

**Speech of Shri K. Hanumanthaiya
Introducing the Railway Budget
for 1972-73, on 14th March 1972**

Mr. Speaker,

Sir, Responsibility to Parliament enunciated by the Constitution, makes it my duty, to place before the Hon'ble House for consideration the annual financial statement of the railways. Thereby is ensured the responsibility of the railway administration to Parliament.

2. I am placing the financial statement before the House in, as comprehensive a manner as possible, and in proper sequence. To begin with, I propose to describe the accounts for 1970-71, then assess the revised estimates for the year 1971-72. Thereafter comes the delineation of the Budget Estimates for 1972-73.

Accounts For 1970-71

3. I begin with the accounts for 1970-71. The Budget Estimates of 1970-71 as presented to the House envisaged a surplus of Rs. 22.38 crores. Rs. 13 crores of revenue budgeted, was given up in deference to the wishes of the House, reducing the surplus to Rs. 9.38 crores. The Revised Estimates, however, ran into red showing a shortfall of Rs. 23.69 crores. The reduction in traffic receipts of about Rs. 5 crores and the Interim Relief given to the Railway Employees of about Rs. 36 crores, compensated by certain savings, accounted in the main for this overall shortfall. The actuals have shown some improvement over the Revised Estimates.

4. The Gross Traffic Receipts were actually Rs. 1006.69 crores showing an increase of Rs. 2.69 crores over the Revised Estimate of Rs. 1004.00 crores. The increase was mainly under the heads "Other Coaching" and "Goods". They have more than made up for the shortfall in 'Passenger' earnings. 'Ordinary Working Expenses' amounted to Rs. 732.34 crores as against the Revised Estimate of Rs. 731.76 crores. There was, however, saving in respect of dividend paid to General Revenues by Rs. 1.24 crores. The final actuals reveal a deficit of Rs. 19.84 crores as against Rs. 23.69 crores. The accounts were balanced by taking a loan from the General Revenues.

5. Before I give you an assessment of the Revised Estimates of 1971-72, I have to narrate significant events of the year 1971-72 which have affected the revenues and expenditure. The financial picture has to be judged in the background of preceding events and situations, for, they are almost woven together and are inseparable.

6. The year, 1971-72, has proved to be a highly significant year. The highlight of the year is, undoubtedly, our success against Pakistan. It has not only proved the might and moral worth of our Nation, but has also enhanced its place and prestige in the comity of the Nations. The resounding success has been achieved by the wise leadership of our Prime Minister and by the valour of our armed forces. May I say, with some humility, that the contribution of the railways to this success is not inconsiderable? Never before in our history after the freedom, had the railways been called upon to do such a strenuous and devoted work as we did prior to, during and subsequent to the famous 14-day war. The Railways ran well over 2,000 special trains for movement of defence forces and equipment. The end of the conflict did not mean immediate relief to the railways. They had to move prisoners of war and refugees which again involved the running of over 800 special trains. I have to specially state with sonic satisfaction that all these trains ran so smoothly and efficiently that there was hardly any accident or derailment. It proved the heights to which the railway employees could rise, in efficiency, when inspired by patriotic fervour. This enormous work done by the railway administration has earned public approbation. But it has also entailed some sacrifices in terms of revenues to the railways and inconvenience to the public. The public has not even noticed the inconvenience caused. I hope the House will not mind the losses sustained.

7. While on their normal duties, 13 railwaymen lost their lives, and 26 were wounded in the border areas. I seek your permission to place on record my high appreciation of the devotion to duty displayed by railwaymen of all categories. I pay my homage to those who sacrificed their lives for the success of the Nation.

About Pine thousand railwaymen who are members of the Territorial Army Units were mobilised to assist in the movement of trains in the difficult areas and for restoration of damages.

In Bangla Desh, railway communications had been battered badly. A whole programme of restoring the damaged railway system therein had become necessary. The Bangla Desh Government made a request for help involving supply of materials for temporary and permanent repairs to a large number of bridges and for the restoration of tracks. Our Railwaymen, in association with Bangla Desh Railway Authorities, did such expeditious work that the restoration of traffic on the important sections was made possible within a few weeks. The four major bridges which had been blown up by Pakistan forces are being repaired by replacement of girders.

8: The floods that devastated the Gangetic plains in the States of Uttar Pradesh, Bihar and West Bengal, as the House is aware, reached unprecedented levels entailing great loss and suffering. The railway system in the region suffered from breaches and inundations. The damaged tracks and bridges dislocated traffic, resulting in loss of revenue as well as extra expenditure for repairs and restorations. The cyclone that hit the Orissa region was another great calamity.

