

**Speech of Col. R. E. Emerson,
Chief Commissioner of Railways, in presenting,
the Railway Budget for 1947-48 in the Council of State.**

Sir, I have the honour to present a statement of estimated revenue and expenditure in respect of Indian Railways for the coming year.

This occasion is worthy of note because it is the first Budget to be presented under the auspices of a Government fully representative of the people of India.

Current Year

2. The year now coming to an end, the first complete financial year under peace conditions for seven years, has been a trying one for all Railway Administrations. With the ever present background of constant demand from the public for better services, both passenger and goods, the Railways have fought a stern battle against untold minor stoppages of work in Shops and Sheds, the threat of an all-India railway strike, disorganisation of services caused by civil disturbances, continued thefts of fittings from passenger carriages, no improvement in supplies of replacement material, and a general tendency to do less work for more pay. Despite these handicaps, the Railways look like creating an all time record by carrying more passengers than in 1945-46, although the goods traffic moved is expected to be slightly less than in that year. Planning for future development has continued and a solid foundation has, been laid which will enable Railways to go ahead with their plans during the coming year.

Rolling Stock

3. Approximately one-tenth of our total broad gauge passenger carriages are still on loan to the Defence Department for the movement of servicemen returning from overseas and going to and from their demobilization centres. It is hoped that these will be returned to us in full by the end of the current financial year, and the Railways will then be able to augment still further their, regular public services. We programmed to build 347 passenger carrying vehicles in railway workshops during the year, 309 of which were to have been new third class vehicles, but due to unauthorised stoppages of work in the various building shops, a go-slow policy in some of them, and to a shortage of supplies, it is not expected that more than 140 will be completed by the 31st March next. The balance will become throwforwards to 1947-48. During the year, 129 broad gauge locomotives have been added to the stock and 358 metre gauge locomotives which were imported for war purposes, have been taken over from Disposals for use on the metre gauge systems. 7,525 four-wheeled broad gauge general service wagons have been imported and the outstandings of the war orders, totalling 310 four-wheeled units, are expected to arrive in the country before the close of the year 6,505 metre gauge wagons have been taken over from Disposals and are in service on the metre gauge systems, but they are a war job and they will need rebuilding very early in their life if they are to be retained in service for the normal useful life.

Manufacture Of Locomotives And Boilers In India

4. For many years the Ajmer workshops of the B. B & C. I. Railway have manufactured locomotives in a small way. One batch of ten XT/1 class locomotives was completed in February 1946, and are now in service on the North Western Railway. Work on another batch of the same class is now in hand, and another order for metre gauge locomotives has recently been placed on these workshops, the boilers for which will be manufactured in the TELCO Works at Singhbhum. It has, however, been decided that the continued manufacture of locomotives at Ajmer is uneconomical. There is no room to expand the manufacturing capacity economically or the existing repair capacity to the extent necessary to meet the needs of the Railway.

Reference was made in last year's Budget Speech to the delay which had occurred in converting the locomotive repair shops at Kanchrapara into a locomotive manufacturing plant. A subsequent survey of the capacity available for repair work on the East side of India and the volume of work to be carried out in future, revealed that it was necessary to keep Kanchrapara repair shops for repair purposes only. It has therefore been decided to build an entirely new locomotive production plant a few miles north of Kanchrapara which will be designed to produce 120 locomotives and 50 spare boilers a year. The Standing Finance Committee for Railways has approved of this scheme at a cost of Rs. 11.4 crores of which Rs. 5.6 crores is on account of quarters at their meeting last December. The construction of the workshops and colony and the installation of machinery is due for completion by September 1949. Thereafter manufacture will begin, but the production of complete locomotives in any numbers is not expected to commence before the end of 1950.

Naturally every effort will be made to improve upon these target dates, but the setting up of what is virtually a completely new industry, on a large scale must take time. The House is aware that the Singhbhum Workshops of the East Indian Railway were sold to Tatas on the 1st June, 1945. The company formed to take over these works known as TELCO, is, now engaged on the manufacture of 100 S.G.S. class boilers, and the plans for the future development of the Singhbhum works into a locomotive building works are now under scrutiny.

