

Highlights of the Railway Budget 2016-17

Theme of the Budget

Overcoming challenges – Reorganize, Restructure Rejuvenate Indian Railways: ‘Chalo, Milkar Kuch Naya Karen’

Three pillars of the strategy i.e. **Nav Arjan** – New revenues, **Nav Manak** – New norms, **Nav Sanrachna** – New Structures.

Financial Performance

2015-16- Savings of Rs. 8,720 crore neutralizing most of the revenue shortfall, expected OR **90%**;

2016-17- Targeted Operating Ratio (OR) - **92%**, restrict growth of Ordinary Working Expenses by 11.6% after building in immediate impact of 7th PC, reductions planned in diesel and electricity consumption, Revenue generation targeted at Rs. 1,84,820 crore.

Investments and Resources

Process bottlenecks overhauled including delegation of powers to functional levels; average capital expenditure over 2009-14 is Rs. 48,100 crore, average growth of 8% per annum.

2015-16 investment would be close to double of the average of previous 5 years.

2016-17 CAPEX pegged at Rs. 1.21 lakh crore; implementation through joint ventures with states, developing new frameworks for PPP, etc.

Vision

By 2020, long-felt desires of the common man to be fulfilled i.e., reserved accommodation on trains available on demand, time tabled freight trains, high end technology to improve safety record, elimination of all unmanned level crossings, improved punctuality, higher average speed of freight trains, semi high speed trains running along the golden quadrilateral, zero direct discharge of human waste.

2015-16-Achievements

Action initiated on 139 budget announcements of 2015-16.

Project execution

2015-16 - assured funding through LIC; commissioning of 2,500 kms Broad Gauge lines; commissioning of 1,600 kms of electrification, highest ever. In 2016-17 - targeted commissioning 2,800 kms of track; commissioning Broad Gauge lines @ over 7 kms per day against an average of about 4.3 kms per day in the last 6 years. Would increase to about 13 kms per day in 2017-18 and 19 kms per day in 2018-19; will generate employment of about 9 crore man days in 2017-18 and 14 crore man days in 2018-19. Outlay for railway electrification increased in 2016-17 by almost 50%; target to electrify 2,000 kms.

Dedicated Freight Corridor

Almost all contracts for civil engineering works to be awarded by March 31st 2016; Rs. 24,000 crore contracts awarded since November 2014 as against Rs. 13,000 crore contracts awarded in last 6 years; propose to take up North-South, East-West & East Coast freight corridors through innovative financing including PPP.

Port connectivity

Tuna Port commissioned and rail connectivity projects to ports of Jaigarh, Dighi, Rewas and Paradip under implementation; implementation of rail connectivity for the ports of Nargol and Hazira under PPP in 2016-17.

North East

BG Lumding-Silchar section in Assam opened thus connecting Barak Valley with rest of the country; Agartala brought on to the BG network. States of Mizoram and Manipur shortly to come on BG map of the country with commissioning of the Kathakal-Bhairabi and Arunachal-Jiribam Gauge Conversion projects.

Jammu and Kashmir

Work on Katra-Banihal section of Udhampur-Srinagar-Baramulla Rail Link Project progressing satisfactorily- 35 kms of tunnelling out of total of 95 kms completed; Decongestion work on Jalandhar - Jammu line in full swing and doubling of two bridges to be commissioned by March 2016, while the other two bridges will be completed by 2016-17.

Make in India: Finalised bids for two loco factories; proposed to increase the current procurement of train sets by 30%.

Capacity Building for the future through:

Transparency – initiated recruitments online in 2015-16, process now being replicated for all positions, social media being used as a tool to bring in transparency, all procurement including procurement of works moved to the e-platform, completed trial of process leading to award of tender electronically and to be rolled out on a Pan-India basis in 2016-17.

Governance - delegation led to compression of project sanction time to 6-8 months from 2 years earlier, key result areas identified to judge performance of GMs and DRMs, performance related MOUs signed with few Zones, to be replicated for all zones.

Internal audit measures - specialised teams mandated to screen railway operations in specific areas to detect inefficiencies and prevent wastages, every zone preparing 2 reports by March 31, 2016.