9. It is not merely Nature that sometimes upsets railway finances. The criminals and the miscreants specially in the Eastern region have, during the last year, occasioned considerable losses to the railways. Thefts of overhead wires, telecommunication cables, and railway equipment, dislocated the movement of traffic. Thefts and pilferages of goods and parcels have imposed a burden of payment of compensation to the tune of about lts. 13 crores last year.

10. The political agitations and bandhs, I am sorry to state, also victimised the railways, causing loss of revenue and inconvenience to the public. Political parties responsible for such agitations and bandhs, I hope, will realise that in jeopardising the efficiency and profitability of the biggest public undertaking, they inevitably slow down the economic progress of the Nation. May I make an appeal to them all to save the railways from their anger and agitations? The railways do no harm to them. There is neither justice nor fairplay in imposing vicarious punishments on the railways, nor is it an act of any great courage to harm the harmless.

These, events of the year placed severe strains on the railway finances.

Revised Estimates, 1971-72

11. The House will recall that in my Budget Speech of May 24, 1971, I had, after assessing the revenues and expenditure of the year 1971-72, indicated that there would be an uncovered deficit of Rs. 6.87 crores. I had anticipated additional goods traffic of 9 million tonnes. The anticipation, however, did not materialise, as the industries in both private and public sectors were not able to keep up the targets of production and movement of traffic. It is primarily steel production in private as well as public sector that did not come up to expected levels. I understand that labour troubles and plant failures adversely affected their production. Iron ore export suffered likewise. The movement of coal, fertilisers and other goods also tagged behind.

12. "Passenger" earnings in the current year are assessed at Rs. 316 crores which is Rs. 2.75 crores short of original estimates. The earnings in "Other Coaching" have fortunately gone up by Rs. 6.5 crores to Rs. 66 crores.

13. Though the volume of 'goods' traffic fell short of expectations, the revenues there from went up by Rs. 6 crores to Rs. 665 crores. It is mainly due to longer leads and larger proportion of high category traffic like petrol, oil and lubricants. The emerging financial picture of gross traffic receipts is Rs. 1078.00 crores as against the Budget Estimate of Rs. 1070.25 crores.

14. Revised Estimate under the head "Ordinary Working Expenses" is assessed at Rs. 784.32 crores as against Budget Estimates of Rs. 765.44 crores. It means an extra expenditure of Rs. 18.88 crores. The main element of it is the additional Interim Relief given to Railway Staff with effect from 1st October, 1971, along with all other Central Government Employees. The addition to the wage bill on this account is of the order of about Rs. 14 crores for a full year. But it comes into effect from 1st October, 1971, and, therefore, the amount involved is Rs. 6.6 crores. The rates of daily allowance of the Central Government servants were increased with effect from 1st January, 1971, and consequently running allowance of certain categories of railway staff had to be increased. Provision was made for it in the Budget Estimates; but the actual expenditure is going to be Rs. 3 crores more than the Budget provision. It was decided during the year that higher compensatory and house rent allowances should be paid to Government servants including railway employees in some cities, because of the increase in their population and consequent changes in their classification. An award was given by the Arbitration Tribunal on night duty allowance. Government decided to sanction higher rates of stipend to Trade

Apprentices'. These three items involve an extra expenditure of Rs. 1.3 crores in the current year. The damages caused by floods and cyclones had to be repaired at a cost of Rs. 3.10 crores. We had also to make increased provision of Rs. 2.2 crores for the payment of outstanding compensation claims. An extra provision of Rs. 1.20 crores has been made to meet the increase in the price of diesel oil. Extra expenditure on civil defence measures and the units of Special Railway Protection Force detailed for track patrolling duties in the Eastern Region have cost another crore. The cumulative effect of all these extra expenditures including some minor items comes to Rs. 18.88 crores. The contribution to the Depreciation Reserve Fund has remained the same at Rs. 105 crores. The appropriation to Pension Fund has been reduced by Rs. 3.50 crores. Under the head "Open Line Works Revenue and Other Miscellaneous Expenses" we have been able to effect an economy of nearly two crores.

15. The major relief to railway finances, however, came from the Railway Convention Committee constituted by Parliament. The Committee did expeditious work. It submitted an Interim Report covering the year, 1971-72 and 1972-73. The Convention Committee recommended

- (i) the exemption from payment of dividend on the capital-at-charge of the non-strategic portion of the Northeast Frontier Railway and of the unremunerative branch lines as also on over-capitalisation;
- (ii) the exemption for a period of three years from payment of dividend on the capital outlay to the extent of 25% annually, when the work is in progress;
- (iii) the payment of interest to Railways at current dividend rate on fund balances kept with the General Revenues.

