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# Rail mergers on budget plate

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**New Delhi:** A proposal to merge railway units with overlapping functions will be moved when the Modi government presents its Union budget in February. Based on this principle, Rail Vikas Nigam may be merged with Ircon; RailTel with IRCTC; and Calcutta-based Braithwaite with RITES.

The recommendations were made in a report released in August by principal economic adviser Sanjeev Sanyal. The report dealt with the rationalisation of government bodies under the railway ministry.

The objective of the merger exercise is to professionalise Indian Railways and make it a self-sustaining organisation.

## RIGHT TRACK

- Rail Vikas Nigam with IRCON
- IRCTC takes over operations of Cris. RailTel merges with IRCTC
- Braithwaite with RITES. Both into rolling stock
- Rail Board has drawn up preliminary timelines

Railway Board officials said they have discussed the recommendations and proposed timelines for the mergers. However, sticking to the timelines would depend on regulatory approvals.

Analysts said announcements in the budget would provide much needed impetus

to the exercise.

The Sanyal report said both Ircon — an infrastructure construction company — and RVNL, which implements projects to create and augment rail infrastructure capacity on a fast-track basis, have similar business functions. Hence, RVNL can be merged into Ircon.

Highlighting the overlaps among RailTel, a telecom infrastructure provider through optic fibre networks along tracks, IRCTC, a mini ratna, whose core activity is internet ticketing, and Cris, which builds software for passenger ticketing, freight invoicing and passenger train operations, the report recommended that Cris be wound up after handing over its work to IRCTC. Rail-

Tel can then be merged into IRCTC.

Braithwaite can be taken over by RITES for operational efficiency. RITES is a consultancy organisation which exports rolling stock and inspects materials procured by Railways.

Braithwaite is into rolling stock as it manufactures wagons. The company turned sick in 1992 but things have improved over the last two years. Both RITES and Braithwaite perform similar nature of work, which provides a strong case for their merger, the report said. The proposed mergers have the potential to create monopolies that will command greater valuations when offered for sale in parts or whole.

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