

**Speech of Shri Gulzari Lal Nanda  
Introducing the Railway Budget  
for 1970-71, on 23<sup>rd</sup> February, 1970**

Sir,

1. I rise to present the Railway Budget for 1970-71.

**Accounts Of 1968-69**

2. I am glad to be able to report to the House that the accounts of the year 1968-69 show that the shortfall in net Railway Revenue for the payment of the dividend to the General Revenues turned out to be only Rs. 7.86 crores. This, as the House will note, is less than the revised estimate by Rs. 2.15 crores. Ordinary Working Expenses and Miscellaneous Expenditure mainly on minor works charged to Revenue went below the revised estimates by Rs. 3.22 crores and Rs. 1.58 crores respectively. There was also a reduction of Rs. 66 lakhs on the dividend due to General Revenues. These reductions in expenditure were offset by a fall of Rs. 331 crores under Gross Traffic Receipts, mostly under goods earnings. The dividend of Rs. 150.67 crores to General Revenues was paid in full by withdrawing Rs. 7.86 crores from the Revenue Reserve Fund. This left the fund with a balance of only Rs. 3.49 crores at the end of the year.

**Revised Estimates For The Current Year**

2. For the current year, the Railway Administration had anticipated an increase of 9 million tonnes of revenue earning goods traffic. In spite of serious breaches due to cyclones in Andhra Pradesh and floods on the Western and Northeast Frontier Railways, the disruption of movement due to the Telengana agitation and several 'bundhs' and civil disturbances in different parts of the country, the Railways had by August 1969 moved about 4½ million tonnes more than in the previous year. But traffic slowed down from September, and at the turn of the calendar year the increase in originating tonnage was only about 5.27 million tones. In January, 1970 loadings were actually less than in January of the previous year, and on present indications it seems unlikely that the Railways will lift more than 5½ million tonnes over the traffic of the last year as against the anticipated 9 million tonnes. This is notwithstanding the Northern Railway's creditable performance in loading & 1.94 million tonnes of foodgrains and pulses between May and July, which was nearly a quarter of a million tonnes more than last year, and the achievement of the Eastern and South Eastern Railways in loading about 2.7 million tonnes more of revenue earning coal in the first nine months of the year. The shortfall as mainly on traffic to and from the steel plants and on general goods traffic. Up to the end of December, the steel plants took 1.1 million tonnes less of raw materials than last year, whereas the expectation was that they would take one million tonnes more. Similarly, the dispatches of pig iron and steel from the steel plants were only a hundred thousand tonnes more this year against the expectation of five tunes that quanta Iron ore for export has been up to budget expectations, while cement movement have exceeded anticipation by nearly a million tonnes. Other general goods, however, have gone up by only three-quarters of a million tonnes up to December, whereas according to budget anticipations they should have gone up by double that figure. The estimate of goods earnings has consequently been scaled down by Rs. 10 crores from the budget figure of Rs. 600 crores. In judging the total rail transport effort, however, it has to be taken into account that the Railways have moved nearly a million tonnes more than last year of loco coal and other railway material.

3. Under passenger earnings, the picture is somewhat brighter. As a result of the amendment of the Railways Act in June 1969, increasing the penalty for ticket less travel, there has been a substantial increase in passenger earnings, and it is now expected that the budget estimate of Rs. 273 crores will be exceeded by Rs. 9¼ crores.

4. Other coaching earnings and sundry earnings have also bettered anticipations by about Rs. 1½ crores and Rs. 2 crores respectively more than estimated in the budget. Earnings awaiting realization are now expected to be about a crore less than the budget of Rs. 4.2 crores.

5. In the result our present estimate of gross traffic receipts in the current year is Rs. 950.55 crores crores – an improvement of Rs. 3.75 crores over the budgeted figure.

6. This marginal increase in receipts does not, however, give a true picture of the financial position for the current year. For there has been an increase of about Rs. 17.7 crores over the amount budgeted for Ordinary Working Expenses. This increase is spread practically over all the Demands. Rs. 9.46 crores or well over half the increase is on repairs and maintenance : Rs. 3.24 crores for the repair of damage caused by cyclone and flood; Rs. 1.7 crores more for renewal of train lighting equipment; Rs. 2.20 crores more for repair of rolling stock (including the rehabilitation of the 1951 stock of Electric Multiple Units); Rs 1.82 crores more for repairs of other assets; and Rs. 50 lakhs for additional rental on Posts and Telegraphs line wires.

Because of increase in the coal prices from October 1969, increases in the passenger train services and certain other factors, the provision for fuel has to be increased by Rs. 4.77 crores. There is a net increase of Rs. 2.73 crores under other operating expenses, of which Rs. 1.55 crores is on payment of compensation for goods lost or damaged, the balance being due to increase in the cost of stores, in handling rates and in the tariffs for electricity. There is also an increase of Rs. 97 lakhs in the provision for miscellaneous expenses, which covers extra expenditure under compensation for personal injuries in accidents, higher rates and taxes, and more departmental charges on the purchase of stores. The other increases are minor.