These recommendations give relief to the Railways to the extent of Rs. 21.53 crores for 1971-72 and Rs. 22.19 crores in 1972-73. The recommendations of the Committee were approved by both Houses of Parliament in December, 1971. I am grateful to the Committee and the Houses of Parliament for according this timely and just relief to the railway finances.

16. The resulting financial picture is, therefore, not red as is usually said. The Revised Estimates for 1971-72 show a net surplus of Rs. 9.08 crores instead of a deficit of Rs. 6.87 crores as envisaged in the Budget Estimates.

Comparative performance of Railways - Of the nine Railway Zones, five have done well, the first place going to Central Railway, who have increased their receipts and reduced their expenditure, improving upon their budgeted targets by Rs. 8.15 crores. Next comes Western Railway who have improved their position by Rs. 7.80 crores. Southern Railway has an improvement of Rs. 2.27 crores to their credit. The Northern and North Eastern Zones have shown a small improvement of Rs. 39 lakhs and Rs. 10 lakhs respectively. Of the Zones that are on the minus side, Eastern Railway with its shortfall of Rs. 19.21 crores have fared worst eating up all the financial improvements made by the said five Zones. Northeast Frontier Zone has fallen from the budgeted targets by Rs. 4.75 crores, South Central by Rs. 3.19 crores and South Eastern by Rs. 2.69 crores. The House will thereby see that illegal and criminal activities of the Eastern Region have made the railway finances and efficiency suffer most. If the two Railways had performed even normally, we would have had a much bigger surplus.

Budget Estimates, 1972-73

17. May I now, Sir, delineate the Budget Estimates for 1972-73. Here again, I may weigh the prospects, before I formulate the figures. The year, 1972-73, may prove to be one of peace and accelerated progress. I hope the country will not be subjected to the same strains and stresses as in the preceding year. Natural calamities like floods and cyclones, are not likely to recur on the same scale. Everything said and done, Pakistan may have learnt a lesson and may not venture upon another military adventure. Determined steps are being taken to counter-act the crimes committed on Railways.

18. The most important feature of the prospect of the year, 1972-73, is the upward trend of our economy. Production of steel and coal is, anticipated to increase and furnish, considerable traffic to the railways. Traffic in foodgrains, fertilizers and petroleum products is also likely to go up. Economic forecasts envisage increased agricultural, industrial and mining activities in the country which will make it possible for the railways to earn more. There are already hopeful signs in sight. Improvement in our exports is also anticipated. All these factors are likely to give much business to the railways and

consequently improve their earnings.

19. The gross receipts for the year 1972-73 on the existing level of freight and fares, are estimated at Rs. 1126.10 crores. They are Rs. 48.10 crores more than the Revised Estimates of the current year. 'Passenger' earnings are expected to increase by Rs. 10.50 crores. The main increase in earnings next year will, however, come from the 'goods' traffic, which is expected to improve quantitatively and qualitatively. Higher steel production and restoration of normal conditions in the Eastern Region would, I expect, enable the Railways to carry an additional 9.5 million tonnes of revenue-earning traffic. There will be larger movement of commodities, such as, cement, fertilizers, petroleum products, iron and steel, machinery and general merchandise, all of which yield comparatively more earnings per wagon. The receipts from 'goods' traffic have, therefore, been placed at Rs. 704.00 crores, which is Rs. 39 crores more than the Revised Estimates.

20. 'Ordinary Working Expenses' will also go up to Rs. 809.14 crores, i.e., Rs. 24.82 crores more than in the Revised Estimates for the current year.

21. The payment of Interim Relief for the full year, instead of six months as in the current year, accounts for an increase of Rs. 6.8 crores. The grant of annual increments to staff after setting off the reduction in expenditure due to retirements etc. is another Rs. 3.5 crores. The implementation of the recent arbitration award giving casual leave to workshop staff accounts for another sum of Rs. 2 crores. The staff wage bill in consequence will increase by Rs. 12.3 crores next year. The balance of Rs. 12.52 crores is made up of increased cost of fuel for hauling 9.5 million tonnes of additional traffic, higher expenditure on workshops for repairs and for better maintenance of permanent-way. I have reduced the provision for payment of compensation claims by Rs. 3.6 crores, as I am expecting at least that much of savings by the special drive initiated on 26th January this year. The appropriation to Depreciation Reserve Fund has been enhanced by Rs. 5 crores to Rs. 110 crores. The appropriation to Pension Fund has been fixed at Rs. 16.0 crores. The expenditure on open-line works together with other miscellaneous expenditure has been placed at Rs. 15.73 crores almost of the same order as in the Revised Estimates for the current year. The total expenditure of all these items amounts to Rs. 950.87 crores as compared with Rs. 916.77 crores of the Revised Estimates. The net Railway Revenue, therefore, will be Rs. 175.23 crores.