Restoration Of Passenger Services

5. During 1946-47, over a thousand train services have been reintroduced on the principal railways, giving an increased daily passenger train mileage of over 67,000. The present passenger train mileage is approximately 80% of the pre-war figure. I would like to assure the House that Railway Administrations are constantly endeavouring to bring their passenger train services back to the pre-war level, and above where necessary, at the earliest possible moment, and as the coaching stock is returned from the Defence Department, and the new stock comes out of shops this will be done. That the comfort in the existing train services is not up to pre-war standard is admitted. This is partly due to difficulty obtaining adequate supplies of replacement materials and partly to the pilferage and wilful vandalism on the part of the travelling public. Members will have observed that many coaches are running without electric light bulbs, fans and switch fittings would like to assure Members that when these coaches come out of shops they are fully equipped, but within a few weeks they are found to have been stripped of these necessary fittings. The difficulty of obtaining replacement parts makes the replacement of these items by the carriage staff on the line a continual struggle, which in many cases results in failure. On one Railway it is reported that the average length of life of a train lighting bulb is 24 hours. Supplies of these bulbs are behind schedule, and only 55% of the Railways' demands for the calendar year 1946 had been met up to the end of December last. Railway Administrations have taken steps to provide additional Watch and Ward protection, but this is of no avail when the damage is done whilst the trains are in the public service.

Improvement In Goods Services

6. With the increase in the stock of goods wagons on the railways of India and the decrease in the load of military goods movement, it is hoped that goods service during the coming year will be greatly improved. By the end of March next there will be about 20% more broad gauge general service wagons and about 10% more metre gauge general service wagons in service than in 1939. These figures, of themselves, are satisfactory and should enable an appreciably greater volume of goods traffic to move than was the case in 1939. There are however, other factors which tend to interrupt or to interfere with goods movement, and not least of these is the difficulty of getting staff to work the trains in areas which are affected by civil disturbances. The staff do not all live within railway premises, and the sudden application of curfew orders very often means that a large proportion of the running staff are unable to get to work. By the time that special arrangements have been made for them to come through the curfew areas, quite possibly the curfew has been withdrawn, but in the meantime the traffic has piled up and congestion has been caused. The Railway Administrations are fully aware of the necessity to move the goods traffic as expeditiously as possible, and they will do everything in their power to meet the requirements of the public.

Coal

7. The supply of railway coal has again been a continued anxiety. In some instances Railway Administrations have had to restrict traffic in order to conserve existing stocks. This difficulty of supply is not due to any one cause, but to a combination of many, not the least of which is the general post-war, unrest. Fuel economy continues to receive unabated attention, and the Report of the Indian Coalfields Committee is receiving detailed attention in the Railway Board's office. It seems likely that coal will be one of the limiting factors in improved operation during 1947-48, but it is hoped during that year to put matters on a better footing so as to ensure unrestricted supplies to the Railways in the future.

Lawlessness On Railways

8. I have referred elsewhere to the civil disturbances which have affected railway operation. These disturbances, involving loss of life and injury to persons and property, both railway employees and the travelling public, placed a very severe strain on the Railway Administrations concerned and on their employees. When the troubles were in their immediate neighbourhood the railway staff were hesitant to leave their homes for fear that their families would be attacked, for fear that they themselves would be attacked on their way to and from duty, and even on duty unless they were under the protection of armed guards. Assistance was sought from the Provincial authorities, and additions to the Railway Police were

made. Military protection was afforded in certain areas. Arrangements have been made with certain of the Provincial Governments to increase the strength of the armed Railway Police very considerably, and other Provincial Governments have been asked to prepare, in conjunction with General Managers, similar schemes to permit of the provision of increased armed police protection at short notice when necessary. The charges for this extra protection are to be met from railway revenues.

