


GOVERNMENT OF INDIA / भारत सरकार
CABINET SECRETARIAT / मंत्रिमंडल सचिवालय
RASHTRAPATI BHAVAN / राष्ट्रपति भवन

Chairman, Railway Board
Office No. 970629
9.9.2021

Subject: Rationalization of Government Bodies under the Ministry of Railways –
reg.

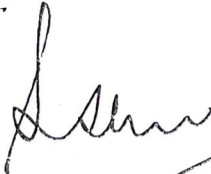
Please find enclosed herewith a copy of Volume-II of the report prepared by
Principal Economic Advisor, M/o Finance, Government of India on "Rationalisation of
Government Bodies under M/o Railways."

2. It is requested to kindly intimate the actions taken on the recommendations
therein, on or before 05th day of every month.


08.09.2021
(Niranjana C. Chandrashekhar)
Deputy Secretary
Ph. 23015861

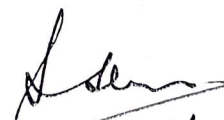
Railway Board (Shri Suneet Sharma, Chairman & CEO)
Cab. Sect. ID No. 551/2/4/2019-Cab.III dated 08.09.2021

CRB


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✓ DIR/SD(CE)


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Rationalisation of Government Bodies

Proposal for Ministry of Railways

Sanjeev Sanyal
Principal Economic Adviser
August 2021

(Volume II*)

*Note: Volume I contains the detailed mapping of Ministry of Railways

Proposed Rationalisation

After studying the structure and distribution of the Railways Ministry, the following rationalisation is proposed.

I. Rationalising Railways Schools

The India Railways presently runs 94 schools¹ providing education to children of Railway employees as well as to the children of non-Railway employees. In fact, as of 2019, only 15,399 railway wards are enrolled in these schools – less than half of the total number of non-railway wards enrolled (34,277). IR also supports 87 Kendriya Vidyalayas where 33,212 railway wards and 55,386 non-railway wards are enrolled. Note that the total number of railway wards in the age bracket 4-18 years is 7,99,703 i.e., approximately 8 lakhs. Less than 2 per cent of railway wards attend railway school.

Historically, these schools were needed to be set up because there was a market failure in the areas where new railway lines and workshops were being built. The geographic concentration of the railway schools is not necessarily concentrated in the most deprived parts of the country. Moreover, other schools, including private ones, now exist in places where there are railway colonies.

Operating the railway schools takes up large amount of time of the railway management whose core competence is in running and maintaining the railway service. **Thus, we recommend minimising the time of railway management in running schools, except where absolutely necessary.** The following options are proposed:

- a) Where possible, Railways schools be brought under Kendriya Vidyalaya Sangathan (KVS), with a quota for the children of railway employees. **(Most preferred option).**

Note that this has been done in the past. IR already supports 87 Kendriya Vidyalayas. The proposed change will allow students gain access to quality education and follow uniform education standards. It would be even more useful for railway employees who happen to be transferred regularly. Given the pan India presence of KVs, railway wards will be able to relocate to different KVs without much difficulty.

This was also recommended by Bibek Debroy Committee on Restructuring Railways (2015), which was of the view that “*so far as the needs of the railway employees are*

¹ 18 (Class 1-5), 27 (up to Class 10) and 49 (up to Class 12)

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concerned, there are efficient ways of subsidizing the education of their children, in alternative schools, including Kendriya Vidyalayas and private schools. The Railways needs to take a call between running of railway schools at locations where good alternative schools are available versus establishing educational facilities at remote locations where they are completely lacking.

(b) Where KVS does not have the capacity to run the Railways schools, they could be handed over to respective State governments, with a preference to children of Railways employees. Note that this has not been done in the past but can be considered.

Where appropriate, *public-private partnership (PPP)* model may also be explored. There may be certain remote areas where Indian railways needs to run schools, it may continue to do so there.

2. Upgrading Railway Hospitals and digitising health data

The Indian Railways runs 125 Hospitals and 586 Health Units/Polyclinics.

Healthcare is a sector where the supply of medical facilities also decides its demand. Consequently, the market clearing mechanism does not always work. Hence, it is pertinent that the government creates a public system of healthcare that runs parallelly along with the private health sector. Thus, it is necessary to create an affordable and accessible emergency medicine and critical care infrastructure across the nation.

