

# ESTIMATES COMMITTEE

## **Twenty-third Report 1955-56**

### **RAILWAY BUDGET FOR 1956-57 (A General Survey)**



**LOK SABHA SECRETARIAT  
NEW DELHI  
March, 1956**

C O R R I G E N D A

TWENTY-THIRD REPORT OF THE ESTIMATES COMMITTEE, 1955-56.

Contents page

Chapter IV, (A Review of the Budget Estimates for 1956-57) for pages "15-21" read "15-22",  
Appendix I, for pages "22-23" read "24-25".  
Appendix II, for pages "24-30" read "26-32".

Page 1, para 2, line 11, for "para" read "Rule".

Page 4, para 8, under column 1952-53 for "80 6", read "80.6".

Page 6, para 11, in the table against Operation other than Staff and Fuel, under column 1952-53, for "13 48" read "13.48".

Page 10, para 19, line 22, for "Rs.297.96" read "Rs.297.96".

Page 16, para 25, line 5, for "Headquarters building", read "Headquarters buildings".

Page 19, line 5, for ".minities" read ".menities".

Appendix II, page No.26, serial No.3, line 7, for "remain" read "remained".

" page 27, serial No.6, line 8, for "the" read "that".

" page No.27, serial No.6, line 9, for "th" read "the".

" page No.29, under column 1, against para 24, insert serial "12".

" page No.29, against para 24, line 8, for "Rs.125" read "Rs.1,125".

" page No.31, serial No.15, lines 27 & 28, for "devise", read "device".

" page No.31, serial No.17, line 2, second word, for "of" read "for".

" page No.32, serial No.18, line 7, for "devise" read "device".

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MEMBERS OF THE ESTIMATES COMMITTEE, 1955-56.

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3. Shri Amarnath Vidyalkar
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SECRETARIAT

Shri S. I. Shakhder—*Joint Secretary*.

Shri A. R. Shirali—*Deputy Secretary*.

Shri C. S. Swaminathan—*Under Secretary*.

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\*Elected Member with effect from the 7th December, 1955 *vice* Shri R. Venkataraman resigned.

## INTRODUCTION

1. the Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf present this Twenty-third Report on the Railway Budget for the year 1956-57.

2. In this Report the Committee have examined the Budget Estimates of the Railways for 1956-57 and have also made a general survey of the budget. The nature and scope of the examination and the reasons for making an innovation in this respect have been explained in the Introductory Chapter of the Report.

3. The Committee wish to express their thanks to the Chairman and Members of the Railway Board and other Officers of the Ministry of Railways for making available to them at very short notice the material and information that they wanted in connection with the examination of the Budget Estimates.

BALVANTRAY G. MEHTA,

NEW DELHI,

*Chairman,*

*The 12th March, 1956.*

*Estimates Committee.*

## INTRODUCTORY

Prior to the abolition in 1952 of the Standing Committees attached to the various Ministries of the Government of India, those Members of Parliament who were members of the Standing Finance Committee for Railways had an opportunity, before the Railway Budget was presented to the Parliament, of scrutinising the demands for grants and of examining schemes and proposals involving expenditure on a new service or on an existing service costing over Rs. 20 lakhs, while the members of the General Standing Finance Committee had an opportunity of examining similar proposals costing over Rs. 5 lakhs. Even though the functions of these Committees were mainly advisory in character; they served a useful purpose in that they enabled a section of the Parliament to scrutinise important expenditure proposals contained in the budgets more closely than what the Parliament could find time to do. As a result of the abolition of these Standing Committees, however, Parliament no longer derives this benefit, which was undoubtedly of great advantage.

2. While agreeing that the revival of the Standing Finance Committees in the same form as before might not be feasible in the present context, the Estimates Committee, who have been examining this problem for some time past, felt that if they could themselves examine the budgets in some suitable manner soon after they are presented to the Parliament and report on them as early as possible, they could not only bring to the notice of the Parliament certain facts, figures and comments on trends revealed by the budget documents, but could also incidentally discharge more satisfactorily the duties and responsibilities in the matter of the examination of the estimates, which devolve on them under para 243(1) of the Rules of Procedure and Conduct of Business of the Lok Sabha, which reads as follows:— /

“243(1): There shall be a Committee for the examination of such of the estimates as may seem fit to the Committee or are specifically referred to it by the House. The functions of the Committee shall be:—

- (a) to report what economies, improvements in organisation, efficiency, or administrative reform, consistent with the policy underlying the estimates, may be effected;
- (b) to suggest alternative policies in order to bring about efficiency and economy in administration;

- (c) to examine whether the money is well laid out within the limits of the policy implied in the estimates; and
- (d) to suggest the form in which the estimates shall be presented to Parliament."

3. In actual practice, the Estimates Committee have not found it possible during the last five years, to examine the estimates of more than a few selected Ministries every year with the result that the bulk of the estimates included in the budget went generally unexamined by them every year. The Committee therefore decided at one of their recent meetings, that they should, as part of their normal duties examine generally and survey briefly the budgets immediately after their presentation, in addition to the detailed examination of a few selected Ministries which they have been doing so far.

4. In pursuance of this decision, they examined the Railway Budget for 1956-57 presented to the Parliament on the 23rd February, 1956. The Committee had, however, to work this year under certain disadvantages. This attempt was the first of its kind and there had not been adequate preliminary preparation for undertaking the work this year, as the decision to do it was taken rather late. Further, the interval between the presentation of the Railway Budget and the commencement of the discussion or even the voting thereon, was far too short for the Committee to make a more detailed examination of the budget than was found possible. They consider that their task would be very much facilitated if a longer interval could be allowed between the presentation of the Railway Budget and the commencement of the discussion as also the voting thereon, either by a suitable modification of the Parliamentary programme or by granting the Railways a 'Vote on Account' until the budget is voted and recommend that either of the two suggestions be implemented.

5. For reasons explained above and mainly because the purpose of this effort is slightly different viz., to survey the budgets generally and to focus attention on pertinent facts, figures and trends, this report does not attempt a detailed or exhaustive examination of the Railway Budget but is confined to a general survey of the expenditure proposals for 1956-57 and of the expenditure incurred under the First Five Year Plan. The Committee hope that with the experience gained this year and with a longer interval between the presentation of the budget and the voting thereon, they would be in a position to improve their contribution in this direction next year.

*A Review of the financial results of the working of the Indian Railways.*

**Surplus**

6. The net Revenue surpluses of the Indian Railways during the period of the First Five Year Plan and for 1956-57 (anticipated) are as follows:

(In crores of rupees)					
1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
			(Actuals)	(Anticipated)	(Anticipated)
28·34	13·19	2·56	9·10	9·58	22·99

The surplus recorded a marked fall in the first three years mentioned above, but has since shown signs of improvement. The surplus for 1954-55 was less than 1/3rd of that for 1951-52, in spite of the fact that in 1954-55 the Railways carried more passengers (except for 1950-51) and more goods traffic than at any time previously and also established certain other operational records. The anticipated surpluses for 1955-56 and 1956-57 (the latter of which includes Rs. 11·6 crores due to the surcharge of one anna per rupee on goods traffic) are also less than the figure for 1951-52 but this is partly due to the increase by Rs. 15 crores in the contribution proposed to be made by the Railways to their Depreciation Reserve Fund from 1955-56 onwards.

