is under finalization.

A Committee has been set up by Board (CRB) to deliberate upon various issues. The deliberations are being held by the Committee. As soon as the Report of the Committee is finalised the same will be submitted to Board.

Comments of the Committee

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

Recommendation (Para No.4)

The Committee note that one of the important steps proposed to be taken through the Railway Budget 2016-17 is the setting up of the Railway Planning and Investment Organization for drafting medium term (5 years) and long term (10 years) corporate plans for the Railways. The Organisation will conduct independent studies and propose the financing mechanism for identified projects. The other significant steps, the National Rail Plan NRP 2030, will seek to integrate the Railways with other modes of transport and help develop a model transportation system for the country. The Committee note with satisfaction the aforesaid proposals of the Railways, which can go a long way in addressing affordable means of transportation across the nation. However, they feel that the effective implementation of these initiatives will be extremely challenging at the ground level, especially in the context of the huge financial investment required. The Committee, therefore, desire that a detailed roadmap be worked out with farsightedness, specifically looking into the possible hindrances and bottlenecks that may emerge overtime. These issues should be clearly addressed at the time of preparation of the roadmap and wide consultations with all stakeholders, including State Governments. The Committee would desire to be kept abreast of the progress in the matter.

Reply of the Government

A Committee has been set up by Board (CRB) to deliberate upon various issues. The deliberations are being held by the Committee. As soon as the Report of the Committee is finalised the same will be submitted to Board.

Recommendation (Para No.5)

As per its mandate, the Committee undertook a detailed scrutiny of the Demands for Grants of the Ministry of Railways 2016-17. The major constraints facing the Indian Railways are enumerated below, the primary one being resource crunch.

- Downward trend in respect of Gross Traffic Receipts, both on account of passenger as well as freight loading.
- Deteriorating position in respect of Operating Ratio due to the impact of the 7th Central Pay Commission.
- Shortfall in meeting the 12th Plan Projections due to inadequate Gross Budgetary Support.
- Growing dependence of Indian Railways on Gross Budgetary Support and Market Borrowings for substantially higher capital expenditure.
- Interest burden on Market Borrowings for augmented financing of bankable projects.
- Piling up of throwforward Railway projects.
- Thrust on joint venture with States, with problems with States having poor financial health.
- Delay in execution of Strategic Lines.

Reply of the Government

Hon'ble Committee's observations on the financial constraints being faced by Indian Railways are factual in nature.

In B.E. 2016-17 the GTR kept at Rs 184820 crore is more than the BE and RE target for 2015-16.

Originating Passenger target in BE 2016-17 is higher than that of RE 2015-16, though lower than BE 2015-16.

Freight NTKMs in BE 2016-17 is higher than that of RE 2015-16, though lower than BE 2015-16.

The Operating Ratio target in BE 2016-17 is kept at 92% which is a deterioration over that of 2015-16. This is due to the provisioning made in working expenses for 7th CPC impact for salary and pension.

The 12th Plan had pegged the GBS at Rs 1,94,221 crore while the the GBS received in the period from 2012-13 to 2016-17 (B.E.) comes to Rs 1,67,533 crore. This is a shortfall of about 13.7% over the plan target.

The proportion of GBS and market borrowings in the total annual plan expenditure is tabulated below.

2012-13	80%
2013-14	80%
2014-15	73%
2015-16	82%
2016-17	86%
12th Plan avg.	81%

Financing of bankable projects had been resorted to in 2011-12 from market borrowing when Rs 2078 crore was borrowed and invested in doubling and electrification projects. After 2011-12, it was only in 2015-16 that investment in certain key infrastructure projects was funded under Institutional Financing (IF) arrangement by LIC through IRFC. These allocations are also on certain identified projects of doubling, electrification etc. with a view to augmenting capacity. These borrowings for projects under IF arrangement has a 10 year moratorium on principal repayment and also provides for capitalization of interest for initial 5 years. It is expected that with assured funding under IF arrangement, the potential of the projects would benefit the system apart from preventing cost overruns due to chronic time overruns in completion and commissioning of projects. These capacity augmentation projects would contribute further to railway finances.

The building up of throw-forward of railway projects only establishes the gap between the funds required and investment made. Low capital investment and thin spread of resources are leading to slow capacity creation and cost-overruns in the projects, depriving the system to reap the benefits of the investments. Thus the thrust has been laid from 2015-16 onwards on increasing the plan outlay with assured funding under IF and EBR.

It is a fact that the throw forward of Railway Projects have been piling up primarily on account of sanction of large number of projects to meet the people's aspiration translating in the form of demand for rail connectivity. Sanction of large

number of unremunerative projects without commensurate funding has created a vicious cycle of thin spread of resources resulting in time and cost overrun consequently leading to piling up of huge throwforward.

Plan expenditure of Indian Railways is financed through a combination of internal generation; money from the general exchequer i.e. gross budgetary support (GBS) and market borrowings. As Railway's internal generation is almost negligible, Railways has been dependent upon Gross Budgetary Support which is a loan from General Exchequer for its projects. Even the Gross Budgetary Support (GBS) provided to Ministry of Railways (MOR) for its infrastructure development is substantially less than the actual requirement. MOR had proposed plan size of Rs. 5,48,802 Crore involving Gross Budgetary Support (GBS) of Rs. 3,16,842 Crore for the XII plan. Actual plan size approved by Planning Commission was Rs.5,19,221 Crore with GBS of only Rs. 1,94,221 Crore. The approved GBS of Rs.1,94,221 Crore also includes a loan of Rs. 52,000 Crore from JICA/WB & Railways equity of Rs.28,000 Crore for Dedicated Freight Corridor. Actual GBS given during the 12th Plan has been substantially less than the approved GBS. Against the approved GBS of Rs. 1,94,221 Crore. GBS actually given is Rs. 1,67,511 Crore. Details of GBS demanded and actually given are as under:-

Figure in Rs. Crore

Year	GBS demanded by Railway	GBS (incl. Diesel cess) Actual
2012-13	48,855	25,234
2013-14	39,500	28,174
2014-15	37,500	31,596
2015-16	48,044	37,507
2016-17	55,500	45,000

Further, Ministry of Finance has been ring fencing certain funds out of Gross Budgetary Support exclusively for 12 National Projects without increasing the gross

budgetary support proportionately. As a result over the years funds available for remaining New Line, Gauge Conversion and Doubling projects have effectively reduced.

However, following measures have been taken by Indian Railways to garner funds for its capital investments:

1. Railways have started to arrange Extra Budgetary Resources (EBR) from financial institutions including Life Insurance Corporation of India for executing ongoing and new capacity enhancement projects to overcome severe capacity constraints. Life Insurance Corporation of India has agreed to extend a loan of Rs 1.5 lakh Crore over next five years and a MOU in this regard has been signed. All the Budgetary Resources (EBR) from financial institutions will be channelized through IRFC. During 2015-16, Rs 9432 Crore have been arranged from Extra Budgetary Resources. During 2016-17, Rs. 20,985 Crore is expected to be arranged from Institutional Financing.
2. Ministry of Railways have been requesting State Governments to share cost of projects falling in their State. Measures to generate additional resources like funding by other beneficiaries, execution of projects through Special Purpose Vehicle basis etc. have also been taken up. So far, 10 State Governments have come forward to share the cost of the 41 projects in the respective States. Various industries & stake holders have come forward to share cost of 7 Projects.
3. Ministry of Railways have launched a scheme of project development, financing and monitoring through Joint Ventures/SPVs with State Governments. 17 State Governments, viz., Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh & West Bengal have accorded 'in principle' approval to form such JVCs. MoU with seven States have been signed in this regard viz. Odisha, Maharashtra, Andhra Pradesh, Kerala, Chhattisgarh, Haryana and Telangana.
4. In order to attract private capital for Railways projects a new participative policy has been issued by Railways, i.e. Non-Government Private line model, Joint Venture Model, BOT Model, capacity augmentation through funding by customer model.
5. Railways has also come up with allowing Foreign Direct Investment (FDI) to the extent of 100% in seventeen areas including Suburban Corridor projects through PPP, High Speed train projects, Dedicated freight lines, Rolling Stock including train sets, locomotive or coaches manufacturing and maintenance facilities, Railway Electrification, Signalling System, Freight Terminals/Logistic Park, Passenger Terminals, Railway

Technical Training Institutes, Testing Facilities and Laboratories, Concessioning of standalone passenger corridors (branch lines, hill railways etc.), Non- Conventional Sources of Energy, Mechanized Laundry, Rolling Stock procurement, Bio-toilets, Technological solutions for manned and unmanned level crossings, Technological solutions to improve Safety and reduce accident.

The thrust on joint venture with States is only for the willing States who want to speed up certain projects for their socio-economic development. There is no policy that the railway project selection and financing will be on this mode only.

Ministry of Railways have launched a scheme of forming Joint Venture with various States. Basic purpose of creation of JVs with State Governments is to arrange resources for fast tracking ongoing projects which are languishing for want of fund and to take up new projects to serve their core sector industries, ports, mines, industrial corridors, station redevelopment etc., which cannot be taken up by MoR at present at desired pace. The Joint Venture so formed with equity participation from Ministry of Railways to the extent of 49% and rest by respective State Governments will leverage the equity in raising funds for those projects. In doing so, the JV will also seek participation by various stakeholders such as Industries, Ports, Mines etc. The role of Joint Venture Company, inter alia, is to choose projects, identify and collaborate with its stakeholders, mobilize resources, form project specific Special Purpose Vehicle (if required). The Joint Venture can mobilize resources in the form of debt from banks/multi-lateral agencies/Financial Institutions as debt funding by leveraging the equity or in the form of financial support from various stakeholders of the projects through the formation of project specific Special Purpose Vehicle. The project specific Special Purpose Vehicle will have equity participation of Ministry of Railways and the State Government through the Joint Venture. The Special Purpose Vehicle shall be at the liberty to arrange investment from other Stakeholders, Public Sector Undertakings, raise debt from Banks or Financial Institutions for undertaking a project. The repayment of the loan will be out of the earning from the project after its completion. The participation of the State Government will be limited to their equity contribution. The initial paid-up capital as approved by the Cabinet is Rs. 100 Crore, therefore, the initial liability on respective State Government will be limited to only Rs. 51 Crore.

The strategic lines discussed by the Committee would be funded by the Ministry of Defence and the execution therefore would commensurate with the target set and funds provided.

The four strategic lines identified to be taken up in the first phase are in Himalayan region involving large scale tunneling and bridging. Hence, to have reasonably accurate cost estimates, Final Location Survey have to be carried out involving detailed study of Topographic features, detailed Geological, Geophysical, Geo-Technical Investigation etc. Accordingly, Ministry of Railways has requested Ministry of Defence to convey approval to carry out Final Location Survey at a cost of Rs. 345 Crore and deposit the same with Ministry of Railways, which has not yet been received. Only on receipt of funds from Ministry of Defence, can Railway carry out the FLS, which will take about 2 ½ Years. Only thereafter can detailed estimate be prepared and project sanctioned.

Recommendation (Para No.7)

The Committee observe that the Annual Plan for the year 2016-17 for the Ministry of Railways has been pegged at Rs. 1,21,000 crore comprising Gross Budgetary Support of Rs. 34220 crore, Railway Safety Fund of Rs. 10780 crore, internal resources of Rs. 16675 crore and Extra Budgetary Resources (EBR) of Rs. 59325 crore, consisting of Marketing Borrowings of Rs. 20000 crore and Public Private Partnership (PPP) of Rs. 18340 crore. During examination of the Demands for Grants (2015-16) of the Ministry of Railways last year, the Committee had cautioned the Ministry about their growing dependence on GBS and market borrowings. This time also, the Annual Plan 2016-17 is financed through GBS, (37.2%) and through EBR (49%) to be funded by PPP, Institutional Financing and lease as had been done in the previous years. Internal Resource is only 13.8 percent of the Annual Plan, which is not a positive indicator for a healthy organisation. The Ministry has not been able to generate enough internal resources because of the tepid growth of the core sector of the economy, global economic slowdown and certain factors that are not under the control of Indian Railways, and they will be compelled to go in for more and more market borrowing to relieve the strain on internal resources. As is obvious, with the burden of the 7th Central Pay Commission, the situation on internal resources would be more acute. The Committee would, therefore, urge the Ministry to explore and review all possible areas where

resources can be mobilized to meet their growth plans. The Committee further stress that the Ministry should prioritise completion and commissioning of last mile projects and projects where investments would be remunerative at an early date, besides exploring other commercial viable avenues that would not put the Railways under financial duress.

