

**Speech Of Shri C. K. Jaffer Sharief
Introducing The Railway Budget
For 1994-95, on 24th February, 1994**

Mr. Speaker,

Sir, I rise to present the Revised Estimates for 1993-94 and Budget Estimates for 1994-95 for the Indian Railways.

Introduction

2.1 Sir, it is widely known and universally recognised that amongst the World Railway systems, Indian Railways occupy a unique position. They serve not only as a basic infrastructure for the economic growth, but also as an instrument of fulfilling various social national objectives while, at the same time, being called upon to run as a business organisation. Performance of this role is, by no means, an easy task. Worldwide, the Railways are compensated for meeting social obligations, by the beneficiaries or by the Government. The Indian Railways, on the contrary, have largely to meet such obligations through their own resources. Sir, the budgetary support to the Indian Railways has been substantially reduced in recent years, from 51% in 1986-87 to about 18% in 1994-95. The Railways are now moving towards self-reliance. All out efforts are being made to step up the internal resource generation through increased efficiency and productivity and take recourse to market borrowings, so that adequate funds are available to sustain the growth of this vital infrastructure.

2.2 I am happy to state that despite the above constraint, Railways have taken up the challenge of change with commitment and dedication, with a fair degree of success. This has been made possible by better management, higher productivity, better maintenance and greater reliability of assets, technological upgradation and capacity generation, particularly through increased inputs in gauge conversion, to name but a few. The results achieved in effecting substantial all round economies in working expenses, cutting down cost of projects, energy conservation by using more fuel-efficient locomotives, and clearing the major part of the backlog of track renewals, are also worth taking note of. A programme for production of diesel multiple units, main line electrical multiple units and introduction of three-tier AC Sleeper coaches, inter alia, are testimony to the Railways' increasing concern for improved quality of services and giving the customer, value for money. The new challenges faced by the Railways in the wake of the far-reaching changes that are taking place in the country's economy, by way of globalisation and opening up of the economy, have already begun to place unprecedented demands on Railways' resources-technical, managerial as well as financial. A major achievement has been the Railways' capability for discharging full dividend liability to the General Exchequer and financing the bulk of the Plan Expenditure through self-generated resources. This is generally acknowledged by World Railway systems as an unparalleled achievement. In fact, in the recently concluded World Conference on Railway Management at New Delhi, the unique role being played by the Indian Railways in the Indian economy was widely acclaimed.

Traffic Performance 1992-93

3. Sir, I shall now briefly review the performance during 1992-93. The projected traffic did not grow to the extent expected during the year, largely due to disturbances in some parts of the country. As a result, our target of revenue earning freight traffic was scaled down at the Revised Estimate stage from 354 to 350 million tonnes. This revised target, which was 12 million tonnes more than the traffic carried in 1991-92, was achieved. However, passenger traffic, which was initially expected to record a growth of 5% in 1992-93, turned out to be marginally less than the level in 1991-92.

Financial Results, 1992-93

4. In the Revised Estimates for 1992-93, an 'excess' of Rs 757 cr was anticipated, after full payment of dividend to General Revenues. The year, however, closed with this figure coming down to Rs 441 cr. mainly because some of the major rail users, particularly the thermal power plants, defaulted in paying dues to the Railways towards freight on coal, a problem which is still continuing unabated. Nevertheless, the Railways succeeded in liquidating all their debts towards

General Revenues by payment of the entire amount of deferred dividend and repayment of loans taken in the past for Development Fund works.

Traffic Prospects, 1993-94

5. Sir, I had expected that the drop in traffic last year would pass off as a temporary phenomenon. We accordingly fixed a target of 370 million tonnes of revenue earning freight traffic for the year 1993-94, keeping in view the target of 418 million tonnes fixed by the Planning Commission for the terminal year of the Eighth Plan. But the trend of traffic growth continues to be below expectations. Consequently, the target is now placed at 362 million tonnes. Similarly, the growth in passenger traffic as forecast in the Budget is also not going to materialise.

Financial Prospects, 1993-94

6.1 As a result of the shortfall in traffic, the goods earnings are being revised downwards from Rs 13,173 cr. to Rs 12,830 cr. and passenger earnings are likely to come down from Rs 5,110 cr as per Budget Estimates, to Rs 4,865 cr. With some marginal changes in other coaching and sundry other earnings, the total traffic earnings are expected to be Rs 18,505 cr. that is, less than the Budget Estimate of Rs 19,086 cr by Rs 581 cr. Gross Traffic Receipts are being placed at Rs 18,585 cr, as against the budgeted figure of Rs 19,021 cr.

6.2 While Railways are trying to bridge this gap by more innovative marketing, they have responded quickly to the decline in traffic earnings, by successfully launching well-directed strategies for effecting all round operating efficiency of the system and bringing about economies in working expenses. As a result, a saving of approximately Rs 200 cr. is expected in the Ordinary Working Expenses, even after absorbing post-budgetary factors like interim relief and electricity tariff hikes, which is no mean achievement. Accordingly, the estimate of Ordinary Working Expenses is being brought down from Rs 11,955 cr to Rs 11,755 cr.

