

**Speech of Shri George Fernandes
Introducing the Railway Budget
for 1990-91, on 14th March, 1990**

Mr. Speaker,

Sir, I rise to present the Revised Estimates for the year 1989-90 and Budget Estimates for the year 1990-91.

Financial Performance 1988-89

2. To begin with, I shall briefly review the financial results for the year 1988-89. At the time of presentation of the Budget, the Railways had projected a surplus of Rs. 28 crores. The actual surplus achieved is Rs. 21.67 crores after payment of full dividend of Rs. 715.66 crores. Thus the year 1988-89 was the fourth year in succession when the Railways discharged their dividend obligation to the General Revenues in full and also ended with a surplus.

Freight Traffic 1989-90

3. In the budget for 1989-90, revenue earning originating loading was forecast at 316 million tonnes. Although the Railways were geared to load the targeted traffic, the performance during the first ten months fell short of the proportionate target by about six million tonnes. This was mainly due to lower offer of traffic of foodgrains (4.40 million tonnes) and coal (4.11 million tonnes) partly offset by improved loading of some other commodities. It may be mentioned that the traffic under all major commodities is programmed in advance and it is difficult to make good the loss fully if the traffic offered is not up to the target. Performance was also affected by the frequent bandhs and agitations in the North Eastern region, public agitation against Reservation policy, etc. The revised estimate for the total revenue earning loading in the current financial year is now placed at 311 million tonnes which is about nine million tonnes more than the previous year's loading of 302.1 million tonnes.

Passenger Traffic 1989-90

4. The number of passengers originating and passenger kilometres in the first ten months of the year compared to the ten months of the previous year, have increased by 2 % and 5.3 %, respectively, which is indicative of a healthy growth.

Financial Prospects 1989-90

5. In spite of the shortfall in originating revenue loading, I expect the budget target of Rs. 7,611 crores for goods earnings to be maintained. This is possible due to higher realisation per million tonnes of freight traffic. Passenger earnings are expected to be about Rs. 87 crores above the budgeted figure of Rs. 2,544 crores. After taking into account a small shortfall of about Rs. 9 crores under "Other Coaching Earnings" and an increase of about Rs. 21 crores under "Sundry Other Earnings", the revised estimate of Gross Traffic Receipts would be higher by Rs. 99 crores compared to the Budget.

5.1 Under Ordinary Working Expenses, during the course of the year, certain items of expenditure have arisen which could not be foreseen at the time of framing of the Budget. These include arrears of house rent allowance and city compensatory allowance, higher rates of night duty allowance, increase in outgo on account of productivity linked bonus, increase in cost due to upward revision of power tariff by State Electricity Boards, arrears of payment of line wire rental to P&T Department, revision of workshop incentive bonus rates and cost of restoration works in, certain Railways arising from floods and cyclone damage. The impact of these factors works out to about Rs. 128 crores. I am asking for an increase of only Rs. 74 crores under Ordinary Working Expenses, absorbing the balance Rs. 54 crores by effecting stringent financial control and through internal economies.

5.2 The balance in the Pension Fund has come down considerably following higher outgo because of liberalised benefits and increase in the number of pensioners. In the Budget for 1989-90, a sum of Rs. 700 crores was allocated for the Pension Fund. I propose to enhance this contribution by another Rs. 28 crores, raising the total for their 1989-90 to Rs. 728 crores. With this, the Total Working Expenses will be higher than the Budget by Rs. 102 crores. After taking credit for the expected increase in Gross Traffic Receipts of Rs. 99 crores, the Net Traffic Receipts are expected to be Rs. 842 crores. There is a minor increase of Rs. 13 crores expected under Net Miscellaneous Receipts which will be partly offset by an increase of Rs. 10 crores in payment of Dividend to General Revenues. In the net, therefore, the Railways expect to end the

financial year 1989-90 with a surplus of Rs. 140 crores as budgeted.

Passenger Services

6. Sir, I am aware that there is need for provision of more passenger trains. This is understandable, as in a developing country, with the increasing pace of economic activity, there is more demand for passenger traffic. But, Sir, the resources are limited and it is difficult to meet the pressure of demand fully. Then, the Railways have to cater to the needs of freight traffic which is of utmost importance to the economy. Within the constraint of funds, the Railways are trying their best to strike a judicious balance between these two major segments, that is, freight and passenger services.

6.1 Despite the constraint on resources, I am happy to inform the House that in the summer time table, several new trains will be introduced. These are:

1. Surat-Varanasi bi-weekly Express.
2. Jammu Tawi-Nizamuddin-Mangalore/Tiruchirapalli weekly Express.
3. Gorakhpur-Howrah weekly Express.
4. Hatia-Varanasi bi-weekly Express.
5. Jammu Tawi-Guwahati weekly Express.
6. Gorakhpur-Gonda (MG) Express.
7. Katihar-Siliguri inter-city Express.
8. Gevra Road-Bilaspur passenger train (one pair).
9. Jasidih-Baidyanathdham shuttle train.
10. Bombay-Muzaffarpur weekly Express.
11. Sahibganj-Rampurhat passenger.
12. Chopan-Dhanbad weekly Express.

6.1.1 The frequency of the following trains will be increased:

1. Chhapra-Bombay VT Express from bi-weekly to tri-weekly.
2. Chhapra-Sealdah Express from bi-weekly to tri-weekly.
3. Ahmadabad-Rajkot-Hapa Express from 3 days to 6 days a week.
4. Tata-Patna Express from 6 days a week to daily.