Consistent feedback is that the Railway Hospitals are underinvested and do not have adequate facilities or manpower. Therefore, **all the hospitals under Railways need investment**. This would augment our existing public medical infrastructure. Moreover, these hospitals are located pan India, including rural interiors. This access can be utilised to improve healthcare, especially in tier 3 cities and rural areas.

Thus, it is recommended that the Railway Hospitals be upgraded through an institutional mechanism which is more efficient in delivering health services and become open to general public at large. Where appropriate, the *public-private partnership (PPP)* model may be explored.

Health data of all railway employees, pensioners and dependents of employees and pensioners should also be digitalised

3. Proposals for Central Training Institutes (CTIs)

The Indian Railways (IR) has a nationwide network of 7 Central Training Institutes (CTIs) namely, Indian Railways Institute for Civil Engineering, Indian Railways Institute for Electrical Engineering, Indian Railways Institute of Mechanical & Electrical Engineering, Indian Railways Institute for Signal Engineering & Telecommunications, Indian Railways Institute of Transport Management, Indian Railways Institute of Financial Management and National Academy of Indian Railways). These CTIs cater to training needs of different services under Railways. In 2018, IR operationalised the National Rail & Transportation Institute (NRTI). The following proposals are recommended for CTIs:

a) NRTI be made a Central University and an Institute of National Importance

NRTI is a vision of the Hon'ble Prime Minister Narendra Modi to build a world-class higher education institution to power the growth and transformation of Indian Railways (IR) and India's transportation sector at large. It is India's first deemed to be university focussed on transport-related education, research and training. Given its pioneering vision and to fulfil its ambitious mandate, some amount of autonomy and flexibility is necessary. Thus, we recommend that NRTI be made an **autonomous Central University under Ministry of Railways**, with Hon'ble Minister of Railways as the Chancellor. Ministry of Railways and PSUs under administrative its control would hold the first right of recruiting graduates of this university.

This university will have a clear focus on providing world class education on transport/ logistics and supply chain management, developing highly skilled personnel within the sector, rather than be a general university. It will also undertake research & development activities to help modernise the railway sector. Given the highly specialised nature of the institution, NRTI may also be conferred the status of '**Institute of National Importance**'.

b) Merge 7 CTI's into National Rail and Transportation Institute (NRTI)

Given that NRTI's mandate is to upgrade the skills and capabilities of executives and staff currently employed at IR as well as the wider transportation sector employees, it will be logical to integrate the IR's existing training network and infrastructure under NRTI's apex authority. Thus, we recommend all the 7 CTIs be merged into NRTI (these 7 institutes can run as campuses of NRTI). The proposed integration and consolidation of the IR training infrastructure will make the system coherent and significantly reduce training cost. It will also ensure standardised quality of delivery, allow NRTI to provide

guidance and interventions in revamping existing training offerings, and provide best-in-class training programs that are currently not being offered by IR.

Railway personnel, at all levels in the hierarchy, can make use of these programs to upgrade their education & qualifications and access higher grades of employment within the system, thereby enhancing workforce capabilities and competencies, and the overall performance of the Railways organisation as a whole.

c) Reintroduce Apprenticeship Scheme

Today, the Indian Railways is on the verge of reinventing itself to an era of big technological leaps in the areas of High-speed passenger travel, Metro systems and High axle load heavy haul freight services. This would require large transformational changes in the technology of Rolling stock, Track, Signaling as well as Operations.

The current practice of taking the graduates off regular academic institutions and the spending resources, effort and time on retraining them in the domain of railway specific technology leads to a drain of industry resources as well as delay the induction of such specialised manpower. It is also well understood that Railways require specialised training and skills beyond what is part of a regular classroom graduation program offered by normal academic institutes. It is therefore imperative to re-introduce the Apprenticeship scheme which involves hands on training in the specialized field of technology used in railways. Such a scheme used to exist earlier but was later discontinued. Experience now suggests that apprentices often acquire practical hands on knowledge that cannot be easily taught in classrooms.

