Railway Budget
Noble intentions but implementation will remain a challenge

New Delhi, Mar 14, 2012: FICCI welcomes the Railway Budget for having taken the bold step of raising passenger fares that had not been touched since 2002-03. This is indeed welcome as it will reduce, even if marginally the cross subsidisation of passenger fares from freight. The much needed investment in infrastructure will result in safety, decongestion, capacity augmentation and modernization of system, creating a more vibrant Railways. FICCI also lauds the efforts to bring down the operating ratio from 95% to 74% in the terminal year of 12th Five Year Plan. Interestingly, the budget also makes a reference to linking the fares to fuel in the near future.

However, on the downside, the budgeted growth in gross traffic receipts at 27.6% for the next fiscal is an ambitious target, given that the compounded annual growth rate (CAGR) in gross traffic receipts for the decade ending 2010-11 was only 10.4%. More importantly, the budgeted freight earnings target for next fiscal at 30.2% may be difficult to achieve (vis-a-vis CAGR at 10.3% for the last decade). It may be also noted, that the share of freight in total railway earnings have declined from more than 80% in 1950-51 to 66% in 2011-12, not on account of an increase in share of passenger fares (declined from 31% in 2002-03 to 27% in 2012-13), but due to an increase in other earnings over the years. Also, the finances of the Railways in the current fiscal may not be in ideal shape, given that the surplus of receipts over expenditure (after adjusting for dividend payments) has been revised downwards from Rs 5,158 crores to Rs 1,492 crores. This shows a sharp deterioration in railway finances, which is not healthy.

The Railway Budget for 2012-13 is an attempt to put the Railways finances back on track through revenue mobilisation efforts. FICCI welcomes this effort, but believes that implementation should now be the top priority.

Media Division

Taresh Arora
Media Relations Officer
FICCI
Industry's Voice for Policy Change
Federation House, Tansen Marg, New Delhi 110 001
T: +91-11- 23357392, 23753117
F: +91-11-23753119
M: +91-9899115719
W: www.ficci.com