7. The appropriations to the Depreciation Reserve Fund and Pension Fund remain at the budgeted figures. On miscellaneous expenditure, there is an increase of Rs. 77 lakhs mainly due to the cost of minor works and surveys undertaken during the year. There is a reduction of Rs. 31 lakhs in miscellaneous receipts. In the result, net railway revenue, it is estimated, will be about Rs. 15 crores less than forecast in the Budget. Taking into account the small reduction of Rs. 58 lakhs in the dividend payable to the General Revenues, the net difference on the revenue estimates is Rs. 14.46 crores. This wipes out the nominal budgeted surplus of Rs. 191 crores and results in a revenue shortfall of Rs. 12.55 crores. To enable the Railways to pay the dividend of Rs. 158.43 crores to the General Revenues, there is thus need to find this amount of Rs. 12.55 crores. The amount available in the Railway Revenue Reserve Fund for this purpose being only Rs. 2.84 crores, the Railways have to take a loan of Rs. 9.85 crores from General Revenues to meet the dividend liability. Thus for the fourth year in succession, net railway revenues have failed to produce the full amount due as dividend to the General Revenues. I shall deal later with the measures which are considered necessary to correct this situation.

#### **Fourth Plan**

8. Before I come to the Railway Budget for the coming year, I wish to acquaint the House in a general way with the proposals finalised regarding the Railways' Fourth Plan. The Working Group on Rail Transport set up under the auspices of the Planning Commission has assessed the freight traffic in 1973-74, the last year of the Plan, at about 265 million tonnes. Non-suburban passenger traffic is expected to increase during the Plan period by 23 per cent. The increase in suburban passenger traffic expected is somewhat more. The objectives of the Railways' Fourth Plan are to provide fully for the traffic anticipated during the Plan period, to modernise railway equipment and practices in order to improve efficiency and reduce costs and to extend the broad gauge to areas where rapid economic development is expected.

#### **Physical Targets of The Fourth Plan**

9. It is planned to provide for rolling stock consisting of 430 broad gauge and 218 metre gauge main line diesel locomotives, 100 diesel shunters, 340 broad gauge electric locomotives, about 100,000 wagons and 6,400 standard coaches, 768 electric multiple coaches and 50 rail cars. The aim is that the operation of high density traffic routes should entirely be by electric or diesel traction. Diesel traction will be extended to more sections on the railway system, priority being determined by density of traffic, the maximum throughput obtainable and the distance from the coal-fields. Accordingly, 1,700 more route kilometres are planned to be electrified and 3,000 more kilometres brought under diesel traction during the Fourth Plan. Surveys and studies are in progress to determine priorities. About 750 route kilometres are intended to be converted to broad gauge and 1,250 kilometres of track doubled during the Plan period. The provision for signalling and safety works covers track circuiting of 1000 stations, automatic block signalling over 500 kilometres and the installation of safety devices at busy level crossings. And last but not least, there is a programme for construction of more staff quarters, better provision for staff welfare and substantial increase in passenger amenities. The money available for construction of new lines will be taken up mostly by the completion of constructions already started and there will be an outlay only of Rs. 28 crores for the construction of approximately 800 kilometres of new lines, of which about 150 kilometres are expected to be completed during the Plan period.

#### **Expenditure Programme In the Fourth Plan**

10. The Plan expenditure for achieving the aforesaid targets has been placed at Rs. 1,525 crores. This includes Rs. 620 crores for rolling stock, Rs. 15 crores for plant and machinery, Rs. 200 crores for track renewals, Rs. 28 crores for bridge works, Rs. 82 crores for electrification, Rs. 315 crores for line capacity works, Rs. 30 crores for workshops and sheds, Rs. 40 crores for signaling and safety works, Rs. 45 crores for staff quarters and welfare, Rs. 20 crores for passenger amenities, Rs. 10 crores for investment in road services and Rs. 83 crores for new lines. The balance of Rs. 37 crores is intended for certain miscellaneous expenses and inventories.

#### **Foreign Exchange Component of The Plan**

11. The foreign exchange component of the Railways Fourth Plan has been assessed at Rs. 180

crores. This, it may be noted, is Rs. 60 crores less than the foreign exchange expenditure at pre-devaluation rates during the Third Plan. Foreign exchange is needed mostly on imported components for diesel and electric locomotives and Electric Multiple Unit coaches, copper for electrification projects and certain other essential equipment. The largest single source of foreign exchange for the development programmes of the Railways has been the World Bank Group; the International Development Association, affiliated to the World Bank, has extended a credit of the equivalent of 55 million U.S. Dollars, i.e., 41.25 crores in rupees, last September and this should cover the greater part of the Railways' foreign exchange requirements during the current financial year and the next year. Assistance from the United States Agency for International Development and the Export-Import Bank of Washington and Canada, the Federal Republic of Germany, the United Kingdom, Japan, France and other countries covers the balance of the requirement. I gratefully acknowledge this assistance.

### Plan Resources

12. The Fourth Plan for the Railways has been approved on the understanding that, of the total expenditure of Rs. 1,525 crores, Rs. 940 crores will be found by the Railways themselves - Rs. 525 crores from the Railways contribution towards the Depreciation Reserve Fund during the Plan period, Rs. 265 crores from anticipated revenue surpluses at the existing freight rates and fares, interest on balances etc. and Rs. 150 crores to be raised by increases in fares and freight rates during the Plan period. It is only the balance of Rs. 585 crores that will be made available from the General Resources.

