

An accountant's 'chug' to Railways

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By Sidharth Mishra



Railways minister Suresh Prabhu enjoys formidable reputation as a chartered accountant. The annual financial statement of the Indian Railways presented by him on 26 February 2015 can be best summarised as a chartered accountant's budget. Prabhu has proposed to reduce expenditure, maximise revenues to save 11.5 paise per rupee it earns in the coming year. This means that he proposes to bring the operating ratio down to 88.5% from the present 91.8%, which is quite a daunting task.

In drawing a "balance-sheet" like Budget, he has, however, been careful to not lose sight of popular sentiments and proposes to transfer the benefits of every paisa saved to passengers. Prabhu did not announce any hike in the passenger tariff, wooing the common man but sent markets into a tailspin by further rationalising freight charges. Prabhu used dollops of humour to put forth the point that to revive the railways, there was need for substantial restructuring. "Our priority is to improve the capacity in the high density section. But I thought, *hey Prabhu*

(oh god), how will it happen," said the minister, drowning the house in laughter and when it subsided, he pushed ahead, "

Prabhu

(God) didn't answer, so this Prabhu thought, why can't we do something?"

And how he proposes to do it became apparent when the minister broke into Hindi prose saying,

"Kuch naya jodna hoga, kuch purana todna hoga, kuch engine badalne honge, kuch repair karne honge

(have to add something new, break something old, change some engines and tune some engines)."

The financial statement this year marks a symbolic departure from preceding years with the railway minister not announcing any new train. This is a brave decision as major states of Bihar and Assam go to the polls this financial year. No wonder Bihar Chief Minister Nitish Kumar made a snide remark saying, "This was an address without a Budget."

The minister later told reporters that the railways short-term aim would be to deliver its best financial performance in nine years and he hoped that this would end a "vicious cycle" of underinvestment.

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This he intended to achieve through what he called “four goals, five drivers and 11 thrust areas.” The four goals laid out in the Railway Budget are – 1) sustainable improvement in customer experience; 2) making railways a safer means of travel; 3) expansion of capacity and modernising rail infra; and 4) attaining financial sustainability by creating large surpluses for capacity expansion and replace depreciating assets.

Prabhu believes these measures will help railways increase its rail network to 1.38 lakh kilometers and freight traffic from 1 billion tonnes to 1.5 billion tonnes, but market experts voiced reservations on it saying it would trigger an inflationary trend.

The five drivers include, 1) a five-year action plan to transform railways; 2) partnerships with states, PSUs, multilateral agencies and private sector for ensuring financing and last mile connectivity; 3) raising of Rs. 8.50 lakh crore over five years; 4) revamping of management practices; and 5) setting standards of governance and transparency.

Like annual corporate addresses, Prabhu's Budget too is big on ideas, full of visionary elements and may have a positive impact in long-term. The challenge before the minister is to implement his vision. This he intends doing through private-public partnership (PPP) module, which has so far not been very successful in the infrastructure sector.

HIGHLIGHTS

No increase in railway passenger fares

A mobile application to address complaints of people

Operation 5 minutes' to ensure speedy purchase of railway tickets

SMS alert services for passengers to inform them about arrival and departure

Modern facilities for disabled citizens, senior citizens, patients through IRCTC

24 to 26 coaches in certain identified trains, more general class coaches

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Wi-Fi facility in 400 stations

All India 24 X 7 helpline 138 from March 1; Toll free No.182 - for security complaints

Introduction of integrated ticketing will be done, a defence travel system has been developed to make travel easier

Replacement of 17,000 more toilets with bio-toilets

Surveillance cameras on select mainline and ladies compartments to be installed

Cleanliness top priority under 'Swachh Rail Swachh Bharat'

Travel between Delhi-Mumbai and Delhi-Kolkata to be an overnight journey

ISRO to be involved, 3,438 level crossings to be eliminated

Paperless ticketing, hand-held device for TTEs to be introduced

All newly-manufactured coaches to be braille-enabled

Online booking for wheel chairs to be enabled

Self-operated lockers would also be available at stations

Collaboration with NIFT and NID for better bed rolls

Rs120 crore provided for lifts and escalators

Expand water vending machines in most railway stations

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Middle bay of coaches will be reserved for women and senior citizens

TTEs would be instructed to help senior citizens, pregnant women in obtaining lower berths

Toilets at railway stations need improvement

New department to keep stations clean

(Sidharth Mishra is Conculting Editor,
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