Demand for Grants 2023-24 Analysis

Railways

The Railways finances were presented on February 1, 2023, by the Finance Minister Ms. Nirmala Sitharaman along with the Union Budget 2023-24. Indian Railways is a commercial undertaking of the central government.[1] The Ministry of Railways administers Indian Railways and policy formation through the Railway Board.

Expenditure of Railways is financed through: (i) its internal resources (mainly freight and passenger revenue), (ii) budgetary support from the central government, and (iii) extra-budgetary resources (primarily borrowings but also includes institutional financing and public-private partnerships). Railways' working expenses (salaries, pension, and asset maintenance) are met through its internal resources. Railways generate some surplus, which is not enough to cover its capital expenditure plans (such as construction of lines and procurement of wagons). Capital expenditure is supported by the grant from the central government and extra-budgetary resources. This note looks at the proposed expenditure of Railways for 2023-24, and the state of its finances over the last few years.

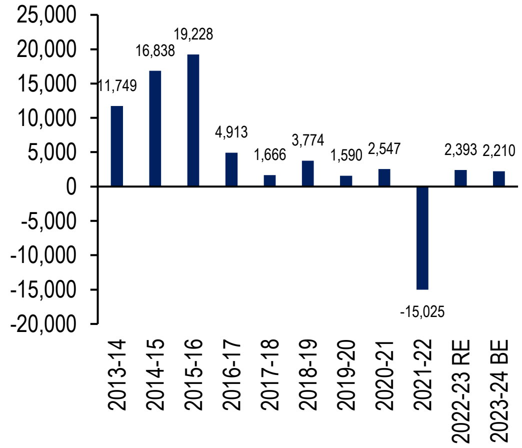
Highlights

- **Revenue**: Railways' internal revenue for 2023-24 is estimated at Rs 2,65,000 crore, an increase of 9% over the revised estimates of 2022-23. In 2022-23, revenue is estimated to be 1% higher than the budget estimate (see Table 1 on next page).
- **Traffic revenue**: In 2023-24, traffic revenue is estimated to be Rs 2,64,600 crore, comprising 99.8% of the total revenue. 68% of the traffic revenue is estimated to come from freight services (Rs 1,79,500 crore), and another 26% from passenger services (Rs 70,000 crore). Both passenger and freight revenue are estimated to increase by 9% over the previous year.
- **Revenue Expenditure**: The total revenue expenditure in 2023-24 is projected to be Rs 2,62,790 crore, an increase of 9% over revised estimates of 2022-23. Expenses towards salaries and pension are estimated to comprise 64% of the total revenue expenditure.
- **Capital expenditure** in 2023-24 is estimated at Rs 2,60,200 crore, an increase of 6% over the previous year. There is a significant change in the pattern of financing capital expenditure. In 2023-24, 92% of capital expenditure is estimated to be financed through budgetary support from the central government and 7% from extra budgetary resources. In comparison, in 2022-23, their contributions are estimated at 65% and 33%, respectively.
- **Operating Ratio**: Operating Ratio is ratio of working expenses to the receipts from traffic. A lower ratio implies better profitability and availability of resources for capital spending. In 2023-24, the Railways' operating ratio is estimated to be 98.45%. This is marginally higher than operating ratio for 2022-23 as per revised estimates (98.22%). In 2021-22, operating ratio was 107.39%.

Diminishing revenue surplus

In recent years, Railways' revenue earnings have barely been able to keep up with its revenue expenditure (Figure 1). Between 2013-14 and 2023-24, Railways' revenue expenditure is estimated to grow at an annualised rate of 7.2%, faster than its revenue receipts (annual growth of 6.3%). Revenue expenditure includes spending on items such as salaries, pension, fuel, and maintenance of assets. In 2023-24, as per budget estimates, Railways is expected to observe a marginal surplus of Rs 2,210 crore (which would finance less than 1% of its capital expenditure).

Figure 1: Railways' Revenue Surplus (Rs crore)



Sources: Union Budget documents of various years; PRS.

In 2021-22, Railways observed a revenue deficit of Rs 15,025 crore. In 2019-20 and 2020-21 (COVID year), Railways managed to observe a revenue surplus by reducing the appropriation towards pension fund. The gap in resources for pension for these years was filled through a special loan of Rs 79,398 crore from the central government in 2020-21. During these three years, Railways' passenger

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February 16, 2023

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Table 1: Overview of Railway Receipts and Expenditure for 2023-24 (Rs crore)