Reply of the Government

Rate of growth of the economy has had a bearing on the generation of internal resources. In order to mitigate the effect of this, Railways have created a Non Fare Revenue (NFR) Directorate whose mandate is to explore all possible avenues for revenue maximization through non fare box initiatives. Also, Railways have taken up the route of Institutional finance for funding its capital investment requirements. Seeking funding through Life Insurance Corporation of India is the first step in this regard. Apart from the above, new participative models for rail connectivity and capacity augmentation projects are being considered. This will encourage outside investment in the Railways thus reducing the reliance on in-house and government funding. Also, Railways will again be making a fervent request to Ministry of Finance/NITI Aayog for a substantial increase in GBS allocation to take care of needs of critical and important capacity augmentation and safety related works.

Notwithstanding the severe resource crunch, Railways have undertaken an exercise of prioritization of work not only for augmenting the network capacity and throughput enhancement, but also to pay focused attention to important and urgent projects which are either in the final stages of their completion or are connected to capacity enhancement and debottlenecking of the network. Also, enhanced focus is being accorded to last mile connectivity projects.

Recommendation (Para No.8)

The Ministry, in their Budget, have brought out that resources are expected to be generated from institutional reforms that would generate savings monetisation of assets and defraying project costs with other stakeholders. The proposals for improving the non-tariff sources as brought out in the Budget are redevelopment of stations, monetisation of land along tracks, monetisation of soft assets such as PNR enquiry, e-commerce activities

on IRCTC website, etc., advertisement at stations and land adjacent to track near big stations/functions, overhauling of parcel business and improving manufacturing activities. The Committee agree with the Indian Railways that such avenues are necessary for earning revenues and that these steps are in the right direction, move-away from the conventional practice of passing on the financial burden on Indian Railways only through frequent increases in freight tariffs. They, however, emphasise that the Ministry should ensure that these measures are executed and implemented at the ground level in letter and spirit. While stressing that the Ministry should be vigilant on execution of these measures on field, the Committee desire that they be kept abreast of the progress in this regard.

Reply of the Government

Monetization of land along tracks

The vacant land is mostly in the form of narrow strips along tracks and is also essential for servicing and maintenance of track and other infrastructure. The vacant railway land is utilized for execution of various infrastructural projects for meeting future growth needs of Railways and include projects like doubling, traffic facilities, etc. The vacant land, which is not required by Railways for its immediate operational needs, is utilized for commercial development, wherever feasible, in order to mobilize additional financial resources through Rail Land Development Authority, set up through the Railway (Amendment) Act, 2005.

Earning from land by Railways for the years 2013-14, 2014-15 & 2015-16 is Rs.1090 crores, Rs.1313 crores and Rs.1682 crores respectively.

Station Redevelopment

General Guidelines for redevelopment of stations on 'as is where is' basis, by inviting open bids from interested parties with their designs and business ideas duly providing for amenities and other requirements of the Railways have been issued to Zonal Railways in September 2015. Model Tender Documents have been prepared and uploaded on Railway's website for stakeholders' consultations.

In addition, out of eight stations viz., Anand Vihar, Bijwasan, Chandigarh, Gandhinagar, Habibganj (Bhopal), Shivaji Nagar (Pune), Surat and SAS Nagar (Mohali)

entrusted to Indian Railway Stations Development Corporation Ltd. (IRSDC) for redevelopment, letter of intent for one station (Habibganj) has been issued and RFQ for two stations (Anand Vihar & Bijwasan) have been opened.

Improvement of non-tariff sources

A separate Non Fare Revenue (NFR) Directorate has been set up in the Ministry of Railways to step up non tariff revenue as announced in the Railway Budget 2015-16. The Ministry of Railways have engaged a Professional Media Market Evaluation Agency (PMMEA) viz. Ernst & Young through Rail India Technical and Economic Service (RITES) Limited., for improving the non tariff revenue. With the creation of NFR Directorate, the task of improving of non fare revenue has been initiated.

Overhauling of parcel business and improving manufacturing activities.

In order to mobilise resources, Non-fare revenue Directorate has recently been created and it is functioning.

Regarding revamping of parcel business, Policy for leasing of parcel space for all the brake vans, parcel vans as well as entire parcel special train has been reviewed thoroughly and power has been delegated to the zonal railways to revise the reserve price downwardly wherever considered necessarily with finance concurrence. Further duration of leasing contracts of brake vans has been increased to 3 to 5 years. In case of Parcel cargo express trains it has been increased from 3 to 6 years and more loading/unloading points has been permitted at en-route stations.

With a view to provide hassle free transparent service to the rail-customers, parcel leasing tenders are being invited through e-tendering system as pilot project on Delhi division and it is being explored in other zonal railways.

Parcel capacity of brake vans of disabled persons (SLRD) is being enhanced from existing 4 tonnes to 5 tonnes.

During Railway budget 16-17 Hon'ble MR has announced that containerised movement will be opened for parcel traffic. Accordingly, Container train operators (CTO)s are being allowed to load parcel traffic.

Recommendation (Para No.10)

The Committee are aware that the Railway Safety Fund (RSF) was set up to finance safety works at level crossings. In view of the lower annual share of the Railways from the Central Road Fund (CRF) of Rs.1100 crore against a requirement of Rs.5000 crore, they had approached the Ministry of Finance for additional funds. The Committee observe that against the proposed allocation of Rs. 55500 crore of Gross Budgetary Support (GBS) in which the diesel cess component was Rs.5000 crore, the Finance Ministry allocated Rs. 45000 crore as GBS consisting of Rs. 34220 crore under Cap and RSF of Rs. 10780 crore from the CRF against diesel cess, out of which Rs. 3000 crore is allocated for road related safety works for Level Crossings (LCs) and ROBs/RUBs, and the remaining Rs. 4912 crore for New Lines and Rs. 2870 crore for Gauge Conversion. It is regrettable that while the Ministry of Railways had proposed allocation of Rs. 5000 crore for 2016-17 for their safety related works, they are being given only Rs.3000 crore. The assessment made by the Railways of the requirement of funds for their safety related works should have been favourably considered by the Government since around 40 percent of the total rail accidents and about 60 percent casualties occur at level crossings. Being the most important aspect of running the Railways and considering their responsibility and obligation to transport passengers safely to their destinations, the significance of safety related works cannot be underestimated. The Committee are of the considered view that the Ministry should explore the possibility of constituting a non-lapsable Special Railway Safety Fund for 5-6 years to complete the much required safety works, including maintenance of tracks, rails, old bridges, etc.

Reply of the Government

A Committee constituted by Ministry of Railway proposed for creation of a graded non lapsable fund Rastriya Rail Sanraksha Kosh (RRSK) of total Rs.119183 crores for safety related works to be operated over next five years. Hon'ble Minister of Railways has also requested the Hon'ble Minister of Finance for sanction of this non-lapsable Fund amounting Rs. 119183 crores, out of which Rs. 111683 crores to be funded by Ministry of Finance for the safety related works on Indian Railways vide letter No. 2014/CE-III/BR/SRSF-II dated 20.05.2016.

Recommendation (Para No.11)

The Committee note that the Ministry of Railways has launched a scheme of project development, financing and monitoring through Joint Ventures/SPVs with State Governments. Out of 17 State Governments who have accorded 'in principle' approval to form Joint Venture Companies (JVCs), Memoranda of Understanding (MoU) for setting up JVCs have been signed with seven State Governments, viz., Karnataka, Maharashtra, Odisha, Andhra Pradesh, Kerala, Chhattisgarh and Telangana. The Committee observe the same and feel that only very few States are in a position to share the cost of project development with the Railways. They are compelled to point out that those States which are unable to do the same for lack of adequate resources but need development on a much larger scale should not be left behind. This is where the social obligation role of the Railways should come to the fore. The Committee strongly state that those State Governments which are low on their financial health should also necessarily be included by the Railways while taking up infrastructural projects across the country. In fact, the Committee are aware that these are the States which have other problems as well, which can be addressed by extending railway network for effective transport and communication network.

Reply of the Government

Ministry of Railways is aware of its social responsibility of equitable growth of rail network in the country besides those required for operational reasons. Hence Ministry of Railways will try to maintain reasonable balance in allocation of funds for expansion of network out of the resources it has at its disposal. It is a well accepted fact that due to inability of Railways to generate surplus and inadequate Gross Budgetary Support projects have been languishing leading to vicious cycle of time and cost overrun. To tide over this problem of resource crunch, Ministry of Railways have taken number of initiatives to arrange additional resources. This scheme of forming Joint Venture is one of many such initiatives. Basic purpose of creation of JVs with State Governments is to arrange resources for fast tracking ongoing projects which are languishing for want of fund and to take up new projects to serve their core sector industries, ports, mines, industrial corridors, station redevelopment etc., which cannot be taken up by MoR at present at desired pace. The Joint Venture so formed with equity participation from Ministry of Railways to the extent of 49% and rest by respective State Governments will leverage the equity in raising funds for

those projects. In doing so, the JV will also seek participation by various stakeholders such as Industries, Ports, Mines etc. The role of Joint Venture Company, inter alia, is to choose projects, identify and collaborate with its stakeholders, mobilize resources, form project specific Special Purpose Vehicle (if required). The Joint Venture can mobilize resources in the form of debt from banks/multi-lateral agencies/Financial Institutions as debt funding by leveraging the equity or in the form of financial support from various stakeholders of the projects through the formation of project specific Special Purpose Vehicle. The project specific Special Purpose Vehicle will have equity participation of Ministry of Railways and the State Government through the Joint Venture. The Special Purpose Vehicle shall be at the liberty to arrange investment from other Stakeholders, Public Sector Undertakings, raise debt from Banks or Financial Institutions for undertaking a project. The repayment of the loan will be out of the earning from the project after its completion. The participation of the State Government will be limited to their equity contribution. The initial paid-up capital as approved by the Cabinet is Rs. 100 Crore, therefore, the initial liability on respective State Government will be limited to only Rs. 51 Crore.

Recommendation (Para No.12)

The Committee note that the Ministry of Railways have included 30 projects (25 New Line, 2 Doubling & 3 Gauge Conversion) in their Capital Investment programme of 2016-17 at an anticipated cost of Rs. 58,274 crore, just in anticipation of various State Governments coming forward to form JVCs. The Committee are of the view that keeping in view the possibility of some State Governments not volunteering, the Railways should keep themselves ready with some back-up plan. The Committee desire that such projects merit favourable consideration from the State Governments who have signed MoU for setting up JVCs. However, the Ministry of Railways should keep themselves in constant touch with these State Governments for timely execution of various projects undertaken for implementation.

Reply of the Government

Ministry of Railways is in constant dialogue with State Government for the formation of Joint Venture. As of now 17 State Governments, viz., Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh,

Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, & West Bengal have accorded 'In Principle' approval to form such JVCs. Memoranda of Understanding (MoU) for setting up JV Companies have been signed with Seven State Governments, viz. Odisha, Maharashtra, Andhra Pradesh, Kerala, Chhattisgarh, Haryana and Telangana.

