

**Speech of Shri Madhu Dandavate
Introducing the Railway Budget
for 1977-78, on 28th March 1977**

Mr. Speaker,

Sir, I rise to place before the House the annual financial statement for the Indian Government Railways showing the estimated receipts and expenditure for the year 1977-78. The estimates are for the whole of the next financial year, but as the time available now, before the end of this financial year, for discussion of the Demands for 1977-78 is very limited, I seek from this House, for the present, only a vote on account sufficient to cover the estimated expenditure for the first four months of the financial year 1977-78, leaving the supplies for the rest of the year to be voted separately, later on.

Financial Results of 1975-76

2. I shall first begin with the operating results of 1975-76, the last completed financial year. The Budget for the year visualized a surplus of Rs. 23.03 crores in the hope that the traffic revival noticed in the preceding year would gather momentum during 1975-76. The actual trend of materialisation of traffic in 1975-76 was better than what was expected at the time of the Budget, and this was reflected in the Revised Estimates for traffic receipts. However, the increased traffic receipts were more than offset by post-budgetary liabilities amounting to Rs. 152.36 crores, arising mainly out of retroactive sanction of five additional instalments of dearness allowance. The net result, therefore, for 1975-76 at the Revised Estimate stage was a deficit of Rs. 62.81 crores, against the original budgeted surplus of Rs. 23.03 crores. The final accounts for the year 1975-76 indicate a deficit of Rs. 61.11 crores, or an improvement of Rs. 1.70 crores over what was expected at the Revised Estimate stage.

Revised Estimates 1976-77

3. In the Budget Estimates for the current year 1976-77, a surplus of Rs. 8.98 crores was expected after taking into account the effect of the proposals for adjustment of freight charges in respect of certain specified commodities. The current year has been, for many years, the best operating year for the Indian Railways. This can be seen from the fact that during the period from April, 1976 upto the end of January, 1977, 13.3 million tonnes more of originating revenue earning traffic have been loaded as compared to the corresponding period of last year. This is also about 7 million tonnes more than the loading proportional to the original Budget Estimate. There was vigorous marketing effort, and all the goods traffic that was offered was carried by the Railways and the outstanding registrations were very low. Power Houses, Cement Plants and other coal using industries had adequate stocks of coal right through. As regards export of iron ore, the full demands were met. Movement of brick burning coal and soft coke which showed a decline in the earlier part of the year, for lack of demands, has picked up substantially from the month of December. The total originating loading both for the revenue earning and the non-revenue traffic combined, is expected to be an all time record exceeding 230 million tonnes.

4. Increase in passenger traffic during the current year has been truly phenomenal. Against 1,183 million originating suburban passengers and 915 million originating non-suburban passengers during April-December 1975, the numbers in the corresponding period this year have been 1,305 million suburban and 1,137 million non-suburban, recording an increase of more than 10% under the former and 24% in respect of the latter. This increase is the combined effect of check of ticketless travel and all round improvement in passenger train operation. During the period April-December 1976, 96 new non-suburban trains were introduced and frequency of 5 trains was increased. In addition, the run of 50 pairs of non-suburban trains has been extended. The result of these changes has been an increase of over 25,000 train kilometres per day. Details are given in the booklet circulated with the budget papers.

Gross Traffic Receipts

5. On the basis of the trend of traffic, the Revised Estimate of Gross Traffic Receipts for 1976-77 has been placed at Rs. 1987.55 crores, or an increase of about Rs. 32 crores over the Budget.

Working Expenses

6. On the working expenses side, I am glad to say that inspite of the increase in traffic over the Budgeted level the Revised Estimates record a net saving of about Rs. 3 crores over the Budget

as a result of better efficiency and tight expenditure control. The actual saving could have been more but for the inescapable additional expenditure to meet the increased requirement of fuel, lubricants and other materials necessitated by higher traffic as compared with the Budget. Even though the year is expected to close with a lower net expenditure than the sanctioned Budget under all the Revenue Demands taken together, increased allocations will be required under some Demands. I am, therefore, approaching the House for Supplementary Demands for Grants where additional expenditure authorisation has been found to be necessary.

7. It is a matter of great satisfaction that the Railways are now expected to close the current financial year with a net surplus of Rs. 35.67 crores, as against Rs. 8.98 crores surplus anticipated in the Budget. When the accounts for the year are finally closed, it is possible that the actuals might even exceed this level of surplus.

Plan Outlay for 1976-77

8. The Railways' developmental programme for 1976-77 envisaged a total outlay of Rs. 417.81 crores including Rs. 10 crores for the Metropolitan Transport Projects and Rs. 5 crores to meet the working capital requirement for financing export orders. Due to overall financial constraints, this allocation was less than what the Railway Ministry had projected as its requirement; but all the same by careful planning of the various developmental projects, including line capacity works and renewals, it has been possible to maintain the plan targets within this allocation, except in the case of new line constructions. In the case of new line constructions the Ministry of Finance and the Planning Commission were specially requested for an additional allotment of Rs. 3 crores to keep up the progress on certain project oriented lines. This additional allocation has been agreed to and is included in the Supplementary Demands 1976-77. In respect of Rolling Stock, due mainly to updating of the prices of rolling stock turned out of the Diesel Loco Works, Varanasi and the Chittaranjan Loco Works, some financial adjustments involving transfer of value from inventories to rolling stock have been found to be necessary resulting in increase in the gross expenditure under Demand 15, the net outlay remaining unaffected. I am, therefore, approaching the House for additional expenditure authorisation under Demands 14 and 15. The details are given in the Supplementary Demands for Grants.