6.3 it was essential to cut down the Plan size from Rs 6,500 cr to Rs 6,200 cr, because of the shortfall in internal resource generation due to reduced offering of traffic.

6.4 As a direct consequence of this reduction, the appropriation to Depreciation Reserve Fund is being brought down from Rs 2,400 cr to Rs 2,100 cr. With some changes in Net Miscellaneous Receipts and in the amount of dividend to be paid to General Revenues, Railways would be able to retain the figure of Rs 2,195 cr of 'excess' as projected in the original Budget. This 'excess' will be utilised to meet part of the Capital requirements and to finance all Development Fund works.

Capital Fund

7. I had mentioned in my Budget Speech last year that a Memorandum was submitted to the Railway Convention Committee to approve setting up of a Capital Fund which is to be financed from out of the internally generated resources and is to be used to meet part of Capital requirements. I am glad to inform the House that Railway Convention Committee have approved the setting up of this Fund and that in the current year, an amount of Rs 1,975 cr is proposed to be credited to the Fund.

Committees On Railway Working

8.1 As the House is aware, an Expert Committee headed by Dr. D.M. Nanjundappa, a noted Economist, was constituted to examine the entire gamut of freight and fare structure, keeping in view the increase in cost of operations, quantum and pattern of traffic expected to be carried, changes in technology and overall economic development of the country, and to give suitable recommendations. The report of the Committee has been received recently and is being studied.

8.2 Sir, I would like Indian Railways to be transparent. The people must know the strengths and weaknesses of this life-line of the nation. Only then valuable suggestions will be forthcoming to take the system to higher levels of growth and efficiency. It was with this in mind, that three

sub-groups from amongst the members of the Consultative Committee for the Ministry of Railways were constituted, as a first step, to make a comprehensive study of various important aspects of railway working. These sub-groups have submitted their reports. I am indeed grateful to them for their valuable suggestions on important matters like budgetary support, social burdens, payment of dividend and commercial utilisation of land and air space.

Organisational Improvement

9.1 Sir, Indian Railways are a vast and complex network, by any standard. Its efficient management is a very demanding task. However, its organisation is presently structured on departmental lines - a system which is largely a legacy of the erstwhile British Company Railways. A reorganisation and streamlining of this enterprise is contemplated with the ultimate objective of growth of this vital infrastructure, and creating an environment in which customer service and customer comfort take precedence over the narrow, and at times conflicting, sectoral objectives.

9.2 I had informed the House last year that an expert committee was being set up to conduct a detailed study and give recommendations on organisational and structural changes. This committee has started functioning.

10. The project 'Unigauge' and the Konkan Railway are expected to significantly alter the volume and pattern of traffic flows. There is now a compelling need to redefine and relocate the geographical jurisdictions of the present zones and divisions, taking into account the quantum of workload handled by each zone/division, traffic flows, the geographical sprawls and easy accessibility of various activity centres to facilitate frequent field inspections. The underlying aim is to make an overall improvement in the safety of operations, efficiency and productivity of the system. I am directing a detailed study to be conducted with the object of rationalising the geographical distribution of existing zones and divisions, which may necessitate creation of a few more zones and divisions. As soon as the study is complete, action will be taken to carve out new zones and divisions.

Passenger Services

11.1 We receive many suggestions and demands for the introduction of trains. Since my last Budget Speech, in which nine new Express trains were mentioned, Railways have actually introduced nearly 30 pairs of Express services by rationalising the available resources. Some of the important services already commenced or to be commenced are:

1. A weekly Express train between Puri and Okha
2. A daily train between Nagercoil and Guruvayur
3. A daily Broad Gauge Express train between Madras and Kanniyakumari/
Tuticorin via Madurai
4. Intercity Express between Manmad and Bombay
5. A weekly Express train between Patna and Puri and
6. A Shatabdi Express between Madras and Mysore.

11.2 I am happy to inform the House that the following new trains are proposed to be introduced during 1994-95:

1. A weekly Rajdhani Express between New Delhi and Guwahati
2. A weekly Rajdhani Express between New Delhi and Bhubaneswar
3. A Shatabdi Express between Bombay Central and Ahmadabad
4. A tri-weekly Express between Delhi and Sultanpur
5. A weekly Express between Trivandrum and Bombay
6. A daily Express between Saharanpur and Lucknow
7. A daily Express between Vijayawada/Guntur and Hyderabad

8. A daily Express between Jaipur and Howrah
9. A daily Express between Delhi and Kathgodam
10. A daily Express between Katihar and Sealdah
11. A daily Express between Hazrat Nizamuddin and Shri Ganganagar
12. A daily Express between Jodhpur and Lucknow via Jaipur.

