

**Speech of Shri S. K. Patil  
Introducing the Railway Budget  
for 1965-66, on 18<sup>th</sup> February 1965**

Mr. Speaker,

Sir, I rise to present the Railway Budget for 1965-66.

**Accounts of 1963-64 (Financial Results, 1963-64)**

2. Beginning with the year 1963-64, the last completed year, the financial results of that year turned out to be somewhat better than the Revised Estimates. There was an improvement of over Rs. 5 crores in passenger earnings and of over Rs. 3.5 crores in goods earnings, as well as a reduction of Rs. 1.3 crores in suspense awaiting realisation, so that Gross Traffic Receipts came to nearly Rs. 10 crores or 1.6 per cent more than the Revised Estimates. On the expenditure side, there was a marginal saving of Rs. 1.2 crores or about one-fourth of one per cent on working expenses, and a saving of about a crore of rupees on works charged to Revenue, which was virtually offset by an equivalent increase in the dividend payable to General Revenues. In the result, the year's working showed a surplus of Rs. 49.24 crores as against the Revised Estimate of Rs. 37.75 crores. This was credited to the Development Fund.

**Revised Estimates, 1964-65 (Gross Traffic Receipts 1964-65)**

3. The Railways can have the satisfaction that during the current year they have been able to provide all the goods transport needed and substantially to add to the number of passenger trains. The various investments made and measures taken have been bearing the expected results in additional capacity. In presenting the Railway Budget last year, the then Minister stated that the Railways were preparing themselves to move 17 million tonnes more of goods traffic in 1964-65 than in the previous year, but that it was too soon to forecast with any confidence whether extra traffic would materialise to that extent. I am afraid events have justified his doubts. The slackening of the demand for coal noticed towards the end of 1963-64 persisted during the current year. In part, it was a reflection of the growing confidence of all classes of users in the ability of the Railways to transport all the coal required by them and an inclination on their part to work with lower stocks. Coal traffic during the first nine months of this year was actually less by nearly 22 million tonnes in comparison with the corresponding months of last year. Raw materials traffic to steel plants also dropped slightly during this period, in which there was no expansion of installed capacity for steel production, while the increase of export ore was hardly one-fourth of the extra one million tonnes anticipated. The increase in other revenue earning traffic at about one and a half million tonnes up to December conformed perhaps to the rate of growth in industrial production but was much less than the 5 million additional tonnes envisaged for this year. There have been signs of revival of traffic in the last few weeks, but we may at the best close the year with an increase of only about 3 million tonnes over last year. It seems likely in the circumstances, that there will be a shortfall of about Rs. 25 crores on our budget estimate of Rs. 432 crores of goods earnings. This has, however, been compensated to an appreciable extent by a heavy increase in passenger earnings. Against the estimate of Rs. 184 crores, we seem to be likely to touch a figure of Rs. 200 crores. Other coaching earnings and sundry earnings are expected to approximate closely to the budget estimates. In the net, the estimate of Gross Traffic Receipts is being placed at Rs. 660 crores, which is Rs. 8 crores or about one and one quarter per cent less than the Budget.

**Working Expenses, 1964-65**

4. Working expenses, on the other hand, have increased unavoidably by Rs. 18 crores over the Budget of Rs. 414.68 crores and are now estimated at, Rs. 432.68 crores. This is almost entirely attributable to the increase in the wage bill during the year. There have been two revisions of dearness allowance since the Budget-one announced in May 1964, with effect from 1st February 1964, and the other last month, with effect from 1st October 1964, both of them applicable to Railway employees in common with all other Government servants. Their impact on Ordinary Working Expenses for the current year is Rs. 6.58 crores and Rs. 8.2 crores respectively. Taken together with the post-budget Central Government scheme for reimbursement of school fees, the cost of these measures is Rs. 16 crores even in the current year. In addition, there has been a revision of the rates of running, mileage and overtime allowances at a cost of Rs. 1.44 crores. The provision required for Government contribution to Provident Fund and gratuities has also increased, because options for the new liberalised Pension Scheme have been less than expected, and there have been certain other sundry increases. In all, the element of staff costs in working expenses has gone up by nearly Rs. 19 crores. There have been four successive additions to the cost of coal during the year, and with the sales tax and excise duty on it, this accounts for an increase of Rs. 1.19 crores. Retrospective revision of the tariff for electric power for traction and other minor items account for

about Rs. 34 lakhs extra. There are also increases for civil engineering works undertaken for the protection of the track, the restoration of the Pamban bridge, an 'on-account' payment of Rs. 1.5 crores towards revised charges for the rental of telegraph and telephone wires payable to the Posts & Telegraphs Department, and sundry other items. But these have been offset by reductions due to economy measures and the lower expenditure due to the level of traffic being below anticipation. The net effect, however, is an increase in working expenses of Rs. 18.00 crores, and supplementary demands are being presented to cover the increases.

### **Other Charges and Surplus, 1964-65**

5. There have also been two other changes, which have improved the financial picture. A reduction of Rs. 1.5 crores has been made in the allotment for Open Line Works-Revenue under miscellaneous expenditure. On the basis of detailed actuarial calculations with data now available about the actual options for the Pension Scheme, the appropriation to the Pension Fund from Revenue has been reduced from the budgeted amount of Rs. 19 crores to Rs. 11.6 crores. There is, however, an increase of Rs. 1.3 crores on the dividend payable to General Revenues because capital expenditure in the previous year was higher than was anticipated. The net effect of all these changes is that the surplus for the year has shrunk from Rs. 30.87 crores anticipated in the budget to Rs. 12.49 crores.

