

Performance of departmental enterprises of the Central Government

Railways

2.55 During 2001-02, Railways concentrated on three vital areas – turnaround in finances with emphasis on expenditure monitoring and control and raising earnings; strengthening of safety by wiping out arrears of replacement and renewal of over-aged assets, and exploring alternative sources of funding investment in view of a large shelf of projects.

2.56 The financial position of the Railways began to show signs of improvement in 2001-02, after the difficult situation faced in the past few years due to the disproportionate rise in working expenditure following the implementation of the recommendations of the Fifth Central Pay Commission. With focused monitoring, the rate of growth of expenditure has been coming down and the earnings have also been improving.

2.57 The gross traffic receipts of the Railways increased from Rs. 34,880 crore in 2000-01 to Rs. 37,837 crore in 2001-02, representing a growth of 8.5 percent. Over the same period, its working expenses (including appropriations to the Depreciation Reserve Fund and Pension Fund), rose from Rs. 34,667 crore to Rs. 36,293 crore reflecting an increase of 4.7 percent.

2.58 The dividend liability for 2001-02 is placed at Rs. 2,337 crore. Railways made a net dividend payment of Rs. 1,337 crore (Rs. 1,000 crore being a deferred liability) and also liquidated entirely the loan of Rs. 249 crore taken during 2000-01. The operating ratio of the Railways improved from 98.3 percent in 2000-01 to 96.0 percent in 2001-02.

2.59 The fare and freight structure has been rationalised in 2002-03 to bridge the gap between the cost of service and the charge levied. The freight loading target for 2002-03 has been fixed at 510 million tonnes as compared to 492.5 million tonnes achieved in 2001-02. The plan outlay for 2002-03 stands at Rs.12,330 crore.

2.60 The net revenue as proportion of capital at charge and investment from capital fund has steadily declined from 11.7 percent in 1996-97 to 4.9 percent in 2001-02 and is budgeted at 7.3 percent in 2002-03. This trend implies that the return on funds deployed is expected to improve in 2002-03.

2.61 In an effort to attract capital for much needed investment in infrastructure, Railways are taking up certain important projects on cost-sharing basis with the State Governments. The Udhampur-Srinagar-Baramulla project, declared a national project, would be funded outside the Railway plan. In 2002-03, an amount of Rs.400 crore has been allotted to it. The Railways have also been looking forward to harness certain non-conventional resources, like commercial use of railway land, commercial publicity on railway assets, venturing into the 'telecom' and 'catering and tourism' sectors, through Rail Tel and Indian Railway Catering and Tourism Corporation (IRCTC), the two PSUs respectively, recently floated by the Ministry of Railways. Private participation in railway projects is also being encouraged.

Posts

2.62 The gross receipts of the Department of Posts during the year 2001-02 were Rs.3,697 crore. Gross working expenses amounted to Rs.5,195 crore and net working expenses to Rs.5,109 crore. There was, therefore, a deficit of Rs.1,412 crore. During the year 2002-03, as per the budget estimates, the gross receipts are expected to be Rs.4,100 crore and the gross working expenses Rs.5,298 crore with net expenses being Rs.5,230 crore. The deficit is estimated to be Rs.1,130 crore for 2002-03.

2.63 With a view to diversifying its activities, the Department of Posts has entered into an agreement with US based Western Union and several post offices are now handling remittances to India through international money transfer service. The Department has already obtained license for post offices in identified locations to act as money changers. An important step to mitigate the problem of deficit is to urgently address the question of

subsidy in postal services. While subsidy on a few items covered under the Universal Postal Service Obligation (UPSO) may be justified, pricing of other postal services, such as registration and parcels needs to be rationalised along with cost of operation.

Broadcasting

2.64 During 2001-02, total expenditure of Prasar Bharti increased by 5.4 percent over the previous year to Rs.1,758 crore. Total receipts decreased from Rs.711 crore in

2000-01 to Rs.698 crore in 2001-02. Consequently, the ratio of total commercial receipts to total expenditure decreased from 42.6 percent in 2000-01 to 39.7 percent in 2001-02. Total commercial receipts of Doordarshan were Rs.638 crore in 2000-01 and Rs.615 crore in 2001-02. In the Union Budget 2002-03, a provision for a grant of Rs.914 crore has been made for Prasar Bharti to cover the gap in resources for meeting its revenue expenditure (non-plan). Further, a provision of Rs.107 crore has been made under revenue expenditure (plan).