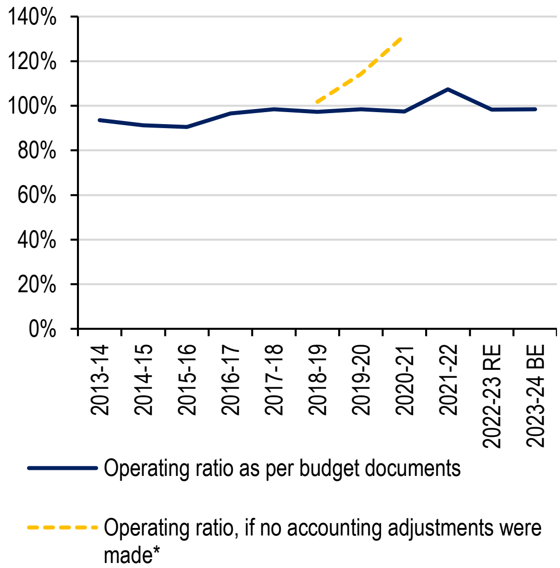
		2021-22 Actuals	2022-23 BE	2022-23 RE	% Change (2022-23 BE to 2022-23 RE)	2023-24 BE	% Change (2022-23 RE to 2023-24 BE)
	Receipts						
1	Passenger Revenue	39,214	58,500	64,000	9%	70,000	9%
2	Freight Revenue	1,41,096	1,65,000	1,65,000	0%	1,79,500	9%
3	Other Traffic Sources	10,896	16,100	13,693	-15%	15,100	10%
4	**Gross Traffic Receipts (1+2+3)**	**1,91,206**	**2,39,600**	**2,42,693**	**1%**	**2,64,600**	**9%**
5	Miscellaneous	161	400	200	-50%	400	100%
6	**Total Internal Revenue (4+5)**	**1,91,367**	**2,40,000**	**2,42,893**	**1%**	**2,65,000**	**9%**
7	**Budgetary Support from Government**	**1,17,276**	**1,37,300**	**1,59,300**	**16%**	**2,40,200**	**51%**
8	**Extra Budgetary Resources**	**71,066**	**1,01,500**	**81,700**	**-20%**	**17,000**	**-79%**
9	**Total Receipts (6+7+8)**	**3,79,709**	**4,78,800**	**4,83,893**	**1%**	**5,22,200**	**8%**
	Expenditure						
10	Ordinary Working Expenses	1,56,506	1,70,000	1,81,000	6%	1,88,574	4%
11	Appropriation to Pension Fund	48,100	60,000	56,000	-7%	70,516	26%
12	Appropriation to Depreciation Reserve Fund	0	2,000	1,000	-50%	1,000	0%
13	**Total Working Expenditure (10+11+12)**	**2,04,606**	**2,32,000**	**2,38,000**	**3%**	**2,60,090**	9%
14	Miscellaneous	1,785	2,640	2,500	-5%	2,700	8%
15	**Total Revenue Expenditure (13+14)**	**2,06,392**	**2,34,640**	**2,40,500**	**2%**	**2,62,790**	**9%**
16	**Total Capital Expenditure**	**1,90,267**	**2,45,800**	**2,45,300**	**0%**	**2,60,200**	**6%**
17	**Total Expenditure (15+16)**	**3,96,659**	**4,80,440**	**4,85,800**	**1%**	**5,22,990**	**8%**
18	**Net Revenue (6-15)**	**-15,025**	**5,360**	**2,393**	**-55%**	**2,210**	**-8%**
19	**Operating Ratio**	**107.39%**	**96.98%**	**98.22%**		**98.45%**	

Note: RE: Revised Estimates; BE: Budget Estimates.
Sources: Expenditure Profile, Union Budget 2023-24; PRS.

services were disrupted due to COVID-related restrictions, which led to lower revenue than usual. A large part of Railways' costs are committed in nature, which cannot be rationalised in the short term. Hence, over last three years, Railways had to depend on budgetary support from the government and borrowings to finance its recurring expenses.

Deterioration in Operating Ratio: Operating ratio represents the ratio of working expenses (such as fuel and salaries) to traffic earnings. A higher ratio indicates poorer ability to generate a surplus. As per actuals presented in the budget document, operating ratio was 107.4% in 2021-22. This implies that in 2021-22, Railways spent Rs 107 to earn Rs 100 from traffic operations. If accounting adjustments were to be ignored, operating ratio of Railways has been higher than 100% between 2018-19 and 2020-21. CAG observed that if advances for the next financial year were not accounted as receipts, operating ratio in 2018-19 would have been 101.8%, instead of 97.3%. Similarly, in 2019-20 and 2020-21, operating ratio would have been 114.2% and 131.6%, respectively, if the apportionment for pension fund was as per the requirement. For administrative purposes, Railway is divided into zones. As per CAG, nine of these 17 zones have observed an operating ratio of more than 100% in all five years between 2016-17 and 2020-21 (see Table 12 in annexure).

Figure 2: Operating Ratio



Note: *In 2018-19, certain advances for 2019-20 were included in receipts. In 2019-20 and 2020-21, less than required amount was apportioned to pension fund.
Sources: CAG, Union Budget documents of various years; PRS.

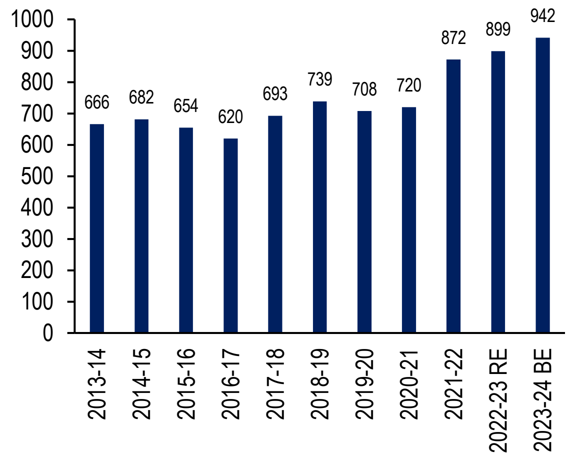
Inability to generate a significant surplus has required Railways to rely on budgetary support from the central government and extra budgetary resources for capacity augmentation and investments. This has in turn required it to set aside earnings for servicing debt, the liability for which is on a rise. Inadequate surplus has also led to less than required provisioning for replacement of old assets and safety-related works. In the following sections, we discuss these challenges and implications in further detail.