11.3 The run of the following trains is proposed to be extended:

1. Hazrat Nizamuddin -Madras Rajdhani Express up to Trivandrum
2. Bhubaneswar-Secunderabad Konark Express up to Bombay
3. Puri-Hazrat Nizamuddin Kalinga/Utkal Express up to Amritsar
4. Howrah-Gorakhpur Express up to Kathgodam
5. Bombay-Jalna Express up to Secunderabad
6. Indore-New Delhi Malwa Express up to Jammu Tawi
7. Cochin-Ahmadabad Express up to Rajkot
8. Tata-Muzaffarpur Express up to Gorakhpur
9. Patna-Hatia Express up to Jharsuguda
10. Jammu Tawi-Gorakhpur tri-weekly Express up to Barauni on one day.

11.4 The frequency of the following trains will be increased:

1. Ahmadabad-Madras Navjeevan Express from four to six days a week
2. Delhi-Jammu Tawi Express from tri-weekly to daily
3. Bilaspur-Cochin Express from weekly to bi-weekly
4. Gorakhpur-Cochin Express from bi-weekly to four times a week
5. Puri-New Delhi Purushottam Express from tri-weekly to five days a week
6. Sealdah-Haldibari/New Alipurduar Teesta Torsha Express from tri-weekly to six days a week
7. Gwalior-Howrah Chambal Express from bi-weekly to triweekly
8. Indore-Howrah Shipra Express from bi-weekly to tri-weekly
9. Hyderabad-Cochin Express from bi-weekly to tri-weekly.

Better Quality Of Service

12.1 The year has seen a marked determination of the Railways to provide better quality of service to customers. The new AC three-tier coach, indigenously designed and manufactured at Rail Coach Factory, Kapurthala has been received well. This service has been introduced to provide comfortable travel at affordable cost. The production of these coaches is being stepped up so as to extend their use on important long distance trains.

12.2 To improve the cleanliness of the coaches, travelling 'Safaiwalas' have been provided on important long distance trains.

12.3 Sir, very often the short distance passengers and commuters get into the long distance passenger trains resulting in overcrowding and inconvenience to long distance passengers. This stream of short distance passengers will now be segregated from the long distance passenger traffic, by introducing diesel multiple units in areas not served by electrified lines, and new types of electric multiple units on the electrified main lines. This measure will, I hope, provide considerable relief and comfort to the long distance passengers. The prototype manufacture of Rail Buses is also nearing completion. These buses will be introduced on low-density branch lines to provide better services.

12.4 Sir, all new coaches will be manufactured with air brakes instead of vacuum brakes from 1994-95. This will ensure better safety, higher speeds and improved punctuality of passenger trains. Efforts are also being made to redesign coach bogies for better travelling comfort.

12.5 Sir, catering is another area, which attracts criticism. I assure the House that Indian Railways are making constant endeavours to ensure that the food served to the travelling public is nutritious and hygienic. The departmental catering units are being revitalised by inducting

professional cooks, and through crash training programmes. Supply of pre-cooked food by reputed caterers is being tried as a pilot project. New pantry cars are also being provided selectively.

12.6 The setting up of a Railway Catering Corporation is also being considered with a view to professionalise and upgrade the catering services.

Tourism

13. I am glad to inform the House that Railways have broken fresh ground by introducing, for the first time in the country, the concept of weekend holidays, commencing on Friday evenings and terminating on Monday mornings with hassle-free one-point booking of rail travel, accommodation, sightseeing and catering at nearby tourist destinations. Indian Railways have also drawn up plans to introduce 'Palace-on-Wheels' type tourist trains on eight circuits to attract a new class of rail enthusiasts and high spender category of foreign tourists.

Safety

14.1 While the safety performance measured in terms of train accidents or number of accidents per million train kilometres has improved, the safety of rail users continues to receive the highest priority. Sir, apart from the action to minimise the incidence of human failure, Railways are making continuous efforts to improve the communication system and complete safety works, such as track circuiting and second distant signals, on priority. To that end, more funds are being provided.

14.2 Sir, I am also deeply concerned at the accidents, which take place at unmanned level crossings, maybe because of negligence on the part of road vehicle drivers. Recently, such an accident had resulted in loss of precious lives of children. We are determined to man as many level crossings as possible, and as a first step towards that end, an amount of Rs 25 cr has been provided in the Budget for 1994-95 for manning about 500 level crossings. My efforts to involve the State Governments to share the cost of manning will continue.

Scrap Disposal

15. 1 Indian Railways have, during the current year, given high priority to the disposal of scrap material. The target fixed for scrap sale during the current year is Rs 750 cr, which is almost double the amount realised during the year 1990-91. We have already sold scrap valuing Rs 682 cr during the current financial year till the end of January, 1994 and hope to exceed the target.

