17

STANDING COMMITTEE ON RAILWAYS
(2017-18)
SIXTEENTH LOK SABHA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken by Government on the recommendations/observations contained in the 13th Report of the Standing Committee on Railways (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18) of the Ministry of Railways']

SEVENTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2017/ AGRAHAYANA, 1939 (SAKA)

SCR NO. 212

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Presented to Lok Sabha on 21.12.2017

Laid in Rajya Sabha on 21.12.2017

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2017/ AGRAHAYANA, 1939 (SAKA)

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Shri Sudip Bandyopadhyay - Chairperson

MEMBERS

LOK SABHA

2. Shri Ram Tahal Choudhary
3. Shri Sudheer Gupta
4. Shri Chandra Prakash Joshi
5. Dr. Ramshankar Katheria
6. Shri Ramesh Chander Kaushik
7. Shri Ram Mohan Naidu Kinjarapu
8. Shri Gajanan Kirtikar
9. Shri P.K. Kunhalikutty
10. Shri Balabhadra Majhi
11. Shri K.H. Muniyappa
12. Shri A.T. Nana Patil
13. Sadhvi Savitri Bai Phule
14. Shri Vijaya Kumar S.R.
15. Shri R. Radhakrishnan
16. Shri Mekapati Rajamohan Reddy
17. Shri Lakhan Lal Sahu
18. Shri Rajeev Satav
19. Shri G.M. Siddeshwara
20. Shri Ganesh Singh
21. Shri Uday Pratap Singh

RAJYA SABHA

22. Shri A.K. Antony
23. Shri Shwait Malik
24. Shri Satish Chandra Misra
25. Shri Mukut Mithi
26. Shri Garikapati Mohan Rao
27. Shri T. Rathinavel
28. Shri Bashistha Narain Singh
29. Mahant Shambhuprasadji Tundiya
30. Shri Motilal Vora
31. Shri Darshan Singh Yadav

@ Constituted w.e.f. 01.09.2017 vide Lok Sabha Bulletin Part II No. 5837 dated 26.09.2017.

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 (2017-18), having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Thirteenth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18) of the Ministry of Railways'.

2. The Thirteenth Report was presented to the Lok Sabha and laid in the Rajya Sabha on 10.03.2017. The Report contained 14 recommendations/observations. The Ministry of Railways furnished their Action Taken Notes on all the recommendations/observations contained in the Report on 05.06.2017.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 20.11.2017. The minutes of the sitting are 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 Thirteenth Report of the Standing Committee on Railways (Sixteenth Lok Sabha) is given in Appendix-II.

NEW DELHI:
7 December, 2017
16 Agrahayana, 1939 (Saka)

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 Thirteenth Report (16th Lok Sabha) on "Demands for Grants (2017-18) of the Ministry of Railways".

2. The Thirteenth Report was presented to the Lok Sabha and laid in Rajya Sabha on 10 March, 2017. It contained 14 Recommendations/Observations.

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

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

Para Nos. 1,2,3,5,6,7,8,9,11,12,13 and 14

Total : 12
Chapter II

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

Para No. 10

Total :01
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 Nos. 4

Total : 01
Chapter IV

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

Para No. Nil

Total : Nil
Chapter V

4. The Committee trust that utmost importance will be given to the implementation of the Recommendations accepted by the Government. The Committee desire that final action taken notes to 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.

MERGER OF RAIL BUDGET WITH UNION BUDGET

Recommendation (Para No.2)

6. The Committee had noted that the Rail Budget had been presented separately since 1924 following the recommendations of the Acworth Committee. The representatives of the Ministry of Railways apprised the Committee that at the time of separation of Accounts in 1924 Railway Budget was almost half the size of the Central Budget and a substantial cut in Railway Budget to meet the requirement of General Budget at the time of adversity or drought etc., used to slowdown the progress of Railways. So at that time, it was felt that Railways should act as a commercial entity with independent budget and supplement General Budget from its internal profits by way of a paying dividend on the capital invested from the General Revenues. Railways were making profits from their investments at that time. However, the scenario has changed significantly now and the total Railway Budget is less than 10% of General Budget and some Ministries like Defence have larger budget and therefore discussion about merger began. The Bibek Debroy Committee also submitted the recommendations for their merger. This year, marking a historic event, rail budget was presented as a part of General Budget.

The Committee were apprised that Railways will maintain its distinct identity as departmentally run commercial undertaking, retaining its full functional autonomy. Railways would meet its Revenue expenditure including ordinary working expenses, pay and allowance of staff, pension of their retired employees from Revenue receipts. However, capital at charge will get wiped out from Railways' statement of accounts and henceforth it will be financed by General Budget so there will not be dividend liability for Railways. They were also informed that Railways would continue to get Gross Budgetary Support to meet part capital expenditure requirement and the Ministry of Finance will present a single appropriation Bill including estimates of Railways. One of the contentions of Government of India for the merger is that it should be able to facilitate multi-modal transport planning between Highways, Railways and Waterways etc. The extent of dividend liability relief to Railways can be deployed for various works of capital expenditure and it will allow Ministry of Finance more elbow room for better allocation of resources. The Committee understand that unification of budget will now give Railways a chance to focus more on their real business, modernization and safety concerns while the Ministry of Finance will be responsible for the financial needs of Railways. They, however, had certain concern areas as follows, which needed to be addressed.

(i) Debroy Committee have made substantial recommendations with respect to restructuring of Railway Board and other reforms in the Railways including the need for commercial accounting principles. The Committee would desire to be apprised of the roadmap in this regard as well as the onus of implementing these reforms, if at all.

(ii) The manner in which the Railways will now be structured, that is, the new organizational structure of Railways. The Committee desire to know whether it will be Railway Ministry headed by a secretary or Railway Board in its present form will continue. The Committee desire that sufficient autonomy should be retained with the Railways.

(iii) Bearing the part of Capital Expenditure by Railways may carry inherent risk for financing of the Railways projects and funding of its huge capital requirement leading inevitably to privatization of various services. The roadmap for expansion and modernization be clearly brought out. Towards this end, sufficient Gross Budgetary Support should be provided to Railways every year keeping in view their various socio-economic commitments including strategic lines.

(iv) Need for adequacy of operational revenue to be earned by Railways to meet the revenue expenditure especially in view of the fact that 40% of the Railways Staff is above the age of 50 years and have to be provided Pension.

(v) In absence of dividend, the subsidy on Capital acquisition through Extra Budgetary Sources would also be done away with. The responsibility of socio-economic development especially with respect to strategic railway lines, projects including non-remunerative lines in backward route, tribal and hilly areas would lie with the Ministry. The Committee would like to be apprised about change in priorities in selecting projects as well as the fate of existing pending non-remunerative projects in various categories.

(vi) The fate of Railway vision plan 2030 in the light of the Government's budgetary reforms viz. discontinuation of Five Year Plans be clearly brought to the notice of the Committee.

(vii) Apprehension of the Committee about lessening the Parliamentary control and oversight responsibilities of the Parliament over the most important public service obligation i.e. Railways, as the demands of Railways will be like any other Ministry under the Budget and probably it may not be discussed in the House every year as was being done hitherto.

(viii) Contention that Railway Budget had started drawing excessive populism especially in matter of fare fixation and selecting and funding of projects is not acceptable to the Committee. They feel that the Members of Parliament represent the expectations/aspirations of the people and are duty bound to express and project their genuine demands. Through the Pink book brought out by the Ministry of Railway, they would readily know the money allocated for the smallest project in their constituency which would satisfy the expectations of local population. The Committee desire that accountability of Railways towards Parliament should be ensured. Also detailed documentation of the status, allocation and progress should be continued.

(ix) Responsibility of preparation of Budget is of utmost importance. The Committee are apprehensive that rather than taking a bottom up approach and projecting needs and requirements of Railways, there might be directives from the Ministry of Finance due to fiscal consolidation or fiscal deficit, they might have to adjust and forego their own priority areas.

(x) Protection of Railways hitherto autonomous, from direct interference of Ministry of Finance in terms of financial or economy cut of 10-15 % of the budget across the Ministries should be ensured.

The aforesaid areas were the concerns of the Committee and way forward so that the innovative step/reform by merger of Railway budget with General budget works out successfully. They had liked to be kept abreast about concrete steps taken in this direction.

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

"(i) The Bibek Debroy Committee had submitted its final report in June, 2015. The report of the Committee has been examined. Work on several recommendations such as discontinuation of separate rail budget, Accounting Reform, setting up of a regulatory mechanism and reorientation of Railway Board on business objectives has already been initiated. Reallocation of work among Board Members has been carried out reflecting functional requirements. Three new posts of Director Generals (DGs) have been created and incumbents posted. New Directorates for Non-Fare Revenues, Environment & Housekeeping Management and Mobility enhancement have been set up. Further, a Transformation cell has been created in the Ministry of Railways for further reforms in railways, which is an ongoing process.

(ii) No decision has been taken for any major restructuring of the Railway's organizational structure. The merger of Railway Budget with General Budget does not entail any change in the present structure of Railways Board or autonomy of Railway's working.

(iii) The requirement of Budgetary Support for Railways is worked out on Annual basis during the process of preparation of Annual Plan and Ministry of Finance is asked and consistently followed up to provide for the same.

(iv) Railways have all along achieved year-on-year increase in revenue, though the growth rate has varied from year to year depending on traffic performance of the Railways in the relevant years/periods. Total Receipts of Railways have continuously risen over the years from ₹ 49,047 crore in 2004-05 to ₹ 1,68,380 crore in 2015-16 and in 2016-17 RE and 2017-18 BE, the same are estimated at ₹ 1,72,305 crore and ₹ 1,89,498 crore respectively. However, since around 95% of Railways' earnings are from the freight and passenger transport, the growth in revenue mostly revolves around the freight and passenger traffic performance. Falling market share of Railways in freight transportation and gradual decline in average freight lead are principal reasons for slowing down of the growth of freight revenue in 2016-17. Due to expansion of road sector, Railways have also witnessed a migration of short distance non-suburban passengers to road. The low cost airlines are also posing steep competition to the upper class passengers' services of Railways.