13. I stated earlier that traffic in the current year has not come up to expectations and that instead of a surplus anticipated, the Budget for the current year will end in a shortfall of Rs. 12.55 crores. The latest forecast for the five-year period upto 1973-74 indicates that apart from the contributions to the Depreciation Fund, the Railway contribution to Plan resources will, at the present passenger fares and freight rates, come up only to Rs. 86 crores against Rs. 265 crores envisaged in the Plan. The gap amounts to Rs. 179 crores to which will have to be added the amount of Rs. 150 crores which is to be found by increases in fares and freight rates to make up the Plan investment of Rs. 1,525 crores. The Railways have, therefore, the task of raising Rs. 329 crores for implementing the Plan and herein lies the problem facing the Railways. I should draw the attention of the House at this stage to the fact that even the figure of Rs. 1,525 crores allotted to the Railway Plan was considered by the Railways as insufficient to build up capacity to move more than 255 million tonnes of goods traffic in 1973-74 and that the recent increase in steel prices virtually reduces the allotted Plan outlay by about Rs. 25 crores. The new Pay Commission will cover the pay and wage scales of Railwaymen also. It is too early to forecast what the impact of the report of the Pay Commission will be on the Railway Plan. Even ignoring the distortions which the steel price increase and possible increase in the wage bill, will cause, the problem of planning is to find the required internal resources of Rs. 265 crores plus the Rs. 150 crores referred to earlier.

### Budget Estimates For The Next Year

14. This is the picture of Railway finances with which we enter the new year. And let me now proceed to place before the House the budget proposals for the year 1970-71. The Fourth Railway Plan has been framed on the assumption that in the coming year, the Indian Railways would produce a revenue surplus of Rs. 19½ crores. But what is likely to be the real picture? Allowing for a normal increase of 3 per cent in passenger and 2 per cent in other coaching traffic, and an increase of the order of 7.6 million tonnes in originating goods traffic, the Gross Traffic Receipts at the present level of fares and freight should total up to Rs. 983 crores - an increase of about Rs. 32½ crores over the current year. As against this, Ordinary Working Expenses will go up by Rs. 17.94 crores, appropriation to the Depreciation Reserve Fund and Pension Fund will each go up by Rs. 5 crores and the Dividend will go up by Rs. 8.66 crores. Taking into account the changes under certain minor heads, the outgo increases by Rs. 36.52 crores against an increase of only Rs. 32.45 crores in earnings, so that the net revenue would be Rs. 16.62 crores short on the dividend of Rs. 167.09 crores due to General Revenues. As against this the Plan estimates a surplus of Rs. 19½ crores in 1970-71. The gap between the plan estimate and actual availability is as much as Rs. 36.12 crores. The increase in the Ordinary Working Expenses is mainly on account of the provision of Rs. 5.33 crores for annual increments to staff and of Rs. 4.81 crores for additions to staff to handle the increase in traffic and to maintain the growing assets, particularly rolling stock, an increase of Rs. 4.29 crores under repairs to rolling stock, an increase of Rs. 3.41 crores under fuel, and an increase of Rs. 80 lakhs due to enhancement of steel prices from January this year, offset by reductions of Rs. 70 lakhs on other counts, with the details of which I will not weary the House now, since they are explained in the budget papers.

15. In the situation explained, the choices before me are indeed hard and difficult. It is easy for me to leave freight rates and passenger charges untouched and win instant approbation. But that course would result in the upset of our plans and in the stagnation and decline of the Indian Railways, which is our premier public undertaking, an enterprise of which we are all legitimately proud. I am sure everyone in the House

and the country would wish to see that our railway system gets more modernised from year to year and grows continuously in efficiency. This requires the raising of resources. But to enhance the freight charges and fares suddenly and with no reference to the repercussions on the economy would also be a suicidal course to follow. I am, therefore, proposing a course of rationalisation of the freight rates and passenger fares in such manner as would produce financial results but will not affect adversely the common man and the trade in any significant manner. The brochure regarding proposals on freight rates and passenger fares is circulated with the budget papers. Now I would like to explain some of these proposals.

