

**GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS**

**LOK SABHA  
UNSTARRED QUESTION NO.1210  
TO BE ANSWERED ON 25.07.2018**

**OPERATING RATIO**

**1210. ADV. NARENDRA KESHAV SAWAIKAR:**

**Will the Minister of RAILWAYS be pleased to state:**

- (a) whether the Railways is facing worst ever operating ratio and if so, the details thereof during 2017-18 and 2018-19;**
- (b) whether it is a fact that Comptroller and Auditor General in its latest report has remarked that Railways had under reported its expenditure liabilities in order to make its Operational Ratio look better than it actually was in 2016-17;**
- (c) if so, the details thereof and the reaction of the Government thereon; and**
- (d) the action proposed by the Government to effect improvement in Indian Railways?**

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF RAILWAYS**

**(SHRI RAJEN GOHAIN)**

**(a) to (d): A Statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF UNSTARRED QUESTION NO.1210 BY ADV. NARENDRA KESHAV SAWAIKAR TO BE ANSWERED IN LOK SABHA ON 25.07.2018 REGARDING OPERATING RATIO.**

**(a) The Operating Ratio (OR) of Indian Railways (IR) increased from 90.5% during 2015-16 to 96.5% and 98.4% during 2016-17 and 2017-18 respectively. The Operating Ratio of 2017-18 is marginally higher than the Operating Ratio of 98.3% witnessed in 2000-01. This is largely due to implementation of recommendations of 7th Central Pay Commission which increased expenditure by about ₹ 22,000 crore per annum without corresponding increase in earnings. Whenever Pay Commission recommendations have been implemented, there has been sudden increase in OR. However for 2018-19, the Operating Ratio of Indian Railways has been budgeted at 92.8%.**

**(b) & (c) In Para 1.8.1 of its Report No. 1 of 2018, the Comptroller and Auditor General has observed that "Taking into account the actual amount of ₹ 40,025.95 crore required to be appropriated to Pension Fund (instead of ₹ 35,000 crore), the working expenses of IR would have increased by ₹ 5,025.95 crore to ₹ 1,64,537.93 crore instead of ₹ 1,59,511.98 crore. Hence OR of IR would have been at 99.54 per cent instead of 96.50 per cent as mentioned above. Thus, the OR of 96.50 per cent does not reflect the true financial performance of the Railways."**

**As per procedure, an Action Taken Report on the above observations has been submitted to the office of Comptroller and Auditor General. The appropriation of ₹ 35,000 crore to the Pension Fund in 2016-17 was need based as there was a fund balance of ₹ 5,658 crore from the previous year. The current appropriations to the fund along with the balances already available from previous year were enough to meet the pension outgo of ₹ 40,462.54 crore in**

**2016-17. It was, therefore, not considered financially prudent to appropriate more than ₹ 35,000 crore to the Pension Fund especially when Railway resources were under severe strain on account of low growth in traffic earnings and sharp rise in staff cost due to implementation of 7th CPC recommendations.**

**The methodology for calculating Operating Ratio of Indian Railways takes into account the amount of appropriation to Pension Fund and not the pension expenditure. Hence, the question of taking the pension expenditure of 2016-17 into account for calculating the Operating Ratio does not arise.**

**(d) The Ministry is taking measures on a continuing basis to improve the financial position and to bring the Operating Ratio to a reasonable level. The endeavour comprises of a combination of initiatives aimed at maximizing revenue receipts and minimizing controllable revenue expenses. Earnings enhancing measures, inter alia, include targeting progressively higher traffic throughput, effective and innovative marketing strategies to capture more and more traffic, creation of additional capacity and optimum utilization of the existing rail infrastructure including rolling stock, enhancement in productivity and efficiency, improvement of passenger interface, periodic rationalization of fare and freight rates and focus on increasing the share of non-fare revenue sources in Railways' earnings. Expenditure control measures include strict economy and austerity measures, improved man-power planning, better asset utilization, inventory management, optimizing fuel consumption etc.**

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