**Earnings**

7. The gross earnings and the ordinary working expenses of the Railways (excluding contribution to Depreciation Reserve Fund) from 1951-52 to 1955-56 and those anticipated for 1956-57 are given below:

(In crores of rupees),						
	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
				(Actuals)	(Revised Estimates)	(Budget Estimates)
Gross earnings	290·82	270·56	274·29	286·78	314·10	345·00
Ordinary	194·04	187·96	301·47	205·87	214·16	224·10

The figures for the year 1951-52 include under both earnings and expenses a sum of Rs. 15·01 crores representing freight charges of railway material including coal. Such adjustments have been



eliminated with effect from the budget estimates and accounts of 1952-53. After making allowance for the inflationary element in the figures of 1951-52 due to freight charges on carriage of Railway material, the figures indicate that the working expenses of the Railways have steadily risen during the period while the gross earnings upto 1954-55 did not register a proportionate increase. The revised estimates of gross earnings for 1955-56 anticipate an increase of Rs. 21.6 crores over the budget estimates while the budget estimates for 1956-57 anticipate a further increase of nearly Rs. 31 crores, of which Rs. 11.6 crores will be due to the surcharge of one anna per rupee proposed to be levied on all freight traffic with certain exceptions and Rs. 13.9 crores from the increase in goods traffic.

#### *Operating Ratio*

8. The percentage ratio of ordinary working expenses (including appropriation to the Depreciation Reserve Fund) to gross earnings of the Railways, also known as the operating ratio rose steadily from 1951-52 to 1953-54 but has thereafter shown signs of coming down, as shown below:

1951-52	1952-53	1953-54	1954-55	1955-56 (Revised Estimates)	1956-57 (Budget Estimates)
77.0	80.6	84.5	82.3	82.6	78.0

The ratio for 1938-39 was, however, only 66.48. A comparison of the relevant figures between the years 1938-39 and 1954-55 is given below:

(In crores of rupees)

Year	Route mileage	Gross earnings	Working expenses	Operating Ratio	Net earnings
1938-39*	36,573	103.5	68.8	66.48%	34.7
1954-55*	34,152	286.8	234.5	81.76%	52.3

(\*Figures for Class I Government Railways)

Even though the high operating ratio in the post war years as compared to its pre-war level is partly due to the general rise in costs and partly to the revised scales of pay according to the recommendations of the Central Pay Commission and the implementation of the Adjudicator's Award, none the less the need for a constant review to keep down the working expenses is indicated.

*Goods Earnings*

9. The percentage ratio of earnings from goods traffic to the total earnings of the Railways is given below for various years:

1951-52	1952-53	1953-54	1954-55 (Actuals)	1955-56 (Revised Estimates)	1956-57 (Budget Estimates)
51·4	54·00	53·66	55·33	57·3	59·56

The earnings from goods traffic thus account for a major share of the gross earnings of the Railways. What is noteworthy, however, is that the train mileage operated for goods traffic is less than 75% of the train mileage operated for passenger traffic as will be seen from the following figures:

(In millions)

	1951-52	1952-53	1953-54	1954-55
Train mileage operated for passenger and proportion of mixed traffic	98·9	100·7	104·3	106·9
Train mileage operated for goods and proportion of mixed traffic	73·1	74·7	73·7	77·1

These figures further indicate that the increase in train miles operated for goods traffic has not been of the same order as that in train miles for passenger traffic and considering that generally a large bulk of goods traffic offering remained uncleared, it would appear that the Railways would have improved their goods earnings and strengthened their finances had it been possible for them to pay a little more attention to goods traffic.

*Passenger Earnings*

10. Under passenger earnings, there has been a marked tendency in recent years for the percentage of earnings from upper class traffic to fall. The following figures show the percentage of earnings from upper class traffic to the total passenger earnings:

1951-52	1952-53	1953-54	1954-55	1955-56 (Revised Estimates)	1956-57 (Budget Estimates)
12·40%	11·91%	11·79%	11·65%	11·01%	10·77%

## Expenditure

11. On the expenditure side, there has been a steady rise in the expenditure under most of the demands as may be seen from the following table:

(In crores of rupees)						
	1951-52	1952-53	1953-54	1954-55	1955-56 (Revised Estimates)	1956-57 (Budget Estimates).
Administration .	24.62	26.18	27.88	29.55	31.89	34.51
Repairs and Main- tenance . .	62.57	64.21	68.08	72.44	79.81	82.72
Operating Staff .	38.94	41.16	43.40	45.73	49.81	52.87
Operation (Fuel) .	31.00	22.20*	23.98*	23.25*	23.89*	24.96*
Operation other than staff and fuel .	14.40	13.48	13.96	11.25	9.34	9.31
Miscellaneous ex- penses . .	20.48	17.12	18.64	17.83	15.13	14.66
Labour Welfare	3.60	3.64	4.03	4.26	5.29	5.63
	195.61	187.99	199.97	204.31	215.16	224.66

\*Freight charges on Railway Stores and coal have been excluded unlike as in 1951-52.

12. The Budget Estimates for 1956-57 for 'Administration' show a rise of Rs. 9.89 crores over the figure for 1951-52 constituting an increase of over 40%. This demand deals with the expenditure on the cost of office and subordinate supervising staff of the General Management, Civil Engineering, Mechanical, Electrical, Traffic, Signal and Tele-Communication, Accounts, Cash and Pay and Stores Departments and the Railway Security Force, the cost of Police reimbursed to State Governments and a portion of the cost of the Medical Department. Thus this demand includes the cost of Supervisory Staff of workshops, running sheds and carriage and wagon depots, which, strictly speaking, are not administrative charges as ordinarily understood, but are connected more with 'Repairs and Maintenance' or 'Operation'. Figures excluding this element have been stated to be not available with the Railway Board. To some extent, therefore, the increase under this head is possibly due to the increase in the level of traffic and repairs. Also in recent years, there has been a shift of expenditure from Demand No. 9 'Loss on Grain Shops' to 'Cash Dearness Allowance' accounted for under 'Administration' and other demands. Similarly, the

expenditure on Signal and Tele-communication Department was segregated from the current year and this involves a certain element of transfer from other heads and from other demands. However, in view of the steep rise of expenditure under the demand head 'Administration', the Committee feel that there should be a proper analysis of the increase in expenditure under this head to see how far it is attributable to the various reasons mentioned above. The economics of working a commercial concern require due notice to be taken of such trends and the rise in the expenses on administration should be controlled by careful means, especially, by ensuring greater efficiency. The Committee also feel that it would be advantageous if there is a more appropriate classification under this demand and charges that are purely administrative are segregated from those that directly belong to workshops, depots etc.