22. There are three liabilities to be met:

(a) Dividend of Rs. 159.70 crores to General Revenues; it will be paid in full;

(b) Contribution of Rs. 20.00 crores to the Development Fund; it will be made in full;

(c) annual instalment towards the repayment of loan from the General Revenues, which is now Rs. 106.22 crores after appropriating the surplus of Rs. 9.08 crores anticipated in the Revised Estimates for 1971-72. We will pay Rs. 11.26 crores on account of instalments and Rs. 0.77 crore as interest on outstanding loan.

The total of these payments amounts to Rs. 191.73 crores.

23. The gap between the net income of Rs. 175.23 crores and the liabilities of Rs. 191.73 crores leaves a deficit of Rs. 16.50 crores. In the previous five years, the gap amount was being borrowed from the General Revenues to balance the budget. But I do not propose to borrow this year. Borrowing increases our liability by way of paying interest. Nor is it a sound financial policy. I propose to find the sum, mostly by rationalisation of the present structure of freights and fares.

Proposals

24. The freight rates for certain bulk commodities do not meet fully even the operating cost. In fact, they are being transported at subsidised rates, the subsidy coming out of the earnings on high-rated commodities. The cost of operation does not remain, however, static; the salaries and allowances go up continuously. The prices of materials also are ever increasing. These inevitable increases make it impossible to keep the freight rates static. There has to be certain rational relationship between the cost of carrying and the income therefrom. What I propose to do is not an ad hoc addition to freight rates, but rationalisation of the freight structure.

Reclassification of Low-rated Commodities - In the present freight structure, all commodities other than coal and coke, foodgrains and pulses, moving in wagon loads, are grouped

into 31 classes ranging from class 27.5 to class 130. It is proposed to raise by one step the classification of commodities up to and including class levels 52.5. Commodities now charged at class 27.5 (for wagon-loads) will henceforth be charged at class 30, those included at present in class 30 will be in class 32.5 and so on up to the commodities listed in class 52.5. which will now be raised to class 55. Classification for "Smalls", that is, consignments less than wagonloads, will also be refixed so as not to disturb the existing relativity between the wagon-load and "Smalls" classifications. The proposed re-classification would broadly mean an increase of 8.5 per cent in the freight on commodities charged at class 27.5, the increase tapering off to 4.6 per cent for commodities now included in class 52.5.

25. Freight on Coal, Coke Foodgrains & Export Ores not affected - The proposed re-classification will not, however, affect in any way the existing freight rates in respect of foodgrains, including pulses, and iron and manganese ores intended for export. There will also be no increase in the freight rates on coal and coke.

26. Bulky articles: (i) Weight for charge - There are certain articles like plastic utensils and containers, aluminium wares, steel cupboards, which, because of their volume, occupy space disproportionate to their weight. As the freight rates are based on weight, the charges levied on such articles do not meet fully the costs of transport. It is proposed to revise the minimum weight for charge for loading these articles from 45 quintals to 60 quintals for a broadgauge four-wheeled wagon, from 30 quintals to 40 quintals for a metre-gauge four-wheeled wagon and from 30 quintals to 35 quintals for a narrow-gauge four-wheeled wagon.

27. (ii) Revision in classification - There are certain goods of comparatively high value, such as furniture, refrigerators, glasswool, which, because of their poor loadability, do not give an adequate return per wagon. It is now proposed to upgrade their classifications.

28. The combined effect of these re-classifications is an extra revenue of Rs. 12.67 crores per annum.

29. Parcel and Luggage Traffic - The current scales of charges for parcels and luggage traffic came into force with effect from 1-4-1970. This category of traffic was not affected by the changes made last year. Bearing in mind the increasing costs of operation, it is now proposed to levy a small supplementary charge of 5 % on this traffic. This will yield Rs. 2.5 crores in a full year.