16. Before I do so however, I should anticipate a criticism that if the Railways, were operated more efficiently, increases in freight rates and fares could be avoided. No one can possibly claim in respect of an organisation as large as the Indian Railways that everything and everyone is working at peak efficiency. But it is pertinent to bring to the notice of the House and the country that, over a period of 20 years from 1950, the average Per capita emoluments of a railway employee have risen by 132 per cent, the price of coal by 145 per cent and the price of iron and steel by 167 per cent. As against this, over the same period, the average rate charged per passenger kilometre has risen only by 68 per cent and the average rate charged per tonne kilometre for goods has risen only by 61 per cent. This restraint on the escalation of the price of Railway services has been deliberately exercised and will continue to be exercised in the interest of our people, whose property the Railways are. Roughly 58 per cent of railway expenditure is on staff and 21 per cent on fuel. The House will no doubt appreciate that the Railways are not in a position to control either the increase in staff emoluments which rise with the cost of living index or the prices of fuel, steel and other materials which Railways have to buy. Steady pressure is being exerted on railway administrations to effect all possible economies in the usage of fuel and other stores. Account should also be taken in this context of the heavy expenditure Railways have to incur on the replacement of railway equipment that is stolen or is wantonly destroyed in demonstrations many of which, are not against the shortcomings or failures on the part of the Railways. Of this I shall have more to say later. The steady increase in the number of staff from year to year has been reduced and controlled with difficulty in the last few years and efforts will continue to keep the number of staff down to what is absolutely necessary. I would like to refer at this point to the view that has often been expressed that the Railway Administration is top heavy and to point out that the cost of the officer cadre on Railways (excluding the medical staff who are employed mainly as a welfare measure) was only 0.88 per cent of the Railway earnings in 1868-69 against 1.13 per cent in 1950-51, and has shrunk to 2.1 per cent of total staff costs in 1968-69 against 2.7 per cent in 1950-51. I do not want to labour these points further now as they, will no doubt come up in the course of the discussions to follow and, can be referred to in greater detail then.

17. Let me now proceed to explain the attempts made to adjust freight rates and passenger charges. My predecessor in his last Budget speech said that studies were being made to determine the basis on which the freight and fare structure would be rationalised. These studies have now arrived at stage where the lines of rationalisation have become clear. I am not sure whether the House is aware that the Railways are incurring a loss of the order of Rs. 45 crores every year on passenger and other coaching traffic which is being met out of the profit on goods traffic. This loss will increase with further growth of passenger train services, especially suburban services around the metropolitan cities of Bombay, Calcutta and Madras and the rising cost of handling the parcels traffic. There has been a substantial change in the mix of freight traffic. The proportion of bulky low-value commodities like coal, ore, stone etc. which are charged at relatively low rates has been increasing and will continue to increase, while the proportion of high-value commodities charged at relatively higher rates is decreasing fast with the rapid development of roads and growth of road transport. The low rates for bulky commodities could be sustained in the past only because of the profits on the higher rated commodities. With road competition eroding the traffic in the high-rated commodities, the Railways cannot afford to increase significantly the freight on items which are vulnerable to road competition. The situation can be met only by an increase in the freight on the low-rated traffic and a lower rate of increase on the high-rated traffic. It has also to be borne in mind that steep increases in freight have an inflationary effect on the economy, while increases in passenger fares have by and large no such effect. The situation, therefore, calls for a reduction of the subsidisation of passenger and other coaching traffic by goods traffic. In the goods freight structure itself, a reduction in the difference between the higher rates and the lower rates is desirable so, however, as not to affect their competitiveness. This broadly is what has been attempted in the proposals which I shall now explain.

### **Proposed Changes In Freight Rates**

18. I shall deal first with goods traffic. 97 per cent of goods tonnage moves in wagon loads, and only 3 per cent in less than wagon loads. The freight rates for wagon loads fall into two broad classes called "A" and "B" scales. Both scales are telescopic, i.e., the per tonne per kilometre charge decreases or "tapers" off as the distance increases, but this taper is very much sharper in the "A" scales than in the "B" scales. By and large most of the bulky low-value traffic moves on the "A" scales and the high-value traffic on the "B" scales.

This means that for the longer distances bulky commodities are being carried at very low rates - sometimes below cost. It is proposed now to amalgamate the "A" and "B" scales in a new scale and to replace also the "C" scales for smalls traffic. In the result, 61 classes will be reduced to about 30 classes. As in the present freight structure, there will be a base scale and the rates for any commodity will be a percentage of this base scale. Thus the rate for a commodity in class 45 will be 45 per cent of the base scale. Broadly, there would be an increase of 2 to 7 per cent over the "A" scales, the increase being somewhat higher at longer distances than in the shorter. On the other hand, increase in "B" scales will be higher for the shorter distances than for the longer distances, but limited mostly to 50 Paise or less per quintal. These increases form an insignificant proportion of the total value of the commodities. As at present, coal will be an exception in that it alone will be charged at a special scale. The existing coal scale covers full costs only up to about a thousand kilometres, and there will be an enhancement particularly of charges for distances exceeding a thousand kilometres. The details of the changes in freight rates are explained in the brochure. It is estimated that these proposals will bring in an additional revenue of Rs. 25.5 crores in 1970-71.

### **Proposed Changes In Parcel Rates**

19. To avoid undue diversion from goods to parcels traffic, the relativity between goods and parcels rates has to be maintained. The cost-of handling which is a feature of parcels traffic, has also increased. Some adjustments have, therefore, to be made in parcel rates also. These are expected to bring in an extra revenue of Rs. 2 crores.

### **Proposed Changes In Passenger Fares**

20. Passenger traffic and earnings fall into two broad divisions, suburban and non-suburban. In terms of numbers, suburban passengers are about half of the total number of passengers. But in terms of passenger kilometres, they account only for about 18 per cent of the total. Earnings from suburban passenger traffic are only 10 per cent of total passenger earnings. However, the expenditure incurred by the Railways on suburban passenger services is particularly high, because the traffic is subject to high peaks in the morning and the evening, which require the provision of rolling stock, line capacity and other equipment that are only partially utilised for most of the day. Further, suburban passenger traffic has been increasing at a higher rate than non-suburban passenger traffic. Increased expenditure has, therefore, to be incurred on the expansion and development of facilities for handling the suburban traffic.