13. Other demands, under which there has been a steady increase in recent years, are Demand No. 5 'Repairs and Maintenance' and Demand No. 6 'Operating Staff'. Under 'Repair and Maintenance' the increase is as much as 32.2% over the figure in 1951-52. Under 'Operating Staff', the increase is more than 35 %. The increase under Demand No. 5 is partly due to the rise in the prices of industrial raw materials and prices of steel as also to increase in the capacity of the workshops. The increase under Demand No. 6 is partly due to transfer of certain amounts from Demand No. 8 in respect of Signal and Tele-Communication operating staff and partly due to more staff opting for cash dearness allowance in preference to Grain Shop concession. The Committee would suggest that whenever there is a shift of expenditure from one demand to another, the extent to which such a shift has taken place should be indicated in the budget demand showing the increase under one demand against the corresponding reduction in the other. The increase in expenditure should also be more fully explained than is being done at present.

### III

#### *A review of the Expenditure on Works, Machinery and Rolling Stock under the First Five Year Plan.*

14. An amount of Rs. 400 crores was allocated under the first Five Year Plan under Revenue, Capital, Depreciation Revenue Fund and Development Fund heads for the rehabilitation and development of Railways. Against this the actual expenditure is anticipated to be Rs. 432 crores, the break-up of which under the different categories is as follows:—

(in crores of rupees)

	Revenue expendi- ture	Deprecia- tion Reserve Fund	Develop- ment Fund	Capital expdr. excluding Vizag. Port	Capital expdr. on Vizag. Port.	Total
1951-52 . . .	3.98	35.87	7.70	23.22	.09	70.86
1952-53 . . .	4.05	40.90	8.10	7.04	.09	60.18
1953-54 . . .	4.38	38.02	9.81	11.85	.15	64.21
1954-55 . . .	4.92	45.82	12.78	32.25	.43	96.20
1955-56 (R.E.) . . .	6.99	48.58	12.31	72.08	.59	140.55
<b>TOTAL . . .</b>	<b>24.32</b>	<b>209.19</b>	<b>50.70</b>	<b>146.44</b>	<b>1.35</b>	<b>432.00</b>

15. The budget estimates, the revised estimates and the actual expenditure by demand heads for each of the 5 years of the Plan are given in Appendix I.

16. It is observed that the outlay fell far short of the budget estimates in the first three years of the Plan period and that during this period even the revised estimates of the particular year under review at the time of the presentation of the budget for the ensuing year invariably proved unduly optimistic. For the year 1951-52, a Supplementary Grant of Rs. 7.14 crores over the Original Grant of Rs. 66.50 crores was obtained for the non-revenue expenditure while the actual expenditure turned out to be Rs. 66.88 crores only. In the Explanatory Memorandum of the budget for 1953-54, the revised estimate of the non-revenue expenditure for 1952-53 was placed at Rs. 71.12 crores against the earlier budget estimate of Rs. 73.52 crores, but the actual expenditure turned out to be Rs. 56.13 crores only. The revised estimate for 1953-54 (mentioned while presenting the budget for 1954-55) was Rs. 72.75 crores as against the budget grant of Rs. 73.92 crores; but the actual expenditure came to only Rs. 59.83 crores. For the year 1954-55, the revised estimate was Rs. 88.98 crores i.e. 61 lakhs more than the budget grant of Rs. 88.37 crores; but the actual expenditure exceeded the revised

estimate by Rs. 2·31 crores. For the year 1955-56, the revised estimate is placed at Rs. 133·66 crores which is higher than the budget estimate by Rs. 12·56 crores. The Committee are glad to note that in the last two years of the Plan period the tempo of expenditure has considerably increased and the Railways not only made up the short-falls in expenditure of the earlier years but also expect to exceed the Plan outlay by about eight per cent.

17. It was expected originally that out of the Plan expenditure of Rs. 400 crores, Rs. 320 crores would be contributed by the Railways and Rs. 80 crores by the General Revenues. Actually, however, the contribution of Railways fell short of their anticipated contribution. According to the revised estimates, Rs. 280·55 crores only would be the contribution of the Railways while Rs. 151·52 crores would be the contribution from the General Revenues. The Committee were informed that the original allocation of the planned expenditure between the Railways and the General Revenues was based on the anticipation of 1951-52 and that when details were worked out after two years it was found that the anticipated annual average contribution of Rs. 64 crores from the Railways would not be available and that the Planning Commission had been informed by the Railway Ministry that they would be able to contribute Rs. 285 crores only and not Rs. 320 crores. The revision is stated to be due to the fall in earnings in 1952-53 and 1953-54.

18. The following statement shows under the various heads of expenditure the planned outlay and the anticipated outlay on the First Plan upto the end of 1955-56.

(In crores of rupees)		
Heads of expenditure	Planned outlay	Actual upto 1954-55 and anticipated for 1955-56
1. Rolling Stock and Machinery . . . . .	207·96	253·44
2. Track and Bridges . . . . .	70·47	64·41
3. Other Structural & Engineering Works . . . . .	45·90	49·96
4. Restorations, new lines, electrification of track conversions . . . . .	34·18	33·20
5. Passenger amenities . . . . .	15·00	13·29
6. Labour Welfare, staff quarters . . . . .	24·09	20·52
Miscellaneous . . . . .	2·40	(—)2·75
<b>TOTAL . . . . .</b>	<b>400·00</b>	<b>432·07</b>

### *Rolling Stock*

19. The above statement shows that except under the head 'Rolling Stock and Machinery' and 'Other Structural and Engineering

Works' there has been a short-fall of expenditure under the other heads. The Committee were informed by the Railway Board that in the original allotment of Rs. 207·96 crores for Rolling Stock and Machinery, procurement of 'Rolling Stock' numbering 1,038 locomotives, 5,674 carriages and 49,143 wagons was envisaged but that actually 1,589 locomotives, 4,837 carriages and 61,773 wagons had been obtained. In his memoranda submitted to the Railway Convention Committee in 1954, the Financial Commissioner for Railways gave the "cost at the present day level of prices" as Rs. 4 lakhs per locomotive, Rs. 1 lakh per coaching vehicle and Rs. 10,000 per wagon. On the basis of these average costs, the additional locomotives and wagons procured should have cost Rs. 22 crores and Rs. 12·6 crores respectively more, which would be off-set by an amount of Rs. 8·37 crores corresponding to the short-fall in the number of coaching vehicles procured i.e. the resultant additional outlay should have been Rs. 26·23 crores only on Rolling Stock. Actually, however, the additional expenditure on Rolling Stock and Machinery has been Rs. 45·48 crores. It is also seen from the speech of the Railway Minister that Rolling Stock alone accounts for over Rs. 240 crores against the total planned expenditure of Rs. 207·96 crores for both Rolling Stock and Machinery. It would appear that the additional Rolling Stock acquired is not quite in proportion to the additional financial outlay.

### *Track*

20. As regards the expenditure on track and bridges on which nearly 90 per cent. of the outlay which was planned has been incurred, the Committee were unable to ascertain within the short time available to them, to what extent physical targets envisaged under the plan had been actually reached. However, the fact remains that whereas at the beginning of the First Plan speeds had been restricted over 3000 miles due to weak condition of the track, at the end of the Plan speeds still remain restricted over about 1784 miles.