Nevertheless, Railways are taking short term and long term measures to enhance revenues which, inter alia, include targeting progressively higher traffic throughput, higher provision for capacity creation, effective marketing strategies to capture more and more traffic, creation of additional capacity and optimum utilization of the existing rail infrastructure, enhancement in productivity and efficiency, improvement of passenger interface, periodic rationalization of fare and freight rates and focus on increasing the share of non-fare revenue sources in Railways' earnings.

(v) Following are the guiding factors in prioratisation of projects:-

a) Capacity enhancement works
b) Projects with quick revenue generation potential
c) Projects which provide alternate routes
d) Projects which improve safety in train operations
e) Projects leading to debottlenecking

Railway projects which are remunerative are being funded through EBR and EBR/IF. Existing pending non-remunerative projects will be catered to on the basis of availability of budgetary funds. Various State governments have come forward to sign Memorandum of Undertaking (MoU) to form Joint Ventures (JVs). These projects shall be covered by JVs and GBS.

(vi) With a view to provide long-term perspective to planning for augmenting the railway network and to involve all the stakeholders to facilitate framing of National Rail Plan 2030, Hon'ble Minister for Railways launched a dedicated website on 08.12.2016. Letters have been written to Ministries/Departments of Union and State Governments, Public Sector Units, Zonal Railways and organizations having their stake in Transport Planning across the country, to contribute on the website and they have been issued independent User ID and Password in this regard. National Rail Plan is not connected with discontinuation of Five Year Plan as a measure of Budgetary Reforms.

(vii) Despite being merged with Union Budget, the Railway Demands for Grants 2017-18 were examined by Standing Committee on Railways. The Railways Detailed Demands for Grants 2017-18 were also extensively discussed and debated in both the Houses of Parliament before being passed. Further, the workings of the Railways are also subject to scrutiny by other Parliamentary Committees like Public Accounts Committee, Estimates Committee, Railway Convention Committee etc who have been examining various aspects of Railway working. Hence, the Hon'ble Committee may rest assured that the merger of Railway Budget with Union Budget would in no way lessen the Parliamentary control and supervision responsibilities of Railways.

(viii) It is submitted that accountability of Railways toward Parliament in no way gets diluted consequent upon merger of Railway Budget with Union Budget. As regards detailed documentation of status of projects, allocation and progress, the same would continue as earlier.

(ix) & (x) The Hon'ble Committee may note that despite the merger of Railway Budget with Union Budget, Ministry of Railways will continue to function as a departmentally run commercial undertaking as earlier with functional/financial autonomy as per existing guidelines in decision making with regard to operations and investment decisions. It may be appreciated that the merger has been effected with a larger objective of bringing the affairs of the Railways to centre stage, present a holistic picture of the financial position of the Government, to reduce the procedural requirement and instead to bring in focus the aspects of delivery and good governance. Preparation of the Budget of Railways continues to be the responsibility of the Ministry of Railways with due consultation with Ministry of Finance as was the case earlier also.

While deposing before Estimates Committee during examination of the subject 'Structural changes in Union Budget', the representatives of Ministry of Finance and Ministry of Railways have assured that there will be no dilution of the operational, functional and financial autonomy of the Railways and the Railway Board will continue to prepare the railway components of the Union Budget based on their professional expertise, proven experience and the need for constant improvement in the Railways. Hence there appears no scope of any apprehension in this regard."

8. While noting that unification of Budget will give Railways a chance to focus more on their real business, modernisation and safety concerns as the Ministry of Finance will be responsible for the financial needs of Railways, the Committee had expressed certain concerns which needed to be addressed. These inter-alia included road map for implementation of Debroy Committee recommendations, organisational structure of Railways, continuation of gross budgetary supports to Railways, fate of existing pending non-remunerative projects in various categories, fate of Railway vision plan 2030, Parliamentary control over Railways etc. In their action taken reply, the Railways have placed certain facts before the Committee. While noting the response of the Government to the apprehensions of the Committee, they hope that the same will be followed in letter and spirit. Further they will like to re-emphasis the need for social economic development through Railways with respect to strategic Railway lines, projects including non remunerative lines in backward, tribal and in hilly areas.

SUBSIDY ON DIVIDEND AND OPERATING LOSSES ON STRATEGIC LINES AND RAILWAY LINES IN HILLY, COASTAL AND BACKWARD AREAS

Recommendation (Para No.4)

9. The Committee had understood that with the merger of Railway Budget with General Budget from 2017-18 onwards, Railways will be exempted to pay dividend to General Revenues but then Railways will not be given the subsidy on dividend and also

operating losses on Strategic lines and Railway lines in hilly, coastal and backward areas will not be reimbursed to them. The Committee were aware that Railways till now play a very vital role in socio-economic development by developing remunerative projects in strategic, hilly, coastal and backward areas. While at present (till 2016-17) operational losses on six strategic lines are being reimbursed to Railways by Ministry of Finance. Estimate Committee in its 21st Report (16th Lok Sabha) on Structural Changes in Union Budget has also recommended that the Railways should get the reimbursement of losses on operation of strategic lines. The Committee strongly reiterated the recommendation made by Estimate Committee and think that considering the role of Railways in nation building, reimbursement to Railways on their operating losses on strategic lines is justifiable. As these lines mainly cater to defence movements on border areas and development of social and backward region, the Committee recommended that reimbursement of operational losses on strategic lines and Railway lines in hilly, coastal and backward areas should be continued and desire the Ministry of Railways to pursue the matter with Ministry of Finance in this regard. The Committee also recommended separate fund allocation for National Projects and projects of strategic significance, social importance in backward and hilly areas and to explore the possibilities to share the cost of such social obligations with the Ministry of Finance.

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

> "Till 2016-17 Railways have been reimbursed the operating loss on strategic lines by the Government. However, with the merger of Railway Budget with Union Budget w.e.f. Budget Estimates 2017-18, the capital-at-charge of the Railways has been wiped off relieving the Railways from any dividend liability. Alongside, the Government has also decided that subsidy on divided payment henceforth paid to the Railways and the operating loss on strategic lines henceforth reimbursed to Railways are done away with w.e.f. Budget Estimates 2017-18. Pursuant to the recommendations of Hon'ble Committee and the Estimates Committee, Ministry of Finance is being requested to continue to reimburse the operating loss on strategic lines to Railways beyond 2016-17.

As regards Hon'ble Committee's recommendation for separate fund allocation for National Projects and projects of strategic significance, social importance in backward and hilly areas and to explore the possibilities to share the cost of such social obligations with the Ministry of Finance, it is stated that even when the Railways had a separate budget, the Government was providing Budgetary Support to the Railways for annual capital expenditure with earmarked allocation for National Projects. Now in the post merger scenario also, the Government would continue to provide Gross Budgetary Support towards meeting part of Railways' capital expenditure."

11. In their report the Committee had recommended separate fund allocation for National Projects and projects of strategic significance, social importance in backward and in hilly areas and to explore the possibility to share the cost of such social obligations with the Ministry of Finance. The Committee are concerned to note that instead of having a separate fund allocation for National Projects and Projects of strategic significance, social importance in backward and hilly areas, the Government would continue to provide gross budgetary support towards meeting part of Railways capital expenditure.

The Committee reiterate their earlier recommendation that there should be separate allocation of funds for these projects keeping in view their importance so that these projects can be completed in a time bound manner.

CAPITAL OUTLAY

Recommendation (Para No. 6)

12. The Committee had observed that Railways remain largely dependent on Gross Budgetary Support or Extra Budgetary Resources. The contribution of Internal Resources in total Capital Outlay has been 16.6% in 2015-16, 12.16% in Revised Estimate 2016-17 and 10.69% is kept in Budget Estimate 2017-18 which reflects a downward trend. The Committee had noted the financial dependency of Railways on other outer resources rather than focusing on internal resources even after 70 years of independence. The main

reason stated by Ministry for tepid growth in freight traffic was burden of the Pay Commission and down turn in core sector i.e. coal loading, due to change in Government policy on account of thermal power generation as more emphasis is put on power generation from the plant which are either on pitheads or on ports. The Committee had noted with satisfaction that the Ministry is now expanding their basket size of commodities to 40 instead of only 10 commodities as of now, so as to reduce dependency on transportation of few commodities. The Committee felt that the time has come when Railways need to show the acumen in the field of resource generation and prove their financial prudence by making themselves financially independent. The Committee had recommended that the Ministry should be resilient enough to think on the lines of exploring all the possibilities to generate revenue by their own. In this regard, the Committee suggested the Ministry to form a working group at division level to find the ways through which these assets may be converted into revenue generating resources. Instead of customary hike in passenger fare and freight charges and losing out on business, the Ministry may think of unconventional measures like sale of Railway souvenir on trains and stations, commercial use of Railway land, monetization of Railway assets, advertisement on train coaches, stations and peripheral areas, enhancing the last mile connectivity to enhance business avenues, better services and business oriented model for IRCTC like other commercial travelling sites. It would be utmost significance that the respective Members of Parliament of the concerned Railway divisions may also be a part of that working group to facilitate the progress and public acceptance. Further, the Committee desired that before approving any new project involving capital expenditure, finances should be identified in advance and tied up as it would facilitate the completion of project within prescribed time frame without cost escalation.

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

> "Ministry of Railways have issued a Policy related to generation of Non Fare Revenue in January, 2017 which allows for the consideration of unsolicited proposals by enabling private and public sector participation in the conceptualization of an earnings project or scheme and permitting finalization

of the same. This policy is applicable for all departments receiving an unsolicited proposal for enhancement of revenues of the Railways, especially the non-fare revenue such as advertising, short term land licensing etc where no policy exists.