Recommendation (Para No.13)

The Committee note that during 2015-16, the Ministry of Railways have fallen short of their target in respect of Gross Traffic Receipts (GTR) wherein Rs.183578 crore (BE) has been revised downward to Rs.167834 crore (RE), leading to a shortfall of Rs.15,744 crore, i.e. 8.57%. When compared with the GTR of Rs. 156710.54 crore (Actuals) during 2014-15, then GTR during 2015-16 has been missed by a margin of nearly 10%, i.e., there was mere 7% growth at RE level in 2015-16 against the targeted growth of 17% at BE level in 2015-16. It is indeed a matter of concern for the Committee that this situation, when the percentage gap between RE growth over BE growth was more than 5 percent, has happened only twice previously, i.e. in 2001-02 and in 2012-13 when the same was -6.4% and -6.6%, respectively. Similarly, the expected shortfall on account of freight loading would be around 80 MT (-10.1 % growth over BE level in 2015-16). Here again, there is a gap of 11% between growth at RE over BE of NTKMs during 2015-16 if compared to actual 2014-15. Such a situation had happened only twice in the last 20 years when the targets were missed by more than 5%, i.e., in 1998-99 and 2012-13 at 9.1% and 5.1%, respectively.

The reason for the shortfall during the year 2015-16 has been attributed to less realisation of both freight loading and passenger traffic. The Committee inter-alia feel that sharp deterioration in the competitive strength of Railways in its AC-I and AC-II passenger business, and in finished products like Petroleum, Oil and Lubricants (POL), Cement, Steel etc. are also the factors for falling volumes in Railways' passenger and freight segments. For example, in early 2000 domestic air travel used to be a small fraction of Railways AC business, but over the last 15 years, it has left Railways far behind. Now, number of domestic air travellers is over 50 times the number of AC-I and 6 times AC-II passengers of Railways. In fact, now the combined AC business (of all the 4 classes i.e. AC-I, AC-II, AC-III and AC Chair Car) is smaller by 20% as compared to

domestic air travel business. While domestic air travel has grown by double digits over the last few years and 15% during 2015-16, Railways AC passengers of all the 4 classes registered a negative growth last year. The Committee feel that the Ministry should maintain data about domestic air travel which they do not maintain right now as submitted by them. From a commercial point of view, the Railways should look into this since it impacts its health in a highly competitive market place. Similarly, cement BTKMs declined by 8%, food grains BTKMs by 4% and container BTKMs by 1% in 2015-16 RE as against actuals of 2014-15. In the finished products segment of freight business also the competitiveness of Railways is under serious threat from road transport as Railways is a 'Station to Station' transporter rather than 'Point to Point' transporter like trucks and therefore, the incidental cost of Rail transportation is very high. In respect of freight loading, as stated, there had been a tepid growth of the core sector, which was only 1.9 percent upto January 2016 for the year 2015-16 as compared to 5 percent in the corresponding period of the previous year. The Ministry have apprised the Committee that the freight basket of Railways which is dominated by 10 bulk commodities will be expanded to increase the revenue base. The freight tariff policy will be reviewed to rationalise freight tariffs and make them more competitive as compared to other modes of transport. The Committee call upon the Ministry to chalk out a clear and time-bound road map for the manner in which the Railways will enhance their freight basket and pursue the same. They also emphasise that the freight tariff policy should be reviewed with specified timelines and rationalisation of tariffs so as to inspire confidence in the intended segment, thus making the Railways more competitive as compared to other modes of transport. The Committee are of the opinion that this is one area which requires focused attention of the Ministry; they have conducted an in-depth study based on which they should take appropriate measures with a view to curbing the effect of negative growth of the core sector of the economy in respect of demand of coal, cement, iron, steel and foodgrains, on the Indian Railways. The progress in their efforts should be intimated to the Committee.

Reply of the Government

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 include directed and focussed 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.
- 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.
- Classification of Red Mud has been reduced from Class-150 to Class-120.

It is expected that the above mentioned initiatives would spur growth in various sectors of the economy and generate additional revenue for Railways. Rationalisation of tariff is an on-going process and in future also various initiatives would continue to be taken as per the need and demand of the IR and Economy.

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.

Comments of the Committee

(Please see recommendation para nos. 11 and 12 of Chapter I)

Recommendation (Para No.14)

The Committee appreciate that the Ministry could lessen the effect of major shortfall in Gross Traffic Receipts during 2015-16 by containing their working expenses by about Rs.10,000 crore, partly due to reduction in diesel fuel prices and also by their efficient fuel consumption and changing the procedures for procurement of electric energy directly from the producers. However, what is worrisome is the fact that there is a major shortfall of around 21% in their targets for net revenue during 2015-16 - against a target at Rs.25076.45 crore (BE), the net revenue stands at Rs. 19897.84 crore (RE).

The Committee further note that the target for total receipts for the year 2016-17, is Rs. 189270.64 crore (BE) which is only Rs.17465.67 crore higher, depicting only around 10% growth over RE of 2015-16, viz., Rs.171804.64 crore. Furthermore, the total expenditure of Rs. 171060.00 crore (BE) is higher by Rs. 19152.87 crore, i.e., growth of 12.60% over Rs. 151907.13 crore (RE) during the year 2015-16. Therefore, the net revenue would decline by Rs.1687.20 crore, i.e., around 9% from Rs.19897.84 crore (RE) during 2015-16 to Rs. 18210.64 crore (BE) during 2016-17. The Committee acknowledge the constraints of the Ministry for fixing a moderate target for their receipts during 2016-17, considering the trend of the subdued growth in freight loading and the not so optimistic trend in passenger booking. However, the overriding concern is that the factors affecting growth in 2015-16 are not likely to improve during the current year and the expenditure is going to increase, particularly in view of the added burden of the 7th Central Pay Commission Report. In the given circumstances, the Committee urge the Ministry to work out a time-bound action plan to overcome the looming financial constraints.

Reply of the Government

Keeping in view the subdued trend of growth in freight loading and not so optimistic trend in passenger booking, the Railways have formulated a very moderate

and reasonable traffic plan for 2016-17, wherein NTKMs growth has been targeted at 4.1% and PKM growth at 0.3%.

To give a boost to the passenger earnings while introduction of trains on cost recovery basis and with dynamic pricing are planned, rationalization of freight rates to attract bulk traffic to Railways i.e. review of busy season surcharge / port congestion charge and expanding the basket of commodities carried by Railways are being considered. Further, Railways' incremental loading target in BE 2016-17 is also based on the expectation of a turn-around in the performance of the core sector of the economy.

A lot of emphasis is also being attached to generation of non-tariff revenues through commercial exploitation of vacant land and space rights over station buildings, monetizing land along railway tracks, monetizing the soft assets, advertising, overhaul of parcel business and revenue from manufacturing activity. Toward this end a dedicated Directorate has been created in the Ministry to address related issues so that the share of non-tariff revenues increases.

Capacity constraints are being addressed by a five year investment plan (2015-19) with substantial investment on capacity enhancing works under Doubling, Traffic Facilities and Electrification. On the other hand, various economy measures are also adopted to keep the Ordinary Working Expenses under check.

Further, as proposed by the Ministry of Finance in the first memorandum to the Railway Convention Committee (RCC) (2014) and the recommendation made by the RCC (2014), the Ministry would pursue, with the Ministry of Finance, constitution of an inter-Ministerial body to qualify and quantify the social service obligations that could be considered for reimbursement by the Government.

Recommendation (Para No.15)

The Committee note that there is an expected shortfall of around 500 PKM (-5.8% growth at RE over BE for the year 2015-16) in originating passengers during RE, 2015-16 over BE, 2015-16. The reasons for the same are stated to be inter alia the burning of the Route Relay Interlocking (RRI) at Itarsi due to which traffic was paralysed for almost one month; the flood that affected traffic for 10/15 days; various agitations resulting in cancellation of a large number of trains, etc. The Committee desire that except natural calamities, the other factors responsible for the decrease in passenger traffic should be

looked into and promptly addressed so that such hindrances do not adversely affect rail movement in future. The Committee also want the Ministry to examine the reasons for passenger dissatisfaction with the existing amenities and services such as on-board services, hygiene, cleanliness, catering and punctuality and address them effectively. The Committee also emphasize that the Railways should focus on last mile connectivity to attract short and medium distance passengers as it will increase passenger traffic and, in turn, passenger earnings.

Reply of the Government

As regards factors other than natural causes affecting passenger traffic, there are laid down rules and procedures relating to periodic maintenance of Railways assets, rolling stock and equipment.

However, the financial year 2015-16 started off with falling trend in passenger traffic on account of substantial decrease in number of season tickets due to spurt in sale of season tickets in the corresponding period of previous year due to impending fare hike. This was compounded by cancellation of trains on account of various factors, viz. agitations, fire accident in Itarsi, gauge conversion, natural disasters vis. floods (in Chennai resulting), fog, etc.

Due to renewed effort on ticket checking and better utilization of the existing train accommodation, the number of passengers has picked up and the gap vis-à-vis 2014-15 has narrowed down since July, 2015 and but for the large scale cancellations, the number of passengers could have been much higher. Special/ Suvidha trains are also being run during festival periods/vacations and additional coaches are attached to the trains to meet higher demand. The gap in passengers booked therefore narrowed down to 77.77 million at the end of March, 2016, closing the year with total passenger traffic of 8151.90 million, i.e. (-)0.94% over the previous year. Notably, PRS segment has grown by 3.28%. The originating passenger earning has also increased by 5.86% as compared to last year.

On Board Housekeeping Services (OBHS) scheme has been envisaged for all the Rajdhani/Shatabdi/ Duronto and all mail/ express trains (excluding purely over night trains) for on board cleaning and hygiene attention to the coach compartments and toilets. Good quality washed bedrolls are provided in the AC coaches. For further

improvement in the quality of washing of bedrolls, Railways are in the process of setting up of mechanized laundries at identified locations.

Supervision and Monitoring is strengthened through surprise, periodical and scheduled inspections of catering units. Emphasis during the inspections is laid on corrective action to improve the quality, hygienic standards of food for the travelling passengers. Deficiencies are analyzed and remedial action is accordingly taken. A system for obtaining feedback from the passengers has been put in place wherein regular passenger opinion/feedback, on services rendered to them, is obtained, analyzed and corrective action taken. Improvement of catering services is an on-going process. Steps taken to ensure quality catering services are provided on the Railways inter-alia include: (i) Engagement of reputed food chains/brands to provide quality food under E-catering and Ready to Eat meal schemes. (ii) Strengthening the supervision and monitoring system at different levels to check quality of food being supplied to passengers. (iii) Operation of centralized Catering Service Monitoring Cell (CSMC) (toll free number 1800-111-321) for prompt redressal of passenger grievances relating to the catering activities and real time assistance to travelling public. (iv) Imposition of penalties in case of deficiencies detected in services. (v) Operation of all India Helpline (No. 138) for rail-users to lodge complaints/suggestions regarding food and catering services (vi) A Twitter handle with the address @IRCATERING has also been made operational to cater to the complaints/suggestions with regard to catering services (vii) Third Party Audit of catering services to be conducted at periodic intervals by independent auditors and zonal railways are empanelling reputed auditing agencies accredited by NABCB (National Accreditation Board for Certification Bodies). (viii) Stringent conditions for award of catering contracts.

The cumulative punctuality performance of Mail/Express trains on Indian Railways for the first quarter 2016-17 is 81.02% as against 74.55% in the same period of previous year. This is an improvement of +6.47%. A strict watch is being kept on all factors affecting punctuality performance and continuous efforts are being made to make up delays taking preventive steps to control assets failures apart from implementing capacity building measures in critical sections, so that mobility improves further.

In the context of improving last mile connectivity, instructions have already been issued to Zonal Railways impressing upon the need for a focused strategy to identify potential sectors to initiate dialogue with the State Road Transport Corporations (SRTC)

to provide bus services at identified stations suiting the train timings, connecting major residential and office areas, which can build synergy between the two modes by feeding customers for each other.

