

**Speech of Shri K. Hanumanthaiya  
Introducing the Railway Budget  
for 1971-72, on 23<sup>rd</sup> March 1971.**

Mr. Speaker,

Sir, I rise to perform the pleasant duty of placing before the House the annual financial results of the Indian Government Railways showing the receipts and expenditure for the year 1971-72.

2. Hon'ble Members of the House have had a strenuous time convincing the electorate of their stand and seeking their suffrage. We all meet in the House with a sense of new spirit and dedication, but we have not yet had the time to apply our minds in detail to the various problems pertaining to the Railway Administration. It is, therefore, that I am not placing today the complete and final picture of the working of the Railways. I am now submitting to the House a mere annual financial statement relating to the Indian Railways together with connected documents. I seek the approval of the House to the 'Vote-on-account' for the estimated expenditure of the first four months only of the financial year, 1971-72. In the light of the observations, criticisms and comments Hon'ble Members may be pleased to make, a full-fledged budget will be placed before the House for consideration a few months later. The statement, however, will enable the House to appreciate the financial position of the Railways in its true perspective.

We are now at the close of the second year of the Fourth Plan. During these two years, 186 kilometres of new lines have been opened for traffic; 420 kilometres of track doubled; and 326 kilometres have almost been converted from Metre Gauge to Broad Gauge. The Railways' Rolling Stock has been augmented by 418 locomotives (226 diesel; 79 electric; and 113 steam), 2,857 coaches and 26,702 wagons (in terms of four wheelers). 91 new trains were introduced and the runs of 78 existing trains were extended, thereby the Railways have added 17,404 train kilometres per day. 145 new trains were introduced and runs of 37, existing trains extended on the suburban sections, adding 7,436 train kilometres per day.

**Accounts of 1969-70**

3. I shall first deal with the financial results of 1969-70 the last completed year. The gross traffic receipts amounted to 951.28 crores. It is almost the same as the Revised Estimate of 950.55 crores. The Revised Estimate of Ordinary Working Expenses was 68305 crores. The actual expenses of 684.94 crores were higher by 1.89 crores. After taking into account the other items, like the annual appropriation to Depreciation Reserve Fund, Pension Fund, Net Miscellaneous Expenditure and Dividend Payment to General Revenues, the shortfall came to 9.83 crores against 12.55 crores foreseen at the stage of the Revised Estimate. This shortfall of 9.83 crores was met by a loan of 8.86 crores from General Revenues and the balance by withdrawal from the Revenue Reserve Fund.

The Railways maintain a Development Fund for financing unremunerative works of operating necessity, amenities for passengers, and staff quarters. A sum of 17.08 crores was spent on these works in 1969-70. This Fund is normally fed from the revenue surplus after fully meeting the liability of Dividend to the General Exchequer for the Capital-at-charge. As will be explained later, the Railways were not able to earn any revenue surplus in the year. Hence, an amount of 18.51 crores was raised; by a loan of 18.15 crores from the General Revenues and 36 lakhs from the meagre balance available in the Development Fund. The loan liability of the Railways to the General Revenues under Development Fund rose consequently at the end of 1969-70 from 25.30 to 43.45 crores. The total indebtedness to General Revenues amounted to 5231 crores.

**Revised Estimates, 1970-71**

4. The Budget Estimates as originally presented for the year 1970-71 envisaged a surplus of 22.38 crores. In deference to the wishes of the House last year, my predecessor had given up certain proposed increases in third class passenger fares and in freight rates, particularly those on foodgrains. Thereby, we had to forego 13 crores of revenue. As a result, the surplus shown in the Budget Estimate came down to 9.38 crores. As against this, the Revised Estimates now show a shortfall of 23.69 crores. The gross traffic receipts fell by 5 crores and the working expenses increased by 30.77 crores. There was a reduction of 1.42 crores in miscellaneous expenses and 1.28 crores in the Dividend payable to General Revenues. The cumulative effect of all these factors is a shortfall of 23.69 crores.

