

Rly Budget is a survey budget: Lalu



Mamata presents Railway Budget on Wednesday.

► From Page 1

"OUR objective is inclusive growth. If we cannot include all in the ambit of our growth process, then growth will remain just a statistical expression. We do not want that type of growth."

Prime Minister Manmohan Singh's government is treading a careful path, balancing bold initiatives to open up the economy while being mindful of the opposition to such measures. Allies such as Ms Banerjee mostly strike a populist note and there's also a growing belief in a section of the ruling Congress that the relatively-closed nature of the economy saved the nation from the worst effects of the global credit crisis.

"Inadequate finances are weighing heavily on the Railways' ability to make investments," said R Sivasadan, former financial commissioner, Railway Board. "Things are worse than what appear on paper. This is mainly financial jugglery so that they can improve their operating ratio."

Gross traffic receipts are estimated to rise 7.3% to Rs 94,765 crore in the fiscal year beginning April 2010, from Rs 88,356 crore this year. Freight earnings are projected to grow 6.4% to Rs 62,489 crore, with the freight loading target rising to 944 million tonne from 890 million tonne this year. Passenger earnings are seen rising 8.6% to Rs 26,127 crore. Total working expenses are estimated at Rs 87,100 crore, up from Rs 83,440 crore this year.

Nearly Rs 15,000 crore in support from the government allowed Ms Banerjee to propose an annual investment of over Rs 41,000 crore. But there are questions whether these will be enough to implement the projects the railway minister has proposed.

Successive governments' eagerness to please the majority of the population by keeping tariffs low will take a toll on the Railways' ability to meet the demands of an economy that may again grow at more than 8% a year.

Operating 17,000 trains a day, the Indian Railways employs 14 lakh staff and transports about 18 million people daily.

Affected by a higher salary payout, Railways' surplus will be down to Rs 3,173 crore in 2010-11, from Rs 4,457 crore in 2008-09.

Ms Banerjee faces a Herculean task of building 1,000 kilometre of new rail lines this year, buying 80,000 wagons, setting up a centre of excellence in wagon prototyping at Kharagpur, a rail axle factory with private partnership in New Jalpaiguri, wagon manufacturing factories at Bardhaman and Haldia. She also wants to add 25,000 kilometre of new lines by 2020.

The rail network has increased

to 64,015 kilometre now, from 53,596 kilometre in 1950, a 19% rise in 60 years. That translates to 180 kilometre a year in 58 years. In the past five years, the network has been expanding by just 219 kilometre a year.

The much-talked-about public-private-partnership (PPP) model doesn't hold too many prospects either, if past experience is any indication. "Whatever small PPP has been devised is not working because there is no intention on the part of the Railways to let things go," said Raghu Dayal, former managing director, Container Corp of India, the state-owned logistics company.

The construction of high-speed passenger rail corridors with trains running at 250-300 kilometre per hour is to be executed through the PPP route. Construction of the dedicated freight corridors is also to be taken up in the same way.

Investors singed by past experience dumped railway-related stocks, sending Kalindee Rail Nirman down 5%, Texnaco 4.6% and Titagarh Wagons 6.6%.

A new coach factory in Kanchrapara announced by the rail minister last year got such a lukewarm response from private players that she had to seek the assistance of the Planning Commission for central government funds. But there is a minor step forward in getting the private sector active.

"The minister has largely restated her intent to focus on PPP in the budget, but this time, the announcement of setting up a special task force will help clear projects more quickly and will give a positive signal to the industry," said Rajeev Jyoti, president & managing director, Bombardier Transportation India.

She has also proposed a special task force for clearing investment proposals within 100 days, investment-friendly policy guidelines and a separate structure within Railways to increase revenues from non-core activities.

New initiatives included introduction of modified wagon investment scheme, covering iron ore, coal and cement and a policy to permit private operators to invest in infrastructure and run special freight train for certain commodities. "We see the proposals for high capacity general and special purpose wagon investment and special freight trains by private operators as encouraging," said Sumit Banerjee, managing director, ACC.

Lalu Prasad — the flamboyant predecessor of Ms Banerjee who became a case study for many management schools, including the Harvard and the Indian Institute of Management — was not impressed.

"The Railways is going in reverse. There is nothing new in (railway) budget. It is a survey budget," said Mr Prasad.