Thus, it is recommended that NRTI should certify apprenticeship scheme on similar lines of the National Defence Academy and Indian Institute of Space Science and Technology. Under this scheme, shortlisted (UPSC to conduct a separate examination) school graduates (Class 12 students) will be offered structured BTech and Diploma level programs where the course curriculum is accordingly tailored to meet the requirements of the rail transport sector. This will help us 'catch the talent young' and provide them specialised training. Over time, some of the country's foremost rail and transportation experts will be produced by NRTI

d) Institute of Rail Transport (IRT) is an autonomous society with patronage from Ministry of Railways that designs and conducts diploma and MBA on transport management in distance education mode. The Institute has centers in Headquarter of all

Zonal Railways and Production Units under the Railway Ministry. IRT is indirectly controlled by the Railway Board. Chairman, Railway Board is the Ex-officio President, while all the members in the governing council are Railway officials. *See Annex 1 for details.*

We recommend the withdrawal of Railway Board and Ministry of Railways direct involvement in IRT, which is then treated as 'privately run body'. Railway Board and Ministry of Railways should work at an arm's length distance from IRT and withdraw its members from the governing council of IRT. The Railway Board and Ministry of Railways should also not be involved in the day to day management of IRT.

- c) **Centralized Training Academy for Railway Accounts (CTARA)** is a Financial and Managerial Training and Research Academy in Rail and Transportation Economics and Finance. Given that Indian Railways Institute of Financial Management already exists, we recommend that CTARA be merged into NRTI.

4. Zonal Railway Training Institutes (ZRTI)

There are currently over 130 ZRTIs across all 17 zones, down from over 280 earlier. These institutes are highly fragmented across functions and regions with an average of 16-17 institutes per Zone. We recommend the following:

- a. Each Zone may have one ZRTI, with a standardised curriculum amongst all zones which provide 1-year formal training across different functions.
- b. This training may also be opened, where appropriate, to all people (apart from Railways employees) in logistics sector, who after completing the coursework would be certified logistics professionals.

5. Central Public Sector Undertakings

- a) *Rail Vikas Nigam Limited (RVNL) be merged into Indian Railway Construction Limited (IRCON)*

IRCON is a specialised infrastructure construction organisation. Railway and highway construction including EHP sub-station engineering and constructions, and also special structures, MRTS, etc. are the core competence areas of IRCON. On the other hand, RVNL implements projects related to creation and augmentation of

capacity of rail infrastructure on fast track basis. Both IRCON and RVNL have similar business functions – construction of railway infrastructure. While IRCON bids for private contracts and has significant international presence, RVNL functions as a subcontractor of IR by getting works on a nomination basis from Railways with no borrowing power of its own. Therefore, we recommend that RVNL be merged into IRCON.

- b) *Braithwaite & Co. Limited (BCL) be taken over by Rail India Technical and Economic Service (RITES)*

RITES is a consultancy organization which also exports rolling stock and inspects materials procured by the Railways. BCL also operates in the sector of rolling stock – carrying out wagon manufacturing and outsourcing to third parties. Braithwaite turned sick in 1992 but things have changed for better over the last two years. Both RITES and Braithwaite perform similar nature of work, it is therefore recommended that Braithwaite be taken over by RITES

- c) *Rationalising all IT initiatives in the Railways*

IR consists of three organisations working on IT system. These are Indian Railway Catering and Tourism Corporation (IRCTC), RailTel Corporation, and Centre for Railway Information Systems (CRIS)

CRIS was set up as an autonomous society to develop software capacity in the Railways, i.e., IT system for passenger ticketing, freight invoicing, freight and passenger train operations, management of train crews and management of fixed and rolling assets.

IRCTC is a “Mini Ratna” CPSE whose core activity is internet ticketing. IRCTC also manages the catering and hospitality services at stations, on trains and other locations and promotes domestic and international tourism. IRCTC’s Passenger Reservation System (PRS) is operated by CRIS for which IRCTC and Railways pay to CRIS.

RailTel, also a CPSE, is one of the largest telecom infrastructure providers in the country that works on modernising operations and safety systems through the optic fibre networks that exist along the railway tracks.

There exist significant overlaps in the functions of these three organisations, however, presently, all the three organisations work in silos causing technology adoption in railways to suffer. It is therefore, logical to integrate the three organisations. This

would allow Indian Railways exploit the natural synergy between them and provide better passenger amenities. Therefore, the following is recommended:

- i. **CRIS be ^{would} up after handing over all its work to IRCTC**
- ii. **RailTel be merged into IRCTC**

The Bibek Debroy Committee on Restructuring Railways (2015) had also recommended for integration of all IT initiatives in the Railways.

