Railway Budget: 2003-04*

Introduction

The Railways, after witnessing some strain on its finances particularly since the mid-1990s, have shown some signs of recovery after 2000-01 in terms of financial ratios, *viz.*, operating ratio and return on capital. The relatively higher growth in traffic receipts, mainly on account of the rise in rate of growth of freight traffic, is considered to be the main contributing factor. Since 2001-02, efforts have been made to rationalise and simplify the freight structure to make it competitive *vis-à-vis* alternative modes of transportation. Nevertheless, performance in terms of generating overall surplus has not been very encouraging. The recourse to market borrowings continues in view of the pressing need for funds for investing in infrastructure and expansion programmes.

The Railway budget for 2003-04, presented to the Parliament on February 26, 2003 envisages a marginal improvement in surplus generation. Towards this objective, the main thrust of the budget is to further simplify and rationalise the freight traffic structure so that the freight traffic services offered by Railways become competitive. The budget also emphasises the need for improved safety and passenger services. The budget has proposed to set up a company, *viz.*, Rail Vikas Nigam Ltd. to implement the National Rail Vikas Yojana (NRVY), which was launched by the Honourable Prime Minister on 15th August, 2002 to undertake projects such as Golden Quadrilateral, construction of mega bridges, connectivity to sea ports etc.

Gross traffic receipts are budgeted to increase by 6.4 per cent during 2003-04, while the total working expenses are estimated to rise by 7.1 per cent. The relatively high growth in working expenses would result in a rise in the operating ratio (working expenses as a percentage to gross earnings) from 92.5 per cent in 2002-03[1] to 94.1 per cent in 2003-04. The return on capital (ratio of net revenue to capital-at-charge and investment from Capital Fund) would, however, show a marginal improvement to 6.4 per cent in 2003-04 from 6.2 per cent in 2002-03. The Annual Plan outlay for 2003-04 is placed at Rs.12,918 crore; this would be higher by 4.8 per cent than Rs. 10,857 crore in 2002-03. The Plan priority continues to be on new lines, gauge conversion, doubling of tracks and electrification.

This article analyses the financial position of the Railways as presented in the Railway budget for 2003-04. Section I sets out major policy initiatives envisaged in the Railway budget for 2003-04. Major developments in the revised estimates for 2002-03 are presented in section II. Section III provides an analysis of the budget estimates for the year 2003-04. The concluding observations are presented in Section IV.

Section I

Major Policy Initiatives

The Railway budget for the year 2003-04 proposes to carry forward the steps initiated in the recent years in the areas of safety, track renewal, passenger amenities and improving the share of the Railways in transportation of goods. The major policy initiatives announced as a part of the Budget for the year 2003-04 are set out below.

Customer Satisfaction

The year 2003-04 has been declared as 'Customer Satisfaction Year'. Several steps relating to safety, security, punctuality and cleanliness are proposed to be taken up for greater satisfaction of customers. For improving the punctuality of passenger services, the budget proposed to introduce a new Computerised Coaching Operation Information Systems (COIS). Similarly, it has been proposed to constitute a task force to frame an action plan to ensure cleanliness in trains and on railway premises. With a view to strengthening the security arrangements, recruitment of over 3500 constables in Railway Protection Special Force and amendment to the RPF Act and the Railway Act have been contemplated.

Safety

According to the budget, a white paper covering the entire spectrum of issues involved in safety operations was to be presented to the Parliament during the budget session[2]. It may be recalled that a Special Railway Safety Fund (SRSF) of Rs.17,000 crore had been setup during 2001-02. The fund would receive budgetary support of Rs.12,000 crore over the period of six years and the balance would be financed by passenger safety surcharge. Total outlay under this Fund during the year 2003-04 would be Rs.2,311 crore. Work relating to track renewal, rebuilding of bridges, replacement of signalling gears and rolling stocks and investment in safety enhancement aids would be taken up through this Fund. Towards safety of the passenger, it was proposed to redesign coaches whereby passenger area would remain free from damage due to collision or heavy impact.

National Rail Vikas Yojana

The National Rail Vikas Yojana (NRVY) was launched on August 15, 2002 with an estimated corpus of Rs.15,000 crore. The budget proposed that the execution/ implementation of projects under NRVY, including raising of resources for projects, will be undertaken by Rail Vikas Nigam Ltd., a company incorporated under the Companies Act. The main aims and purposes are to: strengthen Golden Quadrilateral and its subsidiaries costing around Rs.8,000 crore; mobilise funds for "mega bridges and other NRVY projects"; and connectivity to sea ports. An amount of US $ 313.6 million is being raised through ADB loans, apart from public-private partnership and budgetary support.

Some of the other major policy initiatives and new projects proposed in the budget are listed out in Box 1.

Box 1
Policy Initiatives/Proposed New Projects

- Proposal to form a joint venture company with NTPC for implementation of 1000 mega watt captive thermal power plant to be set up at Nabinagar.
- Drive for planting Ratan Jyot and extracting bio-diesel in collaboration with Indian Oil Corporation.
- Mumbai Urban Transport Project Phase-I approved; to be completed in 5 years, with a loan component of Rs.1,613 crore by World Bank.

- MOU with the Central Warehousing Corporation for development of integrated rail-side warehouse complexes.
- Introduction of refrigerated vans in popular long distance passenger trains for transporting perishable commodities.
- Review of existing accounting policies and practices and introduction of computerised accounting and Management Information System as also restructuring the Railway production units as independent cost and profits centres.