6.1.2 Runs of existing trains are being extended. These are

1. Ahmadabad-Gwalior Express to Gorakhpur.
2. New Delhi-Chandigarh Shalabadi Express to Kalka.
3. Ganga-Yamuna Express to Danapur.
4. Tirupati-Kakinada Tirumala Express to Visakhapatnam.
5. Rampurhat-Tilbhita Passenger to Barharwa.
6. Asansol-Jasidih Passenger to Simultala.
7. Porbandar-Kanalus Fast Passenger to Hapa.

6.2 It is my conviction that the reconstruction of our country must aim at a certain level of egalitarianism. The existing disparities between the rich and the poor must be reduced to make that possible. Perhaps nowhere else is this gap between the rich and the poor so markedly manifest as on the railway system where, alongside the luxury of the air-conditioned first class is displayed the misery of those who have to travel in over-crowded second class coaches and even on roof-tops, after having paid for their tickets. It is as much to create an egalitarian atmosphere as to provide more accommodation in trains that I have decided to curtail the production of first class coaches and build more of second class coaches with cushioned seats. The production units have been directed not to undertake any further manufacture of first class coaches except for those on the assembly line, whose configuration cannot now be altered. All new coaches from now on will be either second class general and sleeper coaches, or airconditioned coaches, mainly comprising sleeper coaches and chair cars. This decision alone will provide over 15,000 additional seats during the next two years.

Computerized Passenger Reservation

6.3 Computerised passenger reservation system, which was first introduced in 1985-86, has brought about a distinct improvement in the quality of service. It has also been widely appreciated by the users. The queues at reservation counters are now shorter and service time has been cut down considerably. In addition to the four metropolitan cities covered earlier, the facility has been provided in five more cities,

namely Ahmadabad, Secunderabad, Bangalore, Bhopal and Lucknow. The facility of obtaining return and onward reservations has also since been made available between Delhi and Calcutta, Delhi and Bombay, Delhi and Madras and Calcutta and Madras. This is being further extended to cover Bombay-Calcutta and Bombay-Madras. Work of computerised reservation at nine more important stations, namely, Pune, Jammu Tawi, Patna, Guwahati, Gorakhpur, Jaipur, Trivandrum, Bhubaneshwar and Cuttack is in progress and is expected to be completed during 1990-91. With the completion of these, nearly 66% of the train reservations on Indian Railways would be on the computer.

Passenger Enquiries

6.4 For improving the system of passenger enquiries, the Railways are providing additional telephones, electronic display boards and hot lines between the Enquiry Office and the Control Office.

Drinking Water Facilities

6.5 With a view to improving the present arrangements of supplying cool drinking water to passengers in trains, experiments have been initiated with the provision of water coolers in each of the coaches in two pairs of express trains.

Rail Yatri Niwas

6.6 Two Rail Yatri Niwases at New Delhi and Howrah have started functioning from 1988 and 1989, respectively. This facility to cater to the needs of middle and lower income groups has proved quite popular.

Passenger Amenities

6.7 Emphasis continues to be laid on providing better facilities to the travelling public. The average annual allocation for passenger amenity works in the Seventh Plan was Rs. 15.6 crores. The House will be glad to know that the allocation in 1990-91 for these works is proposed at Rs. 28 crores.

Loss and Damage Claims

7. As a result of various claims prevention and security measures, the number of compensation claims for loss and damage to goods has come down considerably during the Seventh Plan period, despite the growth of traffic.

7.1 The departmental machinery for settlement of claims has been geared up for expeditious disposal. At the same time, the Railway Claims Tribunal, with benches at 17 places, has been set up in November, 1989. The main objective to be served by the Tribunal is to expedite the settlement of claims in accident cases as well as disposal of suits pertaining to compensation for goods damaged or lost during transit, and in regard to refund of fares and freight.

Rail Tariff Committee

8. An expert committee is being set up to examine the fare and freight structure of rail transport and to go into all aspects of costing and pricing of rail services after ascertaining the views and the problems of the railway users.

Railways Act, 1989

9. As the House is aware, the Railways Act, 1989 has already been passed by the Parliament. The rules to be framed under the new Act are being drafted and it is proposed to bring provisions of the Act into force from 1st July, 1990. As soon as this Act comes into force, I propose to enhance the amount of compensation payable in the case of death of a passenger in a train accident from the present limit of Rs. 1 lakh to Rs. 2 lakhs, and also to double the amount of compensation payable to the passengers injured in train accidents.

Safety

10. Safety of operations has been receiving the highest priority and, as a result, train accidents on Indian Railways have been showing a down ward trend over the years, dropping from 1,013 in 1980-81 to 545 in 1988-89, that is, a reduction of 46%. The incidence of train accidents per million train kilometres, which is the true index of safety performance, came down from 2.0 in 1980-81 to 0.90 in 1988-89. This improved position has been maintained in the current year also.

10.1 Among the various factors contributing to the railway accidents, failure of the human element has been the largest. Continuous efforts are made to instil a higher degree of safety consciousness amongst railwaymen through proper training as well as counselling and guidance. Besides, to minimise the risk of human failure, Railways are going in for modern safety aids like auxiliary warning system, track circuiting, panel interlocking, installation of axle counters, route relay interlocking and train-actuated warning devices at level crossings.

10.2 Proper upkeep of assets is an essential pre-requisite for safety. As the House is aware, high priority is being accorded to track renewal. Similarly, steps are being taken to rehabilitate all distressed bridges. The maintenance standards in carriage and wagon depots, loco sheds and workshops are being constantly improved with the induction of modern equipment. I would like to assure the House that safety in train operations will continue to be accorded the highest priority and there will be the utmost endeavour to provide safe travel to the public.

Performance in the Seventh Plan

11. The main thrust areas of the Seventh Plan were rehabilitation of assets, modernisation, optimal utilisation of resources for greater economy and productivity and thus maintaining the financial health of the system.