The policy has also created an empowered committee comprising of 4 members constituted for assessing the pre-feasibility of an Unsolicited Proposal and granting approval to the same for further processing and selection of Agency. The committee will be headed by AGM/ADRM and will comprise one officer from the department receiving the project proposal who shall be the convener, one officer from Finance Department and one or more officer from any other department, preferably related to project/programme execution. The committee will be a standing committee nominated by the Railway Authority for all such proposals received in its jurisdiction. The Committee Members should be preferably at the level of JAG/SG/SAG officers.

Members of Parliament are being actively consulted by head of Zonal and Divisional Railways on a regular basis to ascertain their views regarding issues related to their concerned jurisdictions.

Indian Railway Catering and Tourism Corporation Limited (IRCTC) is an extended arm of the Indian Railways to upgrade, professionalize and manage the catering and hospitality services at stations, on trains and other locations and to promote domestic and international tourism through development of budget hotels, special tour packages, information & commercial publicity and global reservation systems.

IRCTC has been mandated to provide catering services to the passengers through high-end premium outlet food plaza, fast food units and food courts. Recently Catering Policy 2017 has been issued wherein IRCTC has been mandated to manage catering services on all trains primarily creating distinction between food production and food distribution for providing better services to the passengers. IRCTC shall be setting up new kitchens and upgrading existing ones to upgrade quality of food preparation.

In order to further augment revenues earned by IRCTC and with the objective of providing better services to passengers, IRCTC has also been mandated to provide E-catering service on IR wherein passenger can book meals of their choice. The facility is presently available at about 357 major stations across Indian Railways. At present, 4000 to 5000 meals are being provided to passengers through e-catering service by IRCTC. Concerted efforts are being made to increase the number of meals supplied to 1 lakh meals per day. Similarly, 1100 Water Vending Machines have already been commissioned by IRCTC over 350 stations for providing potable drinking water to the passengers at affordable rates and efforts are on to further expand the facility. Further, IRCTC has also been mandated by Ministry of Railways to set up Packaged Drinking Water (PDW) Plants for production of PDW under the brand name "Rail Neer". Six Rail Neer PDW plants are presently operational, out of which four plants at Nangloi (Delhi) (2003), Danapur (Patna) (2004), Palur (Chennai) (2011), Ambernath (Maharashtra) (2014) have been set up by IRCTC from its own funds. Two more plants, one at Amethi (Uttar Pradesh) (2015) and another one at Parassala (Trivandrum) (2016) have been set up by IRCTC under Public Private Partnership (PPP) mode. IRCTC at present produces approximately 7.6 lakh litre of Rail Neer PDW per day.

All these above activities through PPP mode/ licensee model and are generating revenue for both IRCTC and Railways making Railways less dependent on Budgetary Support or Extra Budgetary Resources.

Regarding identifying finances before approving new projects involving Capital Expenditure, it is felt that these recommendation is already in vogue in Railways where norms/ceilings and throwforward are taken into account before considering new proposals for sanction by the competent Authority."

14. The Committee note the steps taken by the Ministry for increasing the internal resources by issuing a Policy related to generation of Non Fare Revenue in January 2017 which also inter-alia inherits the guideline

for creation of Empowered Committee for assessing pre-feasibility of unsolicited proposals and expect for efficient execution of the same without delay. They hope that these measures will be implemented in letter and spirit in a time bound manner. They would like to be apprised of the progress in the matter and the impact of these measures on increase in share of internal resources in total capital outlay.

NEW INITIATIVES

Recommendation (Para No. 14)

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15. The Committee had noted that the various new initiatives have been announced in the Budget 2017-18 which *inter-alia* relates to the introduction of 'Clean My Coach' and 'Coach Mitra services', 'redevelopment of stations' and 'fitting of bio-toilets' in all existing broad gauge coaches by 2019. The Committee appreciated such initiatives of the Ministry and extend their utmost support to them. In this regard, the Committee suggested the Ministry to integrate the redevelopment of stations with the Smart city development plans by applying Build Operate Transfer model. The Committee were of the view that alongside the modernization of stations, this holistic approach will help in promulgating Swachhta Abhiyan ensuring the cleanliness and preventing encroachment of the railway premises. The Committee recommended the Ministry to ensure continuous uninterrupted flow of funds for such initiatives along with proper implementation at ground and regular review of their outcome including their contribution to passenger satisfaction.

The Committee expected that with the initiation of afore-mentioned new initiatives, the progress on the announcement made in the Budget Speech for the year 2015-16 as introduction of e-catering services should not be compromised in terms of lack of funds or otherwise, rather expansion of e-catering service should be ensured in all trains on priority basis, maintaining the quality of food and delivery system.

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

"Cleanliness"

Cleanliness on Trains is a high priority area for Indian Railways. It has always been a mammoth task owing to various factors such as long lead of trains, environmental conditions, uncontrolled usage and passenger habits.

Cleaning is also perishable as the place / coach which has been cleaned can become unclean at any time, hence periodic attention is required.

Mechanized cleaning of coaches is being carried out in the coaching depots at both ends. On Board House Keeping Service (OBHS) is also being provided in all Rajdhani, Shatabdi, Duronto and other important long distance Mail/Express trains for cleaning of coach toilets, doorways, aisles and passenger compartments during the run of the trains.

Clean My Coach

In "Clean My Coach" scheme, for any cleaning requirement in the coach, passenger sends a message through mobile (SMS) on a specified mobile number. This is immediately acknowledged by the backend software along with a "satisfaction" code which is sent to the passenger.

A message is also sent by the server to the mobile number of On Board Housekeeping Service (OBHS) staff travelling on the same train along with the details of the passenger such as coach number, berth number. OBHS staff contacts the passengers and carries out the cleaning work as per demand.

If the passenger is satisfied, he/she discloses the code and OBHS staff sends the same code through SMS and the complaints is then treated as closed. If the passenger is not satisfied then he/she will not disclose the code.

"Clean My Coach" scheme was initially tried in a few Railways. Subsequently, in Hon'ble MR's Railway Budget Speech of February, 2016, it was announced that "Clean My Coach" service will be introduced on Pan-India basis, where a passenger can request cleaning of his/her coach/toilet 'on demand' through SMS. The scheme was formally launched on pan-India basis in March, 2016.

Presently 'Clean My Coach' service is available in nearly 800 trains.

Coach Mitra

"Clean My Coach" service is now being upgraded to "Coach Mitra" facility as announced in Hon'ble Finance Minister's Budget Speech, 2017-18.

"Coach Mitra" will be a single window interface to register all coach related requirements of passengers travelling in reserved coaches, such as cleaning, disinfection, linen, train lighting, air conditioning and watering of coaches. This will warrant provision of backend support for the additional likely requirements of the passengers, as stated above, apart from only cleaning service earlier being provided.

Instructions regarding "Coach Mitra" were issued vide Railway Board Letter No. 2016/EnHM/15/09 dated 07.02.2017. "Coach Mitra" facility has already been introduced in more than 140 trains.

Station Redevelopment

A Memorandum of Understanding (MoU) has been recently entered into between Ministry of Railways (MOR) and Ministry of Urban Development (MOUD) for integrated planning of redevelopment of railway stations in the cities included in the 'SMART Cities' and AMRUT cities. This would lead to an integrated public transit hub around the railway stations and encourage Transit Oriented Development.

Each Smart City has incorporated a Special Purpose Vehicle (SPV) to execute the Smart City Plan. The SPV may form a joint venture company with an MOR-designated entity to implement railway station redevelopment projects in that city and in its suburbs.

Another form of joint venture could be between the MOR designated entity, the Smart City SPV and the National Building Construction Corporation Ltd. (NBCC), a Public Sector Undertaking under MOUD.

The redevelopment of stations under the schemes is proposed to be executed under Build Operate Transfer model.

Bio-Toilets

Ministry of Railways gratefully acknowledges the appreciation and support of the Committee for the endeavour of Indian Railways initiatives of "Fitment of Bio-Toilets in all existing BG Coaches by 2019."

Action Plan for the same has already been drawn up by Ministry of Railways and the progress of the same is being closely monitored.

The only possible constraint in the speedy implementation of Bio-Toilets is the supply-chain constraints from the side of manufacturers of Bio-tanks. This issue too is being resolved with industry partners.

In 2016-17, against a target of fitment of 30,000 Bio-Toilets, Indian Railways have fitted approximately 34,000 Bio-Toilets, thereby surpassing its own target."

17. In their recommendation, the Committee expected the Ministry to continue with their new initiatives like 'Clean Mitra Services', 'Clean My Coach', redevelopment of stations and 'fitting of bio-toilets' etc. The Committee note with satisfaction that the Ministry are putting their efforts in the right direction. Further, the Committee are hopeful that if the Ministry continues with these efforts with the same vigor and positive intention with regular monitoring, they will be able to provide the customer satisfaction to a great extent.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

AN OVERVIEW

Indian Railways have come a long way from 34 Kms to 66,687 Kms over a span of 164 years since 1853. This journey should not be seen only in terms of covering distance rather it should be understood in different perspective in bringing the people of India closer and connecting them through fast and economic mode of transport. Giving connectivity coverage to the seventh largest country of the world, managing a vast volume of man power and continuously preparing the system to fulfill the expectations of the people is really appreciable. The Committee think that for India, the growth of Railways has a larger connotation beyond measuring or accessing it merely in numeric and economic terms. This year Railways had undergone a paradigm shift in terms of their budgetary process. Discontinuing the decades long Victorian legacy of presenting a separate budget for Railways, Railway Budget for 2017- 18 was merged with the Union Budget and was presented to Lok Sabha with the Union Budget by the Finance Minister on 1 February, 2017.