### **Works Expenditure, 1964-65**

6. Rs. 370 crores was provided in the budget for expenditure on works during the year, and, if the progress of expenditure justified it, it was proposed to increase the figure by Rs. 10 crores to Rs. 380 crores net. In the context, however, of the current economic situation, a vigorous effort has been made to reduce Government spending during the year as far as this can be done having regard to commitments already made. The programme of works and other capital expenditure for the current year is now fixed at a level of Rs. 15 crores less, that is at Rs. 365 crores. Even compared with the budget provision for capital expenditure on works an overall reduction of Rs. 5 crores is expected to accrue this year.

### **Efficiency Of Operation (Workshops)**

7. In recent years, a fair proportion of the increase in the cost of staff, capital equipment and stores has been absorbed by increases in the efficiency of railway working. To quote a few examples, the introduction of the incentive scheme in railway workshops has, concurrently with substantial incentive bonus payments to individual employees, resulted in reduction both of the numbers of men required to carry out a standard repair job and its cost. By strict control over recruitment, improved organisation, training and supervision, and the steady promotion of incentive schemes in the major workshops, the number employed on repair work in such workshops has come down from 116 thousands in 1957-58 to 99,900 in 1963-64, a reduction of 13.9 per cent, while the total repair work turned out by them increased by 22.6 per cent.

8. There have been substantial improvements in operation too. Better utilisation of locomotives has reduced the number of goods locomotives required (in terms of W.G. standard goods locos) Rolling Stock Utilisation for moving one million net tonne kilometres per day from 25 in 1950-51 to 20 in 1963-64, the corresponding figures for the Metre Gauge (in terms of Y.G. steam locomotives) being a reduction from 65 in 1950-51 to 42 in 1963-64. Similarly, improvement in wagon utilisation has reduced the number of Broad Gauge four-wheelers of 22 tonne capacity required for moving one million net tonne kilometres per day from 1402 in 1950-51 to 1018 in 1963-64, the corresponding reduction in terms of standard Metre Gauge wagons of 14.6 tonne capacity being from 2771 to 2053. In other words, wagon utilisation improved by over 36 per cent, with the resultant very large saving in the additional capital investment for doubling traffic capacity.

9. With the growth in traffic, the number of staff employed on traffic accounting and statistical compilation would have had to be increased almost proportionately, as they were until recently. But with the integrated scheme of mechanisation of traffic accounting and statistics and rationalisation of traffic accounting procedures, which is now in the course of implementation, it is expected not only to expand substantially the coverage of statistical data but to absorb the extra accounts and statistical work incidental to the large increase in traffic projected during the Fourth Plan without any significant increase in staff or equipment.

10. The Railways are examining the possibilities of incentive schemes in other areas of railway activity, which employ large numbers of staff. This is necessary in order to enable the Railways to cope with tasks to which mere increase in numbers will not provide the solution. The Railways would aim thereby to control costs even while staff are earning additional incentive payments. The reduction of expenditure by

innovations in methods can, however, only be gradual, and cannot fully absorb increases in costs as substantial as those in the recent past.

### **Progress On The Railway Plan (The Assam Route)**

11. Notwithstanding the slight cut in the current year's capital expenditure in the context of the immediate circumstances, steady progress is being maintained on the programme for increasing capacity to meet all the requirements of the coming year, and, in due course, of the next Plan period, on the Assam route, and the busy routes connecting Delhi, Bombay, Calcutta and Madras, which carry the heaviest traffic although they form only 14.4 per cent. of the route kilometrage of the Indian Railways. In pursuance of the decisions taken in the wake of the emergency to augment rail transport capacity to and from Assam, the section from Siliguri to Haldi bari has been converted to Broad Gauge and opened to traffic, and the Broad Gauge line up to Jogighopa is expected to be completed by the middle of this year. The ferry capacity of 200 B.G. wagons between Farakka and Khejuria Ghat will be doubled by the middle of the year and good progress has been made on the doubling of the Sahibganj Loon between Sainthia, and Barharwa. There will thus be a very large increase of rail capacity on the Assam route. This will help free flow of traffic also by the all Metre Gauge route *via* Barauni and Katihar to Assam, particularly after the installation of Centralised Traffic Control on the Metre Gauge section between Bongaigaon and Changsari, which is being taken in hand. The line from North Lakhimpur to Murkongselek has been opened to traffic up to Gogamukh and the remaining of o kilometres are expected to be completed in two stages by' March 1966.

### **The Grand Trunk Route**

On the Delhi-Madras Grand Trunk route of 2,180 kilometres, the double line sections have increased from 531 kilometres to over 800 kilometres, and works have already been sanctioned for doubling 200 kilometres more by the middle of the Fourth Plan. Proposals are now being formulated for further increases in the doubling on this route. The doubling of the 54 kilometres of single line section between Agra and Mathura has been included in the Budget. Diesel traction is to be introduced on this route to cope with increased freight traffic following the developments of the Pench, Chanda and Singareni coalfields, and a major diesel shed costing Rs. 95 lakhs is being planned at Itarsi.

