

Highlights of the Railway Budget 2015-16

Thrust:

1. IR to become prime mover of economy once again 2 Resource Mobilization for higher Investments 3. Decongestion of heavy haul routes and speeding up of trains: emphasis on gauge conversion, doubling, tripling and electrification 4. Project delivery 5. Passenger Amenities. 6. Safety 7. Transparency & System Improvement. 8. Railways to continue to be the preferred mode of transport for the masses. 9. Sustainability.

Four goals for Indian Railways to transform over next five years:

- a) *To deliver a sustained and measurable improvement in customer experience.*
- b) *To make Rail a safer means of travel.*
- c) *To expand Bhartiya Rail's capacity substantially and modernise infrastructure.:* increase daily passenger carrying capacity from 21million to 30 million: increase track length by 20% from 1,14,000 km to 1,38,000 km: grow our annual freight carrying capacity from 1 billion to 1.5 billion tonnes.
- d) *Finally, to make Bhartiya Rail financially self-sustainable.* Generate large surpluses from operations not only to service the debt needed to fund our capacity expansion, but also to invest on an on-going basis to replace our depreciating assets.

Execution strategy to have five drivers:

a) **Adopting a medium-term perspective:**

Railway Budget part of trilogy of documents viz. the White Paper placed today, Budget 2015-16 & a Vision-2030 document which will follow. Budget proposals to mark beginning of a Five Year Action Plan to transform the Railways.

| PROPOSED INVESTMENT PLAN (2015-2019) | |
|--|-----------------------------|
| Item | Amount (Rs in crore) |
| Network Decongestion (including DFC, Electrification, Doubling including electrification and traffic facilities) | 199320 |
| Network Expansion (including electrification) | 193000 |
| National Projects (North Eastern & Kashmir connectivity projects) | 39000 |
| Safety (Track renewal, bridge works, ROB, RUB and Signalling & Telecom) | 127000 |
| Information Technology / Research | 5000 |
| Rolling Stock (Locomotives, coaches, wagons – production & maintenance) | 102000 |
| Passenger Amenities | 12500 |
| High Speed Rail & Elevated corridor | 65000 |
| Station redevelopment and logistic parks | 100000 |
| Others | 13200 |
| TOTAL | 8,56,020 |

b) Building Partnerships:

This will require partnering with key stakeholders: States, PSU's, partner with multilateral and bi-lateral organizations & other governments to gain access to long term financing and technology from overseas, the private sector to improve last mile connectivity, expand fleet of rolling stock and modernize our station infrastructure.

c) Leveraging additional resources:

IR envisages investment of Rs. 8.5 lakh crore in next five years to be mobilized from multiple sources to cater to funding i.e Multilateral development banks, pension funds.

d) Revamping management practices, systems, processes, and re-tooling of human resources:

- Targeted operating ratio for 2015-16 at 88.5% against 91.8% in 2014-15: best in the last 9 years.
- IR to speed up decision making, tighten accountability, improve management information systems: training and development of human resource.

e) To set standards for Governance and Transparency

Eleven major thrust areas of Action Plan: Quality of life in journeys:

Cleanliness:-Swachh Rail Swachh Bharat, new department for cleanliness, integrated cleaning by engaging professional agencies and training our staff, 'waste to energy' conversion plants, new toilets covering 650 additional stations compared to 120 stations last year. Bio-toilets.

Bed linen: NIFT to design; online booking of disposable bed rolls:

Help-line: 24X7 helpline number 138; toll-free number 182 for security related complaints.

Ticketing: operation five minutes for issuing unreserved tickets, hot buttons, coin vending machines, single destination teller, concessional e-tickets for differently abled travelers, developing a multi-lingual e-portal, crediting of refunds through banks, unreserved tickets on Smart phones, proliferation of automatic ticket vending machines with smart cards and currency options, integrated ticketing system on the lines of rail-cum-road tickets, Defence Travel System developed for elimination of Warrants .