With aforesaid broader outlook, the Committee undertook a detailed scrutiny of the Demands for Grants of the Ministry of Railways 2017-18 which were tabled in the House on 3 February, 2017. During the deliberations by the representatives of Railway Board before the Committee and the written replies submitted by the Railways, the Committee had a sense of core issues of Indian Railways. The Major areas of focus for Railways are as under:

- Unification of Rail Budget with Union Budget from 2017-18
- Capital and Development works

- Passenger safety
- Cleanliness
- Finance and accounting reforms
- Station redevelopment

The Committee understand that the success of the Indian Railways system lies in the manner in which they maintain a balance between its existence as a commercial entity and as a vehicle of social engineering and sustainable development. The Committee note that the Ministry have prepared a Vision 2030 keeping their long term goal in mind. However, having done away with Five year planning, a perspective annual plan should also be formulated to cater the short term objectives in consonance with the long term goals.

In the light of the above, the Committee will now delve into some of the specific components of the Demands for Grants of the Ministry of Railways for 2017-18.

Reply of the Government

Noted. The practice of preparing the Annual Plan for Railways is in vogue.

MERGER OF RAIL BUDGET WITH UNION BUDGET

Recommendation (Para No. 2)

The Committee note that the Rail Budget had been presented separately since 1924 following the recommendations of the Acworth Committee. The representatives of the Ministry of Railways apprised the Committee that at the time of separation of Accounts in 1924 Railway Budget was almost half the size of the Central Budget and a substantial cut in Railway Budget to meet the requirement of General Budget at the time of adversity or drought etc., used to slowdown the progress of Railways. So at that time, it was felt that Railways should act as a commercial entity with independent budget and supplement General Budget from its internal profits by way of a paying dividend on the capital invested from the General Revenues. Railways were making profits from their investments at that time. However, the scenario has changed significantly now and the total Railway Budget is less than 10% of General Budget and some Ministries like Defence have larger budget and therefore discussion about merger began. The Bibek Debroy Committee also submitted the recommendations for their merger. This year, marking a historic event, rail budget was presented as a part of General Budget.

The Committee were apprised that Railways will maintain its distinct identity as departmentally run commercial undertaking, retaining its full functional autonomy. Railways would meet its Revenue expenditure including ordinary working expenses, pay and allowance of staff, pension of their retired employees from Revenue receipts. However, capital at charge will get wiped out from Railways' statement of accounts and henceforth it will be financed by General Budget so there will not be dividend liability for Railways. They were also informed that Railways would continue to get Gross Budgetary Support to meet part capital expenditure requirement and the Ministry of Finance will present a single appropriation Bill including estimates of Railways. One of the contentions of Government of India for the merger is that it should be able to facilitate multi-modal transport planning between Highways, Railways and Waterways etc. The extent of dividend liability relief to Railways can be deployed for various works of capital expenditure and it will allow Ministry of Finance more elbow room for better allocation of resources. The Committee understand that unification of budget will now give Railways a chance to focus more on their real business, modernization and safety concerns while the Ministry of Finance will be responsible for the financial needs of Railways. They, however, have certain concern areas as follows, which need to be addressed.

(i) Debroy Committee have made substantial recommendations with respect to restructuring of Railway Board and other reforms in the Railways including the need for commercial accounting principles. The Committee would desire to be apprised of the roadmap in this regard as well as the onus of implementing these reforms, if at all.

(ii) The manner in which the Railways will now be structured, that is, the new organizational structure of Railways. The Committee desire to know whether it will be

Railway Ministry headed by a secretary or Railway Board in its present form will continue. The Committee desire that sufficient autonomy should be retained with the Railways.

(iii) Bearing the part of Capital Expenditure by Railways may carry inherent risk for financing of the Railways projects and funding of its huge capital requirement leading inevitably to privatization of various services. The roadmap for expansion and modernization be clearly brought out. Towards this end, sufficient Gross Budgetary Support should be provided to Railways every year keeping in view their various socioeconomic commitments including strategic lines.

(iv) Need for adequacy of operational revenue to be earned by Railways to meet the revenue expenditure especially in view of the fact that 40% of the Railways Staff is above the age of 50 years and have to be provided Pension.

(v) In absence of dividend, the subsidy on Capital acquisition through Extra Budgetary Sources would also be done away with. The responsibility of socio-economic development especially with respect to strategic railway lines, projects including non-remunerative lines in backward route, tribal and hilly areas would lie with the Ministry. The Committee would like to be apprised about change in priorities in selecting projects as well as the fate of existing pending non remunerative projects in various categories.

(vi) The fate of Railway vision plan 2030 in the light of the Government's budgetary reforms viz. discontinuation of Five Year Plans be clearly brought to the notice of the Committee.

(vii) Apprehension of the Committee about lessening the Parliamentary control and oversight responsibilities of the Parliament over the most important public service obligation i.e. Railways, as the demands of Railways will be like any other Ministry under the Budget and probably it may not be discussed in the House every year as was being done hitherto.

(viii) Contention that Railway Budget had started drawing excessive populism especially in matter of fare fixation and selecting and funding of projects is not acceptable to the Committee. They feel that the Members of Parliament represent the expectations/aspirations of the people and are duty bound to express and project their genuine demands. Through the Pink book brought out by the Ministry of Railway, they would readily know the money allocated for the smallest project in their constituency which would satisfy the expectations of local population. The Committee desire that accountability of Railways towards Parliament should be ensured. Also detailed documentation of the status, allocation and progress should be continued.

(ix) Responsibility of preparation of Budget is of utmost importance. The Committee are apprehensive that rather than taking a bottom up approach and projecting needs and requirements of Railways, there might be directives from the Ministry of Finance due to fiscal consolidation or fiscal deficit, they might have to adjust and forego their own priority areas.

(x) Protection of Railways hitherto autonomous, from direct interference of Ministry of Finance in terms of financial or economy cut of 10-15 % of the budget across the Ministries should be ensured.

The aforesaid areas are the concerns of the Committee and way forward so that the innovative step/reform by merger of Railway budget with General budget works out successfully. They would like to be kept abreast about concrete steps taken in this direction.

Reply of the Government

(i) The Bibek Debroy Committee had submitted its final report in June, 2015. The report of the Committee has been examined. Work on several recommendations such as discontinuation of separate rail budget, Accounting Reform, setting up of a regulatory mechanism and reorientation of Railway Board on business objectives has already been initiated. Reallocation of work among Board Members has been carried out reflecting functional requirements. Three new posts of Director Generals (DGs) have been created and incumbents posted. New Directorates for Non-Fare Revenues, Environment &

Housekeeping Management and Mobility enhancement have been set up. Further, a Transformation cell has been created in the Ministry of Railways for further reforms in railways, which is an ongoing process.

(ii) No decision has been taken for any major restructuring of the Railway's organizational structure. The merger of Railway Budget with General Budget does not entail any change in the present structure of Railways Board or autonomy of Railway's working.

(iii) The requirement of Budgetary Support for Railways is worked out on Annual basis during the process of preparation of Annual Plan and Ministry of Finance is asked and consistently followed up to provide for the same.

(iv) Railways have all along achieved year-on-year increase in revenue, though the growth rate has varied from year to year depending on traffic performance of the Railways in the relevant years/periods. Total Receipts of Railways have continuously risen over the years from Rs. 49,047 crore in 2004-05 to Rs. 1,68,380 crore in 2015-16 and in 2016-17 RE and 2017-18 BE, the same are estimated at Rs. 1,72,305 crore and Rs. 1,89,498 crore respectively. However, since around 95% of Railways' earnings are from the freight and passenger transport, the growth in revenue mostly revolves around the freight and passenger traffic performance. Falling market share of Railways in freight transportation and gradual decline in average freight lead are principal reasons for slowing down of the growth of freight revenue in 2016-17. Due to expansion of road sector, Railways have also witnessed a migration of short distance non-suburban passengers to road. The low cost airlines are also posing steep competition to the upper class passengers' services of Railways.

Nevertheless, Railways are taking short term and long term measures to enhance revenues which, inter alia, include targeting progressively higher traffic throughput, higher provision for capacity creation, effective marketing strategies to capture more and more traffic, creation of additional capacity and optimum utilization of the existing rail infrastructure, enhancement in productivity and efficiency, improvement of passenger interface, periodic rationalization of fare and freight rates and focus on increasing the share of non-fare revenue sources in Railways' earnings.

(v) Following are the guiding factors in prioratisation of projects:-

a) Capacity enhancement works

b) Projects with quick revenue generation potential

c) Projects which provide alternate routes

d) Projects which improve safety in train operations

e) Projects leading to debottlenecking

Railway projects which are remunerative are being funded through EBR and EBR/IF. Existing pending non-remunerative projects will be catered to on the basis of availability of budgetary funds. Various State governments have come forward to sign Memorandum of Undertaking (MoU) to form Joint Ventures (JVs). These projects shall be covered by JVs and GBS.

(vi) With a view to provide long-term perspective to planning for augmenting the railway network and to involve all the stakeholders to facilitate framing of National Rail Plan 2030, Hon'ble Minister for Railways launched a dedicated website on 08.12.2016. Letters have been written to Ministries/Departments of Union and State Governments, Public Sector Units, Zonal Railways and organizations having their stake in Transport Planning across the country, to contribute on the website and they have been issued independent User ID and Password in this regard. National Rail Plan is not connected with discontinuation of Five Year Plan as a measure of Budgetary Reforms.

(vii) Despite being merged with Union Budget, the Railway Demands for Grants 2017-18 were examined by Standing Committee on Railways. The Railways Detailed Demands for Grants 2017-18 were also extensively discussed and debated in both the Houses of Parliament before being passed. Further, the workings of the Railways are also subject to scrutiny by other Parliamentary Committees like Public Accounts Committee, Estimates Committee, Railway Convention Committee etc. who have been examining various aspects of Railway working. Hence, the Hon'ble Committee may rest assured that the merger of Railway Budget with Union Budget would in no way lessen the Parliamentary control and supervision responsibilities of Railways.

(viii) It is submitted that accountability of Railways toward Parliament in no way gets diluted consequent upon merger of Railway Budget with Union Budget. As regards detailed documentation of status of projects, allocation and progress, the same would continue as earlier.

