



Railway Budget 2012-13
Late Arrival !!!

SPA Research

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Rail Budget 2013



Railways Minister Mr. Dinesh Trivedi while presenting his maiden railway budget, kick started the long-pending modernization plan of Indian Railways. The Railway Budget 2012-13 emphasized the need for public-private partnerships (PPPs) in Indian Railways to boost investments. The proposal that 10% of total infrastructure spend in the 12th five year plan should be on railways, will go long way in improving the current state of railways.

It also laid significant importance on passenger safety measures. Much needed upward revision of passenger fares after 8 long years will help improve the financials of railways. Some of the key initiatives undertaken in this Budget include introduction of new trains, commencement of new passenger services, up gradation of railway stations and better safety norms.

Although the minister has scored enough points as far as intent is concerned, however it is to be seen how railways manages to garner funds for the same. The fund constraint is severely bottlenecking the progress of projects in hand, and the ministry has a huge backlog. Mr. Trivedi is banking very heavily on the gross budgetary support, which has increased marginally this year. Hence a lot would depend on how the modernization and safety plans are funded. Given the worsening financials of government, expecting a budgetary support of INR 2.5 lakh crore from the government in the 12th five year plan seems to be too ambitious.

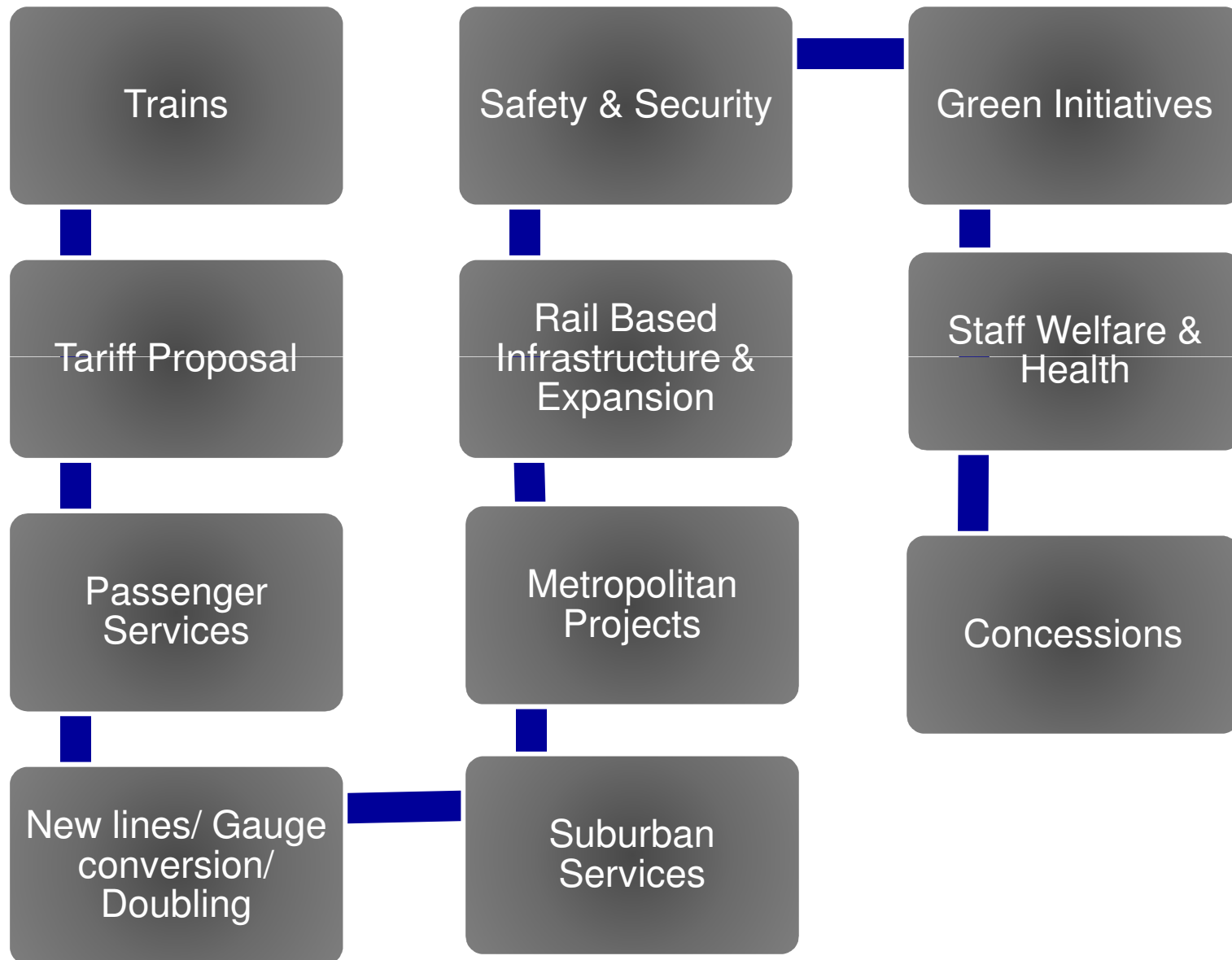
The reduction in operating ratio from 95% to 85% is well targeted, but it would need major administrative overhaul and rigorous financial discipline.

