

**GOVERNMENT OF INDIA  
RAILWAYS  
LOK SABHA**

UNSTARRED QUESTION NO:2770

ANSWERED ON:06.12.2001

RATIONALISATION OF FREIGHT AND PASSENGER FARES

A. VENKATESH NAIK;RAMSHETH THAKUR

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

- (a) whether the Railways are considering to rationalise freight and passenger fares to deal with the low earnings, especially from freight traffic;
- (b) if so, whether any study has been conducted in this regard;
- (c) if so, the details thereof;
- (d) the freight traffic target fixed during 2001-2002 and the extent to which it has been achieved so far;
- (e) whether the financial health of Indian Railways is not much good during the current financial year;
- (f) if so, the reasons therefor; and
- g) the steps taken by the Government to boost the Railways earning from freight traffic and non-trading sources?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI O.RAJAGOPAL)

(a) to (g): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF LOK SABHA UNSTARRED QUESTION NO. 2770 BY SHRI RAMSHETH THAKUR AND SHRI A. VENKATESH NAIK TO BE ANSWERED ON 06.12.2001 REGARDING RATIONALISATION OF FREIGHT AND PASSENGER FARES.

(a) to (c): Rationalisation of freight rates and passenger fares is a continuous process and these rates are adjusted from time to time to generate internal resources and to meet the rising cost of inputs.

(d) A target of 500 million tonnes originating freight traffic has been fixed for the year 2001-02. Upto October, 2001, Railways have loaded 273.10 million tonnes (Provisional) against the proportionate target of 281.35 million tonnes.

(e) to (g): The financial position for the current year is under strain. The traffic earnings to end of October, 2001 (approximates) are short by Rs.647 cr. against the proportionate target. Besides, earnings of Rs.700 cr. budgeted from right of way for laying optic fibre cable seem unlikely to materialise. Further, the targeted clearance of Railways outstanding by Rs.750 cr. during the year mainly from Power Houses/State Electricity Boards is not likely to be achieved. The overall shortfall in receipts is, however, likely to be offset with a saving of around Rs.960 cr. under Ordinary Working Expenses during the year. Railways freight loading is a derived demand, dependent on the traffic offered by the core and non-core sectors. Due to economic slowdown, the drop in traffic demand has adversely affected the freight earnings. Railways have initiated steps to attract traffic from other modes of transport. The steps include extension of Volume Discount Scheme, liberalization of Station-to-Station rates scheme, new policy regarding Merry-go-round (MGR) system to attract short lead bulk traffic.