11.1 The Seventh Plan outlay for the Railways, as originally fixed, was Rs. 12,334 crores and the freight traffic target of total originating tonnage was 340 million. In the mid-term appraisal, the Plan outlay of the Railways was placed at Rs. 16,715 crores. It is now estimated that the Railways would be investing about Rs. 16,437 crores in the entire Seventh Plan.

11.2 The freight performance by the end of the Plan is now estimated at 334 million tonnes of originating traffic. The target of 340 million tonnes would have been achieved but for the shortfall that has occurred due to less offer of certain important commodities in the current year. The incremental revenue earning tonnage is expected to go up by as much as 75 million tonnes, that is, to a total of 311 million tonnes compared to 236 million tonnes at the end of the Sixth Plan. This increase in revenue freight traffic during the Seventh Plan period is equal to the increase in 19 years previous. The corresponding transport output, measured in terms of billion tonne kilometres, is estimated to rise to 232 which is an increase of as much as 28% over the last year of the Sixth Plan. The increase in passenger kilometres is also expected to be about 22%. All this has been achieved with only a marginal addition of about 1% to running track kilometres and to manpower and despite a slight decrease in wagons, in coaching fleet and aggregate motive power (tractive effort). The leading efficiency indicator of asset utilisation, that is Net Tonne Kilometres Per Wagon Per Day (Broad Gauge), the target for which was fixed in the Seventh Plan at 1350 for the terminal year of the Plan, was surpassed in the second year of the Plan itself and this utilisation factor is likely to rise to about 1475 by the end of the year, 1989-90. There have been matching improvements in utilisation of coaches, locomotives and output of traffic units per employee. The end result is that freight transport is no longer a constraint in the economy.

11.3 The improved productivity was duly reflected in the financial performance. Indian Railways ended with a surplus in each of the four years, accounts for which have already been closed. The year 1989-90 is also expected to end with a surplus as projected at the Budget stage. In the Plan as a whole, the surplus generated by the Railways will amount to about Rs. 527 crores which has been used for execution of developmental works and works connected with passenger amenities and staff amenities. As a result of this surplus, it was also possible to reduce the deferred dividend liability of the Railways by about Rs. 117 crores during the plan period. This surplus has been reckoned after payment of full dividend to the General Revenues in each of the financial years of the Seventh Plan and the aggregate of dividend paid to General Revenues would amount to about Rs. 3255.41 crores. A noteworthy feature of the financing pattern of the Seventh Plan outlay has been a greater reliance on internal and extra-budgetary resources compared to the previous Plans. The budgetary support which was 75% in the Fifth Plan and 58% in the Sixth Plan, has come down to 41% in the Seventh Plan. In keeping with the higher needs of rehabilitation of assets, greater contribution was made for the Depreciation Reserve Fund. The average annual contribution to Depreciation Reserve Fund as a percentage of the Capital-at-charge during the Seventh Plan has been stepped up to 11.4% compared to 7.9% in the Sixth Plan. Further, in order to manage a higher contribution from within the system and as a support to the national effort, Railways have to resort to market borrowings through Indian Railway Finance Corporation (IRFC). The cost of servicing the funds raised from the market is considerably higher as compared to the cost of the budgetary support, but through better efficiency and productivity, the system's viability has been maintained. At the same time, considerable restraint was exercised in adjustment of railway freight rates and fares.

Eighth and Ninth Plan Perspectives

12. The formulation of the Eighth Plan is on hand and its size is yet to be decided. Railways' Eighth Plan proposals, as submitted, aim at an incremental originating revenue earning freight traffic of 102.5 million tonnes and an annual growth of 3 % in passenger traffic.

12.1 A review of Plan investments in the past would indicate that outlay on the Railway sector, which as a percentage of the total Plan outlay, was at the level of 15.5% to 11.1% in the first three Plans came down to as low as 6.9% to 5.2% in the next four Plans up to the Seventh Plan. As a result, the investment planning for Railways in the recent years has been barely adequate to meet the immediate needs of traffic growth and inputs on network expansion have been marginal. This will be evident from the fact that the increase in traffic output of Indian Railways during the 38 years from 1951-89 of planned development has been over fourfold and the increase in running track kilometre of the network was only 32%. As on date, nearly 11,500 kilometres of route are in a state of saturation. Keeping in view the further increase of nearly 60% in the traffic output anticipated by the turn of the century, it would be absolutely essential to plan for a substantial expansion of the railway network. This will also call for commensurate increase in inputs on other assets like rolling stock, electrification etc. to generate the required capacity. Besides, it will also be necessary to maintain the tempo achieved during the Seventh Plan in rehabilitation of assets like track, rolling stock and signalling until the backlog of renewals and replacements accumulated over the previous Plan periods is cleared.

12.2 Keeping the above aspect in view and considering that Railways are the lifeline that is vital for economic growth of the Nation, the size of the investment in Eighth and Ninth Plans needs to be substantially stepped up.

Thrust of the Eighth Plan

12.3 The Eighth Plan document of the Railways envisages modernisation and technological upgradation of the system to achieve reduction in maintenance costs, improvement in efficiency and productivity, financial viability, greater safety, energy conservation, manpower planning and human resource development, reliability and quality of service, and, above all, customer satisfaction.

Annual Plan 1990-91

13. The outlay for the Railway Plan, 1990-91 is fixed at Rs. 5,000 crores as compared to Rs. 4,450 crores in the current year. I would have liked a higher allocation for the Railway Plan but I know that the Planning Commission and the Ministry of Finance have done their best for the Railways keeping in view the overall resource position of the Government and the priorities of different sectors.