Modest growth in traffic volume

Railways' primary source of earnings is operation of freight and passenger services. In 2023-24, 94% of revenue receipts are expected from these operations, with freight's contribution at 68% of revenue receipts. While freight traffic is estimated to grow at 5% over the revised estimates for 2022-23, passenger traffic is estimated to grow at 11%.

Over the last decade, both rail-based passenger and freight traffic have grown at a modest rate. Between 2013-14 and 2023-24, freight traffic is expected to grow at an annualised rate of 3.5%. Passenger traffic in 2023-24 is expected to remain lower than the levels observed between 2013-14 and 2016-17. This is mainly due to lower traffic estimated in the second class (ordinary). Excluding this class, passenger traffic is estimated to grow at an annualised rate of 2% between 2013-14 and 2023-24.

Figure 3: Freight Traffic Volume (in Billion Net Tonnes Kilometre)



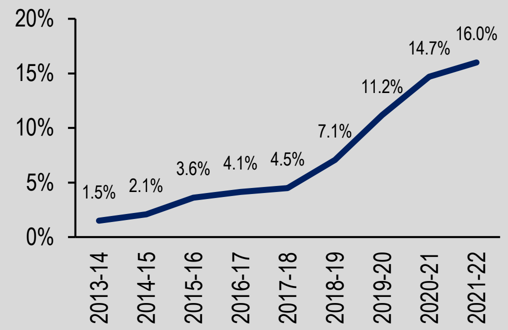
Sources: Union Budget Documents of various years; PRS.

In 2017-18, Railways' modal share in freight transport is estimated at 28%, down from 30% in 2011-12.[2,3] The reasons for a lower share include: (i) inadequate capacity augmentation leading to unmet demand and sub-optimal speed, (ii) higher tariffs, (iii) negligible diversification in freight basket, and (iv) competition from road which provides better end-to-end connectivity.[4]

Railways' share in freight of cars rises

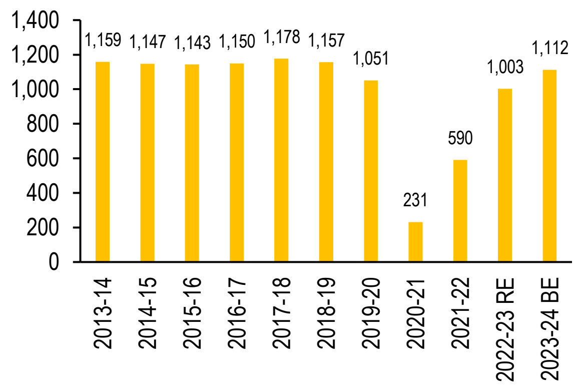
Railways' freight services are used to transport cars from factories to the point of distribution. Railways' share in the total domestic freight of cars has seen a significant increase in recent years.[5] It increased from 1.5% in 2013-14 to 16% in 2021-22.[5]

Figure 4: Railways' share in freight of cars



Sources: "Indian Railways registers growth in automobile traffic", Press Information Bureau, Ministry of Railways, September 12, 2022; PRS.

Figure 5: Passenger Traffic Volume (in Billion Passenger Kilometre)



Sources: Union Budget Documents of various years; PRS.

The Draft National Rail Plan envisages increasing the modal share to 45% by 2050.[2] For this target, it has proposed an investment plan worth Rs 38 lakh crore for the period between 2021-22 and 2050-51.[2]

Railways classifies its network into: (i) high-density network routes (HDN) and (ii) highly-utilised network routes (HUN).[2] HDN routes comprise 16% of the total network and carry 41% of the total traffic.[2] HUN routes comprise 35% of the total network and carry 40% of the total traffic.[2] As per the Draft National Rail Plan, about 80% of HDN routes and 48% of HUN routes see above 100% capacity utilisation, implying significant network congestion.[2] As per the plan, the current average speed for Railway freight is about 25 km per hour.[2] This is targeted to be raised to about 50 km per hour with development of dedicated freight corridors and increasing number of lanes in existing network.[2]

Table 2: 80% of HDN and 48% of HUN routes at over 100% capacity (2017-18)

Network Type	Capacity Utilisation			
	<70%	70%-100%	100%-150%	>150%
High-Density Network (HDN)	2%	18%	58%	22%
Highly Utilised Network (HUN)	24%	36%	35%	13%
Others	69%	22%	9%	0%

Sources: Draft National Rail Plan, Ministry of Railways; PRS.

Freight concentrated in few bulk goods

Most of the freight traffic of railway comes from a few bulk goods such as coal, iron, and cement. The freight basket has remained largely unchanged over the last 15 years (Table 3). Coal freight alone constitutes more than 40% of the traffic volume and traffic revenue. This dependence may present a challenge for Railways in the long-run, as India aims to transition away from coal as the main source of power generation.

