

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

UNSTARRED QUESTION NO:3503
ANSWERED ON:15.12.2014
FREIGHT CHARGES
Singh Shri Ravneet

Will the Minister of RAILWAYS be pleased to state:

- (a) whether the Railways have any proposal to reduce the burden of cross subsidy from railway freight for the operations of passenger railways in the country;
- (b) if so, the details thereof;
- (c) whether the Railways have any plan to reduce the price of freight transportation as a measure to control the domestic market price of commodities in the country; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI MANOJ SINHA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF UNSTARRED QUESTION NO.3503 BY SHRI RAVNEET SINGH TO BE ANSWERED IN LOK SABHA ON 15.12.2014 REGARDING FREIGHT CHARGES

(a)&(b) Railways have traditionally cross-subsidized passenger business through their freight business as a result of which Railway freight rates have increased regularly while passenger fares have stagnated. This has made Railway's freight business non-competitive vis-à-vis other modes of transport. In the recent Railway Budget, a beginning was made to correct these imbalances. With effect from 25.06.2014, therefore, the passenger fares of all classes, including Monthly Season Tickets was increased by 14.2%, inclusive of Fuel Adjustment Component (FAC) of 4.2% whereas the freight rates were increased by 6.5%, inclusive of FAC of 1.4%. The fare and freight revision so carried out was to correct the freight to fare ratio imbalance and improve it from 4.2 to 4.0.

(c)&(d) Evaluation of various alternatives relating to rationalization of the fare and freight structures is an on-going process.