Partnerships – Cabinet approval for JVs with State Governments, 17 consented and 6 MOUs signed with State Governments. 44 new partnership works covering about 5,300 kms and valuing about Rs. 92,714 crore have been indicated in the Budget documents.

Customer Interface

Interaction and feedback through social media & dedicated IVRS system.

Making travel comfortable by generating over 65,000 additional berths, installing 2,500 water vending machines; introducing 'Mahamana Express' with modern refurbished coaches; 17,000 bio-toilets in trains; world's first Bio-Vacuum toilet developed.

Improving punctuality – operations audit for Ghaziabad to Mughalsarai section.

Ticketing: Introduced 1,780 Automatic Ticket Vending Machines, mobile apps & *GolIndia* smartcard for cashless purchase of UTS and PRS tickets, enhanced capacity of e-ticketing system from 2,000 tickets per minute to 7,200 tickets per minute and to support 1,20,000 concurrent users as against only 40,000 earlier.

Social initiatives: One-time registration for availing concessions while booking tickets online, online booking of wheelchairs & Braille enabled new coaches introduced for the *Divyang*, increased quota of lower berths for senior citizens and women, middle bays reserved in coaches for women.

Wi-Fi provided in 100 stations, to be provided in 400 more.

Stations being redeveloped – financial bid received for Habibganj, Bhopal; Cabinet approval for stations to be taken up under PPP.

Security through helplines & CCTVs.

Safety - 350 manned level crossings closed, eliminated 1,000 unmanned level crossings, 820 ROB/RUB completed in the current year and work going on in 1,350 of them.

Other major achievements

Energy: annualized savings of Rs. 3,000 crore to be achieved in the next financial year itself, a year earlier than announced; achieved by procuring power directly at competitive rates using IR's status as Deemed Distribution Licensee.

Rail University – initially identified the National Academy of Indian Railways at Vadodara.

Digital India: application of Track Management System (TMS) launched, inventory management module of TMS has resulted in inventory reduction by 27,000 MT resulting in saving of Rs.64 crore and scrap identification of 22,000 MT equivalent to Rs.53 crore.

The Way Ahead

Improving quality of travel

For the unreserved passenger –

Antyodaya Express unreserved, superfast service.

Deen Dayalu coaches – unreserved coaches with potable water and higher number of mobile charging points.

For the reserved passenger –

Humsafar - fully air-conditioned third AC service with an optional service for meals

Tejas - will showcase the future of train travel in India. Will operate at speeds of 130 kmph and above. Will offer onboard services such as entertainment, local cuisine, Wi-Fi, etc. through one service provider for ensuring accountability and improved customer satisfaction

Humsafar and Tejas to ensure cost recovery through tariff and non-tariff measures

UDAY - overnight double-decker, ***Utkrisht Double-Decker*** ***Air-conditioned Yatri Express*** on the busiest routes, has the potential to increase carrying capacity by almost 40%.

Ticketing: Sale of tickets through hand held terminals; e- ticketing facility to foreign debit/credit cards; bar coded tickets, scanners and access control on a pilot basis. Expansion of ***Vikalp*** – train on demand to provide choice of accommodation in specific trains to wait-

listed passengers. E-booking of tickets facility on the concessional passes available to journalists; facility of cancellation through the 139 helpline post verification using 'One Time Password' sent on registered phone number, to improve *tatkaal* services CCTV cameras on windows and periodic audit of PRS website.

Cleanliness - '*Clean my Coach*' service through SMS, ranking of A1 and A stations based on periodic third party audit and passenger feedback; waste segregation and recycling centres; '*Awareness campaigns*'; additional 30,000 bio-toilets; providing portable structures with bio-toilets at all platforms of select stations for senior citizens, *Divyang* and women travellers, plan to explore innovative means of providing and maintaining toilets such as advertisement rights, CSR, voluntary support from social organizations.

Catering and stalls at stations -IRCTC to manage catering services in a phased manner; explore possibility of making catering services optional, adding 10 more IRCTC operated base kitchens; to build local ownership and empowerment, weightage will be given to district domicile holders for commercial licenses at stations.