Section II

Revised Estimates : 2002-03

The revised estimates for 2002-03 placed the Railways overall surplus at Rs.550 crore as against Rs.1,020 crore projected in the budget estimates. The slippage in surplus between the budget estimates and the revised estimates for 2002-03 was mainly due to the shortfall of 5.4 per cent in passenger earnings receipts, notwithstanding an increase of 2.1 per cent in goods traffic (Table 1). In the budget estimates, the originating revenue earning freight traffic was placed at 510 million tonnes. Considering the pick up of the economy and the performance of the railways, the target was revised upwards to 515 million tonnes. Accordingly, the freight earnings were revised upwards from Rs.26,118 crore to Rs.26,658 crore. Passenger traffic earnings, on the other hand, were revised downwards by Rs.720 crore mainly due to nearly 3.2 per cent drop in passenger traffic from the budget target. The shortfall in revenue earnings was also affected by the non-realisation of other sundry earnings and non-traditional sources of earnings[3]. The unrealised earnings owed to Railways by the users, particularly SEBs, were envisaged to increase by Rs.417 crore as against a budgeted clearance of Rs.50 crore.

The gross traffic receipts of Rs.40,867 crore in the revised estimates showed a decline of 1.6 per cent (Rs.671 crore) from the budget estimates (Rs.41,538 crore). The short fall in revenue target was, however, more than off-set by the decline of 2.5 per cent (Rs.975 crore) in working expenses through compression in ordinary working expenses (-2.7 per cent) and reduction in appropriation to Pension Fund (-2.5 per cent). The working expenses, according to the revised estimates, amounted to Rs. 38,153 crore as against the budget estimates of Rs. 39,128 crore. The moderation in ordinary working expenses was effected mainly through monitoring the expenses for repairs and maintenance of rolling stock and equipment and operating expenses for traffic and fuels (Table 2). Appropriation to pension fund was also reduced to Rs.5,840 crore as against the budget estimates of Rs.5,990 crore. The appropriation to depreciation reserve fund was, however, marginally higher at Rs. 2,003 crore than the budgeted level of Rs.1,978 crore.

With the reduction in working expenses, there was some improvement in the operating ratio from 94.4 per cent in the budget estimates to 92.5 per cent in the revised estimates. Although the cut in working expenses more than compensated the short-fall in gross traffic receipts, lower realisations on account of net miscellaneous receipts led to downward revision of net railway revenue by Rs.512 crore as compared to the budgeted level. With the result, the return on capital investment, as per the revised estimates, turned out to be lower at 6.2 per cent than the budgeted level (7.3 per cent) (Table A).

The Railways have been witnessing steady decline in surplus generation since the mid-1990s (Chart 1). The deceleration in surplus generation has been due to persistent rise in working expenses and non-realisation of targeted revenue.

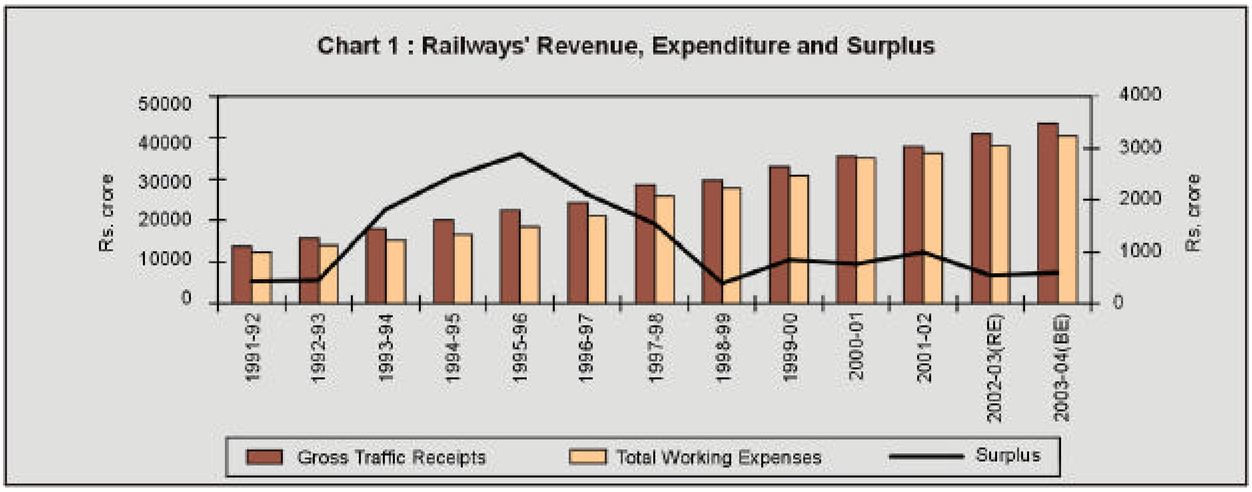


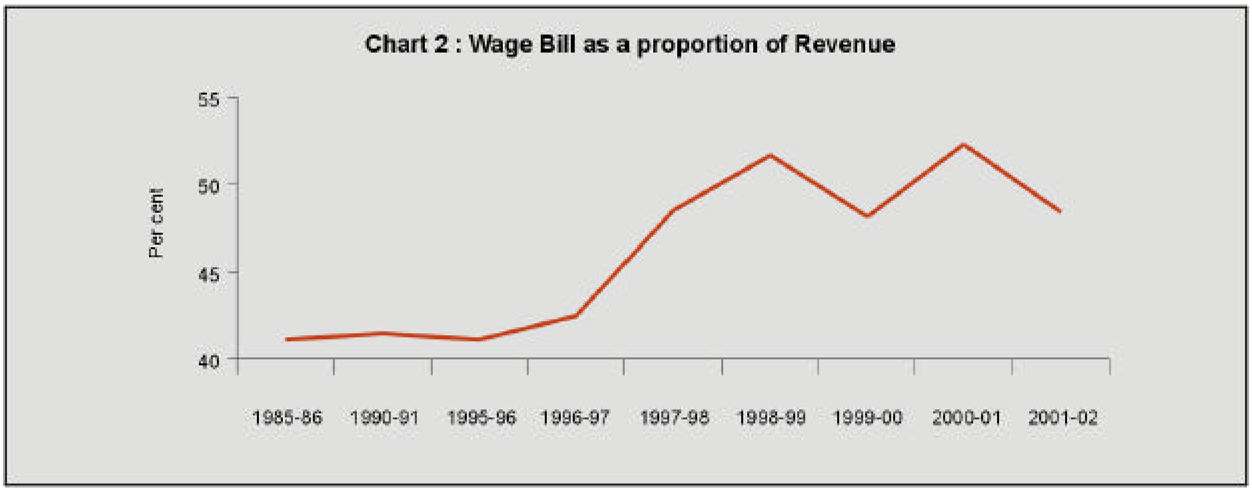
Table A : Major Financial Ratios of Railways

