

**Speech of Shri Lal Bahadur Shastri
introducing the Railway Budget
for 1955-56, on 22nd February 1955.**

Mr. Speaker,

Sir, I rise to place before the House a Statement of Estimates of Receipts and Expenditure of the Indian Railways for the year 1955-56. A translation of my speech in Hindi will be supplied to the Hon'ble Members along with the Budget papers, which include this year a Hindi translation of the Explanatory Memorandum and other important documents.

Financial Results For 1953-54

2. I shall first report to the House the financial position of the Indian Railways as disclosed in the completed accounts for 1953-54. The actual gross traffic receipts and the ordinary working expenses for the year were Rs. 274.29 crores and Rs. 201.47 crores against the Revised Estimates of Rs. 272.00 crores and Rs. 197.63 crores respectively. After allowing for contribution to the Depreciation Reserve Fund and payment of Miscellaneous Expenditure and Dividend to General Revenues, the actual net surplus stood at Rs. 2.56 crores against the Revised Estimate of Rs. 3.18 crores. The entire surplus was credited to the Railway Development Fund.

Revised Estimates For 1954-55

3. As a result of a general improvement in the volume and movement of traffic, the Revised Estimate of the total gross receipts for the year 1954-55 is now placed at Rs. 282.80 crores against the Budget Estimate of Rs. 273.25 crores, an increase of Rs. 9.55 crores. The House will remember that at the time of the presentation of the Budget, I had anticipated a small increase in passenger earnings during the year. I am glad to be able to say that that hope is likely to be realised. The general decline in passenger traffic noticed since 1952-53 has been arrested and the current year has shown an upward trend. The passenger earnings are, therefore, now expected to be Rs. 101.8 crores, a little higher than the Budget figure of Rs. 101.5 crores. As regards goods traffic, there has been a significant improvement, and wagon loadings; goods train mileage and revenue-earning tonnage lifted have all recorded increases. The goods earnings are, therefore, expected to increase by Rs. 7.4 crores, and are now estimated at Rs. 156.00 crores against Rs. 148.60 crores estimated at the time of the Budget. Other coaching earnings from Military and other traffic are expected to go up by about Rs. 1.5 crores.

4. The higher level of traffic during the year has naturally been reflected in increased expenditure. The ordinary Working Expenses have now been revised to Rs. 202.76 crores against the original Estimate of Rs. 194.31 crores, an increase of Rs. 8.45 crores. But for the extra credit of Rs. 62 lakhs to Revenue this year, arising out of the restoration of dismantled lines, the increase should have been over Rs. 9 crores, roughly equal to the increase in earnings. After making a contribution of Rs. 30 crores to the Depreciation Reserve Fund and meeting payments to worked lines, Miscellaneous Expenditure and Dividend to General Revenues, the surplus for the current year is now anticipated to be Rs. 6.57 crores against Rs. 5.14 crores; estimated in the Budget.

Revised Financial Convention

5. I shall now refer to the Revised Convention for the separation of Railway Finance from the General Finances adopted by Parliament during the last session, which will have an important bearing on Railway finance during the next five years. The changes in financial procedure laid down by the Revised Convention affecting the Revenue Estimates are:

(a) Expenditure on unremunerative operating improvements costing over Rs. 3 lakhs, which was split up between Open Line Works Revenue and Development Fund under the 1949 Convention, is to be charged wholly to the Development Fund.

(b) The annual contribution to the Depreciation Reserve Fund from Railway Revenues is to be enhanced from Rs. 30 crores to Rs. 35 crores.

(c) The Railways are required to pay dividend on the Capital-at-charge at a fixed rate of 4 per cent annually with the following two modifications:

(i) On the element of over-capitalisation that has taken place due to the haphazard growth of the

capital structure of Railways, estimated at Rs. 100 crores approximately but the magnitude at which will have to be accurately assessed later, Railways are to pay dividend to General Revenues at the rate of interest charged to the Commercial Departments; and

(ii) A moratorium is to be granted in respect of the dividend payable on the capital invested on new lines during the period of construction and up to the end of the 5th year of their being opened to traffic. From the sixth year onwards-current dividend is to be paid on such capital expenditure. The deferred dividend in respect of this period of the moratorium will be calculated at a rate equivalent to the rate of interest charged to Commercial Departments and this will have to be paid from the sixth year onward, if the net income of these lines leaves a surplus after the payment of the current dividend.

(d) In the event of the balance in the Development Fund becoming insufficient to meet the cost of Development Works chargeable to the Fund, the General Revenues are to advance to the Railways such loans bearing interest at the rate charged to Commercial Departments, as may be necessary. The loans so advanced will not form a part of the Capital-at-charge of the Railways.

(e) The criterion for classifying remunerative projects will be a return of 5 per cent on investment after making provision for depreciation, operation and maintenance, instead of 4.25 per cent.

6. The Revised Convention has also introduced certain refinements in respect of the allocation of expenditure between Capital, Depreciation Reserve Fund, Development Fund and Open Line Revenue Works; namely,

(i) The cost of replacement works financed out of the Development Fund will be met from the Depreciation Reserve Fund instead of from the Development Fund;

(ii) Expenditure on unremunerative operating improvements costing over Rs. 3 lakhs will be allocated wholly to Development Fund;

(iii) The cost of construction of all new lines will be charged to Capital from the very beginning and not initially to the Development Fund as in the case of unremunerative lines under the 1949 Convention;

(iv) Expenditure on construction of quarters for Class III staff, which was hitherto charged to Capital, will be borne by the Development Fund; and

(v) Expenditure on works of amenities for Railway users, which was previously met from Capital or Revenue, will be chargeable to the Development Fund.

7. The Budget Estimates for 1955-56 have been prepared in accordance with these provisions of the Revised Convention and I would request the House to bear in mind the effect of these changes while making comparisons with the previous years.