Recommendation (Para No.16)

The Committee observe that a target of 8182 PKM (BE) has been fixed at 2016-17 w.r.t originating passengers, depicting a growth of only 1% over the projection of 8101 PKM (RE), 2015-16. The projection for passenger earnings is Rs. 51012 crore during 2016-17, i.e., a growth of 13% over Rs.45376.15 crore (RE) during 2015-16. As reported, passenger capacity this year will increase by almost eight per cent and will be used for premium train services like Tejas and Hamsafar which will be based on dynamic pricing; such services will be provided on the cost recovery basis. This is going to fetch the Railways around 12 per cent additional revenue. Out of the total originating passengers, six per cent are reserved category passengers and 94 per cent passengers are in the unreserved segment. The Committee note the efforts being made by the Railways to come out of the severe resource crunch and financial stress they are faced with. They would, however, like to caution that in their efforts to increase the revenue by addressing the needs of the reserved category passengers, extending facilities for 94% of the unreserved category passengers should not be overlooked; rather, the Railways would do well to provide appropriate services to this huge segment of passengers also which will not only improve passenger satisfaction but also encourage them to opt for better services, even by paying an additional amount.

Reply of the Government

Unreserved segment comprises of about 94% of total passenger traffic. Railways have taken a number of measures to boost the sale of tickets like facilitation of availability of tickets by appointment of Jansadharan Ticket Booking Sewaks (JTBS), proliferation of Automatic Ticket Vending Machines (ATVMs) etc and innovative measures like unreserved tickets through mobile phone on suburban sections of certain Zonal Railways for convenience of passengers. These steps will increase ticket vending capacity and are expected to encourage rail travel by masses and increase the passenger traffic including unreserved passenger traffic.

Amenities/facilities being provided to passengers in different types of coaches including unreserved coaches are as per their respective design. Facilities like cushioned

seats/berths, toilet and washbasin facilities, dustbins, etc. are being provided in all unreserved GS coaches. Recently this Ministry has issued instructions for provision of mugs in toilets of unreserved coaches. Further in the Rail Budget 2016-17, Deen Dayalu coaches were announced which are also unreserved coaches. Following additional amenities have been envisaged in Deen Dayalu coaches:

- Cushioned luggage racks.
- Additional hand hold in doorway area.
- J hook near longitudinal luggage racks.
- Toilets with polymerized floor coating.
- Bio-toilets.
- Water level indicator.
- Toilet occupation indication display board.
- Enhanced mobile charging facility.
- Fire extinguishers with anti-theft arrangement.

Similarly another train service Antyodaya was also announced in Rail Budget 2016-17 which is fully unreserved superfast trains with majority of additional amenities as envisaged for Deen Dayalu coaches to provide fast connectivity to unreserved passengers on long-distance routes.

Recommendation (Para No.17)

The Committee further note that by introducing premium train services during 2016-17, there will certainly be an indirect increase in passenger fares, though, outwardly, there is no rise in the Railway fares. The Committee find that Railways have increased passenger fares and freight rates across the Board by 40-65 percent even in segments where it is vulnerable to the competitors in the market place. They also note that during the last five years, various charges like cancellation, reservation, tatkal, superfast surcharge, MUDP surcharge, Mela surcharge and freight rates have been increased to the tune of 27% to 100%, which are not reflected in the Budget Speech. The Committee agree with the Ministry for taking necessary steps for revenue generation, however, they desire that the Ministry should be more forthcoming in their tariff pronouncements. Further, for arresting the trend of falling volumes and productivity, margins and market shares, the Committee recommend that the Railways would have to be completely market-driven and customer centric and adopt dynamic and

differential (depending upon the relative competitive strength of Railways) pricing strategy so that ambitious targets of GTR, passenger and freight volumes and earnings growth would be achieved in 2016-17.

Reply of the Government

Premium Special Trains had been introduced over and above the regular trains on specific high demand sectors irrespective of the distance.

In place of Premium Special trains, Suvidha trains are introduced w.e.f. 01.07.2015, for meeting demand peaks as may arise from time to time during summer, winter, festivals, and on other such occasions.

Besides Suvidha trains, Special trains on special charges are also introduced based on demand pattern.

In view of the Subsidised fare structure for the regular Time Tabled trains and extra efforts being made by Railways for running of such special trains, the fare of Suvidha trains and Special trains on special charges are introduced on higher fares.

The Minimum fare of Suvidha trains is equal to Tatkal fare applicable for the class of accommodation for initial 20% of the berths and thereafter the fare increases for subsequent slabs of 20% of seats/ berths booked subject to maximum three times of the Tatkal fare. Other charges like reservation charge, catering charge, Superfast surcharges, Service Tax etc. are chargeable in full wherever applicable.

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 include 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.
- 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 rationalized to attract short lead traffic.
- Classification of Red Mud has been reduced from Class-150 to Class-120.

Recommendation (Para No.18)

The Committee note that there is an expected shortfall of 80 MT during 2015-16 in originating freight tonnes. Further, originating tonnage is 1157 MT (BE) for the year 2016-17, i.e., a growth of 50 MT over 1107 MT (RE), 2015-16 and freight earnings of Rs.1,17,933 crore (BE 2016-17), i.e., a growth of 5.4% of Rs. 111852.72 crore (RE) for the year 2015-16. The Railways have stated that they taken various measures with a view to bringing back the freight from road to rail, viz. rationalisation of freight fare, reviewing of port congestion surcharge to make it 5% from 10%, increasing the basket of commodities for freight traffic, concentrating on parcel traffic, restoration of CENVAT credit, paying attention to non-fare revenue in order to increase the same, etc. The Committee, while appreciating the measures taken by Railways with a view to achieving freight targets, hope that all out efforts will be made by the Railways in implementing the same at the ground level in this direction.

Reply of the Government

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 include directed and focussed 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.
- 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.
- Classification of Red Mud has been reduced from Class-150 to Class-120.

It is expected that the above mentioned initiatives would spur growth in various sectors of the economy and generate additional revenue for Railways. Rationalisation of tariff is an on-going process and in future also various initiatives would continue to be taken as per the need and demand of the IR and Economy.

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.

Recommendation (Para No.19)

The Committee observe that the Railways had not been able to achieve their targets in respect of PPP during 2012-13, 2013-14 and 2014-15. The achievement all these years was NIL, where the targets of Rs. 1050 crore, Rs. 6000 crore and Rs. 6005 crore, respectively were kept. Further, during 2015-16, BE of Rs. 5781 crore has been

revised upward to Rs. 27269 crore. As stated, the estimated figures at the final modification estimate (FME) stage of Extra Budgetary Resources (EBR) (partnerships) is Rs.15,081 crores, which includes the estimated investments/financial commitments in sanctioned rail connectivity PPP projects, investments in private freight terminals and wagon investment/leasing schemes, investments from State Governments in ROB/RUB works and in other rail line cost sharing projects, investment by container operators in rolling stock and terminals, cost sharing projects with Central Ministries, capital investments made in rail sector by railway PSUs and external direct funding for Eastern DFC project, etc. The Committee note that final modification estimate (FME) in 2015-16, indicates a shortfall vis-a-vis RE, 2015-16 for PPP. It matters that the under-achievement in targets for PPP could result in lowering of the Annual Plan size of Rs. 1,00,000 crore, substantially during 2015-16. The Committee call upon the Ministry to be extra cautious in their efforts to fulfill their targets of Rs.18340 crore in respect of PPP during 2016-17.

Reply of the Government

All efforts will be made to achieve the target of 2016-17.

Comments of the Committee

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

Recommendation (Para No.20)

The Committee are concerned to note that during 2016-17, appropriation to the Pension Fund, Capital Fund (CF) and Debt Service Funds(DSF) is less than appropriation from these Funds. The amount of Rs. 42500 crore, Rs. 5750 crore , Rs. 214.35 crore has been appropriated to each of these Funds respectively; however, appropriation from these Funds is to the tune of Rs. 45500 crore, Rs. 7000 crore and Rs. 3000 crore, respectively. As submitted, the higher withdrawal of Rs. 3000 crore from DSF and Rs. 2786 crore from the Pension Fund is to meet the salary and pension arrears' impact of the 7th CPC pertaining to January, 2016 to March, 2016 and higher withdrawal of Rs. 1250 crore from CF is to meet the obligatory repayment of lease charges (principal component). In its 4th Report on Demand for Grants (2015-16), the Committee, while quoting Bibek Debroy Committee, had observed that the Railways are making provision for depreciation on residual basis rather than on the basis of actual requirement for

replacing all overaged assets. But Railways have made under-provisioning for DRF from Rs. 7900 crore in BE to Rs. 5500 crore in RE of 2015-16 and meagre Rs. 3200 crore in BE of 2016-17 as against actual requirements of over Rs. 20,000 crore. If Railways had made provision for DRF on actual requirement basis in the next year, it would have adversely impacted Railway finances. As submitted, the proportion of Annual Plan size which has gone up manifold, funded out of internal resource generation has gone down from 27.4% in 2014-15 to 13.8% in BE of 2016-17. The Committee feel that the Ministry of Railways should be wary of expending from their stock without replenishing them. The Committee would like to stress that if the Railways have to stay content with today's competitive and market driven economy in an effective manner, they have to improve their working and delivery system significantly. They should prioritise and focus on projects which are near the completion stage, projects which are operationally viable and projects which are traffic capacity generators.

Reply of the Government

Hon'ble Committee are aware that appropriations to various Railway Funds are guided primarily by the resource position of the Railways and the outgo estimated during the year. It may be appreciated that in BE 2016-17, appropriations to various Railway Funds have been decided amidst tight resource position of the Railways emanating from impending implementation of 7th CPC recommendations. The level of appropriations to these funds also take note of the balances available in those funds from earlier years so as to meet the estimated outgo from these funds during the year.

Railways have all along tried to build up the fund balances during the years of bounty and draw down from those balances in years when Railways are either not able to generate enough resources due to subdued traffic performance or due to higher expenditure liability on account of pay commissions etc.

There is no intention to under-provide for DRF. Though the appropriation to DRF in RE 2015-16 was kept at Rs 5500 cr as against Rs 7900 cr in B.E. 2015-16, the plan outlay under DRF in RE 2015-16 was Rs 7300 crore as against Rs 7500 cr in BE 2015-16. The actual (Prov) expenditure under DRF during 2015-16 has been Rs. 7593 cr which is higher than even the BE provision. Similarly, in B.E. 2016-17 though the appropriation to DRF has been kept at Rs 3200 cr, the provisioning for plan expenditure under DRF has been kept at Rs 7160 crore(Gross).

Ministry of Railways are concerned with the depleting fund balances and are making all efforts to generate more revenues through a mix of short term and long term measures. To reap early benefits of investments made, projects are being prioritised with ring-fenced allocations for time-bound completion. The last mile projects are also being provided with full allocation for early completion.

A five year(2015-19) investment plan of Rs. 8.56 lakh crore has been chalked out with greater emphasis on capacity enhancement works under Doubling, Traffic Facilities and Electrification which is expected to give a boost both to freight and passenger traffic in the years to come and thereby to Railways' revenues.

