

*And, along with that, the budget the PM felt was good*

Not surprisingly, given Trinamool chief Mamata Banerjee's strident opposition to it, Dinesh Trivedi's mildly reformist budget has been completely rolled back. To begin with, other than AC first-class and AC two-tier fares, the new railway minister Mukul Roy has rolled back all of Trivedi's fare hikes. Since the railways never lost any money on these two classes of travel, the rollback means it will continue to make losses—the annual loss on passenger services is in the region of R15,000 crore. While Trivedi had projected a total incremental revenue of R7,000 crore from passenger services, the annual hike in the last few years has been of the order of around R3,000 crore. In other words, the proposed fare hikes would have fetched the railways around R4,000 crore extra. Keeping the fare hike intact for the AC classes will mean the railways will get just around R200 crore extra from the fare hike, or around 5% of what Trivedi had envisaged. Which means that Trivedi's projected operating ratio of 84.9% for 2012-13 is likely to change to around 89 or so, not too different from the 91.1 originally budgeted by Mamata when she was railway minister. And, as the lack of revenues bite, if the railways hike freight rates again—they were hiked by 15% a few days before the budget—the freight targets could easily get hit again, worsening the operating ratio.

Modest as they were, Trivedi's larger efforts were concentrated on trying to fix the railways trajectory—fixing the finances would take too much of a hike in tariffs. So, he proposed setting up of a committee to examine the possibility of getting an independent tariff-setting authority, subject to Parliament approving it. In other words, it was never more than a distant possibility, but even that is not acceptable to Mamata, so Mukul Roy has nixed it. Since privatisation is the only way to increase railway efficiency and get it to modernise—Trivedi wanted modern railway stations with restaurants and malls on different floors from the tracks—the budget had proposed an Indian Railway Station Authority and a new Member's post in the Railway Board to deal with PPP. Several engine manufacturing PPP projects have also been on hold for years. Sorry, no go, says Mamata via Roy. So the railway budget the Prime Minister described as a good one is now in tatters. And, along with it, the railways only hope, a slim one though, of not going the Air India way.