

Showing some stark emoticons



Illustration By Sanjay Dalvi

Keeping voters' backlash in count ahead of the General Elections 2014, Hon'ble Railway Minister Shri Pawan Kumar Bansal continued to let people think that travelling by rail at affordable prices was their right, with partial deregulation of fair. The Fuel Adjustment Component to be imposed on freight tariff from April 1, 2013, would alone fetch additional revenue of Rs4,200 crore. However, there might be a negative impact on many industries, such as cement & coal, with a reasonable price hike on the products. While in the 11th Plan, Railways fell short of target for doubling and gauge conversion, it would be interesting to see the implementation of the 2020 plans instead of the proposals the Rail Minister has made.

linking tariffs with the movement of fuel prices; the prices will be revised twice a year depending upon the diesel/electricity unit price

- Proposal for setting up a Railway Tariff Regulatory Authority formulated and at an inter-

ministerial consultation stage

- Indian Railways enters the 1 billion tonne Select Club joining Chinese, Russian and the US Railways
- Indian Railways joins Select Club running freight trains of more than 10,000-tonne load

RAIL BUDGET REACTIONS

BUDGET

■ SUPRITA ANUPAM

WITH freight tariff as the primary milch cow plus ₹600 crore Public Private Participation (PPP) investments, Hon'ble Railway Minister Shri Pawan Kumar Bansal has shown a balance of ₹12,506 crore to be generated in 2013-14. While he announced Indian Railways' entry into the 1 billion tonne freight club of China Russia and the US, the Rail Budget failed to impress the share market and the Sensex reeled by 319 points the very same day. However, apart from the Fuel Adjustment Component (FAC) and the revamped policy initiatives for PPP investments, the Rail Minister has proposed a 5.79% increase in rail freight as per Railway Budget 2013-14 along with some green policies, electrification and dedicated freight tracks.

MAJOR ACHIEVEMENTS & INITIATIVES

- FAC concept to be implemented

“CII welcomes the Railway Budget. Under the given economic conditions, the Minister has presented a very balanced set of proposals for the Railways. The emphasis of the Railway Minister on financial viability and fiscal discipline of the Railways is the most reassuring. Financial discipline, safety and passenger amenities are inherent to the health and condition of this mode of transport, which is availed by the common man and the Minister has paid due attention to each. With fuel prices getting deregulated, linking of freight rates to increase in diesel prices is the correct direction to take and CII commends the government for taking this step. Lower operational ratio announced by the Minister would help provide for the much needed funds, which can help modernisation. The prioritisation of 347 projects with assured funding is a very credible move. CII looks forward to a clear roadmap on PPP for taking forward some of the more capital-intensive projects.

Chandrajit Banerjee, Director General, CII

“While linking of freight charges to the fuel prices seems logical, at the same time, the government must also improve the operating ratios and resist from affecting the competitiveness of India Inc by passing on its inefficiency. It would have been better had the quick corrective action in the capacity addition and tariff areas been taken with the required pragmatism considering the current slowdown of the domestic economic activity. The effective monopoly enjoyed by Indian Railways in moving loose bulk commodities (like coal, iron ore for export) over long distances has contributed to supply constraints. However, there could have been more focus on the implementation aspect of stronger policies, as policies that are already in place to address this issue are not seeing much progress.

Rajkumar Dhoot, President, ASSOCHAM

- ₹1,000 crore has been fixed for Rail Land Development Authority and Indian Railway Station Development Corporation separately to be raised through PPP in 2013–14
- A new Forged Wheel Factory to be set up at Rae Bareilly in collaboration with Rashtriya Ispat Nigam Ltd. Among the others are greenfield Mainline Electrical Multiple Units (MEMU) manufacturing facility at Bhilwara (Rajasthan) in collaboration with the State Government and BHEL, a coach manufacturing unit in Haryana's Sonapat district in collaboration with the State Government, Bikaner and Pratapgarh workshops to undertake POH of BG wagons, and a workshop for repair and rehabilitation of motorised bogies at Misrod in Madhya Pradesh.

GREEN INITIATIVES

- Setting up of Railway Energy Management Company (REMC) to harness the potential of solar and wind energy
- Setting up of a chair at The Energy and Resources Institute (TERI) promoting railway-related research to reduce carbon footprint
- Setting up of 75-MW capacity windmill plants and energising 1,000-level crossings with solar power
- Additional usage of agro-based & recycled paper and ban on the use of plastic in catering

TECH-INITIATIVES

- Rail Time Information System covering a large number of trains
- Provision of announcement facility & electronic display boards in trains
- Provision of free Wi-Fi facilities on several trains
- Implementation of Train Collision Avoidance System
- Introduction of 160/200 kmph Self Propelled Accident Relief Trains
- Introduction of Train Protection Warning System on Automatic



Railway Budget 2013–14 has been a mixed bag for both passengers and the logistics sector. The Minister deserves special kudos for continuing with the modernisation drive despite the Finance Ministry clearly hinting spending cuts across various sectors. The move, we believe, will go a long way in reinstating the faith of passengers and India Inc in the Indian Railways as a safe, comfortable and reliable mode of transportation. We welcome the Ministry's decision to appoint a Freight Regulator to decide on freight rates. This will lead to justified freight rates, thus giving a boost to PPP projects by encouraging investment by private players in the logistics sector. No announcement to introduce high-speed trains has come as a disappointment for the logistics sector. We hope that the continuous push to electrification, gauge conversion and new lines will make the railways and the logistics sector efficient.

Vineet Agarwal, Joint MD, Transport Corporation of India



The Railway Budget marked a departure from the recent past as it was a shrewd balance between populism and pragmatism, though overall, it lacked insight to improve Railways' revenues as there was no clear roadmap to augment its capacity and overall rail infrastructure. No doubt the paradigm shift in freight tariff as from now on it will be fuel-linked freight charge revision, 5% increase in freight rates from April 1, 2013, will generate higher revenues to railways, but it also runs the risk of losing its already dwindling market share to roads & highways. As far as rail infrastructure is concerned, though land acquisition for the Dedicated Freight Corridor is almost complete, construction contract will only be awarded by the end of next fiscal. Also, there is no clear mapping on how the private investment will be utilised for some PPP projects announced. While improvement of connectivity to mines is a welcome step, increase in freight will not only push up steel prices it will also add to inflationary pressures. Overall, there is hardly any initiative in the Budget that could bring a smile on the faces of either the passengers or the industry.

Dilip Oommen, CEO & MD, Essar Steel India Ltd



The key to moving forward will be execution of the projects announced by the Minister in his Budget speech. This year's Rail Budget reflects the difficult economic scenario and contains several proposals which, if implemented, would set a growth multiplier in motion. Even though the record of PPP in railways has been far from encouraging so far, it is imperative that greater private investments are infused into this sector. In order to realise the target of Rs1 lakh crore through PPP route during the 12th Plan, it is necessary that specific project-wise targets be set up and monitored.

Dr A Didar Singh, Secretary General, FICCI

With inputs from Arindam Ghosh, Prateek Sur and Devyani Korgaonkar

Signaling Systems

BUDGET ESTIMATIONS 2013–14

- Freight loading of 1,047 MT, 40 MT more than 2012–13
- *Gross Traffic Receipts:* ₹1,43,742 crore, i.e., an increase of ₹18,062 crore over RE, 2012–13
- *Ordinary Working Expenses:* ₹96,500 crore

- Appropriation to DRF at ₹7,500 crore and to Pension Fund at ₹22,000 crore
- Dividend payment estimated at ₹6,249 crore
- Operating Ratio to be 87.8%
- Fund Balances to exceed ₹12,000 crore ■

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