

MEMORANDUM OF UNDERSTANDING

BETWEEN

**INDIAN RAILWAY CATERING AND
TOURISM CORPORATION LIMITED**



AND

MINISTRY OF RAILWAYS



FOR THE YEAR 2014-15

MEMORANDUM OF UNDERSTANDING FOR THE YEAR 2014-15

PART I:

As part of Indian Railways' wider organizational reform and to strengthen its marketing and service capabilities in the areas of rail catering, tourism, hospitality and passenger amenities a corporate entity, Indian Railways Catering And Tourism Corporation Limited (IRCTC) was incorporated on 27th September 1999 under the Companies Act 1956 as a Government company. The company obtained the Certificate for commencement of Business on 2nd December 1999. The full-fledged functioning of the Corporation started on 1st August 2001.

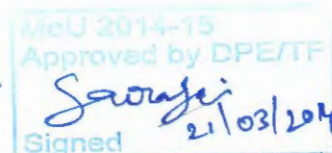
1. VISION AND OBJECTIVES

1.1 VISION

"To be the leading provider of high quality travel, tourism and hospitality related services, for a range of customer segments, with consistently high level of customer satisfaction."

1.2 OBJECTIVES

- (i) To provide high quality catering services directly as well as through network of professionally competitive licensees and franchisees.
- (ii) To be a significant player in the hospitality business.
- (iii) To produce bulk food manufacturing facilities like food factories etc.
- (iv) To provide high quality package drinking water (Railneer).
- (v) To promote tourism across the country especially for all segments of Rail Passengers.
- (vi) To provide single window solution to its customers including train travel, road travel, air travel, hospitality, hotel accommodation and catering etc.
- (vii) To develop and operate Executive Lounges, Multi-functional complexes, budget hotels etc. through participation by professionals.
- (viii) To maintain leading position in internet ticketing, e-commerce and technology for customers interface for railway passengers/ customers.



- (ix) To be a technology driven customer oriented company through constant innovation and human resource development.
- (x) To promote private sector participation and expertise to improve quality of products and services.
- (xi) To imbibe strong customer friendly, professional and ethical work culture.
- (xii) To adopt strong Corporate Governance practices and best and transparent industry practices.
- (xiii) To work towards creation of additional infrastructure on Railway or non-railway premises in their mandated line of business with a view to improve the Gross Block.

1.3 COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

Subject to Government guidelines issued from time to time the Government undertakes to:

- (i) Assist for payment to IRCTC in respect of catering and other services provided by IRCTC to various Zonal Railways.
- (ii) Provide support in distribution of Railneer on Railway managed static and mobile units.
- (iii) Review the financial modalities in reference to issue of duty passes to Inspecting officers of IRCTC.
- (iv) Extend support to IRCTC in operation and management of the luxury tourist trains including Maharajas' Express, Buddhist Trains, Bharat Tirth, Bharat Darshan etc.
- (v) Promote IRCTC as the sole agency for all train / coach charter bookings.
- (vi) Promote IRCTC as the single window travel services provider for IR and its associated units / undertakings.
- (vii) Assist in provision of earmarking of quota in trains for Value Added Tour (VAT) packages based on request from IRCTC
- (viii) Render assistance to IRCTC in the sphere of e-ticketing and similar value added services.

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(ix) Assist in timely clearance of e-ticketing/ i-ticketing refund cases.

2. PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION

The Commitments of the PSE are furnished as per the Sheet enclosed.

PART II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

IRCTC will have the powers given under various orders of the Department of Public Enterprises to MoU signing companies from time to time.

PART III

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

While the Company would review the performance periodically, the Ministry of Railways shall review the performance on quarterly basis. The evaluation of performance would, however, be done at the close of the financial year jointly by the Company and the Ministry before submitting final evaluation to the DPE based on composite score of five point scale.