21. Both suburban and non-suburban traffic are mostly in the third class. Passengers travelling in third class constitute over 98 $\frac{1}{2}$  per cent of the total number of passengers; 12.5 per cent travel by Mail and Express trains, and 86 per cent travel by the ordinary trains. Third class Mail and Express passengers, however, contribute about 40 per cent of the total passenger earnings while those travelling by ordinary trains contribute only about 48 per cent of the earnings. Passengers travelling by the upper classes together form only about 1.5 per cent of the total number of passengers, but they contribute nearly 12 per cent of the earnings. With this pattern of passenger traffic and earnings, it will be clear that no significant increase in passenger earnings is possible without raising third class fares.

22. Because of several ad hoc changes in recent years, passenger fares have ceased to be on a systematic basis. The fares for third class travel within 50 kilometres had been left at a particularly low level, despite the fact that the provision of slow passenger services with frequent stops and starts is particularly expensive. Not only do ordinary passenger services take up more line capacity and rolling stock but also the operational costs on fuel and staff are higher. However, we cannot bring third class fares for distances below 50 kilometres straightaway in line with the pattern of fares for longer distances because it would result in too steep an increase. I am, therefore, proposing to moderate the increase in these fares. The basis of the proposed new fares has been explained in the brochure and I shall only draw the attention of the House to the more important features of these changes. The proposed increase in third class fares (Ordinary, Mail and Express) should produce an extra revenue of Rs. 8 $\frac{1}{4}$  crores. This is only 3.7 per cent of the present revenue from third class travel. On the other hand, the extra revenue from changes in the fares of the upper classes is expected to bring in Rs. 2 crores or 7 per cent of the present revenue. In other words, the rate of increase on upper class fares taken as a whole is nearly double that in third class fares. The increase in third class fares for ordinary travel is minimal, being only 5 Paise per ticket up to 20 kilometres and 10 Paise from 21 to 50 kilometres.

23. Most of the overcrowding in passenger trains occurs in the Third Class non-reserved compartments of Mails and Expresses. This is caused by short-distance passengers and is partly due to the fares for Mail and Express travel up to 50 kilometres being very low, the minimum fare being as little as 20 Paise. In order to alleviate this heavy overcrowding and inconvenience to long-distance passengers, it is proposed to charge a minimum fare of a rupee for travel by Mail and Express trains and also to revise the specially low Third Class fares by these trains up to 50 kilometres. The House will, I hope, agree that this

much needed relief should be given to long-distance Third Class passengers.

24. The fares for Airconditioned Chair Cars are now equal to those of the second class. Considering the wide difference in the level of comfort and the high cost of airconditioning, I propose to fix them at a slightly higher level but in no case will the increase exceed Rs. 6 over the revised second class fares. It is also proposed that no concessions other than the normal children's concession will be available in the Airconditioned Chair Cars.

25. I propose somewhat steeper increases of about 9 per cent in the First and Airconditioned Classes and these would bring in additional revenue of Rs. 1.70 crores. The details are explained in the brochure.

26. I propose to raise the fares for the Rajdhani Express by Rs. 20 for the airconditioned class and Rs. 10 for the air-conditioned chair cars and to levy an additional charge for the Taj Express between Delhi and Agra of Rs. 5 for the air conditioned class Rs. 2 for the First Class and Re. 1 for the Third Class.

27. Coming now to suburban traffic, 70 per cent of suburban travellers buy monthly or quarterly suburban season tickets, but they contribute only 41 per cent of the suburban earnings. Although most of them perform about 50 single journeys in a month or 150 journeys in a quarter, the price of a monthly season ticket is equal only to 12 to 16 single journey fares. The price of a quarterly season ticket is only about 34 single journey fares in the quarter or 11 single journey fares per month. Because of this extraordinarily heavy concession of 70 to 75 per cent in the monthly and quarterly fares, there is a loss of about Rs. 8 crores on suburban passenger earnings of Rs. 26, crores. Suburban traffic has been increasing so fast and overcrowding is so severe that heavy capital expenditure has to be incurred on expanding the facilities. The Fourth Plan includes schemes costing over Rs. 40 crores for the expansion of facilities for suburban traffic. The House will agree that it is not unreasonable to ask the specific beneficiaries from this expenditure to make some contribution towards it. A very modest increase has, therefore, been proposed in the monthly season tickets. Quarterly season tickets will continue to be available at  $2\frac{1}{2}$  times of the monthly rates as hitherto. By changing over to quarterly season tickets, the suburban traveller will still be paying practically the same amounts he was paying previously on a monthly basis. For non-suburban areas also the season ticket fares are being revised slightly. The additional earnings from these changes are expected to amount only to Rs. 80 lakhs.

28. I may assure the House that these increases are the minimum necessary in the present circumstances. As I have already indicated, there is no other source of funds to replace the shortfall in the contribution required from the Railways towards the outlay of Rs. 1,525 crores for the Railway Plan. Nor is it possible for the Railway users to be subsidised by the general tax-payer.