30. Passenger Fares - Even as certain commodities are being transported at subsidised rates, the passengers also, including III Class passengers, enjoy a subsidy amounting to about Rs. 61 crores a year-Rs. 49 crores on non-suburban travel and Rs. 12 crores on suburban travel. Last year, a very modest increase in passenger rates was effected. But the income there from is only Rs. 13.20 crores. There is yet a lee-way of some Rs. 48 crores to make up. I do not, however, propose to bridge the gap all at once. I want to leave the III Class passengers as such at peace this year. What, however, I propose to do is to make the upper-classes passengers and season ticket holders contribute a little more to the railway revenues. The fare for II Class Ordinary would increase from 25 paise per ticket for a distance zone 20-50 kms. to Rs. 1.50 for a distance beyond 1500 Kms. For II Class Mail/Express, the corresponding increase per ticket will be from 50 paise to Rs. 2 for distances beyond 1500 Kms. There will be corresponding increases for the other upper classes. For distances beyond 1500 Kms., the increases for the Air-conditioned Chair-car, First Class and Air-conditioned Class will be respectively Rs. 3, Rs. 5 and Rs. 10 per ticket.

31. Compared with other Expresses and Mail trains, the Rajdhani Express, between Howrah and New Delhi, saves over seven hours of travelling time. To facilitate the higher speed, the Rajdhani Express must have fewer coaches and carries fewer passengers than the regular Mail and Express trains. The speed and comfort of Rajdhani Express could well absorb a little increase in its fares. I am, therefore, proposing to increase the basic fares between New Delhi and Howrah by Rs. 30 per ticket for Air-conditioned and Rs. 10 per ticket for Air-conditioned Chair-car. The corresponding increase for a Chair-car between New Delhi and Kanpur will be Rs. 4 and that between Kanpur and Howrah Rs. 7.

32. The additional revenue from increased fares of upper classes is expected to be Rs. 1.63 crores in a year.

33. Season Ticket Fares - Indian Railways carried 2,431 million passengers during 1970-71. The suburban passengers in the metropolitan areas of Bombay, Calcutta and Madras were 1,220

million. The suburban passengers are about 50% of the total passengers. But, the earnings from them are only 10 %. About 71 % of the total suburban passenger traffic is by monthly/quarterly season ticket holders. By and large, a monthly season ticket costs only 10 to 15 times a single journey fare though it is available for unlimited use and is used at least for 50 journeys in a month by an average season ticket holder. The extent of concession can be measured from the low realisation on the average from a season ticket holder for carrying him a distance of one kilometre—a passenger on single journey ticket pays 2.61 paise whereas a season ticket holder pays only 0.80 paise.

34. I would like to bring to the notice of the House another aspect of suburban travel. During the last two years we have revised upwards the passenger fares of III Class and other classes in the non-suburban areas as well as single journey tickets in the suburban areas. We have not touched the III Class monthly suburban season tickets since 1968, when a small increase of 25 paise per season ticket only was made. Since then, the III Class single journey fares have been revised upwards once and the upper class single journey fares and the I Class season ticket fares have been revised upwards twice. The railways have had to spend enormous sums on increasing rolling stock and augmenting track and other facilities. In this year's Budget, for the Bombay area alone, the total cost of Civil Engineering, Signalling and Electrical Engineering Works, proposed for the improvement of suburban services, is of the order of Rs. 31.3 crores. Surely, we cannot afford to incur such huge capital expenditure on an unremunerative service.

35. Though the single journey fares for identical distances are the same all over India—whether suburban or non-suburban—the III Class monthly season ticket fares vary from one suburban area to another. Sometimes, even in the same city, the monthly season ticket fares differ between two pairs of stations situated at equal distances. Besides, the III Class monthly season ticket fares in the Bombay area are the lowest, those in Calcutta a little higher and those in Madras the highest. This inequality needs to be ended, and all the three great cities treated alike. I, therefore, propose that as a first step the third class monthly season tickets in Bombay and Calcutta should be brought up to the levels of those in Madras suburban area. But the increases will be limited to Rs. 2.15 per ticket for Bombay and Rs. 1.15 per ticket in Calcutta. Even so, the revised fares in Bombay and Calcutta for longer distances will still be lower than those in Madras and in the non-suburban areas. This rationalisation of third class monthly season ticket fares will bring in a revenue of Rs. 60 lakhs in a full year.