### *Passenger Amenities*

21. The Committee notice that even in respect of Passenger Amenities for which a sum of Rs. 3 crores was earmarked every year, the expenditure fell short of the estimates in the first three years of the Plan. While in respect of certain other items, the total outlay in the last two years of the Plan period attempted to make good to some extent the short-falls in expenditure in the first three years, no such tendency is noticed in respect of the works on Passenger Amenities. The Committee feel that this item should have been better attended to and the target fixed for the First Five Year

Plan reached as most of the works that should properly fall under this head could not have been affected by special circumstances like shortage of steel etc. The Committee also recommend that any short-fall of expenditure against the annual allotment of Rs. 3 crores for Passenger Amenities in any particular year should be made good in the following or subsequent years.

In this connection, the Committee would observe that large amounts of expenditure for construction of new station buildings and remodelling of existing station buildings are being charged to the provisions of Rs. 3 crores intended for Passenger Amenities. A further reference to such expenditure is made later in this report.

### *Works*

22. While examining the works programme, the Committee found that in a number of cases the actual expenditure fell far short of the budget provisions and that in the case of some works this was the position year after year in successive budgets. Some of the more prominent instances are mentioned below:

#### *(i) Building of Torsa Bridge—North Eastern Railway*

In the budget for 1951-52, it was stated that the condition of the existing bridge was so bad that a permanent speed restriction had to be imposed over the bridge and that passage of all engines except P.E. and Y.F. was restricted. A provision of Rs. 5.35 lakhs was made for 1951-52. The revised estimate for the year was only Rs. 1 lakh and the budget estimate for 1952-53 was placed at Rs. 3.33 lakhs. In each of the succeeding years, sums of Rs. 6.00 lakhs, Rs. 9.48 lakhs and Rs. 7.00 lakhs were provided but not more than half the estimated expenditure was incurred, as is evident from the fact that the expenditure upto the end of 1955-56 is expected to be Rs. 10.90 lakhs against the estimated cost of Rs. 19.72 lakhs, while a sum of Rs. 6.07 lakhs has been budgeted for 1956-57. This shows that not only the work has not proceeded with the urgency that was conveyed by the remarks made in the budget for 1951-52, but that the work was over-budgeted for in all these years.

#### *(ii) Kalyan Power House extension—Central Railway*

In the budget for the year 1950-51 it was stated that the Kalyan Power House which was equipped for a maximum continuous output of 24,000 k.w. was found inadequate and that it was necessary to provide for a maximum demand of 55,000 k.w. at a cost of Rs. 2.47 crores. The estimated outlay in the previous years was mentioned as Rs. 44.5 lakhs and a sum of Rs. 1.87 crores was provided for 1950-51. The hope was thus held out that most of the work would be completed that year. The amount provided for



each year and the shortfall of expenditure against the budget estimate are stated below:

(In lakhs of rupees)

Year of Budget	Total anticipated cost	Progressive expdr. upto the end of the year preceding the budget year as per Revised Estimates	Provision for Budget Year	Estimated outlay to the end of the budget year	Shortfalls of expdr. against estimates
1950-51	246.70	44.50	187.14	231.64	(—)78.13
1951-52	246.70	153.51	78.20	231.71	(—)31.89
1952-53	289.63	199.82	71.89	271.71	(—)18.56
1953-54	304.63	253.15	40.00	293.15	(—)5.29
1954-55	304.63	287.86	13.50	301.36	(—)8.55
1955-56	304.63	292.71	11.92	304.63	(—)6.69
1956-57	304.63	297.94	6.69	304.63	

The work has proceeded very slowly and the actual expenditure has consistently fallen short of provision in the budget.

(iii) *Additional 18 M.W. Plant in Kalyan Power House for Central Railway*

This work was provided for as a new work in the budget for 1953-54. It was explained that the capacity of the existing plant was inadequate to meet the increasing demand for power which was estimated to rise to 54,000 k.w. and that it was, therefore, necessary to instal an additional plant to enable repairs to be carried out. The work was expected to cost Rs. 70 lakhs. A sum of Rs. 5 lakhs was provided for in the budget for 1953-54. In the next budget, the revised estimate upto the end of 1953-54 was shown as Rs. 50,000/- the short-fall being 90 per cent. For 1954-55 and 1955-56, the provisions made were Rs. 5 lakhs and Rs. 31 lakhs respectively. The revised estimates for 1955-56 show that the expenditure upto the end of 1955-56 is expected to be Rs. 55,000/- while a sum of Rs. 20 lakhs has been provided for in the budget for 1956-57.

The Budget Estimates for 1956-57 show that yet another work on the rehabilitation of a certain plant in the Kalyan Power House which had become overaged in 1949 is proposed to be undertaken now at an estimated cost of Rs. 31 lakhs of which Rs. 5 lakhs have been provided for 1956-57. Thus there are at present three works relating to the Kalyan Power House, one for expansion of the Power House, another ancillary to the work of repairs and the third for replacement of a worn-out plant. In a case like this it would

be desirable to have a comprehensive plan to execute all the works necessary to put the power house in commission at the target capacity aimed at. The Committee feel that even when the Parliament is approached for the first time for funds information should be furnished of the total financial commitment involved, not only in respect of the individual 'work' mentioned; but also in respect of the whole scheme aiming at a certain objective.

(iv) *Remodelling of Bezwada Station Yard*

It was stated last year that the expenditure upto the end of 1954-55 was expected to be Rs. 7 lakhs and the provision for 1955-56 was Rs. 21 lakhs. But it is now seen that the expenditure upto the end of 1955-56 is expected to be less than Rs. 15 lakhs, and the work which is obviously important and necessary to relieve the congestion of the traffic and consequent bottleneck at Bezwada does not seem to have progressed according to the anticipations in the budget. The total anticipated cost has also arisen from Rs. 80 lakhs to Rs. 89 lakhs.

(v) *Replacing the generating-plant in Ajmer Power House*

The work is anticipated to cost Rs. 31 lakhs. The budget estimate for 1953-54 was Rs. 3 lakhs while the revised estimate for the same year was Rs. 56,000 only. A provision of Rs. 4 lakhs was made for 1954-55 but the revised estimate of expenditure for that year was Rs. 5,000 only. A provision of Rs. 16 lakhs was made for 1955-56 but the revised estimate of expenditure is Rs. 9,60,000 only. For 1956-57 a provision of Rs. 18 lakhs has been made.

(vi) *Gadag-Sholapur branch line—Reordering of spans of Bridges*

The work is estimated to cost Rs. 20.89 lakhs and a provision of Rs. 1 lakh was made for 1953-54, against which the revised estimate for the year was only Rs. 10,000. The budget estimate for 1954-55 provided for an expenditure of Rs. 55,000 but the revised estimate was Rs. 5,000 only. A sum of Rs. 7.32 lakhs was provided for 1955-56 but it is now seen that the revised estimate for 1955-56 is Rs. 5,000 only while a provision of Rs. 5 lakhs has been made for 1956-57. Thus budget provisions were repeatedly made but little expenditure was incurred.