### **Net Effect of The Proposals**

29. On the basis of these proposals which will be effective from 1st April 1970, there will be an increase of Rs. 11.25 crores from passenger traffic, Rs. 2.25 crores from other coaching earnings, which includes the consequential increase of 5 Paise on platform tickets, and Rs. 25.50 crores from goods traffic. All these add up to Rs. 39 crores, and the net Railway Revenues will go up correspondingly. After meeting the dividend of Rs. 167.09 crores there will be a net surplus of Rs. 22.38 crores. Rs. 3.63 crores out of this is proposed to be appropriated to the Revenue Reserve Fund to repay one-third of the loan taken this year to meet the shortfall on the dividend plus interest on the outstanding balance of the loan. The balance of Rs. 18.75 crores is proposed to be credited to the Development Fund. This will fall short of the outgo from the Development Fund during the budget year by Rs. 4.36 crores. A loan of an equal amount will have to be obtained for this purpose and with this loan, this Fund will owe Rs. 49.91 crores to the General Revenues.

### **Works Expenditure**

30. Works expenditure in 1968-69 was Rs. 30.91 crores less than the Revised Estimate because of the rephasing of some works in line with the changing traffic requirements, slower progress on certain other works, less outturn of rolling stock etc.

31. The Revised Estimate of works expenditure in the current year is also about Rs. 11.7 crores less than the Budget. Slower deliveries of rolling stock, a substantial reduction in Stores Suspense and Miscellaneous Advances and heavier credits for released materials account for the bulk of this reduction.

32. The Budget for works expenditure in 1970-71 comes to Rs. 280 crores which is about Rs. 37 crores more than the Revised Estimate for this year. There is a provision of about Rs. 124 crores for rolling stock and fresh orders are proposed to be placed for over 15,000 wagons against the 1970-71 Programme. Among the important new projects are the construction of a broad gauge line from Tornagallu to Mudukula-

penta in Mysore for providing access to the important Donimalai reserves of Iron ore and the electrification of the Waltair-Kirandul Section. Both these projects will add to our capacity for moving iron ore for export. A number of new doubling schemes have also been included, the details of which have been given in the Budget documents.

33. During the year the 231 kilometre Jhund-Kandla Broad Gauge rail link was completed and opened to traffic. The Singrauli-Obra line of about 58 kilometres is ready for goods traffic and is already being worked as a siding for the movement of coal to the Obra Thermal Plant. The Mangalore Panambur Section of the Mangalore-Hassan line, the Hindumalkot-Sri Ganganagar, lime and the conversion of the Pune-Miraj Section are likely to be opened to traffic within the next few months. Other major projects like the rest of the Mangalore-Hassan line, the Kathua-Jammu and the Panchkura-Haldia lines and the conversion of the Miraj-Kolhapur Section to Broad Gauge are progressing according to schedule. 320 kilometres of doublings are expected to be completed in the current year and 616 kilometres more are at various stages of progress.

34. The electrification of the 305 kilometre Rourkela-Bilaspur Section has been completed. Its extension by 147 route kilometres to Durg is expected to be completed next year. Electric traction on the 222 kilometre Kanpur-Tundla Section is also expected to be commissioned next year. Work on the 442 kilometre section from Virar to Sabarmati is progressing satisfactorily. The electrification of the Panchkura-Haldia Section of 71 kilometres and of the Waltair-Kirandu Section of 471 kilometres are expected to be sanctioned shortly.

### **Production Units**

35. The Three Production Units have been doing well. In the current year the Chittaranjan Locomotive Works is expected to despatch 36 Broad Gauge and 13 Metre Gauge steam locomotives, 45 electric locomotives and 28 shunters. Production of Broad Gauge steam locomotives is coming to a close. Next year the Chittaranjan Locomotive Works is expected to produce 62 electric locomotives, 34 diesel shunters and 46 Metre Gauge steam locomotives.

36. The Diesel Locomotive Works at Varanasi should turn out 55 Broad Gauge and 25 Metre Gauge main line diesel locomotives in the current year and 80 Broad Gauge and 30 Metre Gauge locomotives next year, assuming matching production of electrical equipment by Heavy Electricals, Bhopal. The House will recall that they approved at the last session the scheme for expanding the capacity of this unit to produce spare parts for diesel locos.

37. The out-turn from the Integral Coach Factory is expected to be 658 fully furnished coaches this year and 654 fully furnished coaches next year. Increase in the capacity of this unit to 750 coaches per year has been approved recently. The House will be interested to know that this factory has secured, against stiff international competition, two orders for the supply of bogies to Taiwan and Thailand.

### **Stores Inventories**

38. At the commencement of the current year the Railways were carrying inventories valued at Rs. 154 crores. As a result of sustained effort it is hoped to reduce this figure by Rs. 6.8 crores this year and by Rs. 7.6 crores more next year. This improvement would be effected in spite of rising prices and in creased holdings of rolling stock and other assets.