(Percent)

Items	Operating Ratio	Net Railway Revenue as % of Capital-at-Charge	Additional Resource Mobilisation as % of Plan Outlay @
1990-91	92.0	6.9	17.8
1995-96	82.5	14.9	10.0
1996-97	86.2	11.7	11.4
1997-98	90.9	8.9	21.7
1998-99	93.3	5.8	4.7
1999-00	93.3	6.9	9.3
2000-01	98.3	2.5	5.5
2001-02	96.0	5.0	4.5
2002-03 (RE)	92.5	6.2	11.0
2003-04 (BE)	94.1	6.4	—

@ : Figures pertain to Budget Estimates.
Source : Railway Budgets.

Non-realisation of targeted revenue was the result of a combination of factors such as fall in railway share in freight traffic, poor quality of services, cross-subsidisation and impact of social obligations whereas continued rise in wage bill irrespective of the poor productivity has been the key factor contributing to the sharp rise in working expenses. The wage bill accounts for nearly 50 per cent of the total revenue generated by the Railways. The problem seems to have become acute with the implementation of the recommendations of 5th Pay Commission (Chart 2). It could, however, be observed that the rise in wage bill was necessarily on account of rise in wages rather than number of employees as is evident from the fact that over the last decade there has been a fall in the absolute number of railway employees from 1.65 million in 1990-91 to 1.51 million in the year 2001-02[4] .



Financial Impact of Social Obligations

The Indian Railways, apart from overseeing commercial operations and providing basic transport infrastructure for economic and industrial development, also provides certain services at a price below their cost of operation. The cost of various social obligations has, by and large, been cross-subsidised by the Railways as per convention. These subsidised services, which result in losses to Railways, include transport of essential commodities of mass consumption, passenger and other coaching services, uneconomic branch lines and new lines. The Railway Fare and Freight Committee Report (1993) has observed that, as the passenger traffic is priced below the actual cost of services and freight services are priced on a cost -plus basis, freight earnings, in effect, subsidise passenger traffic. Similarly, the Expert Group on Indian Railways (2001)[5] has noted that one of the key reasons for financial distress faced by the Railways is that freight services subsidise passenger services as a whole and upper class passengers subsidise lower class passengers to some extent. Suburban services are heavily subsidised at all levels.

The losses incurred by the Railways on account of its social obligations at Rs.5,938 crore in 2002-03 (Rs.5,962 crore in 2001-02) account for 13.9 per cent of the total receipts and 15.1 per cent of the total expenditure. While the loss on coaching services accounts for 94.5 per cent of the total loss, that on low rated freight items accounts for the remaining 5.5 per cent of the total loss which was on account of expenditure for social obligations during 2002-03 (Table B).

Table B : Financial Impact of Social Obligations

(Rs.crore)

	Items	1998-99	1999-00	2000-01	2001-02	2002-03 (Estimated)
1	Loss on coaching services (suburban and non-suburban Passenger traffic, parcel, luggage etc.)	4,165 (97.4)	4,583 (96.7)	4,876 (95.2)	5,657 (94.9)	5,609 (94.5)
2	Loss on low- rated freight like foodgrains, Fodder, charcoal, firewood, fruits, Vegetables,etc.	110 (2.6)	156 (3.3)	245 (4.8)	305 (5.1)	329 (5.5)
3	Total (1+2)	4,275 (100)	4,739 (100)	5,121 (100)	5,962 (100)	5,938 (100)
4	Receipts including miscellaneous receipts	30,234	33,856	36,010	39,358	42,602
5	Expenditure including miscellaneous	28,093	31,120	34,940	37,020	39,415

	Expenditure					
6	Percentage of item (3) to item (4)	14.1	14.0	14.2	15.1	13.9
7	Percentage of item (3) to item (5)	15.2	15.2	14.7	16.1	15.1

Note : Figures in brackets represent percentages to total.
Source :
1) Indian Railway Year Books.
2) Explanatory Memorandum on the Railway budget of various years.

Financial Performance of Railway Undertakings

The public sector undertakings of the Railways showed improved performance during 2001-02. The total dividend paid by such undertakings was higher at Rs.162 crore as compared with Rs.125 crore in 2000-01 and Rs.116 crore in 1999-2000. During the year 2001-02, IRCON International Ltd. recorded a higher turnover of Rs.907 crore and earned a net profit of Rs.104 crore. The company also bagged export awards from Overseas Construction Council of India for maximum turnover in foreign exchange in overseas construction contracts. The Rail India Technical and Economic Services Ltd. (RITES) achieved its highest ever turnover of Rs.283 crore, with a net profit of Rs.39 crore. The Container Corporation of India Ltd. (CONCOR) achieved a sharp increase in their turnover to Rs.1,286 crore with net profit rising to Rs.250 crore. The Indian Railway Finance Corporation (IRFC) mobilised Rs.2,970 crore through market borrowings to supplement the plan resources of the Railways and earned net profit of Rs.292 crore, besides paying dividends of Rs 100 crore during the year 2001-02. Further, the Konkan Railway Corporation witnessed a modest growth in its operation and has been able to generate sufficient revenues to cover its working expenses.

