

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

UNSTARRED QUESTION NO:1903
ANSWERED ON:05.08.2010
RAILWAY EXPENSES ON FUEL
Dhruvanarayana Shri R. ;Thamaraiselvan Shri R.

Will the Minister of RAILWAYS be pleased to state:

- (a) whether the railways have sought for waiver of service tax on transportation of goods on the rail network;
- (b) if so, the detail thereof;
- (c) whether fuel expenses of railways have been shoot up as a result of hike in this prices of diesel;
- (d) if so, the details thereof; and
- (e) the steps taken by the Railways to cut the expenses?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS(SHRI K.H. MUNIYAPPA)

(a)& (b) Service tax was imposed on railway freight through entry in the Finance (No.2) Act, 2009 and came into effect from 1/9/2009. However, the matter was taken up with Ministry of Finance seeking total exemption from imposition of service tax and imposition of the service tax on freight has been held in abeyance till 31/12/2010.

(c)& (d) Yes, Madam. The impact of hike in price of diesel w.e.f. 26.02.2010 and 07.06.2010 is likely to be Rs.608 crore and Rs.385 crore respectively in the current year on Railways.

(e) A number of steps have been taken to reduce expenses including economy measures on office expenses, travel, hospitality, etc. Action has also been taken to improve asset utilization, inventory management, employee productivity, etc. which too will have a direct impact on the reduction of expenditure.