15.2 With the advance of gauge conversion, metre gauge rolling stock will have to be phased out. In order to make the most of this situation, Railways are considering the possibility of exporting them to other developing countries. There are encouraging enquiries in this regard, and I expect that Railways would be able to raise a fair amount of resources in this manner. I may mention in this context that our metre gauge locomotives, utilised by the Malaysian Railways by means of a leasing arrangement with IRCON under their supervision, are reported to be performing well.

Annual Plan, 1994-95

16.1 Sir, in my several discussions with the Hon'ble Prime Minister, he has emphasised in no uncertain terms that Indian Railways, which play a crucial role towards development of the economy, cannot be allowed to stagnate, but have to grow to meet the needs of the economy and the aspirations of the people. I have kept these words of advice uppermost in my mind. I would also like to assure the House at this juncture that whatever resources the Indian Railways mobilise, through self-generation or market borrowings, or receive as budgetary support will be used in an optimal manner and every rupee spent would be on need-based plan activity.

16.2 Sir, the Plan size and its various constituents, namely budgetary support, market borrowing and internal resource generation, were discussed at length with the Finance Minister and the Deputy Chairman, Planning Commission. I must place on record my deep gratitude to Shri Manmohan Singh and Shri Pranab Mukherjee for their valuable support. The Annual Plan for

1994-95 has been fixed at Rs 6,515 cr. The Plan size of Rs 6,515 cr includes budgetary support of Rs 1,150 cr, market borrowing of Rs 1,050 cr and internal resource generation of Rs 4,315 cr. If one takes into account the resources generated through released materials, the gross size of the Plan, which indeed is the indicator of the real Plan activity, will be Rs 7,015 cr. Sir, more than 66% of the Plan expenditure will be financed from the self-generated resources of the Indian Railways, 16% through market borrowings and the rest through budgetary support.

New Lines

17.1 I am happy to inform the House that 204 km of new line sections and projects will be completed by the end of March, 1994. These are:

1. Deeg-Alwar of Mathura-Alwar line,
2. Challakere-Rayadurg of Chitradurg-Rayadurg line,
3. Rudrapur-Lalkuan-Kathgodam of Rampur-Kathgodam line, and
4. Sambalpur - Maneswar.

17.2 In the Budget for 1994-95 two new lines, namely, Khurda Road to Bolangir and extension of Jammu-Udhampur line, now under construction, to Srinagar have been included. The construction of new lines from Dallirajhara to Jagdalpur, Dumka to Mandar Hill, and Kuttipuram to Guruvayur are also under consideration and I will come up to the House on receipt of approval from the Planning Commission.

17.3 Sir, Kashmir was, is, and shall always remain an integral part of India. We have to develop a strong infrastructural base in the valley, create more job prospects for the people of Kashmir and give entrepreneurial help to improve their quality of life. It is with this in view, that it has been decided to earmark an amount of Rs 50 cr in 1994-95 for Jammu-Udhampur line. The final location survey for extending this link to Srinagar will also commence immediately. It is our resolve to complete the line up to Srinagar with the utmost speed and provide necessary infrastructure in the valley for speedy growth and development of that region. I am sure this would remove to some extent the grievances and problems now being faced by the people of Kashmir.

Gauge Conversion

18.1 Sir, the project 'Unigauge' has been widely acclaimed and has received all round support and encouragement. Last year, the Railways surpassed the target of 1,200 km by 151 km. In the current year too, the Railways are well on their way to exceeding the target of 1,600 km, of which over 1,000 km have already been converted. The sections already completed during the current year, are:

- | | |
|--------------------------|---------------------------|
| 1 Bolarum-Falaknuma | 7 Varanasi-Jhusi |
| 2 Falaknuma-Mahbub Nagar | 8 Mahmudabad-Sitapur |
| 3 Jaipur-Phulera | 9 Guwahati-Lumding |
| 4 Tumkur-Arsikere | 10 Kathgodam-Lalkuan |
| 5 Phulera-Jodhpur | 11 Narasaraopet-Donakonda |
| 6 Merta Road-Merta City | 12 Hissar-Bathinda |

18.2 The sections planned to be completed before the close of the year are:

- | | |
|-------------------|------------------------|
| 1 Daund-Baramati | 4 Gondia-Wadsa |
| 2 Jhusi-Allahabad | 5 Chikjajur-Challakere |
| 3 Jalna-Parbhani | 6 Arsikere-Chikjajur |

18.3 A target of 1,600 km of gauge conversion has been fixed for 1994-95. The gauge conversion of Rajkot-Veraval section in Gujarat has been included in the Budget. Besides, the gauge conversion of the following sections is under consideration:

1. Arsikere-Hassan-Mangalore
2. Chhindwara-Parasia
3. Mau-Shahganj

4. Rupsa-Bangriposi
5. Yelahanka-Chikballapur & Bangarapet to Kolar on YelahankaBangarapet line

The matter will be placed before the House on receipt of approval from the Planning Commission to these works.