Fare and freight rate adjustments

8. I now propose to deal with the question of Railway fares and freights to which I had made a reference in my last Budget speech. When passenger fares were standardised all over the country in 1948, the flat rate basis replaced the telescopic fares, which had obtained on many of our Railways. The changes affected adversely long distance passengers in our country of considerable distances. The effects became even more pronounced after the enhancement of fares in 1951. In my view the time has now come to reintroduce the telescopic basis of fares, which should afford some relief to this category of passengers. This will mean a judicious re-adjustment of fares if there is to be no decrease in railway earnings. The revision I propose is on the basis of a telescopic fare structure of three legs, the first up to 150 miles, the second from 151 to 300 miles and the third 301 miles and over.

9. The main features of the proposals are that the existing basic fares in respect of the Second, Inter and Third classes are retained unchanged for the second leg. The fares for journeys in the third leg of 301 miles and over have been reduced while the fares applicable to the first leg, namely, 1 to 150 miles have been slightly enhanced. As regards Air-Conditioned accommodation, the increase is somewhat greater than in the case of the other classes. The present rate of 30 pies per mile is proposed to be increased to 34 pies per mile for the first 300 miles and to 32 pies per mile thereafter. I have, however, decided that the extra charge of Rs. 5 per night for the supply of bedding should be discontinued.

10. The effect of these changes should not cause any concern. Taking the Third Class, for example, the increase in respect of fares for the first leg is, in many cases, likely to be offset by the existing rule for rounding off of fares. The actual increase in the fares for journeys up to 49 miles will not in any case exceed

one anna and for journeys not exceeding 300 miles the maximum increase will be only four annas. On the other hand, the long distance passenger gets relief. The third class passenger travelling from Delhi to Madras will for instance, pay Rs. 5/5/- less than at present.

The proposals regarding passenger fares are: -

	Existing (Flat rates per mile)		Proposed Telescopic scales		
			Miles		Rate per mile
Air-Conditioned		30 pies	1 - 300		34 pies
			301 and over		32 "
Second		16 pies	1 - 150		18 "
			151 - 300		16 "
			301 and over		15 "
Inter	Mail/Express	10½ pies	1 - 150	Mail / Exp.	11 "
				Ordinary	9½ "
	Ordinary	9 pies	151 - 300	Mail / Exp.	10½ "
				Ordinary	9 "
			301 and over	Mail / Exp.	9½ "
				Ordinary	8½ "
Third	Mail/Express	6 pies	1 - 150	Mail / Exp.	6¼ "
				Ordinary	5¼ "
	Ordinary	5 pies	151 - 300	Mail / Exp.	6 "
				Ordinary	5 "
			301 and over	Mail / Exp.	5 "
				Ordinary	4½ "

These changes will come into effect from the 1st April 1955. Hon'ble Members are of course already aware that with effect from that date, the present Second and Inter classes will be known as First and Second respectively.

I do not expect any substantial increase in passenger receipts as a result of these adjustments, designed largely to afford some relief to long distance travellers. But the need for improving the financial resources of the Railway undertaking can hardly be overlooked. The Convention Committee of 1954 who examined the financial prospects of the Railway Undertaking reached the conclusion that if Railways were to continue to pay the dividend at the rate of 4 per cent during the next quinquennium there would on the basis of the present rates and fares, be a shortfall of about Rs. 31 crores after meeting all working expenses and after providing adequate contribution to the Depreciation Reserve Fund. A part only of this will be covered by the moratorium permitted under the revised Convention on the dividend payable in respect of the new lines.

11. In the circumstances. I have had to consider the question of effecting certain modifications in freight rates. After trying to balance the needs of the country's economy as a whole and the needs of the Railways with their ever-increasing commitments, I have decided to make the following adjustments.

12. The steady drop in the price of food grains increases proportionately the incidence of freight in the selling price of grain, particularly in the case of movements to deficit areas situated at considerable

distances from the surplus regions. I propose to reduce the wagon load scale of grains and pulses by 0.02 pie per mile or 7 per cent for distances ranging from 301 to 600 miles and by 0.01 pie per mile or about 5½ per cent for distances beyond 600 miles. The maximum freight is fixed at Rs. 1/13/- per maund, the freight charged for approximately 1500 miles, so that the haulage beyond that distance will bear no charge. Movement of grains and pulses from Bhatinda in Pepsu to Tuticorin in South India, to give an example, will, under this proposal, pay a freight of only Rs. 1/ 13 /- per maund against the present rate of Rs. 2/ 5/- per maund. This will involve a reduction in earnings to the tune of Rs. R1.25 crores a year.

13. I am also extending the same special treatment to fertilisers, which are also important from the point of view of the agriculturist. I propose to reduce the 'wagon load scale' for chemical manure, Division B, by 0.02 pie per mile or 6¼ per cent for distances from 101 to 400 miles and by 0.03 pie per mile or 13 per cent for distances beyond 400 miles. In this case also the maximum freight is being fixed at Rs. 1/14/- per maund representing the freight charged for approximately 1500 miles. Fertilisers from Sindri under these rates, for example, will move to Trivandrum at Rs. R1/14/- per maund as compared with the present Rs. 2/3/11 per maund and to Rajkot at Rs. 1/10/2 per maund as compared to the present rate of Rs. 1/12/11 per maund. This reduction will cost the Railways about Rs. 20 lakhs a year.

14. As regards the 'class rates', under the telescopic scales- introduced in 1948, the drop with increase in distance is very limited. The rate for 700 miles for a commodity in class 2, for instance, is 6½ times the rate for a hundred miles. After considering the matter, I have come to the conclusion that the requisite stimulus for long distance traffic in the interest of trade and industry can be secured only by a revision of the present telescopic scales. This is proposed to be achieved by an upward adjustment of the freight in the first leg of 300 miles and a downward adjustment in the 3rd leg of 601 miles and over. While these changes will, no doubt, bring some additional revenue they will afford the trading public a better taper of telescopic scales.

