

Performance of Departmental Enterprises

Railways

2.57 In the last few years, the Railways have faced a severe resource constraint that has hampered timely renewal and replacement of existing assets and consolidation and expansion of the system. The resource position exacerbated since the implementation of the Fifth Central Pay Commission's recommendations, due to sharp escalation in staff costs and pension liability. The Railways have increasingly resorted to higher levels of market borrowings, mainly through the Indian Railway Finance Corporation. These have mainly been utilised for acquiring rolling stock on lease. As a result lease charges, which constitute part of revenue expenditure, have surged from Rs.25 crore in 1987-88 to Rs.3,040 crore in 2000-01 and estimated to be Rs. 3,291 crore in 2001-02. This adversely affected the internal resource generation by the Indian Railways. The total lease charges payable in 2001-02 are estimated at 10.9 per cent of the ordinary working expenses.

2.58 The gross traffic receipts of the Indian Railways increased from Rs.32,939 crore in 1999-2000 to Rs.34,880 crore in 2000-01, representing a growth of 5.9 per cent. Over the same period, its working expenses (including appropriations to the depreciation reserve fund and pension fund), rose from Rs.30,844 crore to Rs.34,667 crore reflecting an increase of 12.4 per cent. This led to a sharp erosion in Railways' Net receipts from Rs.2,095 crore in 1999-2000 to Rs.213 crore in 2000-01. The net railway revenue, comprising net traffic receipts and net miscellaneous receipts, amounted to Rs.1,071 crore in 2000-01. Consequently, the ratio of net revenue to capital-at-charge (including investment from capital fund of the railways) has declined to 2.5 per cent in 2000-01 compared with 6.9 per cent in 1999-2000. The dividend liability for 2000-01 is placed at Rs.2,131 crore. Keeping in view the requirements of that year's Annual Plan, the Railways deferred payment of dividend to the extent of Rs. 1,823 crore. After payment of Net Dividend of Rs.308 crore to the general reserves, the Railways contributed Rs.763 crore towards

the Railways' Annual Plan 2000-01.

2.59 The dividend payable to general revenues for 2001-02 has been estimated at Rs.2,352 crore. Keeping in view the resource requirements for the plan and negligible fund balances, the Railways sought deferment of the payment of dividend to the tune of Rs.1,000 crore. The Railway Budget, 2001-02 envisages some modifications in freight rates which are expected to fetch an additional revenue of Rs.500 crore. The Plan outlay for the Railways for 2001-02 has been kept at Rs.11,090 crore including capital from general exchequer of Rs.3,540 crore. Market borrowings, including BOLT and OYW schemes are expected to generate Rs.4,000 crore for acquisition of assets on lease basis.

Telecommunications

2.60 The service functions of the Department of Telecom Services (DTS) and the Department of Telecom Operations (DTO), consequent to its corporatisation has been transferred to Bharat Sanchar Nigam Limited, a public sector enterprise, under the administrative control of the Department of Telecommunications from 1st October, 2000. The revenue receipts of the Department of Telecom are estimated at Rs.4,274 crore and the total expenditure is Rs.2,428 crore in 2001-2002 (BE). It has been decided that all the revenue receipts of the Department of Telecommunications will accrue to the general revenues and all the expenditure will be met from the general exchequer.

2.61 The assets and liabilities of the erstwhile DTS/DTO stand transferred to Bharat Sanchar Nigam Limited with effect from October 1, 2000. The assets have been provisionally valued at Rs. 63,000 crore subject to finalisation of the transfer value, in consideration of equity of Rs. 5,000 crore, Rs.7,500 crore preference equity, Rs.7,500 crore government loan, Rs.3,000 crore other loan and the remaining balance of asset value transferred to be taken as reserve. After the corporatisation, the company has to bear extra financial burden on account of corporate tax, licence fee, spectrum charges, sales tax, excise duty and dividend. BSNL is also a major operator for providing Village Public Telephones (VPT's)

and rural connections which are uneconomical but socially desirable and generally affect adversely the financial position of the company. In terms of a Government decision to compensate BSNL for undertaking uneconomical social obligations, a package of financial proposal is being considered. The package, inter alia, includes moratorium on loan and interest thereon and exemption from payment of dividend on equity. However, licence fee and spectrum charges shall be payable by BSNL. The revenue receipts of BSNL are estimated at Rs.21,387 crore in 2001-02 as against Rs.20,001 crore of DTS and BSNL in 2000-01

2.62 The approved plan outlay in 2001-2002(BE), for the Department of Telecommunications and the Public Sector Undertakings under its administrative control (viz., Bharat Sanchar Nigam Limited, Videsh Sanchar Nigam Limited, Mahanagar Telephone Nigam Limited, Indian Telephone Industries Limited and Hindustan Teleprinters Limited) is Rs.165 crore and Rs. 20,134 crore respectively. The Plan outlay of the DOT is to be met through budgetary support, while the Plan outlay of the PSUs is to be met from internal and extra budgetary resources.

Posts

2.63 The gross receipts of the Department of Posts during the year 2000-01 were Rs.3,298 crore, gross working expenses were Rs.4,907 crore and net working expenses were Rs.4,848 crore. There was therefore a deficit of Rs.1,550 crore. During the year 2001-2002, according to the budget estimates, the gross receipts are placed at

Rs.3,753 crore and the gross working expenses at Rs.5,290 crore, with net expenses being Rs.5,215 crore. The deficit is estimated to be Rs.1,492 crore for 2001-02.

2.64 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, 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 and (iii) ensure judicious utilisation of manpower for new services undertaken by the Department.

Broadcasting

2.65 During 2000-01, total expenditure of Prasar Bharati increased by 2.9 per cent over the previous year to Rs.1,667 crore. Total receipts increased from Rs.514 crore in 1999-2000 to Rs.711 crore in 2000-01. Consequently, the ratio of total commercial receipts to total expenditure increased from 33.2 percent in 1999-2000 to 42.6 percent in 2000-01. Total commercial receipts of Doordarshan were Rs.490 crore in 1999-2000 and Rs.638 crore in 2000-01. Prashar Bharati is making all efforts to further increase commercial receipts and for reduction in expenditure.