13.1 In the matter of allocation of funds to different Plan heads, emphasis continues to be placed on the acquisition of rolling stock, electrification and rehabilitation of assets, like track renewals etc. In spite of the resource constraints, we have been able to provide Rs. 371 crores for the new railway lines which means an increase of Rs. 105 crores over the Rs. 266 crores invested in the current year. Gauge conversion and traffic facility works will also get higher allocation. As in the current year, the financing of the Plan places greater reliance on internal contribution of resources by the Railways, which include market borrowing of Rs. 1,170 crores by Indian Railway Finance Corporation for procurement of assets to be given on lease to the Railways. The level of budgetary support works out to Rs. 1,420 crores that is 28.4 % of the total Plan outlay - the lowest ever so far.

New Lines

14. Sir, I am aware that there are numerous demands from the different regions of our country for construction of new railway lines in their respective areas, but, the House would appreciate that the resources available are extremely limited and these would, therefore, have to be used most judiciously, giving priority to those lines which are urgently needed to meet the immediate demands of traffic. It may also be appreciated that construction of new lines would also entail additional expenditure on rolling stock and would require additional input of manpower for operation and maintenance. According to conventional wisdom, and perhaps more because of the resource problem, construction of new railway lines is taken up only after detailed technoeconomic surveys when it is established that a railway line will provide the best and most economic mode of transport to meet traffic needs. Construction of new railway lines is considered justified in the following cases :-

- (a) Project-oriented lines, to serve new industries or tap mineral or other resources.

- (b) To serve as a missing link which can form alternative routes to relieve the congestion on existing busy rail routes.
- (c) On strategic considerations.
- (d) As developmental lines to establish new growth centres, or give access to remote areas.

14.1 At the end of the current financial year, Railways will have on hand 27 new line projects involving a length of 2,829 km. The requirement of funds for completing these projects is estimated at about Rs. 1,695 crores. To study future needs of IR for network development, the Planning Commission had appointed a Committee for Expansion of Railway Network (CERN). In their report in December 1988, the Committee had recommended a further growth of network through a combination of new lines (2,902 km) and gauge conversion (2,306 km) aimed solely at capacity generation. The estimated cost of the recommended projects was about Rs. 4,400 crores. According to the Committee, these are the minimum required up to the year 2000 A.D. While the recommendations of this Committee are under examination, the House will appreciate the magnitude of funds needed for expansion of network.

14.2 In order to overcome the constraint imposed by paucity of funds, I have asked the Ministry to explore possibilities of some non-traditional sources for financing new line projects. One of the approaches would be to get the State Governments' financial participation in these new projects. In the case of the Chitauni-Bagaha rail-cum-road bridge, on which we started work in January this year, the Governments of Bihar and Uttar Pradesh are contributing towards the cost. The long-felt need for a direct broad gauge rail line from Mangalore to Bombay, popularly referred to as Konkan Railway, has been a dream for the people on the West Coast. This line would provide the necessary transport infrastructure for development of the entire region. When completed, it will reduce the distance between Bombay and Mangalore by 1050 km, giving tremendous boost to the economic development of the area. This will also meet the long-standing aspiration of the people. The House is aware that the Apta-Roha line has already been completed and Mangalore to Udipi was included in the Budget for 1989-90. I am happy to inform the House that Planning Commission have conveyed their approval for inclusion of the entire West Coast Railway line from Mangalore to Roha in the Budget of the Railways for 1990-91 subject to formal clearance after reassessment of the project on the basis of updated costs and benefits. Accordingly, the project has been included in the Budget. Considering the importance, it is proposed to take up execution of the project with high priority. To further this objective and to ensure that the project execution does not suffer any delay due to administrative and other constraints, it is proposed to create a separate authority for undertaking the construction. The Governments of Maharashtra, Goa, Karnataka and Kerala will be associated in the setting up of this authority. The Konkan Railway is estimated to cost about Rs. 969 crores at present prices and we hope to complete this project within a period of five years. The modality of financing this project will be discussed with the Ministry of Finance. I propose to approach the House separately on this issue at a later date.

14.3 I am also examining the possibility of similarly associating the Governments of Gujarat and Rajasthan in the construction of the broad gauge track from Kandla to Bhatinda and have already received positive response from both State Governments.

14.4 With the decision of the National Front Government to allocate 50 % of resources towards rural development projects, I believe it should be possible for us to dovetail some rural development works into the Railways' construction programme, particularly earthwork for new lines. We are also exploring the possibility of local administrations and social organisations coming forward to provide labour on a voluntary basis.

14.5 In spite of the financial limitations, I am glad to inform the House that during the current financial year, new lines were commissioned on the sections, Miana-Badrawas (19 km), Ernakulam-Alleppey (57 km), Chanderiya-Chittaurgarh (8 km), Rai Mehatpur-Una (11 km), PenchartalKumarghat (11 km), Gamani-Bhalukpong (21 km), ChitradurgaChellakere (35 km), totalling 162 km. We also hope to complete work on sections Badarwas-Kolaras (28 km), Bhatinda Bye pass (2 km) and Silchar-Jiribam (49 km), totalling 79 km, by March, 1990.

14.6 In the ensuing financial year, 1990-91, the sections of the new lines that are proposed to be commissioned are:-

Project	Section	Km
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	Kolaras-Shivpuri	25
Guna-Etawah	Gwalior-Panihar	23
Kota-Chittaurgarh-Neemuch	Chittaurgarh-Neemuch	56
Talcher-Sambalpur	Sambalpur-Maneswar	16
	Talcher-Angul	18
Lalabazar-Bhairabi	Jamira-Bhairabi	18

Gauge Conversion

15. During the current financial year, Bhatni-Mau Section (71 km) of Varanasi-Bhatni gauge conversion project was commissioned. In the next financial year, 1990-91, the gauge conversions on the sections Guntur-Macherla and Mau-Varanasi are likely to be completed.