15. The actual proposal is to reduce the freight for distances beyond 600 miles by 15 per cent and to increase the rate for the first 300 miles by 10 per cent leaving the intermediate leg of 301 to 600 miles unaltered. Although this will involve some increase in freight for distances up to 850 miles, the increase on most commodities in common use will not exceed about half a pie per seer while for distances beyond 850 miles there will be a progressive and substantial reduction. To take an example, at random, the reduction for a commodity in Class 6 beyond 1500 miles would be 4½ annas per maund.

16. The legs of the telescope in the present wagon load scales are not uniform. 'Wagon load scales' which apply to commodities of very low value provide by their short initial legs necessary stimulus for their movement over long distances. It is not proposed to disturb them. The remaining wagon load scales, which do not conform to the legs of the class rates, are, however, proposed to be brought into line with the latter. For salt and jaggery, the rates for the second leg will, however, simultaneously be reduced by 0.03 pies and 0.08 pies per mile respectively, so that over certain mileages there is a reduction in freight and over no mileages is there any increase.

17. I should also refer to the problem that has in recent months come up in connection with the increased movement of "Smalls" traffic. The number of wagons utilised for the movement of "smalls" on railways is about 15 per cent of the total excluding coal wagons, which is entirely disproportionate to the volume of traffic carried. It is commonly accepted that the cost of the movement of "smalls" to the Railways is substantially more on account of the greater wagon utilisation, relatively larger number of handlings involved in their transport and greater incidence of compensation claims. It is necessary, therefore, to discourage uneconomical movement of commodities in "smalls" where they can be induced to move in larger units or wagon loads. It is proposed to levy a surcharge of 12½ per cent on the freight for all consignment weighing less than 20 maunds and to increase the minimum freight for such consignments from Re. 1 to Rs. 1/8/- per consignment. I expect that, as a result, we should be able to achieve better utilization of transportation capacity.

Budget estimates for 1955-56

18. I shall now proceed to the Budget Estimates for 1955-56, taking into account the effect of the proposals I have just referred to as well as the effect of the normal increase in traffic, which the Railways can hope for during the next year. The overall Gross Traffic Receipts for 1955-56 are estimated at Rs. 292.50 crores against the Revised Estimate of Rs. 282.80 crores for the current year. The estimate of passenger earnings has been placed at Rs. 104.50 crores, an increase of Rs. 2.7 crores over the Revised Estimate. The increase is anticipated on the basis of the current trends of traffic and as a result of the efforts of the Railways to increase their capacity to deal with the additional traffic and, to a small extent, on account of the adjustments in fares I have referred to. Similarly the normal increase in goods traffic which can be anticipated in the light of the trend noticeable during the current year, together with the effect of the

proposed adjustments in freight rates, is expected to contribute to an improvement of about Rs, 7.90 crores over the Revised Estimate. Goods earnings for 1955-56 accordingly have been placed at Rs. 163.90 crores. These increases, however, are expected to be counterbalanced by a reduction of about a crore under other coaching earnings.

19. The Budget Estimate of Ordinary Working Expenses for 1955-56 has been placed at Rs. 206.59 crores, that is, Rs. 3.83 crores more than the Revised Estimate for the current year, The factors that have contributed to the increase are the annual increments to staff, additional staff required consequent on anticipated increase in traffic, increased charges on maintenance and repairs for additional stock and absence of credit on account of the restoration of dismantled lines.

20. The provision for contribution to the Depreciation Reserve Fund has been made at Rs. 35 crores in accordance with the revised Convention and that for payment of dividend to General Revenues at Rs. 36.07 crores. After making payment to worked lines of about Rs. 21 lakhs and Miscellaneous Expenditure of Rs. 7.49 crores, the net surplus expected to accrue in 1955-56 is anticipated to be Rs. 7.14 crores, as against the Revised Estimate of Rs. 6.57 crores for the current year. This is proposed to be credited to the Railway Revenue Reserve Fund so as to be available for payment of contribution to General Revenues in the later years of the quinquennium.

Expenditure on works, rolling stock, etc.

21. As regards the estimate for Works, Machinery and Rolling Stock, including that for Open Line Revenue Works, the expenditure during the current year is expected to be in line with that estimated in the Budget. The Revised Estimate for the year is being placed at Rs. 95'60 crores against the Budget estimate of Rs. 95 crores.

22. The Budget Estimate for Works, Machinery and Rolling Stock etc. for 1955-56 has been placed at Rs. 126.68 crores, representing an increase of Rs. 31.08 crores over the Revised Estimate for the current year. The amount provided for works including new constructions and open line works is Rs. 45.01 crores. The provision for rolling stock is Rs. 76.54 crores and that for machinery Rs. 3.39 crores. A sum of Rs. 1.74 crores is included for investment in road services. The provision made under rolling-stock is inclusive of a sum of Rs. 14.98 crores payable on delivery of locomotives and other rolling-stock expected during 1955-56 under the United States Technical Co-operation Mission programme and the Colombo Plan. The distribution of the total Budget Estimates under Capital, Depreciation Fund, Development Fund and Open Line Revenue Works follows the procedure laid down by the Revised Convention.

23. Honourable Members will observe that the provision for rolling stock during the Budget year is considerably higher than the provision made during the current year. A substantial portion of it is due to the liquidation of liabilities, which will have to be met in respect of the commitments made in the preceding years. During 1955-56 we expect to receive 170 locomotives from indigenous sources - 120 broad gauge locomotives from Chittaranjan Locomotive Works and 50 metre gauge locomotives from Tata Locomotive and Engineering Co. Ltd. - and 425 broad gauge, 171 metre gauge, and 8 narrow gauge locomotives from abroad against deliveries of 263 broad gauge, 124 metre gauge and 31 narrow gauge locomotives expected during the current year. There is a similar increase under other rolling -stock as well. As against the receipt of 1,062 coaches, 8,200 broad gauge and 5,500 metre gauge wagons during the current year, we hope to receive during 1955-56, 1,310 fully furnished coaches manufactured in H.A.L. and Railway workshops, 7,600 broad gauge and 4,400 metre gauge wagons manufactured by the wagon builders in India and 12,000 broad and metre gauge wagons from a broad.