6. Production Units

Indian Railways has **eight Production Units: three coach factories** – Integral Coach Factory (ICF) Chennai, Rail Coach Factory (RCF) Kapurthala, Modern Coach Factory (MCF) Rae-Bareilly; **three locomotive manufacturing units** – Chittaranjan Locomotive Works (CLW) Chittaranjan, Diesel Locomotive Works (DLW) Varanasi and Diesel Loco Modernisation Works (DMW) Patiala; and **two Rail wheel units** in Yelahanka (Bangalore) and Bela (Bihar).

We propose that **one CPSE** be established for Rolling Stock and manufacturing of Locomotives (*bringing all the 8 production units under its fold*). This can be done by transferring the assets and deploying the employees of the existing Production Units to the proposed CPSE in a phased manner.

7. Railway Recruitment Control Board (RRCB)

RRCB was established in 1998 to coordinate and streamline the working of various **Railway Recruitment Boards (RRBs)** under IR. At present, **there are 21 functioning RRBs**. Given that the Government has set up a National Testing Agency (NTA) which would conduct a common preliminary examination for various recruitments in the central government, there is **no need of separate RRBs**. It is therefore, recommended to **integrate the 21 RRBs existing infrastructure under NTA's apex authority**. The Railways may conduct its exams via the NTA. There may be a small digital office in Railways to coordinate with NTA.

8. Central Organisation for Railway Electrification (CORE)

CORE was established with a prime objective of **electrification of railway tracks**. Once the annual estimate of electrification of tracks is provided by respective Zones, CORE tenders out the electrification projects through approved Engineering, Procurement, and Construction (EPC) contracts. The monitoring of physical progress of electrification is also

being done by the respective Zones. This alleviates the need for a separate organization such as CORE. Thus, we recommend that CORE should be wound up. All future tendering may be handled by Zonal Railways through approved EPC contracts (in fact, many Zonal Railways are already doing EPC contracts for Railway Electrification). Also, the existing contracts managed by CORE, can be handed over to Zonal Railways. Note that IR has already electrified over 71 per cent of Broad gauge railway tracks as of 31st March 2021. It plans to fully electrify its tracks by December 2023.

9. **Central Organisation For Modernisation Of Workshops (COFMOW)**

The organization was set up to modernise IR Production Units and maintain Workshops. Over time, it has lost its relevance. Thus, we recommend that COFMOW should be wound up.

10. **Indian Railways Organization for Alternate Fuel (IROAF)**

With Railway electrification in full swing, there is no need for a separate organisation on alternate fuel (the production of which has not made any significant progress so far). Thus, we recommend that IROAF should be wound up.

11. **Indian Railway Welfare Organisation (IRWO)**

IRWO functions as a society under the patronage of Ministry of Railways for the purpose of providing housing to serving and retired railway employees. IRWO is indirectly controlled by the Railway Board and the Ministry of Railways. There are 4 officials in the Ministry of Railways in ex officio capacity out of the total 19 members in the governing body of the IRWO while the others are non-government members nominated by Railway Board members. See *Annex 2* for details

We recommend withdrawal of Railway Board and Ministry of Railways direct involvement in IRWO, which is then treated as 'privately run body'. Railway Board and Ministry of Railways should work at an arm's length distance from IRWO and withdraw nominating members in the governing body of IRWO. The Railway Board and Ministry of Railways should also not be involved in the day to day management of IRWO.

✓ 12. **Rationalisation of RLDA and IRSDC**

Rail Land Development Authority (RLDA) is a statutory organization with complete powers of station development, land monetization and contract management. On the

other hand, **Indian Railway Stations Development Corporation Limited (IRSDC)** is a Joint Venture company between Rail Land Development Authority and IRCON, with limited borrowing power. IRSDC was created to leverage regulatory arbitrage and does **similar work** on lines of RLDA. However, projects undertaken by IRSDC of station development are not being implemented as per the defined timeline and costs. Moreover, Department of Public Enterprises (DPE) norms are not applicable to IRSDC since it is neither a CPSE or its subsidiary. Therefore, **we recommend that one of the two bodies between IRSDC and RLDA should be identified as the sole functioning entity and given full responsibility.**

The Committee for 'Mobilization of Resources for Major Railway Projects and Restructuring of Railway Ministry and Railway Board' had also recommended for rationalisation of work of RLDA and IRSDC.