Section III
Budget Estimates: 2003-04

The Railway budget for 2003-04 projects a surplus of Rs.600 crore which is marginally higher than Rs.550 crore in the revised estimates for 2002-03. The budget envisages a modest growth of 6.4 per cent in traffic receipts during 2003-04 (8.0 per cent in 2002-03). The growth in working expenses, on the other hand, is estimated at 7.1 per cent in 2003-04 as against 5.1 per cent during 2002-03. With higher growth in working expenses, the operating ratio is projected at a higher level of 94.1 per cent in 2003-04 as against 92.5 per cent in 2002-03.

Gross Traffic Receipts

During the year 2003-04, the gross traffic receipts estimated at Rs.43,495 crore are expected to rise by 6.4 per cent (Rs.2,628 crore) over those achieved in 2002-03. Goods earning traffic is expected to grow by 4.3 per cent and passenger earnings by 7.0 per cent. In terms of volume, the budget projects 4.9 per cent rise in the freight traffic and 3.1 per cent rise in passenger traffic (Table 3). The changes in fares and freight charges proposed in the budget are given in Box 2.

Box 2
Fare and Freight Proposals

Passenger Fares

- Fares of Rajdhani and Shatabdi Express trains to be linked to rationalise fare structure of Mail/Express trains, fixing basic fare for each class of Rajdhani and Shatabdi trains at 15 percent higher than the fares of corresponding class of super-fast Mail Express trains. As a result, basic fares of different classes of Rajdhani and Shatabdi will now be lower for most pairs of stations.
- Basic fare of Jan Shatabdi Express to be reduced from existing mark up of 10 percent to 5 percent over fares of corresponding class of super-fast Mail Express trains; Catering services on Jan Shatabdi to be made optional.
- Reduced fares in selected trains in non-peak period to be introduced; 10 percent reduction in basic fares of AC-I and AC-II tier in all Rajdhani trains between 15th July, 2003 and 15th September, 2003 proposed as an experimental measure.
- Minimum age to avail Senior Citizens' concession reduced from 65 to 60 years.

Freight

- No increase in freight rates for any commodity and rationalisation of freight structure with total number of classes reduced from 32 to 27.
- Ratio between freight rates for the highest and lowest class to be reduced from 3.3 to 2.8.
- Freight rates lowered for a number of items including petrol and petroleum products, Iron and Steel, non-ferrous minerals and some chemicals by way of altering the classification. Reduction ranges from 3.7 per cent to 10.7 percent depending upon the reduction in number of stages.
- Graded concessions to be offered for all traffic booked upto 90 kms. i) Upto 50 kms -50 percent concession ii) 51 kms. to 75 kms.- 25 percent concession iii) 76 kms. to 90 kms. - 10 percent concession.
- "To pay" surcharge reduced from 15 percent to 10 percent for coal and from 10 percent to 5 percent for other commodities.
- Any commodity with only wagonload class to be assigned a trainload class - one stage lower than wagonload. As a result, there would be freight reduction of 4 percent to 5.26 percent, if commodity is offered for trainload booking.

Parcels and Luggage

- Scales for charging of parcel and luggage to be reduced from 7 to 4.
- Ratio between highest and lowest rates to be reduced from 8.7 to 6.2.
- Newspapers and Magazines to be charged at the same rates under lowest scale in all trains.

Working Expenses

During 2003-04, the total working expenses are estimated at Rs. 40,850 crore which show a growth of 7.1 per cent over the revised estimates for 2002-03. The ordinary working expenses, which account for almost 80 per cent of the total working expenses, are also expected to grow at 7.1 per cent over the previous year. The amount of 'appropriation to depreciation reserve fund' is estimated to be about Rs.2,000 crore - the same as that in 2002-03. On the other hand, appropriation to pension fund at Rs.6,385 crore has been projected to rise sharply by 9.3 per cent during 2003-04 as compared with only 4.5 per cent rise in 2002-03.

Net Financial Results

Net Railway revenue (net traffic receipts plus miscellaneous receipts) during 2003-04 is budgeted to rise by 10.8 per cent to Rs.3,533 crore from Rs.3,187 crore in 2002-03. Deferment of dividend transfer has not been proposed during 2003-04. On the contrary, the budget not only provides for dividend payment of Rs.2,933 crore to the general revenue, but also contributes Rs.50 crore towards reducing the deferred dividend liabilities accumulated in earlier years.

Plan Outlay

The Plan outlay for 2003-04 is set at Rs.12,918 crore which would be 4.9 per cent higher than that in the revised estimates for 2002-03. In the allocations, the highest share is provided for rolling stock (31.2 per cent) followed by track renewal (26.3 per cent). Barring allocation for 'work shop including production units' (which is being enhanced by 22.3 per cent over the level in 2002-03), growth in spending on all other items is projected to be lower than that in 2002-03. Notably, spending on track renewal, electrification project, new lines and lines doubling are projected to be lower even in absolute terms (Table 4).