Research

9. Some progress has been made with the development of a Central Research Station for Railways. A site for laboratories, test tracks, workshops and staff quarters has been chosen near Delhi Shakurbasti station and the construction of works already sanctioned has reached an advanced stage. A still further development of the Research organisation for Railways is under consideration and it is hoped to finalise proposals in this matter during the coming year. A circular continuous test track has been provided at Shakurbasti and a specially constructed light weight third class broad gauge coach has been submitted to very severe trials on this track. These trials provided most useful information for the development of future design. The equipment for determining the causes and extent of oscillation of locomotives, which was dismantled during the war, has been reassembled and trials are now being carried out. An order for 16 Pacific type express passenger locomotives to a new design has been placed in America. These locomotives are due for delivery during this year, and on their receipt will be submitted to tests to determine their suitability for reproduction in bulk. The measurement of the strength and stability of railway formations is also under process of development.

Co-ordination

10. The progress of co-ordination of road and rail transport has been held up during the current year, but the popular Ministries in the Provinces are now finalising their views and it is hoped that real progress towards this most desirable object will be made during the coming year. Government have also set up a Central Board of Transport, the object, of which is to co-ordinate the planning and execution of transport development of all kinds with a view to eliminating wasteful competition.

Staff

11. Staff conditions during the current year have been unsettled and difficult. The large number of temporary staff employed on the Railways are naturally restive and anxious for a firm declaration of future policy which will enable them to see where they stand. The threatened all India railway strike served only to increase the general unrest, and the suspense caused by the necessary waiting for the results of the Central Pay Commission and of the Adjudicator's award also militates against a contented staff who will give of their best at all times. During the coming year it is earnestly hoped to reach final decisions on many questions affecting the staff which will assist to bring to them better conditions of service and contentment. The recommendations of the Pay Commission will, when received by Government, be dealt with at the earliest possible moment. The award of the Adjudicator is expected to be received very shortly, and Government will lose no time dealing with it. The Indian Railways Enquiry Committee, 1947, under the Chairmanship of Mr. K. C. Neogy, M.L.A., is expected to start full-time sittings after the current session of the Assembly and it is hoped that their recommendations will be made and disposed of during the coming year.

The Separation Convention

12. An exhaustive investigation has been carried out by officers of the Railway Board of the data available with Railway Administrations pertaining to replacements of the various classes of railway assets in past years. From this data provisional conclusions have been reached as to the appropriate figures for the lives of the various classes. The capital at charge of each railway is now with the use of such records as exist, being apportioned between the various classes. When this has been completed it will be possible to calculate the appropriate annual contribution to the Depreciation Fund. It is hoped that this work will be finished in time to put the proposals before the Standing Finance Committee for Railways next July.

Government expect to arrive at early decisions on the recommendations of the Adjudicator and the Pay Commission so that the resulting effects on the Railway pay bill should be known within a reasonably short time.

Although the future trend of traffic receipts may still be a matter for some speculation it would in Government's opinion be advantageous to appoint a Committee now to review the whole question of the Railway Separation Convention., Even though the Committee may not be able to start their work in earnest

before the late summer, if they are constituted now they will certainly be able to take up the work before the next session of the Legislature.

Actuals For 1945-46

13. Our revised estimate of gross traffic receipts for 1945-46 was put at 225 crores. The actuals exceeded this by only three quarters of a crore. Net miscellaneous receipts were 41 lakhs above the revised. Expenditure proved 4.8 crores less than anticipated mainly due to the throwforward of part of the anticipated debit to revenue of the inflationary element in the cost of rolling stock, the deliveries of which Aid not come up to expectations by the end of the year, partly offset by an increase in the loss on grain shops. The net result was a surplus of 38.20 crores as against the revised estimate of 32.07 crores. Of the surplus 32 crores went to General Revenues and the balance of 6.20 crores into the Railway Reserve. The throwforward of rolling stock resulted in a reduction of about 3 crores in the withdrawals anticipated from this Reserve, so the balance at the end of the year stood at 38.13 crores as against the revised estimate of 29.05 crores.

Revised Estimates For 1946-47

14. Our budget estimate of receipts for the current year was 177 crores. The revised estimate has been put at 206 crores an improvement of 29 crores. Passenger earnings are up by 20½ crores of which some 7 crores are due to the military load falling away more slowly than had been anticipated at this time last year. Civilian passenger traffic has shown a remarkable upsurge, due largely to the part restoration of pre-war train services and facilities. Other coaching receipts are up by 5 crores, again largely because of the slower reduction in military specials. Goods receipts are expected to be 3 crores higher.