24. During the Plan period 1951-52 to 1955-56, the railways, would have received from foreign and indigenous sources together, nearly 1,015 broad gauge, 591 metre gauge and 96 narrow gauge locomotives, about 33,500 broad gauge wagons, 29,000 metre gauge wagons and about 4,900 coaches.

New constructions

25. The House would naturally be interested to know the progress made in the execution of rehabilitation and developmental schemes. Our rate of progress in the construction of new lines has been encouraging and I am glad to say that the Railways have executed these works with efficiency and often ahead of the target date.

26. Among the new lines under construction, the Chunar- Robertsganj line, the Rajkot Town - Rajkot junction realignment and the Murliganj - Madhepura line were opened to traffic in July 1954 and the Gandhidham - Kandla line in August, 1954.

27. In addition to these, the construction of the five following new lines aggregating 335 miles is in progress: -

(a) Champa - Korba Coalfields railway; (b) Pathankot - Madhopur; (c) Gop- Katkola; (d) Khandwa - Hingoli; and (e) Quilon - Ernakulam.

The Pathankot-Madhopur section is expected to be opened by June, 1955 and the Gop - Katkola and Champa-Korba lines in September and November, 1955, respectively. The Khandwa-Hingoli line is expected to be completed in 1959. The construction of the Quilon - Ernakulam line is being taken up in three phases. The entire line is likely to be completed by April, 1957, but the Ernakulam-Kottayam section, a length of 37 miles, is expected to be opened to traffic by the end of the current year. The next phase, Quilon-Mavelikara, 31 miles in length, is likely to be completed by April 1956.

28. Among the electrification schemes, the electrification of Calcutta suburban services has been given high priority. The survey team appointed to examine the electrification of the section Howrah-Moghalsarai and Calcutta suburban services have completed their preliminary survey of the sections and their final report is awaited. Meanwhile, the first sub-phase of electrification of the section between Howrah and Burdwan via Main Line and Tarakeswar branch of the Howrah Division for all services has been sanctioned at an estimated cost of Rs. 11.84 crores. Preliminary work has been taken in hand and global tenders for the necessary rolling-stock and other equipment have been invited. Electrification of the section is expected to be completed by the middle of 1957.

29. The scheme of extending electrification from Tambaram to Villupuram on the Southern Railway costing Rs. 3.3 crores has also been approved and work will be commenced as soon as detailed plans and estimates have been finalised.

30. Speaking about electrification generally I there is no doubt that, with the increasing availability of electric power from various hydro-electric and other projects Railways have to take due notice of this fact and plan their own electrification programmes accordingly. This is engaging the attention of the Railway Board.

31. As regards new lines under survey to which I referred last year, surveys totalling 255 miles have been completed. These are: -

(a) Indore-Dewas-Ujjain; (b) Rail connection to Etah; (c) Tildanga-Khajuria-Malda; (d) Bhavnagar-Tarapur; and (e) Fatehpur-Churu. The other two surveys, namely, Mangalore - Hassan and Diva-Dasgaon are still in progress.

32. With regard to other surveys in progress at the beginning of the year and those sanctioned during the year, the surveys for Raniwara-Bhiladi, Dohad-Indore, Hirdaygarh-Damua, Pathankot-Madhopur, Gwalior-Manoharpur, Arang Mahanadi-Dhalii Rajhara, and Barabil- Joda-Koira (preliminary), have been completed. Surveys are in progress for Madhopur-Kathua via Lakhanpur; Sambalpur-Titilagarh; rail connection to Garo Hills; and Ramshai-Binnaguri line.

33. Based on the surveys already completed, construction of the following lines has been sanctioned:-

(a) Fatehpur-Churu; (b) Pathankot-Madhopur; (c) Indore-Dewas-Ujjain; (d) Barabil- Joda; and (e) Raniwara-Bhiladi.

Work on Fatehpur-Churu and Pathankot-Madhopur projects has begun and we hope to take on hand the Indore-Dewas-Ujjain and Barabil- Joda projects during the current year. Adequate provision has been made in respect of these lines in the Budget estimates for 1955-56. A provision has also been made in the Budget estimates for the construction of a Broad Gauge rail connection to Etah.

As regards the Bhavnagar-Tarapur line, the Traffic Survey has been completed. The provision of a Broad Gauge connection to Rajkot has since been suggested by the State Government. This necessitates a re-examination of the matter, together with the connected problems of transshipment in view of the existence of a network of Metre Gauge lines in Saurashtra, before undertaking an engineering survey.

34. The other lines, surveys of which have been completed, are still under examination. An aerial survey of the West Coast is also in progress to determine the possibility of railway communication in that area.

35. The following dismantled lines have been restored -during the current year: -

(a) Angadipuram-Nilambur (Southern Railway); (b) Unao-Madhoganj (Northern Railway); (c) Usilampatti-Bodjnayakkanur (Southern Railway); (d) Nagrota- Jogindernagar (Northern Railway); (e) Bhagalpur-Mandar Hill (Eastern Railway); (f) Sultanpur-Zafarabad (Northern Railway).

The House will appreciate that we have been able to r11 restore completely ten out of the twelve dismantled lines, the restoration of which was approved by the Central Board of Transport. Work on the Utraitia-Sultanpur section, now in progress, is expected to be completed during 1955-56. Restoration of the twelfth line, namely, Rohtak-Gohana-Panipat had to be postponed in order to release funds for the provision of a rail link to Chandigarh, the new capital of the Punjab. The question of the restoration of this line is under review.

Line capacity works

36. The House will remember that I mentioned last year se about the special steps taken to increase the line capacity on congested sections of railways to meet the needs of the current and the anticipated increase in traffic. A provision of Rs. 6.1 crores has been made for line capacity works in the Budget for 1955-56 as against Rs. 2. 1 crores in 1953-54 and Rs. 3.3 crores in 1954-55. I may indicate the position with regard to the works I referred to in my last Budget speech. The Siliguri – Alipur Duar section of the Assam Rail Link is nearing completion. Bezwada-Madras section of the Southern Railway on which a sum of Rs. 4 crores is being spent, including the remodelling of Bezwada yard and the conversion of Gudur-Renigunta section from Metre gauge to Broad gauge has been taken in hand and a crore has been provided for these works in the Budget year. The Central India Coalfields, Katni-Marwara and Raichur-Arkonam section and the doubling of Anara- Joy- chandipahar-Burnpur and Sini-Gomharria sections are in progress.