(vii) *Provision of a third line from mile 5/B to East Dock Junction (Eastern Railway).*

The total estimated cost of the work is Rs. 23 lakhs. A provision of Rs. 4 lakhs was made for the year 1953-54 and Rs. 11 lakhs for 1954-55. In the budget for 1955-56, the estimated expenditure

upto the end of 1954-55 was shown as Rs. 11.99 lakhs. A sum of Rs. 7.27 lakhs was provided for 1955-56. But in the budget for 1956-57, the anticipated outlay upto the end of 1955-56, is shown as Rs. 12.02 lakhs which means that the expenditure incurred in 1955-56 will only be Rs. 3,000/- against a budget estimate of Rs. 7.27 lakhs.

### *Surveys*

23. The Committee notice that provision is made in each year's budget for survey works. But in a number of cases it appears from the actual expenditure incurred that the surveys undertaken were not completed. The following cases will illustrate:

(i) *Hridagarh Rakhikol Survey (Central Railway)*

The estimated cost of the survey sanctioned in 1953-54 was Rs. 63,000, and an amount of Rs. 43,000 was expected to be spent that year. Rs. 20,000 were provided for 1954-55 but the revised estimate for 1954-55 as well as the budget estimate for 1955-56 were nil. A sum of Rs. 1,000 has been shown as the revised estimate of expenditure for 1955-56 but there is no budget provision for this survey for 1956-57. It would seem that in 1954-55 the survey did not progress as anticipated in the budget while after that no provision has at all been made for the completion of the work.

(ii) *Samasthepur-Darbhanga doubling Survey (North Eastern Railway)*

A sum of Rs. 24,000 being the anticipated cost of this work was provided for in the budget for 1955-56 but the revised estimate for 1955-56 and the budget estimate for 1956-57 are nil.

(iii) *Gudur-Bitrugunta-Bezwada doubling engineering survey (Southern Railway)*

A sum of Rs. 80,000 out of an anticipated cost of Rs. 1.80 lakhs was provided in the budget for 1955-56 but the revised estimate is nil. However a similar amount has been provided for 1956-57.

## IV

### *A Review of the Budget Estimates for 1956-57*

24. The Committee note that the Railways propose to incur an expenditure of Rs. 199·8 crores only (excluding a credit for Rs. 6·80 crores on account of the transfer of Railway collieries to the Ministry of Production) during 1956-57 on schemes forming part of the Second Five-Year Plan, against the total outlay of Rs. 1,125 crores on Railways. On the eve of the commencement of the Second Five-Year Plan, the Railways are not in a position to meet fully even the existing demands of passenger and goods traffic. With increasing developmental outlay in the industrial and other sectors during the next few years, the demands of traffic are likely to rise very steeply particularly from the third year of the Plan onwards. In this connection the Committee would like to emphasize the necessity of developing the necessary traffic capacity ahead of the demand and to point out that it was for this reason that the Estimates Committee had suggested in the course of the correspondence with the Planning Commission that the annual allotment to the Railways during the Second Plan should be relatively higher in the first three years. The Estimates Committee were assured by the Deputy Chairman of the Planning Commission that the Railways had been given practically all that they required, so far as the first year of the Second Five-Year Plan was concerned. During their discussion with the Railway Board, the Committee were informed that the capacity of the Railways for executing their developmental programme which improved last year is still limited and that on account of the uncertainty of the size of the Plan, it had not been possible for them to improve the capacity earlier. They assured the Committee however that they would be in a position to have a bigger programme in the next two years. The Committee feel that it is very unfortunate that after having prepared a plan costing Rs. 1,480 crores which had been cut down by the Planning Commission to Rs. 1,125 crores which was considered by the Railway Board to be insufficient to meet the increasing traffic needs of the country, the Ministry of Railway should now find themselves unable to propose this year a larger developmental programme than that amounting to Rs. 199·8 crores which is only 13·5 per cent. of the originally proposed outlay of Rs. 1,480 crores. The Committee consider that urgent measures should be taken to expedite the execution of the various projects included in the Plan so that the Railways might not find themselves lagging behind not merely in the traffic requirements but also in the progress of the schemes comprising the reduced outlay of Rs. 1,125 crores. Further, it is only by progressing at a very fast pace in the early years of the Plan that

the Railways could expect to earn additional resources through which, it has been agreed, they might expand the plan outlay to that originally proposed.

### *Works Expenditure*

25. Turning to the provision made in the Budget for 1956-57 for works expenditure, the Committee would like to make the following observations.

A sum of Rs. 2.11 crores has been provided for the construction of headquarters building at Gorakhpur, Madras, Garden Reach and Church Gate. Provision has also been made for air-conditioning the building in Madras. The need for the office buildings was explained to the Committee by the Railway Board. It was also stated that there would be no additional cost on account of the air-conditioning of the Madras Office Building, as the normal extra cost of air-conditioning would be off-set as the result of adopting certain economical structural designs, which would be possible only because of air-conditioning. While the Committee do not dispute that administrative Headquarters Offices should have suitable buildings for carrying on official business, they would emphasise that at least in the earlier years of the Plan, works which would result in increasing the capacity to handle traffic should be given priority.

### *Surveys*

26. On scrutinising the provisions in the Budget for traffic and engineering surveys, the Committee notice that certain statements made by the Railway Minister in para 24 of his Budget Speech are not borne out by the budget provisions:—

#### *(i) Kotah—Ajmer engineering and traffic surveys:*

This survey is stated to have been completed. The work was first mentioned in the Budget for 1955-56, where the anticipated cost was shown as Rs. 3,80,000/- and an amount of Rs. 1,20,000 was provided for 1955-56. But the revised estimates for that year and the budget estimates for 1956-57 are nil.

#### *(ii) Bhaili—Bhadran and Sojitra—Dholkas:*

These are included in the new surveys stated to have been sanctioned. But as against an estimated cost of Rs. 69,000/- the revised estimate of expenditure in 1955-56 is only Rs. 2,000/- while no amount has been provided for in the budget for 1956-57.

According to their original plan, the Railways contemplated the construction of 3,000 miles of new lines during the Second Five-Year Plan period. In view of the reduction made in that Plan, the mileage of new constructions to be undertaken has been reduced to 850 miles. In their 18th Report, the Committee had stated that the construction of new Railway lines for developmental purposes should be undertaken to the extent possible within the limited resources. The Committee are glad to find that the Railway Ministry now intend to undertake the surveys of all the new lines originally contemplated, so that it might be possible for them to undertake additional constructions according to their original programme, if additional funds are made available at a later stage. They also welcome the proposal of the Railway Ministry to survey 15 projects during the year 1956-57.

### *Passenger Amenities*

27. On scrutinizing the allotment of Rs. 3 crores to "Passenger Amenities", the Committee find that the following items of works are also treated as Passenger Amenities:

- (a) Conversion of N.G. Line to M.C. or B.G.
- (b) Fire-fighting equipment at stations and sheds.
- (c) Provision of flag stations—Conversion of Halts into Flag Stations.
- (d) Station buildings.

