

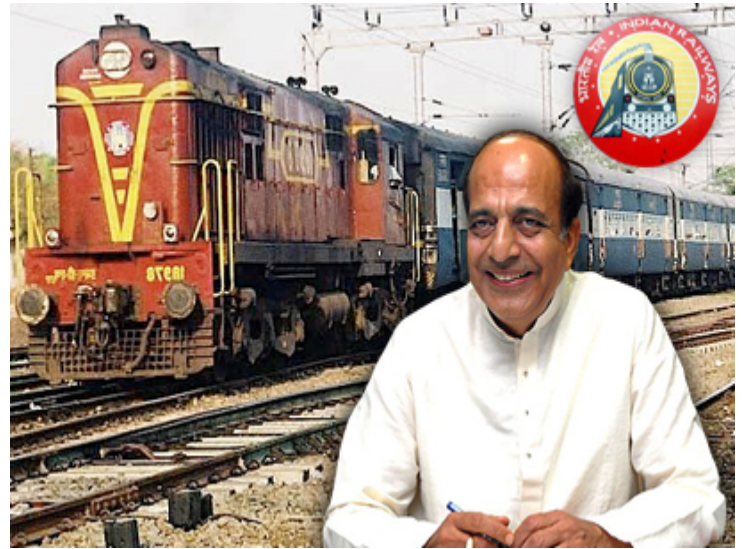


Railway Budget FY13 - Special

Railway minister Dinesh Trivedi on 14th March, 2012 gave presentation of his maiden Railway Budget in Parliament.

Focus of budget - safety, consolidation, decongestion and modernization.

The rail budget of India has great significance for *common man*. The Indian Railways runs the third largest railroad network in the world spread over some 64,000 km, with 12,000 passenger trains and 7,000 freight trains each day from as many as 7,083 stations to ferry 23 million travellers and 2.65 million tonnes of goods daily. Besides carrying a massive amount of passengers and freight it is also biggest employer in India. The number of people working with Indian railway is larger than the combined manpower of all the three forces; army, navy and air force.



What did Railway Budget FY2013 had in-store?

Railway Minister "marginally" increased passenger fares. It is the first time since 2002, that passenger fares have been increased. The passenger fares increased by 2 paise per km for suburban and ordinary second class; 3 paise per km for mail/express second class; 5 paise per km for sleeper class; 10 paise per km for AC Chair Car, AC 3 tier and First Class; 15 paise per km for AC 2 tier and 30 paise per km for AC I. Even the price of platform tickets has been raised to Rs 5 from Rs 3. Hike in fares could add a large sum of money that will give a boost to the economic status of the railway sector.

Key Highlights of Railway Budget

Financial

- Railways must get at least 10% of government's total infra spend.
- Need 14 trln rupee investment over 10 years and need 450-bln-rupee budgetary support FY13 vs 240 bln given.
- 12th Plan gross budget support for railways 2.5 trln rupees and investment on railways seen 7.35 trln rupees.
- Cut FY12 dividend to 5% vs 6%.
- 487 rail gauge projects of 1 trln rupees approved.
- 5 trln rupees needed under PM Rail Vikas Scheme.
- Aim railway to account for 2.0-2.5% of GDP vs. below 1% now and
- Aim operating ratio of less than 80% by end of 12th Plan.

Safety Standards

- To create SPV to eliminate all level crossings.
- To set up railway research, development council.
- To set up integrated security system at 202 stations FY13.
- All trains to have satellite-tracking systems in 18 mos.

Freight



- Rail minister speech didn't mention change in freight rates.

Infrastructure

- 487 gauge expansion projects in stages of implementation.
- To introduce wagons with 25 tn axle load.
- To buy locomotives of 9,000-12,000 horsepower.
- To set up coach maintenance factory at Navi Mumbai.
- To develop 100 stations via PPP route next 5 years.
- To set up Indian Railway Stations Development Corp.
- Propose to increase number of double track container wagons.
- Aim to electrify 6,500 km rail lines during 2012-17 and 825 km gauge conversion to be completed FY12.
- Completed conversion of Mumbai western Railway from DC to AC.
- To complete electrification of 1100km lines in FY13.

Miscellaneous

- To extend 50% concession to patients of certain diseases.
- To hire over 100,000 employees in FY13.
- To modernise production units with modern technology.
- To manufacture special coaches for differently-abled.
- Urge state govts to grant free land for new line projects.

Implication of Railway Budget

Initiative	Description	Positive/Negative	Company likely to get affected
Wagons	Modernize rolling stock via fresh purchases of wagons, engines	Positive	BEML, Titagarh Wagons, Texmaco
New lines (Infrastructure)	Expect doubling of 750 km of lines to be completed FY12, Confident of constructing 725 km tracks FY12	Positive	Kalindee Rail, Texmaco Rail & Engg Ltd, IVRCL, NCC, Tantia Construction, Era Infra, Kalindee Rail, C&C Construction
Safety	Emphasis will be on strengthening rail safety & Safety of railway must be benchmarked against global best	Positive	Zicom, Nitin fire, Kernex
Development of world-class station	Indian Railways Stations Development Corp will redevelop stations and maintain them on pattern of airports, special projects for the north-east and Jammu Kashmir.	Positive	Tantia Construction, Madhucon, Era Infra, Gammon, Kalindee Rail, C&C Construction.
Dedicated freight corridors	World Bank funding of Rs 6,500 crore firmed up for dedicated freight corridors; land acquired for 3,300 km; first contracts to be handed out during 2012-13.	Positive	IVRCL, NCC, Tantia Construction, Era Infra, Kalindee Rail, C&C Construction;
New trains	75 new express trains and 21 new passenger trains, Propose 50 new trains in Kolkata metro	Positive	MIC Electronics, Nitin Fire, Hind Rectifiers, Kernex Micro, Integra Hindustan.

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