### **The Delhi-Bombay Route**

On the Western Railway's Delhi-Bombay route of 1,390 kilometres, doubling has been sanctioned of 212 kilometres in addition to the present 745 kilometres of double line. This will leave only 433 kilometres of single line to be taken up for doubling when traffic growth so requires. On the Central Railway route between Delhi and Bombay, long sections are being doubled as part of the works on the Grand Trunk route. The Igatpuri-Bhusaval electrification is expected to be completed by 1967. Increase in the capacity of yards at Agra, Itarsi, Bhusaval and Kalyan has also been undertaken.

### **The Delhi-Calcutta Route**

With the doubling of the Tundla-Ghaziabad section, now in progress, there will be a double line all the way between Delhi and Howrah by about the end of 1966. Electric traction has already been commissioned between Durgapur and Moghalsarai, and is being extended east to the Calcutta Docks and west to Kanpur, so that by about April 1966 there will be electric traction all the way from Calcutta Docks to Kanpur *via* the Grand Chord, with a few long-distance passenger services also hauled by electric locomotives. The Moghalsarai yard has been expanded, and, with the modern equipment installed, it can handle up to 3,600 wagons each way.

### **The Delhi Area**

For the fast developing traffic of the Delhi area, terminal facilities are being augmented and avoiding lines for goods traffic to bypass the congested sections around Delhi and New Delhi are under construction, including a , second bridge over the Yamuna river. When these works are completed, they should ease the flow of north-south and east-west traffic across the Delhi area.

### **The Calcutta-Nagpur- Bombay Route**

It is expected that the whole trunk route between Calcutta and Bombay *via* Nagpur will be doubled by next year. The extension of electric traction from Rourkela up to Howrah on this route is at various stages and is expected to be completed by the middle of 1967. This includes also electrification of the suburban services between Howrah and Kharagpur, with a third line from Howrah to Panchkura. Simultaneously the Tikiapara and Santragachi yards are being remodelled and route relay interlocking installed at

Howrah. A new goods yard is also being developed between Santragachi and Shalimar stations and terminal facilities at Shalimar are being increased. Major yards at Bilaspur, Bhilai and Bondamunda are being expanded, the latter two in step with the expansion of capacity at the steel plants they serve.

### **The East Coast Route**

Of the 1,670 kilometres of the Howrah-Madras Trunk route, 650 kilometres have already been doubled and doubling has been sanctioned of the rest of the route, with the exception of 220 kilometres of single line for which there is a parallel alternative route. The doubling includes the provision of a second railway bridge over the Godavari at a cost of Rs 6.9 crores. New marshalling yards are being provided at Waltair, Kharagpur and Vijayawada and the first two will be mechanised to speed up the marshalling of trains.

### **The Madras-Bangalore And Madras-Cochin Routes**

On the south-west line of the Southern Railway connecting Madras with Bangalore, Cochin and Mangalore, doubling - has been practically completed between Madras and Erode. Diesellisation is extending fast in the Southern Zone and is expected to cover freight services to Cochin next year. Terminal facilities near Madras are being expanded with a new goods terminal at Korukkuppet. Automatic signalling is being extended up to Avadi to facilitate the running of main line and suburban trains. Apart from the remodelling of the Bangalore City station, other works costing Rs. 1.13 crores needed to cope with the expanding freight traffic are nearing completion in Bangalore area.

### **Export Ore Lines And Surveys**

The Kottavalasa-Bailadilla line, which is being constructed to carry about 6 million tonnes of iron ore a year to Visakhapatnam port, has made good and progress and will be completed on schedule. Iron ore transport has already started over part of the new Broad Gauge line from Hospet to Guntakal. Completion of the rest of the line this year should help step up its movement to Madras. Metre Gauge diesel locomotives are being provided for the iron ore traffic from the Guntakal-Hospet section to Hubli for onward movement to Karwar by road and to Mormugao port. Transshipment facilities at Tadepalli for export iron ore moving to Masulipatam and Kakinada ports are also nearing completion. The Mangalore-Hassan line, to connect the new port under construction near Mangalore to its hinterland, has been sanctioned. For the new Bokaro Steel Plant, a major marshalling and exchange yard is being provided at Marapahari at an estimated cost of Rs.7.5 crores.

The new line recently-opened between Chandrapura and Bondamunda will also bring Kiriburu ore to Bokaro. The latest survey sanctioned is of a line from Dantewara to Bhadrachalam Road to facilitate exploitation of the mineral resources of Dandakaranya ; a supplementary grant for this survey was obtained in the last session of the Parliament. Surveys have been completed and the project reports are being finalised shortly regarding a rail link between Tirunelveli and Kanyakumari/Trivandrum and for conversion to the Broad Gauge of the Miraj-Mormugao section and the Hospet-Londa section. Similarly, the survey of a possible new line to link the rich iron ore deposits of the Nayagarh area with the Paradip port is in progress. These are amongst the new projects to be considered for the Fourth-Plan, depending on the resources available and the relevant factors that determine priority.

### **New Lines**

Altogether it is expected that, out of 3,600 kilometres of new construction including the 1,000 kilometres in progress at the beginning of this Plan, 2,100 kilometres of new lines will be opened by the end of the coming year, which is also the last year of this Plan. The Diva-Panvel section, the Kalkalighat-Dharmanagar line, and the Manamadurai-Virudhunagar and Ranchi-Hatia-Bondamunda sections have already been opened to traffic, and the Udaipur-Himmatnagar line is to be opened shortly. Work has commenced on Broad Gauge lines from Jhund to Kandla and from Panchkura to Haldia. From what I have said, the House will appreciate that in the Third Plan all new line constructions and other major works programmed for increasing the capacity in almost every geographical area in the country are well in hand.