37. Other important works sanctioned or in progress during the current financial year are: -

(a) Doubling of the line between Dilkusha and Utraitia; (b) Remodelling of the marshalling yard at Ratlam on Western Railway; (c) Remodelling of the yard at Sabarmati; (d) Doubling of Ahmedabad-Kalol section on the Western Railway; and (e) Works in connection with stepping up movement of goods from 1,500 to 2,000 wagons per day via Moghalsarai.

38. Among the many new line capacity works provided in the Budget estimates for 1955-56, the following important schemes may be mentioned: -

- (a) Doubling of Rourkela-Manoharpur section (Eastern Railway),
- (b) Improvement of line capacity in north-west and south-west lines (Southern Railway),
- (c) Chakradharpur yard remodelling (Eastern Railway),
- (d) Asarva yard remodelling (Western Railway), and (e) Phulera yard remodelling (Western Railway).

It is my desire that these line capacity works should, as far as possible, be completed within the current Plan period itself and I am asking the Railway Board to work on that basis.

39. A provision of more than Rs. 4 crores has been made for the construction of staff quarters during 1955-56 as in the current financial year. The total provision under staff quarters I and other staff amenities amounts to Rs. 5.33 crores. The substantial contribution towards staff housing problems made by the Railways will be clear from the fact that during the three years 1952-55 Railways would have completed more than 24,000 quarters and provision has been made for the construction of nearly 10,000 quarters in 1955-56.

40. The usual provision of Rs. 3 crores for passenger amenity works has been included in the estimates for 1955-56. As during the past year, greater emphasis is being laid on improvements in medium and small sized stations. A small booklet giving information regarding important items of work carried out during the current year and proposed for the next year is being circulated to Hon'ble Members.

Five year plan

41. At this stage, it may be useful to indicate briefly how the first Five Year Plan has been implemented so far. During the first four years of the Plan, the Railways would have I incurred an expenditure of nearly Rs. 291 crores. Provision has been made to spend Rs. 126.68 crores in 1955-56. I have no doubt that the Railways would be able to spend the total amount of Rs. 400 crores allotted to them by the end of the First Five Year Plan. The expenditure may perhaps exceed I this by about Rs. 18 crores, if the deliveries of rolling stock on order from abroad are maintained according to schedule. Out of the total

estimated expenditure of Rs. 418 crores, we have been able to find about Rs. 266 crores from current railway revenues, the balance of Rs. 152 crores being financed by General Revenues.

42. A Planning Cell has been recently set up in the Railway Board's Office and placed under the charge of a special officer. Senior technical officers have also been attached to the Board. Their main task will be to formulate the Railways' Second Five Year Plan and give the necessary guidance to the Railways. Progress reports will be carefully studied with a view to eliminating impediments to the rapid progressing of the Plan. Necessary material is being collected in consultation with other Ministries concerned and the Planning Commission for drawing up the Railways' Second Five Year Plan. Instructions have also been issued to the General Managers of the Railways to set up similar units on their systems.

43. It is as yet premature to refer to our ideas regarding the rail transport aspect of the Second Five Year Plan as they are still in the consideration stage. The programme has to be carefully laid out in consultation with the Planning Commission as well as Governments of the various States. A few States have yet to send us their proposals. The programme has to be planned on a big scale not only to meet the needs of our developmental economy but also to open up new areas, which so far have remained without rail transport facilities.

It is obvious that in order to meet satisfactorily the overall transport requirements of the country, whether in respect of goods or passengers, it is essential to plan for adequate expansion not only of the Railways but also of other forms of surface transport, namely, the road, inland water and sea. Railways cannot and will not lag behind developments in other sectors of the economy. I may also assure the House that they are keenly alive to their great responsibilities and are determined to play their role as the spearhead amongst the instruments of transportation in the country.

44. Needless to say, it is essential to promote maximum co-ordination among the various means of transport and this matter is already engaging the attention of the Transport Ministry, which has constituted a Study Group. Railways are also represented on it. As the Study Group might take some time to produce its report, I have considered it desirable to examine one of the aspects shortly. I refer to the possibility of co-ordination between the Railways and the coastal shipping in order to promote the development of the latter on sound lines. I intend setting up shortly a Committee in order to examine certain specific suggestions that have been put forward. The Committee will also undertake a comprehensive examination of the comparative costs of operation on competitive routes by rail and by sea and advise on the steps to be taken to promote transportation by coastal shipping of commodities which are specially suited to this type of transport.

45. Although our plans for new constructions may yet take, 19 some time to be finalized, I am asking the Railways to take preliminary steps from now on so that actual construction work might start from the beginning of the Second Five Year Plan. Accordingly, as already stated, a number of surveys will be undertaken during 1955-56 of new lines and doubling of existing lines and also a number of earlier survey reports will be brought up-to-date. Provision made in the Budget covers new surveys or bringing old surveys up-to-date in respect of about 1,300 miles of new lines and nearly 900 miles of doubling of heavily worked sections. As an alternative to doubling, investigations as to the possibilities of developing parallel routes, which might open up new areas, are also being made. The House will find the details of the proposed surveys listed in Appendix XI to the Explanatory Memorandum.

