

TELEPHONE : 23365912 (P&T)
23343493 (P&T)
81-22270 (Rly.)
81-22769 (Rly.)
Fax : + 91-11-23363167

A.I.R.F.

TELEGRAM : RAILWAYMEN
E Mail:-airfindia@yahoo.co.in
E Mail:-airf@ndb.vsnl.net.in



All India Railwaymen's Federation

(Estd, 1924)

4, STATE ENTRY ROAD,
NEW DELHI-110055
INDIA

No.AIRF/Sub-Committee 191)

Dated: December 21, 2014

Shri D.K. Mittal,
Chairman,
High Level Committee on Fin. Health of IR,
New Delhi

Dear Sir,

Sub: High Level Committee to identify factors, issues and avenues for improving financial health of Indian Railways

Ref.: Ministry of Railways(Railway Board's) letter No.ERB-I/2014/23/49 dated 03.12.2014

Furnished below is question-wise reply of the All India Railwaymen's Federation(AIRF) to the questionnaires asked by the aforementioned Committee:-

Q.1 To study the existing revenue structure and avenues for realizing revenue in Indian Railways;

Answer

(a) **Existing**

Total Trains

22,000	Passenger	16,000
	Freight	6,000

Revenue Share

Passenger	25%
Goods	67%
Parcel & Misc.	08%

Assets of Indian Railways(in crore)

	<u>1950-51</u>	<u>1980-81</u>	<u>2000-01</u>	<u>2012-13</u>	
Capital-at-Charge (Budget Surplus)	827.00	6096.3	43,051.88	1,83,488.08	
Internal Generation	28.2	1352.1	20,289.13	1,05,886.79	36.59%
Total	855.2	7448.4	63,341.01	2,89,374.87	

Social Service Obligation

2008-09	Rs.11,478
2009-10	Rs.14,977
2010-11	Rs.15,714
2011-12	Rs.17,652
2012-13	Rs.20,000

	Rs.79,903 (in 5 yrs.)

Payment of Dividend to General Revenue

2008-09	4717.67
2009-10	5543.34
2010-11	4941.25
2011-12	5656.03
2012-13	5348.94

	26,147.23

Lease Charge – Re-payment of Loan to IRFC

2010-11	6338 cr.
2011-12	7597.93 cr.
2012-13	9209 cr.

	23,144 cr. (for 3 yrs.)

Operating Ratio of Indian Railways

2005-06	83.72
2006-07	78.68
2007-08	75.94
2008-09	90.64
2009-10	95.28
2010-11	94.59
2011-12	94.85
2012-13	90.02

Role of the Railwaymen in increasing productivity

Passenger Traffic

	<u>2005-06</u>	<u>2012-13</u>	<u>Variation</u>
Number of Passengers Originating (in million)	5725	8421	(+) 47.09
Passenger Kilometres(in million)	615,614	1,098,103	(+) 78.38

Freight Traffic

Freight Traffic Tonnes originating (in millions)	6824	1014.15	(+) 48.62
Net TonneKilometres(in millions)	441,762	692,637	(+) 56.79
Route Kilometres	63,332	65,436	(+) 03.32

Staff Strength(in thousands)	1416	1,307	(-) 07.70
-------------------------------------	------	-------	-----------

Efficiency Index

Traffic Unit(per thousand employees) (Traffic Unit represents passenger km and Net Tonne KMs)	799	1,467	(+) 83.60
---	-----	-------	-----------

(b) Avenue for realizing revenue

- (i) The government should decide, whether the Indian Railways shall run on commercial basis or to meet the social obligation?
- (ii) If it is to fulfill commercial object, then it should realize the total cost, increase freight & fair, commensurating with increase in price rise.

If it is treated as social service, then the obligation undertaken should be made good by general revenue.

Q.2 To examine the efficacy and sufficiency of the existing revenue structure and avenue for raising revenues in Indian Railways;

Answer

- (a) Passenger service is highly subsidized. Year to year, thousands of crores of rupees, the Indian Railways undertake on social obligation.

As example, during the years **2008-09 and 2012-13**, Indian Railways undertaken a social burden of Rs.79,903 crores(5 years period)

- (b) The avenue of raising revenue in the Indian Railways are –

- (i) Passenger fare on cost of service plus a percentage for future development.
- (ii) Allow use of surplus railway land for commercial purposes by amending Land Acquisition Act.
- (iii) Collection of funds, allowing extensive advertisement in railway station, passenger coaches etc.
- (iv) Allow use of OFC network of the Indian Railways by different telecommunication services etc.

Q.3 To identify areas in the existing revenue structure for improving revenue;

Answer

- (a) As already narrated, passenger service is highly subsidized. Increase in the passenger fare during the year 2000-01 and 2012-13 is only 0.24% per year.

(Economic Survey 2013-14 – Appendix P/29)

During the same period, **WPI** increased 9.56,8.83,7.39%, **CPI** increased 10.44,8.34,10.47% for the financial year **2010-11, 2011-12,2012-13** respectively.