Recommendation (Para No.21)

In the context of Operating Ratio of the Railways, the Committee note that during 2012-13, against 84.90% (BE) and 88.80% (RE), the actual was 90.20%. For 2013-14, against 87.80% (BE) and 90.80% (RE), the actual was 93.60%. Again, during 2014-15, against 92.30% (BE) and 91.80% (RE), the actual Operating Ratio was 91.30%. During 2015-16, against BE of 88.5%, RE is 90.0%. The reason for the high operating ratio during 2015-16 is stated to be shortfall in Gross Traffic Receipts. The Committee further observe that in BE 2016-17, Operating Ratio is targeted at 92 percent. This has been done due to the impact of 7th CPC for which a higher provision of about Rs. 9,000 crore (net basis) has been made under Ordinary Working Expense for salary and Rs. 5,000 crore higher than usual appropriation under the Pension Fund. The Committee feel that this is a very important aspect which requires the Ministry's immediate attention so that the Operating Ratio can be maintained at an optimum level. The Railways have also admitted that annual impact of the 7th CPC on Railways has been estimated at Rs. 28500 crore inclusive of pensionary payments. Despite this OWE in BE for 2016-17 are expected to increase just by 12% over 2015-16. It is extremely unlikely that impact of 7th CPC can be managed by such meagre increase in OWE particularly in light of the fact that Railways would also have to make payments for arrears with effect from January 01, 2016 to March 31, 2016. Windfall gains due to fall in POL prices are also unlikely to materialise once again in the current year, more so because crude prices have already gone up by over 10% since February, 2016. Therefore, the Net Revenue at BE of Rs. 18210 crore may be missed by a wide margin and Ministry of Finance may have no other option but to consider the request of Ministry of Railways for a Revenue Grant for

meeting the burden of 7th CPC. The Committee, however, urge the Ministry to probe the possibility of raising revenues in various segments as well as reduce operating expenses by observing absolute financial discipline. They should also be extremely prudent on the expenditure side, keeping a close and constant monitoring of the Railway finance.

Reply of the Government

Though the net outlay under O.W.E. has increased by 12%, the gross outlay in O.W.E. is higher by 19%. On net basis, the amount provided for pay commission comes only to Rs 9000 crore. It has already been submitted to the Committee in reply to the list of points that a provision of Rs 12000 crore has been made in B.E. 2016-17 towards salary impact due to 7th CPC and of this Rs 3000 crore would be met out of Debt Service Fund (DSF) for which necessary appropriation to the fund has been made in R.E. 2015-16. The DSF rules provide for utilization of the DSF balances for pay commission also. This amount has been assessed to mitigate the impact of the arrear component of the pay commission. The growth in salary as per B.E. 2016-17 therefore comes to about 32% over RE 2015-16. Thus provision has been made towards the 7th CPC impact on salary based on the 7th CPC report. However, as already submitted before the Hon'ble Committee, the provision under Ordinary Working Expenses in BE 2016-17 does not account for the allowances part of the 7th CPC recommendations. Provision for allowances would be made during the course of the year depending upon the acceptance of the Report by the Government. Moreover, the liabilities on account of allowances would arise only from the date of effect of their implementation.

Secondly, the economy in expenditure on fuel is based on various cost cutting and innovative measures contemplated in 2016-17 like purchase of power as distribution licensee, taking up various energy conservation measures, purchase of power at lower rates from various State Electricity Boards and other units, fitment and working of Auxiliary Power Units, use of Bio-diesel, rationalization of fuelling pattern, improvement in Specific Fuel Consumption (SEC) and Specific Energy Consumption (SEC) etc.

The Railways are conscious of the difficult financial scenario in the light of the imminent implementation of 7th CPC recommendations and subdued traffic growth and are taking all possible steps to enhance earnings as elaborated in the Action Taken Note on Recommendation No. 14 of this Report and minimize avoidable expenditure.

Comprehensive instructions on Expenditure Management- Economy Measures, Austerity, Cost Control, Rationalization of Expenditure and Revenue Augmentation have been circulated to all concerned for being followed scrupulously and the budget targets are being monitored at all levels.

Recommendation (Para No.22)

The Committee note that the Railways had signed a MoU with the Life Insurance Corporation (LIC) during 2015 for a period of 5 years. The investment by the LIC will be made through bonds worth Rs.30,000 crore issued annually by rail entities such as the Indian Railway Finance Corporation and will be channelised by the Railways in capacity augmentation projects. The bonds will come with a five-year moratorium on interest and loan repayment. Further, the Japan International Co-operation Agency (JICA) has also extended loans for financing the Western Dedicated Freight Corridor (DFC) project. As submitted, the loan is at 0.1 per cent interest with the loan term period of 50 years, with a moratorium of 15 years.

The Committee note that these efforts are being made to improve passenger as well as freight services at a time when almost 70 per cent of the Railways' high density network is congested with capacity utilisation of more than 100 per cent. They also recognise that the Railways have been suffering from under-investment for quite some time and that huge investment is needed to improve the services by augmenting the capacity, resulting in more revenue to service the debt. The Committee desire that the Ministry should adhere to the time schedule and closely monitor the progress thereof. Further, the Committee are satisfied to note that the fluctuation in the Japanese Yen during the repayment period for the loan extended to the Railways by JICA will be hedged by the Ministry of Finance. The Committee observe that the Railways should be very wary as such financial provisions carry with them liabilities of repayments with interest. That being so, it becomes imperative for the Railways to ensure that there is optimal and efficacious utilisation of funds with timely implementation of the projects so as to avoid falling into a debt trap. The Committee also recommend that the Railways should critically analyse bankability of projects and also utilise these high cost and risk infected market borrowing to commercially viable areas with assured returns.

Reply of the Government

Concerns of the committee are noted.

Ministry of Railways (MoR) has constituted a Committee of Additional Members of the Railway Board to monitor the physical and financial progress of works which are being financed from funds drawn from the Life Insurance corporation of India (LIC).

It has been decided that Memorandum of Understanding (MoU) will be entered into by Railway Board with General Manager of each of the Zonal Railways for implementation of the projects in a time bound manner.

In view of the fact that Doubling and Electrification projects as a group constitute the more remunerative of the sanctioned projects of IR and are also justified from operational point of view, it has been decided that all works under these Plan Heads, with a few exceptions, may be financed out of LIC funds. These projects would be provided with funds on an assured basis so that they are completed quickly and can start generating revenue, rather than allowing time and cost overruns due to paucity of funds and deteriorating viability.

It has also been decided that as far as projects other than Doubling and Electrification are concerned, only such projects which are remunerative will be considered for financing out of LIC funds.

The Western Dedicated Freight Corridor (from Jawaharlal Nehru Port, Mumbai to Dadri near Delhi. -1504 km) is being implemented through Official Development Assistance (ODA) loan from Japan International Cooperation Agency (JICA) under the Special Terms for Economic Partnership (STEP) Scheme of Government of Japan. JICA is providing a loan of 646 billion Japanese Yen. The loan is hedged by Ministry of Finance. Ministry of Railways is required to pay interest only at 7% per annum to Ministry of Finance. The loan term is 40 years with a moratorium of 10 years. The interest rate for Ministry of Finance is 0.2% for first two tranches of loan. For the third tranche loan, the interest has been reduced to 0.1%.

The construction of Western DFC is on fast track and is being monitored on regular basis for timely completion. The DFC has been planned for commissioning in phases between 2018 to 2019.

Recommendation (Para No.25)

The Committee note with satisfaction that allocation was revised upward at RE, 2015-16 for road safety works like Level Crossings and Road Over Bridge/Under Bridge

due to enhancement of the outlays at RE by the Ministry of Finance in view of the higher share under Road Safety Fund from diesel cess. Consequently, Rs. 155 crore could be allocated on cost-share received from Dedicated Freight Corridor Corporation of India Limited (DFCCIL) for ROBs/RUBs on DFC routes. However, the Committee note that there is a shortfall in achievement in financial targets in respect of road safety works during 2015-16. The allocation for road safety works under PH-29 and PH-30 had been increased from Rs.1645.91 crore (BE) to Rs. 2662.00 crore (RE), but the expenditure up to February, 2016 is only Rs. 1761.58 crore. The Committee further note that the financial allocation for road safety works has been increased in BE, 2016-17 as against RE, 2015-16 due to increased share under Road Safety Fund from diesel cess. However, the physical targets have not been increased in proportion. As against the likely achievement in 2015-16 of 1203 level crossings eliminated, 369 manned level crossings closed, 190 ROBs constructed and 820 RUBs/subways constructed, the targets during 2016-17 have been kept at 1250, 300,160 and 840, respectively. In view of the foregoing, the Committee draw the attention of the Ministry of Railways to around 10440 existing unmanned level crossings, which are the cause of the maximum number of accidents and casualties in Railways and implore the Ministry to ensure that focused efforts are towards elimination of level crossings and that the physical targets are suitably revised upward at RE stage.

Reply of the Government

The final expenditure under PH 29 & PH 30 was Rs.2689.18 crores (upto March'2016). Allotted funds for Road Safety Works (under PH 29 & 30) have been fully utilized in year 2015-16. During 2015-16, 1253 Unmanned Level Crossings & 390 Manned Level Crossings have been eliminated and 194 Road Over Bridges (ROBs) & 830 Road under Bridges (RUBs/Subways) have been constructed. Allotment of funds for Road Safety Works has been increased from Rs. 2662.00 crore (RE) in 2015-16 to Rs. 2998.24 (BE) for year 2016-17. Accordingly, target for 2016-17 have been reviewed and fixed higher viz; elimination of 1440 Unmanned Level Crossings & 300 Manned Level Crossings and construction of 210 Road Over Bridges (ROBs) & 1000 Road Over Bridges (RUBs/Subways).

Recommendation (Para No.26)

The Committee are concerned to note that, at present, there is a throw-forward of 432 major ongoing projects consisting of 155 new line, 42 gauge conversion and 235 doubling costing Rs. 4,39,721 crore. Further, the total length kms of the 155 new lines, 42 gauge conversions and 235 doubling pending projects are 17005 kms, 9520 kms and 18703 kms, respectively, i.e., a total throw-forward of 45228 kms. The Committee feel that in view of the huge throw-forward of their ongoing projects, the targets during 2016-17 of commissioning of 400 kms of new lines, 800 kms of gauge conversion and 1600 kms of doubling, i.e., a total of 2800 km in a year, are too moderate and need to be enhanced, especially as the development of the Railways is one of the priority areas of the Government, and some capital infusion is expected for the same. It is going to take another 20 years or even more to pass the benefits of these projects to the masses at this rate of progress. The Committee apprehend that the throw-forward of the ongoing projects will go on piling up year after year, unless ambitious annual targets, supplemented with dedicated efforts, are made. The Committee urge the Ministry to make a detailed analysis of the pending projects - be it new lines, doubling, gauge conversion, track renewal, electrification, etc. - and prioritise them. The Committee reiterate that the Ministry should focus on expeditious completion of last mile projects and those near completion first. The Committee may be kept abreast of the same.

Reply of the Government

Ministry of Railways have been taken several measures to garner funds for its capital investments such as arrangement of Extra Budgetary Resources (EBR) from financial institutions including Life Insurance Corporation of India for executing ongoing and new capacity enhancement projects, requesting State Governments to share cost of projects falling in their State, launching a scheme of project development, financing and monitoring through Joint Ventures/SPVs with State Governments, issue of a new participative policy etc. As a result of these initiatives, the capital expenditure have increased substantially in 2015-16 as compared to the expenditure in previous years. The capital investment outlay has been further ramped up from Rs. 94,000 Crore in 2015-16 to Rs. 1,21,000 Crore in 2016-17. As railway projects are capital intensive and

have long gestation period, sufficient investment have to be made over a period of two to three years for commissioning of the projects. Accordingly, commissioning target for 2016-17 has been pegged at 2800 Km which is almost same as that of 2015-16. The commissioning target will be substantially hiked from 2017-18 onward depending upon the progress of various initiatives of Ministry of Railways to arrange resources.

Indian Railways have carried out prioritisation of projects to give focused and pointed attention to capacity enhancement, decongestion, last mile connectivity, last mile, cost sharing, National & remunerative projects. Funds are allocated to projects based on prioritisation. Projects which do not fall in any of the above categories & not made any significant progress have been accorded lowest priority. Allocation of funds for railway projects are done every year based on the prioritisation depending upon throw forward of ongoing projects, overall availability of funds and competing demands.

