

Lower fares, record profits mark Indian rail budget

The amazing transformational story of the once loss-making Indian Railways, a case study for business schools, gained a new chapter Monday when the new rail budget unveiled record profits and reduction of fares while promising cleaner and safer trains in a network that ferries 14 million passengers daily.

'The railways are poised to create history,' exulted Lalu Prasad, one of India's most colourful politicians, during a 116-minute speech in Hindi in the Lok Sabha, the lower house of parliament, as he tabled the rail budget for 2007-08, his fourth successive exercise.

'I have a tremendous sense of pride and gratitude,' he said, as he announces a profit of over Rs.215 billion (\$4.5 billion, Rs.21,578 crore) for 2007-08, and growths of 14 percent in passenger and 17 percent in freight traffic, despite stiff competition from low-cost airlines and truckers.

'This is the same railway that defaulted on payment of dividend and whose fund balances had dipped to Rs.359 crore (Rs.3.59 billion) in 2001,' he proclaimed in the course of a speech that was greeted with whoops of support from the treasury benches and constant noisy interruptions from an opposition that failed to stifle him.

Soon after, a visibly pleased Prime Minister Manmohan Singh, whose enduring support Prasad claimed, walked up to his cabinet colleague and complimented him for the exercise that has increased the plan outlay for 2007-08 by 32 percent to Rs.31,000 crore (Rs.310 billion).

Industry promptly hailed it as a 'forward-looking budget', with R. Seshasayee, president of the Confederation of Indian Industry (CII), saying it will herald 'a modern approach to managing largest public service through use of technology and innovation'.

The main opposition Bharatiya Janata Party (BJP) did not offer any immediate comment citing the din in the house. 'Nothing was audible. How can we react?' asked BJP MP Ashok Pradhan.

Lalu Prasad not only belied speculation over fare hikes - a routine feature of railways budgets earlier - but even managed to cut tariff across-the-board even as he rolled out as many as 40 new trains, including eight 'garib raths' (trains for the poor), extended the run of 23 trains and increased the frequencies of 14 others.

'We have shown one can earn even while serving the common people, by playing the volume game. Continuing this approach in 2007-08 we will add another 800 coaches in popular trains,' he said, unveiling the Rs.574 billion (\$12.7 billion) annual budget.

The former Bihar chief minister, who was once disdainful about IT, revealed that he was ready to move with the times as he introduced e-tickets at gas stations and automatic teller machines.

He also doled out concessions to women, senior citizens and the physically challenged.

The best relief was an across the board reduction in fares for the 14 million passengers who travel every day in as many as 9,000 trains (4,000 more ferry cargo) from 6,947 stations in the 63,332-km network - the world's largest under a single management.

'The boundless affection and patronage of the people has helped the railways stage a turnaround. In recognition of this, I announce a reduction of Rs.1 per passenger in the daily ticket fares of non-suburban ordinary passenger and non-super-fast mail-express trains,' he said.

'The budget is convincing demonstration of the United Progressive Alliance (UPA) government's basic philosophy that growth benefits all,' said Finance Minister P. Chidambaram, who will present the national budget Wednesday.

Lalu Prasad also unveiled new sleeper class coaches with 4 percent reduced fare. Another highlight was a new set of air-conditioned chair cars and three-tier coaches in which fares would be 4 percent lower during peak and 8 percent less in off-peak seasons.

Similar, across-the-board fare reductions were also announced in other classes. 'On popular demand, I have decided that super fast surcharge levied on second class tickets for super fast trains shall be reduced by 20 percent.'

Lalu Prasad's budget also had an eye on the much-neglected area of hygiene and cleanliness that make Indian trains and stations not a preferred choice for foreigners, other than the budget traveler.

'2007-08 will be observed as 'Cleanliness Year'. During this year, a special campaign will be launched to ensure cleanliness and hygiene at station premises, in passenger trains, railway lines and waiting rooms etc.'

With the next fiscal set to mark the opening year of the 11th Five Year Plan, the railway minister also announced some high-speed passenger corridors in each of the four regions of the country.

'We have decided to conduct pre-feasibility studies for constructing high-speed passenger corridors, equipped with state-of-the-art signalling and train control systems for running high speed trains at 300-350 km per hour,' he said.

The minister said changes will be made in the design of compartments to help the physically disabled and there would be separate coaches for vendors, milkman and small traders in passenger trains.

He also referred to the Feb 18 bombing of the Delhi-Attari Link Express to Pakistan near Panipat and the July 2006 blasts in Mumbai's suburban services, and said security would be a top priority for Indian Railways.

'Besides increasing the number of trained dogs in existing dog squads, in many sensitive divisions of the country explosive detection devices, door frames and hand held metal detectors are being installed to provide better security.'

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