### **Diesel And Electric Traction**

12. Another important factor in the increase in capacity is the progressive substitution of diesel and electric traction for steam. It is anticipated that by the end of this Plan, the Indian Railways will have about 460 diesel locomotives operating over 6,000 kilometres on the Broad Gauge and 174 diesel locomotives operating over 2,000 kilometres on the Metre Gauge. The number of electric locomotives is expected to rise to about 380 Broad Gauge and 22 Metre Gauge. The proportion of through goods traffic hauled by electric and diesel locomotives which was 2 per cent in 1955-56 had risen to 37 per cent at the end of

1963-64 and will go on increasing with the years.

### **Foreign Exchange**

13. The foreign exchange requirements of Railways during the Third Plan period are being mostly covered under assistance obtained from the World Bank and its affiliate, the International Development Association, and from some friendly countries including the United States. Arrangements already made for foreign exchange during the Third Plan (including rupee payment arrangements with the East European countries) cover approximately Rs. 244 crores. This includes an aggregate of Rs. 41 crores obtained since the last budget as loans for the Indian Railways from the International Development Association, the U.S. Agency for International Development and the Export Import Bank of Washington.

I gratefully acknowledge the external assistance received by the Railways for their development programmes.

### **Production Units (Chittaranjan Locomotive Works)**

14. By the end of last year the Chittaranjan Locomotive Works had produced, in the first fourteen years of its existence, 1,691 steam locomotives, 21 D.C. electric locomotives and two A.C. electric locomotives. It is scheduled to turn out 153 steam locomotives and 27 A.C. electric locomotives this year. In keeping with the progressive transition from steam to electric and diesel traction on our Railways, it has been decided gradually to taper off the production of steam locomotives at Chittaranjan during the Fourth Plan and convert the workshop for the manufacture of electric locomotives, including traction motors and ancillaries. Work is already in progress for the provision of additional facilities and specialised equipment for the changeover. In the coming year, Chittaranjan is expected roughly to double the electric locomotive production, while continuing with large scale steam locomotive manufacture as well, making in all approximately 200 steam and electric locomotives altogether. Outturn in its Steel Foundry, which went into production in November 1963, has reached about a third of its ultimate capacity of 10,000 tonnes per year. The foundry is now providing steel castings for steam locomotives, and is programmed to take on in the near future castings for electric and diesel locomotives as well as manufacture of manganese steel track crossings.

### **Integral Coach Factory**

In ten years the Integral Coach Factory has turned out over 4,000 coach shells and furnished over 2,000 of them. It is expected to produce and furnish 597 shells this year and about the same number next year. Production in this factory has been diversified to cover, in addition to Third Class coaches, other types of coaches like Luggage and Brake Vans, two-tier and three-tier Third Class Sleepers, First Class coaches, First and Third Class composite coaches, etc. It has also turned out Broad Gauge A.C. Electric Multiple Unit coaches and Metre Gauge passenger coaches, and is programmed to build Metre Gauge E.M.U. coaches and Broad Gauge coaches for the new Air-conditioned Express trains proposed to be put into service.

### **Diesel Locomotive Works.**

The construction of the Diesel Locomotive Works at Varanasi is progressing according to schedule. The factory has already assembled twelve diesel locomotives from imported sub-assemblies, and turned out four with chassis and superstructure fabricated at the factory. Manufacture of the diesel engine is to be commenced in 1966 to coincide with that of the electrical equipment from Bhopal, and the indigenous content of the diesel locomotive is expected to rise rapidly to about 50 per cent in the later years of the Fourth Plan.

### **Service To Railway Users (Passenger Services)**

15. In the present situation when the Railways have gained a lead in their race to match rail transport capacity to requirements, an all-out effort is being made to improve the quality of service, both for passengers and freight traffic. The addition during the year, of over 28,500 more passenger train kilometres a day, is more than twice the average annual increase during the last ten years. 54 new trains and 61 new suburban trains were introduced on the Broad Gauge and the run of 40 trains and 33 suburban trains extended. Among the new trains introduced last October is the Taj Express, a vestibuled train with coaches specially designed for elegance and comfort, which covers the 195 kilometres between Delhi and Agra in three hours. Bookings for sightseeing tours by road, of Agra and Fatehpur Sikri, can be made along with train tickets, enabling tourists to visit these historic cities and return to Delhi comfortably in a day. On the Metre Gauge, 69 new trains including two suburban trains were introduced, and the run of 23 trains, including one suburban train extended. Four new trains were added on the narrow gauge. Proposals have been

approved, or are under consideration, for a further large increase in passenger trains in the next time-table. 2,460 fans were fitted in the older Third Class coaches to bring them at par with the new coaches in which fans are part of the original equipment. At the end of October last, 250 Third Class Sleeper coaches were running on the Broad Gauge and 124 on the Metre Gauge, and it is hoped to raise these numbers to 340 Sleeper coaches on the Broad Gauge and 257 on the Metre Gauge by the end of this year. About 120 more Broad Gauge Third Class sleepers are programmed to be added next year.

### **Speed of Passenger Trains**

The Indian Railways have set themselves the task of increasing speeds on the trunk routes. The Delhi-Agra section is proposed to be made fit gradually for speeds up to 120 kilometres (75 miles) per hour, as a pilot project, so that detailed observations can be made of the behaviour of formation, track, locomotives and coaches at higher speeds. 'On-track' and 'off-track' machines are being tried to elect the type of equipment for mechanical maintenance of track best suited to Indian conditions.

