

<

# Railways Unlikely to Meet Revenue targets



Union Railway Minister P K Bansal with his team on the eve of presentation of Railway Budget 2013-2014 in Parliament, in New Delhi on Monday | PTI

by Shutapa Paul

**New Delhi:** The Railways seems unlikely to meet the revenue targets of last year's Budget. The Railways earned Rs1,01,223 crore during the period April 2012 to January 2013 while its target was Rs 1.35 lakh crore; a growth of 20.4 per cent compared to the Budget estimates of 27.6 per cent.

Even freight revenue target of Rs 89,339 crore will be missed with the Railways garnering only Rs 70,067.36 crore till January this year; a hike of 4.5 per cent as against 5.6 per cent in the budgetary estimates.

Analysts expect another round of fare hike keeping in mind the dwindling fortunes of the Railways. Consider this, while losses in the passenger segment were Rs 6,159 crore in 2004-2005, it surged by 18 per cent to Rs 19,964 crore in 2010-2011 and is expected to rise to Rs 25,924 cr in this fiscal as compared to the target of Rs 36,000 crore in the current financial year. "We expect that the Railway Ministry may go for another round of fare hike in the upcoming Railway Budget. Additionally, Railways is expecting a good chunk of helping hand from the government in this Budget," CMD of SMC Investments and Advisors Ltd D K Aggarwal said.

Union Railway Minister Pawan Kumar Bansal had announced an increase of 21 per cent passenger fares on January 22 which helped the Railways garner Rs 6,600 crore. However, diesel price hike of Rs 10.8 per litre has put an additional expenditure of Rs 3,300 crore.

Industry bodies are demanding speedy implementation of the key railway projects such as dedicated freight corridor, high-speed rail corridors, rolling stock, among others.

"Investments in rail infrastructure are of high priority as they add efficiency to national competitiveness and reduce transaction and supply chain costs. The Railways envisages increase of revenues by three times to Rs 2.70 lakh crore in the next 10 years and this will be possi-

ble only if private investments are encouraged and expanded," director-general of CII Chandrajit Banerjee said in the industry body's pre-budget views.

The Railways which received Rs 24,000 crore as general budgetary support in 2012-2013 has asked for Rs 38,000 crore from the Centre. While it is likely to get Rs 28,000 crore, industry body ASSOCHAM has an immediate grant of Rs 20,000 crore as well as a two-year moratorium on new trains.

Experts opine that the Railway Budget would be closely co-ordinated with the general Budget to be announced on February 28. The Railway Budget would also be an opportunity to provide impetus to sectors such as steel, cement, metal products, containers and electrical equipment. An increase in capital outlays, as is expected in this Railway Budget, would stimulate these sectors in the backdrop of sluggish growth.

"The Railway Budget will be closely coordinated with the Union Budget in terms of making expenditure more effective. The only concern is the control on current expenditure where maintenance costs and wage bills have added pressure on the budgetary balances. Hopefully, there will be some attempt made to control both these components," MD and CEO of CARE Ratings D R Dogra said.

Companies such as Texmaco and Titagarh Wagons, which have interests closely linked to the Railway Budget, are eagerly awaiting some sort of boost in from the ministry.

"We are hoping that certain big progressive steps will be taken. Fare has been hiked after certain 10 years; therefore, we are hopeful that reforms would be initiated to go in for quantum growth in traffic earning. There were some PPP projects, particularly in the freight train operations, which didn't take off in the manner in which they were envisaged. We're hoping that those would be eased," said vice-chairman and managing director of Titagarh Wagons Umesh Chowdhary.

>