(ix) & (x) The Hon'ble Committee may note that despite the merger of Railway Budget with Union Budget, Ministry of Railways will continue to function as a departmentally run commercial undertaking as earlier with functional/financial autonomy as per existing guidelines in decision making with regard to operations and investment decisions. It may be appreciated that the merger has been effected with a larger objective of bringing the affairs of the Railways to centre stage, present a holistic picture of the financial position of the Government, to reduce the procedural requirement and instead to bring in focus the aspects of delivery and good governance. Preparation of the Budget of Railways continues to be the responsibility of the Ministry of Railways with due consultation with Ministry of Finance as was the case earlier also.

While deposing before Estimates Committee during examination of the subject ' Structural changes in Union Budget', the representatives of Ministry of Finance and Ministry of Railways have assured that there will be no dilution of the operational, functional and financial autonomy of the Railways and the Railway Board will continue to prepare the railway components of the Union Budget based on their professional expertise, proven experience and the need for constant improvement in the Railways. Hence there appears no scope of any apprehension in this regard.

Comments of the Committee

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

Recommendation (Para No. 3)

The Committee note that one direct financial fallout in the post merger scenario is the exemption in payment of dividend to the General Exchequer to the extent of Rs. 9731.29 crore for the year 2016-17 to the Railways. Since, an amount of Rs.4301 crore which was expected to be received from the Ministry of Finance as subsidy on payment of dividend, would not be given now, the net benefit of waiving the dividend for the year 2016-17 has been only Rs. 5430 crore. The Committee are dismayed to note that this benefit of Rs. 5,430 crore would be utilized to partly meet the shortfall in traffic earnings of Railways assessed at Rs. 12,665 crore in the Revised Estimates during 2016-17. The Committee find that the very purpose of removing the dividend liabilities is defeated when they are not utilized in creating assets or increasing net revenue of Railways. The Committee expect the Ministry to judiciously spend the amount on capital or asset formulation of Railways so that the utility of these savings will be enhanced exponentially in order to cater the financial needs of other deficit areas of Railways.

Reply of the Government

The net benefit of Rs. 5,434 crore to Railways emanating from waiver of dividend payment in 2016-17 enabled Railways to maintain their capital expenditure envisaged for the year from internal resources i.e. DRF & DF. Hence the net benefit from the waiver of dividend has been fruitfully utilised for Railways' capital expenditure which would otherwise have been adversely impacted in the absence of this benefit.

CAPITAL OUTLAY

Recommendation (Para No. 5)

The Committee note that Capital section of demand is for expenditure on assets, acquisition, construction and replacement, whether met out funds to be obtained from the general exchequer or internal resources of the Railway viz. Depreciation Reserve Fund, Development Fund, Capital Fund, Railway Safety Fund and Rashtriya Rail Sanraksha Kosh. The Actual Capital Expenditure during 2015-16 was Rs. 93519.80 crore, in the Revised Estimates for 2016-17, it was Rs. 121000 crore and in Budget Estimates for 2017-18 it is estimated at Rs. 1,31,000 crore. The Committee perceive a positive trend in the capital outlay of the Railways as a regular growth has been expected of Rs. 27,480 Cr. (almost 27%) in 2016-17 from 2015-16 and again the outlay has been increased by Rs. 10,000 crore at BE for the year 2017-18. The Committee expect that this increase in Capital Outlay should be best utilized, keeping in view the financial prudence, in areas/projects which would start remuneration to the Railways at earliest such as last mile projects and bridging the incomplete small sections of rail networks etc.

Reply of the Government

The steadily increasing capital outlay of Railways is already getting deployed to priority projects from operational point of view, the last mile projects as also long pending projects. Such projects are being provided ring-fenced allocations so that they get completed in time and contribute to the revenues of the system. This approach has resulted in acceleration in commissioning of new lines, electrification etc in last two years. Capacity enhancement projects under Doubling, Traffic Facilities and Electrification are also getting priority allotments for their early completion so that they contribute towards enhancement of throughput as also revenue.

A major part of the Capital Outlay is being utilized for capacity enhancement works like Doubling/Tripling/Quadrupling and Traffic Facility works besides Rolling Stock acquisition. Funds are also allocated for last mile projects and projects which are in the last leg of completion with a view to increasing carrying capacity of the system.

Recommendation (Para No. 6)

The Committee observe that Railways remain largely dependent on Gross Budgetary Support or Extra Budgetary Resources. The contribution of Internal Resources in total Capital Outlay has been 16.6% in 2015-16, 12.16% in Revised Estimate 2016-17 and 10.69% is kept in Budget Estimate 2017-18 which reflects a downward trend. The

Committee note the financial dependency of Railways on other outer resources rather than focusing on internal resources even after 70 years of independence. The main reason stated by Ministry for tepid growth in freight traffic was burden of the Pay Commission and down turn in core sector i.e. coal loading, due to change in Government policy on account of thermal power generation as more emphasis is put on power generation from the plant which are either on pitheads or on ports. The Committee note with satisfaction that the Ministry is now expanding their basket size of commodities to 40 instead of only 10 commodities as of now, so as to reduce dependency on transportation of few commodities. The Committee feel that the time has come when Railways need to show the acumen in the field of resource generation and prove their financial prudence by making themselves financially independent. The Committee recommend that the Ministry should be resilient enough to think on the lines of exploring all the possibilities to generate revenue by their own. In this regard, the Committee suggest the Ministry to form a working group at division level to find the ways through which these assets may be converted into revenue generating resources. Instead of customary hike in passenger fare and freight charges and losing out on business, the Ministry may think of unconventional measures like sale of Railway souvenir on trains and stations, commercial use of Railway land, monetization of Railway assets, advertisement on train coaches, stations and peripheral areas, enhancing the last mile connectivity to enhance business avenues, better services and business oriented model for IRCTC like other commercial travelling sites. It would be utmost significance that the respective Members of Parliament of the concerned Railway divisions may also be a part of that working group to facilitate the progress and public acceptance. Further, the Committee desire that before approving any new project involving capital expenditure, finances should be identified in advance and tied up as it would facilitate the completion of project within prescribed time frame without cost escalation.

Reply of the Government

Ministry of Railways have issued a Policy related to generation of Non Fare Revenue in January, 2017 which allows for the consideration of unsolicited proposals by enabling private and public sector participation in the conceptualization of an earnings project or scheme and permitting finalization of the same. This policy is applicable for all departments receiving an unsolicited proposal for enhancement of revenues of the Railways, especially the non-fare revenue such as advertising, short term land licensing etc where no policy exists.

The policy has also created an empowered committee comprising of 4 members constituted for assessing the pre-feasibility of an Unsolicited Proposal and granting approval to the same for further processing and selection of Agency. The committee will be headed by AGM/ADRM and will comprise one officer from the department receiving the project proposal who shall be the convener, one officer from Finance Department and one or more officer from any other department, preferably related to project/programme execution. The committee will be a standing committee nominated by the Railway Authority for all such proposals received in its jurisdiction. The Committee Members should be preferably at the level of JAG/SG/SAG officers.

Members of Parliament are being actively consulted by head of Zonal and Divisional Railways on a regular basis to ascertain their views regarding issues related to their concerned jurisdictions.

Indian Railway Catering and Tourism Corporation Limited (IRCTC) is an extended arm of the Indian Railways to upgrade, professionalize and manage the catering and hospitality services at stations, on trains and other locations and to promote domestic and international tourism through development of budget hotels, special tour packages, information & commercial publicity and global reservation systems.

IRCTC has been mandated to provide catering services to the passengers through high-end premium outlet food plaza, fast food units and food courts. Recently Catering Policy 2017 has been issued wherein IRCTC has been mandated to manage catering services on all trains primarily creating distinction between food production and food distribution for providing better services to the passengers. IRCTC shall be setting up new kitchens and upgrading existing ones to upgrade quality of food preparation.

In order to further augment revenues earned by IRCTC and with the objective of providing better services to passengers, IRCTC has also been mandated to provide E-catering service on IR wherein passenger can book meals of their choice. The facility is presently available at about 357 major stations across Indian Railways. At present, 4000 to 5000 meals are being provided to passengers through e-catering service by IRCTC. Concerted efforts are being made to increase the number of meals supplied to 1 lakh meals per day. Similarly, 1100 Water Vending Machines have already been commissioned by IRCTC over 350 stations for providing potable drinking water to the passengers at affordable rates and efforts are on to further expand the facility. Further, IRCTC has also been mandated by Ministry of Railways to set up Packaged Drinking Water (PDW) Plants for production of PDW under the brand name "Rail Neer". Six Rail Neer PDW plants are presently operational, out of which four plants at Nangloi (Delhi) (2003), Danapur (Patna) (2004), Palur (Chennai) (2011), Ambernath (Maharashtra) (2014) have been set up by IRCTC from its own funds. Two more plants, one at Amethi (Uttar Pradesh) (2015) and another one at Parassala (Trivandrum) (2016) have been set up by IRCTC under Public Private Partnership (PPP) mode. IRCTC at present produces approximately 7.6 lakh litre of Rail Neer PDW per day.

All these above activities through PPP mode/ licensee model and are generating revenue for both IRCTC and Railways making Railways less dependent on Budgetary Support or Extra Budgetary Resources.

Regarding identifying finances before approving new projects involving Capital Expenditure, it is felt that these recommendation is already in vogue in Railways where norms/ceilings and throwforward are taken into account before considering new proposals for sanction by the competent Authority.