18.4 Up to the end of current year, under the project 'Unigauge', the following complete routes would be converted to broad gauge:

- | | |
|----------------------|-------------------------------------|
| 1 Bikaner-Jodhpur | 5 Manmad-Aurangabad-Parbhani -Parli |
| 2 Allahabad-Varanasi | Vajnath |
| 3 Sitapur-Burhwal | 6 Madras-Tuticorin via Erode-Karur- |
| 4 Lucknow-Kanpur | Dindigul |

18.5 By the end of 1994-95 the following further routes will be converted to broad gauge:

- | | |
|--|-------------------------|
| 1 Bathinda-Rewari-Alwar-Mathura | 4 Delhi-Jaipur-Ajmer |
| 2 Sawai Madhopur-Jaipur- Jodhpur-
Jaisalmer | 5 Miraj-Hubli-Bangalore |
| 3 Bellary-Rayadurg Chikjajur-Birur-
Shimoga | 6 Hospet-Hubli-Londa |

18.6 Sir, I am sure the House will appreciate the progress that the Indian Railways have made. The new B.G. routes will enable the Railways to move traffic more efficiently and economically, and also accelerate industrial development. The services on the converted routes would be distinctly superior to what the users of these sections have been accustomed to. Our objective is to increase the throughput, serve the people better, establish a new presence, and earn larger revenue.

18.7 Sir, the resources were scarce and the task of gauge conversion was enormous. The progress achieved would not have been possible but for our taking several measures to reduce the unit cost of gauge conversion. Measures such as strengthening the existing bridges instead of re-building them, modifying the existing signalling instead of installing new ones, and eliminating construction of new buildings, godowns, quarters etc. has helped us reduce the cost of gauge conversion substantially.

Doubling

19. The target of 250 km of doubling fixed for the current year will be exceeded. A similar target of 250 km has been fixed for the next year. The following new works of Doubling have been included in the Budget for 1994-95:

1. Chandanpur-Shaktigarh 3rd line
2. Rajatgarh-Nergundi
3. Akaltara-Champa 3rd line
4. Kuttipuram-Calicut, as Phase I of doubling up to Mangalore

Surveys

20.1 The following surveys for new lines are proposed to be undertaken in 1994-95:

1. Survey for a new line from Dhule to Nardana
2. Survey for construction of a bye-pass line at Bikaner
3. Preliminary Engineering-cum-Traffic Survey for a new line from Kolayat to Phalaudi
4. Preliminary Engineering-cum-Traffic Survey for a new line from Bilara to Bar
5. Traffic Survey for a new line from Bhanupalli to Bilaspur via Beri
6. Preliminary Engineering-cum-Traffic Survey for a new line from Mettur to Chamarajanagar
7. Survey for a new line from Chikmagalur to Sakleshpur via Belur

8. Survey for a new line from Jogighopa to Silchar
9. Preliminary Engineering-cum-Traffic Survey from Kottayam to Ponalur via Erumali and Sabari
10. Updating of traffic survey for a new line from Chamarajanagar to Mettupalayam via Satyamangalam/Coimbatore.
11. Survey for a new line from Guwahati to Byrnhat

20.2 A survey for gauge conversion of Mansi Forbesganj line will also be undertaken.

Railway Electrification

21.1 Electrification of 500-route km will be completed in the current year. A similar target of electrification of 500-route km has been fixed for 1994-95. Electrification of the Kharagpur-Bhubaneswar section is being considered. I shall come up to the House on receipt of Planning Commission's approval.

21.2 Sir, as in the case of gauge conversion, all out efforts are being made to bring down the cost of electrification through technological innovations, rationalisation of designs and improved project management.

21.3 The surveys for electrification of Ernakulam to Trivandrum and from Ludhiana to Jammu Tawi have been included in the Budget.

Track Renewal

22. Track renewal of 2,420 km will be completed in the current year. The target set for 1994-95 is 2,400 km. The arrears of track renewal, which stood at 19,500 km at the beginning of the Seventh Plan, and 9,600 km at the beginning of the Eighth Plan, will be brought down to 3,640 km by the end of next year.

Production Units

23.1 The performance of Railway Production Units during 1992-93 was excellent. Most of them achieved the targets fixed for them. Apart from the quantitative targets, the Production Units have made far-reaching contribution towards various developmental activities. Noteworthy among them are

- (i) Series production of 5,000 hp electric locomotives by Chittaranjan Locomotive Works;
- (ii) Fuel-efficient diesel locomotives by Diesel Locomotive Works and upgrading of 2,600 hp locomotives to 3,100 hp through indigenous effort;
- (iii) Designing of a new standard coach, lighter in weight, more comfortable and capable of higher speed;
- (iv) Fitment of the more powerful airbrakes for greater safety and higher average speed; and
- (v) Aiming at ISO-9000 Certification; Rail Coach Factory, Kapurthala and Wheel & Axle Plant, Bangalore having well advanced in that direction.

