

Departmental Commercial Undertakings : Fiscal Performance

Railways

34. Railways in recent years have been striving to augment internal generation of resources through economy in working expenses and enhancing earnings. The share of internally generated resources in railways' total outlay has risen from 43 per cent during the seventh plan to 58 per cent during the eighth plan. Railways is an important infrastructure sector and, therefore, have a bearing on the overall competitiveness of the economy. The resource requirements for expansion and modernisation of railways are huge and cannot be met through internal resources alone. Hence market borrowings has been resorted to since the seventh plan period through the Indian Railway Finance Corporation (IRFC). The lease charges payable to IRFC as per budget estimates have touched Rs. 1815 crore during 1997-98 and constituted about 9 per cent of the ordinary working expenses. A modest beginning has been made by allowing private sector participation in selected railway projects/activities by introducing build-own-lease-transfer (BOLT) and own-your-wagon (OYW) schemes.

35. The gross traffic receipts of the Indian railways increased from Rs.22418 crore in 1995-96 to Rs.24319 crore in 1996-97, representing a growth of 8.5 per cent, while its working expenses (including appropriations to the depreciation reserve fund and pension fund) increased from Rs. 18525 crore to Rs. 21001 crore reflecting an increase of 13.4 per cent over the same period. Consequently, the net traffic receipts of the railways have shown a decrease from Rs. 3893 crore in 1995-96 to Rs. 3318 crore in 1996-97. The net railway revenue, comprising the net traffic receipts and net miscellaneous receipts amounted to Rs.3624 crore in 1996-97. The ratio of net revenue to capital-at-charge (including investment from capital fund of the railways) works out to 11.7 per cent in 1996-97 as compared to 14.9 per cent in 1995-96. Ordinary working expenses, forming a major part of the total working expenses, registered an increase of 12.6 per cent in 1996-97 on account of interim relief, increased productivity linked bonus and hike in energy charges, etc. After contributing a dividend of Rs.1507 crore in 1996-97 to general revenues, the "excess" amounted to Rs. 2117

crore, which partly contributed to the investment requirements of the railways. Besides, there was a net accretion of Rs. 298 crore to railway funds kept with the government. Railways' dues of Rs. 927 crore remained outstanding from certain state electricity boards and powerhouses as on 31st March, 1997. Railways' transactions with RBI closed with a net deposit of Rs. 65 crore in 1996-97.

36. The railway budget for 1997-98 as per the revised estimates shows a surplus of Rs. 1470 crore, after providing for payment of dividend to general revenues in full. Some of the significant fare and freight changes in the railway budget for 1997-98 were following: freight rates were increased by 12 per cent except for certain essential commodities; sleeper class fares (mail/express/ordinary) were increased by 5 per cent for all distances; the fares for air conditioned first class, air conditioned 2-tier sleeper, air conditioned 3-tier sleeper, air conditioned chair car and first class increased by 10 per cent; and a surcharge of 20 per cent was levied on parcels and luggage carried by super fast trains. This apart, slight revision in the railways' freight structure was carried out with effect from October 15, 1997. These are expected to fetch an additional revenue of Rs. 2040 crore. The revised plan outlay for railways for 1997-98, has been estimated at Rs. 8403 crore including budgetary support of Rs. 1831 crore. Market borrowings, BOLT and OYW schemes are expected to account for assets for an additional Rs. 2983 crore on lease basis.

Telecommunication

37. Department of Telecommunications (DOT) has generated a substantial surplus for reinvestment. The healthy growth of internal resources in recent years has helped to finance substantial expansion in the network of the public sector. Net receipts increased by about 13 per cent to Rs.6177 crore in 1996-97 from Rs.5471 crore in 1995-96. These are estimated at Rs.6600 crore in 1997-98 (RE). The dividend contribution to the general revenues increased to Rs.292 crore in 1996-97 from Rs.279 crore in 1995-96. The operating efficiency, which is a percentage of net operating expenses (excluding the provision for redemption of bonds) to operating revenue earned (excluding registration fee) at 45.7 per cent in 1996-97, was around the previous year's level.

38. The size of plan outlay for the department

of telecommunication was stepped up by 14.5 per cent to Rs.8730 crore in 1997-98 (RE) from Rs.7625 crore in 1996-97. The entire outlay for 1997-98 (except Rs.4.8 crore for wireless monitoring organisation, which is by way of budgetary support) is to be financed from the department's internal accrual and extra budgetary resources. Internal accruals at Rs. 8171 crore are expected to constitute about three-fourths of total resources for DOT's revised plan outlay in 1997-98. The plan outlay for the PSUs (MTNL, VSNL, ITI & HTL) is placed at Rs.2414 crore for 1997-98 (RE) as against Rs.1605 crore in 1996-97 reflecting an increase of 50.4 per cent. Almost the entire plan outlay for the PSUs is to be financed from the internal accruals and extra budgetary resources.

Post

39. The gross receipts of the department of post during the year 1996-97 were Rs. 1215 crore. Gross working expenses were Rs. 2982 crore and net working expenses Rs. 1918 crore. There was, therefore, a deficit of Rs. 703 crore. During the year 1997-98 as per the revised estimates, the gross receipts are expected at Rs. 1625 crore and gross working expenses at Rs. 3678 crore. With net working expenses at Rs. 2534 crore the deficit is estimated at Rs. 909 crore for 1997-98.

40. The budget of department of post has been in deficit continuously over the years, and no dividend is being paid to the general revenue. Modernisation activities, through induction of new-technology, were initiated on a modest scale during the eighth plan. Low tariff on most of the postal services and inadequate agency charges for agency functions, are the main factors for the deficit. However, there was a moderate increase in the rate of some of the services i.e., post card from 15 paise to 25 paise; printed postcard from Re.1 to Rs. 1.50; letter card from 75 paise to Re.1; letter (slab 20 gms) from Re. 1 to Rs.2 ; book pattern and sample packets (slab 50 gms) from Re. 1 to Rs. 2; parcels (slab 500 gms) from Rs. 6 to Rs. 8; registration fee from Rs. 8 to Rs. 10 and insurance fee from Rs. 4 to Rs. 8 upto the value of Rs. 200 and Rs. 2 to Rs. 4 for every additional Rs. 100 or fraction thereof. Additional revenue on account of these revisions of rates was estimated at Rs. 367 crore per annum. The degree of subsidy was estimated in the range of about 2 per cent in respect of money orders to 93 per cent on

postcards during 1996-97.

Broadcasting

41. The total expenditure on broadcasting during 1996-97 was Rs. 1130 crore as against total receipts of Rs. 672 crore. This reflects an increase of about 21 per cent and 27 per cent over the previous year in total expenditure and receipts, respectively. Consequently the ratio of total receipts to total expenditure improved from 56.5 per cent in 1995-96 to 59.5 per cent in 1996-97. Commercial receipts were Rs. 450 crore in 1994-95, Rs. 510 crore in 1995-96 and Rs. 656 crore in 1996-97. The disaggregation of commercial receipts brings to the fore the overwhelming contribution of Doordarshan towards revenue generation. The commercial receipts in case of Doordarshan have steadily risen from Rs. 384 crore in 1994-95 to Rs. 430 crore in 1995-96 and to Rs. 573 crore in 1996-97.