36. The fares for I Class suburban and non-suburban monthly season tickets have been revised upwards twice during the last three years. Even so, an upward revision is justified now. I accordingly propose to increase the I Class monthly suburban and non-suburban season ticket fares by Re. 1 for tickets up to the value of Rs. 10, Rs. 1.50 for tickets between Rs. 10 and Rs. 20 and so on up to Rs. 3 for I Class monthly season tickets costing more than Rs. 40. Similarly, for the III Class non-suburban monthly season ticket fares, the increases range from 25 paise per ticket up to Rs. 5, to Re. 1 for tickets costing more than Rs. 15. Similarly, for a II Class monthly non-suburban season ticket, the increase will be 50 paise for tickets up to Rs. 5 and Rs. 1.50 for tickets costing more than Rs. 15. The expected yield in a year from increases in suburban and non-suburban season ticket fares in I Class will be Rs. 14 lakhs and from non-suburban III Class and II Class season tickets will be another Rs. 14 lakhs.

37. **Financial Effect of the Proposal** - The total annual revenue from all these proposals will be Rs. 17.68 crores. The additional revenue for the year, 1972-73, will be only Rs. 17 crores as the revised rates will take effect only from 15th April, 1972. The resulting budget picture shows a surplus of half a crore of rupees.

Fourth Plan

38. In my Budget Speech in May, 1971, I had stated that the cut of Rs. 250 crores in the 4th Plan was tentative, and that the position was being reviewed. I had further indicated that the cut will be restored partially or fully when improvement took place in the eastern industrial belt of the country. The Railway Plan has to be enlarged to be in step with the growth in traffic demand.

A number of Hon'ble Members in the House had then urged the restoration of the original Plan provision. They had also asked for the extension of the railway network so as to provide the necessary infra-structure for the economic development of different parts of the country. The mid-term appraisal of the Fourth Plan has increased the Railway Plan outlay by Rs. 125 crores to Rs. 1,400 crores. It enables the Railways to acquire Rs. 37 crores worth of additional rolling stock, spend Rs. 60 crores more on line capacity works and the construction of some new lines during the rest of

the Plan period.

39. **Conversion to Uni-Gauge** - We are now committed to the policy of uni-gauge system and it is being implemented in earnest though by stages. The three conversion projects approved by Parliament through supplementary grants in December last will cover a distance of 1,057 Km. costing Rs. 63.53 crores. Steps have already been taken to start the work on all the three projects.

40. I now propose a few more line conversions. The conversion of metre-gauge line from Barabanki to Samastipur via Muzaffarpur is a very big project, covering the States of Uttar Pradesh and Bihar. The line is 572 Km. long and the conversion will cost Rs. 46.80 crores. This is the biggest of conversion projects. The existing length of metregauge is 25,847 Km. and these four projects will get it reduced by 6.3%.

41. **A Direct North South Broad Gauge Conversion** - I have been for some time nursing the idea of introducing a direct Broad Gauge connection from Kanyakumari to Delhi and to the northernmost points touching the Himalayas. Hon'ble Members of the House have blessed this idea. The existing connections are circuitous and irrational. They involve many a transshipment point as well as longer mileage.

We have to make a sincere beginning by putting Kanyakumari on the railway map of India. A new line, therefore, will be constructed from Trivandrum to Kanyakumari via Nagarcoil and from there to Tirunelveli. The line is 164.02 kilometres, costing Rs. 14.53 crores. We are also considering the conversion of Metre Gauge line from Tirunelveli to Maniachi and to Tuticorin and Madurai, a parallel Broad Gauge line from Madurai to Dindigul and a new Broad Gauge line from Dindigul to Karur. The conversion of Bangalore-Guntakal line into Broad Gauge has already been taken up. Traffic survey for a Broad Gauge line from Guntakal to Secunderabad and from Secunderabad to Wardha has been ordered. These proposals are intended to make the direct Broad Gauge connection from North to South possible.

The existing pattern of railways in India is proving to be inadequate for its growing needs. More conversions from metre gauge to broad gauge and new broad gauge lines have necessarily to be taken up. The preliminary work of survey is being undertaken for converting 1121.25 kilometres from metre gauge to broad gauge and construction of 1520 kilometres of new broad gauge lines.

42. **Other New Lines** - Maharashtra will have a new line from Bassein Road to Diva costing about Rs. 13 crores. This is 42 kilometres long and links the Central and Western Railways facilitating quicker interchange of goods traffic within the two railway systems. It relieves the pressure at Dadar and other stations in Bombay City and improves the suburban railway service.

Another new line is a small one of 30 kilometres costing about Rs. 3 crores connecting Sabarmati and Gandhinagar broad gauge tail line in Gujarat. The new capital of Gujarat is thereby serviced by the railway system which also helps the new Fertilizer factory to be set up at Kalol and the Thermal Power station to be set up near Gandhinagar. The Government of Gujarat is giving the land free of cost and the Gujarat State Electricity Board and the Indian Farmers' Fertilizers Cooperative have agreed to pay higher freight charges to make the line remunerative.

