

Performance of Departmental Enterprises

Railways

2.37 In recent years the finances of the Railways are under strain due to low freight earnings and surge in wage bills and pension liabilities of the Railways. This has also curbed the ability of the Railways to generate sufficient internal resources. Thus to meet demand for financing the Plan, the Railways had to resort to market borrowings at prevailing rate of interest coupled with shorter maturity. The share of market borrowings in financing the Plan is budgeted at 30 per cent in 1999-2000 compared with 21 per cent in 1987-88. Besides, lease charges payable to the Indian Railway Finance Corporation are budgeted at 10.2 per cent of the Ordinary Working Expenses. In order to augment internal resources, Railways are to explore non-traditional sources of revenues such as commercial exploitation of railway land and air space; leasing of surplus telecommunication capacity; and private investment in promotion of railway tourism.

2.38 The gross traffic receipts of the Indian Railways increased from Rs.28,589 crore in 1997-98 to Rs.29,619 crore in 1998-99, representing a growth of 3.6 per cent. Over the same period, the Working Expenses (including appropriations to the Depreciation Reserve Fund and Pension Fund) increased from Rs.25876 crore to Rs.27834 crore reflecting an increase of 7.6 per cent. The net traffic receipts of the Railways declined from Rs. 2713 crore in 1997-98 to Rs.1785 crore in 1998-99. The net railway revenue, comprising the net traffic receipts and net miscellaneous receipts, amounted to Rs.2141 crore in 1998-99. The ratio of net revenue to capital-at-charge (including investment from capital fund of the Railways) works out to 5.8 per cent in 1998-99 as compared to 8.9 per cent in 1997-98.

2.39 A surplus of Rs.1544 crore has been estimated for 1999-2000 after providing for payment of dividend of Rs.1914 crore to the general revenues. Some of the significant changes effected in passenger fare in the Railway Budget for 1999-2000 are: fare rates of all categories of upper classes and Sleeper

Class were rationalised ranging from 1.55 times to 14.4 times keeping the Second Class fare as the base, and freight rates of all commodities were increased by 4 per cent, with a discount of 25 per cent, for traffic up to a distance of 50 km. The modified fare and freight rates are expected to fetch additional revenue of Rs.900 crore in 1999-2000. With a capital contribution of Rs.2540 crore from the General Exchequer, Rs.3000 crore from market borrowings and Build-Operate-Lease-Transfer (BOLT) and Own Your Wagon (OYW) schemes, the Annual Plan outlay for Railways for 1999-2000 has been kept at Rs.9700 crore.

Telecommunications

2.40 The efficiency of this sector, as measured by the operating ratio which is the percentage of net operating expenses (excluding the provision for Redemption of Bonds) to operating revenue earned (excluding registration fee), is budgeted to show an improvement at 42.9 per cent in 1999-2000 compared with 43.3 per cent in the last year. This would help the Department of Telecommunication (DOT) to enhance its budgeted net receipts by about 16 per cent to Rs. 9133 crore from Rs. 7898 crore in 1998-99. Dividend to General Revenues is estimated higher at Rs. 291 crore as against Rs. 252 crore in the previous year.

2.41 Plan outlay for DOT and the Public Sector Undertakings (PSUs) under its administrative control has been increased by about 32 per cent and by about 155 per cent to Rs. 12650 crore and Rs.4143 crore respectively in 1999-2000. This outlays for DOT and PSUs are proposed to be financed entirely from the internal accruals and extra budgetary resources.

2.42 The Telecom Regulatory Authority of India in March, 1999 announced reduction in the charges for long distance calls and at the same time increased the rental and local calls charges. The Government operator effected reduction in the long distance charges but could not implement the increase in the rental and local calls tariff rates for the rural and low calling subscribers in urban areas. The increase in rental and local call charges would affect the national objective of increasing Tele-density from the present 2.4 per hundred to at least 7 per hundred by the year 2005.

Posts

2.43 The gross receipts of the Department of Post during the year 1998-99 were Rs.1723 crore, gross working expenses were 4351 crore and net working expenses Rs.3314 crore. There was, therefore, a deficit of Rs.1591 crore. During the year 1999-2000 as per the budget estimates the gross receipts are expected at Rs.2268 crore and gross working expenses at Rs.4358 crore with net expenses at Rs.3158 crore. The deficit is estimated at Rs.890 crore for 1999-2000.

Broadcasting

2.44 During 1998-99, total expenditure increased by 8.5 per cent to Rs. 1440 crore but total receipts grew by a lower rate of 0.8 per cent only to Rs. 611 crore. This has reduced the ratio of total receipts to total expenditure from 45.7 per cent in 1997-98 to 42.4 per cent in 1998-99. Total commercial receipts from Broadcasting activity were Rs. 550.17 crore in 1997-98 and Rs. 600 crore in 1998-99 (RE). The commercial receipts in case of Doordarshan were Rs. 464.00 crore in 1997-98 and Rs.500 crore in 1998-99 (RE).