### **Speeding up Goods Services**

Hon'ble Members would probably have heard about the introduction of advertised Express Goods Services between important towns in the country, like Bombay-Delhi, Bombay-Ahmedabad, Delhi-Calcutta, Calcutta - Bombay, Madras-Bangalore and Madras-Calcutta. These services will run on publicly advertised time schedules on a bi-weekly or tri-weekly basis according to traffic requirements and will also serve important intermediate stations on their route. Goods despatched by these trains can be expected to arrive at their destinations at the advertised timings. It is proposed to extend these services gradually to cover other pairs of important points as well.

### **Safety**

16. The drive for inculcating safety consciousness among railway staff continued unremittingly during the year. Each Zonal Railway has an experienced officer to deal exclusively with problems of safety and to plan and execute safety programmes, which include instructions to staff in safety methods and safety propaganda through posters, pamphlets, films, etc. There are 50 Safety Officers working on Divisions or Districts, assisted by 150 Safety Counsellors drawn from the Traffic, Locomotive and Civil Engineering Departments. The Director, Safety, in the Railway Board, coordinates safety activities on the Railways and pursues the implementation of the recommendations of the Railway Accidents Committee. Staff concerned with the working of trains, like Station Masters, Guards, Drivers, Cabinmen, Train Examiners, etc. are relieved of their normal duties for a week to attend Safety Camps, where they receive instruction in the safety aspects of their daily work and are encouraged to discuss freely problems relating to safety. 23 such camps, at which the Railways provide board and lodging, have been opened. In 1963-64 there were only five serious accidents to passenger trains -against an average of 9 to 25 in previous years-the lowest figure in the last 20 years. This trend has continued during the current year.

While this is satisfactory, the toll of death and devastation due to the cyclone, which hit the south-east coast of the peninsula on the 22nd December 1964, has been heavy. Tidal waves whipped up by the cyclone swept away 124 out of the 145 girders on the Pamban viaduct. Traffic on this bridge had been stopped some hours earlier as a precaution. But a passenger train on the Rameswaram island itself was engulfed by a high tidal wave, of which there could be no forewarning. Train services on the mainland up to Mandapam were resumed within 10 days of the disaster. A ferry service to the island for passengers and cargo has been organised and the shuttle service on the island between Pamban and Rameswaram has been maintained. The restoration of the two-kilometre bridge is being tackled on an urgent basis and is expected to be completed by June.

The modernisation of signalling systems, the extension of automatic signalling, the replacement of semaphore signals by colour light signals, track circuiting and the installation of route relay interlocking at a number of important stations are improving the factor of safety. A proposal is in the final stages of consideration for setting up a signal equipment factory in collaboration with experienced manufacturers to improve the supply of modern equipment for signalling.

### **Departmental Catering**

17. The sales turn-over of departmental catering rose to nearly Rs. 4 crores in 1963-64, and for the first time showed a profit, though small. A continuous effort is being made to improve the quality of service in spite of shortages and rising prices. Modern equipment, like refrigerators, hot boxes, gas or electric cooking ranges, etc., is being provided, and dining car waiters are being given more uniforms of good quality to improve their turn-out.

### Compensation Claims

18. As the House is aware, the Railways have assumed statutory liability as common carriers for goods entrusted to them. Even with the higher degree of liability that this involves, and in spite, of the rise in prices and in the volume of traffic carried, the net amount paid as compensation for goods lost or damaged was only Rs. 64 lakhs higher in 1963-64 than in the previous year. Compensation paid in 1963-64 was less than one per cent of gross earnings, and is expected to drop further in the current year.

The Railway Protection Force has contributed to the reduction of the claims bill by increased efficiency in preventing thefts and pilferage and recovering a higher proportion of stolen property. 2,972 arrests were made under the Railway Protection Force Act in 1963-64—more than double the number in the previous year—and the members of the Force had to use firearms on 31 occasions against notorious criminals working in organised gangs to loot wagons. The dog squads of the Force tracked down 74 criminals. A special mention is also necessary of the good work done by the Armed Battalions added to the Special Emergency Force in November 1962, in guarding important areas and installations on the Railways, protecting trains on the Northeast Frontier Railway against attacks by Naga hostiles, maintaining order at the eastern border stations at the time of the large ingress of refugees, and during the civil disturbances in West Bengal, Bihar and Orissa. Vigilance

19. In pursuance of the recommendations of the Santhanam Committee on prevention of corruption, the Organisation has been strengthened on the Railways. The Railway Board has Vigilance an Additional Member, exclusively in charge of vigilance work. On Zonal Railways, Senior Deputy General Managers have been placed exclusively in charge of Vigilance, Public Complaints and Public Relations. The Complaints Organisations on Railways are also being streamlined and a full-time Under Secretary is now engaged in the Railway Board's Office on the coordination of action on public complaints. In 1963-64, the Central Investigation Agency dealt with 514 enquiries. 1,700 cases were handled by the Railway Vigilance Organisation and departmental action was taken against staff found responsible. Five contractors were blacklisted for irregularities.