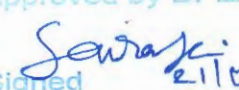
(M.P. Mall)

Chairman & Managing Director
Indian Railway Catering and
Tourism Corporation Limited



(P.C. Gajbhiye)

Secretary
Ministry of Railways
Government of India

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Signed  21/03/2014

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD									
PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION FOR 2014-15									
S. No.	Evaluation Criteria	Unit	Weight (in%)	MoU Target					Documentary evidence and source / origin of documents
				Excellent (1)	V.Good (2)	Good (3)	Fair (4)	Poor (5)	
1.	Static/ Financial Parameters								
	Mandatory parameters (Sr No. (i)-(iii))								
(i)	Growth/ Size/ Activity (Two)								
a)	Sales Turnover, excluding interest and other income (Operating Turnover) (Sales Turnover shall not include excise duty, custom duty, VAT or any other duty, tax, etc.)*	INR Cr.	16	950	925	900	875	850	Annual Report
b)	Gross Operating Margin	INR Cr.	6	207	201	196	191	185	Annual Report
(ii)	Profitability								
a)	EBITDA/Net Block	%	10	58.14	56.64	55.10	53.57	52.04	Annual Report
(iii)	Costs and Output Efficiency								
a)	Sales Turnover/ Net Block	%	5	372.08	362.38	352.58	342.79	333.00	Annual Report
b)	PAT per Employee	INR Lakh	5	4.32	4.19	4.05	3.92	3.78	Annual Report
	Optional Parameters {Sr No.(iv) & (v)}								
(iv)	Liquidity/ Leverage								
a)	Current Ratio	Ratio	8	1.040	1.037	1.033	1.029	1.025	Annual Report
	Sub-Total (i to iv)		50						
* Subject to continuation of Mukhya Mantri Tirth Yojana by State Government(s)									
2	Dynamic / non-financial Parameters								
(i)	Corporate Social Responsibility and Sustainability								
(a)	Primary Medicare Facility for elderly & needy in backward districts - HelpAge India	No. of places/ villages to be covered	1	4	3	2	1	0	Phasewise completion certificate/letter from HelpAge
(b)	Provision of Clean RO treated drinking water in Railway/ Non-Railway public places	No. of places to be covered	1	5	4	3	2	1	Installation certificate from Organisation
(c)	Providing of Automatic Power Factor Corrector (APFC) capacitor panel for saving against Electricity cost at Central Kitchen Noida	Date	0.5	31.10.14	30.11.14	31.12.14	31.1.15	28.2.15	Completion report certified by the concerned Director/Independent Agency
(d)	Installation of PET bottle Crushing machine at selected Railway stations (New Delhi/ Mumbai/ Kolkata/ Chennai) - Project by AA VPL	Date of installation	0.5	31.10.14	30.11.14	31.12.14	31.01.15	31.03.15	Installation certificate from concerned Railway Authority

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(ii)	Research & Development								
(a)	Resumption of failed transactions to reduce user interface time & resultant load on site	Date	0.5	31.12.14	31.01.15	28.02.15	15.03.15	31.03.15	Certification by the Concerned Director/ Independent Agency
(b)	QR Code Implementation on ERS for future use	Date	0.5	30.09.14	31.10.14	31.12.14	28.02.15	31.03.15	Certification by the Concerned Director/ Independent Agency
(c)	Development of packaging solutions for dry items at Food Factory at Noida.	Date	0.5	31.12.14	15.01.15	31.01.15	28.02.15	31.03.15	Certification by the Concerned Director/ Independent Agency
(d)	Development of Multilingual e-ticketing site	Date	0.5	31.03.15	--	--	--	--	Certification by the Concerned Director/ Independent Agency
(iii)	Initiatives for Growth								
(a)	Physical Targets / Output or								
	No. of new orders / projects								
i)	Tendering of "Executive Lounge" at Railway Stations	Number	1	7	6	5	4	3	Certification by the Concerned Director/ Independent Agency
ii)	Tendering of new food plazas, food courts and new fast food units at Railway Stations	Number	2	30	25	20	15	10	Certification by the Concerned Director/ Independent Agency
iii)	Commissioning of new food plazas, food courts and new fast food units at Railway Stations	Number	2	25	20	18	15	10	Certification by the Concerned Director/ Independent Agency
iv)	Award of contract for setting up Rail Neer Plants in PPP model	Number	1	4	3	2	1	0	Certification by the Concerned Director/ Independent Agency
v)	Supply of Rail Neer to A-1 category stations	Number	1	51	47	39	32	23	Certification by the Concerned Director/ Independent Agency

