

**Speech of Shri Nitish Kumar  
introducing the Railway Budget  
for 1998 – 99, on 25<sup>th</sup> March 1998**

Mr. Speaker, Sir,

I rise to place before the House the Annual Financial Statement for the Indian Railways showing the estimated receipts and expenditure for the year 1998-99. The estimates are for the whole of the next financial year but as the time available now for discussion of the Demands for 1998-99 is very limited, I seek from the House, for the present, only a vote on account, sufficient to cover the estimated expenditure for the first four months of the financial year 1998-99, leaving the supplies for the rest of the year to be voted separately.

**Review of Performance in 1996-97**

2. I shall now briefly go over the operating results of 1996-97, the last completed financial year. Railways achieved a loading of 409.02 million tonnes of revenue earning freight traffic, which was 18.3 million tonnes more than the loading in 1995-96, a growth of 4.7%. Passenger traffic recorded a growth of 3.8%. The "Excess" of receipts over expenditure improved by Rs. 201 cr over Budget. Actual Plan expenditure was Rs. 8,310 cr as compared to revised estimate of Rs. 8,300 cr and Budget estimate of Rs. 8,130 cr.

**Revised Estimates, 1997-98**

3. For the year 1997-98, a target of 430 million tonnes of revenue earning freight traffic was laid down. Having loaded 387.35 million tonnes till February, 98, which is higher than the expectation of 386.40 million tonnes up to that month, Railways are hopeful of meeting the full year's target. Passenger traffic has recorded a growth of over 5%.

**Gross Traffic Receipts**

4. The trend of earnings has been encouraging and the expectation in the Revised Estimate is an increase of Rs. 1,000 cr. Gross Traffic Receipts are, however, revised upwards only by Rs. 800 cr since the outlook for realisation of old outstanding dues of the power sector is not quite encouraging.

**Working Expenses**

5. As the House is aware, Government's decision on the V Central Pay Commission's recommendations have been implemented in 1997-98. Railways had kept a provision of Rs. 3,300 cr in the Ordinary Working Expenses for this purpose. This has been reduced to Rs. 2,694 cr in the Revised Estimate in view of payment of a part- of the arrears on this account being deferred to the next year. Taking into account certain other post-budgetary factors, mainly the hike in the price of diesel as well as electricity tariffs, higher payment of Productivity Linked Bonus, lease charges and repairs to track affected by breaches, a net reduction of Rs. 284 cr is expected. Railways have, however, had to provide for a higher pensionary outgo of Rs. 1,167 cr, over and above Rs. 2,200 cr provided for Pension Fund in the Budget Estimate. On the other hand, the requirement for Depreciation Reserve Fund is lower by Rs. 96 cr. With this, the Total Working Expenses stand revised from Rs. 25,135 cr to Rs. 25,922 cr, an increase of Rs. 787 cr.

6. As a result of these variations and a marginal change in the Net Miscellaneous Receipts, the Net Revenue is higher at Rs. 3,016 cr as compared to the Budget Estimate of Rs. 3,004 cr.

7. A provision of Rs. 1,630 cr was made towards payment of dividend in Budget Estimate 97-98. This has now been scaled down to Rs. 1,546 cr, resulting from certain adjustments relating to the years 1995-96 and 1996-97.

8. With these changes, the "Excess" of receipts over expenditure works out to Rs. 1,470 cr as against Rs. 1,374 cr anticipated in the Budget. This is being appropriated to the Capital Fund and. Development Fund.

**Annual Plan for 1997-98**

9. The Railways' developmental programme for 1997-98 envisaged a total outlay of Rs. 8,300 cr. The Revised Estimate of Rs. 8,403 cr includes an increase of Rs. 170 cr of capital from General Exchequer

and market borrowing of Rs. 370 cr, but there has been a shortfall in the private investment component.

### **Budget Estimates, 1998-99 Gross Traffic Receipts**

10. I shall now deal with the Budget Estimates for 1998-99. Gross Traffic Receipts for the year at the existing level of fares and freights are estimated at Rs. 31,022 cr, an increase of Rs. 2,367 cr over the Revised Estimate for the current year. The increase is based on an estimated 5% growth in passengers and a revenue earning freight traffic of 450 million tonnes, 20 million more than the 1997-98 target.

### **Ordinary Working Expenses**

11. The estimate of Ordinary Working Expenses has been placed at Rs. 23,370 cr, representing an increase of Rs. 2,719 cr over the Revised Estimate for the current year. This will cover normal increases and arrear payments deferred to 1998-99.

12. To meet the higher pensionary payments as a result of the V Pay Commission's recommendations, appropriation to the Pension Fund has been enhanced to Rs. 4,000 cr, which is higher than the Revised Estimate of 1997-98 by Rs. 633 cr. The contribution to Depreciation Reserve Fund is proposed to be kept at Rs. 1,500 cr.

13. The Total Working Expenses will amount to Rs. 28,870 cr, leaving Net Traffic Receipts of Rs. 2,152 cr. A sum of Rs. 359 cr is estimated by way of Net Miscellaneous Receipts, and thus Net Revenue would amount to Rs. 2,511 cr.

### **Financial Results, 1998-99**

14. Dividend to General Revenues for the year 1998-99 has been computed provisionally on the basis adopted for the year 1997-98. After payment of dividend of Rs. 1,756 cr to General Revenues, the "Excess" of receipts over expenditure works out to Rs. 755 cr.

### **Annual Plan, 1998-99**

15. The Annual Plan for 1998-99 has been kept tentatively at Rs. 8,300 cr. It will be my endeavour to increase the Plan outlay so as to meet the investment needs better.

16. Sir, rail transport is far more efficient in energy use and far more friendly to the environment than road transport. Yet there has been a continuous decline in the share of Railways in land transport. This undesirable trend needs to be reversed. There is a new interest in reviving Railways all over the world. It will be my endeavour to take all the necessary steps to strengthen the Indian Railways to enhance their role in providing efficient transport of both freight and passengers.

17. Sir, I deem it an honour to work under the dynamic leadership of Hon'ble Prime Minister, Shri Atal Behari Vajpayee ji and it is my proud privilege to head the railway family. The House will no doubt appreciate the total dedication to duty displayed by railway employees at all levels. I am confident that the railways will continue to get the full support of the House and the railway users in achieving its goals.

\*\*\*\*\*