

## [Rail Budget 2013 will be positive for cement, steel & engineering sectors: CARE](#)

Bureau

The [Railway Budget 2013](#) was expected to be on conservative lines given the resource constraint. Given this limitation, Railway Minister [Pawan Kumar Bansal](#) has tried to strike a balance between bringing about certain [investments](#) in improving the structures while balancing the budget.



The Railway Budget 2013 was expected to be on conservative lines given the resource constraint, says D R Dogra of CARE Ratings.

This means that several initiatives in terms of safety enhancement, additional connectivity, new and upgradation of railways tracks, technological improvements etc are praiseworthy. The Rail Budget could have a certain amount of positive impact on various sectors such as cement, [steel](#), engineering and construction.

However, with increase in freight rates -- that would be linked with the diesel price movements -- might add to the burden of increase in the price of products which use the railways for transportation purposes.

Given that, the [Finance Ministry](#) has made it clear that the price of diesel will be adjusted upwards on a regular basis, albeit, in small measures, the impact would tend to be escalated over the year.

Therefore, it is not surprising that the stock market has not reacted positively in net terms to the Railway Budget. Additionally, there will be some concern on the attainment of the revenue targets given that it is based more on higher traffic on both passenger and freight, which is based largely on the state of the economy.

Also, the goal of operating ratio coming down to 87.8 per cent would be strained in case the revenue target is not attained. Otherwise the positive balance that is being spoken of may not be attainable.