Works Programme

43. The Budget Estimate for Works, Machinery, Plant Rolling Stock including Open Line Works-Revenue-which for the year 1971-72 stands at Rs. 280 crores, has been fixed at Rs. 301.50 crores for the next year. There is also a provision of Rs. 4.20 crores for the Metropolitan Transport Projects. Capital and Depreciation Reserve Fund Budget has been stepped up so that the Railways' development programme, as now included in the Fourth Plan after the mid-term appraisal, may be fully implemented. The Works Budget, inter alia, includes expenditure on Rolling Stock of Rs. 124 crores, track renewals of Rs. 48 crores, traffic facilities of Rs. 51 crores, signalling and telecommunication works of Rs. 1.5 crores, electrification schemes of Rs. 16 crores, new lines of Rs. 16 crores, railway users' amenities of about Rs. 4 crores, staff quarters and staff welfare works of Rs. 10 crores. The Rolling Stock programme for the year 1972-73 envisaged procurement of 11,000 wagons. But it has now been raised to 14,000 involving a total expenditure of Rs. 41.00 crores during the year. The wagon building industry is thereby helped as well as the transport potential of the Railways.

New Production Items

44. There has been a serious shortage in the supply of track fittings from indigenous sources interfering with the programmed maintenance of the permanent-way. Uncertain supplies and irregular maintenance endanger track safety. We, therefore, propose to augment the rolling-mill facilities in the Jamalpur Workshop of the Eastern Railway and produce approximately 25,000 tonnes of track fittings per annum. Rs. 1.36 crores is included in the Budget Estimate for the purpose. Government of India has given a fresh impetus to the policy of self-sufficiency after the so-called foreign aid from certain powers stopped or threatened to be stopped. The Railways want to implement the policy in all earnestness. We propose to start two new projects to manufacture wheels and axles and traction gears. Our requirements of wheels and axles are only met in part by indigenous production and we were purchasing the rest from foreign countries costing, Rs. 5.8 crores a year. Requirement of wheels and axles is growing. The proposed plant will be one more Railway Production Unit and will produce approximately 20,000 wheels-sets and 25,000 loose wheels per year making the Railways virtually self-sufficient.

There is also an increasing requirement of traction gears for diesel and electric locomotives and Electric Multiple Unit stock. As dieselisation and electrification make further progress, the level of imports which at present stands at Rs. 50 lakhs per annum will go up higher. We, therefore, propose to add a Traction Gear Plant to the Diesel Locomotive Works at Varanasi to do away with our dependency on imports.

45. Foreign Exchange Requirements: IDA Credit - Imported stores have, during the last two decades, been reduced from around 30% to less than 9%, in spite of total purchases increasing nearly four-fold. The imports are now limited to only certain essential raw materials, proprietary items and other components for manufacture of rolling stock etc. for which indigenous capacity or technological capability is not yet available in the country. Foreign exchange required for their imports is met from specific loans by foreign countries under bilateral agreements and credits given by the International Development Association (an affiliate of the World Bank).

The Indian Railways have obtained a credit from the International Development Association of 75 million dollars under the agreement signed on 24th January 1972. It will be used to purchase essential raw materials and components. The credit is under the usual IDA terms with a 50 year period for repayment, there being no repayment during the first 10 years. There is no interest on the credit but only a service charge of 3/4th per cent per annum.

46. Metropolitan Transport Project - The Metropolitan Transport Project, Calcutta, envisages construction of an electric underground railway from Tollyganj to Dum Dum covering a distance of 16.43 kilometres with 16 stations. It costs about Rs. 140 crores, requiring a foreign exchange expenditure of about Rs. 23.7 crores. The Project received the benefit of technical expertise from U.S.S.R. and the concurrence of the Planning Commission. It is before Government for sanction.

Feasibility studies have been undertaken for Rapid Mass Transit system in the cities of Bombay, Delhi and Madras. I think the rate of growth of Bangalore, Hyderabad, Poona, Kanpur and Ahmedabad is making it necessary to undertake such studies for them also. I hope that the Planning Commission and the concerned State Governments will move in the matter.