Some of the major items of expenditure on station buildings provided for under 'Passenger Amenities' and made chargeable to the allotment of Rs. 3 crores are given below:—

		Portion of the total anticipated cost chargeable to 'Passenger Amenities'	Provision for 1956-57
		Rs.	Rs.
<i>Eastern Railway:</i>			
1. Jasidih	New Station building and widening and raising of platform	5,14,000	30,000
2. Chittaranjan	Providing of new station building	4,24,000	55,000
<i>Northern Railway:</i>			
3. Allahabad	Providing of new station building	27,32,000	9,24,000
4. New Delhi		16,99,000	99,000

		Portion of the total anticipated cost chargeable to 'Passenger Amenities'	Provision for 1956-57
		Rs.	Rs.
<b>Southern Railway:</b>			
5. Bezwada	Re-modelling the station building for providing more facilities to passengers	8,99,000	1,20,000
6. Guntur	Provision of new station building	10,20,000	1,00,000
7. Nungambakkam	Proposed station at mile 5 x 2 between Chet Pat and Kodambakkam in the Madras Electric Suburban Section	3,47,000	90,000
8. Chidambaram	Re-modelling of station	6,51,000	50,000
9. Irinyalakuda	Re-setting of the station building and providing necessary passenger facilities	2,36,000	40,000
(The station building is on the wrong side of the line and passengers and vehicles are unnecessarily detained at the adjacent level crossing. The station building; needs replacement to suit present requirements.)			
<b>Western Railway:</b>			
10. Godhra	Re-building the station building to provide amenities for passengers	9,15,000	4,00,000
11. Naigoan	Opening of a new station between Bhayandar and Bassein Road on the Bombay suburban section	4,31,000	2,00,000

Besides, the following work is also seen to have been provided for under Passenger Amenities:

		Portion of the total anticipated cost chargeable to 'Passenger Amenities'	Provision for 1956-57
<b>Southern Railway:</b>			
1. Between Madras Egmore and Tambaram—Electrifying the existing third track (Steam line) and providing an additional catenary between Madras Egmore and Madras Beach including necessary paralleling and bonding arrangements		18,06,000	3,00,000

The Committee strongly feel that the types of expenditure and works referred to above should not have been charged to the allotment of Rs. 3 crores intended for 'Passengers and other Railway Users Amenities'. They are unable to believe that it was the intention of either the Convention Committees of 1949 or that of 1954 that the small sum of Rs. 3 crores should be diverted to the expenditure on big station buildings or on conversion of one type of

station to another or on conversion of narrow-gauge line into metre gauge or broad gauge lines. They are left unconvinced by the argument put forward by the Railway Board during discussion that these works, being non-remunerative and therefore having no financial justification are Passenger Amenities and should be treated in accounts as such. The Committee feel that the common man would not interpret the term 'Passenger Amenity' in the wide sense in which the Railways would like to construe it. They therefore recommend that immediate steps should be taken to re-define the term 'Passenger Amenity' in conformity with the popular conception of the term. As regards the works that are now being charged to this head on the ground that they have no financial justification, it is suggested that, if necessary, some other suitable accounting device may be introduced just as the one for unremunerative operating improvement works. The lot of the Railway users, particularly the 3rd class passengers is by no means happy, and there is no justification for depriving them of the benefit accruing from the comparatively small sum provided for their amenities.

The Committee are glad to be informed that, since their discussion on the subject with the Railway Board, action has been taken by the Railway Board to delete the item 'Fire Fighting Equipment' from the scope of 'Passenger Amenities'.

#### *Expenses on Administration*

28. Earlier in this report, the Committee have pointed out that the expenditure on Administration (Demand No. 4) has been steadily increasing in the last six years. The percentage ratio of the provision under Administration for 1956-57 to the total ordinary working expenses (excluding the element of freight on coal, which might otherwise vitiate a proper comparison), for the various Railways are given below:

Central Railway	Eastern Railway	Northern Railway	North-Eastern Railway	Southern Railway	South-Eastern Railway	Western Railway
12.75	14.88	15.26	16.52	14.02	13.04	14.40

It is also noticed that there is a wide variation in the provisions made for the various Railways under the detailed head "Accounts and Cash & Pay Department" as compared to the total expenditure



budget (including revenue and capital). For the Central, Northern, Western and North-Eastern Railways the position is as follows:—

(in lakhs of rupees)			
Railway	Expenditure budget including revenue and Capital	Provision under Accounts, Cash and Pay Deptt.	Col. 3 as percentage of Col. 1.
Central . . . . .	126.71	59.21	47%
Western . . . . .	107.78	51.49	48%
Northern . . . . .	104.55	72.51	69%
North-Eastern . . . . .	67.02	54.82	82%

The Committee desire that a comparative study of the expenditure under the various detailed heads of the demand 'Administration' for the various Railways should be undertaken by the Railway Board to ensure that differences exist only where rational justifications exist and only to the extent justified.

#### *Number of Posts*

29. The Committee would like to observe that the number of posts sanctioned for the various departments of the Railways are not shown in the detailed budget of the Railways, except in the case of the Railway Board's Office and a few other minor offices. The Committee would suggest that, as in the case of the General Budget, in which the number of the posts in each of the Civil Departments are shown, the number of posts in the various departments of the Railways should be shown in the Railway Budget to facilitate a better study of the Budget.

#### *Losses on Departmental Catering*

30. In respect of departmental catering, the Committee notice that in para 33 of his Budget Speech, the Railway Minister assured the House that every effort would be made to see that departmental catering covers costs and expressed the hope that the House would agree that the improvement would be worthwhile even if there was a slight loss.

The Committee understood from the Railway Board that on the Southern and Eastern Railways the losses on departmental catering in recent years were as follows:—

			(In lakhs of rupees)	
Year			Southern Railway	Eastern Railway
1951-52	.	.	4.27	2.89
1952-53	.	.	6.57	1.90
1953-54	.	.	4.25	2.93
1954-55	.	.	3.17	Not furnished.

The Committee feel that in order to keep the Parliament informed of the losses incurred on departmental catering, there should be a device in the budget by which the profit or loss on departmental catering is shown in the budget. For this purpose the feasibility of introducing a detailed head similar to item No. 6 under Demand No. 7 "Loss or Gain on working of State Collieries" may be examined by the Railway Board.

#### *Revision of Estimates of Integral Coach Factory*

31. The Committee notice that in the Budget of 1952-53, the anticipated cost of the Integral Coach Factory, Perambur was shown as Rs. 3,79,24,000/-. This was raised to Rs. 4,35,15,000/- in the Budget for 1954-55 and to Rs. 7,35,15,000/- in the the Budget of 1956-57, while the target capacity of production which was originally mentioned as 350 coaches remains unchanged. During discussion with the Railway Ministry, it was explained to the Committee that originally the estimate prepared by the Swiss firm was accepted but that later on it was found that the estimate did not provide in full for various ancillary civil works, on account of which necessary modifications had to be made. It was also stated that of the present anticipated cost of Rs. 7.35 crores, nearly Rs. 4 crores are for the civil works and about Rs. 3 crores for the Plant and Machinery. The Committee would like to observe that the anticipated cost has nearly doubled during these years but that neither the Explanatory Memoranda nor any of the other budget papers placed before the House every year, either specifically drew attention to or explained this increase. The Committee feel that large variations in the anticipated cost of such big project should be suitably explained to Parliament, when demanding extra funds.