Catering: e-catering to select meals from an array of choices. Ordering food through IRCTC website at the time of booking of tickets; integrating best food chains into this project; setting up of Base Kitchens in specified Divisions to be run by reputed agencies for serving quality food; expansion of water vending machines.

Leveraging technology: Hand-held terminals to Travelling Ticket Examiners (TTEs) for verification of passengers and downloading charts; possibility of extending facility of SMS on mobiles as a valid proof of travel for PRS tickets; integrated customer portal as a single interface to access different services; Introduction of a centrally managed Railway Display Network in over 2000 stations in next two years; "SMS Alert" service to inform passengers in advance of the updated arrival/departure time of trains at starting or destination stations.

Surveillance: surveillance cameras provided on a pilot basis in selected mainline coaches and ladies' compartments of suburban coaches without intruding into privacy.

Entertainment: project for introducing on-board entertainment on select Shatabdi trains on license fee basis launched; Mobile phone charging facilities to be provided in general class coaches & increased in sleeper class coaches.

Station facilities: 200 more stations to come under Adarsh Station scheme; Wi - Fi to be provided at B category stations ; facility of self-operated lockers to be made available at stations; provision of concierge services through IRCTC at major stations; online booking of wheel chair on payment basis for senior citizens, patients and the differently-abled passengers through IRCTC on select stations.

Train capacity: capacity in identified trains be augmented to run with 26 coaches; more General class coaches be added in identified trains;

Comfortable travel: NID approached to design user friendly ladders for climbing upper berths; increasing quota of lower berths for senior citizens; TTEs be instructed to help senior citizens, pregnant women and differently-abled persons in obtaining lower berths; middle bay of coaches to be reserved for women and senior citizen; NID to develop ergonomically designed seats; introduction of train sets; Provision of Rs. 120 crore for Lifts and escalator which is 76% higher; newly manufactured coaches will be Braille enabled; building wider entrances for the ease of differently-abled passengers; allocation for passenger amenities up by 67% Y-O-Y. Corporate houses & MPs to be requested to invest in improving passenger amenities at Railway stations through CSR & MPLAD funds; Divisional Committees in each Railway to be chaired by Members of Parliament.

Station Redevelopment

Station redevelopment policy to be revamped and processes simplified by inviting open bids; present stations be available for development on “as is where is” basis, to exploit the space and air rights on concession basis; Zonal and Divisional offices be empowered for quicker decision making; Land will not be sold; Development of 10 Satellite Railway terminals in major cities with twin purpose of decongesting the city and providing service to n suburban passengers.

Capacity Augmentation

Network expansion:

- Decongesting networks with basket of traffic generating projects priority; priority to last mile connectivity projects ; fast track sanctioned works on 7,000 kms of double/third/fourth lines and commission 1200 km in 2015-16 at an investment of Rs. 8686 crore, 84% higher Y-O-Y.
- Commissioning 800 km of gauge conversion targeted in current fiscal.
- 77 projects covering 9,400 km of doubling/tripling/quadrupling works along with electrification, covering almost all States, at a cost of Rs. 96,182 crore which is over 2700% higher in terms of amount sanctioned.
- Traffic facility works a top priority with outlay of Rs. 2374 crore .
- In the North East States, Meghalaya brought on the Railway map of India and direct connectivity to Delhi provided. Barak Valley to be connected on BG .
- Award of 750 km of civil contracts and 1300 km of system contracts in 2015-16 on Dedicated Freight Corridor; 55 km section of Eastern DFC to be completed in the current year. Preliminary Engineering cum Traffic Survey (PETS) for four other DFCs in progress.
- Acceleration of pace of Railway electrification: 6,608 route kilometers sanctioned for 2015-16 ,an increase of 1330% over the previous year.

Expansion of freight handling capacity

- Transport Logistics Corporation of India (TRANSLOC), to be set up for developing common user facilities with handling and value-added services to provide end-to-end logistics solution at select Railway terminals through Public Private Partnerships.