Table 3: Composition of freight traffic volume (in Net Tonne Kilometre terms)

Commodity	2010-15 Average	2015-20 Average	2022-23 RE	2023-24 BE
Coal	43%	41%	43%	43%
Iron and Steel	13%	15%	14%	15%
Cement	9%	9%	9%	9%
Container Service	7%	7%	7%	8%
Foodgrains	10%	8%	9%	7%
Fertilizers	6%	6%	5%	5%
Petroleum, Oil, and Lubricant	4%	4%	3%	3%
Other Goods	8%	8%	10%	10%

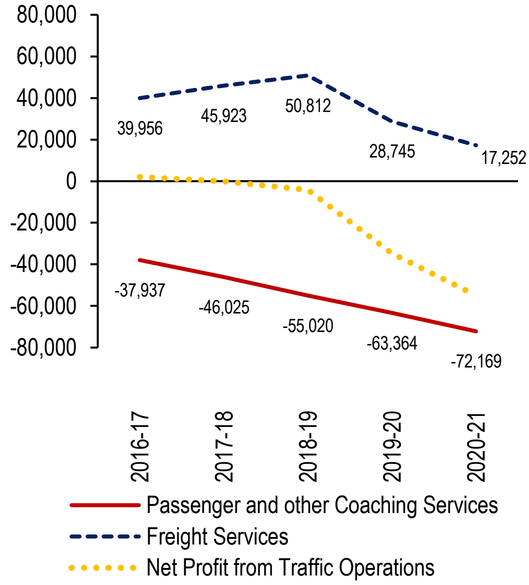
Sources: Union Budget Documents of various years; PRS.

Persistent losses in passenger services

Railways is estimated to earn about 26% of its revenue in 2023-24 from passenger services. Passenger traffic is categorised into suburban and non-suburban traffic. Suburban trains are passenger trains that help move passengers within cities and suburbs. Majority of the passenger revenue (96% in 2023-24) comes from the non-suburban traffic (or the long-distance trains).

As can be seen in Figure 6, losses in operation of passenger services have been increasing in recent years. After 2016-17, the profit from freight have not been enough to cover the widening losses from passenger services. In 2019-20, for earning one rupee from passenger and other coaching services, Railways spent about two rupees and 10 paise. Except AC 3 tier and AC chair car, all other classes of passenger services have observed losses in every year between 2017-18 and 2020-21 (Table 4).

Figure 6: Profit (+)/Losses (-) from passenger and other coaching services vis-a-vis freight services (Rs crore)



Sources: CAG; PRS.

NITI Aayog (2016) had observed that cross-subsidisation of passenger services by freight services has resulted in higher freight tariffs.[6] In 2018, NITI Aayog highlighted higher freight tariffs as one of the reasons for a sub-optimal share of Railways in freight.[7] Losses in passenger services are primarily caused due to: (i) passenger fares being lower than the costs, and (ii) concessions to various categories of passengers (senior citizens, National award winners etc.).[6] Railways classifies these provisions as social service obligations.[6] The Standing Committee on Railways (2020) had recommended that both freight and passenger fares should be rationalised prudently.[8] It observed that any fare increase needs to take into account the competition from other transport modes such road and air.[8] The Committee recommended that the social service obligations of Railways should be revisited.[8] Budget support is provided only for losses on strategic lines. In 2023-24, this contribution is estimated at Rs 2,216 crore.

Table 4: Profit (+) /Loss (-) from various classes of passenger services (Rs crore)

Class	2017-18	2018-19	2019-20	2020-21
AC-1st Class	-165	-249	-403	-719
AC 2 Tier	-604	-908	-1,378	-2,995
AC 3 Tier	**739**	**318**	**65**	-6,500
AC Chair Car	**98**	**243**	-182	-1,079
Sleeper Class	-11,003	-13,012	-16,056	-20,134
Second Class	-11,524	-13,214	-14,457	-17,641
Ordinary Class	-16,568	-19,124	-20,450	-11,438
EMU Suburban Services	-6,184	-6,754	-6,938	-7,799

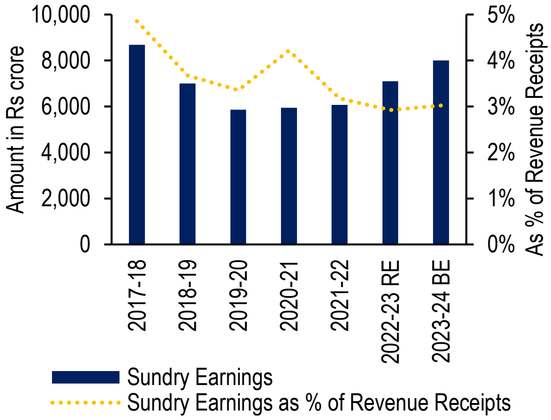
Sources: CAG; PRS.

Declining share of non-fare revenue

Other than revenue from operation of passenger and freight services, Railways' revenue includes: (i) sundry earnings including earning from renting, leasing of buildings, catering services, and advertisements, and (ii) miscellaneous receipts including sale of tender documents, liquidated damages, and receipts by Railway Recruitment Board. Till 2016-17, dividends from public sector undertakings of Railways used to be part of sundry earnings of Railways. From 2017-18, it is credited to the general revenue of the central government.

In 2023-24, Railways is estimated to have sundry earnings of Rs 8,000 crore, an increase of 13% over the revised estimates for 2022-23. In 2023-24, sundry earnings are estimated to comprise 3% of revenue receipts, significantly lower than 2017-18 and 2018-19 (4.9% and 3.7% respectively). CAG (2022) observed that there is a considerable scope for increasing revenue generation from advertisements and commercial utilisation of railway land.[9] In September 2022, the Union Cabinet approved revisions to Railways' land policy to encourage long-term leasing for logistics-related activities.[10]

Figure 7: Sundry earnings over the years

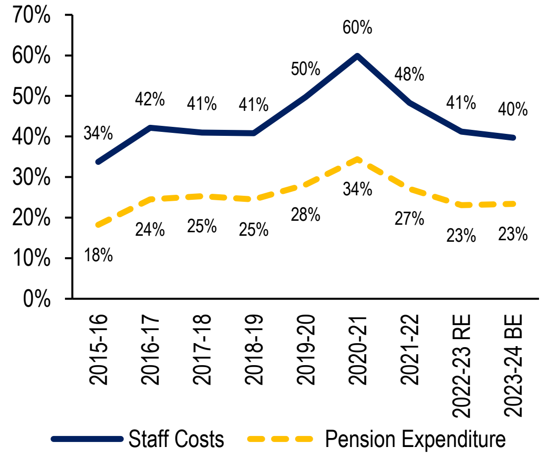


Sources: Union Budget Documents of various years; PRS.

