

The Minister of Railways Shri D. V. Sadananda Gowda, while presenting the Railway Budget for 2014-15 in Parliament today, said that the Indian Railways practically carries anything and everything and it never says no to 'a thing' if it fits in the wagons. Most importantly, it is the backbone of supply chain of the defence establishment and plays a very crucial role in security of the nation.

While it carries 23 million passengers a day, there are still large number of people who have not set a foot on a train yet. It carries over one-billion tonnes of freight a year, connecting ports and mines to industrial clusters, but still there are vast tracts of hinterland waiting for rail connectivity. Though freight business has grown steadily over the years, Indian Railways carry only 31% of the total freight carried in the country by all modes. These are the challenges we have to face.

An organization of this magnitude vested with varied responsibilities, is expected to earn like a commercial enterprise but serve like a welfare organization. These two objectives are like two rails of the railway track, which though travel together but never meet. So far, Indian Railways have managed to do tight-rope walking by balancing these twin conflicting objectives.

It implies that we spend 94 paise out of every rupee earned, leaving 6 paise only as surplus. This surplus, apart from being meager, is continuously on decline due to non-revision of fare. The surplus, after paying obligatory dividend and lease charges, was Rs.11,754 crore in 2007-08 and is estimated to be Rs. 602 crore in the current financial year. This meager surplus so generated is required to finance the Plan Outlay for safety, capacity expansion, infrastructure, improving passenger services and amenities.

Funds to the tune of about Rs. 5 lakh crore i.e. around Rs. 50,000 crore per year for next 10 years, are required for ongoing projects alone. This leaves a huge gap between what is available as surplus and what is needed.

While prudent efforts should have been made to address this gap, the tariff policy adopted lacked rational approach. Passenger fares were kept lower than costs, thus causing loss in the passenger train operations. This loss kept on increasing from 10 paise per passenger kilometer in 2000-01 to 23 paise in 2012-13, as the passenger fares were kept low always. There has been focus on sanctioning projects rather than completing them. In the last 30 years, as many as 676 projects were sanctioned worth Rs. 1,57,883 crore. Of these, only 317 projects could be completed and 359 projects remain to be completed which will now require as much as Rs. 1,82,000 crore.

In the last 10 years, 99 New Line projects worth Rs. 60,000 crore were sanctioned out of which only one project is complete till date. In fact, there are 4 projects that are as old as 30 years, but are still not complete for one reason or another. The more projects we add, the thinner we spread our resources and longer it takes to complete them. If this trend is allowed to continue, many more thousands of crore will get spent yielding hardly any returns, the Minister said.