Table C : Financing Pattern of Plan Outlays for Railways

(Per cent)

Year	Budgetary Support**	Market Borrowings	Internal Resources	Private Investment	Safety@ Funds
1990-91	27.3	22.7	50.0	—	
1996-97	17.6	23.5	53.7	5.2	
1997-98	24.3	27.1	41.8	6.8	
1998-99	24.8	36.3	35.7	3.1	
1999-00	28.0	30.8	39.7	1.5	
2000-01	37.7	30.0	31.5	0.8	
2001-02 (RE)	40.9	25.3	19.0	0.1	14.8
2002-03 (BE)	32.8	24.3	21.3	0.0	21.6
2003-04 (BE)	20.1	23.2	35.2	0.0	21.2

Source : Railway Budget, various issues.
** The figure for budgetary support relates to revised estimates. Internal resources are shown as the difference between the total plan outlay and sum of the other financing resources.
@ Include allocations to both SRSF and Safety fund.

On the financing of the Plan, market borrowings and internal resources are estimated at Rs.3000 crore and Rs.2,630 crore, respectively. Budgetary support would be Rs. 4,544 crore as against Rs. 4,040 crore in the preceding year. Besides, an amount of Rs.2,744 crore is provided from safety fund for plan financing (Table 5). While the shares of budgetary support and market borrowings are estimated to come down, the share of internal resources is budgeted to show a significant improvement in the financing of plan outlay during 2003-04 (Table C).

Section IV

Concluding Observations

The main focus of the Railway budget for 2003-04 is to regain the lost share of the Railways in the transport sector. The budget, therefore, envisages both price and non-price based initiatives. The rationalisation and re-balancing of the tariff structure envisaged in the budget are towards these directions. Though the budget has not proposed any upward revision in both freight rates and passenger fares, the revenue growth is expected to be achieved through restructuring and reclassification of traffic structure which would help to gain competitive advantage to the Railways. In the process, some of the goods like iron and steel, petrol and petroleum products, chemicals, etc. would gain cost effectiveness in transportation. The innovative steps proposed, inter alia, include further expansion of integrated warehousing facility by entering into MOU with Central Warehousing Corporation; introduction of more weekly parcel expresses; introduction of refrigerated vans; and launching the concept of reduced fares in selected trains during the non-peak season (as introduced by airlines). Steps have also been initiated to cut back the operating expenses through savings in fuel costs by exploring alternative fuel sources like bio-diesel.

The budget for 2003-04 provides for a modest step-up in the developmental expenditure with focus on safety and related areas. Accordingly, larger shares in the plan outlay have been provided for track renewals, rolling stocks, and signalling and telecommunication works. It is significant that a Special Railway Safety Fund of Rs. 17,000 crore was setup during 2001-02 to undertake the work relating to track renewal, rebuilding of bridges, replacement of signalling gears and rolling stocks and investment in safety enhancement aids. The implementation of National Railway Vikas Yojana would go a long way for building up the country's infrastructure.

Notwithstanding the fact that the budget proposed many progressive measures like rationalisation and simplification, the overall finances of the Railways continue to be under stress. This is evident from the persistent deterioration in the generation of revenue surplus, rising operating ratio, and poor return on capital investment. The deceleration in surplus generation has placed considerable strain on internal generation of funds by the Railways. The internal funds were contributing more than 50 per cent of the plan outlays in the early nineties and thereafter their share persistently declined to about 32 per cent in 2000-01. The poor financial performance of the Railways has also led to paucity of funds for undertaking maintenance and upgradation of existing stock and creation of new assets.

Table 1 : Financial Results of Railways

(Rs. crore)

	Items	2001-02 (Actuals)	2002-03 (Budget Esti-mates)	2002-03 (Revised Esti-mates)	2003-04 (Budget Esti-mates)	Annual Variations: Col. 4 over Col. 3		Col. 4 over Col. 2		Col. 5 over Col. 4	
						Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10	11
I.	**Gross Traffic Receipts (a to d) ***	**37,837.6**	**41,538.0 (40,178.0)**	**40,867.0**	**43,495.0**	**-671.0**	**-1.6**	**3,029.4**	**8.0**	**2,628.0**	**6.4**
	a) Passengers Earnings	11,196.5	13,450.0	12,730.0	13,620.0	-720.0	-5.4	1,533.6	13.7	890.0	7.0
	b) Goods Earnings	24,845.4	26,118.0	26,658.0	27,815.0	540.0	2.1	1,812.6	7.3	1,157.0	4.3
	c) Sundry Other Earnings (including suspense)	923.5	1,050.0	529.0	1,040.0	-521.0	-49.6	-394.5	-42.7	511.0	96.6
	d) OtherCoachingEarnings	872.2	920.0	950.0	1,020.0	30.0	3.3	77.8	8.9	70.0	7.4
II.	**Total Working Expenses (a to c)**	**36,293.2**	**39,128.0**	**38,153.0**	**40,850.0**	**-975.0**	**-2.5**	**1,859.8**	**5.1**	**2,697.0**	**7.1**
	a) OrdinaryWorkingExpenses	28,702.8	31,160.0	30,310.0	32,460.0	-850.0	-2.7	1,607.2	5.6	2,150.0	7.1
	b) Appropriation to Depreciation Reserve Fund	2,000.4	1,978.0	2,003.0	2,005.0	25.0	1.3	2.6	0.1	2.0	0.1
	c) Appropriation to Pension Fund	5,590.0	5,990.0	5,840.0	6,385.0	-150.0	-2.5	250.0	4.5	545.0	9.3
III.	**Net Traffic Receipts (I-II)**	**1,544.4**	**2,410.0 (1,050.0)**	**2,714.0**	**2,645.0**	**304.0**	**12.6**	**1,169.6**	**75.7**	**-69.0**	**-2.5**