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(d)	Brand building / Marketing initiatives / new products / new markets								
i)	Initiation of Outbound Packages by All Five Zones	Date	1	31.01.15	15.02.15	28.02.15	15.03.15	31.03.15	Annual Report
ii)	Enrolling New Corporates/ Ministries for IRCTC Corporate Travel Business	No	0.5	20	15	13	10	<8	Annual Report
iii)	Initiation of Tour Packages in LTC Segment	Date	1	31.01.15	15.02.15	28.02.15	15.03.15	31.03.15	Annual Report
iv)	Engagement of a Professional Marketing firm for implementation of short term/long term Business plan for all business segments of IRCTC alongwith their respective marketing strategies	Date	0.5	30.09.14	31.10.14	31.11.14	31.12.14	31.01.15	Relevant Document(s)
(iv)	Project Management & Implementation								
(b)	Number of new / on-going projects to be completed during the year.								
i)	Preparation of Detailed Project Report(DPR) for Food Court/Restaurant in Delhi NCR.	Date	2	31.12.14	15.01.15	31.01.15	28.02.15	31.03.15	Certification by the Concerned Director/ Independent Agency
ii)	Commissioning of plant & machinery at Rail Neer Plants set up under PPP model	Number	3	3	2	1	0	0	Certification by the Concerned Director/ Independent Agency
iii)	Commissioning of plant & machinery at Rail Neer Plant, Bilaspur.	Date	2	31.08.14	30.09.14	31.10.14	30.11.14	31.12.14	Certification by the Concerned Director/ Independent Agency
iv)	Provision of secondary RO for reducing reject water at RNP-Palur	Date of Installation	2	31-10-14	30-11-14	31-12-14	31-01-15	28-02-15	Certification by the Concerned Director/ Independent Agency
v)	Mobile Apps on platform like Android, Apple, IOS and Blackberry	Date	1	31.01.15	15.02.15	28.02.15	15.03.15	31.03.15	Launch date document
(v)	Productivity and Internal processes								
(f)	Customer Satisfaction and redress of customer grievances								
i)	Time for disposal of 85% tourism complaint (All Zones)	Days	1.5	30	40	50	60	>70	Annual Report
ii)	Air Ticketing- Refund in case of cancellations in 80% cases (CO)	Days	1.5	30	35	40	45	>50	Annual Report