The estimates of gross traffic receipts were, at the time of the preparation of the budget for 1970-71, based on a revenue earning traffic of 183.9 million tonnes as against 173.8 million tonnes in the preceding year. Actually, however, instead of an increase of 10.1 million tonnes, the revenue earning traffic

this year will be some 4.3 million tonnes less than that last year. There has been a significant drop in the traffic to and from steel plants, of coal for general purposes and of other goods. Fortunately, the effect of fall in the originating tonnage of traffic has not been proportionately adverse on railway earnings. It is because of two favourable factors, namely, improvement in leads to the extent of 2.2 per cent on an average, and a larger proportion of high-rated traffic in the overall traffic carried. The railway earnings could have been decidedly higher but for the unsatisfactory law and order situation in some places in the eastern and north eastern regions, the unauthorised wild-cat strikes and the breaches caused by floods in Gujarat. Hon'ble Members would agree that essential rail services had to be maintained and, therefore, the Essential Services Maintenance Act had to be invoked thrice during the year. The lightning strike in the Dhanbad Division of the Eastern Railway last month and in the Tatanagar yard and shed of Southeastern Railway earlier this month are instances in point. The former almost choked off the supply of coal for domestic and industrial consumption to the rest of the country and even resulted in the curtailment for some days of over 900 passenger train, services. The latter jeopardised vital supplies of iron ore, coal and coke to the steel plants. A common and regrettable feature of these two strikes was that they were sparked off on trivial and flimsy grounds. They were in no way related to industrial disputes and trade union rights and responsibilities. In one case it was merely a quarrel between two railway families and in the other it was an altercation between a loco employee and a compounder in a railway hospital. This highlights how irresponsible and misguided agitations can jeopardise vital national interests.

A brochure has been included in the Budget documents circulated to the Hon'ble Members giving brief particulars of important incidents that occurred during the year resulting in destruction of property and assets, and dislocation of railway services on account of disruption of communications, demonstrations, bundhs, strikes and attacks on railway staff. Hon'ble Members will share my relief that in spite of these adverse factors, the gross receipts are only 5 crores short of the modified Budget.

During the current year a number of important factors beyond the control of Railways have thrown a heavy burden on the revenue expenditure of the Railways. Working expenses increased by 36 crores on account of interim relief to the staff sanctioned by Government on the basis of the recommendation made by the Third Pay Commission. Large sums of money had also to be found to meet heavy expenditure on other items, such as, 2.40 crores on flood damage, about one crore for payment of, arbitration tribunal awards to staff, 1.25 crores on account of increase in the rates of travelling and daily allowances and about 5 crores on account of increases in prices of various materials. During the first half of the year, falling income and increasing expenses presented a gloomy picture. A persistent and vigorous campaign was, therefore, initiated to maximise earnings and to reduce expenditure. The results achieved from these drives have been encouraging. In the mid-year appraisal, it had been feared that the Railway deficit would be as high as 47 crores. Because of various measures taken to improve earnings and reduce expenditure, the deficit has been halved. Even so, after appropriating 100 crores to the Depreciation Reserve Fund, 15 crores to the Pension Fund, and 165.81 crores as Dividend to General Revenues etc., the Railways will be in the red to the extent of 23.69 crores at the close of the current year. I admit that the financial position of the Railways is not very happy. However, I would like to bring to the notice of the Hon'ble Members an encouraging feature of the year's working. But for post-budgetary developments throwing up a burden of 45.65 crores on working expenses, the Railways might still have ended with a surplus of almost the same order as foreseen in the original Budget, man-made disasters and natural calamities notwithstanding.