IV. Net Miscellaneous Receipts (a-b)	**793.2**	**1,289.3**	**473.4**	**887.7**	**-815.9**	**-63.3**	**-319.8**	**-40.3**	**414.3**	**87.5**
a) Total Miscellaneous Receipts #	1,520.2	2,453.7	1,734.9	1,986.2	-718.7	-29.3	214.7	14.1	251.2	14.5
b) TotalMiscellaneousExpenditure##	727.1	1,164.4	1,261.5	1,098.5	97.1	8.3	534.5	73.5	-163.0	-12.9
V. Net Railway Revenue (III+IV)	**2,337.5**	**3,699.3** **(2,339.3)**	**3,187.4**	**3,532.7**	**-511.9**	**-13.8**	**849.9**	**36.4**	**345.3**	**10.8**
VI. Payment to General Revenue @	**1,337.2**	**2,679.1**	**2,587.4**	**2,932.7**	**-91.7**	**-3.4**	**1,250.2**	**93.5**	**345.3**	**13.3**
VII. Deferred Dividend Liability Fund	**1,000.0**	**..**	**-50.0**	**..**						
VIII. Surplus(+)/Deficit(-)	**1,000.4**	**1,020.2** **-(339.8)**	**550.0**	**600.0**	**-470.2**	**-46.1**	**-450.4**	**-45.0**	**50.0**	**9.1**
IX. Appropriation to (+)/withdrawal from (-)										
a) Railway Development Fund	449.5	550.0	550.0	600.0	0.0	0.0	100.5	22.4	50.0	9.1
b) Appropriation to Railway Safety Fund	302.7	452.7	..	..	-452.7	-100.0	—	—	0.0	—
c) Capital Fund	248.1	17.4	..	..	-17.4	-100.0	-248.1	-100.0	0.0	—
X. Operating Ratio @@ (per cent)	**96.0**	**94.4**	**92.5**	**94.1**						
XI. Capital-at-charge**	**36,757.5**	**40,579.0**	**40,846.8**	**44,947.7**	**267.7**	**0.7**	**4,089.2**	**11.1**	**4,101.0**	**10.0**
XII. Net Railway Revenue as Percentage of Capital-at-charge and Investment from Capital Fund- Railways ***	**5.0**	**7.3**	**6.2**	**6.4**						

* Includes receipts of worked lines.
** ExcludesCapitaloutlayonMetropolitantransportprojects.
*** Ratio based on net Revenue before payment of dividend to General Revenues.
# Includes mainly receipts from subsidised companies, surcharge on passengers, subsidy from General Revenue towards dividend relief and other concessions.
Includes mainly expenditure on payment to worked lines, surveys, open line works, other miscellaneous expenditure, Revenue and Appropriation to Accident Compensation, Safety and Passenger Amenities Fund.
@ Includes dividend to General Revenues, Payment-in-lieu of passenger fare tax and contribution to Railway Safety Works Fund.
@@ Includes Metro Railway, Kolkata.
Note : FiguresinbracketsexcludeAdditionalResourceMobilisationofRs1360croreproposedinthebudgetfor2002-2003.
Source : ExplanatoryMemorandumontheRailwayBudget,2003-2004.

Table 2 : Ordinary Working Expenses

(Rs. crore)

Items	2001-02 (Actuals)	2002-03 (Budget Estimates)	2002-03 (Revised Estimates)	2003-04 (Budget Estimates)	Variations					
					Col. 4 over Col. 3		Col. 4 over Col. 2		Col. 5 over Col. 4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
Total Ordinary Working Expenses (a to h)	**28,702.8** **(100.0)**	**31,160.0** **(100.0)**	**30,310.0** **(100.0)**	**32,459.9** **(100.0)**	**-850.0**	**-2.7**	**1,607.2**	**5.6**	**2,149.9**	**7.1**
a) GeneralSuperintendenceand Services	1,474.7 (5.1)	1,551.7 (5.0)	1,565.1 (5.2)	1,695.3 (5.2)	13.4	0.9	90.4	6.1	130.2	8.3
b) Repairs and Maintenance	9,010.8 (31.4)	9,816.0 (31.5)	9,389.0 (31.0)	10,120.2 (31.2)	-427.0	-4.4	378.2	4.2	731.2	7.8
c) Operating Expenses (Traffic)	6,319.9 (22.0)	6,760.4 (21.7)	6,679.6 (22.0)	6,928.2 (21.3)	-80.8	-1.2	359.7	5.7	248.6	3.7
d) OperatingExpenses(Fuel)	6,863.8 (23.9)	7,482.5 (24.0)	7,320.9 (24.2)	7,963.5 (24.5)	-161.6	-2.2	457.1	6.7	642.6	8.8
e) OperatingExpenses (Rolling Stock and Equipment)	2,542.6 (8.9)	2,761.0 (8.9)	2,652.8 (8.8)	2,826.6 (8.7)	-108.2	-3.9	110.2	4.3	173.8	6.6
f) Staff Welfare and Amenities	1,194.6 (4.2)	1,297.5 (4.2)	1,267.1 (4.2)	1,351.9 (4.2)	-30.4	-2.3	72.5	6.1	84.8	6.7
g) Suspense	-58.3 (-0.2)	-32.6 (-0.1)	-26.4 (-0.1)	-36.0 (-0.1)	6.2	-19.0	31.9	-54.7	-9.6	36.4
h) Others*	1,354.7 (4.7)	1,523.6 (4.9)	1,461.9 (4.8)	1,610.2 (5.0)	-61.7	-4.0	107.2	7.9	148.3	10.1

* Includes miscellaneous working expenses, Provident Fund, Pension and Other Retirement Benefits.
Note : Figures in brackets represent percentages to total.
Source : ExplanatoryMemorandumontheRailwayBudget,2003-2004.