High salary and pension burden

Revenue expenditure of Railways include spending on fuel, maintenance of assets, salaries and pension. A considerable portion of Railways' revenue is spent towards payment of salaries and pension, which are difficult to rationalise in short term. In 2023-24, Railways is estimated to spend Rs 1,05,235 crore on salaries and Rs 62,000 crore on pension. These expenses are estimated to increase by 5% and 11% over the previous year, respectively. Owing to revisions as per the 7th Pay Commission recommendations, spending towards salaries and pension saw a significant increase in 2016-17 (Figure 8). Since then, spending towards these items as a percentage of revenue receipts has ranged between 63%-75%, except in 2020-21 (COVID year).

Figure 8: Expenditure on salaries and pension as % of revenue receipts



Sources: Union Budget Documents of various years; PRS.

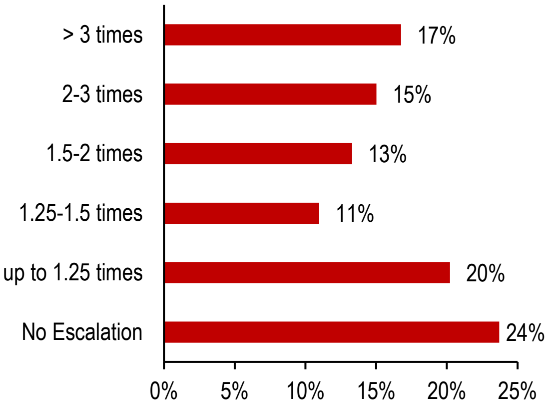
The Committee on Restructuring Railways (2015) had observed that the Railways' expenditure on staff is extremely high and unmanageable.[11] As of March 2021, Railways has a total of 15.14 lakh sanctioned posts, out of which around 2.94 lakh posts are lying vacant, i.e., there is a vacancy of about 19%.[12] If all of these posts were to be filled, staff costs for Railways would be higher than the current level.

As of March 2021, Railways has 15.54 lakh pensioners.[13] The number of pensioners is higher than the number of current employees. The Standing Committee on Railways (2017) had observed that the pension bill may increase further in the next few years, as about 40% of the Railways staff was above the age of 50 years in 2016-17.[14] The Standing Committee on Railways (2020) noted that the new pension scheme implemented in 2004 to reduce the pension bill will show results only around 2034-35.[8] The Standing Committee (2022) recommended that central government should consider providing support for pension expenditure from general revenue till 2034-35.[15]

Infrastructure projects see significant delays and cost escalation

Infrastructure development projects by Railways often see delay in completion and cost escalation. This shows inefficiency in project execution, which has a negative impact on budgetary requirements as well as operations. As of December 2022, out of 173 ongoing projects worth Rs 150 crore or above, 76% have seen cost escalation.[16] The cumulative sanctioned costs of these 131 projects was Rs 1.94 lakh crore, which escalated to Rs 4.52 lakh crore (about 2.3 times).[16] This also includes the two dedicated freight corridor projects (eastern and western), whose revised cost together is Rs 1.02 lakh crore, an increase of 263% over the sanctioned cost (Rs 28,181 crore).[16]

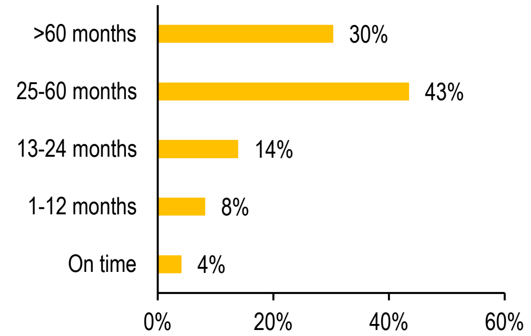
Figure 9: Cost escalation in ongoing projects worth Rs 150 crore or above (as of December 2022)



Note: Data corresponds to 173 ongoing projects.
Sources: 445th Flash Report on Central Sector Projects, Infrastructure and Project Monitoring Division; MoSPI; PRS.

One of the key reasons for cost escalation is delay in completion. Out of 122 ongoing projects for which timeline-related data is available, 96% projects are delayed.[16] 74% of these projects were delayed by more than 24 months.[16] Average delay in these projects is about 64 months.[16]

Figure 10: Time overrun in ongoing projects worth Rs 150 crore or above (as of December 2022)



Note: Data corresponds to 122 ongoing projects.
Sources: 445th Flash Report on Central Sector Projects, Infrastructure and Project Monitoring Division; MoSPI; PRS.

