

**GOVERNMENT OF INDIA  
RAILWAYS  
LOK SABHA**

STARRED QUESTION NO:666  
ANSWERED ON:08.05.2003  
FINANCIAL CONDITION OF RAILWAYS  
DUKHA BHAGAT;MADAN PRASAD JAISWAL

**Will the Minister of RAILWAYS be pleased to state:**

- (a) Whether the administrative expenses and increasing debt of the Railways are affecting its revenue adversely;
- (b) If so, the facts thereof;
- (c) Whether a number of rail projects lagging far behind their schedule as a result thereof;
- (d) If so, the details thereof;
- (e) The steps taken by the Railways last year for carrying out financial reforms in this regard; and
- (f) The achievements of the Railways as a result of the said efforts?

**Answer**

MINISTER OF RAILWAYS (SHRI NITISH KUMAR)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF STARRED QUESTION NO.666 BY PROF.DUKHA BHAGAT AND DR.M.P.JAISWAL TO BE ANSWERED IN LOKSABHA ON 8.5.2003 REGARDING FINANCIAL CONDITION OF RAILWAYS

(a) & (b): Due to various measures taken, the financial position of the Railways has improved distinctly after 2000-01. The expenditure, which increased considerably after implementation of the recommendations of the Fifth Central Pay Commission, has been brought under control and the earnings have also improved. As a result, the Operating Ratio has improved from 98.3% in 2000-01 to 96% in 2001-02 and 92.5% in 2002-03(RE). As regards debt, market borrowing through IRFC is resorted to mainly to meet the gap in funding requirement of Rolling Stock acquisition/replacement and modernization. This figure is restricted to the assessed requirement to meet the traffic demands. As a percentage of total plan outlay, market borrowing has come down from 33% during the year 1998-99 to 23% during the year 2002-03. The lease charges which are payable include a component for repayment of the principal and also for interest liability. The average cost to Railways on account of lease charges payable to IRFC in respect of assets funded out of market borrowing is progressively coming down from 13.17% during the year 1998-99 to 10.17% during the year 2001-02 and is likely to further come down to 7.5% during the year 2002-03.

(c) to (f): No, Sir, because railway projects are mainly financed by the general budgetary support and not by the internal resources. The level of budgetary support to the Railways has increased in the last couple of years. However, the Railways have a very large shelf of projects and the speed of their execution depends on the amount of budgetary support received. Apart from the increase in budgetary support, railways have entered into cost sharing arrangements for projects with certain States. Certain projects of strategic importance are being funded by the Ministry of Defence. The National project of Udhampur-Srinagar-Baramulla is being separately funded through additional budgetary support. Railways are also exploring areas like private participation and formation of special purpose vehicles, etc for speedy execution. A National Rail Vikas Yojana has also been launched to execute certain important railway projects worth Rs.15,000 crore through non-budgetary initiatives. All these measures will help the railways in speeding up the completion of the pending projects.