

Rail Budget 2013: Railways to get modest hike of 2000 crore for next fiscal

Reeling under a severe financial crunch which is affecting its development initiatives and modernization drive, the railways could get a shocker as the government is learnt to have indicated a moderate hike of Rs 2,000 crore in gross budgetary support.

At a time when the national transporter needs enhanced government support considering its poor fiscal health, it is expected to get Rs 26,000 crore from general exchequer for the next fiscal (2013-14).

After taking the "bold" but unpopular decision of raising passenger fares last month and working hard to curtail its expenses, the railways was expecting a "reasonable" increase in government support to fund its modernization plan.

A source in the railways said the government has indicated that a hike of 8.33% from last year's gross budgetary support of Rs 24,000 crore is being worked out. The transporter has demand around Rs 38,000 crore for the next fiscal.

"The proposed 8.33% hike is not as bad if compared with the overall increase in total gross budgetary support of all ministries and department which is around 5.8%," a source said, adding that the allocation increase for some ministries such as rural development was less than the current year.

Despite the government's effort to cut down spending and bring fiscal discipline, railways was expecting a better deal after a Congress nominee, Pawan Bansal, became minister after a gap of more than a decade. Under Bansal, the transporter is pushing hard to increase revenue through internal resources while slashing wasteful expenditure.

In the coming budget, the minister is expected to reward those states in terms of new lines which have come forward to bear 50% of the project cost and land cost. A number of new lines, mostly to connect coal fields to ensure fuel to power plants and last-mile connectivity projects are expected to be announced. Semi-high speed trains with speeds ranging between 130-160 km per hour for inter-city travel may be announced by Bansal in his budget speech.

The railways' plan size for 2013-14 is not expected to be very ambitious as it has to cut down the plan outlay for 2012-13 to Rs 52,000 crore from the proposed outlay of Rs 60,100 crore.

It is not going to be please all budget as the focus will be on not taking up too many new projects, but on ensuring fund flow for pending projects costing around Rs 1.5 lakh crore so that they can be completed.

(Economic Times)