Comments of the Committee

(Please see recommendation para no. 14 of Chapter I)

FINANCIAL PERFORMANCE

Recommendation (Para No. 7)

The Committee note that target for Gross Traffic Receipts (GTR) for the year 2017-18 has been kept at Rs. 1,88,998.37 crore involving an increase of Rs. 16,843.37 crore (9.8%) over the Revised Estimates of 2016-17. However, Budget Estimate of GTR for the year 2016-17 has been revised downward by Rs. 12,664.8 crore (6.85%) to Rs. 1,72,155 crore. Also, the actual Gross Traffic Receipts for the year 2015-16 was at Rs. 1,64,333.51 crore, Rs. 3,500.49 crore less than the revised estimate of Rs. 167834 crore. Further, in the year 2016-17, the total passenger earnings were revised downward from Rs.51012 crore at BE to Rs.48000 crore and has been kept at Rs.50125 crore at BE 2017-18. Goods earnings were also revised downward by 7.65% from Rs.117932.75 crore at BE 2016-17 to Rs.108900 crore at RE 2016-17 and has been targeted at Rs.118156.50 crore at BE 2017-18. The Committee observe that there has hardly been any growth in both passenger and goods earnings. The Ministry have attributed the less/negative growth to improvement in road connectivity and slow down of the demand from core sector.

The Committee note that the Ministry have not been able to achieve the desired targets in Gross Traffic Receipts which has direct bearing on the total Railway Receipts. The Committee feel that losing revenue on the core activities of the Railways is a matter of concern for which Railways need to find a sustainable solution as early as possible. The Committee also feel that at the time when Government is thinking of initiating multimodal integrated transport system, the Ministry should review their passenger and freight services in order to attract more business in the face of severe competition from other modes of transportation as informed by the representatives of the Ministry during deliberation. The Committee think that providing better services in terms of value for money and punctuality of services has the potential to bring back the business to the Railways. The Committee desire that the Ministry should take advantage of their vast network and create a niche in their area of expertise and suggest that the Ministry should put forth their sincere efforts in this direction. They desire that an integrated Rail Development Policy should be brought out with effective parameters and explore possibilities to enhance the revenues through alternative avenues such as modernizing technology, punctuality and safe travel along with capping of leakages in Railway resources. They should mobilize and also strive for operational utilization of their own resource well integrated with other modes of transport. They would like to be apprised of the steps taken in this direction.

Reply of the Government

Ministry of Railways have initiated steps to monetize various non fare revenue opportunities which utilize digital technologies. The Rail Display Network will create a digital stream network of nearly 2 lakh screens across nearly 2000 stations which will be cloud controlled. These cloud controlled screens will display information required by passengers as well as advertising which is likely to generate substantial revenue for Railways. Ministry of Railways have also issued a Policy for provision of digital content on demand on personal devices of passengers. This policy will generate non fare revenue by utilizing the spare time passengers have during train journeys by providing, both free and paid, content.

Enhancing Railways' internal resource generation is a continuous endeavour which is achieved by way of revenue enhancement alongside minimization of revenue expenditure.

Passenger revenue has seen a slight upward trend in 2016-17 compared to 2015-16.

Revenue enhancing measures like

- Key Customer Management officers.
- Freight liberalization
- New initiatives in passenger areas- tickets, catering, new types of trains/coaches.

Cabinet has approved the proposal for creation of a Rail Development Authority.

Social services obligations of Railways need to the transparently computed and compensated so that Railways' long term ability to take care of essential tasks is made sustainable.

Recommendation (Para No. 8)

The Committee note that Net Revenue for the year 2017-18 has been targeted at Rs. 8,948.37 Cr while it has been revised downward to Rs. 7,695 crore at RE 2016-17 by Rs. 10,515.6 Cr (57.74%) from BE 2016-17 of Rs. 18,210.64 Cr. The Committee note that such a huge reduction in Net Revenue to the extent of more than 50% has never occurred except for the year 2016-17. The Committee strongly feel that there is an urgent need to arrest the declining net revenue. The Committee agree with the Ministry that the focus on increasing the share of non-fare revenue resources, strict austerity measures to control expenditure, improved man-power planning, better asset utilization, inventory management and optimizing fuel consumption are some of the measures to bring the Railway finances in right shape. The Committee recommend the Ministry to act upon these measures immediately without any delay and set up a monitoring committee to have continuous watch over the progress in this direction.

Reply of the Government

Hon'ble Committee may appreciate that Net Revenue is a derived figure which depends on the receipts and expenditure of the Railways. . During 2016-17, downward revision in Net Revenue at RE stage is primarily attributable to downward revision of Traffic Earnings emanating from a negative growth in freight earnings. Coal which constitutes about 50% of Railways' total loading, reported a drop of around 20 million tone to end of February 2017 compared to corresponding period last year. This was due to a policy decision of the Government, which is beyond the control of Railways, to have new power houses near pitheads to reduce transportation cost as also cost of power and also due to over capacities in the power sector. Besides, another important factor adversely impacting the freight traffic throughput and earnings is the continuous drop in average freight lead which was 562 km to end of February 2017 vis-à-vis 598 km in corresponding period last year. Further, discontinuation of subsidy receivable from Ministry of Finance and higher appropriation to DRF also adversely impacted Net Revenue. This Ministry is of the view that in situations where Railways suffer revenue loss due to broader policy changes by the Government which are beyond the control of Railways, Railways need to be suitably compensated by the General Exchequer. In BE 2017-18, the Net Revenue has been estimated at a moderate level of Rs. 8948.37 cr based on a moderate growth of 9.8% in Traffic Earnings and moderate growth in working expenses.

Measures to enhance Net Revenue of Railways are by way of enhancement of revenue and control of revenue expenditure. The Ministry is taking all possible measure, short term and long term, to enhance revenues as also to minimize avoidable revenue expenditure.

As regards the recommendations for setting up a monitoring committee to have continuous watch over the progress in this direction, it is submitted that there are functional directorates in Railway Board for implementation of the measures in this regard which are monitored by Board Members at the highest level. Moreover, certain multi-disciplinary directorates like Non-fare Revenue Directorates and Transformation Cell have been created in Railway Board to accelerate decision making and implementation of decisions. Hence, no separate monitoring committee is considered necessary.

Recommendation (Para No. 9)

The Committee note that passenger earnings target is revised to Rs. 48,000 crore at RE 2016-17 from Rs. 51,012 crore at BE 2016-17 while till end of January, 2017, the actual revenue from passenger earnings has been only Rs. 34,535.72 crore (i.e. only 72 % of RE 2016-17). The Committee observe that the Railways have not been able to achieve the required earnings in passenger as well as goods segment in the year 2015-16 and may not achieve the targets for the year 2016-17. The Committee were apprised that there was a shortfall of Rs.3000 crore on account of passenger earnings while they were 5-6 % more than last year and a decline to the extent of Rs.9000 crore in freight revenue. On freight side cost is only 99 paise/10 Km against the charges of Rs.1.60/10 Km which is substantially high while on the passenger side charges are around 50% of the cost of service i.e. cost comes to 73 paise/10 Km against the charges of 36 paise/10 Km. The Committee understand that cost of service on passenger traffic is more than the cost on freight service and so the earnings from freight service are used for cross-subsidising passenger traffic. The Ministry have submitted before the Committee that this trend of cross-subsidising the revenues from goods to passenger traffic is not good for economy as it would lead to increase in logistic of goods which is already one of the highest in India at around 13 percent of cost of goods. The Committee is in agreement with the view of the Ministry that providing cross-subsidy is neither good for the health of economy nor is it sustainable for Railway and much of their business shifts to other modes of transport. Further, some of the notification(s) of the Ministry of Railways such as the whole wagon is to be booked by one person also hampers the business of Railways. The Committee feel the Ministry should review some of their steps to drawback business and the same should be rigorously implemented and publicized such as lower freight charges for empty haulage path etc. In this regard, the Committee recommend the Ministry to conduct a detailed study and draft a medium/long term plan to eliminate the provisions of cross-subsidy in a gradual manner. The Committee advise the Ministry to constitute an independent authority/body for fixation of passenger fare and freight charges depending on cost involved so that it brings both rationality and flexibility in pricing considering the financial health of Railways and the current market scenario.

Reply of the Government

The Government has initiated various freight rationalisation measures to prevent decline in freight revenue. Some of these steps are as under:

(i) Withdrawal of Port Congestion Charge from 13.04.2016.

(ii) Extension of Liberalized Automatic Freight Rebate scheme for traffic loaded in empty flow direction upto 31.03.2018.

(iii) Withdrawal of Busy Season Charge for traffic loaded in BCN group and BCNHL wagons w.e.f. 01.05.2016 till 30.06.2016.

(iv) Withdrawal of dual freight policy for iron ore w.e.f. 10.05.2016.

(v) Re-introduction of short lead concession and reduction of minimum distance for charge from 125 km to 100 km w.e.f. 15.07.2016

(vi) Rationalisation of Coal Tariff has been done with reduction in freight for long lead power houses w.e.f. 22.08.2016.

(vii) BCN group permitted for two point booking and mini rake w.e.f. 15.03.2016.

(viii) Distance for mini rake increased from 400 km to 600 km w.e.f. 15.03.2016.

(ix) A liberalised policy with delegation of power to Zonal Railways introduced for two point booking of covered wagons in which any two stations within a distance of 200km in busy season and 400km in lean season have been permitted for two point booking w.e.f. 22.07.2016.

(x) Rationalisation of Merry-Go-Round (MGR) system w.e.f. 01.04.2016, which has led to reduction in freight rate to the extent of 80%.

(xi) Proliferation of Roll-on Roll-off (RORO) service launch on ECR from 25.05.2016 and subsequently on other Zonal Railways.

(xii) Permission to notify Group I and Group II station/ goods sheds as CRTs for lift on-lift off operations w.e.f. 12.07.2016.

(xiii) Charging of commodities for transportation by containers has been liberalized. 43 additional commodities de-notified for charging at FAK rates w.e.f. 02.09.2016.

(xiv) Guidelines for Station to Station Rate policy issued on 29.09.2016.

(xv) Class of various commodities have been rationalized and new commodities have been added in Goods Tariff.

(xvi) Instruction for movement of HSD Oil in BTPN rates from Numaligarh refinery siding (NRSR) to Parbatipur, Bangladesh has been issued w.e.f. 13.03.2016.

(xvii) The system of transportation to Bangladesh through 'Dump' and 'load adjustment' has been discontinued.

(xviii) Withdrawal of levy of congestion charge for stone traffic transported from Eastern Railway to Bangladesh via Darsana/ Benapole.