Budget support and extra budgetary resources help sustain investments

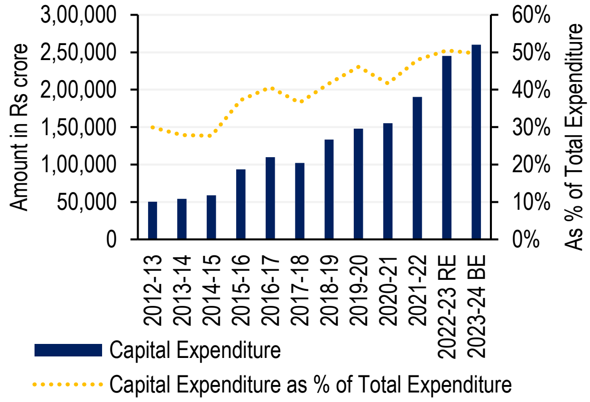
Railways' capital expenditure includes investments for constructing new lines, procuring wagons, doubling of lines, and renewing tracks. In 2023-24, Railways' capital expenditure is targeted at Rs 2.6 lakh crore, an increase of 6% over the previous year (Table 5). The share of capital expenditure in total expenditure of Railways has consistently increased in recent years, despite low revenue surplus (Figure 11). This increase has been funded through budgetary support from the central government and extra budgetary resources.

Table 5: Capital expenditure for 2023-24 (Rs crore)

	2021-22 Actuals	2022-23 Revised	2023-24 Budget	% Change (22-23 RE to 23-24 BE)
Gross Budgetary Support	1,17,276	1,59,300	2,40,200	51%
Extra Budgetary Resources	71,066	81,700	17,000	-79%
Internal Resources	1,925	4,300	3,000	-30%
Total	**1,90,267**	**2,45,300**	**2,60,200**	**6%**

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

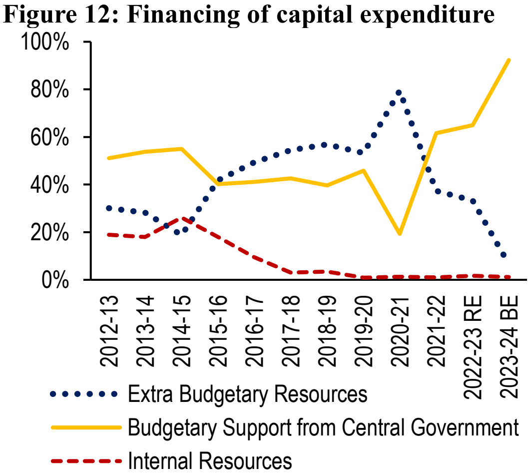
Figure 11: Capital expenditure over the years



Sources: CAG, Union Budget Documents of various years; PRS.

Extra budgetary resources include: (i) borrowings through Indian Railway Finance Corporation (IRFC), and (ii) borrowings from banks, institutional finance, and external investments. Investments are in the form of public-private partnership, joint ventures, and purchase of equity and bonds by private sector. Extra budgetary resources funded more than 50% of capital expenditure between 2017-18 and 2020-21. This reliance has increased debt servicing obligation of Railways (discussed in the next section in detail).

Figure 12: Financing of capital expenditure



Sources: CAG, Union Budget Documents of various years; PRS.

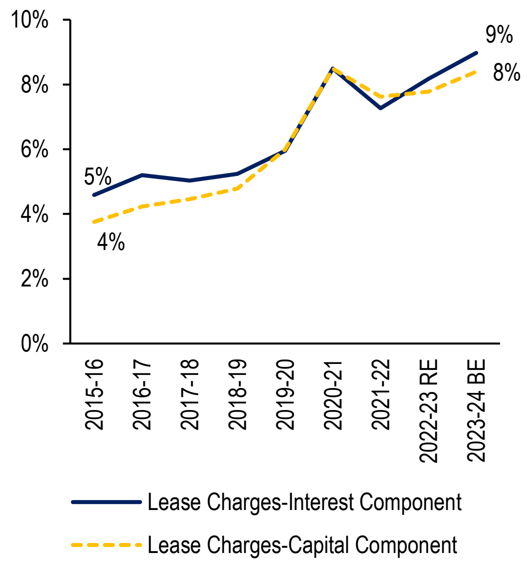
From 2021-22 onwards, the budgetary support has been increased significantly. This has been made possible with the central government incurring a much higher fiscal deficit than the usual (above 6% of GDP).[17] In 2023-24, 92% of capital expenditure will be financed through budgetary support (Rs 2,40,200 crore), up from 65% in 2022-23 (Rs 1,59,300 crore). Correspondingly, extra budgetary resources have been scaled back. Funds from extra budgetary resources are estimated at Rs 17,000 crore in 2023-24, a decrease of 79% from the previous year.

Rise in liability for lease charges

Extra budgetary resources include funds raised through IRFC. IRFC borrows from market and follows a leasing model to finance the rolling stock assets. Since 2015-16, IRFC has also been utilised for project financing.[9] Lease charges have both interest and principal components. Increasing lease charges payment obligation is crowding out the space for productive expenditure.

Between 2015-16 and 2023-24, the interest payment obligation is expected to increase at an annualised rate of 15% and principal repayment obligation at 17%. During the same period, revenue receipts are expected to grow at a much lower rate, i.e., 6%. In 2023-24, Railways is estimated to spend Rs 23,782 crore towards the interest component, and Rs 22,229 crore towards the principal component. Together, these payments are estimated to be 17% of revenue receipts, a sharp rise from 9% of revenue receipts in 2015-16.

Figure 13: Payment of lease charges as % of revenue receipts



Sources: Union Budget Documents of various years; PRS.