Recommendation (Para No.27)

The Committee note that the Ministry of Railways had projected an outlay of Rs.7,19,671 crore for addressing its capacity bottlenecks and investment on modernization and safety in order to provide satisfactory services to the passengers. However, the Planning Commission had approved only Rs.5,19,221 crore, comprising of Gross Budgetary Support (GBS) of Rs.1,94,221 crore, internal resources of Rs.1,05,000 crore, market borrowings of Rs. 1,20,000 crore and private investment, including PPP, of Rs. 1,00,000 crore. Moreover, the Annual Plan sizes were not proportionate on account of lesser allocation of GBS, lower materialisation of internal resources and lesser generation of extra budgetary resources for rolling stock leasing and PPP. During 2012-13, 2013-14, 2014-15 and 2015-16, funds to the tune of Rs. 60100 crore, Rs. 63363 crore, Rs. 65445 crore and Rs. 100011 crore respectively, had been allocated. For 2016-17, a provision of Rs. 121000 has been made. Though the allocation for the year is reasonable, it is noticed that during the 12th Plan, a total of Rs. 409919 crore has been allocated against the approved outlay of Rs. 519221 crore, i.e., less by 21 percent. They further note that against the approved GBS of Rs.1,94,221 crore for the 12th Plan, the allocation has remained at Rs.1,47,545 crore which is less by 24.03 percent. The Committee do not approve of such substantial downsizing of the proposed Plan outlay and desire that the sanctity of the Plan should be maintained at all costs as the Ministry had assessed the outlay projected by them as necessary to fulfill the goals of their

developmental projects. The Committee desire that to meet the mandated role of the Railways for the development of the remotest corners of the country through the ongoing projects, adequate capital should be infused into the system through GBS. The Ministry of Railways should take up the matter with the Ministry of Finance accordingly.

Reply of the Government

Ministry of Railways has been repeatedly requesting for higher budgetary support to the Railways for timely completion of projects in progress and other critical and important capacity augmentation and safety related works necessary for provision of improved Railway services.

Request for allocation of the higher GBS to implement the developmental projects of the Railways was made to the Ministry of Finance/NITI Aayog during the preparation of the Railway Budget for 2016-17.

There has been a constant dialogue with the Ministry of Finance to increase budgetary support to Indian Railways within the overall financial position of the Government of India. Budgetary support was enhanced from Rs. 35000 crore in 2015-16 to Rs. 45000 crore in 2016-17.

Recommendation (Para No.29)

The Committee have been apprised of the shortfall in physical targets in respect of Freight traffic, Passenger traffic and New Lines, Doubling, Gauge Conversion and Wagon procurement during the 12th Plan. The Committee are convinced that while adequate funds had played a part in shortfall in targets pertaining to network expansion works as the yearly allocation of funds were not proportionate to the approved 12th Plan allocation, oft repeated excuses like delay in land availability, forestry clearances, etc. are not acceptable as these hurdles could have been overcome by the Ministry by concerted efforts in this direction. Further, against the 12th Plan Revised Mid Term Targets of 1240 MT Originating Freight, 763.84 Billion Freight Net Tonne Km., 8561 million Originating Passenger Km., 1286 Billion Passenger Km. and 1,05,659 wagons, the likely achievement is 1157 MT Originating Freight, 694.607 Billion Freight Net Tonne Km., 8182 million Originating Passenger Km., 1137.3 Billion Passenger Km. and 62,360 wagons, respectively. The decline in passenger traffic has been attributed to the drop in suburban traffic and in non-suburban traffic in the 1—100 km segment due to the

development of metro networks in cities and increased shift to personal vehicles (2-wheelers) on account of falling prices of petrol, improved road connectivity and expanding road infrastructure. Further, shortfall in freight traffic has been attributed to the dismal performance of the core sectors due to less growth in the economy and the global economic downturn. Needless to say, these impediments have to be dealt with, with a sense of urgency and as top priority so that the targets set by the Railways do not remain illusory. The Committee desire that the Ministry should make the best use of the investment made in 2015-16 as well as the investment plan for 2016-17 which will be partly funded by transfer of Rs.45000 crore from the Union Budget. The Committee further desire that the availability of these funds should be matched by strict financial discipline by the Railways, leading to optimum and effective utilisation of resources coupled with achievement of physical targets in a stipulated time-frame.

Reply of the Government

The achievements of Indian Railways against the targets fixed as given below indicates that in last four years performance of Indian Railways against the targets has improved and it has improved significantly in 2015-16 due to relatively better fund availability. Indian Railways has also set a target of 2800 Km for New Line, Gauge Conversion and Doubling for the financial year 2016-17 which is in line with the emphasis in Rail Budget 2016-17.

ACHIEVEMENT NEW LINE, GAUGE CONVERSION AND DOUBLING DURING LAST FOUR YEARS				
	(Figures in Kms)			
Plan/Annual Plan	New Line	Gauge Conversion	Doubling	Total
2012-13 (Target)	700	800	700	2200
2012-13 (Achievement)	501	605	705	1811
2013-14 (Target)	450	375	700	1525
2013-14 (Achievement)	450	404	708	1562
2014-15 (Target)	300	450	700	1450
2014-15 (Achievement)	313	527	705	1545
2015-16 (Target)	500	800	1200	2500

2015-16 (Achievement)	813	1042	971	2826
2016-17 (Target)	400	800	1600	2800

The demand for freight loading on Indian Railways is a derived demand and is dependent on the growth in the economy, especially in the core sector, since Railways is primarily a bulk carrier of freight.

Indian Railways has been making efforts to maximize the revenue earning freight loading. In order to do so, a number of initiatives have already been taken. Improvement in freight loading performance was achieved with intensive monitoring of freight movement and freight terminals through a computerized Freight Operation Information System (FOIS) for effective reduction in wagon detention. Review of maintenance practices has also helped in improving overall availability of wagons. Further, to increase the physical loading, gradual proliferation of enhanced axle load running is being resorted to. Special emphasis is being given for removal of bottlenecks to traffic, speedier completion of throughput enhancement works and rapid induction of newer rolling stock. Concepts of Distributed Power System & Long Haul on trial basis to overcome capacity constraints over congested/saturated sections have been introduced. Loading in Mini rakes, Two Point rakes and multi point rakes has been permitted to improve the freight. Along with this, freight marketing schemes in the form of incentives and discounts are being offered to customers to capture newer traffic, thereby increasing freight loading and revenue.

All efforts will be made to enforce strict financial discipline and ensure optimum utilization of resources for Plan Outlay 2016-17, which includes Gross Budgetary Support of Rs. 45,000 crore from General Exchequer, so as to achieve all targets set for the financial year. However, the observations of the Committee have been noted in this regard.

Recommendation (Para No.32)

The Committee appreciate that on the request made by the then Hon'ble Minister of Railways in February, 2013 to the then Hon'ble Minister for Rural Development, Railway works, viz. developing waterways/trenches, construction of pathways,

afforestation and construction of Kuccha approach road have been included in the list of works of MGNREGA. However, the Committee feel that the extant guidelines under MGNREGA inter alia requiring 40:60 ratio of material cost to labour cost in their works should be amended with regard to Railway works to the extent that the ratio of material cost to the labour cost should be revised to 60:40. Further, the Committee understand that the Ministry of Rural Development has again been requested in September, 2015 and March, 2016 to make provision for construction of Road Under Bridges/Subways, wherever necessary, as a part of project of construction of roads under the Pradhan Mantri Gram Sadak Yojana (PMGSY) as the labour used would help in asset creation. The Committee would want the Ministry of Railways to pursue the matter with the Ministry of Rural development and if need be raise the matter to the PMO and/or the Cabinet.

Reply of the Government

In February 2013, the then Hon'ble Minister of Railways had requested the then Hon'ble Minister for Rural Development for inclusion of Railway works in the list of works of MGNREGA. As a result, Ministry of Rural Development included only following 4-type of Railway works under MGNREGA:

- i. Developing waterways/trenches.
- ii. Construction of pathways.
- iii. Afforestation.
- iv. Construction of Kuccha approach road.

Hon'ble Minister of Railways then discussed the issue with Hon'ble Minister of Road Transport and Highways, Shipping, Rural Development, Panchayati Raj and Drinking Water and Sanitation on the subject and thereafter requested again vide DO letter in June 2014 to consider making provision for construction of Road Under Bridge (RUB)/Limited Height Subways (LHS) etc, wherever necessary, as a part of the proposal of the roads under Pradhan Mantri Gramin Sadak Yojana (PMGSY). In this connection, despite two letters (15.09.2015 & 10.03.2016) to Secretary, Ministry of Rural Development to consider the request. The decision on this subject is still awaited and is being perused.

Recommendation (Para No.33)

The Committee note that the Hon'ble Minister of Railways had made an announcement in his Budget Speech for the year 2015-16 for introduction of e-catering

service in 108 trains on an experimental basis from January, 2015. In order to widen the range of food options available to passengers and to mitigate passengers' complaints with regard to monotonous and stereotyped catering services, the IRCTC has started e-catering service in 1350 trains without pantry cars or Train Side Vending, as well as on 45 designated stations, to enable passengers to book food of their choice through website/phone/SMS. The Committee further note that in March, 2016, e-catering services have been extended to all 'A1' and 'A' category railway stations across the country. The Committee appreciate the scheme of e-catering service introduced by the Railways; however, they would like to stress that security concerns that are associated with e-catering service while delivery of food packets to the passengers through delivery boys should be scrupulously addressed. The Committee have been informed that the Railways are taking certain steps in this regard, viz. Ministry of Railways/IRCTC issues identity card/authority by Divisions to all the delivery persons for their entry into railway premises, provision of frisking/scanning by RPF/security personnel, etc. While appreciating the introduction of e-catering services in trains as a step in the right direction, the Committee would like the Ministry to ensure that the terms and conditions on which various vendors are engaged for providing e-catering service in trains should be strictly adhered to.

Reply of the Government

In order to widen the range of food options to the passengers, Ministry of Railways have already issued policy guidelines regarding e-catering services on trains and at stations by virtue of which they can book meal of their choice on payment. IRCTC has been mandated to operate e-catering services over Indian Railways.

IRCTC has been instructed to strictly follow the terms and conditions of the policy guidelines issued in this regard.

Recommendation (Para No.34)

The Committee are aware that in 2014 Railways had announced the continuation of the Fuel Adjustment Component (FAC) to revise the passenger fares every six months.

The Committee learn that FAC linked revision in passenger fares was carried out twice - the first revision was increase by 2% effected in October 2013 and another by 4.2% in June 2014. The Committee are not convinced with the reason cited by the Ministry for not extending the benefit of decline in diesel prices to the passengers which is stated to be that the expansion, strengthening and modernising of IR network requires resources of a high order. At the same time, the Committee note that the Railways' input costs over the years have risen much higher than the growth in their earnings. It is, of course, a fact that the decrease in fuel cost has been very marginal compared to overall increase in input cost. The Committee, therefore, urge the Ministry to review the FAC and the other costs at the earliest in order to safeguard the interest of the common man so that they can also benefit by the fall in overall input costs.

Reply of the Government

During the last review of FAC linked revision, it was decided to defer the FAC linked revision, due to the fact that the fuel cost is not the only factor which impacts cost of Railways operation and the cost of all other inputs have increased considerably. However, it may be appreciated that the Passenger fares have not been increased after June, 2014, which has benefited the passenger despite increasing input costs of Railways.

Recommendation (Para No.35)

The Committee are concerned to note that one of the factors attributed for the decline in passenger traffic is the changed norms/regulations in the issue of concessional tickets, particularly in the case of Izzat MSTs. As apprised, Izzat MSTs, priced at Rs. 25/-, and issued to persons working in the unorganized sector with monthly income not exceeding Rs 1500/- per month can be used for travel up to 150 kms. This scheme was started on 1.8.2009. The Committee feel that as the price of Izzat MST was fixed almost seven years back in 2009, the Ministry of Railways should consider reviewing the same.