(xix) Weighment of Standard Bagged consignment policy has been rationalized.

(xx) Discount on loading of bagged consignment in open and flat wagons w.e.f 24.10.2016.

(xxi) Policy on Long Term Contracts with key freight customers launched.

(xxii) Besides following measures are being planned for 2017-18:

a) New delivery models like - Running of double stack dwarf container under-wire.

b) Expansion of freight basket

Ministry of Railways proposes to set up Rail Development Authority & regulatory mechanism as an advisory body initially to suggest principles/ models on tariff determination apart from other functions.

Recommendation (Para No. 11)

The Committee are contented to note the progress made by the Railways with regard to Road Safety Works and Road Over Bridge/ Road Under Bridge. For the years 2014-15 and 2015-16, the Railways have crossed the targets while progress upto Jan 2017 for the year 2016-17 has been satisfactory. In the Budget Speech on 1 February, 2017, the elimination of all Unmanned level crossings on Broad Gauge lines by 2020 has been announced. In this regard, the Committee note that 1000 Unmanned Level Crossings have been eliminated as on January, 2017 against 6,388 Unmanned Level Crossings on Broad Gauge as on 01.04.2016. The expected remaining Unmanned Level Crossings on Broad Gauge as on 01.04.2017 is 5,000 Nos. which will be eliminated in the number of 1,500, 1,500 & 2,000 during 2017-18, 2018-19 and 2019-20 respectively. The Committee note the efforts made by the Ministry in order to remove unmanned level crossing in phased manner but at the same time express their apprehensions regarding its progress as the highest target achieved in last three years has been 1,253 in the year 2015- 16. The Committee recommend the Ministry to keep this target on priority basis as the matter of unmanned level crossing is directly connected with the safety of human life and progress in this regard should be reviewed on quarterly basis while ensuring the strict adherence to the targets. Further, the Committee reiterate their earlier recommendation made in their 9th Report(16 LS) on Demands for Grants (2016-17) wherein the Ministry was urged to pursue the matter of making 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 and desire the Ministry to follow up the same with concerned authorities/ departments/ ministries on urgent basis. In this regard, the Committee note that despite pursuation by the Ministry of Railways the matter is yet to be considered by the Ministry of Rural Development. Further, the Committee recommend the Ministry to meticulously pursue the inclusion of Railway works in the list of works to be done through MGNREGA and to amend the guidelines to the extent that the ratio of material cost to the labour cost should be revised to 60:40 and would like to be apprised about the progress made therein.

Reply of the Government

- The progress of elimination of Unmanned Level Crossings (UMLCs) is being reviewed regularly.

- Chairman, Railway Board has also requested to Rural Development Ministry that road alignment should either be linked to the existing Level Crossings (LCs) or necessary funds for a Road Over Bridges/Road Under Bridges on deposit term should be provided under Pradhan Mantri Gram Sadak Yojana (PMGSY). Response in this regard is awaited from Ministry of Rural Development.
- Hon'ble Minister for Railways had made a reference to Hon'ble Minister of Rural Development with a request to make provision for construction of ROBs/RUBs/Subways wherever necessary as a part of the proposal of the road under PMGSY.
- As regard for inclusion of Railway work through MGNREGA and to amend the guidelines of ratio of material cost to the labour cost is concern, this is a policy matter and the subject should be dealt with by Ministry of Rural Development.

RASHTRIYA RAIL SANRAKSHA KOSH

Recommendation (Para No. 12)

The Committee in their 12th Report (16th Lok Sabha) on 'Safety and Security in Railways' had urged the Ministry to approach the Ministry of Finance for creation of another special Railway Safety non-lapsable fund which could cater to this long impending and urgent need in order to ensure safety of train operations. The Committee appreciate the priority accorded to safety in Rail travel by the Ministry by creation of dedicated fund for the passenger safety namely Rashtriya Rail Sanraksha Kosh. The Fund has been created with a corpus of Rs. 1 Lakh crores over a period of 5 years which will fund track renewals/safety, strengthening of bridges, elimination of unmanned level crossings, upgradation of maintenance facilities, signaling improvement and complete switchover to LHB/coaches/retro fitment of CBC couplers in ICF coaches. The total outlay for capital expenditure from RRSK for the year 2017-18 is Rs. 20,000 crore out of which, Rs. 5000 crore from Budgetary support, Rs. 10,000 from Railway Safety Fund (Railway's share out of the Central Road Fund), Rs. 4,000 crore from Depreciation Reserve Fund and remaining Rs. 1000 crore from Revenue surplus.

The Committee note that multiple factors may influence the financing of the RRSK in future. The Committee apprehend that considering the financial health of Railways, in case of lesser budgetary support or less revenue surplus, appropriation to RRSK will be hampered. The Committee are of the opinion that rather than appropriating separate funds to RRSK, diverting the amount already appropriated to two different funds i.e. Central Road Fund and Depreciation Reserve Fund is not a matter of financial prudence but jugglery of finances. The Committee recommend the Ministry to ensure the dedicated financing of RRSK which should preferably be non-fungible as suggested in their 12th Report. Further, the Committee urge the Ministry to ensure the optimal utilization of the fund strictly on the works it has been assigned to, along with regular financial and physical scrutiny and monitoring of the progress thereof. The Committee are sanguine that with the help of this new fund, the Ministry, within shortest possible time, would be able to replace older coaches with LHB coaches with anti-climbing protection facility and install Train Protection Warning System (TPWS) on locomotives to prevent head-on collisions.

Reply of the Government

An announcement by Hon'ble Minister of Finance in his Budget Speech for 2017-18, a Fund namely 'Rashtriya Rail Sanraksha Kosh (RRSK)' has been created with a corpus of Rs. 1 lakh crore over a period of five years for critical safety related works. Accordingly, a provision of Rs. 20,000 crore has been made in BE 2017-18 out of 'RRSK' to fund essential works for ensuring safety, which includes Rs.5,000 crore from Budgetary Support, Rs. 10,000 crore from Central Road Fund and Rs. 5,000 crore out of Railway's internal resources.

The Committee's concerns regarding financing of 'RRSK' in future are noted. As regards budgetary support for 'RRSK', it has been decided that Ministry of Finance will provide additional support towards RRSK annually, for 5 years. This will be in addition to the GBS/CRF funds.

The Committee's concerns regarding dedicated financing of 'RRSK' are appreciated and the Railways will make all efforts to ensure adequate funding of 'RRSK' through all possible sources. Planning Directorate of Railway Board has been assigned the task of regularly monitoring physical and financial progress of works funded through 'RRSK'. In addition, NITI Aayog has also submitted its report on deployment of 'RRSK' funds. All efforts would be made to ensure sustained funding for RRSK works in next 5 years in consultation with the Ministry of Finance.

OPERATING RATIO

Recommendation (Para No. 13)

The Committee note that Operating Ratio for the year 2015-16 remained at 90.50 and it has been revised to 94.9 at RE 2016-17 from 92 at BE 2016-17. The reason for poor operating ratio for the year 2016-17 has been stated to be downward revision of traffic earnings in RE and higher appropriation to DRF. Further, Operating Ratio for the year 2017-18 has been targeted at 94.57 at BE. This has been done considering the moderate growth in traffic earnings and a much higher appropriation to Pension Fund. The Committee understand that the Operating Ratio is a function of total working expenditure to total traffic earnings and any effort to improve the same revolves around maximizing the traffic earnings and minimizing the controllable working expenses. Since, Operating Ratio is a direct indicator of the working of Railways, the Committee urge the Ministry to bring discipline in their finances by enhancing their revenue and reducing expenses. Further, the Committee expect that the Ministry would look into the various innovative ways for revenue generation and be extra cautious on the expenditure side.

Reply of the Government

It is a continuous endeavour of the Railways to achieve progressively better Operating Ratio. However, such efforts are hamstrung by sudden spurt in revenue expenditure, particularly on pay, allowances and pension based on recommendations of Central Pay Commission and occasional slowdown in growth of traffic earnings particularly in goods due to variation of market conditions. Further, the social service obligations borne by Railways which are on the rise year after year and have reached a level of around Rs. 35,000 cr in RE 2016-17 have a huge impact on Railways' Operating Ratio.

Nevertheless, Railways are taking measures for revenue enhancement and expenditure control which would help to improve the Operating Ratio in the post 7th CPC implementation period.

NEW INITIATIVES

Recommendation (Para No. 14)

The Committee note that the various new initiatives have been announced in the Budget 2017-18 which inter-alia relates to the introduction of 'Clean My Coach' and 'Coach Mitra services', 'redevelopment of stations' and 'fitting of bio-toilets' in all existing broad gauge coaches by 2019. The Committee appreciate such initiatives of the Ministry and extend their utmost support to them. In this regard, the Committee suggest the Ministry to integrate the redevelopment of stations with the Smart city development plans by applying Build Operate Transfer model. The Committee think that alongside the modernization of stations, this holistic approach will help in promulgating Swachhta Abhiyan ensuring the cleanliness and preventing encroachment of the railway premises. The Committee recommend the Ministry to ensure continuous uninterrupted flow of funds for such initiatives along with proper implementation at ground and regular review of their outcome including their contribution to passenger satisfaction.

The Committee expect that with the initiation of afore-mentioned new initiatives, the progress on the announcement made in the Budget Speech for the year 2015-16 as introduction of e-catering services should not be compromised in terms of lack of funds or otherwise, rather expansion of catering service should be ensured in all trains on priority basis, maintaining the quality of food and delivery system.

Reply of the Government

Cleanliness

Cleanliness on Trains is a high priority area for Indian Railways. It has always been a mammoth task owing to various factors such as long lead of trains, environmental conditions, uncontrolled usage and passenger habits.

Cleaning is also perishable as the place / coach which has been cleaned can become unclean at any time, hence periodic attention is required.