#### *Travel Concessions*

32. The Committee welcome the travel concessions announced by the Railway Minister and hope that the feasibility of extending the concessions further will be constantly kept in view.

*Contribution to Depreciation Reserve Fund*

33. With reference to the proposal to transfer this year and in future years a sum of Rs. 45 crores to the Depreciation Reserve Fund instead of the sum of Rs. 35 crores which was recommended by the Convention Committee of 1954, the Committee observe that during the period of the First Five-Year Plan there has been an average annual withdrawal of Rs. 41·83 crores from the Fund. The amount withdrawn in 1954-55 was Rs. 45·82 crores while the revised estimates for 1955-56 anticipate a withdrawal of Rs. 48·42 crores. In view of the heavy withdrawal from the Depreciation Reserve Fund in recent years, the Committee consider that the decision to contribute to the Fund an amount of Rs. 45 crores annually is a move in the right direction.

BALVANTRAY G. MEHTA,  
*Chairman, Estimates Committee.*

NEW DELHI;  
*The 12th March, 1956.*

## Statement showing the Budget Estimates, the Revised Estimates, and the

De- mand No.	Particulars	1951-52			1952-53		
		Budget	R.E.	Actual	Budget	R.E.	Actual
12A	Labour Welfare . . .	2·28	2·05	1·41	1·45	1·45	1·18
12B	Other than Labour Wel- fare . . . . .	3·83	3·84	2·57	4·13	4·13	2·87
	TOTAL (Chargeable to Revenues)	6·11	5·89	3·98	5·58	5·58	4·05
15	Construction . . . New Lines S.G. . . .	2·61	2·43	1·89	0·49 0·25	0·74	0·33
16	Additions . . . . S.G. . . . .	15·19 4·21	16·94	20·04	13·22	13·25	7·15
17	Replacements . . . S.G. . . . .	40·25 2·93	43·18	37·16	48·92	47·42	40·46
18	Development Fund . . S.G. . . . .	8·29	8·29	7·70	10·71	9·60	8·10
19	Vizag Port . . . .	0·16	0·16	0·09	0·18	·11	0·09
	TOTAL :						
	(Not chargeable to Re- venues)						
	Original Grant . . .	66·50	71·00	66·88	73·52	71·12	56·13
	S.G. . . . .	7·14			0·25		
	GRAND TOTAL . . .	79·75	76·89	70·86	79·35	76·70	60·18

(S.G.—Supplementary Grant.)

# DIX I

*actual Expenditure by Demand Heads for each of the five Years of the Plan.*

(In crores of rupees)

1953-54			1954-55			1955-56		1956-57
Budget	R.E.	Actual	Budget	R.E.	Actual	Budget	Revised estimate	Budget estimate
1·24	1·18	1·18	1·25	1·25	1·06	1·07	1·30	1·62
4·45	3·95	3·20	5·38	5·37	3·86	4·61	5·69	9·20
5·69	5·13	4·38	6·63	6·62	4·92	5·68	6·99	10·82
1·68	0·84	0·76	2·44	2·12	1·89	5·66	6·22	12·55
16·59	15·79	10·36	30·39	30·39	30·14	58·41	63·43	95·17
41·62 1·86	43·48	38·75	44·39	43·85	46·05	44·00	51·01	51·13
13·78	12·41	9·81	10·59 1·56	12·14	12·78	12·32	12·31	22·17
0·25	0·23	0·15	0·56	0·48	0·43	0·61	0·59	1·15
73·92	72·75	59·83	88·37	88·98	91·29	121·00	133·56	182·17
1·86			1·56					
81·47	77·88	64·21	96·56	95·60	96·21	126·68	140·55	192·99

## APPENDIX II

*Statement showing the summary of conclusions/recommendations of the Estimates Committee relating to the Railway Budget for 1956-57*

S. No.	Reference to para No. in the Report	Summary of conclusions/recommendations
1	2	3
1	4	The interval between the presentation of Railway Budget and the commencement of the discussion or even the voting thereon, was far too short for the Committee to make a more detailed examination of the budget than was found possible. The Committee consider that their task would be very much facilitated if a longer interval could be allowed between the presentation of the Railway Budget and the commencement of the discussion as also the voting thereon, either by a suitable modification of the Parliamentary programme or by granting the Railways a 'Vote on Account' and recommend that either of the two suggestions be implemented.
2	8	The Committee observe that even though the percentage ratio of working expenses to earnings also known as the 'Operating ratio' in the post-war years, as compared to pre-war levels is partly due to general rise in cost and partly to the revised scales of pay according to the recommendations of the Central Pay Commission and the implementation of the Adjudicator's award, none the less the need for a constant review to keep down the working expenses is indicated.
3	9	The figures of goods earnings and train mileage for the years 1951-52 to 1955-56 indicate that the increase in train miles operated for goods traffic has not been of the same order as that in train miles for passenger traffic and considering that generally a large bulk of goods traffic offering remain uncleared, it would appear that the railway would have improved their goods earnings and strengthened their finances had it been possible for them to pay a little more attention to goods traffic.

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4	12	The Committee feel that the rise in the ratio of expenses on administration to the total ordinary working expenses should be controlled by careful means, especially by ensuring greater efficiency. The Committee also feel that it would be advantageous if there is a more appropriate classification under the demand head 'Administration' and charges that are purely administrative are segregated from those that directly belong to workshops depots etc.
5	13	The Committee suggest that whenever there is a shift of expenditure from one demand to another the extent to which that shift has taken place should be indicated in the budget demand showing the increase under one demand against the corresponding reduction in the other. The increase in expenditure should also be more fully explained than is done at present.
6	16	The Committee observe that the outlay on railways fell far short of the budget estimates in the first three years of the Plan period and that during this period even the revised estimates of the particular year under review at the time of presentation of the budget for the ensuing year proved unduly optimistic.  The Committee are, however, glad to note that in the last two years of the Plan period the tempo of expenditure has considerably increased and the railways not only made up the short-falls in expenditure of the earlier years but also expect to exceed Plan outlay by about eight per cent.
7	19	It would appear that the additional rolling stock acquired for the Railways is not quite in proportion to the additional financial outlay.
8	20	As regards the expenditure on track and bridges on which nearly 90 per cent of the outlay which was planned has been incurred, the Committee were unable to ascertain within the short time available to them, to what extent physical targets envisaged under the Plan had been actually reached. However, the fact remains that whereas at the beginning

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of the First Plan, speeds had been restricted over 3000 miles due to weak condition of the track, at the end of the Plan speeds still remain restricted over about 1784 miles.

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The committee notice that even in respect of Passenger Amenities for which a sum of Rs. 3 crores was earmarked every year, the expenditure fell short of the estimates in the first three years of the Plan. While in respect of certain other items, the total outlay in the last two years of the Plan period attempted to make good to some extent the short-fall in expenditure in the first three years, no such tendency is noticed in respect of the works on Passenger Amenities. The Committee feel that the item should have been better attended to and the target fixed for the First Five Year Plan reached as most of the works that should properly fall under this head could not have been affected by special circumstances like shortage of steel etc.

