

Chapter 1 - Introduction

Indian Railway (IR) with approximately 66,687 route kilometers carries about 22.21 million passengers per day served through 7,216 stations¹. Passenger traffic of this magnitude needs the services of a well-managed catering and vending system for supply of tasty and wholesome food at reasonable prices to travelling passengers. Departmental catering was introduced in IR in 1955-56 on a 'No Profit, No Loss' basis at selected important stations and in certain train services, so as to set the standard and service as a model. Due to recurring losses, Railway Board (RB) decided (May 1968) to adopt economy measures, which, *inter alia*, included handing over the units running with recurring losses to contractors and run the departmental units on a nominal profit of three to four *per cent*, which was to be ploughed back for effecting improvement in the services.

As per the Catering Policy of 2005, catering business of IR was progressively hived off to Indian Railway Catering and Tourism Corporation (IRCTC). In 2010, the policy was revised again and IR decided to take back the management of all catering units except Food Plaza², Food Courts³ and Fast Food units⁴ from IRCTC and manage them departmentally.

As the quality of catering services was not enhanced as expected, Railway Board has formulated a new Catering Policy 2017, which has been issued on 27 February 2017.

1.1 Organizational Structure

Directorate of Catering and Tourism under the direction and control of Member/Traffic is responsible for policy formulation relating to catering services in IR. At Zonal level, the departmental catering is under the administrative control of the Chief Commercial Managers (CCMs). In Zonal Railways where the control of the catering units is decentralized, the executive control in the matters referred to above rests with the Divisional Commercial Managers.

In IRCTC, the responsibility of managing static catering units assigned to them lies with their respective Regional Offices. The work of awarding and managing contracts for mobile catering units, however, is the responsibility of the Corporate Office of IRCTC.

¹ Indian Railway Year Book 2015-16

² Food plaza is a Multi cuisine plaza in a variety of choice for eating. The quality and rates for items are market driven.

³ Food court is a cluster of stalls at a nominated place where branded products/eatables are provided.

⁴ Fast food outlet is synonymous to snack bar where fast food items are sold through self-service counter.

1.2 Audit Objectives and scope

The review covered examination of records relating to working and operations of departmental catering units, contract catering units and IRCTC catering units during the period from 2013-14 to 2015-16. The audit objectives were to assess

1. Whether there was proper policy and planning with regard to the catering services in Indian Railways?
2. Whether the Indian Railways ensured availability of adequate catering services on stations and in trains and whether they were properly managed?
3. Whether management of catering contracts for various static and mobile units ensured provision of good quality catering services?
4. Whether the available catering units provided good quality and hygienic food at affordable rates to different classes of rail users?

1.3 Audit methodology and sample

Entry conferences were held in all Zonal Railways and the audit objectives, scope and methodology were discussed with respective Zonal Railway Administrations. Field audit was undertaken at Railway Board, Zonal Railways and IRCTC during July 2016 to October 2016. Records were examined at Zonal Railway Headquarters, IRCTC and field locations (mobile catering units and static catering units). Joint inspections of departmental catering units, contract catering units and IRCTC managed units, of selected stations, base kitchens⁵, pantry cars of selected trains and trains without pantry cars were conducted along with Railway officials. A survey of passengers was also conducted to record the user perception of catering services provided by IR.

Exit Conferences were held in various Zonal Railways, wherein Audit findings were discussed with Railway Administrations of respective Zonal Railways by Audit. An Exit Conference was also held at Railway Board level on 16 February 2017 to discuss the audit findings and recommendations and reply from Railway Board was also received. The response of the Zonal Railways and Railway Board have been duly incorporated in this Report.

There are various kinds of catering units, which provide services at stations and trains. As on 31 March 2016, there were 7957 static catering units on all railway stations of IR including 131 base kitchens, 164 departmental refreshment rooms, 86 Food Plazas and 69 Fast Food Units. In addition, there were 358 mobile catering

⁵ Base kitchen is a large cooking and packing facility set up in the vicinity of railway premises from where food is distributed in mobile/static units.

units in trains for providing food and refreshments to travelling passengers in trains.

For the present study, sample of various stations and trains and related issues were selected from various Zonal Railways on the basis of criteria given below:

| Table 1.1 – Criteria for sample selection and sample selected | | | | |
|---|---|---|---|---|
| S. no | Sample description | Total population | Criteria for selection | Sample size selected |
| 1. | Stations | 7216 stations | 1. One from category A1 station 2. One from category A station 3. One from other category viz. B to F category stations <i>Joint inspection of three stations with Railway official was conducted.</i> | A1 - 28 A - 26 B to F - 20 Total 74 |
| 2. | Trains | 2558 Trains | 1. Trains served by licensee 2. Trains served by departmental catering units <i>Joint inspection of two trains having pantry cars was conducted along with Railway Officials</i> <i>Joint inspection of selected trains was conducted along with Railway Officials</i> | 80 |
| 3. | Tenders finalized for procurement of raw materials during 2015-16 | 89 | 1. 50 per cent of tenders awarded subject to a maximum of five 2. In case of procurement of raw materials from the sale proceeds, without tender process, the procedure followed was checked for the selected static/mobile units | 46 |
| 4. | (i) Licensee agreement of Zonal Railways (ii) IRCTC agreements with licensee | 851 204 | Three agreements of static units, and Two agreements of mobile units | 43 |
| 5. | Passenger satisfaction survey | 25 passengers at each selected station 25 passengers on each train checked | | 1800 passengers at stations and 1975 passengers in trains |

The details of the stations and trains selected in the samples are given in **Appendix 1 and 2** respectively.

1.4 Audit Criteria

The provisions and instructions contained in the following documents were used as audit criteria for the study:

1. Indian Railway Codes and Manuals
2. Catering Policy 2010 of IR
3. Railway Board instructions regarding catering services
4. Memorandum of Understanding between IR and IRCTC

1.5 Acknowledgement

Audit acknowledges the co-operation extended by the Railway Board and the Zonal Railway Administrations during the field audit as well as joint inspections conducted.