### **Light Railways**

5. During the year 1970-71, three Light Railway Companies under the management of Messrs Martin Burn Limited, Calcutta, with aggregate kilometrage of 246 have closed down their operations. These are (i) Shahdara-Saharanpur Light Rail way (148.9 Kms) in Uttar Pradesh which closed down from 1st September 1970; (ii) Howrah-Amta (70.3 Kms); and (iii) Howrah-Sheakhalla (27.1 Kms) Light. Railways in West Bengal which closed down from 1st January 1971. All these were Narrow Gauge Railways, catering mostly to short distance passenger traffic. The Shahdara-Saharanpur Light Railway carried about 12,000 passengers per day while Howrah-Aorta and linwrah .Sheakhalla-Railways together carried about 25,000 passengers per day. The Management announced that the closure was forced on the. Companies by increasing losses year after year due to severe road competition in the areas served by them. The accumulated losses on these three Light Railways amounted to 36 lakhs. The rolling stock, track and other assets of these Railways had not been maintained properly. They were in a worn out condition requiring considerable expenditure for rehabilitation. The standard of passenger amenities on these Railways was also much lower than that obtaining on Indian Government Railways. Nationalisation of the Light Railways or assumption of management by the Ministry of Railways was considered. But careful examination showed that it would not be in the public interest. Not only will we have to spend considerable amounts of money in replacing and rehabilitating the equipment, but also the running costs would go up sharply due to our having to bring their working to the standard of

Government Railways. The transport needs of the public in the areas served are being met by the respective State Governments augmenting the road services. In order to prevent the staff of the Light Railways numbering about 3,000 from being thrown out of employment, the Central Government have decided to absorb these personnel in suitable categories on the Indian Government Railways.

### **A Year of Challenge**

6. This has been a year of challenge and trial for the Railways and railwaymen—particularly those serving in the Eastern Region. Smooth and regular operation of trains became impossible on several occasions. There were a large number of attacks on railway property causing dislocation of traffic and immobilisation of rolling stock. There were also assaults on railway employees on duty, especially staff connected with the running of trains such as drivers, motormen, guards and assistant station masters. The railwaymen had to suffer some bomb attacks by extremist elements, resulting in some cases in serious injuries.

A few days back, one Assistant Officer of the Eastern Railway was murdered in broad day light in Calcutta area while returning home from his place of work. On 15th March 1971, a bomb was thrown by some extremists near the loco shed at Andal, which hit a guard and a shunter. The shunter succumbed to his injuries on the spot while the guard was wounded. In encounters with dangerous and violent criminals, 23 men of the Railway Protection Force lost their lives and another 165 were injured during the year. There have also been some cases of robbing railway cash. In one of them, an armed gang raided the premises of the State Bank of India at Chittaranjan, killed one Railway Protection Force guard on escort duty and looted 18.84 lakhs of rupees, while it was in the process of being taken over by the railway cashier. We are going to take firm and unrelenting steps to check this menace and bring the criminals to book.

The incidence of thefts and pilferages of railway equipment continued to be heavy. Such thefts not only result in financial loss to the railways but also seriously affect the efficiency of rail operation. As the House is aware, the entire route from Calcutta to Mughalsarai over the Grand Chord is now electrified. The theft of overhead traction copper wires puts the entire train operation out of gear on the electrified section for several hours each day. During the period April to December, 1970, as many as 436 cases of thefts of overhead traction wires occurred on the Eastern and Southeastern Railways. The tele-communication control, on which the entire train operation is dependent, was also interrupted frequently due to thefts of tele-communication cables and equipment. Every theft of telecommunication cable results in interruption of train control by about ten hours during which period the movement of trains gets slowed down appreciably, resulting in heavy detention to trains. The extent of these thefts can be judged from, the fact that on the Eastern Railway alone there were as many as 4,163 cases of thefts of tele-communication cables and equipment during the period from April to December, 1970.

### **Passenger Amenities**

7. I know the Hon'ble Members are very particular of providing better passenger amenities. An amount of approximately 4 crores is being spent on this objective every year by the Railways. I am glad to say that as a result of concerted efforts at all levels, considerable improvement has taken place in items like train lighting, fans, water supply and the like, but I am aware that much still remains to be done. Unfortunately anti-social elements resort to wanton destruction of railway property, and indulge in systematic thefts. Many of these fittings, like fans, are in short supply and it becomes difficult to replace them as fast as they disappear. The Railway Protection Force have been alerted to keep a close watch on passenger coaches and other stock, particularly in those yards where such thefts are most marked. We are taking steps seriously and earnestly to maintain and improve the equipment in our coaches.

