

**GOVERNMENT OF INDIA  
RAILWAYS  
LOK SABHA**

UNSTARRED QUESTION NO:4866

ANSWERED ON:25.04.2013

FREIGHT RATES

Owaisi Shri Asaduddin;Pakkirappa Shri S.;Thakur Shri Anurag Singh

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

- (a) whether the freight rates have been increased recently by the Railways and if so, the details thereof, commodity-wise;
- (b) the additional revenues likely to accrue to the Railways as a result thereof;
- (c) whether the revenues collected from freight are used to subsidize the passenger travel and if so, the details thereof;
- (d) whether the Railways have introduced fuel adjustment component on freight;
- (e) if so, the details thereof and the reasons therefor;
- (f) whether the Railways propose to apply the same mechanism on passenger fares as well; and
- (g) if so, the details thereof and if not the alternate measures being taken by the Railways to bridge the gap of revenue loss on passenger fares?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI ADHIR RANJAN CHOWDHURY)

(a) to (g) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF UNSTARRED QUESTION NO. 4866 BY SHRI S. PAKKIRAPPA, SHRI ASADUDDIN OWAISI AND SHRI ANURAG SINGH THAKUR TO BE ANSWERED IN LOK SABHA ON 25.04.2013 REGARDING FREIGHT RATES.

(a) to (e) With a view to rationally insulate Railways' finances, particularly in the context of deregulation of HSD oil, it has been decided to introduce a dynamic pricing mechanism for adjusting tariffs in sync with movements in fuel cost in either direction, say twice a year. However, in view of the rationalisation in passenger fares implemented recently, i.e. with effect from 22.01.2013, Fuel Adjustment Component (FAC) – linked revision, in the first instance, has been introduced only in the case of freight tariffs with effect from 1st April 2013. The overall impact of the rationalisation effected is assessed as an uniform, across- the-board increase of 5.8 percent in freight rates.

The additional revenue likely to accrue to the Railways as a result of the adjustment in Freight rates implemented with effect from 01.04.2013 is assessed at approximately ` 4200 crores during 2013-14.

Cross-subsidization between freight and passenger services as well across various segments of passenger services has conventionally been the modus operandi of financing Railway's social obligations. However, care is taken to ensure that the growth potential in freight business does not get compromised.

(f) Evaluation of various alternatives relating to rationalization of the tariff structure is an on-going process. Such exercises do not constitute a proposal for FAC – linked revision of Passenger fares at present.

(g) The steps taken by Indian Railways to generate revenue from passenger services include introduction of new trains, enhancing the composition of more popular trains, running special trains, regular analysis and reviews of quota utilization etc.