Key Highlights 2012-13



- Plan Outlay revised to INR 48,551 cr for 2011-12.
- Gross Traffic Receipts for 2011-12 fixed at INR 1,03,917 cr in Revised Estimates, fell short by INR 2,322 cr over Budget Estimates
- Ordinary Working Expenses for 2011-12 fixed at INR 75,650 cr, saw an increase of INR 2,000 cr over Budget Estimates.
- Excess for the current year is pegged at Rs 1,492 crs.
- Operating Ratio of 95% as compared to 91.1% in Budget Estimates.
- Loading target reduced to 970 MT from 993 MT in 2011-12.
- Highest ever plan outlay INR 60,100 cr for 2012-13.
- Gross Traffic Receipts estimated at INR 132552 crs for 2012-13.
- Ordinary Working Expenses assessed at INR 84,400 cr
- Provision of Rs 6,676 cr made for dividend payment.
- Operating Ratio targeted at 84.9%.
- Freight loading of 1025 MT, 55 MT more than 2011-12 and passenger growth of 5.4% estimated for 2011-12.
- Railways expect Gross Budgetary Support of INR 2.5 lakh crs during 12th Plan.
- Railways to invest INR 7.35 lakh Crs during 12th Five Year Plan period (2012-17), a quantum jump from the INR 1.92 lakh crs invested in 11th Five Year Plan.

Initiatives Undertaken



Financial Highlights 2012-13



Particulars (INR crs)	2011-12 BE	2011-12 RE	2012-13 BE
Gross traffic receipts	106239	103917	132552
Miscellaneous receipts	3154	2730	3004
Total receipts	109393	106647	135556
Net ordinary working exp.	73650	75650	84400
Appropriation to pension fund	15800	16800	18500
Appropriation to depreciation reserve fund	7000	6169	9500
Misc. expenditure	950	884	923
Total expenditure	97400	99503	113323
Net revenue	11993	7144	22233
Dividend payable to government	6735	5652	6676
Excess	5258	1492	15557
Operating ratio	91.1%	95%	84.90%

Source: Indian Railways

RE- revised Estimates | BE- Budgeted Estimates

Trains



- 75 new Express trains to be introduced.
- 21 new passenger services, 9 DEMU services and 8 MEMU services to be introduced.
- Run of 39 trains to be extended.
- Frequency of 23 trains to be increased.

Tariff Proposals

- Setting up of Railway Tariff Regulatory Authority to be considered;
- Passenger fares increased by 2 paise per km for suburban and ordinary second class; 3 paise per km for mail/express second class; 5 paise per km for sleeper class; 10 paise per km for AC Chair Car, AC 3 tier and First Class; 15 paise per km for AC 2 tier and 30 paise per km for AC I. Fares to be rounded off to the next nearest five rupees.
- Minimum fare and platform tickets to cost INR 5.
- Fuel Adjustment Component (FAC) in fares contemplated.

New Lines/Gauge Conversion/Doubling



- 725 km new lines, 700 km doubling, 800 km gauge conversion and 1100 km electrification targeted in 2012-13.
- INR 6,872 cr provided for new lines, INR 3,393 cr for doubling, INR 1,950 cr for gauge conversion, INR 828 cr for electrification.

Safety & Security

- Installation of Integrated Security System at all 202 identified stations to be completed in 2012-13.
- Escorting of trains by RPF/GRP extended to 3500 trains.
- Integration of RPF helpline with the All India Passenger Helpline.

Passenger Services



- Installation of 321 escalators at important stations of which 50 will be commissioned in 2012-13.
- 12 State of art mechanized laundries already set up and 6 more to become functional during 2012-13.
- SMS on passenger mobile phone in case of e-ticket to be accepted as proof of valid reservation.
- Introduction of regional cuisine at affordable rates; launching of Book-a-meal scheme to provide multiple choice of meals through SMS or email.
- Setting up of AC Executive lounges at important stations.
- Setting up of new Rail Neer Plants at Palur in Tamil Nadu and Ambarnath in Maharashtra.
- Expansion of housekeeping schemes for trains.
- Introduction of Rail Bandhu on-board magazines on Rajdhani, Shatabdi and Duronto trains.
- Introduction of Alternate Train Accommodation System to accommodate waitlisted passengers on alternate trains.
- Introduction of model rake with world class interiors.
- Upgradation of 929 stations as Adarsh Stations including 84 stations proposed in 2012-13; 490 stations have been completed so far.
- Implementation of electronic transmission of RR for freight traffic.
- Specially designed coaches for differently-abled persons to be provided in each Mail/Express trains.
- Engaging reputed professional agencies for pantry cars and base kitchens.
- Specialized House-keeping body to be set up for cleanliness of stations and the trains