### **Movement of Foodgrains**

8. The "Green Revolution" has increased food production all over the country. There have been bumper food crops particularly in Haryana and Punjab. Railways have risen to the occasion by transporting these increased quantities to the distant corners of the country. During the period of ten months ending January 1971, the Railways loaded as many as 3,83,093 Broad Gauge wagons.

### **Budget Estimates, 1971-72**

9. Let me now deal with the Budget Estimates for 1971-72. The gross receipts for the year 1971-72 at the existing level of rates and fares are estimated at 1,044 crores, which are 40 crores higher than in the current year. The estimate of earnings under 'Other Coaching' has been prepared, assuming the normal rate of

growth. In the case of passenger traffic, however, the expansion may not be as brisk as has been witnessed in the current year. Therefore, in 1971-72 only a 3 per cent rise in passenger receipts has been adopted. It has also been assumed that all the additional 9 million tonnes of traffic expected to be carried by the Railways next year, would be revenue earning in character. They will add 30 crores to our freight earnings.

The net Ordinary Working Expenses have been placed at 765.44 crores, i.e., 3368 crores more than in the Revised Estimates for the current year. The increase is mainly accounted for by staff costs 17.53 crores, fuel 7.80 crores, repairs and maintenance 5.03 crores and miscellaneous 3.32 crores. The appropriation to the Pension Fund has been kept at the same level of 15 crores as that for the current year. The appropriation to the Depreciation Reserve Fund has been stepped up from 200 crores to 105 crores as provided for in the Fourth Plan. The expenditure on Open Line Works Revenue together with other miscellaneous items is expected to go up by 2.79 crores to 17.91 crores. Consequent on an increase in the Capital-at-charge, the Dividend to General Revenues is expected to increase from 165.81 crores in the current year to 173.77 crores. In the net result, the Railways at the current level of rates and fares and cost of staff and stores will fall short by 33.12 crores in meeting their full liability of dividend payable to the General Revenues. It will be necessary to take a loan from the General Revenues to make good this deficit.

From the figures of financial results for three years given by me, the Hon'ble Members would have seen that Railway Finances are not on an even keel. In fact, the downward trend started from 1964-65, from which year they could not meet the full liability for Development Fund works. From 1966-67, the Railways could not meet fully even the annual dividend liability to the General Exchequer. The accumulation in the Revenue Reserve Fund, which stood at 63 crores in the beginning of 1966-67, has been exhausted. In addition, a loan of 8.86 crores had to be taken in 1969-70 and another loan of 24.92 crores in 1970-71 for meeting dividend liability. For meeting the full dividend liability in 1971-72 and repaying one-third of the earlier loans, the Railways will have to borrow 45.51 crores from General Revenues. It will raise their indebtedness to the General Exchequer to 65.08 crores on this account at the end of the next year. The Railways will have to borrow a further sum of 21.58 crores in the current year and another 23.49 crores during 1971-72 for meeting the expenditure of development fund works. The total loan liability to the General Revenues on account of development fund works would aggregate to 88.52 crores at the end of 1971-72.

The total indebtedness of the Railways to the General Revenues at the end of 1971-72 would amount to 153.60 crores under the two sets of loans. The Railways have, therefore, to generate resources enough not only to repay these accumulated loans but also to rebuild the Revenue Reserve Fund and the Development Fund. I may add that in the above calculations no allowance has been made for the additional financial burdens that may be imposed as a result of the recommendations of the Third Pay Commission and the awards of the Railway Arbitration Tribunal.

### **Works Expenditure**

10. Works expenditure in 1969-70 was 50.83 crores less than the Revised Estimate of 243.30 crores, mainly due to slower progress of certain works and some hold-up and delay in the procurement programme of materials, particularly steel and less out-turn of rolling stock.