- For the benefit of our farmers, a state of the art Perishable Cargo Centre under completion at the Azadpur Mandi with a scientific banana-ripening Centre; air cargo sector to be developed to facilitate and integrate the movement of air cargo between ICDs and the gateway airports.
- Policy for Private Freight Terminals (PFT) to be revised.
- Automatic Freight Rebate Scheme for traffic to be expanded
- Long haul freight operations to be used extensively; construction of long loop lines to be expedited. Distributed power system for multi-loco haulage to be accelerated.

Improving train speed

- Speed of 9 railway corridors to be increased from existing 110 and 130 kmph to 160 and 200 kmph respectively so that inter-metro journeys like Delhi-Kolkotta and Delhi-Mumbai can be completed overnight.
- Average speed of freight trains in empty and loaded conditions, will be enhanced to 100 kmph for empty freight trains and 75 kmph for loaded trains; loading density on all major freight bearing routes to be upgraded to 22.82 tonne axle loads.

Bullet train

- Feasibility study for High Speed Rail between Mumbai-Ahmadabad is in advanced stage and report expected by the mid of this year. For other high speed routes on the diamond quadrilateral, studies are being commissioned.

Upgrading manufacturing capability

- Creation of job opportunities by upgrading the manufacturing capability.
- Functioning of Indian Railways Production Units and Workshops would be reviewed to provide them a cutting edge; measures for technological upgradation and enhancing productivity be undertaken to make them self-sustaining.

Safety

- Action plan being prepared for areas where accidents occur: five-year corporate safety plan by June 2015 indicating annual quantifiable targets; Pending recommendations made by High Level Safety Review Committee headed by Dr. Kakodkar Committee to be examined by April 2015.
- RDSO to develop a suitable device with reliable power supply system based on theft-proof panels/batteries in consultation with Indian Space Research Organization, using geo-spatial technology for providing audio-visual warning to road users at unmanned level crossings; radio based signal design project been taken up with IIT Kanpur for warnings at unmanned level crossing.
- 970 ROB/RUBs and other safety-related works to eliminate 3438 level crossings at a total Railway expense of Rs. 6,581 crore have been sanctioned which is 2600% higher than the previous year covering most States.
- Train Protection Warning System and Train Collision Avoidance System to be installed on select routes at the earliest.
- Modern track structure consisting of sleepers and heavier rails being used while carrying out primary track renewals. Better welding techniques being promoted; digital type machines to replace analogue type machines.

Technology upgradation

- Constituting an innovation council called “*Kayakalp*” for business re-engineering and introducing a spirit of innovation in Railways.
- Technology portal being constituted to invite innovative technological solutions.
- Strengthening of RDSO into an organization of excellence for applied research; four Railway Research Centers to be set up in select universities for fundamental research; ‘Malaviya Chair’ for Railway Technology at IIT (BHU), Varanasi to be set up.
- Consortium of Ministry of Railways, Ministry of Human Resource Development, Ministry of Science And Technology and Industries on to take up identified Railway projects for research.
- IT vision to be unveiled: information on latest berth availability station navigation system, bar coded/RFID tracking of parcels and freight wagons, automated parcel warehouses. Integration of train control and asset management applications.
- Mechanize integrated track maintenance.

Partnerships for development

- PPP cell to be revamped to make it result oriented.
- Projects for rail connectivity to many ports and mines being developed under participative models; simplification of procedures and consistency of policy to be ensured.
- “Foreign Rail Technology Cooperation scheme” to be launched.
- MUTP III for Mumbai to be taken up.
- Joint ventures to be set up with States for focused project development, resource mobilization, land acquisition, project implementation and monitoring of critical rail projects.
- JVs to be set up with major public sector customers for meeting requirements of new lines.