15.1 I am happy to inform the House that it has been decided to commence work on the gauge conversion project from Samastipur to Darbhanga which had been approved in 1974. It will be a parallel broad gauge line in addition to the existing MG route.

15.2 In 1990-91 Budget, new gauge conversion projects between Viramgam-Jodhpur (436 km) and Sawai Madhopur-Jaipur-Phulera-Jodhpur (443 km) and Lalgarh-Merta Road (177 km) have been proposed.

15.3 At the beginning of 1990-91, Railways will have 14 gauge conversion projects on hand with a total requirement of funds of about Rs. 1,310 crores.

Track Renewals

16. In the matter of rehabilitation of assets, about which a brief mention had been made earlier, Railways have achieved record progress in renewal of overaged track-accumulated arrears of which, at the beginning of the Seventh Plan, had stood at over 19,000 km, with the attendant high incidence of rail fractures affecting operation as well as safety. Substantial allocation of funds during the Seventh Plan, averaging 21.3% of the total outlay for Railways, was made for this Plan head. A total of 15,960 kilometres of track renewals was achieved in the first four years and another 3,550 kilometres is expected to be done during the current year, which averages 3,902 km per annum. After allowing for current arisings which are of the order of 2,300 km per annum, overdue track renewals at the end of the current year are expected to be around 12,000 km. As a result, it has been possible to bring down the incidence of rail fractures from the figure of 9,148 in 1985-86 to 6,025 in 1988-89. It had earlier been proposed to wipe out arrears of track renewal completely by the end of the Eighth Plan, with matching provision of funds. However, with the limitations in the resource position being what they are, it appears likely that some arrears may have to spill over to the Ninth Plan. Efforts will all the same be made to ensure that track renewal on the high density routes is current by the end of the Eighth Plan.

Railway Electrification

17. The total route length of electrified net-work on the Indian Railways at the end of the Sixth Plan was 6,440 route kilometres. A special thrust was given to the electrification programme in the Seventh Plan, and during the first four years of the Plan, 2,458 route kilometres have been brought under electric traction. In the year 1989-90, another 278 route kilometres are likely to be energised. Thus, the achievement during the Seventh Plan would be about 2,736 route kilometres. Another 417 route kilometres which have also been substantially completed would be commissioned next year. With this, electrification of two more major trunk routes, namely Delhi-Madras (G.T. route) and Howrah-Bombay via Nagpur, would be completed. A further 623 route kilometres have been targeted for electrification in 1990-91.

Metropolitan Transport Projects

18. Metropolitan Transport Project at Calcutta has recorded an overall progress of 81 % by the end of January, 1990. As the House is aware, the two sections Esplanade to Tollyganj and Dum Dum to Belgachia, totalling 10 km, had already been commissioned in 1984. Construction of the remaining 6 km stretch between Esplanade and Belgachia is continuing in full swing. Final completion of the project would, however, depend on acquisition of the balance of land needed at certain locations en route. A sum of Rs. 90

crores has been provided for this project in the Budget for 1990-91.

18.1 In the case of Calcutta Circular Railway Project, the overall progress till January, 1990 was 93%. A stretch of about 10 km from Princes Ghat to Ultadanga Road is already operational. Work on the remaining 3.5 km of the project up to Dum Dum, which was for long held up due to encroachments on railway land, has just been resumed, and the project is expected to be commissioned by June, 1990.

18.2 In Bombay, the extension of the railway line from Mankhurd to Belapur is progressing satisfactorily, including construction of the 2 km long bridge across Thane Creek, which is the most critical activity in this project. The overall progress till January, 1990 was 49%. The comparatively smooth progress of this project has been rendered possible by participation of the State Government who are contributing two-thirds of the funds required for this project. The Railways' allocation to this project in 1990-91 will be Rs. 12 crores. A provision of Rs. 5 crores has also been made for another important work in this metropolis, namely an additional pair of lines between Bandra and Andheri, to accelerate its progress.

18.3 The Madras Beach-Luz Rapid Transit system registered a progress of 32 % up to January, 1990. A provision of Rs. 14 crores has been made for this project in the Budget for 1990-91.

Production Units

19. I now proceed to apprise the House of the performance of our Production Units. In the current year, the Integral Coach Factory at Perambur will be producing 925 coaches which is its present capacity. The capacity of this factory is proposed to be raised to 1,000 coaches next year.

19.1 Production of coaches in Rail Coach Factory, Kapurthala has picked up. 170 coaches are expected to be turned out in 1989-90. The production is expected to be stepped up to 300 in the coming year.

19.2 The Chittaranjan Locomotive Works is expected to produce 144 locomotives in the current year, as per target. This includes 100 mainline electric locomotives. The production capacity of electric locomotives is being raised from 100 to 120 at an estimated cost of Rs. 22.5 crores.

19.3 Diesel Locomotive Works, Varanasi, is expected to manufacture to its full capacity of 140 locomotives. The capacity is proposed to be raised to 150 at an estimated cost of Rs. 19.5 crores.

19.4 The target for the Wheel and Axle Plant, Bangalore for the year 1989-90 is 23,000 wheel sets.

19.5 The Diesel Component Works, Patiala, set up in 1985 for manufacture of critical components and spares for diesel locomotives, has been making steady progress. During 1989-90, it is expected to record an outturn of Rs. 26 crores as against Rs. 14 crores in 1988-89.

19.6 The Railways have large workshops spread all over the country employing thousands of workers who possess various specialised skills. In recent years, with the change in the technical profile of the Railways, there have been redundancies in many of these workshops and the strength of the work force has come to be reduced. I believe that at least some of these workshops could, with addition of balancing equipment and some retooling of the existing machines, be converted from their present status of maintenance units into production units particularly for coaches and components of rolling stock. In this manner the skilled manpower created by the Railways over these many years would be put to far more effective use. Exercises in this direction have already been set in motion.