### Budget Estimates (Gross Traffic Receipts)

20. I shall now come to the Budget Estimates for 1965-66. The impact on demands for rail transport of rapid and unexpected changes in the patterns of traffic, for example, in foodgrains, and the uneven rate of development of various sectors of the economy, like the sudden drop in the offtake of coal both by steel manufacturers as well as other users, have made it particularly difficult to budget for the coming year. Tentatively, it has been estimated that there may be an increase of about 10 million tonnes in originating Revenue traffic next year, which includes half a million tonnes more of finished steel and pig iron, about two and a half million tonnes more of raw materials for steel plants including coal, a million tonnes more of export ore, and another million tonnes of cement. On the present levels of freight, goods earnings on this extra traffic would be about Rs. 28 crores, and the total goods earnings would be about Rs. 435 crores in the coming year.

Railways have normally been providing for a three per cent increase in passenger earnings every year. In view, however, of the faster rate of growth in this year, an increase of about 4 per cent may be postulated in the Budget year. At the present level of fares, this would mean an increase of Rs. 8 crores of passenger earnings. No substantial variation is expected in other coaching traffic and only a marginal increase in sundry earnings. On this basis, Gross Traffic Receipts would be Rs. 696 crores, i.e. Rs. 36 crores more than in the current year.

### Expenses

21. From these increased earnings expected in 1965-66, have to be met, the additional dividend on the increased capital - Rs. 11.5 crores, the additional depreciation provision - Rs. 2 crores and the additional expenditure on maintaining the increased assets and operating the additional services to earn the estimated Rs. 36 crores Rs. 18 crores approximately, on the assumption of no increase in the principal items of cost, such as fuel, and per capita staff costs. There is another important factor to take into account, viz. that provision has to be made in 1965-66 for the full 12 months, for the effect of the educational concessions introduced on 1st May 1964 and of the increase in dearness allowance following the Das Commission's recommendations, which have been in operation for only half of the current year. These alone add Rs. 9 crores to the working expenses of 1965-66 above the level of 1964-65.

### Surplus and Development Fund Balance

These increases aggregate to more than Rs. 40 crores over the current year, so that, on this reckoning, the surplus at the end of the year would be only Rs. 8 crores. This is roughly one-fourth

of the annual expenditure of about Rs. 30 crores from the Development Fund that can be fed only from surpluses. As was explained in the Railway Minister's budget speech last year, a surplus of Rs. 30 to 35 crores has to be earned in order to finance the works chargeable to the Development Fund and to enable the Railways to maintain a reasonably satisfactory return on the present enhanced capital. On the other hand, although a surplus of Rs. 30 crores was budgeted for, it is now expected to be no more ultimately than Rs. 12.49 crores this year, with the certainty that it would be even less in the normal course next year. In these circumstances, it is obviously necessary to consider what means should be adopted for raising the surplus to a satisfactory figure.

### Changes in Freight Rates

22. Dealing first with goods traffic, the House will recall that freight rates have been subject in recent years to certain overall increases. Against the substantial addition of 36 million tonnes to the volume of originating traffic in the first three years of the Plan, there has only been a nominal increase so far this year. In the present circumstances, therefore, I have decided on selective increases in freight rates on a few commodities only, which bear, in the main, comparatively low rates at present and move in large quantities, and can, therefore, yield sizeable revenue with modest increases in rates. Among bulky commodities, coal freight has been revised more than once recently and it is not proposed to make any change this year. The rate for foodgrains, although quite low, will also be left unchanged. A few selective adjustments in the classification, which will have the effect of enhancement of 4 to 7 per cent are, therefore, proposed only in the freight rates for heavy merchandise, like iron and steel, cement, stone, limestone, ores, etc. and about 8 per cent for non-dangerous petroleum products. There will be no change, however, in the rate for kerosene or export iron ore. Simultaneously, the disparity between low-rated and high-rated commodities is to be diminished by a reduction of the freight on commodities other than dangerous goods, that are in the higher brackets of the commodity classification—mainly manufactured products, including cotton piecegoods. The reduction of the highest rates would be appropriate now that the Railways have increasing capacity to carry general goods over and above the bulk commodities. These adjustments are expected to provide a net additional yield of only Rs. 6.9 crores. This covers only a fraction of the extra burden of about Rs. 32 crores per annum on the Railways in staff costs alone over the level of this time last year. In these circumstances, I have no alternative but to ask the passenger also to make some contribution towards the heavy increase in cost.

23. The growth of passenger traffic in the last 15 years has been very rapid, but, with the pressing need to give adequate priority to goods transport in a developing economy, the Railways could not augment passenger services to the full extent necessary to eliminate over-crowding in trains altogether, although this is an objective that is striven for continuously. In dealing with this matter, it is necessary to consider suburban and other traffic separately, not only because suburban traffic is limited to a small area around large cities but because, with its more rapid growth and its concentration mainly in peak hours of exceptionally high intensity, it offers special problems and is handled with special purpose rolling stock.

Excluding suburban traffic, the number of Railway passengers this year is likely perhaps to reach a level about 30 per cent over 1951-52. It is a matter of some satisfaction that the Railways have been able to make a corresponding increase in passenger train kilometres. But since there were more coaches per train on the average, in 1963-64 and in the current year, both on the Broad Gauge and the Metre Gauge, the complete picture is even better. Coaching vehicle kilometres last year were 42 per cent more than in 1951-52 against an increase of 32 per cent in passenger kilometres. While the problem of overcrowding is yet to be overcome completely, I think the Railways can claim that, compared to the conditions of travel in 1951-52, they have, within the limitations of resources and line capacity, attempted with some success to improve the quality of service, specially for the Third Class passenger. The introduction of a large number of Janata trains, the provision of three-tier and two-tier Third Class sleeper coaches on most long distance trains, and an improved design of coaches with better riding qualities and amenities like fans and allowing more space per passenger, etc. are some of the measures in this direction. There has also been the introduction of air-conditioned Third Class travel between Delhi and other principal cities, and over all, the virtual doubling of the number of fast services.