The Revised Estimate of net expenditure on Works, Machinery and Rolling Stock for the current year has been placed at about 241 crores, against the Budget Estimate of 280 crores. The reduced level of Revised Estimates has been determined after taking into account the physical progress of the works, out-turn of rolling stock from the Production Units and expected deliveries and supplies from outside agencies. The provision for expenditure on Works, Machinery and Rolling Stock Programme for the Budget year 1971-72 has been put at 280 crores. This is about 28 crores less than the outlay which was fixed for the year under the original Fourth Five Year Plan. The reduction in the outlay was necessitated by the rate of growth of the economy in some particular sectors not coming up to expectations. A summary showing the important items of Works, Machinery and Rolling Stock is circulated as usual along with the Budget documents. Details are given in the Works, Machinery and Rolling Stock Programme which also forms part of the Budget documents.

### **Railway Convention Committee, 1968**

11. A Committee of both Houses of Parliament, known as Railway Convention Committee, reviewed in 1965 financial arrangements between Railways and General Finance. In the light of their recommendations accepted by Government, a Resolution defining the relation between the Railway Finance and the General Revenues was passed by both Houses of Parliament in December 1965. These arrangements were to be co-terminus with the then envisaged Fourth Plan for the quinquennium

commencing 1st April, 1966. There was an interregnum of three annual Plans and the new Fourth Plan commenced from 1st April 1969. It was, therefore, felt that a new convention arrangement should be made to be co-terminus with the current Fourth Plan commencing 1st April, 1969. Accordingly, in November-December, 1968, a Resolution was passed by both Houses of Parliament constituting the Railway Convention Committee, 1968. This Committee held some meetings and saw the Production Units and a few railway headquarters. However, the Committee could not complete their deliberations and present their report as it ceased to exist with the dissolution of the Lok Sabha in December 1970. The need for such a Committee continues to remain and it has to be reconstituted by a Resolution of the House as soon as possible.

### **Staff Relations and Welfare**

12. The per capita expenditure on staff welfare increased from 138 in 1965-66 to 175 in 1969-70. The cost of medical and health services alone, which was 15.92 crores during 1968-69, rose to 17.08 crores during 1969-70. It is expected to rise further to 17.80 crores in 1970-71.

During 1969-70, more than 6,000 staff quarters were constructed bringing the total number at the end of the year to more than 5 lakhs. Total investment by the end of 1970-71 on staff quarters excluding the cost of land will rise to about 200 crores. Other welfare and recreational facilities provided to the Railway employees include Holiday Homes, Institutes, Clubs and playgrounds. Over 3,400 employees availed of the facility of 21 Holiday Homes during 1969-70. I am glad to say that relations with organised labour during the year have continued to be cordial and satisfactory. On occasions when some irresponsible and unruly elements went on wild-cat strikes on trivial issues totally unconnected with their work, the two Federations acted as responsible Trade Unions and helped to restore normalcy. The Permanent Negotiating Machinery functioned well at all levels. It helped to resolve a large number of staff problems and produced satisfactory results. The House may be aware that an Arbitration Tribunal had been set up sometime ago to consider certain matters on which agreement could not be reached with workers' Federations. The Tribunal has already made certain recommendations which are in the process of implementation.

This year has been a year of some difficulty and set-back for the Railways. Railway properties have suffered damage at the hands of criminals, extremists and political demonstrators. The Railways have been subjected to vicarious attacks from those who want something or the other from the Central or State Government. These strains and stresses have not cowed down the spirit of service of those who are running the Railways. They have exhibited commendable courage and have done their duty to the Nation. In the ultimate analysis, it is not coal, oil or electricity that runs the trains, but the spirit of dedication of the railwaymen. They have promised continued service and co-operation. Therein lies the hope of improving not only the efficiency but also the finances of the Railway Administration.

Permit me, Sir, to thank you and the House for the patient hearing given.

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