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(g)	Customer Focus - Customer Satisfaction Index and Complaints per unit of sales								
i)	Customer Satisfaction Survey by external agency for Improvement over base line survey in Durgam Cheruvu during 2013-14.	(%) improvement	2	2%	1.5%	1%	0.5%	0%	Certificate by Independent Agency
ii)	Customer Satisfaction Survey by external agency for Improvement over base line survey in Rajdhani Express during the year 2013-14	(%) improvement	2	2%	1.5%	1%	0.5%	0%	Certificate by Independent Agency
(vi)	Technology, Quality, Innovative practices								
(a)	New Technologies / Improving existing ones / other innovative practices								
i)	Launch of IRCTC Co-Branded pre-paid card	Date	1	31.10.14	31.12.14	31.01.15	15.02.15	31.03.15	Launch date document
ii)	Replacement of old P-Class servers	Date	1	31.12.14	31.01.15	28.02.15	15.03.15	31.03.15	Certification by the Concerned Director/ Independent Agency
iii)	Mail Server Upgradation	Date	0.5	31.12.14	31.01.15	28.02.15	15.03.15	31.03.15	Certification by the Concerned Director/ Independent Agency
iv)	Consolidation of Rack Space by replacing old servers.	Date	0.5	31.12.14	31.01.15	28.02.15	15.03.15	31.03.15	Certification by the Concerned Director/ Independent Agency
v)	Improvement in e-ticketing transaction success rate as compared to last 3 years	%	0.5	5%	4%	3%	2%	1%	Data pertaining to transaction on website.
vi)	Upgradation of Hygiene laboratory in Central Kitchen, Noida to include more parameters and techniques for testing raw and cooked food in static and mobile catering units.	Date	0.5	31.01.15	15.02.15	28.02.15	15.03.15	31.03.15	Certification by the Concerned Director/ Independent Agency
c)	Quality Management - Methods like TQM, six Sigma and ISO, Baldrige Performances Excellence Criteria, etc.								
i)	ISO certification of Rail Neer Plant, Palur	Date	0.5	30.11.14	31.12.14	31.01.15	28.02.15	31.03.15	ISO Certificate
ii)	ISO certification of Tirupati (Charter Coach) Package (WZ)	Date	0.5	30.11.14	31.12.14	31.01.15	28.02.15	31.03.15	ISO certificate
iii)	Hazard Analysis and Critical Control Points system (HACCP) for Food Plazas / FFUs/Food Court	Number	1	25	20	15	12	10	Third Party - M/sTUV India
iv)	ISO 22000:2005 Certification of NRC Units	Number	0.5	10	8	6	4	2	ISO Certificate
v)	ISO10002:2004 certification for Complaint Management System of IRCTC	Date	0.5	31.01.15	28.02.15	10.03.15	20.03.15	31.03.15	ISO Certificate
vii)	Development and introduction of induction cooking Central Kitchen at Noida	Date	1	31.12.14	15.01.15	31.01.15	28.02.15	31.03.15	Certification by the Concerned Director/ Independent Agency

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(vii)	Human Resources Management								
a)	Enterprise Risk Management (for senior management personnel)	No. sent for training per year	2	10	8	6	4	2	Training participation report from training institute
b)	Employee Education Programme (online publication of monthly bulletins on HR policies, rules & regulations)	No of bulletins	1	12	10	8	6	4	Bulletins published on line
c)	Employee Contact Programme (quarterly to resolve pending issues/ staff grievances)	No. of Programmes	1	4	3	2	1	0	Report of contact programme
d)	Organizing Health/Yoga camps	No. of camps	1	10	8	6	4	2	Related report from concerned Zones/CO
e)	Actualization of Training plan & Target to be achieved	Man-days	1	5000	4000	3000	2500	2000	Related Document from Zones/CO
f)	Development of critical mass of leaders through a system of career planning and development	No. of Sr. Employees to be sent for leadership development programme	1	10	8	6	4	2	Training participation report from training institute
3.	Sector Specific Parameter / Enterprise Specific Parameter								
(i)	Catering Activities								
a)	Setting up of new catering units in Non-Railway premises	Number	1	10	8	6	4	2	Through MoU/Tenders
b)	Conducting of Food Safety & Hygiene Audits of non- Railway outlets (ODC projects) & achieving rating of %	(%)	1	85%	80%	70%	60%	50%	Certification by Independent Agency
c)	Conducting of Food Safety & Hygiene Audits of Premium trains & achieving rating of %	(%)	1	70%	65%	60%	55%	50%	Certification by Independent Agency
	Sub-Total (2 + 3)		50						
	Total (1 + 2 + 3)		100						
Non compliance of Corporate Governance will be penalised by way of negative marking and the MoU score will be inflated accordingly as mentioned in the para 3.21 of the MoU guidelines for the year 2014-15. IRCTC will comply with the above-mentioned para 3.21 and in case of non-compliance, the MoU Score of the Company will be inflated.									
IRCTC will comply with para 3.22 of the MoU guidelines for the year 2014-15 regarding compliance of Public Procurement Policy for Micro, Small and Medium Enterprises (MSMEs); Certificate regarding implementation of Guidelines issued vide DPE OM No. 14(38)/10 Fin dated 28.06.2011 and compliance of directives of government including submission of data for PE Survey, MOSPI data updation etc. Non-compliance of para 3.22 will be penalised by way of negative marking.									

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