Stoppages: convert all operational halts into commercial halts for the benefit of the common man.

Rail Mitra Sewa: expanding *Sarathi Seva* in Konkan Railway to help the old and disabled passengers, strengthening the existing services for enabling passengers to book battery operated cars, porter services, etc. on a paid basis in addition to the existing pick up and drop, and wheel chair services.

Measures for Divyang: all stations under redevelopment accessible by *Divyang*; to provide at least one *Divyang* friendly toilet at each platform in A1 class stations during the next financial year and also ensure availability of wheelchairs in sufficient numbers at these stations.

Travel Insurance to passengers - to offer optional travel insurance for rail journeys at the time of booking.

Hourly booking of retiring rooms - will be handed over to IRCTC.

Janani sewa: children's menu items on trains, baby foods, hot milk and hot water would be made available.

SMART (Specially Modified Aesthetic Refreshing Travel) Coaches - design and layout of our coaches to ensure higher carrying capacity and provision of new amenities including automatic doors, bar-code readers, bio-vacuum toilets, water-level indicators, accessible dustbins, ergonomic seating, improved aesthetics, vending machines, entertainment screens, LED lit boards for advertising, PA system.

Mobile Apps - integrate all facilities into two mobile apps dealing with ticketing issues and for receipt and redressal of complaints and suggestions.

Improving customer interface- skilling our front-end staff and those we employ through our service providers, information boards in trains enumerating the on-board services and also GPS based digital displays inside coaches to provide real time information regarding upcoming halts. Work underway on installation of a high-tech centralized network of 20,000 screens across 2000 stations for enabling real time flow of information to passengers and also unlock huge advertising potential. All A1 class stations will be manned with duly empowered Station Directors supported by cross functional teams; to make one person accountable for all facilities on trains.

Pilgrimage centres: to take up on priority the provision of passenger amenities and beautification on stations at pilgrimage centres including Ajmer, Amritsar, Bihar Sharif, Chengannur, Dwarka, Gaya, Haridwar, Mathura, Nagapattinam, Nanded, Nasik, Pali, Parasnath, Puri, Tirupati, Vailankanni, Varanasi and Vasco; also intend to run Aastha circuit trains to connect important pilgrim centres.

Porters- intend providing them with new uniforms and train them in soft skills, henceforth, to be called *sahayak*.

High Speed Rail: passenger corridor from Ahmedabad to Mumbai being undertaken with the assistance of the Government of Japan. SPV for implementing high speed projects will be registered this month. Prime benefit would be providing IR with technology advancements and new manufacturing capability.

Entertainment: propose to invite FM Radio stations for providing train borne entertainment; extend 'Rail Bandhu' to all reserved classes of travelers and in all regional languages.

Passenger traffic - Suburban traffic: in-principle approval for MUTP III received. Early award of tenders for elevated suburban corridors between Churchgate-Virar and between CSTM-Panvel; revive Ring Railway system in Delhi; launching a new investment framework for developing suburban systems in partnership with State Governments, development in Ahmedabad, Bangalore, Hyderabad Chennai and Thiruvananthapuram on the anvil.

Winning back the lost modal share

Expanding the freight basket of IR - to start time-tabled freight container, parcel and special commodity trains on a pilot basis, container sector would be opened to all traffic barring coal, specified mineral ores and part-loads during the non-peak season. All existing terminals/sheds would be granted access to container traffic, where considered feasible.

Rationalising the tariff structure – undertake review of tariff policy to evolve a competitive rate structure *vis a vis* other modes, permit multi-point loading/unloading and apply differentiated tariffs to increase utilization of alternate routes, explore possibility of signing long term tariff contracts with our key freight customers using pre-determined price escalation principles.

Building terminal capacity - proposed to develop Rail side logistics parks and warehousing in PPP mode, 10 goods sheds will be developed by TRANSLOC, the Transport Logistics Company of India, in 2016-17. To soon inaugurate India's first rail auto hub in Chennai. Encourage development of cold storage facilities on vacant land near freight terminals. Local farmers and fisherman would be given preferential usage of the facility. A policy in this regard would be issued in the next 3 months.

