

## **Performance of Departmental Enterprises**

### **Railways**

2.43 Railways play a pivotal role in the economic and social development of the country. In order to improve, modernise and expand Railway infrastructure the resources required are huge which cannot be entirely generated from the normal operations of the Indian Railways. The disproportionate surge in staff costs and pension liability on account of the implementation of the Fifth Central Pay Commission's recommendations and increase in other operating expenses in recent years have eroded the capacity of Railways to generate sufficient resources. To mitigate the resource constraint and maintain reasonable levels of plan outlays, the Railways have resorted to market borrowings, mainly through the Indian Railway Finance Corporation. These borrowings have been utilised for acquiring rolling stock on lease. Lease charges, which form part of the revenue expenditure, have risen sharply from Rs. 25 crore in 1987-88 to Rs. 3014 crore in 2000-01, adversely affecting the internal resource generation of the Indian Railways. The total lease charges payable in 2000-01 are estimated at 10.7 per cent of the ordinary working expenses. With a view to augmenting internal resources of the Indian Railways, the potential of raising revenue from the non-traditional sources, such as, leasing of 'right of way' of optic fibre cables, commercial utilisation of land and air space, commercial publicity on rolling stock and station buildings, etc., is being explored.

2.44 The gross traffic receipts of the Indian Railways increased from Rs.29619 crore in 1998-99 to Rs.32939 crore in 1999-2000, representing a growth of 11.2 per cent. Over the same period, its working expenses (including appropriations to the depreciation reserve fund and pension fund), increased from Rs.27834 crore to Rs.30844 crore reflecting an increase of 10.8 per cent. Higher growth of gross traffic receipts has increased Railways' net traffic receipts to Rs.2095 crore in 1999-2000 as against Rs.1785 crore of 1998-99. The net Railway revenues, comprising net traffic receipts and net miscellaneous receipts, amounted to Rs.2736 crore in 1999-2000.

Consequently, the ratio of net revenue to capital-at-charge (including investment from capital fund of the Railways) has improved to 6.9 per cent in 1999-2000 as against 5.8 per cent in 1998-99. After discharging the dividend liability of Rs.1890 crore to the general revenues, the Railways generated an 'excess' of Rs.846 crore in 1999-2000 towards investment. However, in order to meet the full requirement under Plan expenditure, the Railways had to draw down Rs.1107 crore from the balances under various funds like the depreciation reserve fund and the pension fund.

2.45. The dividend payable to general revenues for 2000-01 has been estimated at Rs.2115 crore. Keeping in view the negligible fund balances, the Railways sought deferment of the payment of dividend to the extent of Rs.1500 crore to meet the Plan expenditure for 2000-01. The Railway Budget, 2000-01 envisages some modifications in freight and parcel rates which are expected to fetch an additional revenue of Rs.600 crore. The Plan outlay for the Railways during 2000-01 has been kept at Rs.11000 crore including capital from general exchequer of Rs.3291 crore. Market borrowings, BOLT and OYW schemes are expected to account for assets of a value of Rs.3668 crore on lease basis.

### **Telecommunications**

2.46 The revenue receipts of the Department of Telecom Services are estimated at Rs. 19814 crore (including registration feel) in 2000-2001(BE) indicating an increase of 8.5 per cent compared with Rs.18257 crore in 1999-2000. The net receipts are budgeted to increase by 40.8 per cent from Rs. 7494 crore in 1999-2000 to Rs. 10548 crore in 2000-2001(BE) The per centage of net operating expenses (excluding provision for redemption of bonds) to operating revenue earned (excluding registration feel) is budgeted at 47.0 per cent in 2000-2001 compared to 42.9 per cent in 1999-2000. The increase in the operating ratio is due to inclusion of grant to C-DOT under the working expenses of the Department which was earlier met out of the revenue reserve fund directly.

2.47 The service functions of the Department of Telecom Services (DTS) and the Department

of Telecom Operations (DTO) have been transferred to Bharat Sanchar Nigam Limited, a public sector enterprise formed under the administrative control of the Department of Telecommunications (DOT) from 1st October, 2000. The assets and liabilities which stand transferred to Bharat sanchar Nigam Limited have been provisionally valued at Rs.63000 crore subject to finalisation of the transfer value, in consideration of equity of Rs.5000 crore and the balance to be transferred in a manner to be decided.

2.48 The approved plan outlay in 2000-2001(BE), for Department of Telecommunication Operation/Department of Telecom Services and the PSUs under the DOT's administrative control are Rs. 16000 crore and Rs. 3425 crore respectively which are proposed to be financed entirely from the internal accruals and extra budgetary resources. After corporatisation of DTS/DTO from 1st October, 2000 the resource position of the new company is likely to be impacted both by the STD tariff revision with effect from 1st October, 2000 and also by certain post corporatisation liabilities. The method of funding of outlays of non-viable operations undertaken as per policy of the Government is also receiving attention.

### **Posts**

2.49 The gross receipts of the Department of Posts during the year 1999-2000 were Rs.2020 crore, gross working expenses were Rs.4778 crore and net working expenses were Rs.3616 crore, There was therefore a deficit of Rs.1596 crore. During the year 2000-2001 as per the budget estimates the gross receipts

are placed at Rs. 2000 crore and the gross working expenses Rs.5242 crore, with net expenses being Rs.3982 crore. The deficit is estimated to be Rs.1982 crore for 2000-01.

2.50 With a view to improving the performance of the Department of Posts, various measures have been initiated and concerted efforts are being made to generate more revenue for the Department. Apart from the conventional services, a special wing namely Business Development Directorate has been set up to introduce/explore profit-based services/activities such as tariff revision in respect of certain services from time to time, expansion of speed post net work, customized postal services for corporate clients etc. Besides, special emphasis is also being placed on proper expenditure control to (i) enforce strict economy measures; (ii) contain expenditure within the budgetary ceilings approved by the Ministry of Finance; and (iii) ensure judicious utilisation of manpower for new services undertaken by the Department.

### **Broadcasting**

2.51 During 1999-2000, total expenditure increased by 13.1 per cent over the previous year to Rs.1629 crore but total receipts remained stagnant at the previous year's level of Rs.611 crore. This led to a decline in the ratio of total receipts to total expenditure from 42.4 per cent in 1998-99 to 37.5 per cent in 1999-2000. Total commercial receipts from Broadcasting activity were Rs.477 crore in 1998-99 and Rs.600 crore in 1999-2000(RE). The commercial receipts of Doordarshan were Rs. 414 crore in 1998-99 and Rs.500 crore in 1999-2000(RE).