Table 3 : Freight and Passenger Traffic of Railways

Items	2001-02 (Actuals)	2002-03 (Budget Estimates)	2002-03 (Revised Estimates)	2003-04 (Budget Estimates)	Variations: Col. 4 over Col. 3 Amount	Per cent	Col. 4 over Col. 2 Amount	Per cent	Col. 5 over Col. 4 Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
I. Freight Traffic (MillionTonnes)										
1. Coal	229.8 (46.7)	232.5 (45.6)	235.0 (45.6)	242.0 (44.8)	2.5	1.1	5.2	2.3	7.0	3.0
2. Raw Materials to Steel Plants	39.4 (8.0)	39.5 (7.7)	40.0 (7.8)	43.0 (8.0)	0.5	1.3	0.6	1.7	3.0	7.5
3. Pig Iron and Finished Steel for SteelPlants	12.4 (2.5)	12.0 (2.4)	12.5 (2.4)	13.5 (2.5)	0.5	4.2	0.1	1.1	1.0	8.0
4. Iron ore for Exports	15.7 (3.2)	18.5 (3.6)	15.5 (3.0)	17.5 (3.2)	-3.0	-16.2	-0.2	-1.4	2.0	12.9
5. Cement	44.0 (8.9)	46.5 (9.1)	46.0 (8.9)	48.0 (8.9)	-0.5	-1.1	2.0	4.5	2.0	4.3
6. FoodGrains	32.8 (6.7)	32.0 (6.3)	45.0 (8.7)	47.5 (8.8)	13.0	40.6	12.2	37.1	2.5	5.6
7. Fertilizers	27.2 (5.5)	28.5 (5.6)	28.0 (5.4)	29.5 (5.5)	-0.5	-1.8	0.8	3.0	1.5	5.4
8. Others	91.2 (18.5)	100.5 (19.7)	93.0 (18.1)	99.0 (18.3)	-7.5	-7.5	1.8	2.0	6.0	6.5
Total (1 to 8)	**492.5**	**510.0**	**515.0**	**540.0**	**5.0**	**1.0**	**22.5**	**4.6**	**25.0**	**4.9**
II. PassengerTraffic(Million)										
1. Suburban *	3,075.5 (59.5)	3,012.8 (58.1)	3,018.3 (60.1)	3,078.3 (59.5)	5.5	0.2	-57.2	-1.9	60.0	2.0
2. Non-Suburban	2,093.8 (40.5)	2,175.0 (41.9)	2,003.8 (39.9)	2,098.7 (40.5)	-171.2	-7.9	-90.0	-4.3	94.9	4.7
Total (1 + 2)	**5,169.3**	**5,187.8**	**5,022.1**	**5,177.0**	**-165.7**	**-3.2**	**-147.2**	**-2.8**	**154.9**	**3.1**

***** Includes passengers on Metro Railway, Kolkata
Note : Figures in brackets represent percentages to total.
Source : ExplanatoryMemorandumontheRailwayBudget,2003-2004.

Table 4 : Developmental Expenditure

(Rs. crore)

Items	2001-02 (Actuals)	2002-03 (Budget Estimates)	2002-03 (Revised Estimates)	2003-04 (Budget Estimates)	Variations: Col. 4 over Col.3 Amount	Per cent	Col. 4 over Col.2 Amount	Per cent	Col. 5 over Col.4 Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
Total *Of which:*	**10,177.0 @**	**12,330.0 @**	**12,315.0 @**	**12,918.0 @**	**-15.0**	**-0.1**	**2138.0**	**21.0**	**603.0**	**4.9**
a) Track Renewals	2,462.9 (24.2)	3,516.5 (28.5)	3,401.2 (27.6)	3,391.0 (26.3)	-115.3	-3.3	938.3	38.1	-10.2	-0.3
b) Rolling Stock	3,184.9 (31.3)	3,919.2 (31.8)	3,888.3 (31.6)	4,025.1 (31.2)	-30.9	-0.8	703.4	22.1	136.8	3.5
c) Electrification Projects	271.3 (2.7)	239.2 (1.9)	248.7 (2.0)	123.0 (1.0)	9.6	4.0	-22.6	-8.3	-125.8	-50.6
d) Workshopincluding	206.9	215.8	225.0	275.1	9.2	4.3	18.1	8.7	50.1	22.3

Production Units	(2.0)	(1.8)	(1.8)	(2.1)						
e) NewLines	854.9 (8.4)	890.7 (7.2)	1,225.6 (10.0)	990.0 (7.7)	334.9	37.6	370.7	43.4	-235.6	-19.2
f) Lines Doubling	603.3 (5.9)	610.0 (4.9)	587.3 (4.8)	447.0 (3.5)	-22.7	-3.7	-16.0	-2.7	-140.3	-23.9
g) Traffic Facilities	175.6 (1.7)	226.2 (1.8)	225.7 (1.8)	240.3 (1.9)	-0.5	-0.2	50.1	28.6	14.6	6.5
h) Signalling and Telecommunication works	372.3 (3.7)	727.1 (5.9)	680.3 (5.5)	704.0 (5.4)	-46.7	-6.4	308.0	82.7	23.7	3.5

@ Includes sum of Rs.2167.12 crore (Actuals, 2001-02) and Rs.3000.00 crore (Budget Estimates,2002-03), Rs.2880.00 crore (Revised Estimates,2002-03) and Rs.2970.00 crore (Budget Estimates, 2003-04) proposed to be raised through borrowings by Indian railway finance Corporation. In addition a sum of Rs.7.8 Crore (Actuals, 2001-02) and Rs.30.00 Crore (Budget Estimates, 2003-04) respectively, are proposed to be raised through Own Your Wagon (OYW) and Build-Own-Lease-Transfer (BOLT).