Nurturing customers - will appoint Key Customer Managers to liaison with our major freight stakeholders; each Zonal Railway will develop customer commitment charter indicating service level commitments of IR, will explore the feasibility of opening up leasing of general purpose wagons.

Non fare revenues

Station redevelopment; monetizing land along tracks; monetizing soft assets – website, data, etc; advertising – in 2016-17 target 4 times the revenue of 2015-16; overhaul of parcel business - liberalize the current parcel policies including opening the sector to

container train operators; revenues from manufacturing activity - by 2020, aim at generating annualised revenues of about Rs 4,000 crore.

Process Improvements

EPC projects standard document finalized, will implement at least 20 projects through this mode in 2016-17; by 2017-18, endeavour to award all works valuing above Rs. 300 crore through EPC contracts.

Performance output parameters based contracts - to review service contracts to integrate them and make them simpler and outcome focused.

Leveraging technology for project management- intend to use the latest drone and Geo Spatial based satellite technology for remotely reviewing the physical progress across major projects; monitoring of DFC to be operationalised through this mode in 2016-17.

System-wide Information Technology integration - initiated system wide integration, both horizontal and vertical, akin to an ERP through innovative partnership models.

Rail Development Authority

To enable fair pricing of services, promote competition, protect customer interests and determine efficiency standards; draft bill to be ready after holding extensive stakeholder consultations.

Undertaking Navarambh – a new beginning

Navinikaran - Structural Interventions

Organisational Restructuring- proposed to reorganize the Railway Board along business lines and suitably empower Chairman, Railway Board. As a first step, cross functional directorates to be set up in Railway Board to focus on areas like non-fare revenues, speed enhancement, motive power and information technology; explore the possibility of unifying cadres for fresh recruitment of officers; strengthen PPP cell to improve ease of doing business with IR.

Sashaktikaran – Improving our planning practices

To set up a Railway Planning & Investment Organisation for drafting medium (5 years) and long (10 years) term corporate plans; identify projects which fulfill the corporate goal. Prepare a National Rail Plan to harmonise and integrate the rail network with other modes of transport and create synergy for achieving seamless multi-modal transportation network across the country

Aekikaran – Consolidation: Forming a holding company of companies owned by IR.

Shodh aur vikas - Investing in the future: to set up a R&D organization, a **Special Railway Establishment for Strategic Technology & Holistic Advancement**, SRESTHA. RDSO will now focus only on day to day issues while SRESTHA would drive long term research.

Vishleshan – Analyzing data: a dedicated, cross functional team called **Special Unit for Transportation Research and Analytics (SUTRA)** would be set up for carrying out detailed analytics leading to optimized investment decisions and operations

Navrachna – Innovation: by setting aside a sum of Rs. 50 crore for providing innovation grants to employees, startups and small businesses.

Avataran - Seven Missions for the transformation of IR

Missions will be headed by a Mission Director reporting directly to the Chairman, Railway Board and heading a cross functional team empowered to take all relevant

decisions for a timely targeted delivery. Annual outcome based performance targets for the Mission would be announced and the Missions will finalise the implementation plans for short, medium and long terms and proceed accordingly Mission 25 Tonne for 25 tonne axle load, Mission Zero Accident for safety, Mission PACE (Procurement and Consumption Efficiency), Mission Raftaar for higher speeds, Mission Hundred for commissioning 100 sidings/ freight terminals, Mission beyond book-keeping for accounting reforms, Mission Capacity Utilisation to prepare a blueprint for making use of the capacity created once DFC is commissioned.

Sustainability and Social Initiatives: *Human Resources/ Skilling, Social initiatives, Environment*

To tie up with the Ministry of Health for ensuring an exchange between Railways hospitals and Government hospitals; to introduce 'AYUSH' systems in 5 Railway hospitals; provide gang men with devices called 'Rakshak' for intimating them about approaching trains, also reduce the weight of the tools carried by them while patrolling. To provide toilets and air-conditioning in cabs for our loco pilots. Set up two chairs – one C T Venugopal chair on Strategic Finance, research and policy development and another Kalpana Chawla chair on geo-spatial technology. For youth - open our organisation to 100 students across Engineering and MBA schools for 2-6 months' internships each year.