### **Self-sufficiency in the Railways**

39. The Railways have been pressing on with their efforts to achieve self-sufficiency. In order to interest Indian Manufacturers in the drive for import substitution, the Railways guarantee the off take of their production and accept price escalation in certain circumstances. The export promotion drive mounted in cooperation with the Ministries of Foreign Trade and Industrial Development has also been rewarding. A number of orders have been booked for the export of railway equipment to Thailand, East Africa, Hungary, Burma, Ceylon, South Korea, Taiwan, Poland, Sudan and Iran.

### **Railway Accidents Inquiry Committee**

40. The Railway Accidents Inquiry Committee set up with Shri K. N. Wanchoo, retired Chief Justice of India as Chairman, submitted the first part of their Report in November 1968 and their final report in August 1969. I would like to express my gratitude to the Committee for having undertaken and carried out this onerous task. Part I of the report was laid on the Table of the House in December 1968. All the 90 recommendations were accepted, except one regarding the fixing of norms for manning or upgrading level crossings; this is being reconsidered in the light of Part II of the Report. Action has, already been taken on

the accepted recommendations.

41. The final Report covers many facets of railway working and contains 500 observations and recommendations. The views of the Ministry of Railways on these are being laid on the Table of the House separately. There are 46 observations and 454 recommendations. Of the latter, 261 have been accepted and 27 more partially accepted, 57 of the recommendations could not be accepted for various reasons. The remaining 109 require detailed examination, some of them in consultation with other Ministries.

### **Committee on Uneconomic Branch Lines**

42. The report of the Committee on Uneconomic Branch Lines appointed last year under the Chairmanship of my colleague, the Deputy Minister for Railways, submitted its report on 15th December 1969. I am grateful to the Committee for their work. Their recommendations are now under consideration, and I may mention that action has been already initiated for placing orders for some rail cars for use on Narrow Gauge Sections as recommended by the Committee. Two of the lines which the Committee recommended for conversion to broad gauge are also being included in the programme for survey.

### **Ticketless Travel**

43. A substantial dent seems to have been made in the volume of ticketless travel by the imposition of stiffer penalties since June 1969. Between June and November 1969, the number of passengers detected traveling without tickets went down by as much as 68 per cent. Window sales of tickets rose by 7 per cent as compared to the corresponding months of the previous year. The drive against ticketless travel has also helped to reduce the overcrowding in trains.

### **Improvement In Passenger Train Services**

44. To mitigate overcrowding, a number of new trains have been introduced. The run of existing trains has been extended both last year and in the current year. 5,614 passenger train kilometres per day have thus been added last year and 9,557 this year. Among the new services are the bi-weekly Utkal Express between New Delhi and Puri which covers 2,130 kilometres and passes through eight States, the Chetak Express between Delhi and Udaipur, the Pandyan Express between Madras and Madurai and the Vaishali Express between Lucknow and Katihar. Three coaches have been added on nine trunk route trains during the current year. Through service coaches between Cochin and Bombay have increased from four to seven with the dieselisation of the Bombay-Madras Express and the Madras-Cochin Mail. Broad Gauge passenger services have been extended to Gandhidham in Gujarat during the year. The frequency of the Bombay-Howrah Janata Express has been increased between Bombay and Allahabad from four to six trains per week. Suburban services also were expanded to the extent of 1,779 train kilometres per day last year and 3,444 train kilometres this year. Further increases are projected, as soon as the rolling stock and other facilities become available.

45. With more than 1,300 sleeper coaches in service, Third Class sleeping accommodation is now available in almost all the Mail and Express trains. Second Class sleeping accommodation is available on 9 pairs of Broad Gauge trains. The Rajdhani Express between New Delhi and Howrah introduced from 1st March 1969 has proved to be very popular. In response to demands for similar trains to Bombay by the Western Railway route and to Ahmedabad by the Metre Gauge route, feasibility studies are now in progress.

### **Metropolitan Rail Transport**

46. As the House is aware, Metropolitan Rail Transport Organisations have been set up in Calcutta and Bombay, and a Directorate of Metropolitan Rail Transport Projects has been created in the Railway Board. The Calcutta Organisation expect to complete in the next few months the Final Location Survey and the Project Report as well as the Designs and Detailed Estimates for a Suburban Dispersal Line from Dum Dum to Princep Ghat. Several studies of Calcutta's intra-city transport problem have underlined the need for a Mass Rapid Transit System along two main travel corridors, one running east-west between Howrah and Seaidah and the other north-south along the Chittaranjan Avenue, Jawaharlal Nehru Road and the Ashutosh Mukherjee Road. Techno-Economic Feasibility Studies on whether these mass rapid transit routes should be underground or elevated are now in hand and expected to be completed by the end of 1971. The Bombay Organisation has already started work on the Preliminary Engineering Survey and Feasibility Studies for a Third Terminal for intra-city traffic. They will take up this year Techno-Economic Feasibility Studies for a Mass Rapid Transit System for Bombay.

### **Travel Amenities**

47. As a result of a sustained drive from the commencement of this year some improvement has been effected in the maintenance of lights and fans and provision of water in the trains. A good deal more

remains to be done, but the Railways have been handicapped by the delay in supplies of lamps, dynamos and fans, because of the closure of some firms producing these items. There have been also large-scale thefts and wanton destruction of carriage fittings. Action has been taken to increase the capacity of water tanks in Broad Gauge coaches.