Note : Figures in brackets represent percentages to total.

Source : Explanatory Memorandum on the Railway Budget, 2003-2004 and Part I of Railway Minister's Budget Speech.

Table 5 : Financing of Plan Outlays

(Rs. crore)

Items	2000-01 (Actuals)	2001-02 (Revised Estimates)	2002-03 (Budget Estimates)	2003-04 (Budget Estimates)	Variations					
					Col. 3 over Col. 2		Col. 4 over Col. 3		Col. 5 over Col. 4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
a) Budgetary Support	3,540.0 (37.7)	4,438.0 (40.9)	4,040.0 (32.8)	4,544.0 (35.2)	898.0	25.4	-398.0	-9.0	504.0	12.5
b) Market Borrowings	2,817.0 (30.0)	2,743.0 (25.3)	3,000.0 (24.3)	3,000.0 (23.2)	-74.0	-2.6	257.0	9.4	0.0	0.0
c) Internal Resources	2,959.0 (31.5)	2,063.0 (19.0)	2,630.0 (21.3)	2,630.0 (20.4)	-896.0	-30.3	567.0	27.5	0.0	0.0
d) Private Investment	79.0 (0.8)	10.0 (0.1)	— (0.0)	— (0.0)	-69.0	-87.3	-10.0	-100.0	0.0	0.0
e) Safety Fund	—	1,603.0 (14.8)	2,660.0 (21.6)	2,744.0 (21.2)	1,603.0	0.0	1,057.0	0.0	84.0	3.2
Total(a+b+c+d+e)	**9,394.7**	**10,857.0**	**12,330.0**	**12,918.0**	**1,462.3**	**15.6**	**1,473.0**	**13.6**	**588.0**	**4.8**

Note : Figures in brackets represent percentages to total.

Source : Explanatory Memorandum on the Railway Budget, and part I of Railway Minister's Budget Speech of various years.

Table 6 : Indian Railways - Selected Performance Indicators (A Statistical Profile)

Items	Unit	1985-86	1990-91	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
1	2	3	4	5	6	7	8	9	10	11
1 Capital-at Charge & investment from Capital Fund *	Rs. crores	9,078	16,126	27,713	30,912	33,846	36,829	39,772	43,052	47,147
2 Route Kilometres-Total	Kilometres	61,836	62,367	62,915	62,725	62,495	62,809	62,759	63,028	63,140
Of which :										
Electrified	Kilometres	6,517	9,968	12,306	13,018	13,490	13,765	14,261	14,856	15,994
3 Number of Stations		7,092	7,100	7,068	6,984	6,995	6,896	6,867	6,843	6,856
4 Employees (As on 31 March)	Thousands	1,613	1,651	1,587	1,584	1,579	1,578	1,577	1,545	1,511

5	Wage Bill	Rs. crores	2,707	5,166	9,363	10,515	14,141	15,619	16,289	18,841	19,037
6	NumberofPassengers Originating	Millions	3,433	3,858	4,018	4,153	4,348	4,411	4,585	4,833	5,093
7	Passengers Kilometres	Millions	2,40,614	2,95,644	3,41,999	3,57,013	3,79,897	4,03,884	4,30,666	4,57,022	4,93,488
8	AverageLeadof PassengerTraffic	Kilometres	70	77	85	86	87	92	94	95	97
9	Average Rate per Passenger Kilometre	Paise	7	11	18	19	20	21	22	23	23
10	Originating Revenue-Earning Freight Traffic	Million Tonnes	259	318	391	409	429	421	456	474	493
11	Revenue-EarningFreight Traffic-Net Tonne Kilometres	Millions	1,96,600	2,35,785	2,70,489	2,77,567	2,84,249	2,81,513	3,05,201	3,12,371	3,33,228
12	Average Lead of Revenue-Earning Freight Traffic	Kilometres	719	711	675	661	644	644	644	626	644
13	Average Rate Per Tonne Kilometre	Paise	22	35	55	59	69	70	71	74	74
14	Revenue-Gross Receipts**	Rs. crores	6,591	12,452	22,814	24,801	29,134	30,234	33,856	36,011	39,358
15	Operating Ratio	Percent	90.6	92.0	82.5	86.2	90.9	93.3	93.3	98.3	96.0
16	Surplus(+)/Deficit(-)	Rs. crores	179	176	2,871	2,117	1,535	399	846	764	1,000

* Capital-at-charge excludes Capital Outlay on Metropolitan Transport Projects and Circular Railway (Eastern Railway) and disinvestments.
** Includes Total Miscellaneous Receipts.

Note :
1. Capital-at-charge means capital contributed by General Revenues for investment in Railways.
2. Operating Ratio means ratio of total working expenses to gross traffic receipts.

Source :
1. Indian Railways Year Books.
2. Indian Railways Annual Report and Accounts.

*** Prepared in the Division of Central Finances of the Department of Economic Analysis and Policy.**

[1] All references to 2002-03 refer to revised estimates unless stated otherwise.

[2] Subsequent to the announcement in the Railway Budget for 2003-04, the Railway Minister presented a White Paper on Safety on Indian Railways to the Parliament on April 7, 2003.

[3] The Budget for 2000-01, for the first time, envisaged non-traditional sources of revenue such as leasing of 'right of way' for laying optic fibre cables, commercial utilisation of land and air space, and commercial publicity on rolling stock and railway premises.

[4] Annual Report & Accounts - 2001-02, Indian Railways.

[5] Expert Group on Indian Railways (2001), 'The Indian Railways Report 2001: Policy Imperatives for Reinvention and Growth', New Delhi.