Partnering with Ministry of Skill Development - skill development on IR premises.

Undertaken energy audits for reducing energy consumption in non-traction area by 10% to 15% - all new light provisions will be LED luminaire and all Railway stations to be covered with LED luminaire in next 2 to 3 years.

Action plan drawn up for environmental accreditation, water management and waste to energy conversion. More than 2,000 locations provided with Rain Water Harvesting facility.

In place of steel sleepers on steel bridges environmentally friendly composite sleepers made of recycled plastic waste will be used over all girder bridges.

32 stations and 10 coaching depots have been identified for installation of water recycling plants in the coming years.

Tourism

Partnering with State Governments for operating tourist circuit trains; recent upgradation of National Rail Museum, promotion of tourism through Railway museums and UNESCO world heritage Railways.

To spread awareness about our National Animal, the Tiger, complete packages including train journey, safaris and accommodation to cover the wildlife circuit comprising Kanha, Pench and Bandhavgarh will be offered.

FINANCIAL PERFORMANCE 2015-16:

Net reduction in Gross Traffic Receipts by Rs 15,744 crore in RE 2015-16 compared to the BE target of Rs 1,83,578 crore. Passenger earnings scaled down keeping in view the persistent negative growth trend since 2013-14 both in the suburban and non-suburban non-PRS segment of travel.

Freight earnings impacted mainly on account of low demand from the core sector resulting in resetting the target in R.E. 2015-16 to Rs 1,11,853 crore.

Stringent economy and austerity measures adopted to contain the Ordinary Working Expenses (O.W.E.) due to which budgeted Ordinary Working Expenses of Rs 1,19,410 crore decreased in the Revised Estimates 2015-16 to Rs. 1,10,690 crore i.e. by Rs 8,720 crore.

BE provided for an appropriation of Rs. 34,900 crore to the Pension Fund. However, based on trend, the pension outgo moderately decreased to Rs. 34,500 crore in RE.

Internal resource generation diminished and appropriation to DRF moderated to Rs. 5,500 crore in RE from the BE 2015-16 provisioning of Rs. 7,900 crore. Excess of receipts over expenditure in RE 2015-16 stands at Rs. 11,402.40 crore.

Plan size for 2015-16 is currently estimated at 1,00,000 crore i.e. the BE level.

Budget Estimates 2016-17:

The intention to improve revenues and ensure appropriate investments which can continue the road-map of decongestion and enhance line-capacity enhancement as detailed in 2015-16. The focus is on enhanced CAPEX with a mix of various sources of funding in order to ensure that the projects are given assured funding.

Gross Traffic Receipts kept at Rs 1,84,820 crore . Passenger earnings growth has been pegged at 12.4 % and earnings target budgeted at Rs. 51,012 crore. The freight traffic is pegged at incremental traffic of 50 million tonnes, anticipating a healthier growth in the core sector of economy. Goods earnings is accordingly proposed at Rs. 1, 17,933 crore. Other coaching and sundries projected at Rs. 6,185 crore and Rs. 9,590.3 crore respectively.

O.W.E provides for the implementation of the 7th CPC.

Pension outgo budgeted at Rs 45,500 crore in 2016-17.

Higher staff cost and pension liability impacts the internal resource position of the Railways. Accordingly, appropriation to DRF from revenue placed at Rs 3,200 crore and that from Production Units at Rs 200 crore. A withdrawal of Rs 3,160 crore from DRF on net basis proposed though the gross expenditure to be met from DRF in the Annual Plan estimated at Rs 7,160 crore. Rs 5,750 crore proposed to be appropriated to the Capital fund. With a draw-down of Rs 1,250 crore from previous balances in the fund, plan requirement of Rs 7,000 crore for repayment of principal component of lease charges to IRFC met.

Railways are preparing a Plan size of Rs. 1,21,000 crore in 2016-17.