Table 6: Payment of lease charges (Rs crore)

	2021-22 Actuals	2022-23 Revised	2023-24 Budget	% Change (22-23 RE to 23-24 BE)
Capital Component	14,581	18,898	22,229	18%
Interest Component	13,896	19,855	23,782	20%
Total	**28,477**	**38,753**	**46,011**	**19%**

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

Shortage of funds for essential provisions

Railways operates various funds to earmark surplus resources for certain purposes. For instance, Depreciation Reserve Fund is for replacement and renewal of assets and Capital Fund is to finance capital works and repayment of principal component of lease charges. Diminishing revenue surplus has meant that these funds do not get adequate provisions (Table 11 in annexure). These purposes are then met either from general revenue of the central government or extra budgetary resources. This has also led to postponement of critical works.

Huge backlog in replacement of old assets

At the end of 2020-21, value of old assets pending to be replaced from Depreciation Reserve Fund is Rs 94,873 crore.[9] This includes: (i) Rs 58,459 crore on track renewals and (ii) Rs 26,493 crore on rolling stock.[9] CAG (2022) observed that given the backlog and depleting surplus, the replacement and renewal of assets could become a burden for the central government.[9]

Servicing of lease charges from general revenue

Due to inadequate funds in the capital fund, the principal component of lease charges is being paid from budgetary support. CAG (2022) observed that ideally, this expenditure should be met from Railways' internal resources.[9] CAG (2019) had observed that if obligations towards IRFC have to be met from budgetary support, the government might as well borrow directly from the market, as the cost of borrowings would be lower.[18] In 2023-24, no extra budgetary resources have been estimated to be raised through IRFC.

Inability in meeting committed funds for safety-related works

Rashtriya Rail Sanraksha Kosh was set up for five years from 2017-18 for financing critical safety related works.[8] The fund was to have a corpus of one lakh crore rupees.[8] Railways was to apportion Rs 5,000 crore in each of these five years, however, it did not meet this obligation in any year.

ANNEXURE

Table 7: Freight traffic details (traffic volume in million NTKM; earnings in Rs crore)

Commodity	2021-22		2022-23 Revised		2023-24 Budget		% change (2022-23 RE to 2023-24 BE)		% share in 2023-24 BE	
	Earning	Volume	Earning	Volume	Earning	Volume	Earning	Volume	Earning	Volume
Coal	65,856	3,27,754	82,752	3,88,536	89,875	4,08,474	9%	5%	50%	43%
Other Goods	10,018	78,877	11,996	88,565	13,227	94,530	10%	7%	7%	10%
Cement	10,605	81,476	12,397	80,080	14,073	88,000	14%	10%	8%	9%
Containers service	6,275	66,622	7,263	63,520	8,514	71,918	17%	13%	5%	8%
Food grains	10,661	97,076	10,592	79,850	8,479	61,880	-20%	-23%	5%	7%
Iron ore	13,093	66,123	11,923	53,851	14,101	61,717	18%	15%	8%	7%
Pig iron and Finished steel	9,125	60,238	9,911	52,756	11,865	61,140	20%	16%	7%	6%
Fertilizers	5,428	44,530	6,447	44,787	6,755	45,430	5%	1%	4%	5%
Petroleum, Oil, and Lubricant	5,822	31,359	6,337	31,131	6,739	32,050	6%	3%	4%	3%
Raw materials for steel plants	2,406	17,761	2,632	15,431	2,902	16,470	10%	7%	2%	2%
Miscelleneous revenue	1,809	-	2,750	-	2,967	-	8%	-	2%	-
Total	**1,41,096**	**8,71,816**	**1,65,000**	**8,98,507**	**1,79,500**	**9,41,609**	**9%**	**5%**	**100%**	**100%**

Note: NTKM – Net Tonne Kilometre (One NTKM is when one tonne of goods is carried for a kilometre).
RE: Revised Estimates; BE: Budget Estimates.
Sources: Expenditure Profile; Union Budget 2023-24; PRS.

Table 8: Passenger traffic details (traffic volume in million PKM; earnings in Rs crore)

	2021-22		2022-23 Revised		2023-24 Budget		% change (2022-23 RE to 2023-24 BE)		% share in 2023-24 BE	
	Earning	Volume	Earning	Volume	Earning	Volume	Earning	Volume	Earning	Volume
Suburban	**1,370**	**69,798**	**2,265**	**1,13,425**	**2,619**	**1,31,893**	**16%**	**16%**	**4%**	**12%**
Non-Suburban	**37,844**	**5,20,418**	**61,735**	**8,89,083**	**67,381**	**9,80,440**	**9%**	**10%**	**96%**	**88%**
Second Class (M E)	7,170	1,58,819	17,174	3,80,434	19,027	4,24,847	11%	12%	27%	38%
Sleeper Class (M E)	12,849	2,25,637	15,753	2,76,630	17,028	3,01,415	8%	9%	24%	27%
AC 3 Tier	12,225	90,488	19,310	1,42,725	21,156	1,57,619	10%	10%	30%	14%
Second Class (Ordinary)	400	18,355	983	45,129	1,058	48,970	8%	9%	2%	4%
AC 2 Tier	3,385	18,536	5,446	29,779	5,855	32,272	8%	8%	8%	3%
AC Chair Car	1,163	6,602	1,912	10,834	1,999	11,421	5%	5%	3%	1%
AC First Class	496	1,537	880	2,726	962	3,006	9%	10%	1%	0%
Executive Class	140	368	241	634	257	680	6%	7%	0%	0%
Sleeper Class (Ordinary)	3	39	6	90	6	97	7%	8%	0%	0%
First Class (Ordinary)	4	27	11	84	12	95	12%	13%	0%	0%
First Class (M E)	11	10	20	18	19	18	-1%	0%	0%	0%
Total	**39,214**	**5,90,216**	**64,000**	**10,02,508**	**70,000**	**11,12,333**	**9%**	**11%**	**100%**	**100%**

Note: PKM – Passenger Kilometre (One PKM is when a passenger is carried for a kilometre).
RE: Revised Estimates; BE: Budget Estimates.
Sources: Expenditure Profile; Union Budget 2023-24; PRS.