Improvements to Management Processes and Systems

- Delegate, de-centralize, de-regulate & simplify to be the new mantra.
- Systems audit to be conducted for review of all processes and procedures.
- Global benchmarks for key operating and maintenance activities.
- Improve appraisal mechanism for the selection of projects and introduce simulation tools for project planning and decision-making; introducing EPC system of contracting.
- Constitution of a working group to modify present system of accounting, to ensure tracking of expenditure to desired outcomes.
- Train operations to be audited.
- Paperless working in material management system to be expanded; Vendors to be integrated through Vendor Interface Management System to provide single window interface to vendors.

Resource Mobilisation

- Plan Budget up by 52% from Rs. 65,798 crore to Rs. 1,00,011 crore in 2015-16. Support from the Central Government 41.6% of the Plan and Internal generation 17.8 %; setting up of a Financing Cell in the Railway Board.

- Setting up an infrastructure fund, a holding company and a JV with an existing NBFC of a PSU with IRFC, for raising long term debt from domestic as well as overseas sources, including multilateral and bilateral financial institutions. Monetisation of assets rather than selling them.
- Digitized mapping of land records and responsibility fixing for encroachments.
- New strategy to tap latent advertising potential, including offering stations and trains for corporate branding.
- Coastal Connectivity Program. Railways in partnership with ports will deliver rail connectivity to Nargol, Chharra, Dighi, Rewas and Tuna.
- Projects worth Rs 2500 crore through BOT/ Annuity route. These include Wardha- Nagpur 3rd line, Kazipet-Vijaywada 3rd line, Bhadrak –Nargundi 3rd line and Bhuj- Nalia Gauge Conversion.
- Scrap disposal policy to be reviewed for speedier scrap disposal.

Human Resources

- Human Resource Audit to be undertaken. Focused Human Resource strategy to raise employee productivity in line with global standards. Separate accounting head for HRD. ERP based Human Resource Management System.
- Special training module on soft skills for frontline staff so that our customers feel welcomed. Training in yoga.
- Setting up a full-fledged University during 2015-16.
- Improved delivery of health services to employees: Upgradation of four Holiday Homes.

Energy and sustainability

- Environment Directorate to be constituted in Railway Board to give increased focus and thrust on environment management.
- Detailed energy audit for energy saving.
- Procure power through the bidding process at economical tariff from generating companies, power exchanges, and bilateral arrangements. Initiative likely to save at least Rs. 3,000 crore in next few years.
- Solar Power as part of the Solar Mission of Railways. 1000 MW solar plants will be set up by the developers on Railway/private land and Railway buildings with subsidy/viability gap funding support of Ministry of Non-Renewable Energy in next five years.
- Water conservation mission including water audit and expansion of water harvesting systems.
- Accreditation for environment management to be extended.
- 100 DEMUs to be enabled for dual fuel – CNG and diesel. Locomotives running on LNG are also currently under development.
- Noise levels of locos to be at par with international norms; concerns related to wildlife to be addressed.
- Investing in Indian Railways necessary for our ecological sustenance mainly due to efficiencies of fuel consumption.

Transparency and Governance initiatives

- System of on-line applications introduced for two categories of recruitment as a pilot project- to be extended.
- All possible solutions be explored to address menace of corruption.
- E-procurement value chain being expanded.
- Constituting a mechanism for making regulations, setting performance standards, determining tariffs & adjudicating disputes among licensees/private partners and the Ministry, subject to review in appeal.

Social initiatives

- Infrastructure like stations and training centers to be made available for skill development. Indian Railways personnel and their services also available for this national cause.
- Promotion of products made by Self Help Groups, consisting mainly of women and youth on the model of Konkan Railway.

Tourism

- Incredible Rail for Incredible India to be launched; Promotion of training of auto-rickshaw and taxi-operators as tourist-guides on the model of Konkan Railway.
- Coaches in select trains connecting major tourist destinations to travel agencies may be offered on a revenue sharing model.
- IRCTC to work on promoting the Gandhi circuit to attract tourists to mark the occasion of 100 years of the return of Mahatma Gandhi to India from South Africa; IRCTC will work on Kisan Yatra, a special travel scheme for farmers for farming & marketing technique centres.