On the other hand ordinary working expenses are now estimated at 159 crores, an increase of some 33 crores over the budget estimate. Of this, 10½ crores is occasioned by throwforward from the previous year in delivery of loco-motives, boilers and wagons the inflationary element in the cost of which is debitable to revenue under the special war-time arrangement of which the House is aware, and the payment of hire for Defence Department locomotives And wagons used by the railways. Ten crores is due to the, grant of interim relief and increased rates of dearness allowance with, retrospective effect. Our budget estimate of the loss on grain shops anticipated some reduction in food prices. These have, however, risen and this accounts for a further expenditure of 6¾ crore. The fuel bill is up by 1½ crores.

Total working expenses including depreciation and payments to worked lines, are now estimated at 174 crores. There is a saving of 65 lakhs in interest charges and an improvement of 6 lakhs in net miscellaneous receipts which partly offset this increase.

Supplementary demands voted by the Assembly in November last, cover the major portion of the increased expenditure and further supplementary demands will be placed before the Assembly later in this session to cover the remaining 7½ crores.

The net result of all the variations is that we now expect a surplus of 8.64 crores after meeting all charges as against a budgeted surplus of 12.22 crores. In accordance with the ad hoc agreement mentioned in the budget speech last year General Revenues will receive only 5.61 crores against the budget expectation of 7.36 crores, the Betterment Fund will receive 3 crores and the Railway Reserve 3¼, lakhs.

The Betterment Fund was inaugurated this year with an initial transfer of 12 crores from the Railway Reserve. It will be debited with 1.4 crores for works chargeable to sit during the current year and after receiving the credit of 3 crores plus interest of 22 lakhs will stand at about 13.8 crores. The balance in the Railway Reserve will be reduced by the 12 crores transferred to the Betterment Fund and by some 5 crores under the special rules for allocation of the cost of rolling stock ordered during the war. It is therefore expected to stand at some 21½ crores at the close of the year, out of which 5 crores is earmarked for arrears of maintenance which accumulated owing to war conditions.

Budget 1947-48

15. With existing rates and fares the budget estimate of gross traffic receipts is 183 crores. The decrease of 23 crores from the revised estimate includes a further reduction of 14 crores in military traffic and 3 crores from parcels. The estimate makes some allowance for the adverse effects of increasing competition from road and other forms of transport, which are inevitable.

Our estimate for ordinary working expenses has been put at 135½ crores. I may mention that this estimate does not take into account any increase in the total wage bill which may result from the decisions which Government take on the recommendations of the Adjudicator and the Pay Commission. Out of the reduction of 23½ crores from the revised estimate for 1946-47, the fact that the special debits to revenue of part cost of works and rolling stock ordered during the war will be virtually completed in the current year and the non-recurrence of hire charges on locomotives and wagons owned by the Defence Department and used by the Railways, account for nearly 21 crores. The nonrecurrence of arrears of interim relief and dearness allowance accounts for a fall of over 32 crores. These reductions are partly offset by an increase of 14 crores in the provision for repairs under works and rolling stock.

The appropriation to the Depreciation Fund has been placed at 15.34 crores, of which 1.84 crores is a special appropriation made in order to credit to the Fund the amounts that would have been accumulated therein if the Bengal and North Western and the Rohilkund and Kumaon Railway Companies lines had been Government-owned from 1924-25 and had maintained a Depreciation Fund like the rest of the Government Railways. Payments to worked lines on the basis of present charges would be 1.6 crores. Net miscellaneous receipts are 2.95 crores. Interest charges are expected to be 26.58 crores. The net balance would then be 7 crores which has to provide for the contributions to General Revenues, the Betterment Fund and the Railway Reserve. The revised estimates indicate that the contribution to General Revenues in the current year is likely to fall 1¼ crores short of the Budget estimate of 7.36 crores and in view on the one hand of the heavy commitments of the Government of India in respect of large development schemes and on the other of shrinking revenues and public borrowings, Government have fixed the contribution to General Revenues for 1947-48 at 72 crores after the loss on strategic lines has been met.

