

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

STARRED QUESTION NO:343
ANSWERED ON:14.08.2003
LOSS MAKING COMPANIES
AMBATI BRAHMANAIAH

Will the Minister of RAILWAYS be pleased to state:

- (a) the particulars of various companies/entities, set up by Railways for diverse commercial activities like Rail-Tel;
- (b) whether none of these bodies is giving a return even remotely proportionate to the original investment;
- (c) if so, whether there is any proposal to wind up some of these companies which are not making any profits; and
- (d) if so, the details thereof?

Answer

MINISTER OF RAILWAYS (SHRI NITISH KUMAR)

(a) to (d): A statement is laid on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO.343 BY SHRI A. BRAHMANAIAH TO BE ANSWERED IN LOK SABHA ON 14.08.2003 REGARDING LOSS MAKING COMPANIES

(a): The following companies have been set up by Railways for diverse commercial activities:

(i) IRCON International Ltd. This was set up in 1976 mainly to carry on business relating to railway and other constructions in India and abroad.

(ii) RITES Ltd. was set up in 1974 mainly to provide engineering, technical, financial, management and consultancy services for development of projects pertaining to railways and other sectors in India and abroad.

(iii) Indian Railway Finance Corporation Ltd. was set up in 1986 mainly to borrow money for carrying on the business relating to purchasing, selling, letting on lease in any part of India or abroad.

(iv) Container Corporation of India Ltd. was set up in 1988 mainly to carry on business of multi modal transport operator, general carriers of International & domestic cargo within India and abroad.

(v) Konkan Railway Corporation Ltd. was set up in 1990 mainly to construct Konkan Railway and to operate the same for a period to which the company discharges its liabilities arising due to such a project.

(vi) Mumbai Rail Vikas Corporation Ltd. was set up in July 1999 mainly to develop coordinated plans and implement the rail infrastructure project to integrate urban development plan for Mumbai.

(vii) Indian Railway Catering & Tourism Corporation Ltd. was set up in 1999 mainly to professionalise, consolidate and upgrade railway catering services, promote rail based tourism and hospitality business.

(viii) Railtel Corporation of India Ltd. was set up in September-2000 mainly to plan, build, develop, operate and maintain in India broadband telecom network by laying optical fibre cable (OFC) alongside Railway track, to modernise communications for Railway train control, operational, safety and accident/disaster management systems and networks, to lease and maintain the additional/spare capacity of the infrastructure.

(ix) Rail Vikas Nigam Ltd. has been set up in 2003 mainly to enter into and carry on business relating to creation and augmentation of capacity of rail infrastructure including the Golden Quadrilateral and its diagonals connecting the four metros and any other project(s) under National Rail Vikas Yojana.

(b): No, Sir. Out of the nine companies set up by Railways, only two companies i.e. Konkan Railway Corporation Ltd. and Railtel Corporation of India Ltd. have shown losses in their balance sheet during 2001-02. Konkan Railway Corporation Ltd. is showing losses in its balance sheet mainly on account of finance charges of the market borrowings during construction phase. The Corporation is able to generate operating surplus after meeting its working expenses from the revenues generated and the operating surplus during 2001-02 is Rs.44 crores. However, the net loss during 1999-2000, 2000-01 and 2001-02 is Rs.385 crores, Rs. 381.6

crores and Rs.369.8 crores respectively.

Railtel Corporation of India Ltd. is a newly promoted company and is in the process of creating/acquiring assets. In its second year of operation (2002-03) itself, the company has been able to generate operational surplus of Rs.222 lakhs after meeting its working expenses from the income generated. The net loss during 2002-03 is Rs.116 lakhs (provisional).

(c): No, Sir.

(d): Does not arise.