Employment

20. While there may be differences in coming to a firm view on the number of unemployed in India, there can be no two opinions that unemployment is a colossal problem which is at the root of most of the current social and political conflicts in our country. Railways are the biggest single employing unit in the country and there are expectations from people everywhere that they should provide more jobs. During the last 10 years, the average annual increase in the jobs on the railways has been just about 0.6 % and I do not see any great scope to generate additional jobs. However, I believe that the Railways can be instrumental in creating employment in other sectors particularly in the traditional rural and cottage sectors. It is precisely for this reason that I have decided to introduce kullars in catering establishments of the Railways. This, it is estimated would generate employment opportunities for thousands of potters all over the country without a single rupee of new investment. The use of handlooms as upholstery material and as linen in the trains, railway offices and guest houses and for uniforms would similarly provide jobs to many

more weavers and artisans in all parts of the country. We also intend to identify railway land alongside the track in the vicinity of villages for growing vegetables and for tree plantation, thereby making a contribution towards eradication of rural unemployment.

Promotion of Village and Cottage Industries

21. To encourage the Village and Cottage Industries in the country, the Railways have been directed to extend maximum patronage to their products and also allot some more stalls at railway stations to the State Undertakings and Cooperatives marketing these products.

Environment

22. Railways, as part of their contribution to maintaining ecological balance and improving the environment, had initiated a massive programme of tree plantation in the recent years. With the joint efforts of the Railways and the State Forest Departments, about 10 crore trees have been planted so far on railway land in the past nine years. Out of a total area of about 88,000 hectares of railway land identified for tree plantation, 34,000 hectares are likely to be covered by the end of the Seventh Plan.

22.1 Indian Railways are going in for increasing numbers of concrete sleepers which provide safer and sturdier track, and economy in track maintenance. During 1989-90, the total production of such sleepers is expected to be over 32 lakhs, an increase of 1.7 lakhs over the previous year. This also helps to reduce dependence on wooden sleepers with consequent advantage in preservation of forests. The yearly procurement which had been of the order of 30 lakhs has progressively been reduced to 6.5 lakhs during the 'sleeper year' November, 1988 to October, 1989 and this is proposed to be reduced further to 4 lakhs in the current year.

Public Sector Undertakings

23. There are four Public Sector Undertakings under the administrative control of the Ministry of Railways. In 1988-89, the turnover recorded by the Indian Railway Construction Company (IRCON) was Rs. 175 crores with an after-tax profit of Rs. 13.77 crores. The direct foreign exchange earned by the Company during the year amounted to Rs. 32.3 crores. The Company is at present operating in nine foreign countries apart from having several prestigious contracts within the country. During the current financial year 1989-90, IRCON bagged three new contracts in Indonesia, Iraq and Nepal and was recipient of awards for outstanding export performance as also for its turnover and foreign exchange earnings.

23.1 Rail India Technical and Economic Services (RITES) also maintained their record of excellent performance during the year 1988-89, with a profit after tax of Rs. 6.95 crores and foreign exchange earnings of Rs. 18.35 crores. In the current year, RITES secured new contracts in Algeria, Zambia, Mexico, Zimbabwe, Mozambique, Angola, Nepal, Botswana, Indonesia and Swaziland.

23.2 In the current financial year, Indian Railway Finance Corporation (IRFC) has raised Rs. 1,000 crores through market borrowing as was contemplated at the Budget stage. So far the total amount raised through market borrowing by IRFC is about Rs. 2,560 crores for procurement of assets for use on Indian Railways.

23.3 The Container Corporation of India (CONCOR) is expected to go a long way in giving a fillip to the country's foreign trade. CONCOR has already taken over the existing seven Inland Container Depots (ICDs) and is planning for further extension of the network.

Technology Upgradation

24. Significant savings in cost of operations as also improvement in quality of services can be realised through upgradation of the existing technology in various spheres. For improving the track structure, we are now using heavier rails of higher tensile strength on busy routes and more and more of long-welded rails and prestressed concrete sleepers. In signalling, introduction of modern electronic devices to improve reliability of signalling and telecommunications is under way. The existing technology of both electric and diesel locomotives is almost three decades old. We have under consideration the introduction of higher horse-power locomotives which are also more fuel-efficient. For passenger traffic, coaches of lighter weight with higher speed potential are envisaged. In the matter of wagons, plans are on hand for bogie freight stock with better pay-load to tare weight ratio and improved bogie design which would cause less wear and tear both on the wheel and the rail.

24.1 For improvement in the Management Information System, the telecommunication network is being upgraded and computers will be used wherever found essential for obtaining the desired level of efficiency. The Centre for Railway Information Systems (CRIS) will continue to be associated in selected areas of computer-based applications.

24.2 The rate of growth of technology is so fast nowadays, that it is necessary for us to develop a technology base of our own, capable of not only selecting and assimilating the latest and most appropriate technologies but also of developing these continually, so as to achieve near self-sufficiency in know-how by the turn of the century. With this in view, Indian Railways have drawn up a perspective plan for technology development outlining the strategies to be adopted and identifying the missions to be taken up on priority.

24.3 In regard to R&D effort, the technology development is proposed to be carried out through the process of synergy with close association and interaction of the Research, Designs and Standards Organisation of the Railways (R.D.S.O.) with the concerned industries (including the Railways' own Production Units) and centres of relevant learning like Universities and Indian Institutes of Technology.