Transportation position

46. I referred earlier to the improvement in both movement and traffic during the current year. The passenger train miles on the Broad Gauge during the first six months of 1954 -55 increased from 31.7 million during the corresponding period of 1953-54 to 32.3 million. On the metre gauge the increase has been from 18.7 million to 19.1 million train miles. In the field of goods transportation the improvement has been even more pronounced. Goods train miles on the Broad Gauge have risen from 25.4 million during the first six months of 1953-54 to 26.7 million during the corresponding period of the current year, an increase of 5.12 per cent. On the metre gauge the train mileage over the same period has increased from 9.9 million to 10.1 million. Wagon loadings are on the increase. The average daily coal loadings during April-December 1954 have risen by 190 wagons in the Bengal and Bihar Coalfields and by 230 wagons taking all the coalfields together. Coal movements beyond Moghalsarai have registered an increase of 99 wagons per day as compared with last year. Transhipments have been improved, and the movement of goods has been speeded up. The revenue earning tonnage lifted during the first nine months of the year has recorded an overall increase of about 2.6 per cent over the corresponding figure of the previous year.

47. With a view to speeding up long distance goods movement, Express Goods Trains have been introduced on all the main trunk routes running to fixed schedules as publicly notified. I am fully conscious of

the leeway yet to be made up, particularly in regard to the difficulties in movement over certain sections. I have already explained to the House the steps proposed to be taken for meeting these difficulties.

48. The Efficiency Bureau to which I made a reference in my Budget speech last year has studied a number of problems during the year. Apart from the steps indicated by it towards the more economic use of wagons, its suggestions regarding the speeding up of goods trains and the rationalised use of the facilities available at certain transshipment points and .of new routes to ensure minimum detention to wagons have resulted in an appreciable improvement. I propose to extend the activities of the Bureau to cover other important aspects of railway working.

Accidents

49. The House may be interested to know what Railways, are doing to promote safety of travel. Figures go to show that the number of accidents on Railways is going down, though unfortunately we had one of the worst accidents near Hyderabad in September last. Quite a few of those, which occurred in the current year, were on account of non-observance of the normal safety rules. The human element is liable to err but all mechanical and other devices must be provided to minimise the incidence of such errors. The system of interlocking or other necessary safety devices will have to be extended over the whole of the Railways in accordance with a scheduled programme. I have, therefore, decided to set apart at least one crore each year for this work and the execution of these works would be given very high priority.

Towards self-sufficiency in railway equipment and supplies

50. The implementation of the policy of self-sufficiency in the matter of rolling stock has progressed satisfactorily. Already a total of 200 locomotives have been turned out by the Chittaranjan Locomotive Works. During the current financial to year, the Works will have turned out 98 locomotives as against 64 in the preceding year. This is equivalent to a production of 120 average-sized locomotives, which was the target for the Works. The production capacity of the Works is now being increased to 200 locomotives. The Telco have also been advised to increase their production from 50 to 75 metre gauge locomotives and I think they should even be prepared to raise it to 100.

51. The programme of building of, and the procurement of machinery and plant for, the Perambur Integral Coach Factory is proceeding according to schedule, and the Factory is expected to go into production in the course of the Budget year, the phasing of annual production being from 20 coach shells in 1955-56 to 350 in 1959-60. When full production is attained in this factory, we would have reached a land mark in the programme of self-sufficiency in coaching stock. The manufacture of coaches in Railway Workshops is also being stepped up and the possibility of a further increase is being examined by the Workshop Reviewing Committee recently set up who have already submitted an interim report. The question of the indigenous manufacture of electric multiple coaches is also under consideration.

Wagon building is mostly confined to the private sector. We gave the wagon builders an assurance some time ago of our willingness to purchase 12,000 wagons a year for five years. Railways would be prepared to increase the orders placed with them if they show evidence of capacity to produce more. This should go far towards enabling Indian firms to prepare their plans ahead and increase their production capacity. I would, refer in this connection to the shortage of special type wagons which are likely to be required in the country. I hope that the wagon-building firms would consider the manufacture of such stock also. As regards the manufacture of parts and components now being imported, although some progress has been made, much still remains to be done. I have recently appointed a Committee, with Shri G. B. Kotak as Chairman, to go into this problem and submit its recommendations early.

Passenger amenities

52. The policy of the Railways in regard to the provision of amenities on the trains and at the stations, I am glad to say, has been generally welcomed in the country. The House should be aware of the appointment of an officer on each Railway with the status of a Deputy General Manager to deal with matters relating to the provision of amenities and facilities to the public generally. I look forward to a substantial improvement in the standard of amenities so provided and in the maintenance of proper cleanliness at stations and in carriages as a result of outdoor inspections and other activities of these officers.

53. I shall not detail the various items of amenities sought to be provided, as most of them are known to the House. I would, however, like to refer to a few important ones:

The introduction of sleeping accommodation for third class passengers and the abolition of the distinction which used to prevail between different classes of passengers in the matter of the use of dining

cars, retiring rooms, exits, etc. has been greatly appreciated. New "Sleeping" coaches are being built with more conveniently designed berths; better lighting arrangements and an additional wash basin.

A new type of Retiring rooms would be provided at important stations, the charges for which would be low but with all the usual conveniences. The possibility of running a vestibuled Third class Janata rake, in order to assess its advantages, is also being examined. This would help to reduce overcrowding in individual compartments, and also minimise ticketless travelling. A concentrated drive will be made to provide raised platforms wherever necessary. This work would be taken up first where voluntary labour is forthcoming. The Railways would welcome such voluntary co-operation and be prepared to supplement it by their own contribution.

The question of overcrowding in third class has still to be tackled over certain sections. The increased supply of coaches and locomotives should go a long way towards giving relief. Among the important steps proposed to be taken are the use of Diesel rail cars over short distances and increase in the number of shuttle trains. Diesel rail cars have already arrived and are being allotted to those Railways that need them most. In order to tackle the excessive overcrowding during peak hours in the suburban services at Bombay, Calcutta and Madras, I have decided to set up a small Committee to investigate the problem and suggest remedial action.