Rail Based Infrastructure & Expansion



- Rail Wheel Plan at Chhapra produced 78 wheels during 2011-12; the plant would be fully commissioned in 2012-13.
- Rae Bareli coach factory manufactured 10 coaches in 2011-12; phase-II of the factory would be commissioned in 2012-13.
- Diesel Component Factory at Dankuni has commenced trial production and would be fully commissioned in 2012-13.
- Wagon Manufacturing Factory at Kulti and fiat bogey frame unit at Budge Budge to commence production in 2012-13.
- A wagon factory to be set up at Sitapali (Ganjam District of Odisha).
- A rail coach factory with the support of Government of Kerala to be set up at Palakkad; two additional new manufacturing units for coaches to be established in the Kutch area in Gujarat and at Kolar in Karnataka with active participation of the State Governments.
- A plant for manufacture of traction alternators for high horse power diesel locomotives to be set up at Vidisha in Madhya Pradesh.
- Setting up of a factory at Shyamnagar in West Bengal to manufacture next generation technology propulsion system for use in high power electric locomotives.
- Augmenting the electric loco Ancillaries Unit of CLW at Dankuni for fabrication of locomotive shells and assembly of three phase locomotives for manufacturing of new generation 9000 HP locomotives.
- Sick wagon unit 'Braithwaite' taken over by Railways has been conferred with Turn Around Award by the Board of Reconstruction of Public Sector Enterprise.

Metropolitan Projects



- Works announced for Kolkata Metro last year progressing satisfactorily and some projects being extended to cover new sections.
- SPV with Andhra Pradesh Government to be set up for commercial management of the MMTS.
- MRVC to carry out feasibility study for construction of faster corridors 2 on CSTM – Panvel and Virar-Vasai-Diva-Panvel sections.
- Work to be taken up facilitating running of 12-car rakes on Harbour line.
- Financial modeling of the elevated rail corridor from Churchgate to Virar firmed up with Government of Maharashtra through PPP mode.
- A pre-feasibility survey for a similar corridor between CST and Kalyan proposed.
- A National High Speed Rail Authority to be set up.
- Pre-feasibility studies on six high speed corridors already completed; study on Delhi-Jaipur-Ajmer-Jodhpur to be taken up in 2012-13.

Suburban Services

- 75 additional services to run in Mumbai suburban.
- 18 additional services to be run in Chennai area.
- 44 new suburban services to be introduced in Kolkata area.
- 50 new services to be introduced in Kolkata Metro in 2012-13.

Green Initiatives



- Setting up of 72 MW capacity windmill plants in Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and West Bengal.
- Setting up of 200 remote railway stations as 'green energy stations' powered entirely by solar energy.
- Providing solar lighting system at 1000 manned level crossing gates.
- Introduction of mobile emission test cars to measure pollution level of diesel locomotives.
- Commissioning of two bio diesel plants at Raipur and Tondiarpet.
- Introduction of a 'Green Train' to run through the pristine forests of North Bengal.
- 2500 coaches to be equipped with bio toilets.

Staff Welfare and Health



- Introduction of a wellness programme for railway staff at their work places.
- Ensuring proper rest for skilled and technical staff including the running crew.
- NID to design appropriate outfits for various categories of workforce.

Concessions

- 50% concession in fare in AC-2, AC-3, Chair Car & Sleeper classes to patients suffering from 'Aplastic Anaemia' and 'Sickle Cell Anaemia'.
- Extending the facility of travel by Rajdhani and Shatabdi trains to Arjuna Awardees.
- Value of concession granted to travelers is more than `800 cr per year.
- Travel distance under 'Izzat Scheme' to increase from 100 kms to 150 kms.

Key Beneficiaries



- Priority for passenger safety is a clear window of opportunity for **Kernex Micro Systems**, which is engaged in developing railway safety and signaling systems. Increasing safety through spending on anti-collision will generate business opportunities for the company.
- Infrastructure companies will benefit by the planned move to improve infrastructure facilities across a large number of railway stations. Proposal to get at-least 10% of government's infrastructure spending augurs well for infrastructure players L&T, **GMR Infra, Simplex Infrastructures** etc.
- **BEML** stands to gain from this budget. The announcement of new train services, dedicated freight corridor and the additional coaches would generate business for BEML.
- Plans to modernize 19000 km of railway tracks through renewal, up gradation and replacement will benefit **Patel Engineering**.
- **Kalindee Rail Nirman Engineers** is set to benefit from this budget. The company manufactures and installs signaling and telecommunication equipment, and executes gauge conversion projects for the Indian Railways. The Budget talks about construction of new railway lines, electrification, gauge conversion, etc, which is a positive for the company. The company is expecting to get business worth around INR 10 bn from these projects.
- Announcement of higher outlay in rolling stock procurement would generate some additional revenue for **Titagarh Wagons**.

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