13. Rationalising Railway Directorates

IR has 52 directorates. There is a case of rationalising these directorate and bringing down strength of Railway Board from over 250 to under 100 (Director an above). **It is recommended the directorates with similar functions be merged with each other.** Below are some illustrations:

- i. Traffic transportation directorate be merged with Traffic commercial directorate
- ii. Economics directorate be merged with Statistics & Economics directorate
- iii. Tourism & catering directorate be merged with Heritage directorate
- iv. Accounts directorate, Accounting reforms directorate, Finance directorate, Finance (budget) directorate and Finance (expenditure) directorate be merged into one Finance and Accounts directorate
- v. Infrastructure directorate be merged with Land & amenities directorate
- vi. High Level Committee for Railway Restructuring directorate, Advisory Group of Experts (AGE) directorate and High Power Committee directorate be merged together

14. Reevaluate the size and appointments in Vigilance directorate of Railways

IR has a large vigilance directorate with over 1,170 personnel (192 officers and 978 staff). Moreover, the administrative structure its vigilance directorate does not adhere to the Central Vigilance Commission (CVC) guidelines. The CVC guidelines mandate that Chief Vigilance Officer (CVO) of an organisation should be external (Circular No. 372/8/99-AVD III dated 18.01.2001). However, the CVO Railways is appointed internally. In fact, all posts

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in vigilance directorate of Railways, except Director Vigilance which is filled from Indian Police Service, are internal. Further, in many cases these vigilance officers have tenures longer than what is permitted by the CVC. This is in violation to the CVC guidelines – Circular No. 020-VGL-054-480017 dated 05.05.2021.

Thus, the following is recommended:

- i. Indian Railways vigilance directorate is one of the largest in the Government and the ministry may want to look into whether it should be streamlined.
- ii. IR should ensure that the vigilance directorate of adheres to the CVC guidelines.

It may be the case that certain roles require technical skills that necessitates internal appointments, in such cases the positions should be identified and clearly notified.

Annexure 1

Institute of Rail Transport: Governing Council

1. President: Chairman, Railway Board as Ex-officio President

2. Vice President: 2 Members of Railway Board by rotation

3. Members: 1 General Manager, Northern Railway

: Secretary, Railway Board

: 1 Executive Director/IRT Ex-Officio

2 General Managers of Zonal Railways other than Northern Railway, Research Design Standards Organisation, Production Units (Total 8+6) out of 14 by rotation.

General Manager, Central, Eastern, East Central, East Coast, North Central, North Eastern, North East Frontier, North Western, Southern, South Central, South Eastern, South East Central, South Western, Western and West Central Railways.

Director General, Research Design Standards Organization

General Manager, Integral Coach Factory

General Manager, Diesel Locomotive Works

General Manager, Chittaranjan Locomotive Works

General Manager, Rail Coach Factory

General Manager, Rail Wheel Factory

Annexure 2

Indian Railway Welfare Organisation: Governing Board

1. Chairman, Railway Board is the Patron of the IRWO
2. Member (Staff) Railway Board is the ex-officio Chairman IRWO and is a member of its Governing Body
3. Executive Director, Establishment, Railway Board is a member of the Governing Body
4. Executive Director, Finance, Railway Board is a member of the Governing Body
5. Executive Director/Adviser, Land Management is a member of the Governing Body
6. Managing Director, IRWO is appointed by nomination by its Patron (who is the Chairman, Railway Board) and the MD is a member of the Governing Body
7. Director (Technical) IRWO is appointed by nomination by Member (Staff), Railway Board (who is the Chairman, IRWO) and is a member of the Governing Body
8. Director (Finance) IRWO is appointed by nomination by the Member (Staff) Railway Board (who is the Chairman, IRWO) and is a member of the Governing Body
9. Four co-opted Members in the Governing Body of IRWO are nominated/approved by the Chairman, Railway Board who is also the Patron, IRWO