23.2 Sir, Indian Railways are conscious of the need for full utilisation of the capacity of their coach manufacturing units, namely the Integral Coach Factory, Perambur and Rail Coach Factory, Kapurthala. In order that spare capacity is fully utilised, the possibility of diversification and taking up the manufacture of containers, bus bodies and other items is also being considered.

Indian Railway Finance Corporation

24.1 During 1992-93, Indian Railway Finance Corporation declared a dividend of Rs 23.2 cr at 10% of the paid-up share capital, as compared to Rs 18.5 cr in 1991-92. Sir, recently the Corporation had gone in for a public issue of Rs 250 cr of bonds, both taxable and tax-free. I am happy to inform the House that the issue has been over-subscribed. The confidence reposed by the investors is indicative of efficient operational performance, management strength and the financial health of the system. The situation now has distinctly improved, and we do not anticipate any difficulty for the Corporation to meet its target of Rs 900 cr in the current year.

Konkan Railway Corporation

24.2 Konkan Railway Project, though progressing well, is slightly behind schedule, mainly on account of resource problems and the controversy over the alignment in Goa. I am happy to inform the House that the issue of alignment in Goa has now been resolved and the work recommenced. The Konkan Railway Corporation has recently mobilised Rs 230 cr through public issue of 10.5% tax-free bonds. It is planned to raise a further amount of Rs 450 cr in the coming year. The work is more than halfway through, and the project is now targeted for completion by March, 1995.

Indian Railway Construction Company Limited

24.3 In 1992-93, IRCON recorded its highest-ever turnover of Rs 425 cr, earning a profit of Rs 29 cr before tax and net foreign exchange of an equal amount.

Rail India Technical And Economic Services Limited

24.4 Rail India Technical and Economic Services Limited achieved in 1992-93 a turnover of Rs 59.3 cr, profit before tax of Rs 10.9 cr and net foreign exchange earning of Rs 7.5 cr.

Container Corporation Of India

24.5 The Container Corporation has so far established 19 terminals all over India, including the modern Inland Container Depots at Tughlakabad and Whitefield, commissioned last year. CONCOR registered a growth of 44% in traffic handled last year, increasing the turnover to Rs 81 cr from Rs 50 cr in the previous year. CONCOR has extended its services to selected domestic sectors also. A significant step forward during the current year is the movement of refrigerated cargo containers from Delhi to Bombay for export.

Strategies For Growth

25. Sir, a major programme of economic reforms and liberalization has been launched. As the country attains higher levels of economic growth, the pressure on transport is bound to increase significantly. The growth of rail infrastructure has to be in step, in fact a little ahead of the demand. The strategies which we have in mind to achieve this objective are:

1. Gauge Conversion to increase throughput and provide alternative routes,
2. Railway Electrification of selected routes,
3. Strengthening of track structure and mechanizing maintenance.
4. Introduction of higher capacity trains to push through more tonnage on the existing network,
5. Introduction of higher horsepower locomotives, both diesel and electric, so as to provide for heavier trailing loads and higher speeds,
6. Reducing the speed differential between the fast passenger and freight trains to generate more line capacity,
7. Development of terminals for both goods and parcel traffic,
8. Introduction of more comfortable, light-weight, energy-efficient and low-maintenance passenger coaches,
9. Extensive use of Information Technology to optimise resource utilisation,

10. Introduction of diesel multiple units, diesel and electric train sets and rail buses for optimal resource utilisation, improved customer service, and segregation of short distance passengers from the long distance passengers,
11. Increasing manpower productivity,
12. Innovative marketing strategies, with fundamental changes in the outlook and methods of working,
13. Expansion of multi-modal operation to give thrust to export promotion and to win back the low-volume but high-value traffic,
14. Development of real estate to supplement the resources of the Railways, and
15. Ensuring that future growth in manufacturing and of other activities is dealt with by the non-railway sector.

Commercial Exploitation Of Railway Land

26. The Railway Ministry's proposal for generation of additional resources through property development, by utilising air space over railway land, was studied by a Sub-Group of the Consultative Committee of Members of Parliament. I am glad to state that the proposal has been appreciated and supported by the Sub-Group and is now under consideration of the Government. Meanwhile, steps have been initiated to identify suitable sites and prepare conceptual designs for development. I may add that in certain foreign countries, commercial development of railway land and properties has greatly helped their growth and capacity to provide facilities, and I hope that we would be able to profit from their experience.

Energy Conservation

27. Sir, energy conservation is a national concern and Indian Railways, as a major consumer of energy, are fully alive to their responsibility for making a positive contribution in this area. As it happens, their policy to phase out steam traction and progressively electrify high density routes are significant from the standpoint of energy saving. The pace of reducing steam traction has been stepped up, with the withdrawal from service of 767 steam locomotives in 1992-93 and an expected 850 this year. Steam traction on broad gauge now remains only on two Zonal Railways. On diesel locomotives, fuel-efficient kits have been introduced, with excellent results.