While deriving modest satisfaction in this amelioration of the austerity and inconvenience to which passengers were subjected in earlier years, Railways find that this has been achieved at an extra, cost much in excess of the increase in passenger earnings. In other words, the increase in earnings from passenger services has lagged considerably behind the increase in cost.

### Changes In Fares.

The reason for this situation is not far to seek. The introduction of telescopic fares in 1955 for the benefit of long distance passengers was not designed to yield any extra revenue. The imposition of the tax on passenger fares in 1957 (commuted in 1961 for a fixed payment by Railways every year) was for

the benefit not of Railways but of State Governments. Apart from this, there has been only one general increase in passenger fares since 1951, namely that effected in 1962. The extent of that increase is very small in relation to the increase in costs. The average Third Class ordinary fare, including the tax element, has risen only by 19 per cent while the Third Class Mail fare has risen by 26 per cent, the Second Class fare by 25 per cent and the First Class fare by 35 per cent. The cost of passenger services in relation to 1951-52 had, on the other hand, increased in 1963-64 by more than 50 per cent; it has risen further in 1964-65 and will be still higher in 1965-66 for the reasons already explained.

24. I now come to my proposals. About 70 per cent of all Third Class travel on other than season tickets is at ordinary fares for distance within 50 kms.; in 1962-63, the number was 80.6 crores passengers and the percentage 73. For this bulk of Third Class passengers, the increase will be small. Up to 6 kilometres, they will pay nothing extra, and for journeys between 6 kilometres and 50 kilometres, they will pay additionally only one to five paise per ticket. This will be the maximum increase for such passengers. Subject to this important exception, the increase will be 10 per cent of the passenger fare for distances up to 800 kilometres for the Third Class and Second Class. For journeys longer than 800 kilometres, the percentage increase will gradually come down, being only about 5.8 at 1500 kilometres and 3.1 at 3000 kilometres. The percentage increase on the Third Class Mail fare will thus be only an effective 6.4 on the journey between Delhi and Bombay and 4.6 between Bombay and Howrah. Further, even for the longest journeys across the country, the maximum increase will be Rs. 1.70 in the case of Third Class Ordinary and Rs. 2.00 for Third Class Mail and Rs. 3.60 for Second Class Mail fares. For the First Class and Air-conditioned Class the increase of 10 per cent will be on the fares for distances up to 1,000 kilometres and 1,200 kilometres, respectively, with the percentage increase in fares tapering off gradually beyond these distances. The percentage increases at 1,500 kilometres will be 8.1 on the Air-conditioned Class, 7.0 on the First Class and 5.8 on Third Class Mail fares.

I do not propose to apply this increase pro rata to season tickets. In fact, there will be no general increase on the season tickets but only some adjustments upwards on those fares which happen for historical reasons to be the lowest at present, so as to reduce the existing disparity between the season ticket fares for different cities. There will be an increase in the monthly Third Class season tickets in the Bombay and Calcutta areas by 50 Paise for the maximum distance and less for shorter distances and an increase of 10 per cent in the fares for First Class season tickets in the Madras area.

The suburban sections of Calcutta are being electrified rapidly at enormous cost. Members will recollect that electric suburban services commenced to run on the Howrah-Burdwan main line and the Tarakeswar Branch in 1957 and 1958 and on the Sealdah North Section in 1963 and 1964; services on the Howrah-Burdwan Chord will go over to electric traction by about April this year and the Sealdah South Section in stages this year and early in the next year. I need hardly mention how much this changeover, to faster cleaner travel, with more frequent services, has been welcomed around Calcutta. In Bombay, which has had electric suburban services for many years now, more and more E.M.Us. are being put into service and a scheme costing nearly Rs. 4 crores has been approved for increasing the line capacity for suburban traffic between Churchgate and Grant Road stations. It is true that in Bombay, as in major cities the world over, it has been difficult to cope effectively with peak hour traffic, but the effort is continuous to increase the services as much as possible within the available resources. In 1963-64 the special suburban coaches carrying such traffic were more than double those in 1951-52. The cost of the increased services is much heavier than the increase in earnings can be, and I hope that, in the circumstances, this rationalisation, which will cost the passenger an increase of one paise or less per journey, will be viewed in its correct perspective, both by this House and by railway users.

25. This adjustment of passenger fares is expected to yield an increase of Rs. 13.5 crores next year, after allowing for a slight check in the rate of increase of traffic such as occurred in 1962-63.

26. A memorandum is being circulated to the Hon'ble Members giving details about the proposals, together with a few other minor changes in the charges for very small consignments, minimum charges, rates for luggage and fresh fruit, etc. The additional revenue expected from all the proposals together is Rs. 21 crores.

