A Note on the Railway Budget

The Railway Budget this year, which retains its continued emphasis this year again on renewed investments, is a welcome step in the right direction. The investment announcement of Rs. 1.21 lakh crore made possible through a mix innovative methods such as and its implementation through joint ventures with states and development of new frameworks for PPP for capacity additions comes at a time when expenditures for railways haven’t seen any recent recessions. It is expected that the move will add a renewed vigour to the ongoing efforts, the need for which was highlighted with some urgency in the National Transport Development Policy Committee Report of 2001 – “...capacity creation is the single biggest challenge confronting IR in the next few years. It is of the utmost importance that a vision similar to that of NHDP is laid down for the railways now so that we may expect a transformed network by 2032.” This was reiterated in NTDPC Report 2014: “There is a clear need for raising the share of Railways in total transport investment.”

This Budget also puts an emphasis on the target of increasing Railways’ share in the freight market business by rationalising and incentivizing the freight tariff structure and improving the traffic operations. This should not only help increase the overall revenue of railways but also help bring down the GHG emissions, as enumerated in India’s INDCs.

Further steps in this direction as mentioned by Mr Prabhu, such as addition of 17,000 bio-toilets with the aim of zero direct discharge of human waste; reduction of energy consumption in non-traction area by 10% to 15% by commissioning energy audits and further conversion of waste to generate energy hold out some promise in this direction. It remains to be seen how far the implementation of fully LED-lit stations take place, although the Budget proposes the timeline as within the next two to three years.

The replacement of steel sleepers on steel girder bridges with composite sleepers made of recycled plastic waste is an important step as it is highly environment friendly.

Railways have been hesitant to make investments in urban transport projects as these have been largely lossmaking though immensely desirable from social and environmental point of view. This Railway Budget provides for not only expansion of suburban railways in Mumbai and Metro Rail in Kolkata but also talks about developing rail based urban transport in other major cities. This should go a long way in reducing emissions and decongesting current modes of transport. The investment framework in partnership with State Governments for development in Ahmedabad, Bengaluru, Hyderabad Chennai and Thiruvananthapuram is expected to bring some relief to these highly populated Tier-II cities.
The fresh commitment towards research and development with the establishment of Strategic Technology & Holistic Advancement, (SRESTHA) is again a somewhat bold move given that the Railways’ fiscal deficit hasn't decreased significantly. Yet, the long term fruits to be expected far outweigh the immediate concerns.