



Snapshot of Railway Budget 2016-17

Railway Budget 2016-17 Highlights

Theme

Indian Railways budget this year proposes to overcome challenges by Reorganizing, Restructuring and Rejuvenating Indian Railways with the Slogan “Chalo, Milkar Kuch Naya Karen”.

Three-Pillar Execution Strategy

- Nav Arjan – New sources of revenue
- Nav Manak – New norms – Zero-based budgeting approach and aim to improve efficiency yardsticks and procurement practices to bring it in line with international best practices
- Nav Sanrachna – New structures – Re-imagine/re-work on the conventional ways of solving issues by revisiting all processes, rules and structures.

Some facts: Railway Budget Estimates 2016-17

Plan Outlay	Rs 1,21,000 crore
Gross Traffic Receipts	Rs 1,84,820 crore
Growth in Passenger Earnings	12.4%
Operating Ratio	92.0%
Passenger Earnings	Rs 51,012 crore
Freight Earnings	Rs 1,17,933 crore

Targets for 2016-17

- To commission 2,800 kms of track in 2016-17 and commission broad gauge lines at the rate of 7 kms per day and raise it to 13 kms per day in 2017-18 and 19 kms per day in 2018-19 respectively
- Will generate employment of about 9 crore man days in 2017-18 and 14 crore man days in 2018-19
- To electrify 2,000 kms; outlay for railway electrification increased by 50%
- Proposed to take up new corridors - North-South, East-West and East Coast through innovative financing including PPP
- To undertake implementation of rail connectivity for the ports of Nargol and Hazira under PPP
- **Make in India:** Bids for setting up two locomotive units with an order book of Rs. 40,000 crore finalised; to increase the current procurement of train sets by 30%.

Capacity Building

- **Transparency:** Initiated recruitments online in 2015-16, procurement including procurement of works has moved to e-platform. Switching to paperless contract management system
- **Governance:** Project sanctioning time reduced to 6-8 months from more than 2 years. KRAs identified to judge performance of GMs and DRMs, performance related MOUs signed with few Zones.
- **Internal audit:** Specialised teams mandated to screen railway operations in specific areas to detect inefficiencies and prevent wastages.
- **Partnerships:** 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

- To give more facilities to the passengers - 65,000 additional berths in trains and 2500 water vending machines to be installed.
- 30,000 more Bio-toilets to be provided in the trains
- 400 more stations to be provided with Wi Fi facilities over next two years
- Sale of tickets through hand held terminals
- To expand Sarathi Seva in Konkan Railway to help old and disabled passengers

New Train Categories

For reserved passengers:

- **Tejas:** Trains with operating speed of 130 kmph, which will have world-class on-board services
- **Hamsafar:** Fully air-conditioned third AC service with an optional service for meals
- **UDAY:** Utkrisht Double-Decker Air-Conditioned train with increased carrying capacity of 40%

For unreserved passengers:

- **Antyodaya Express** - a long-distance, fully unreserved, superfast train service to be operated on dense routes.
- **Deen Dayalu coaches** - unreserved coaches with facility for potable drinking water and higher number of mobile charging points in some long distance trains.

Passenger Traffic - Suburban Traffic

- In-principle approval for MUTP III received.
- Award of tenders for elevated suburban corridors between Churchgate-Virar and between CSTM-Panvel
- Revive Ring Railway system in Delhi
- To launch a new investment framework for developing suburban systems in partnership with State Governments, development in Ahmedabad, Bangaluru, Hyderabad Chennai and Thiruvananthapuram

Freight Traffic

- **Expanding the freight basket** beyond the 10 bulk commodities which account for 88% of traffic.
- **Tariff rationalisation:** To evolve a competitive rate structure vis-a-vis other modes. To explore possibility of signing long term tariff contracts **with 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 in 2016-17.

Increase Revenue through Non-fare Sources

To increase revenue through non-fare sources from less than 5% currently to world average of 10% by next five years. To attain this through:

- **Station redevelopment:** Monetize land and buildings through commercial exploitation of vacant land and space rights over station buildings.
- **Monetizing land along tracks**
- **Monetizing soft assets:** To monetize various data collected by Indian Railways.
- **Advertising:** To use railways' physical infrastructure for commercial exploitation through advertising
- **Overhaul of Parcel business**
- **Revenues from manufacturing activity:** To generate annualised revenues of about Rs 4,000 crore by 2020.

Navarambh – A New Beginning

- **Navinikaran – Structural Interventions** : *Organisational Restructuring* - Reorganize the Railway Board along business lines and suitably empower chairman, Railway Board
- **Sashaktikaran – Improving planning practices**: To set up a Railway Planning & Investment Organisation for drafting medium (5 years) and long (10 years) term corporate plans and prepare a National Rail Plan, amongst others
- **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.
- **Vishleshan – Analyzing data**: A dedicated, cross functional team called Special Unit for Transportation Research and Analytics (SUTRA) to be set up for carrying out detailed analytics leading to optimized investment decisions and operations.
- **Navrachna – Innovation**: Setting aside a sum of Rs. 50 crore for providing innovation grants to employees, startups and small businesses.
- **Avataran - Seven Missions for transforming IR**: Mission 25 Tonne, Mission Zero Accident, Mission PACE (Procurement and Consumption Efficiency), Mission Raftaar, Mission Hundred, Mission beyond book-keeping & Mission Capacity Utilisation.

Sustainability and Social Initiatives

- **Human Resources/ Skilling**: Partnering with Ministry of Skill Development and initiate skill development on IR premises
- **Environment**: Action plan drawn up for environmental accreditation, water management and waste to energy conversion, promoting Solar Power
- **Green Industrial Units**: To convert all production units as well as at least one workshop in each Zonal Railway as green industrial unit

Tourism

- Partnering with the State Governments for operating tourist circuit trains.
- Promotion of tourism through Railway museums and UNESCO world heritage Railways.

FICCI's Comments on the Railway Budget 2016-17

Welcoming the Railway Budget 2016-17, **FICCI President Harshavardhan Neotia said** “it is an extremely pragmatic Rail Budget based on the three critical strategy-pillars, aimed at making railways the backbone of India’s overall development. We compliment Hon’ble Minister for his initiatives towards improving the quality of customer experience, overcoming challenges and making railways an engine of employment generation and economic growth”.

The rationalization of freight policy and review of PPP policy framework would help to attract private players for transforming rail transportation and increasing the revenue, **Mr Neotia added**. Initiatives towards developing an integrated railway network, greater emphasis on dedicated freight corridors, and improving port connectivity as well as north-east connectivity would go a long way in expanding the freight business. Also, commendable are the measures for improving quality of travel (both unreserved and reserved), cleanliness drive through additional 30,000 bio-toilets, stress on non-fare revenues through station redevelopment & monetizing land along tracks, greater participation of State Governments in implementation of railway projects through joint ventures, **FICCI President** observed.

“It is significant that to ensure 100% transparency in all its operations, all procurement including procurement of works has moved to e-platform, and the process of conducting recruitments online would be extended to all positions. Further, all facilities will be integrated into two mobile apps. All these initiatives are very important and in line with Prime Minister’s Digital India programme”, **Shri Neotia pointed out**.

This budget has laid down the roadmap for developing next generation railway infrastructure including high-end technology to improve safety, higher average speed of freight trains and high-speed passenger trains, **FICCI stated** in a release issued today.