47. Ticketless Travel - A survey to assess the extent of ticketless travel, conducted in 1967-68, estimated that the loss was roughly Rs. 20 to Rs. 25 crores per annum. It constituted about 10% of the Railways' annual passenger earnings then. The minimum penalty was raised from 50 Paise to Rs. 10/- and it had some salutary effect. Massive raids with the help of Magistrates and police forces are being periodically organised to find out and penalise the ticketless travellers. Educative propaganda is also being done through loudspeakers and newspapers. The cooperation of educational institutions, village elders and voluntary social service organisations is being enlisted. But all these steps, I must admit, have had only marginal effect. Ticketless travel is most rampant in the northern region. We have to devise more effective measures. The State Governments and the police force have to play a decisive role. I must acknowledge with gratitude the cooperation given to the drive against ticketless travel by Shri Bansilal, the Chief Minister of Haryana State. After a conference with him and his colleagues, a drive was initiated in October, 1971, in the State of Haryana. A Committee with the Home Secretary of Haryana as Chairman was set up to conduct and supervise the drive. It lasted 2 months. It has been a phenomenal success. 30,832 cases were detected yielding a penalty of Rs. 2,81,783/-. The total number of passengers checked was

20,09,000. 6,396 special checks were conducted. Window sale of tickets also increased, as a result of this drive, by Rs. 9,06,000. The sale of season tickets also increased. The results would have been even more impressive, but for the conditions created by hostilities with Pakistan in the month of December, 1971.

I have subsequently made an appeal to the Chief Minister of Uttar Pradesh to do likewise in his State. After new ministries come into existence in Bihar and West Bengal, I intend making similar appeals to them. If the State Governments help us effectively, I am sure, ticketless travel will end, thereby ensuring higher revenues to the Railways. What is more important is that the great reputation of these States, should not be allowed to be sullied by this crime.

48. Complains for Compensation - I find that a big source of drainage of railway revenues is in respect of compensation paid for thefts, pilferage, damage etc. of booked consignments. There has been a continuous increase, for some years in the amount of compensation paid. This year it is likely to reach the, peak figure of Rs. 13.25 crores representing an increase of Rs. 9 lakhs over the previous year. The five Zonal Railways, namely, Central, Southern, Western, South Central and Northern Railways have registered an improvement and their Revised Budget Estimates show a reduction of Rs. 1. 19 crores in the claims bill. This will be, however, more than offset by an estimated increase of Rs. 1.28 crores in the claims bill of the other four Railways, particularly of the Eastern and South Eastern Railways. Again, it is the Eastern region that is the worst affected and some places therein continue to harbour hardened criminals.

I have given serious thought to this problem. I am convinced that much improvement can be effected with the active and patriotic participation of railwaymen at all levels, and with the cooperation of the State Governments. I have, therefore, launched an all India campaign on the Republic Day this year, to prevent thefts and pilferages. Letters for help and cooperation have been sent to the Governors or Chief Ministers, as the case may be. I have made a personal appeal to each and every railwayman. The leaders off the labour unions have promised participation in the campaign. I hope that the concerted and coordinated measures that are being taken, will combat the evil afflicting our Railways. In the last few weeks, detection and prevention work has received a new tempo. I am grateful to State Governments and the State: police in particular, for their cooperation. Unless, the campaign succeeds and shows appreciable results, I venture to state that the Railway Administration will not be able to command public confidence in full.

49. Productive Use of Railway Land - The extent of land on either side of the railway track in India, I understand, is more than 1,20,000 acres. Our engineers have unhappily been oblivious to land use. They have so mutilated it as to make it unusable. Population pressure has made land highly precious in this country. We have to make use of every inch of land for productive purposes. I once saw personally that land on either side of the track is put to agricultural use in U.S.S.R. Instructions have been issued to make use of the land, wherever possible., either for agriculture or pisciculture.

Labour Relations

50. During the year, I must say the labour relations have improved. The employees and the officers have worked with such team spirit that one of the visible benefits conferred on the country is punctuality of trains. Their commendable performance helped, in its own way, the great victory that was achieved by our Defence Forces against Pakistan. Co-operation of the Labour Unions has begun to operate in preventing thefts and claims on the Railways. The two recognised federations are doing well and are cooperating with the Administration in increasing efficiency. So far as the unrecognised unions are concerned, the question of prescribing criteria for recognition is under the consideration of Government, as a whole. Besides, I understand a new labour policy is on the anvil.

51. Men and materials make the railway system have Materials have to be renewed and modernised. Men have to renew and reinvigorate their spirit of service. The performance of railwaymen in the matter of punctuality and defence efforts impels me to believe that they are doing so. The drives that I have initiated and the implementation of the recommendations of the Administrative Reforms Commission will put their spirit of service to test in the months. I hope we will all pass the test and present the House a better picture of our finances and performance in the next Budget.

52. Permit me, Sir, to thank you and the House.