Catering

54. A Committee was appointed under the Chairmanship of the Deputy Minister, Shri O. V. Alagesan, to examine all aspects, of catering and to devise appropriate measures for effecting all round improvement in the catering arrangements on Railways I need not detail here the important recommendations of the Committee including the one to the effect that Railways with no departmental catering should start with an experimental departmental service. In the matter of inspecting catering establishments with a view to ensuring proper quality and service, I have suggested to the Railway Board that they should arrange for non-officials to be associated in a suitable manner. Regarding the "standard menu" recommended by the Committee, I have asked for an examination to be made as to whether it would be feasible to evolve a standard menu on the basis of regional tastes and requirements so that the maximum number of people in all parts of the country could be satisfied. I have also suggested that priority should be given to the replacement and re-equipping of dining cars. The vending contracts have to be specially attended to, as they cater to the largest number of passengers. I should, therefore, like to encourage the sale of food packets containing puries, etc., of good quality Healthy, simple snacks should be supplied and the standard of quality and the price to be charged for these packets should be settled carefully so that they are within the reach of all classes of passengers.

Compensation claims

55. The improvement referred to in my Budget Speech last year regarding disposal of compensation claims for goods lost or damaged has been maintained. There has also been a decrease in the amount paid from Rs. 3.19 crores in 1952-53 to Rs. 2.89 crores in 1953-54. This reduction is due to the various preventive measures adopted by the Railways. Attention is being concentrated on the liquidation of old cases.

Railway security organisation

56. The House may recollect that last year, I had referred in my Budget speech to the appointment of a Security Adviser to the Railway Board and the proposal to appoint officers of the rank of Deputy Inspector General of Police in the Security Organisation of each of the Railways in order to bring about an improvement in the existing organisation and security arrangements. I had also stated that arrangements were being made for the training of staff to make the Railway Security Force a really efficient organisation. All these proposals are being implemented. The House will, however, appreciate that prevention of losses due to thefts is essentially a question of law and order. It is considered that speedy and effective results will be achieved if the Security Force is vested with powers to arrest, search and investigate and a part of it is properly armed. This matter is under examination. For the present, the Watch and Ward Organisation on the Railways does not appear, to be equal to the task entrusted to it and I am clear in my mind that it cannot be relegated to a position of inferiority as compared with other agencies which are more or less given charge of the same type of work. This Force is being reorganised and it is proposed to give it additional powers and status to increase its effectiveness. The advisability of having a suitable cadre, in which the officers and staff might look for higher posts and promotions, is under consideration.

Khadi

57. I am glad to report that the Railways have taken keen interest in encouraging the use of Khadi to which I made a special reference in my speech last year. The list of articles for which Khadi cloth can advantageously be substituted has been increased and the Khadi Board has been supplied with a list of mill manufactured items in order to enable it to select a few varieties of cloth for which Khadi substitutes could be developed and manufactured to meet the railways requirements. I hope it will be possible to use Khadi cloth in lieu of the mill made variety for the supply of uniforms to Class IV staff, which represents by far the largest proportion of the demand, by Railways. This would mean taking up large quantities of khadi, which, I hope, will be forthcoming.

Regrouping

58. The policy decision of my distinguished predecessor, the late Shri Gopaldaswamiji, in the matter of regrouping of the railways was a step in the right direction. The integration of a motley group of Railways of varying sizes was inevitable, not only in the best interests of railway administration but also in the larger and wider interests of the country as well. I think it is time that we accepted that as a settled fact. We have, of course, to recognise that more and more work will fall on the Railways as their development progresses. During the Budget debates last year, I had stated that I would entrust the examination of various aspects of performance of the regrouped Railways to the Efficiency Bureau, which had just then been set up. The Bureau's examination confirms that the work load of the Zonal Railways, after Regrouping, has increased and in certain cases has become quite heavy. I am, however, glad to say that in spite of this load, Railways have maintained a fairly good standard of efficiency. The work load aspect, however, is a matter, which will need to be kept under continuous, and careful review. In a developing economy, the organisational set-up of the Railways cannot obviously remain static, and I can assure the House that it shall always be my endeavour to ensure that they are so organised as to be in a position to provide adequate transport and to maintain a high standard of efficiency.

Committee On Freight Structure

59. The present freight structure has been a subject matter -of some controversy and there has been a persistent demand for its review and re-examination. In the present budget proposals I have not touched the problem in its wider context and have merely confined myself to making certain limited adjustments in rates and fares. But in order to examine the problem in its various aspects, I am considering the advisability of appointing a Committee to go into it.

New Concessions In Fares

60. We have been following in recent years a liberal policy .of giving concessions, particularly in connection with travel for educational purposes and other nation building activities. The financial effect of these concessions is partially reflected in the fact that the average amount earned per passenger during 1953-54 has decreased from 5.22 pies to 5.17 pies per mile. The concessions generally available for students have been extended to those who have completed their school or university education and ceased to be on the rolls of their respective institutions up to a period of three months after their examinations. In the case of students special trains the minimum charges prescribed for ordinary special trains will not be levied as it has been found that students and educational institutions cannot ordinarily afford to pay these charges. The usual minimum charges for such special trains are, therefore, being waived when the party is not less than 400.

I propose also that the same concession should be extended to parties of kisans sponsored by State Governments. The concessional round-tour tickets available for students travelling in parties of not less than four have been extended to teachers of primary and secondary schools. Those undertaking journeys to National Extension Service Centres for giving voluntary service or returning home after giving such service have been granted the usual concessions.

In case of excursion and pilgrimage special trains for distances of 1,500 miles or over, fares have been prescribed at three-fourths of the ordinary rate and charges for detention of the stock en route have been waived for the first 12 hours of day-light at each halting station. I also propose to re-introduce for the first time since the War, holiday return tickets at concessional fares for the next Dussehra and Diwali festivals. The necessity for a reduction in the charge for platform tickets has been referred to on a number of occasions on the floor of both the Houses. I propose to reduce this charge from two annas to one anna with effect from 1st April, 1955.

Staff Matters

61. Ex-States' Railway Officers- The fitting in of the officers of the ex-State Railways into the seniority lists of the Railways established after regrouping in 1951 and 1952 has, as the House will appreciate, presented a number of difficulties. The formulation of a uniform rule in the circumstances is difficult and no solution can obviously be entirely free from criticism. The matter has, however, been reviewed recently and orders are being issued which I hope will be acceptable to all the interests concerned.