Energy Conservation

25. Conservation of fuel continues to receive high priority on the Indian Railways. Some of the important measures which have been initiated are:

- (i) Installation of fuel efficiency kits on diesel locomotives which are expected to yield a fuel saving of 3 % to 4 % and reduction in lube oil consumption by about 10%.
- (ii) Introduction of flange lubricators which help reduce friction between wheel flange and rail. Apart from saving fuel, this is also expected to reduce wear and tear of both wheel and rail.
- (iii) Proposals are also under consideration for import of high horsepower diesel and electric locomotives which are more energy efficient.
- (iv) Accelerated phasing out of steam locomotives.
- (v) Use of long-welded rails.
- (vi) Induction of capacitor banks.

Staff Quarters

26. The outlay for Staff Quarters has been considerably stepped up in the Seventh Plan, achieving an annual average of about Rs. 26 crores as compared to Rs. 12 crores in the Sixth Plan. The outlay for the current year, 1989-90, is Rs. 35.26 crores and for the next year, Rs. 40 crores.

Indian Railway Welfare Organization

27. The House will recall that in the last Budget, an independent organisation was proposed to be set up for helping railwaymen in construction of their own houses on self-financing basis. I am happy to inform the House that a Society called Indian Railway Welfare Organisation (IRWO) has already been registered and has started its activities with a loan of Rs. 3 crores provided by the Ministry of Finance in the current year. An additional sum of Rs. 10 crores has been proposed as loan to the IRWO by way of seed capital in the Railway Budget, 1990-91.

Medicare

28. Indian Railways have a network of 111 Hospitals and 668 Health Units to provide medical facilities to about one crore railwaymen and their families during service and after retirement. There are a number of centres of excellence, for cardiac surgery at Madras, orthopaedic surgery at Howrah and Ajmer, cancer treatment at Varanasi, and plastic surgery at Bombay and Delhi. There has been continuous qualitative improvement as well as expansion of Railway medical services. In the last three years, extension of medical services and modernisation of Railway Hospitals were undertaken for improvement of diagnostic and therapeutic facilities in various hospitals at a cost of Rs.19.5 crores. Facilities are available for the doctors on the Railways to keep abreast of the latest developments in the medical profession. Health

education, preventive health, immunisation of children and family planning efforts receive adequate attention on the Railways.

Productivity Linked Bonus

29. Productivity Linked Bonus equal to 43 days' wages was declared for the year 1988-89.

Industrial Relations

30. In keeping with the old adage that anything positive is propaganda and anything negative is news, no one notices it when the trains run on time carrying over a crore of people to their destinations every day. It is the delayed trains and the accidents that make news and project a negative image of the railway workers. By the same token, the honest and dutiful workers, who form an overwhelming majority of the work force on the Railways, do not get any kudos, but it is the black sheep who get projected in the public eye and bring a bad name to the entire railway system. I have had a nearly four-decade old relationship with the railway workers and I am aware of their problems and grievances more than most others. Even so, I had to become the Minister of Railways to understand what a fantastic job the railway employees do and how much all of us owe to them. While industrial relations during 1989-90 continued to remain cordial, there are several outstanding issues that are agitating the minds of the railway workers. I am taking steps to settle them to the satisfaction of all concerned.

Manpower Planning and Development

31. Manpower Planning and Human Resource Development have been recognised as crucial to the ability of the Railways to handle the challenge of freight and passenger traffic increases which are expected in this decade. Major expansion of facilities is envisaged for training and re-training of staff at all levels to improve their skills and productivity. The draft Eighth. Plan has estimated an expenditure of Rs. 280 crores for such improvements. These will include development of multi-skills amongst staff, greater use of simulation equipment for training, training of trainers and special focus on improving the professional and managerial abilities of supervisory staff. The shift from steam traction to diesel and electric traction and consequent introduction of higher loads and speeds on existing tracks together with modernisation of the signalling system has resulted in the need for re-training a large number of existing staff.

31.1 During the year 1988-89, 1,06,173 officers and staff were imparted training in Initial, Refresher, Promotional and Specialised Courses in the various institutes, which included training in new technologies adopted by the Railways to achieve higher efficiency, productivity and better quality of service.

Sports Activities

32. In the year 1988-89, the Railways retained their prominent position on the national sports scene, winning 21 National Championship titles as against 18 in the previous year. Two sportspersons from Railways were proud recipients of the Arjuna Award. In the international sphere, Railway sportspersons represented the Nation in various contests, including the Olympic Games. The Indian Railways team annexed the World Railways' Badminton Championship held at Netherlands. Railway players also gave a sparkling performance in the Commonwealth Wrestling Championship. The year also saw the signing of a protocol with the Soviet Railways for cooperation in the sports field.

Railway Protection Force

33. The Railway Protection Force, constituted under the RPF Act, 1957 for the protection of Railway property including the goods entrusted to the Railways for carriage, has a strength of 69,000 personnel. Dog Squads are also maintained to protect Railway property and to assist in detecting thefts. RPF personnel have been vested with limited powers of arrest, inquiry and prosecution under the Railway Property (Unlawful Possession) Act, 1966. The amendment of the RPF Act, 1957 in 1985 has given the Force the status and privileges to which members of other Armed Forces are entitled, and would help the RPF to protect Railway property and safeguard booked consignments more effectively.

Budget Estimates 1990-91

34. I shall now deal with the Budget Estimates for 1990-91. The Gross Traffic Receipts for the year, at the existing level of fare and freight rates, are estimated at Rs. 11,168 crores recording an increase of Rs. 436 crores over the Revised Estimates for the current year. This increase in traffic receipts is based on an estimate of 3 % growth under passenger and an additional revenue earning freight loading of 14 million tonnes over the current year's revised target of 311 million tonnes. Other Coaching and Sundry Other

Earnings are expected to rise by 2 % and 4 % respectively.