Manpower Planning And Human Resource Development

28. The modernisation of Indian Railways has to be achieved, not only through improved technology for its assets, but with a corresponding upgradation of its vast human resource base. This implies effective training. Railways are using scientifically prepared lesson plans and providing appropriate training to the trainers for this purpose. A scheme for re-training staff rendered surplus on account of change of technology has been drawn up to facilitate their re-deployment. Railways have also made arrangements with the Institute of Management, Ahmadabad to upgrade management training.

Workers' Participation Management

29. Sir, the Prime Minister Shri P.V. Narasimha Rao has often emphasised the need for meaningful and effective participation of workers in the management process. There is no doubt that active participation of workers will give them in a sense of involvement and pride. Towards this end, the Corporate Enterprise Groups at the apex, zonal and divisional levels are being restructured and renamed as Groups for Participation of Railway Employees in Management (PREM). Special educational programmes are organised in the Railway Staff College to the labour leadership, and joint committees set up on each railway to improve the quality of service to the passengers and for discussing measures to improve the safety of operations.

Sports

30. Indian Railways have produced a galaxy of sportsmen of national and international repute, and are also known for recognition of outstanding sporting talent. Sir, I take this opportunity to announce that we shall be issuing a Complimentary Air-conditioned First Class Pass for Kapil

Dev, along with his wife, for creating history by surpassing the world record of Sir Richard Hadlee by capturing the highest number of wickets in Test Cricket.

Budget Estimates 1994-95

31.1 I shall now deal With the Budget Estimates for 1994-95. In 1994-95, the Railways are expected to carry 380 million tonnes of revenue earning originating traffic, 18 million tonnes more than the traffic of 362 million tonnes likely to be lifted in the current year. As regards passenger traffic, a growth rate of 2 over the traffic likely to be carried this year is anticipated.

31.2 On the basis of these traffic projections, the gross traffic receipts at the current fares and freight rates are estimated at Rs 19,397 cr, an increase of Rs 812 cr over the Revised Estimates of the current year.

31.3 The Ordinary Working Expenses for 1994-95 are estimated at Rs 13,307 cr, an increase of Rs 1,552 cr over the Revised Estimates for the current year. This increase will cover the cost of inputs for the incremental traffic, anticipated increase in prices, additional payment of dearness allowance, full year's impact of payment of interim relief, and higher payment of lease charges to Indian Railway Finance Corporation.

31.4 The appropriation to Depreciation Reserve Fund is proposed at Rs 2,300 cr in 1994-95, as against Rs 2,100 cr provided in the Revised Estimates of the current year.

31.5 The contribution to Pension Fund is proposed to be increased from Rs 1,500 cr in the current year to Rs 1,700 cr in 1994-95.

31.6 A Memorandum on the rate of dividend payable to General Revenues has been submitted to the Railway Convention Committee. Meanwhile, dividend for 1994-95 has been provided at the same rate as adopted for 1993-94. On this basis, the dividend liability for 1994-95 works out to Rs 1,372 cr.

31.7 The Total Working Expenses comprising ordinary working expenses and contributions to Depreciation Reserve Fund and Pension Fund are estimated at Rs 17,307 cr. The Net Traffic Receipts, being the difference of Gross Traffic Receipts and Total Working Expenses, work out to Rs 2,090 cr. Adding Net Miscellaneous Receipts of Rs 255 cr, Net Revenue will amount to Rs 2,345 cr. After payment of dividend of Rs 1,372 cr, the Railways will be left with an 'excess' of Rs 973 cr. As against this, the Railways require an amount of Rs 1,970 cr, comprising Rs 1,680 cr for works to be financed from Capital Fund and Rs 290 cr for works chargeable to Development Fund. This leaves a budgetary gap of Rs 997 cr. But for the economy measures I intend to implement, the gap would have been much higher.

32.1 Sir, market borrowing, which has become quite expensive, can be resorted to only up to a point. Some increase in fares and freight rates has, therefore, become inevitable.

32.2 My proposals to bridge the gap are as follows:

- Freight tariff is telescopic in nature, that is, the freight rate per kilometre decreases as the distance increases. Keeping in view the rising cost of operation, it is proposed to modify the taper for freight tariff so that the decrease is more gradual than that at present.
- The existing classifications of the following commodities are proposed to be revised upwards, both for wagon loads and train loads (wherever applicable):

