

Indian Railways in Budget 2024

Posted at: 10/02/2025

Indian Railways in Budget 2024: Progress or Stagnation?

Context:

The **Indian Railways (IR)** is one of the largest railway networks in the world, serving as a crucial mode of transportation for passengers and freight. It plays a significant role in the Indian economy, influencing industries such as steel, cement, and manufacturing.

For many decades, the **Railway Budget was presented separately** from the Union Budget, making it a highly anticipated event. However, after its **merger with the Union Budget in 2017**, its visibility has declined. In recent years, railway allocations have been mentioned only in passing, leaving industry experts and analysts to rely on post-Budget announcements to understand the government's plans for the sector.

Capital Expenditure: The Primary Support for Railways

Since **the revenue generated by Indian Railways is just enough to cover operational costs**, government support through **capital expenditure (capex)** has been essential for its modernization and expansion. Over the last decade, the government has invested **₹13 lakh crore** in railway infrastructure, leading to:

- An increase in **railway electrification to 95 percent**.
- Expansion of **track length** and network capacity.
- A record increase in the addition of **rolling stock, including locomotives and coaches**.
- Development of new railway lines, track doubling, and gauge conversion.

Budget 2024: No Significant Increase in Capital Expenditure

- The **anticipated increase in capital expenditure did not materialize**.
- The allocation remains at **₹2.62 lakh crore**, the same as in the past two years.
- **In real terms, this is a reduction** due to inflation and rising costs.
- This suggests that **the government is reassessing its financial commitments to the Railways**.

Challenges Arising from This Situation

- **Freight traffic is growing at a rate of just over two percent**, despite the expansion of

India's economy.

- **Passenger revenue is increasing**, but overall passenger numbers remain **below pre-COVID levels**.
 - The Railway's **Operating Ratio (OR)**, a key measure of financial efficiency, is **being kept below 100 through accounting adjustments rather than actual improvements**.
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Post-Budget Announcements: Key Highlights from the Railway Minister

Since the **Budget speech itself did not provide much clarity on railway plans**, experts turned to the **post-Budget press conference by the Railway Minister** for further insights.

Key Announcements

1. Infrastructure Development

- The Minister stated that **an average of 150 kilometers of new railway tracks** has been laid annually since **2014**, which is an improvement over the **113 kilometers per year between 2009 and 2014**.
- The government intends to **accelerate the construction of new railway lines, track doubling, and gauge conversion**.

2. Safety Measures and Allocations

- The **budget allocation for railway safety has been increased to ₹1,16,514 crore**.
- However, **there was no mention of the expansion of Kavach**, the automatic train protection system.
- Since its initial **implementation in 1,465 kilometers near Secunderabad**, **no further expansion has been undertaken**.
- While the Indian Railways has made progress in eliminating unmanned level crossings, **signaling upgrades and safety infrastructure remain areas of concern**.

3. Station Redevelopment Projects

- Significant investments were announced under the **Amrit Bharat station redevelopment initiative**.
 - Despite these announcements, **only a few stations—including Gandhinagar, Habibganj, Byappanhalli, Cuttack, Ayodhya, and Charlapalli—have seen substantial progress**.
 - The **redevelopment of the New Delhi Railway Station**, one of the busiest in the country, **has been delayed for nearly a decade due to repeated re-tendering**.
 - The shift from **Public-Private Partnership (PPP) models to Engineering, Procurement, and Construction (EPC) contracts** raises concerns about **long-term maintenance and cost efficiency**.
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Electrification: A Noteworthy Achievement with Some Concerns

The government highlighted the success of railway electrification:

- The **electrification rate has increased to 294 Route Kilometers (Rkms) per year from 2014 to 2025**, compared to **18 Rkms per year between 2009 and 2014**.

- India is set to become **the world's first 100 percent electrified railway network**.

Challenges Associated with Electrification

- The rapid electrification drive has **left nearly 5,000 diesel locomotives, worth ₹30,000 crore, underutilized or idle**.
 - A significant portion of the electricity used in the railway network is still **generated from fossil fuels**, raising questions about the actual environmental benefits.
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Future Expansion Plans: Ambitious Targets, Unclear Strategy

- The Minister announced that **200 additional Vande Bharat trains** will be introduced, but **no timeline was provided**.
 - There was **no update on major pending projects**, such as:
 - The **Western Dedicated Freight Corridor**.
 - The **Mumbai-Ahmedabad High-Speed Rail (Bullet Train)**.
 - The **conversion of Integral Coach Factory (ICF) coaches to Vande Bharat standards**.
 - A **7,000-kilometer high-speed rail network** supporting speeds of 250 km per hour has been envisioned by 2047, but **without a concrete funding or implementation roadmap**.
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Freight Sector: Lofty Goals Without a Clear Plan

- The Indian Railways is projected to become the **world's second-largest freight carrier, transporting 1.6 billion tonnes**.
- However, **the railway's share in India's overall freight transport is declining**, as many businesses prefer **road transport over rail** due to cost and efficiency concerns.

Key Concerns

- **How will the Railways reclaim its lost freight market share?**
 - **What measures will be taken to improve train speeds and passenger comfort beyond incremental additions of second-class coaches?**
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Conclusion: Progress Without Transformation

The **2024 Budget did not introduce any groundbreaking reforms for the Indian Railways**. Instead, it continued with:

- Electrification and **station redevelopment projects**.
- Incremental improvements, **without addressing execution delays**.
- **Announcements without a detailed roadmap for completion**.

What Indian Railways Needs for Real Change

- **Faster implementation of safety initiatives like Kavach**.

- A well-defined strategy to regain freight market share.
- Financial sustainability measures to reduce dependency on government funding.

For another year, the Budget suggests that **Indian Railways is not undergoing true transformation—it is simply continuing forward, waiting for the next major announcement to create renewed interest.**



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