The Betterment Fund is expected to open the Budget year with a balance of about 13.8 crores out of which it is expected to spend 44 crores. This Fund as the House is aware, has to defray the cost of amenities for passengers, works connected with staff welfare including quarters for inferior, staff and certain non-remunerative operative improvements designed for the safety of passengers and improvement in, the efficiency of the services rendered to the public. Expenditure from this Fund will increase rather than diminish in future years and it is considered essential that the appropriation to the Fund in the Budget year should at a minimum be 5 crores.

The Railway Reserve is expected to stand at 2½ crores at the end of the current financial year out of which 5 crores are earmarked for the arrears of maintenance which have accumulated owing to war conditions, leaving a free balance of 16½ crores. Expenditure from the Reserve in the Budget year is put at 2 lakhs so that the balance at the end of the year would remain practically unchanged. A Reserve of this order for a commercial concern with over 800 crores capital at charge can only be regarded as quite inadequate. This fact was recognised by the Wedgewood Committee who recommended in 1937 that the Reserve should be built up to at least 50 crores. Government therefore consider it essential to provide for a contribution of not less than 5 crores in the Budget year. Even at this rate it will take seven years to build up the Reserve to the minimum level.

16. The requirements for contributions thus total 17½ crores to meet which the estimated balance is 7 crores. There is thus a gap of 10½ crores to be covered, which it is proposed to do by a 6¼ % increase on the present level of fares above Re. 1 and the application of a 6¼ % increase to fares below Re. 1 which have hitherto not been called upon to make any contribution to the increased costs of operation. The minimum fare of one anna will, however, remain. The yield from this increase is estimated at Rs. 4¾ crores.

As regards merchandise by goods trains, to which an increased charge of 12½% already applies (except for food grains in wagon loads, manures and fodder), and to that by passenger train to which an increased charge of 25% applies, Government are anxious to avoid any action calculated to retard the development of nascent industry or to increase the retail prices of the necessities of life; but at the same time additional revenue to the extent of Rs. 5¾ crores has to be found and a rise in the freight rates for the carriage of merchandise cannot wholly be avoided without throwing a heavier burden on passenger traffic than is proposed. It is necessary to explain that there are many commodities, the general level of rates for which are today lower-and in many cases much lower-than the traffic can bear, and it is believed that the additional revenue required can be obtained by lifting, within framework of the present scales, of authorised charges, the level of many; of the special and station-to-station rates, now in existence. These rates owe their existence, and the low level at which they are pitched, to economic and transport conditions which no longer obtain, and many commodities can afford today to bear a higher general level of charges than in pre-war days. Nevertheless, the increases contemplated, particularly in so far as these relate to the necessities of life, as for example foodgrains and piecegoods will be individually far too small to offer any reasonable justification for an increase in retail prices. The incidence of the freight increases will never exceed one pie

per seer of foodgrains or one pie per yard of cloth. The yield anticipated from these freight adjustments is about 5¼ crores, and although this may appear to be a large sum in the aggregate, the incidence of the increase will be so spread as to fall equitably and in just proportion to the ability of the different commodities to bear it. Government are of the view that this is a more satisfactory method of securing the additional revenue required than by a general percentage increase which would fall equally on all varieties of merchandise irrespective of the lesser or greater ability of different commodities to pay the higher freight charges.

The increases in passenger fares will take effect from the 1st March next and in the freight rates concerned from the 1st April next.

17. The effect of these changes will be to cover the gap of 10½ crores at present visible. The gross traffic earnings will then become 193½ crores. The printed budget estimates I am presenting today include the anticipated receipts from these enhanced charges.

Capital, Betterment Fund And Depreciation Fund Expenditure 1946-47

18. The budget estimate of the works programme for the current year was 34.54 crores, against which the revised estimate is 32.90 crores, 13.49 crores under Capital, 1.42 crores under Betterment Fund and 17.99 crores under Depreciation Fund. This includes a small provision of 7 lakhs for capital expenditure on the Vizagapatam Port, the administrative control of which was transferred to the Railway Department from the War Department on 1st April 1946. The settlement of the terms under which the Railway Department will assume full financial responsibility for the Port is nearing completion.