48. Efforts continue to improve the quality of food and the standard of catering services on the Indian Railways. The sales turnover of departmental catering exceeded Rs. 6½ crores last year and produced a small profit of Rs. 23 lakhs. The results in 1969-70 are expected to be even better.

### **Staff Relations And Welfare**

49. Relations with organised labour have continued to be cordial during the year. Under the Government's policy of reviewing sympathetically the cases of staff who were suspended or discharged following the strike of certain sections of the Central Government employees in September 1968, the cases of nearly 5,000 railway employees have been sympathetically considered. I am glad to announce that all the employees who were suspended or discharged in connection with the strike have now been reinstated subject to any action that may have to be taken as a result of the findings of the Courts etc.

50. The House will recall that my predecessor had indicated this time last year that some relief would be provided to staff who have been at the maximum of their pay scales for some time. Orders are now being issued that class III and class IV staff of all grades, who have been at the maximum of their pay scales for two years or more should be allowed a personal pay equivalent to the amount of the increment last drawn by them in the scale. Staff who have been at the maximum of the scale of Rs. 450-575 for two years and over will be granted a personal pay of Rs. 30 a month.

51. The findings of the Miabhoy Tribunal appointed last year are awaited. Certain items on which agreement could not be reached in the Departmental Council for Railways of the Joint Consultative Machinery have been referred to a Board of arbitrators.

52. The Railways continue to attach the greatest importance to staff welfare. The provision of medical and health services for railway employees is improving steadily. 205 general beds and 42 beds for tuberculosis patients were added last year in the 95 hospitals, 541 health units and 67 chest clinics functioning on the Railways. The total expenditure on these services was Rs. 15.8 crores last year and the per capita expenditure rose during the year by nearly 5 per cent. Instructions were issued last September for the upgrading of the Railway Higher Secondary School at Secunderabad to a junior College. 685 children have benefited by the 13 subsidised hostels run by the Railways. 3,234 scholarships for technical education were disbursed during 1968-69. Over 3,000 employees availed themselves of the 21 Railway Holiday Homes located mostly at hill stations including two in Kashmir. For the benefit of staff 415 Institutes and 376 recreational clubs were functioning in 1968-69.

53. The Railways have as usual done well in the field of sports and won several National Championships. Twentyseven railwaymen represented the country in international contests and seven were members of the Indian Contingent to the Olympic Games in Mexico.

### **Demonstrations And Assaults**

54. Among the papers circulated this year with the Budget is a list of incidents that occurred during the months of November and December 1969 and January 1970. It will give an indication to the Hon'ble Members about the very difficult conditions under which the Railways and Railway staff have had to operate in recent months. The frequent detention of trains en route by mobs has a snowballing effect and disrupts train working even hundreds of miles away from the scene of the incident. Particularly in respect of passenger trains on the suburban sections, it sets up a sort of chain reaction upsetting the whole schedule and necessitating the cancellation of many services. These incidents not only cause serious inconvenience to passengers but have also been made the occasion for assaults on the Railway staff on the ground that the trains are running late. There have also been several cases of dacoities by armed gangs which have not only looted goods and parcels but also attacked station staff as well as guards and drivers. The way the railway staff have stuck to their posts and continued to operate the services under these very difficult conditions calls for the unstinted appreciation of the House. But I think it is necessary to sound a note of warning that if these attacks on railway staff continue, it will become increasingly difficult to keep the railway services going. In fact, five days ago the motormen and guards on Sealdah Division refused to run the train services unless they were guaranteed protection from intimidation or assault. This followed an assault by passengers on the motorman of a train which was held up at Nangi station because of the theft of overhead wire and of an underground signal cable resulting in total interruption of services on the section. The motorman was hurt so severely that he had to be removed to hospital in an ambulance.

55. The Indian Railways constitute the proudest possession of the Indian people. It has to be considered and treated by the Indian citizens as their property. The occasional outrages against the Railways and its property by certain misguided people create feelings of pain and sorrow in our minds. Let me appeal to all sections of the House and through them to the entire people of the country to see that a new approach is developed informed by intelligent regard for this great asset of ours.

### **Conclusion**

56. I have to make one more observation. The Indian Railways, working as they do on capital provided by the General Revenues, for which they pay interest every year, are and have been looked upon and treated as a commercial enterprise. This is as it should be. The tax-payer should not be called upon to contribute to the maintenance of a commercial system. But I wish also to emphasise that the Railways, while they should earn a profit and contribute to the general revenues, must always keep in the forefront their responsibility as a public utility concern. We have to keep in mind that the Railways afford, and for long Years to come will continue to afford, the only Means of long-distance transport to the common man of this vast country of ours.

57. I am well aware that there are numerous requests to extend Railway lines to new areas and places in the country. To accede to all these requests will be an impossible task. It will, however, be my earnest endeavour to consider all these requests with a view to implementing as many of them as may be practicable and justifiable within the available resources. As a first step, several surveys are being carried out and have been included in the next years budget to examine the technical and economic feasibility of various new lines, doublings, conversions, etc. As a result of the information that would become available from these surveys, the decision would be taken in respect of the actual construction of the projects.

With these words, I commend the Railway Budget for 1970-71 for the support of this House.

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