Reply of the Government

Extract has been taken for further examination.

Recommendation (Para No.38)

The Committee find from the Budget 2016-17 that the Railway Board is being organised along business lines and that the Chairman of the Railway Board will be empowered accordingly. Cross functional directorates will be set up within the Railway Board to focus on areas such as non-fare revenues, speed enhancements, information technology, etc. The Committee are of the view that this would bring about focused attention of the Railways on their crucial areas. The Committee feel that Strategic Lines are one of the areas that need urgent attention, given the national security concerns and, as such, a dedicated Member in the Railway Board, will be able to address related matters in an effective manner.

Reply of the Government

At present no strategic lines has been sanctioned. Out of 14 strategic lines identified by MoD following four projects have been proposed for taking up in first Phase:

- (a) Missamari - Tenga - Tawang (378 Km)
- (b) Bilaspur - Manali - Leh (498 Km)
- (c) Pasighat – Tezu - Rupai (227 Km), and
- (d) North Lakhimpur - Bame (Along)-Silapathar (249 Km)

All these Strategic lines are in Himalayan region involving large scale tunnelling and bridging. To have reasonably accurate cost estimates of projects in Himalayas the alignment needs to be frozen which can be done only after carrying out Final Location Survey. Final Location Survey involves detailed study of topographical features (Creation of Digital Elevation Model (DEM) based on satellite imagery), detail Geological investigation/mapping, Geo-physical, Geo-technical examination etc. and consultation with tunnelling and Geological experts. After finalization of alignment, exact length of Bridges, Tunnels can be ascertained and thereafter cost Estimate can be firmed up.

In 8th meeting of Empowered Committee on Border Infrastructure (ECBI) on 24/7/14, it was decided that Ministry of Defence with approval of Competent Authority will provide Ministry of Railways requisite funds for the Final Location Survey of four

prioritized projects. Total cost of Final Location Survey for these four lines assessed at Rs. 345 crores was conveyed to Ministry of Defence for transfer of fund in Oct'14. Ministry of Defence has conveyed the approval of the Cabinet for carrying out Final Location Survey on 31.12.2015, however, Ministry of Defence is yet to transfer requisite fund.

These strategic lines are still at the stage of preliminary studies. Actual cost estimate of the projects can be assessed after completion of Final Location Surveys. Final Location Surveys for these four surveys will be completed within a period of 2 years. Thereafter, MoD will take final call on sanction & funding of these projects. The need for a separate Member (dedicated Board) can be examined at that stage.

Recommendation (Para No. 39)

The Committee are happy to learn that the Railways have taken certain steps to expand the use of solar power in railway stations; viz. (i) 10 Mega Watt (MW) capacity, including 1 MW solar power plant, has been installed at Katra Railway station; (ii) order for 2 MW (50x2 KWp at 20 locations) has been issued on 23.07.2015; (iii) the Letter of Award (LOA) for provision of 4.5 MWp (200x10 KWp & 5x500 KWp) has been issued on 30.9.2015; (iv) 50 MWp capacity has been identified and allocated to Zonal Railways for provision on rooftops of Railway stations and Railway buildings for which Model Tender Document has been issued and tenders have been floated by almost all the Zonal Railways; and (v) 100 MW is planned to be allocated to the Railways after obtaining confirmation for Viability Gap Funding (VGF) from the Ministry of New and Renewable Energy (MNRE) and the Railway Energy Management Company Ltd.(REMCL) has been asked to study the feasibility of putting up 500 MW solar plants. The Committee appreciate these initiatives to use solar energy and other green energy and recommend that the Railways should strive to use such energy alternatives more extensively. Furthermore, the Committee strongly suggest that at least one Railway Station should be taken up as a pilot project to make it fully functional on solar power on the analogy of the Kochi Airport where the entire energy requirement of the Airport is being met by the solar power. This would not only save on the funds of the Railways but also help in harnessing solar energy while saving a conventional energy resource.

Reply of the Government

Accepted and noted for compliance.

Recommendation (Para No.40)

The Committee appreciate that the Railways have taken the initiative of putting in place the "Optical Fibre Communication System". As extensive use of Optical Fibre Communication System has provided major benefits in trains as well as administrative operations, the Railways have planned to cover 12500 Rkms of Railway Network with Optical Fibre Communication to cover the remaining sections. The Committee desire that the Ministry should strive hard to expeditiously cover the 12500 Rkms of Railway Network with Optical Fibre Communication system.

Reply of the Government

Noted.

Indian Railways has plans to provide high-speed Optical Fibre Cable (OFC) along its entire route. Out of 66030 Rkms (approx) OFC is available in 49000 Rkms (approx). Further work is sanctioned and is in progress in 7000 Rkms and in remaining sections it is proposed to sanction and undertake the work in a phased manner and complete it in next 5 years.

Recommendation (Para No.41)

The Committee learn that RailTel, a Public Sector Undertaking functioning under the Ministry of Railways, has the core competence to utilize the surplus telecom capacity and Right of Way available with the Indian Railways to build nation-wide optical fibre cable based broadband telecom and multimedia network. The Committee stress that the RailTel, with its huge potential, should make optimal commercial utilisation of optical fibre network and other related infrastructure available with it so as to generate more revenues.

Reply of the Government

Noted.

RailTel Corporation of India (RCIL) has undertaken commercial utilization of the optical fibre network and other related infrastructure by leasing out the surplus capacity to generate revenue.

Recommendation (Para No.42)

The Committee understand that 'Reorganise, Restructure, Rejuvenate Indian Railways through Nav Arjan, Nav Manak and Nav Sanrachana' is the theme of the Railway Budget 2016-17. While the Committee appreciate the vision of the Ministry of Railways, they would like to emphasise that this trio of Nav Vichar can only be achieved by substantial financial support which Indian Railways is lacking at this juncture. The Indian Railways is presently lagging behind in achieving financial targets; its net revenue is decreasing due to downward trend in Gross Traffic Receipts, both in passenger and freight earnings. Further, the unfavourable Operating Ratio, likely shortfall in the 12th Plan projection, increasing burden of Social Service Obligations, no increase in internal resources and growing dependence on Gross Budgetary Support and Market Borrowings with extra burden of interest payments, the huge number of throw forward railway projects, and the likely impact of the 7th Central Pay Commission are some of the areas which are matters of utmost concern for the Committee.

The likely shortfall in achieving physical targets in track expansion and cross-utilization of funds for safety purposes without making provision of separate fund for meeting all the safety requirements of Railways are issues which need immediate attention. In the end, the Committee appreciate the innovative steps taken by the Indian Railways to overcome the challenges before them. The Committee hope that the Railways will lay sharper focus on financial prudence and will stand by its commitment towards becoming a growth facilitator for the entire country. The Committee trust that the Ministry will understand their concerns in the right perspective and give serious consideration to their observations/recommendations and keep apprising them of the steps taken by the Railways in this regard.

Reply of the Government

The emphasis is not only on cost optimization but also planning investment on capacity enhancement in a manner which is likely to yield maximized returns. Enhanced

focus is being made on not only increasing the revenue earnings but also to incur expenditure in the most judicious manner so as to improve the fiscal health of Railways.

Progress of various activities and physical targets are being monitored by the Ministry regularly.

CHAPTER – III

Recommendation (Para No.9)

The Committee regret to note that during 2015-16, even the GBS of Rs. 40000 crore allocated to the Ministry of Railways at BE was reduced to Rs. 32000 crore at RE. Besides, the target for Market Borrowing under Extra Budgetary Resources (EBR) of Rs. 17655 crore had fallen short by Rs. 5807 crore to Rs. 11,848 crore at RE. Also, the target for EBR through institutional finance could not be achieved. Against BE of Rs. 17,136 crore, the revised target is Rs. 9584 crore. The Committee find that the very purpose of fixing targets is defeated when they are not effectively addressed. They call upon the Ministry to make every effort to remove the impediments so that the targets fixed for 2016-17 are definitely achieved.

Reply of the Government

Overall plan outlay in B.E. 2015-16 was Rs 100011 crore. Despite reduced GBS and reduced provision under market borrowings and Institutional Finance in R.E. 2015-16, the plan outlay in RE was kept at almost the same level at Rs 1 lakh crore with enhanced provision under EBR-Partnerships. GBS has however subsequently been restored to Rs. 35000 crore by the Ministry of Finance in 2015-16.

The annual plan provision for 2016-17 has been made with full deliberation on the targets and priorities. No slippage in funds utilizations under internal resource segment; viz. DRF, DF and CF is anticipated as these have been allocated amidst tight resource position in view of the 7th CPC and also because the provisions are in the light of available fund balances of 2015-16. The allocations under GBS are also much short of the requirement projected to the Ministry of Finance. EBR (Bond and Institutional Finance) segment depends on requirements for rolling stock and projects, mainly under planheads doubling and electrification. The funds in this segment have been allocated with the target set for the year in the B.E stage. EBR-Partnerships is a thrust area of the Ministry. Thus, all efforts would be made to achieve the plan expenditure target envisaged in BE 2016-17.

Recommendation (Para No.23)

The Committee find that during 2015-16, BE allocated for Gauge Conversion, Doubling, Traffic Facilities, Rolling Stock, Track Renewals, Bridge Works, Signalling & Telecommunications Works and Passenger Amenities was revised downwards at RE. The reason proffered is that the fund allocation in RE 2015-16 was decided on the basis of requirement projected in RE by the Zonal Railways. Also, the reduction in GBS by the Ministry of Finance from Rs. 40,000 to Rs. 32,000 crore resulted in allocation being reduced under cap funded projects falling in the purview of Plan head, viz., Gauge Conversion and Doubling among other Plan heads under Capital Fund. The Committee take a serious view of this downsizing of the targets as it defeats the very purpose of the budgetary exercise in planning and preparing budgetary estimates. They, therefore, recommend that the Ministry should henceforth keep the original targets in view while preparing the budgetary estimates so that continuous downsizing of the Plan outlay could be avoided.

Reply of the Government

Overall plan outlay in B.E. 2015-16 was Rs 100011 crore and in R.E. 2015-16 it was kept at almost the same level at Rs 1 lakh crore.

However, reduction in GBS by Rs 8000 crore (from Rs 40000 crore in BE 2015-16 to Rs 32000 crore in RE 2015-16) forced the Ministry to prioritize the reduced allocation, less expenditure incurred till Dec.'16, on projects where these could be optimally spent. GBS has however been restored to Rs. 35000 crore by the Ministry of Finance in 2015-16.

Despite the cut imposed by the Ministry of Finance, the allocation under CAP (GBS) on gauge conversion increased from Rs 3401 crore in B.E. 2015-16 to Rs 3668 crore in RE 2015-16.

The Revised Estimates are a part of various Budgetary stages when resources are allocated based on available expenditure trends of eight months and the requirement for the remaining year. If the allocations made at the BE level only are to be maintained, the scarce resources would not be optimally spent and projects where revised fund

requirement is more would starve while excess funds on other works may get surrendered.

Outlays in RE 2015-16 were decided on the basis of requirement projected by the zonal railways, estimated internal resource generation and the absorptive capacity of various plan heads as per the trends of expenditure. The allotments under GBS were adjusted downwards to match the reduction of GBS from Rs 40000 cr at BE stage to 32000 cr in RE stage. Such adjustments are necessary as a part of budgetary exercise with a view to regulate expenditure so as to remain within the available resources. Such adjustments therefore become unavoidable during periodical Budgetary reviews and ruling them out completely would not be a financially prudent approach.