### **Surplus, 1965-66**

27. The changes in fares and freight that I have suggested take into account only the extra commitments today. They have been deliberately devised to be low enough for the Railways to absorb part of the shock themselves and pass on to the user substantially less than the additional burden falling on the

Railways. Thus, the budget is only for an estimated surplus of Rs. 29.24 crores in 1965-66 against the surplus of Rs. 49.24 crores actually achieved in 1963-64, even on a somewhat smaller capital, before rising food and other prices altered the position very substantially for the Indian Railways. There is, therefore, no cushion left now, with the result that, if costs rise further beyond the control of the Railways and of their capacity to absorb them, it may become necessary to make further adjustments to ensure the financial soundness of Railways, but I can assure the House that in such an eventuality, again only the minimum and unavoidable additional burden will be passed on to railway users.

### **Works Expenditure**

28. The Budget Estimate for Works expenditure has been placed at Rs. 345 crores-Rs. 20 crores less than the Revised Estimate for the current year. The total expenditure on Works during the Plan 1965-66 will thus amount to about Rs. 1,642 crores. It was explained in the budget speech last year how the approved figure of Rs. 1,581 crores investment for the current Plan period would have to be increased to take the impact of the increase in costs arising from the direct and indirect effect of changes in taxation. It is now assessed that an addition of Rs. 61 crores or about 3.9 per cent has to be made in order to achieve the present physical targets in view of the increase in cost, mostly referable to the effects of the statutory increases in-prices, e.g. of steel and cement, enhancements of the customs and excise duties, e.g. on rolling stock and changes in Central Sales Tax as affecting the Railways' capital programme for works including permanent-way and rolling stock, etc.

### **Staff (Number of Staff Average Wage)**

29. At the end of 1963-64, the number of staff on Indian Railways stood at 1.27 million and the average wage was Rs. 1,994 per year. With the changes in and dearness allowance and other increases I have already mentioned, the annual wage per head is likely to rise by nearly Rs, 250 in one year. This figure does not include the "fringe benefits", such as subsidised housing, free medical attention, staff welfare measures, etc.

### **Medical Attendance**

30. During 1963-64, the daily average attendance of out-patients at Railway hospitals and health centres increased by over 10 per cent, and the annual cost per head of free medical and health services rose from Rs. 71.5 to Rs. 74.9, reflecting, inter alia, the higher cost of medicines and diet charges, and the commissioning of three hospitals and 18 health units and of 675 hospital beds.

### **Staff Quarters**

31. 14,704 staff quarters were constructed during 1963-64, and it is expected to add 17,500 more staff quarters during this year and an equal number in the budget year, raising the total number of staff quarters to nearly 4,76,000. The substantial subsidy on railway quarters is increasing every year with higher initial cost of construction and the rise in the interest rate and in the cost of repairs and maintenance.

### **Labour Welfare**

32. Facilities provided for recreation and cultural activities, like institutes and clubs and mobile libraries continued to function satisfactorily during the year. During 1963-64, about 3,300 staff used the 16 holiday homes scattered all over the country. Handicraft centres continued to train women members of railway families in knitting, spinning and tailoring, to help them to eke out the family income. Twelve new primary schools were opened, one middle school upgraded to high school and a high school raised to higher secondary standard last year. The opening of a higher secondary school, two high schools and seven primary schools was approved during the current year. There are 731 railway schools functioning now, including two intermediate colleges. 2,709 Railway scholarships, involving: an expenditure of Rs 8.67 lakhs, were current during 1963-64 and 543 children of railway employees were admitted to the twelve subsidised hostels run by the Railways. The Central Government scheme for the reimbursement of tuition fees paid by employees for children in middle, high or higher secondary schools is another amenity added during the year, at an annual cost to the Railways, roughly estimated as about Rs. 12 crores.

### **Labour Relations**

33. Relations with organised labour remained generally cordial, and many matters of importance to the staff were discussed and settled at the quarterly meetings of the Permanent Negotiating Machinery with the two Railway Labour Federations. Joint Committees of officers and staff also functioned at various levels

for the improvement of operational and administrative efficiency, while Production Committees in which labour is associated with management in selected workshops, proved useful in improving the quality and quantity of production.

### **Railwaymen and Sports**

34. Railwaymen have again done very well on the sports field. They retained the National Championships in hockey; volley ball, water polo, table tennis (women), badminton (women) and weight lifting (senior and junior) and annexed the National Championship in Football. Railways were runners-up in the National Swimming, Boxing, Kabaddi and Badminton (Men's) Championships. The singles titles in the National Badminton Championships for men and women were also won by railway players, and a woman Table Tennis player was declared National Champion in Table Tennis Singles. The Bharat Shri title was won by a railwayman in the best physique contest. 22 railwaymen represented India in teams participating in international contests and ii railwaymen were in the Indian Contingent to the World Olympic Games at Tokyo, five of whom were members of the World Championship Hockey Team. A lady railway employee also received the Arjuna Award.

### **Conclusion**

35. During the period that I have been in charge of the Railways, I have been deeply impressed by the vitality and organisational efficiency of the Indian Railway Undertaking. The industry and discipline of our one and a quarter million railwaymen, the calibre, enthusiasm and devotion of their officers, the leadership and forward-looking planning and direction of the Railway Board have all contributed to put the Railways in the enviable position of being not only the largest but also perhaps the most successful undertaking in the public sector in the country. As you know, it is also one of the few large railway systems in the world, which fully pay their way. I have no doubt the House will agree with me that, in spite of limited resources, the Indian Railways have performed their important role in our developing economy with credit and that they have earned our confidence in their ability to cope effectively with the yet heavier tasks ahead of them in the country's service.

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