

GOVT OUTLAY 9 TIMES THE FY14 FIGURE

RAILWAYS GETS RECORD ₹2.6-TRN CAPEX PUSH

DHRUVAKSH SAHA & SHINE JACOB
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Indian Railways is set to see a record capital expenditure (capex) of ₹2.6 trillion in fiscal year 2023-24 (FY24). This announcement in the Budget on February 1 would give a push to the massive infrastructure expansion lined up and the government's share would contribute around ₹2.4 trillion to this — the highest ever.

The Railways is targeting an operating ratio of 98.45 per cent for the fiscal year, compared to a revised ratio of 98.22 per cent in FY23. This means the Railways aims to spend about ₹98.45 for every ₹100 it earns in FY24. During the last fiscal year, Finance Minister Nirmala Sitharaman had allocated ₹1.4 trillion for the rail sector. "This year is the highest ever outlay in the history of Railways — almost nine times the outlay made in 2013-14," the finance minister said.

According to a senior official, Railways' prime borrowing arm, Indian Railway Finance Corporation (IRFC), has zero borrowings for the fiscal under review. This is a sharp change from over ₹1 trillion worth of borrowings in FY21.

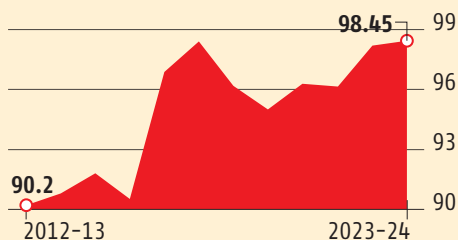
The total receipts of the Railways from passenger, goods, other coaching, sundry, other heads and railway recruitment boards are pegged at ₹2.65 trillion during FY24, as against a Revised Estimate (RE) of ₹2.43 trillion in FY23.

"The estimates are neither conservative, nor optimistic," Railways Minister Ashwini Vaishnaw told Business Standard when asked whether the government had gone for a conservative revenue estimate. "We've taken realistic estimates, as there are some periods with slowdown in revenues. The January to March quarter sees a lot of projects commissioned, and mobility on the network gets impacted adversely," he added. While admitting that operating expenses had naturally increased,

INFRA BOOSTER



RAILWAYS' OPERATING RATIO



Note: Operating ratio refers to the amount Railways spends to earn every ₹100; FY24 figure is Budget Estimate Source: Budget documents

ALLOCATIONS

Capex outlay for FY24
(Budget Estimates in ₹ cr)
260,200



he said next year's operating ratio would be better as the Railways would save on energy cost through electrification. In FY23, the RE for goods revenue was seen at ₹1.65 trillion, which is expected to increase to ₹1.79 trillion according to the Budget Estimate for FY24.

"The outlay (in Railways) will bolster construction activities, including demand for steel, aluminium, and electronics products among others, provide employment opportunities, and enhance logistics network, strengthening last-mile connectivity to ports, giving impetus to schemes like Indian Maritime Vision 2030," said Ajay Sawhney, partner, Cyril Amarchand Mangaldas.

The capex is likely to be spent on vari-

ous key projects including on 500 planned Vande Bharat Express trains, achieving 100 per cent electrification, and an ambitious station redevelopment plan (1,275 stations under Amrit Bharat scheme). To boost its electrification plans, the Railways would set up "ultra mega solar plants," said Vaishnaw. "This will be done to ensure that not only electrification, but the source of the electricity itself is green," the minister said.

Currently, 85 per cent of the rail network is electrified, but is largely powered through coal. In addition to the Vande Bharat Express, Railways has also lined up plans to refurbish coaches of premier trains such as Rajdhani, Shatabdi, Duronto, Humsafar, and Tejas.

