Performance of departmental enterprises of the Central Government

Railways

2.47 The Railways, continuing with their endeavour to improve revenues by focusing on increasing market share in freight loading, achieved an incremental freight loading of 38.65 million tonnes in 2003-04. This resulted in an additional revenue of Rs.1,113 crore over 2002-03. The gross traffic receipts of the Railways at Rs.42,905 crore in 2003-04 represent a growth of 4.5 per cent over 2002-03. Ordinary working expenses grew by 3.2 per cent in 2003-04 to Rs.30,637 crore, while total working expenses, including appropriations to Depreciation Reserve Fund and Pension Fund, grew by 3.8 per cent to Rs.39,482 crore. Taking into account the net variation in miscellaneous receipts and miscellaneous expenditure, Railways' net revenue in 2003-04 increased by Rs.648 crore to Rs.4,478 crore.

2.48 The Railways fully discharged their dividend liability of Rs.3,087 crore for 2003-04. Besides, Rs.300 crore was also repaid as deferred dividend liability, out of a total of Rs.2,773 crore, in consonance with the Government's decision to liquidate the liability in nine years. The operating ratio of Railways has shown some improvement and is placed at 92.1 per cent in 2003-04 as compared to 92.3 per cent in the previous year. The net revenue as a proportion of capital-at-charge and investment from Capital Fund, which declined from 11.7 per cent in 1996-97 to 5.0 per cent in 2001-02, improved to 8.0 per cent in 2003-04.

2.49 The Plan outlay for 2003-04 stood at Rs.13,918 crore, including market borrowings of Rs.2,970 crore by the Indian Railway Finance Corporation (IRFC) and Rs.30 crore through a Build Operate Transfer (BOT) project. The actual Plan expenditure for 2003-04 was Rs.13,394 crore, including an additional amount of Rs.2,807 crore financed by market borrowings of IRFC, Rs.30 crore through the BOT project, and Rs.500 crore on Udhampur-Srinagar-Baramulla new line project, funded separately. Apart from certain important projects, which are in progress under a cost-sharing basis with the State Governments and strengthening of the golden quadrilateral under National Rail Vikas Yojana, Railways have drawn up a comprehensive modernization Plan to upgrade and augment rail services to the nation.

2.50 IRFC has been raising market loans to augment the resources for the Railways' Plan. The Corporation has an authorized capital of Rs.500 crore and a paid-up capital of Rs.232 crore. IRFC has been raising funds from domestic and overseas debt markets through diverse instruments, such as tax free and taxable bonds, term loans, lease financing, export credits, and floating rate notes. The quantum of funds to be raised is decided on the basis of the approved Plan programmes of the Railways. These funds are invested in rolling stock assets, which are leased to the Ministry of Railways. During the year 2003-04, IRFC mobilized market borrowings amounting to Rs.2,735 crore at a weighted average cost of 5.59 per cent. The borrowing during the year comprised of Rs.1,570 crore of taxable bonds, Rs.50 crore of tax-free bonds, Rs.684.84 crore of domestic term loans, foreign currency loan of US$80 million (Rs.357.22 crore), and export credit from EDC/Canada amounting to US$16 million (Rs.73.21 crore). The weighted average tenor of all borrowings during the year was close to 8 years. IRFC's target for market borrowing during the current financial year (2004-05) is Rs.3,400 crore.

Broadcasting

2.51 Prasar Bharati, a public service broadcaster, has taken a number of steps to increase its commercial revenue. Some of the important steps include production and sale of recorded media (CDs/VCDs) by All India Radio (AIR) and Doordarshan, emphasis on hiring out technical facilities, in-house marketing and production of programmes for other departments of Government and establishment of a resource centre for AIR. The total expenditure of Prasar Bharti in 2003-04 was Rs.1,670 crore, marginally down from 2002-03. The total receipts declined from Rs.686 crore in 2002-03 to Rs.674 crore in 2003-04. This translated into an improvement of 1.6 percentage points in the ratio of total commercial receipts to total expenditure. The declining trend in Doordarshan's total commercial receipts continued in 2003-04, with such receipts at Rs.533 crore in 2003-04. In the Union Budget for 2004-05, for Prasar Bharti, over and above the provision for a grant of Rs.1,312 crore to cover its resource gap in meeting its non-Plan revenue expenditure, a further provision of Rs.195 crore has been made under Plan revenue expenditure.

Posts

2.52 The gross receipts of the Department of Posts increased from Rs.4,010 crore in 2002-03 to Rs.4,257 crore in 2003-04. The gross working expenses also increased from Rs.5,476 crore in 2002-03 to Rs.5,736 crore and net working expenses increased from Rs.5,374 crore to Rs.5,632 crore during the same period. Thus, the deficit remained quite high in 2003-04 at Rs.1,375 crore. The gross receipts are estimated to be Rs.4,554 crore, gross working expenses at Rs.6,030 crore and net working expenses at Rs.5,932 crore in the Budget for 2004-05. The deficit continues to be high at Rs.1,378 crore in 2004-05 (BE).

2.53 In a bid to reduce the deficit, the Department of Posts has, over the last few years, made efforts at increased revenue generation. However, the establishment-related costs, which constitute 90 per cent of the working expenses, are a major constraint in achieving significant expenditure compression. New premium services such as Speed Post, Net Post, Greeting Post, Media Post, e-Bill Post and customized postal services for the corporate sector are being marketed to provide value added service and generate higher revenues. Department of Posts, through its vast network and presence in the remote parts of the nation, has the last mile advantage. In an effort to harness this advantage, wider range of services, apart from mail delivery, is being provided to various organisations in the public as well as the private sector. (Please see Chapter 9 on Infrastructure for details).