- (b) For improvement, answer has already been furnished against Question No.(i).

Q.4 To identify areas for containing leakage of revenue.

Answer

- (a) Reduce gestation period of projects. Projects should be completed on time-based programme.

- (b) During last 30 years, 676 projects worth Rs.1,57,883 crore were sanctioned. Only 317 projects could be completed, rest 359 projects are ongoing, require Rs.1,82,000 crore.

(Source: Hon'ble MR's Budget Speech of July 2014)

A huge money has been spent without any result

- (c) Project estimate should be prepared objectively within the time-bound programme.

Dedicated Freight Corridor – Eastern and Western was estimated Rs.28,000 crore(Economic Survey 2008-09, para 9.61), revised to Rs.50,000 crore(Economic Survey 2010-11, para 11.71).

Final expenditure may be crossing one lakh crore.

- (d) Purchase of Machinery & Plants

RITES inspection is far from satisfaction.

- (e) Extensive checking of tickets

Not done because of serious shortage of Ticket Checking Staff.

- (f) Quality purchase of materials.

Q.5 To identifying additional avenues for generating and increasing revenues of Indian Railways.

Answer

Already answered against Question No.(ii)

Q.6 To recommend ways and means for monetization of resources of Indian Railways.

Answer

- (a) There is ample justification to review the fare structure. It should at least be on cost basis, plus some extra charges for the development of services, as is being followed by the Chinese Railway.
- (b) Indian Railways should be exempted from payment of dividend to General Revenue and IRFC lease charges.
- (c) As example, Indian Railways have to pay/undertake social service obligation for the last 5 years.
- | | | | |
|-------|---------------------------|---|---------------|
| (i) | Social service obligation | - | Rs.79,903 cr. |
| (ii) | Dividend paid | - | Rs.26,147 cr. |
| (iii) | IRFC lease charges | - | Rs.40,000 cr. |

Q.7 To identify other sources of funding for meeting the long terms modernization, expansion and updation needs of Indian Railways.

Answer

- (a) Indian Railways has been modernized, of course, future modernization and upgradation of technology is must.
Indian Railways has been converted itself from steam traction to diesel, diesel to electric.

Diesel locomotive start from 3000 HP developed to 4000 HP, and future development is on the anvil, electric locomotive of 7000 HP has been introduced, electrification of traction has been done extensively, coaching stock from vacuum brake to airbrake. Now conventional coaches to LHP Coaches, for passenger comfort, AC Chair Car, 3 Tier AC, 2 Tier AC, 1st AC etc. has been introduced.

As regards operational improvement, Route Relay etc. has been introduced.

Signalling side semiplior, upper quadrant/lower quadrant etc. replaced by multi aspect Colour Light Signalling etc.

OFC has replaced conventional telecom system.

- (b) For extensive expansion and future modernization, it is necessary that the General Revenue of the Government of India undertakes the responsibilities.

The General Revenue has been extending economic facilities to private industries by way of forgoing revenue.

If we take the account of last two years, i.e. **2011-12 and 2012-13**, an amount of **Rs.4.84 crore and Rs.5.25** crore revenue has been forgone.

	<u>Corporation Tax</u>	<u>Excise Duty</u>	<u>Customs Duty</u>
2011-12	Rs.61,765 cr.	195,590 cr.	236,852 cr.
%	16.06%	57.44%	61.33%
2012-13	68,000 cr.	206,188 cr.	253,967 cr.
%	16.03%	53.97%	60.57%

(Economic Survey 2013-14 – P/62, para 3.13 & 3.14)

(c) Bank loan waived

During the period **2000-01 and 2012-13**, Rs.2,04,594 cr.
Out of that, Corporate loan, Rs.1,45,303 cr.

(d) Granting of equity against bank loan

Kingfisher loan, converted to equity on 65:100 basis. Now the share value of Kingfisher is Rs.1.64 paisa.

Q.8 To identify avenues for reduction in expenditure.

Answer

- Services rendered not converted into the Railways, like Catering Service in the Parliament,
- Reduction in advertisement,
- Outsourcing of ticketing system,
- Contract agreement procedure should be highlighted,
- Trains introduced on political consideration should be revisited, occupancy ensured,
- Working capacity of the Production Units and Zonal Workshops should be fully utilized,

Q.9 To identify impediments and suggest remedial measures.

Answer

- No project should be undertaken on political consideration;
- Concessions granted to outside activities should be reviewed;
- Perennial nature of jobs should not be outsourced.

Q.10 Any other recommendation the Committee may intend to make.

Answer

All India Railwaymen's Federation(AIRF) strongly opposes induction of **FDI in the Indian Railways**, and this will seriously disturb industrial peace in this biggest industry, which has been prevailing since 1974, without having any man-day loss.

Yours faithfully,



(Shiva Gopal Mishra)
General Secretary