FINANCIAL PERFORMANCE 2014-15:

- Net reduction in Gross Traffic Receipts by Rs 917 crore compared to the BE of Rs 1,60,165 crore.
- Growth in Ordinary Working Expenses (O.W.E) scaled down to 11.7% as against BE of 15.5% y-o-y. Taking into account the likely savings accruing from drop in prices of HSD (high speed diesel) for traction partly offset by higher requirements under certain heads for maintenance, safety and cleanliness activities, the budgeted O. W. E. of Rs 1,12,649 crore decreased in the RE 2014-15 to Rs. 1,08,970 crore i.e. by Rs 3,679 crore.
- Appropriation to the Pension Fund has been increased to Rs. 29,540 crore in RE.

Internal resource generation also improved and accordingly the appropriation to DRF has been scaled up to Rs 7,975 crore in RE from the BE 2014-15 provision of Rs 7,050 crore.

After taking into account the above, "Excess" of receipts over expenditure stands at Rs 7,278 crore in RE 2014-15 reflecting better financial management.

Plan size for 2014-15 increased from Rs 65,445 crore in the B.E to Rs 65,798 crore in the Revised Estimates i.e. by Rs 353 crore with higher provisions under internal resource component and market borrowings for rolling stock requirement.

Budget Estimates for 2015-16.

- The intention is to capture increased revenues and ensure appropriate investments so as to decongest the system and enhance line-capacity.
- Passenger earnings growth pegged at 16.7% and target budgeted at Rs. 50,175 crore.
- Freight traffic is pegged at an all time high incremental traffic of 85 million tonnes, anticipating a healthier growth in the core sector of economy; Goods earnings proposed at Rs. 1,21,423 crore which includes rationalisation of rates, commodity classification and distance slabs.
- Other coaching and sundries are projected at Rs. 4,612 crore and Rs. 7,318 crore.
- Gross Traffic Receipts estimated at Rs 1,83,578 crore , a growth of 15.3%.
- Ordinary Working Expenses proposed to grow at 9.6% over RE 2014-15. Traction fuel bill anticipated to shrink further.
- Higher provisions made for safety maintenance and cleanliness. Lease charges, interest component of the current and previous market borrowings, at a growth of 21%.
- Appropriation to Pension Fund proposed at Rs 35,260 crore and appropriation to DRF at Rs 8,100 crore. Appropriation of Rs 7,616 crore proposed to be made to Capital Fund for payment of principal component of lease charges to IRFC.

Plan Outlay 2015-16

- Gross Budgetary Support of Rs 40,000 crore for the Railway's annual Plan. Rs 1,645.60 crore has also been provided as Railway's share of diesel cess from the Central Road Fund. Market borrowing under EBR projected at Rs 17,655 crore, an increase of about 46.5%. Balance Plan outlay includes Rs 17,793 crore from Internal Resources and Rs. 5781 crore from PPP. Significantly, we are allocating large amounts towards Doubling, Traffic Facilities, Electrification and Passenger Amenities.
- Given the huge shelf of project and ensuring proper funds flow for the same with a view to completing them on target, a new financing approach to expand EBR has been projected. This EBR, presently named EBR (Institutional Finance) would be based on institutional investments in railway projects through Railway/ PSUs. This element is projected at Rs 17,136 crore and is aimed at accelerating completion of capacity augmentation projects. Works proposed to be financed through this mode are listed in the Budget documents.
- Plan Outlay is Rs 1,00,011 crore, an increase of 52% over RE 2014-15. It is anticipated that the Plan size will get higher once resources from institutional bodies are formalized during the course of the ensuing financial year.

Conclusion

- Complete the review of speed restrictions soon.
- All critical initiatives to be pursued in mission mode under designated senior officials in the Ministry of Railways as Mission Directors; similar structure replicated in all Zonal Railways.