(i) Coal	from class 130 D to class 130 for train loads and from class 135 D to class 135 for wagon loads
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(ii) Iron ore, Limestone and Dolomite	by one step
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(iii) Cement, HSD oil, Oil cake, Stone
 NOC, Gypsum, Other Ores (excluding iron
 ore), Soda Ash, Manganese Ore, Molasses,
 Sugar mills (not khandsari molasses)
 and Sand

by two steps

- It is proposed to do away with the existing sub-classifications of Iron or Steel Divisions, A, B & C, all of which are now proposed to be charged at class 230 for train loads and class 250 for wagon loads.
- It is also proposed to step up the classification in regard to Grains and Pulses for other than Public Distribution System, from class 80 to class 95 in train loads and from class 85 to class 100 in wagon loads. With a view to avoid undue burden on the common man, it is not proposed to change the classification for Grains and Pulses meant for Public Distribution System.
- At present a rebate of 6% on freight is allowed for Cement and Chemical manures loaded in open wagons. I propose to enhance this rebate to 10%. I do hope that the trade and industry would appreciate this step.
- It is proposed to reduce the minimum distance for charge in respect of freight traffic from 100 km to 75 km.
- The distance blocks for charge beyond 2400 km are at present 50 km. It is proposed to reduce the same to 25 km.
- The Railways have been exempting certain essential commodities from freight increases in the past. I propose to continue the exemptions given in the past in respect of these commodities, namely,
 - Salt for human consumption
 - Kerosene
 - Livestock
 - Oilseeds
 - Liquid petroleum gas
 - Edible oils
 - Fodder
 - Gur, Shakkar and Jaggery
 - Fruits and vegetables
 - Tea
 - Organic manures; and
 - Chemical manures

32.3 My proposals in regard to passenger fares are as under:

- Sir, I do not propose to enhance the Second Class Ordinary fares up to a distance of 100 km. For distances beyond 100 km, marginal increases, ranging from Re 1 at 101 km to Rs 5 at 601 km and beyond are proposed. Thus, bulk of the ordinary second class passengers, belonging to the poorer sections of the society, who travel up to 100 km, will not be affected.
- Second Class Mail/Express fares for distances 51 to 65 km, 101 to 110 km, 116 to 125 km and 151 to 155 km are proposed to be marginally reduced, as a measure of rationalisation. A modest increase from a minimum of Re 1 to a maximum of Rs 20 has been proposed in the fares for various other distances.

- Sleeper Class fares will continue to be 25 per cent higher than the Second Class fares, as at present.
- Fares for AC First Class, First Class, AC Sleeper and AC Chair Car are proposed to be raised by 6 per cent.
- Fares for AC 3-tier will be charged at 25 per cent higher than the fares of AC Chair Car, as at present.
- Fares for Rajdhani including August Kranti Rajdhani and Shatabdi Express trains are also proposed to be suitably revised.

32.4 Sir, as the House is aware, suburban travel is heavily subsidised. Even then, I have proposed only marginal increases. The fares for Second Class Monthly Season Ticket up to a distance of 90 km are proposed to be increased by Re 1 to Rs 9 only, depending upon the distance. Thus, about 90% of the Monthly- Season Ticket holders, who travel up to 90 km, will have to pay extra up to a maximum of Rs 9 per month. For distances beyond 90 km, the increase in the Monthly Season Ticket fares would range from Rs 11 to Rs 40.

- The Quarterly Season Tickets will continue to be charged at 22 times the Monthly Season Ticket fares.
- First Class Season Tickets will continue to be charged at four times the Second Class Season Ticket fares.
- The fees now levied for computerised reservations are proposed to be made applicable for manual reservations also.

32.5 The above proposals will be made effective from 1-4-1994 and are expected to yield an additional revenue of Rs 997 cr in the year 1994-95.

Conclusion

33.1 Transport, as is said, brings land to economic exploitation, motivates labour and capital to proliferate, leads industry and agriculture to develop, and trade and commerce to discover new frontiers. In our country, Indian Railways play a vital role in the national transportation system. The level of development of this economic infrastructure is a crucial factor determining the pace and diversity of economic development. With a strategy for higher growth rate and emphasis on liberalisation and employment in the country, investment needs of Indian Railways would grow. Massive resources will be required to maintain and build up this infrastructure. Sir, Indian Railways are conscious of the fact that they have to move towards self-reliance and will have to generate themselves the resources needed for the growth of this infrastructure. Towards this end, concerted and well-planned efforts will be made to cut out all wasteful expenditure, increase efficiency and productivity of the system, adopt innovative marketing strategies and intensify field inspections to prevent revenue-leakage. Spare capacity in production units and workshops will be identified and used for diversification into new products, and there will be accent on exports. The internal resource generation effort will be further stepped up, through commercial use of land and air space. Sir, the task does not end at generation of resources. Whatever resources are generated have to be utilised optimally and it will be our endeavour to see that the expenditure is need-based, and the projects are completed quickly and economically. The railway users will also have a sense of participation as the fares and freight paid by them are used not only to meet the cost of service but also towards further growth of the system. Sir, in all these endeavours I seek the support, encouragement and guidance of this august House.

33.2 Sir, I am very grateful to the Prime Minister Shri P.V. Narasimha Rao, for his unstinted support, guidance and encouragement in all our developmental efforts.

33.3 I also wish to place on record my deep appreciation of the spirit of dedication and devotion with which Railwaymen have carried out their assigned tasks.

33.4 With these words, Sir, I commend the Railway Budget for 1994-95 to the House.