The expenditure on New Constructions in the current year is expected to be only about 42 lakhs, against 2 crores included in the budget, as final decisions have not yet been taken in regard to the constructions it was then thought might be commenced this year. Open Line works expenditure is, however, likely to exceed the budget provision by 2.61 crores, mainly on the housing of colliery labour and the creation of a reserve of coal at Bokaro Colliery. Suspense balances are now expected to be reduced by 1.57 crores in pursuance of the policy of cutting down surplus stocks now that the war emergency is over. Expenditure on rolling stock is now expected to be about a quarter of a crore less than the budget since 144 suburban electric coaches for the Bombay Baroda and Central India and Great Indian Peninsula Railways, a ferry steamer for the South Indian Railway and 6 Broad Gauge locomotives for the Madras and Southern Mahratta Railway and some boilers provided for are not expected to be received till 1947-48. As against these throwforwards provision has now been made for the difference between the price of 350 MacArthur Metre Gauge locomotives and 2,100 Metre Gauge wagons purchased from Defence Department and provisionally adjusted last year, and the price as finally settled this year as well as for the cost of 8 more MacArthur locomotives and 4,588 more Metre Gauge wagons which it has now been decided to purchase. Of the expenditure of about 2.8 crores involved in this, one crore will be charged to Revenue Working Expenses under the special rules of allocation for stock ordered during the war and the balance of 1.8 crores to Capital, the Depreciation Fund and Railway Reserve. Besides this, provision has also been included for certain Broad Gauge locomotives and wagons expected last year but received only in the current year.

1947-48

19. The works programme for the budget year is for a gross total of 58.42 crores, 33.45 crores under Capital, 5.50 crores under Betterment Fund and 19.47 crores under Depreciation 2.47 crores is for New Constructions and for the restoration of dismantled lines, which include the Bhimsen-Khairada Section on the Great Indian Peninsula Railway which is now in process of restoration, and the Rugar-Talaura line on the North Western Railway, which is expected to be opened to traffic during the year. 35 lakhs has been provided for the purchase of the Mandra-Bhaun Railway, of which 6 lakhs, representing premium, has been provided under Revenue working expenses. A provision of 1.51 crores has been made for probable investments in road services. No investment will be made without prior reference to the Standing Finance Committee' for Railways. Capital expenditure on Vizagapatam Port accounts for 15 lakhs. For Open Line Works we have provided 54 crores, which includes 5⅔ crores for staff quarters, the major portion being for inferior staff. Over 97 lakhs has been included for expenditure on amenities to staff such as the provision of institutes, hospitals, dispensaries, maternity and child welfare centres and improvements in sanitation and water supply in railway colonies. A lump sum cut of 15 % has been made on the programme for Works, Rolling Stock and Machinery as it is probable that the railways will not be able to spend the full amount. The net provision thus comes to 50 crores, of which 4.7 crores will be charged to the Betterment Fund and 16.09 crores to the Depreciation Fund.

20. Taking into account the increased receipts expected from the increases in fares and certain freight rates, the balances in the Betterment Fund, Depreciation Fund and Railway Reserve at the end of 1947-48 are estimated at 14.56 crores, 101.92 crores and 26.45 crores respectively.

Conclusion

21. In conclusion, Sir, I would like to ask Hon'ble Members, to consider sympathetically the difficulties with which the staff of Indian Railways are faced today. If the standard of courtesy amongst Railway employees who have to deal with the travelling public is not as high as we would wish it to be, I feel that it is because of the generally unsettled conditions following on the war, and the lack of certainty of the future from which our temporary staff are suffering. In the course of my journeys on line since I have taken charge of my present appointment, I have found that basically the will to get the traffic through, and to get it through right time, is there, but the very real difficulties with which the staff are faced today do not always permit of things being done as well as the staff themselves would wish. The Railway Board and Railway Administrations are determined to overcome this temporary deterioration, and I hope next year that shall be able to report to you that there has been an appreciable improvement.