Mechanized cleaning of coaches is being carried out in the coaching depots at both ends. On Board House Keeping Service (OBHS) is also being provided in all Rajdhani, Shatabdi, Duronto and other important long distance Mail/Express trains for cleaning of coach toilets, doorways, aisles and passenger compartments during the run of the trains.

Clean My Coach

In "Clean My Coach" scheme, for any cleaning requirement in the coach, passenger sends a message through mobile (SMS) on a specified mobile number. This is immediately acknowledged by the backend software along with a "satisfaction" code which is sent to the passenger.

A message is also sent by the server to the mobile number of On Board Housekeeping Service (OBHS) staff travelling on the same train along with the details of the passenger such as coach number, berth number. OBHS staff contacts the passengers and carries out the cleaning work as per demand.

If the passenger is satisfied, he/she discloses the code and OBHS staff sends the same code through SMS and the complaints is then treated as closed. If the passenger is not satisfied then he/she will not disclose the code.

“Clean My Coach” scheme was initially tried in a few Railways. Subsequently, in Hon’ble MR’s Railway Budget Speech of February, 2016, it was announced that “Clean My Coach” service will be introduced on Pan-India basis, where a passenger can request cleaning of his/her coach/toilet ‘on demand’ through SMS. The scheme was formally launched on pan-India basis in March, 2016.

Presently ‘Clean My Coach’ service is available in nearly 800 trains.

Coach Mitra

“Clean My Coach” service is now being upgraded to “Coach Mitra” facility as announced in Hon’ble Finance Minister’s Budget Speech, 2017-18.

“Coach Mitra” will be a single window interface to register all coach related requirements of passengers travelling in reserved coaches, such as cleaning, disinfection, linen, train lighting, air conditioning and watering of coaches. This will warrant provision of backend support for the additional likely requirements of the passengers, as stated above, apart from only cleaning service earlier being provided.

Instructions regarding “Coach Mitra” were issued vide Railway Board Letter No. 2016/EnHM/15/09 dated 07.02.2017. “Coach Mitra” facility has already been introduced in more than 140 trains.

Station Redevelopment

A Memorandum of Understanding (MoU) has been recently entered into between Ministry of Railways (MOR) and Ministry of Urban Development (MOUD) for integrated planning of redevelopment of railway stations in the cities included in the ‘SMART Cities’ and AMRUT cities. This would lead to an integrated public transit hub around the railway stations and encourage Transit Oriented Development.

Each Smart City has incorporated a Special Purpose Vehicle (SPV) to execute the Smart City Plan. The SPV may form a joint venture company with an MOR-designated entity to implement railway station redevelopment projects in that city and in its suburbs.

Another form of joint venture could be between the MOR designated entity, the Smart City SPV and the National Building Construction Corporation Ltd. (NBCC), a Public Sector Undertaking under MOUD.

The redevelopment of stations under the schemes is proposed to be executed under Build Operate Transfer model.

Bio-Toilets

Ministry of Railways gratefully acknowledges the appreciation and support of the Committee for the endeavour of Indian Railways initiatives of "Fitment of Bio-Toilets in all existing BG Coaches by 2019."

Action Plan for the same has already been drawn up by Ministry of Railways and the progress of the same is being closely monitored.

The only possible constraint in the speedy implementation of Bio-Toilets is the supply-chain constraints from the side of manufacturers of Bio-tanks. This issue too is being resolved with industry partners.

In 2016-17, against a target of fitment of 30,000 Bio-Toilets, Indian Railways have fitted approximately 34,000 Bio-Toilets, thereby surpassing its own target.

Comments of the Committee

(Please see recommendation para no. 17 of Chapter I)

CHAPTER – III

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

PHYSICAL PERFORMANCE

Recommendation (Para No. 10)

The Committee note with satisfaction that in 2015-16, total 2,828 km of broad gauge track have been commissioned which includes 813 Kms of New line, 1,043 Km of Gauge conversion and 972 Km of doubling against the target of 500 Kms in New Lines, 800 Kms. in Gauge Conversion and 1200 Kms in Doubling. For the year 2016-17, likely achievements are almost at the level of revised targets. Further, in Rolling stock, track renewals and electrification, the Ministry have gone beyond the targets. The Committee note with satisfaction the improved performance of the Railways in meeting the targets in the year 2015-16 and expect the same pace of accomplishment for the year 2016-17 and 2017-18.The Committee observe that a target of 3,500 km of network expansion (broad gauge) has been kept for the year 2017-18 translating commissioning of around 10 Kms track per day against the announcement of 13 Kms per day in the Rail Budget 2016-17. However, the Committee desire the Ministry to strive hard to meet the preferred target of commissioning 13Kms broad gauge track per day without compromising on safety and quality of travel. Considering the past record of commissioning the tracks for last two years, the Committee are pretty sure that the Ministry would be able to achieve the anticipated targets for the year.

Reply of the Government

For the year 2017-18, a target of 3500 km Broad Gauge network expansion has been kept. This includes 800 km of new line, 1100 km of gauge conversion and 1600 km of doubling which includes 400 km of Dedicated Freight Corridors.

CHAPTER – IV

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

Recommendation (Para No. 4)

The Committee understand that with the merger of Railway Budget with General Budget from 2017-18 onwards, Railways will be exempted to pay dividend to General Revenues but then Railways will not be given the subsidy on dividend and also operating losses on Strategic lines and Railway lines in hilly, coastal and backward areas will not be reimbursed to them. The Committee are aware that Railways till now play a very vital role in socioeconomic development by developing remunerative projects in strategic, hilly, coastal and backward areas. While at present (till 2016-17) operational losses on six strategic lines are being reimbursed to Railways by Ministry of Finance. Estimate Committee in its 21st Report (16th Lok Sabha) on Structural Changes in Union Budget has also recommended that the Railways should get the reimbursement of losses on operation of strategic lines. The Committee strongly reiterate the recommendation made by Estimate Committee and think that considering the role of Railways in nation building, reimbursement to Railways on their operating losses on strategic lines is justifiable. As these lines mainly cater to defence movements on border areas and development of social and backward region, the Committee recommend that reimbursement of operational losses on strategic lines and Railway lines in hilly, coastal and backward areas should be continued and desire the Ministry of Railways to pursue the matter with Ministry of Finance in this regard. The Committee also recommend separate fund allocation for National Projects and projects of strategic significance, social importance in backward and hilly areas and to explore the possibilities to share the cost of such social obligations with the Ministry of Finance.

Reply of the Government

Till 2016-17 Railways have been reimbursed the operating loss on strategic lines by the Government. However, with the merger of Railway Budget with Union Budget w.e.f. Budget Estimates 2017-18, the capital-at-charge of the Railways has been wiped off relieving the Railways from any dividend liability. Alongside, the Government has also decided that subsidy on divided payment henceforth paid to the Railways and the operating loss on strategic lines henceforth reimbursed to Railways are done away with w.e.f. Budget Estimates 2017-18. Pursuant to the recommendations of Hon'ble Committee and the Estimates Committee, Ministry of Finance is being requested to continue to reimburse the operating loss on strategic lines to Railways beyond 2016-17.

As regards Hon'ble Committee's recommendation for separate fund allocation for National Projects and projects of strategic significance, social importance in backward and hilly areas and to explore the possibilities to share the cost of such social obligations with the Ministry of Finance, it is stated that even when the Railways had a separate budget, the Government was providing Budgetary Support to the Railways for annual capital expenditure with earmarked allocation for National Projects. Now in the post merger scenario also, the Government would continue to provide Gross Budgetary Support towards meeting part of Railways' capital expenditure.

Comments of the Committee

(Please see recommendation para no. 11 of Chapter I)

CHAPTER – V

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

-NIL-

NEW DELHI; **SUDIP BANDYOPADHY**

7 December, 2017 **Chairperson,**

16 Agrahayana, 1939 (Saka) **Standing Committee on Railways**

APPENDIX-I

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2017-18)

The Committee met on Monday, the 20th November, 2017 from 1130 hrs. to 1310 hrs. in Committee Room No.'2', Parliament House Annexe Extension Building, New Delhi.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

MEMBERS

LOK SABHA

2. Shri Ram Tahal Choudhary
3. Shri Chandra Prakash Joshi
4. Shri Ramesh Chander Kaushik
5. Ram Mohan Naidu Kinjarapu
6. Shri A.T. Nana Patil
7. Shri S.R. Vijayakumar
8. Shri Mekapati Raja Mohan Reddy
9. Shri Lakhan Lal Sahu
10. Shri Rajeev Satav
11. Shri Uday Pratap Singh

RAJYA SABHA

12. Shri A.K. Antony
13. Shri Satish Chandra Misra
14. Shri Garikapati Mohan Rao
15. Shri Bashistha Narain Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri Arun K. Kaushik	-	Director
3.	Shri Ram Lal Yadav	-	Deputy Secretary

xxx xxx xxx xxx

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. The Committee took up for consideration the draft Report on Action Taken by the Government on the recommendations of the Committee contained in their 13th Report on "Demands for Grants (2017-18) of the Ministry of Railways" and adopted the same without any modification. The Committee, then, authorized the Chairperson to finalise the Reports and present the same to the Parliament.

3. xxx xxx xxx xxx

4. xxx xxx xxx xxx

5. xxx xxx xxx xxx

6. xxx xxx xxx xxx

The Committee then adjourned.

XXX: Not relevant to the Report.

APPENDIX-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE 13TH REPORT (16TH LOK SABHA) ON "DEMANDS FOR GRANTS (2017-18) OF THE MINISTRY OF RAILWAYS"

Total number of Recommendations/Observations		14
(i)	Recommendations/Observations which have been accepted by the Government –	
	Para Nos. 1,2,3,5,6,7,8,9,11,12,13 and 14	12
	Percentage of total	85.71%
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies –	
	Para No. 10	1
	Percentage of total	7.14%
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration –	
	Para No. 4	1
	Percentage of total	7.14%
(iv)	Recommendations/Observations in respect of which final replies are still awaited -	
	Para No. NIL	NIL
	Percentage of total	---