62. Class II Service - Reference has been made on more than one occasion to the promotion of officers of the Class II Service to the Class I Service. The quota reserved for promotion vacancies in the Class I Service is now being fully implemented. I may tell the House that against a quota including arrears during the last four years totalling 91 vacancies, 80 promotions have already been ordered, 11 being under consideration with the Union Public Service Commission. According to the Railway Board's revised procedure, the promotion vacancies will be filled simultaneously with, or shortly after, the filling up of the direct vacancies. The selection of about 35 Class II officers for promotion to the Class I Service of pari passu with direct recruitment now in progress has already been taken in hand.

63. Combined seniority lists - The combined seniority lists of staff on the regrouped railway systems are either complete or nearing completion and the completed lists are being published. Thereafter, the representations submitted by the staff or by Unions will be considered. It is possible that minor variations of the general principles that have been prescribed in consultation with organised labour for the fixation of seniority may have to be adopted in different areas to suit the special conditions existing there. It is proposed, therefore, in my consultation with the Federation and the Unions concerned, to as permit the respective Railway Administrations to adopt such minor variation as will ensure that any anomalies arising from the application of the rules are reduced to the minimum in each area. The understanding will be that the decisions taken by each zonal Railway Administration in consultation with organised labour on a system will be treated as final.

64. Selection Posts - As mentioned in my budget speech last year, all posts in the grade of Rs. 200-300 and above are now treated as selection posts, as also certain specific categories in the grade of Rs. 150-225 which involve supervision and a degree of personal responsibility. I have given further thought to the matter and consider that there is need for greater flexibility in the drawing of a dividing line between selection and non-selection posts. I am suggesting to the Railway Board that a detailed list of posts should be drawn up in consultation with organised labour.

65. Ad hoc Tribunal - Hon'ble Members would recall the appointment of an ad hoc Tribunal to dispose of certain matters on which the Railway Board and the Railway Federation were unable to come to an agreement. The sittings of the Tribunal are likely to commence shortly. I have thought it proper to consider referring to this Tribunal any unresolved issues of importance that may have accumulated in the interim. It is, proposed to settle the list of additional items, if any, after discussion with the National Federation of Indian Railwaymen.

66. Staff Benefit Fund - I have under consideration a proposal to raise the contribution from Railway Revenues to the Staff Benefit Fund, in order to afford greater scope to the Administrations concerned to spend money on the objectives of the Fund. These are to give educational assistance when no such assistance is admissible under the normal rules, to provide facilities for recreation and amusement for the staff and their children, to relieve distress amongst the members or ex-members of the staff or their families to the extent to which, such relief cannot be provided for under the normal rules, and to assist schemes for sickness or maternity benefits to the families of the staff. I hope to take a final decision shortly.

67. Railway colonies, etc. - I would make a brief reference to the policy we intend to pursue in regard to railway colonies. Except at the larger centres, railway colonies have grown up in a haphazard manner without a planned lay-out providing for recreation centres, parks, etc. Railway Administrations have now been directed to pay greater attention to this matter, particularly in view of the fact that they are attempting speedy construction of a very large number of staff quarters. It would indeed be desirable if these are built in the form of a number of sizeable colonies.

68. Amongst the staff amenities we have under consideration is the opening of rest homes for the staff at suitable hill stations or seaside resorts or other pleasant surroundings where they can spend their holidays inexpensively and in reasonable comfort.

69. Medical facilities, staff training etc. - The provision of adequate medical facilities for Railway employees has been engaging my constant attention and I do not want to take the time of the House in dilating upon this subject. I have, however, felt for some time the urgent need of central and coordinated

direction from the Railway Board of the Medical Services on the Railways. Consideration is, therefore, at present being given by the Railway Board to the matter of appointing a Special Officer to ensure speedy examination of the various reports for the improvement of medical facilities, to plan for the future expansion of such facilities and to progress action on the decisions taken.

70. The training and education of workers in every branch of the Railways is a matter to which I have always attached much importance. New training institutions are being opened and the old ones enlarged to train up all new recruits before they are appointed to posts for which prior training is necessary. Similarly, refresher courses will also be provided for those who are already in service. They should be made familiar with the latest technique and developments so that they could keep up a high standard of efficiency.

Labour Relations

71. I am happy to say that the best of relations have been maintained by the Administration with the workers and the Federation throughout the year. There is commendable unity prevailing amongst railwaymen. I wish that this sense of unity will be carefully preserved. This will enable them to forge ahead and make their accredited Federation stronger still. Sometimes personal differences or other factors create difficulties, but it is hoped the leaders would be able to overcome them. I have no doubt that this unity has made the Federation really more effective and helped in producing better results.

72. Problems between labour and management there will always be. Indeed, it is a natural and never-ending process. But, both the Federation and the Railway Administration should have a living faith in the common cause, namely, the country's progress and prosperity. I would appeal to all I concerned to make a success of the Negotiating Machinery we have recently set up. For my part I am prepared to help in solving difficulties that come in the way of the satisfactory working of the Machinery, and I shall take concrete steps in this regard immediately in consultation with the Federation.

73. Before concluding, I would like to express my appreciation of the help and cooperation that I received from the Members of the Railway Board who completed their tenures in September, 1954. They were in charge during a most difficult period in the history of Indian Railways and they performed their duties creditably. The Board has been reconstituted with an additional Member and more powers to the Chairman, who has been vested with the functions and powers of the former Chief Commissioner of Railways. I take this opportunity to welcome the new Members of the Board, who have already taken to their new duties with zeal and earnestness.

74. Howsoever well equipped the Railways may otherwise be, their efficient working depends mainly on those who actually run them. If they are not up to the required standard, if they have not caught the spirit of life times and if they do not basically believe in the democratic approach, Railways would lose dynamism and not have served their full purpose. I need not therefore remind railwaymen, officers and workers alike, of their continued obligation to maintain and foster the development of the highest ideals of service to their countrymen in the performance of their duties.