34.1 The estimate of Ordinary Working Expenses has been placed at Rs. 8,241 crores involving an increase of Rs. 794 crores over the Revised Estimates for the current year. The higher provision takes into account the effect of annual increments, payment of Dearness Allowance, costs related to higher level of activity as projected, full impact of increase in power tariff as also increased outgo on account of lease rental payable to the Indian Railway Finance Corporation.

34.2 Contribution to Depreciation Reserve Fund is proposed to be raised to Rs. 1,950 crores as compared to Rs. 1,715 crores in 1989-90. This higher allocation is necessary keeping in view the faster pace of renewals needed in the Eighth and the Ninth Plans.

34.3 It is considered desirable to augment the Pension Fund in view of the increasing outgo from the Fund, following liberalised pensionary benefits and higher number of pensioners in future. The contribution to the Fund is, therefore, proposed to be raised to Rs. 900 crores which is an increase of Rs. 172 crores over the Revised Estimates of the current year.

34.4 The Total Working Expenses will thus amount to Rs. 11,091 crores leaving the Net Traffic Receipts at Rs. 77 crores. After adding a sum of Rs. 149 crores on account of Net Miscellaneous Receipts, the Net Revenue would amount to Rs. 226 crores. The Dividend payable to General Revenues in the next financial year has been estimated at Rs. 932 crores, with the result that at the current level of fares and freight rates, there will be a shortfall of Rs. 706 crores.

34.5 The Railway Convention Committee 1985 had not made final recommendations on the rate of dividend payable on the Capital-at-Charge. Memoranda on the rate of dividend and other ancillary matters will be submitted to the Railway Convention Committee 1989, in due course. In the meantime, provision for dividend for 1990-91 has been proposed at same rate as for the year 1989-90.

Tariff Proposals

35. Sir, I am sure the Honourable Members will agree that it is in the long term interests of the Railway system as well as the country to maintain the financial viability of the Railways. To offset the increases in the cost of inputs, dividend liability and contributions to Depreciation Reserve Fund and Pension Fund, certain adjustments in railway fares and freight rates have become absolutely essential.

35.1 It is proposed to increase the freight rates by 10%. However, in order to provide incentive to rail users to offer more traffic during the slack months of April to September, it is proposed that during this period from 1-4-1990 to 30-9-1990, the increase in freight rates be only 7 %, and thereafter, it will be 10 %. Further, keeping in view the interests of the common man, I have decided to exempt certain essential commodities from the proposed increase. These are foodgrains, pulses, salt for human consumption, edible oils, fruits and vegetables, sugar, gur and jaggery.

35.2 It is also proposed to increase the rates for parcels and luggage by 10 %.

35.3 As the Honourable Members are aware, no increase was made in passenger fares during the last budget. Railways are incurring heavy losses in the carriage of passenger traffic. In order that this traffic also makes its contribution to meet the additional revenue needs of the railways, revision of passenger fares has become unavoidable.

35.3.1 It is proposed to increase the fares for upper classes, namely, Air-Conditioned First Class, Air-Conditioned Sleeper Class, First Class, and Air-Conditioned Chair Car by 17 %.

35.3.2 The fare of Second Class Mail/Express is proposed to be increased by Re. 1.00 at the lowest slab, progressively rising to a maximum of Rs. 20.00 for distances beyond 1400 km. The fare of Second Class Ordinary is proposed to be increased by 50 paise at the lowest slab, progressively rising to a maximum of Rs. 4.00 for distances beyond 300 km. In keeping with the increase in the minimum fare of Second Class Ordinary from Rs. 1.50 to Rs. 2.00, the price of platform ticket is also proposed to be raised from Rs. 1.50 to Rs. 2.00.

35.3.3 For Second Class Monthly Season Tickets, increases in fare, varying from Rs. 4.00 to Rs. 12.00 per month according to the distance, are proposed. The increase in the case of First Class Monthly Season Tickets is to range from Rs. 16.00 to Rs. 48.00.

35.3.4 It is also proposed to raise the sleeper surcharge in Second Class from Rs. 10.00 to Rs. 15.00 for distances upto 500 km, from Rs. 15.00 to Rs. 20.00 for distances from 501 to 1000 km, and from Rs. 15.00 to Rs. 25.00 for distances beyond 1000 km.

35.4 The changes in freight rates and parcel and luggage rates will come into force from 1-4-1990, and changes in passenger fares from 1-5-1990.

36. The above-mentioned proposals are expected to yield an additional revenue of Rs. 892 crores. Taking this into account, and after paying the proposed dividend of Rs. 932 crores to the General Exchequer, the financial year 1990-91 is expected to close with a surplus of Rs. 186 crores. The projected surplus is just sufficient to execute works chargeable to the Development Fund, such as, passenger amenities, staff amenities, and certain operating improvements.

37. Sir, I consider it a privilege and also a unique opportunity to lead the Railways and to make a sincere effort to translate into reality some of the dreams of millions of countrymen who have been yearning for a change in direction towards a more egalitarian society and a more open and responsive Government. On 2nd March, I have released a Status Paper to elicit the views of economists, intelligentsia and rail users. I shall take cognizance of their views for shaping the Railways to serve the common man. I acknowledge the enthusiasm and unstinted support of railwaymen without whose dedicated and untiring efforts, the creditable achievements of the Railways would not have been possible. I believe, that in order to achieve the best results, there should be even closer relation and purposeful interaction between labour and management. As the head of the vast family of railwaymen, I pledge on their behalf, that we shall march forward with total commitment and dedication towards achieving the corporate goal of meeting the growing traffic needs of the country, at the least cost to the society, while at the same time, maintaining the financial viability of the system.

38. With these words, Sir, I now commend the Railway Budget for 1990-91 to the House.