The targets however were not scaled down in the RE stage as seen from the table below:-

Item	B.E. 2015-16	R.E. 2015-16
Gauge Conversion (Route km)	500	800
New Line (Route km)	300	500
Electrification (Route km)	1600	1600
Doubling (Route km)	700	1200

In Track Renewals, it has already been informed to the Committee in response to the list of questions that the 'Actuals' upto Feb.'16 was 2617 km which is more than the target of 2500 kms set in B.E. 2015-16.

From the above it may be appreciated that the revision in allocation in RE 2015-16 stage did not compromise with the B.E. targets. In fact the targets were bettered.

Recommendation (Para No.24)

The Committee note that while a target to complete/commission 500 kms (BE) of new lines was kept during 2015-16, the achievement up to February, 2016 is shown at 683 kms. The financial allocation was revised upward from BE of Rs. 12830 crore to Rs. 13484 crore at RE, 2015-16. Projections at BE, 2016-17 is again higher at Rs. 15586. In that context, the Committee fail to understand as to why a lower physical target of 400 kms of new lines has been fixed at BE, 2016-17. They expect that the endeavour of the

Ministry should be to strive for realistic and rational targets based on specific criteria and achieve them through concerted efforts so as to enhance the share of Railways and retrieve their lost ground to other modes of transportation.

Reply of the Government

Railway Projects have a long gestation period. Projects are executed in phases and depending upon the availability of resources budgetary allocation is to projects on yearly basis. As and when a particular phase / stretch has progress significantly then further investment is made in subsequent phases /stretches. The stretches which are at an advanced stage are targeted for completion during the year. There is no correlation between Budgetary allocation in a year and the physical target as only a part of the allocation is spent on sections / projects targeted for completion during the year and major part of allocation is spent on stretches which are targeted for completion in subsequent years. As far as New Line projects are concerned, it cannot be executed without acquisition of land. After enactment of new Land Acquisition Act, 2013, the land acquisition process had almost come to standstill for almost two years due to delay in framing of rules by various State Governments. Now the process of acquisition has started. The length of new line that will get commissioned after 2016-17 will depend upon the extent of land acquired during the year.

Recommendation (Para No.28)

The Committee find that during the 12th Five Year Plan, the Annual Plan sizes were not proportionate during the last four years on account of lesser allocation of GBS, lower materialisation of internal resources, and lesser generation of extra budgetary resources for rolling stock leasing and PPP. During 2012-13, against the Annual Plan outlay of Rs. 60100 crore (BE) and Rs. 52265 crore (RE), the actual plan outlay was Rs. 50383 crore. In 2013-14, against Rs. 63363 crore (BE) and Rs. 59359 crore (RE), the actual outlay was Rs. 53989 crore. Similarly, during 2014-15, against Rs.65445 crore (BE) and Rs. 65798 crore (RE), the actual outlay was Rs. 58719 crore. Further, during 2015-16, Rs.100011 crore (BE) has been revised downward to Rs.100000 crore (RE). Internal generation of resources and extra budgetary resources are again the major areas of shortfall. The Committee further note that during 2015-16, GBS of Rs.40000 crore at BE level has been reduced to Rs.32000 crore at RE level. As is evident, the

funds allocated against GBS at BE have consistently been reduced at RE. The Committee once again express their concern over the frequent downsizing of Annual Plan outlays during the 12th Plan. It is equally distressing that the Ministry has fallen short of even the revised annual outlays. The Committee, therefore, strongly urge the Ministry to concentrate on the areas of shortfall, viz., internal generation of resources and extra budgetary resources, by formulating concrete action plans in this regard to optimally achieve the targets.

Reply of the Government

As submitted in the Action Taken Note on Para 9 and 23 of this Report, the possibility of such adjustments in RE vis-à-vis BE cannot be ruled out all together as the outlays are based on the requirement projected by the zonal railways, the level of Gross Budgetary Support extended by the Government, estimated internal resource generation and the absorptive capacity of various plan heads.

Railways are taking all possible steps to enhance internal resource generation to supplement plan expenditure through various short term and systemic measures. However, the Hon'ble Committee may appreciate that the benefits of such moves have been adversely impacted by periodic Pay Commissions.

Further, as proposed by the Ministry of Finance in the first memorandum to the Railway Convention Committee (RCC) (2014) and the recommendation made by the RCC (2014), the Ministry would pursue, with the Ministry of Finance, constitution of an inter-Ministerial body to qualify and quantify the social service obligations that could be considered for reimbursement by the Government. Reimbursement of such identified losses would augment the railways' resource position.

With regard to Extra Budgetary Resources, it may be submitted that apart from usual market borrowing through IRFC to finance Railways' Rolling Stock Programme, Institutional Finance is being mobilized for funding remunerative projects like network decongestion, capacity creation/enhancement works. In addition, various stake holders like State governments are also being made partners for investment in Railway projects through formation of JVs etc.

The Ministry has already formulated a five year investment plan with physical and financial targets that are being monitored closely at all levels.

Recommendation (Para No.30)

The Committee are concerned to note that the funds allocated for the head "Passenger Amenities" remained under-utilised during the last four years. During 2012-13, out of the allocation at BE and RE of Rs. 1101.95 crore (BE) and Rs.967.56 crore (RE), the actuals were Rs. 842.14 crore; during 2013-14, out of the allocation of Rs. 1200.38 crore (BE) and Rs. 895.36 crore (RE), the actuals were Rs.857.73 crore. During 2014-15, out of the allocation of Rs. 1025.68 crore (BE) and Rs. 1047.90 crore (RE), the actuals were Rs. 858.16 crore and during 2015-16, out of the allocation of Rs. 1748.48 crore (BE) and 1211.84 crore (RE), the likely expenditure is Rs. 754.43 crore (upto Feb. 2016). The Committee observe that there has been a tendency during the past many years to make higher budgetary estimates and then reduce the same at the revised estimate stage, ultimately spending an even lesser amount than projected at RE. Whatever might be the reasons, the bottom line is that the passenger remains deprived of better amenities. On one hand, the scarce resources are much in demand for utilisation in various areas of work in the Railways; on the other, once available these are not being utilised optimally, depriving the passengers of improved facilities and amenities. The Committee urge the Ministry to seriously look into the under-utilisation of funds allocated for the Head "Passenger Amenities" and want the Ministry to take proactive measures to optimally utilise the funds of Rs. 1838 crore proposed during 2016-17. They emphasise that the Ministry should release the funds well in time so that these funds are optimally utilised.

Reply of the Government

The expenditure on works relating to passenger amenities at railway station is generally funded under Plan Head 'Passenger Amenities'. Allotment of funds is made individual work-wise keeping in view the requirement & depending upon progress of work keeping in view the overall availability of resources. Work-wise progress is also monitored at appropriate levels.

Funds allocated under passenger Amenities are from DRF and DF which depends on appropriations made to these funds. The Appropriations are based on 'excess' available after meeting working expenses and dividend liability. In 2015-16, in view of than available trends expenditure under DRF and DF were regulated. No such

instructions have been issued for 2016-17 and it is estimated that allotment made under plan head will be fully utilised.

Recommendation (Para No.36)

The Committee note that the Railways, on the basis of suggestions, recommendations and reports of misuse received from the Zonal Railways, has reviewed and revised the provisions for issue of Izzat MST w.e.f 15.10.2013. The Committee desire that the Ministry should take all necessary steps to keep a check to avoid any misuse of Izzat MST, while at the same time making sure that genuine users face no difficulty in getting Izzat MSTs issued.

Reply of the Government

Izzat MST are being issued directly across the counter on the BPL Card or income certificate from District Magistrate IZZAT MST are issued smoothly on production of the requisite certificate and residential proof.

CHAPTER – IV

Recommendation (Para No.31)

The Committee are further apprised that out of 106 railway stations targeted to be developed during 2015-16 as Adarsh Stations, only 29 railway stations could so developed up to February, 2016. The works for the remaining stations are stated to be in progress and at advanced stage. The Committee express their apprehension about the completion of the work of the remaining 77 railway stations to be developed as Adarsh Stations by March, 2016. That being so, they urge the Ministry to complete the pending work expeditiously. The Committee further desire that the projects taken up during a year should be completed in a given time frame, as delays affect the physical and financial targets for the next year, besides leading to cost escalation and time overruns.

Reply of the Government

1052 stations were identified upto 2014-15 for development under Adarsh station scheme. Out of these, 946 stations had been developed upto 31.03.2015. Balance 106 stations were targeted for development, out of these, 40 stations had been developed during 2015-16. Further, 200 stations have been identified for development under Adarsh Station Scheme during 2015-16 which are planned for development by 2017-18.

Comments of the Committee

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

CHAPTER – V

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

Recommendation (Para No.37)

The Committee have been apprised that the Ministry of Defence has identified four strategic lines to be taken up in the first phase, out of the list of 14 identified strategic lines, viz., (i) Missamari - Tenga - Tawang (378 Km) (ii) Bilaspur - Manali - Leh (498 Km), (iii) Pasighat – Tezu - Rupai (227 Km), and (iv) North Lakhimpur - Bame (Along)-Silapathar (249 Km). These strategic lines will be fully funded by either the Ministry of Defence or the Ministry of Finance and the grant has to be given over and above the yearly GBS through a separate window. Funds for the Final Location Survey of these projects are awaited from the Ministry of Defence. The Committee would like the Ministry to keep them apprised of the progress in this regard.

Reply of the Government

Ministry of Railways is actively pursuing with Ministry of Defence for depositing Rs. 345 Crore for carrying out Final Location Survey which is still awaited. The Committee will be kept abreast of the progress made in this regard.

NEW DELHI;
8 December, 2016
17 Agrahayana, 1938 (Saka)

SHRI SUDIP BANDYOPADHYAY
CHAIRPERSON
Standing Committee on Railways

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON
RAILWAYS (2016-17)**

The Committee met on Thursday, the 8th December, 2016 from 1500 hrs. to 1540 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

MEMBERS

LOK SABHA

2. Shri E. Ahamed
3. Shri Ram Tahal Choudhary
4. Shri Ramesh Chander Kaushik
5. Shri Gajanan Kirtikar
6. Shri Balabhadra Majhi
7. Shri K.H. Muniyappa
8. Shri A.T. Nana Patil
9. Shri Mekapati Raja Mohan Reddy
10. Shri Lakhan Lal Sahu
11. Prof. (Dr.) Ram Shanker
12. Shri Ganesh Singh
13. Shri Uday Pratap Singh

RAJYA SABHA

14. Shri Ranvijay Singh Judev
15. Shri Shwait Malik

SECRETARIAT

- | | | | |
|----|----------------------|---|------------------|
| 1. | Shri Arun K. Kaushik | - | Director |
| 2. | Smt. Geeta Parmar | - | Deputy Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration the following draft Reports:-

(i) Action taken by the Government on the recommendations/ observations of the Committee contained in their 9th Report on the 'Demands for Grants (2016-17) of the Ministry of Railways'; and

(ii) **xxx xxx xxx xxx**

The Committee adopted the Report at Sl. No. (i) without any modification and **xxx xxx xxx.**

3. The Committee also authorized the Chairperson to finalise the Reports and present the same to Parliament.

The Committee then adjourned.

xxx: Not related to the Report

APPENDIX-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 9TH REPORT (16TH LOK SABHA) ON 'DEMANDS FOR GRANTS 2016-17 OF THE MINISTRY OF RAILWAYS''

Total number of Recommendations/Observations	40
(i) Recommendations/Observations which have been accepted by the Government –	
Para Nos. 2, 3, 4, 5, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18,19, 20, 21,22,25,26,27,29,32, 33,34,35,38,39,40,41 and 42	32
Percentage of total	80%
(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies –	
Para Nos. 9,23,24,28,30 and 36	6
Percentage of total	15%
(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration –	
Para Nos. 31	1
Percentage of total	2.5%
(iv) Recommendations/Observations in respect of which final replies are still awaited -	
	1
Para Nos. 37	
Percentage of total	2.5%