The Committee also recommend that any short-fall of expenditure against the annual allotment of Rs. 3 crores for Passenger Amenities in any particular year should be made good in the following or subsequent years.

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The Committee note that in a number of cases the actual expenditure fell far short of the budget provisions and that in the case of some works this was the position year after year in successive budgets. Some of the more important instances are mentioned below :—

- (i) Building of Torsa Bridge—North-Eastern Railway.
- (ii) Kalyan Power House extension—Central Railway.
- (iii) Additional 18 m.w. plant in Kalyan Power House for Central Railway.
- (iv) Remodelling of Bezwada Station Yard.
- (v) Replacing the generating plant in Ajmer Power House
- (vi) Gadag—Sholapur branch line. Regirding of spans of Bridges.
- (vii) Provision of a third line from mile 5/B to East Dock junction (Eastern Railway)



1	2	3
11	23	<p>The Committee regret to observe that although provision is made in each year's budget for survey works, in a number of cases the surveys undertaken were not completed as would appear from the actual expenditure incurred. The following cases are mentioned as illustrations.</p> <ul style="list-style-type: none"> <li>(i) Hridagarh Rakhikol Survey. (Central Railway)</li> <li>(ii) Samasthepur—Darbhanga doubling Survey. (North Eastern Railway)</li> <li>(iii) Gudur—Bitragunta—Bezwada doubling engineering survey. (Southern Railway)</li> </ul>
	24	<p>The Committee note that the Railways propose to incur an expenditure of Rs. 199·8 crores only (excluding a credit for Rs. 6·80 crores on account of the transfer of Railway Collieries to the Ministry of Production) during 1956-57 on schemes forming part of the Second Five Year Plan against the total Plan outlay of Rs. 125 crores on Railways. On the eve of the commencement of the Second Five Year Plan, Railways are not in a position to meet fully even the existing demands of passenger and goods traffic. In this connection the Committee would like to emphasise the necessity of developing the necessary traffic capacity ahead of the demand and to point out that it was for this reason that the Committee had suggested the course of correspondence with the Planning Commission that the annual allotment of Railways during the Second Five Year Plan should be relatively higher in the first three years.</p> <p>The Committee feel that it is very unfortunate that after having prepared a plan costing Rs. 1,480 crores which had been cut down by the Planning Commission to Rs. 1,125 crores which was considered by the Railway Board to be insufficient to meet the increasing traffic needs of the country, the Ministry of Railways should now find themselves unable to propose this year a larger developmental programme than that amounting to Rs. 199·8 crores, which is only 13·5% of the originally proposed outlay of Rs. 1,480 crores.</p> <p>The Committee consider that urgent measures should be taken to expedite the execution of</p>

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		the various projects included in the Plan so that the Railways might not find themselves lagging behind not merely in the traffic requirements but also in the progress of the schemes comprising the reduced outlay of Rs. 1,125 crores.
13	25	While the Committee do not dispute that the administrative headquarters offices should have suitable buildings for carrying on official business, they would emphasise that at least in the early years of the Plan works which would result in increasing the capacity to handle the traffic should be given priority.
14	26	<p>On scrutinising the provisions in the budget for traffic and engineering surveys, the Committee notice that certain statements made by the Railway Minister in para 24 of his Budget Speech are not borne out by the budget provisions. In this connection the following cases are mentioned as examples :</p> <p>(i) Kotah—Ajmer Engineering and Traffic Survey.</p> <p>(ii) Bhaili—Bhadran and Sojitra—Dholka.</p> <p>The Committee are, however, glad to find that the Railway Ministry now intend to undertake the surveys of all the new lines originally contemplated, so that it might be possible for them to undertake additional constructions according to their original programme if additional funds are made available at a later stage.</p>
15	27	<p>The Committee regret to note that the following items of work are charged to the allotment of Rs. 3 crores intended for Passengers and other Railway Users Amenities.</p> <p>(i) Conversion of N.G. Line to M.G. or B.G.</p> <p>(ii) Fire-fighting equipment at Stations and sheds.</p> <p>(iii) Provision of Flag Stations—conversion of Halts into Flag Stations.</p> <p>(iv) Station Buildings.</p>

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The Committee are unable to believe that it was the intention of either the Convention Committee of 1949 or that of 1954 that the small sum of Rs. 3 crores should be diverted to the expenditure on big station buildings or on conversion of one type of station to another or conversion of narrow-gauge lines into metre-gauge or broad-gauge lines.

The Committee recommend that immediate steps should be taken to redefine the term 'Passenger Amenity' in conformity with the popular conception of the term. As regards the works that are now being charged to this head on the ground that they have no financial justification, the Committee suggest that if necessary some other suitable accounting device may be introduced just as the one for expenditure on unremunerative works.

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The Committee notice that there is a wide variation in the provisions made in the various Railways to the detailed head "Accounts and Cash & Pay Department" as compared to the total expenditure budget (including revenue and capital). The Committee desire that a comparative study of expenditure under the various detailed head of the demand "Administration" for the various Railways should be undertaken by the Railway Board to ensure that differences exist only where rational justification exist and only to the extent justified.

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The Committee observe that the number of posts sanctioned of the various Departments of the Railways are not shown in the detailed budget of the Railways except in the case of the Railway Board's office and a few other minor offices. The Committee suggest that as in the case of the General Budget in which the number of posts in each of the civil departments are shown, the number of posts in the various departments of the Railways should be shown in the Railway Budget to facilitate a better study of the Budget.

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The Committee understand that on the Southern and Eastern Railways there have been losses on departmental catering in recent years. The Committee feel that in order to keep

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		<p>Parliament informed of the losses incurred on departmental catering, there should be a devise in the budget by which the profit or loss on departmental catering is shown in the budget. For this purpose, the feasibility of introducing a detailed head similar to item No. 6 under demand No. 7 "Loss or Gain on Working of State Collieries" may be examined by the Railway Board.</p>
19	31	<p>The Committee notice that in the budget of 1952-53 the anticipated cost of the Integral Coach Factory, Perambur was shown. as Rs. 3,79,24,000/- This was raised to Rs. 4,35,15,000 in the budget for 1954-55 and to Rs. 7,35,15,000/- for the budget of 1956-57, while the target capacity of production which was originally mentioned as 350 coaches remains unchanged. The Committee observe that the anticipated cost has nearly doubled during these years but that neither the Explanatory Memoranda nor any of the budget papers placed before the House every year either specifically drew attention to or explained this increase. The Committee feel that large variations in the anticipated cost of such big project should be suitably explained to Parliament when demanding extra funds.</p>
20	32	<p>The Committee welcome the travel concessions announced by the Railway Minister and hope that the feasibility of extending the concessions further will be constantly kept in view.</p>
21	33	<p>In view of the heavy withdrawal from the Depreciation Reserve Fund in recent years, the Committee consider that the decision to contribute to the fund an amount of Rs. 45 crores annually is a move in the right direction.</p>