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# *Rly Units Ready to Bail Out Parent*

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**C**ash-rich subsidiaries of Indian Railways have volunteered to bail out their fund-starved parent, offering to take up projects for which the ministry doesn't have funds or private investment is not forthcoming if a suitable model that assures returns can be arrived at. Several key projects worth more than ₹1.7 lakh crore have been deferred from year to year because there isn't money for them.

Rail India Technical and Economic Services (RITES) and Indian Railway Construction Co. (Ircon) have written to the Railways expressing their willingness to manage and invest in rail projects in the country. The Railway Board is yet to take a decision on the matter, an official familiar with the plan told ET.

The country's railway infrastructure has been deteriorating as successive governments have been incapable of finding enough money to pay for projects because raising passenger fares is politically unpalatable. As a result, accidents have been taking place frequently and the safety and quality of travel has worsened across the country.

In a proposal sent earlier this month, RITES has offered to take up projects

based on an annuity model and raise the necessary resources for them if the ministry can provide a "comfort letter" assigning the project to RITES without the usual open-bidding process, said an official who didn't want to be named. RITES is also willing to undertake sanctioned projects under a model in which they are allowed to charge a management fee.

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than ₹600 crore cash that can be deployed in projects and could also leverage its strong balance sheet to raise more funds.

Projects involving building new lines, doubling lines, gauge conversion, electrification and others have been piling up due to the Railways being short of funds.

This is despite various initiatives over the past decade or so. In December 2002,

the government launched the National Rail Vikas Yojana – a non-budgetary investment initiative – to remove capacity bottlenecks in critical sections of the railway network, including the Golden Quadrilateral, besides developing rail connectivity projects, multi-modal transport corridors and mega bridges.

In 2003, Rail Vikas Nigam Ltd was created to mobilise the required financial resources and implement projects under the National Rail Vikas Yojana.

If the Railways accepts the latest proposals, such a strategy could be extended to other state-owned companies as well.

"We have written to the Railways and suggested that we can undertake projects through BOT (build-operate-transfer) or deferred payment or fixed returns. We do undertake BOT projects in the highways sector and so we can do the same for railway projects as well," said Mohan Tiwari, chairman and managing director, Ircon, adding that aspects like a formula for specifying or separating returns between Railways and the company for the projects will have to be worked out.

Ircon had a net worth of ₹2,300 crore at the end of 2012-13. "There are projects that are financially viable that need to be executed fast and have no identified stakeholders. In such cases we can step in and mobilise the required finances," Tiwari said.