Table 9: Details of capital expenditure (Rs crore)

Head	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE	% change from 22-23 RE to 23-24 BE
New Lines (Construction)	21,245	26,324	26,000	31,850	22%
Gauge Conversion	2,837	3,475	3,829	4,600	20%
Doubling	32,219	37,150	42,492	30,749	-28%
Traffic Facilities-Yard Remodeling and Others	2,675	3,045	4,739	6,715	42%
Rolling Stock	41,406	38,887	59,994	47,510	-21%
Leased Assets-Payment of Capital Component	14,581	22,188	18,898	22,229	18%
Road Safety Works-Road Over/Under Bridges	4,222	6,500	5,999	7,400	23%
Track Renewals	14,082	12,077	13,620	17,297	27%
Electrification Projects	6,961	7,695	8,022	8,070	1%
Other Electrical Works incl. TRD	627	650	676	1,650	144%
Workshops Including Production Units	2,668	2,045	2,671	4,601	72%
Staff Welfare	473	495	463	629	36%
Customer Amenities	1,995	2,700	3,824	13,355	249%
Investment in Govt. Commercial Undertaking - Public Undertaking/JVs/SPVs	25,751	38,687	28,981	34,354	19%
Metropolitan Transport Projects	2,515	1,998	3,533	5,000	42%
Others	5,621	6,884	6,858	7,192	5%
EBR- Partnership	10,388	35,000	14,700	17,000	16%
Total	**1,90,267**	**2,45,800**	**2,45,300**	**2,60,200**	**6%**

RE: Revised Estimates; BE: Budget Estimates.
Sources: Expenditure Profile; Union Budget 2023-24; PRS.

Table 10: Physical target and achievement for capital expenditure

Head	2021-22			2022-23			2023-24	% change from 22-23 RE to 23-24 BE
	Revised Target	Achievement	In %	Budget Target	Revised Target	% change	Budget Target	
Construction of New Lines (Route Kms)	300	289	96%	300	200	-33%	600	200%
Gauge conversion (Route Kms)	500	636	127%	500	100	-80%	150	50%
Doubling of Lines (Route Kms)	1,600	1,984	124%	1,700	2,200	29%	2,800	27%
Rolling Stock								
(i) Diesel Locomotives	*0*	*100*	-	*100*	*100*	*0%*	*100*	*0%*
(ii) Electric Locomotives	*1,091*	*1,110*	*102%*	*1,290*	*1,290*	*0%*	*1,290*	*0%*
Coaches	*8,115*	*7,151*	*88%*	*7,551*	*7,520*	*0%*	*6,978*	*-7%*
Wagons (vehicle units)	*9,600*	*8,386*	*87%*	*13,000*	*21,000*	*62%*	*26,000*	*24%*
Track renewals (Track Kms)	3,600	4,275	119%	3,700	4,200	14%	4,800	14%
Electrification Projects (Route Kms)	6,000	6,366	106%	6,500	6,500	0%	6,500	0%

Sources: Expenditure Profile; Union Budget 2023-24; PRS.

Table 11: Apportionment to various funds (Rs crore)

Year	Capital Fund	Debt Service Fund	Depreciation Reserve Fund	Development Fund	Rashtriya Rail Sanraksha Kosh
2013-14	500	165	7,900	3,075	-
2014-15	6,233	57	7,775	1,375	-
2015-16	5,798	3,488	5,600	1,220	-
2016-17	2,398	0	5,200	2,515	-
2017-18	0	0	1,540	1,506	0
2018-19	0	0	300	750	3,024
2019-20	0	0	400	1,389	201
2020-21	0	0	200	1,547	1,000
2021-22	0	0	0	0	0
2022-23 RE	1,300	0	1,000	1,093	0
2023-24 BE	0	0	1,000	1,210	1,000

RE: Revised Estimates; BE: Budget Estimates.
Sources: Expenditure Profile; Union Budget 2023-24; PRS.

Table 12: Zone-wise operating ratio (in %)

Zone	2016-17	2017-18	2018-19	2019-20	2020-21
Central	**105**	**111**	**105**	**105**	**126**
East Central	**102**	98	98	**102**	89
East Coast	54	52	52	51	47
Eastern	**165**	**181**	**186**	**170**	**175**
Metro Rail/Kolkata	**260**	**278**	**248**	**216**	**678**
North Central	71	67	68	74	79
North Eastern	**197**	**202**	**205**	**188**	**203**
North Western	95	**108**	**106**	**113**	**107**
Northeast Frontier	**130**	**169**	**161**	**152**	**139**
Northern	**119**	**117**	**132**	**155**	**154**
South Central	86	83	80	88	**101**
South East Central	56	56	56	54	46
South Eastern	73	76	73	65	57
South Western	**120**	**129**	**133**	**124**	**138**
Southern	**148**	**161**	**153**	**146**	**219**
West Central	74	75	68	71	68
Western	**103**	**108**	**102**	**115**	**128**
Overall	**96.5**	**98.4**	**97.3**	**98.4**	**97.5**

Note: Figures have been rounded off.
Sources: CAG; PRS.

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