Resumption of Indo-Pak Rail Traffic

9. An important development during the current year is the resumption of Indo-Pak rail traffic. Arising out of the joint statement signed by the Foreign Secretaries of India and Pakistan at Islamabad on 14th May 1976, the details for the restoration of rail communications across the Atari-Wagha border were worked out towards the end of June 1976. Rail communications between India and Pakistan were resumed on 22nd July 1976 with the running of a daily express train from Amritsar to Lahore and back. However, interchange of freight traffic started only from the 3rd September 1976. By the end of February 1977, more than 17,150 passengers crossed over from India to Pakistan and over 23,000 passengers from Pakistan to India. Nearly 900 wagon loads of freight traffic have also been moved to Pakistan from India. Goods traffic from Pakistan to India has, however, to pick up.

General Improvement in Railway Operation

10. Before I deal with the 1977-78 Budget Estimates, it would be in order to pause and take stock of the general performance of the Railways in the financial year, which will end in a few days. Noticeable improvement in railway operation commenced from 1975-76 and has been further consolidated in the current year. There has been general appreciation of the unprecedented improvement in railway working. I might mention briefly that in almost all spheres of railway working, the Railways have excelled the best norms that they had ever achieved before. The menace of unauthorized travel agents and anti-social elements indulging in malpractices in seat reservation has been largely eliminated. At large stations, booking and reservation counters have been increased and the long queues have now been reduced considerably. Additional long distance fast trains have been introduced and overcrowding has been reduced substantially not only as a result of additional trains but also by a continued watch on ticketless travellers. Cleanliness in trains and at railway stations has improved; substantial improvement has also been made in the railway catering service. Punctuality of trains, which was only in the region of about 65 % prior to 1975, has registered spectacular improvement. Even as compared to 1975-76 the percentage of trains not losing time has recorded an improvement and the average of trains maintaining punctuality is at present well over 90%.

11. Apart from the welcome improvement in the punctuality of passenger train services, the current year also witnessed introduction of a number of super-fast long-distance Mail and Express trains to connect important State Capitals and cities. Some of these super-fast trains, such as the Tamilnadu Express, the Karnataka Kerala Express, the Jammu Tawi-Bombay Express and the Gomti Express have considerably reduced

the journey time and have made travel comfortable. It has been possible to introduce these trains without any substantial additions to the facilities existing at the various terminal points and also without affecting the growth of the freight traffic, which is essential to the growth of the economy of the country and for the viable working of the Railways. It has to be mentioned in this connection that many of our important terminals like Delhi, Bombay, Calcutta and Madras are now reaching a saturation limit and that additional facilities will have to be planned and provided to cater for increased passenger traffic.

Railway Convention Committee

12. Due to dissolution of the Fifth Lok Sabha on 18-1-1977, the Convention Committee's recommendations for 1977-78 are not available to Government. Consequently, the computation of dividend to General Revenues has been made on the basis of the recommendations made by the Railway Convention Committee, 1973 for the year 1976-77 as approved by Parliament. The appropriation to Depreciation Reserve Fund has been proposed at Rs. 140 crores for the year 1977-78 as against Rs. 135 crores made during 1976-77. This increase was fully accepted by the Committee in the course of their discussions with the Ministry. Their earlier recommendations for relief in certain specified areas requiring consultation with the concerned Ministries, etc. are being pursued so that the Railways may obtain some desired financial relief on account of the various social obligations.

13. In their recommendations for 1976-77, the Railway Convention Committee had, by and large, continued the earlier concessions. Additionally, they had also accepted the suggestion that the cost of staff quarters sanctioned for construction during the Fifth Plan period may be allocated to Capital instead of the Development Fund, the Railways being liable for payment of dividend to General Revenues on such capital only if they are able to meet their other dividend obligations in full. As it is expected that the Railways will earn a net surplus during the two years 1976-77 and 1977-78, the dividend payable to General Revenues includes the dividend liability in respect of the cost of staff quarters chargeable to Capital in terms of the Railway Convention Committee's recommendation.

Budget Estimates 1977-78

14. I shall now deal with the Budget Estimates for 1977-78. The Gross Traffic Receipts for the year, at the existing level of rates and fares, are estimated at Rs. 2091.44 crores, recording an increase of about Rs. 104 crores over the Revised Estimate for the current year. The increase in the traffic receipts is based on an estimated 6 % growth under 'passengers' and an originating revenue-earning freight traffic target of 217 million tonnes.

15. The ordinary working expenses (net) have been placed at Rs. 1635.75 crores, involving increase of about Rs. 87½ crores over the Revised Estimates for the current year. The higher provision takes into account the effect of annual increments to the staff, and full year's effect in 1977-78 of the implementation of Miabhoy Award, upgradation of posts and removal of anomalies etc. Increased provision has also been made for maintenance of track, rolling stock and other equipment, apart from additional fuel requirement to meet the demands of the higher traffic expected to be moved during 1977-78 as compared with the current year. The details of the additional provisions made under various Demands are given in the Explanatory Notes under each Demand in the Demands for Grants.

16. As mentioned earlier, increased provision has been made for appropriation to the Depreciation Reserve Fund. Appropriation to Pension Fund has also been increased by Rs. 5 crores over the current year to meet the expected withdrawal from the Fund for payment of pension to retired pensionable railway employees. The liability for payment of dividend to General Revenues for 1977-78 works out to Rs. 225.56 crores, against the current year's Revised Estimate of Rs. 211.30 crores, on the basis of the recommendations of the Railway Convention Committee, 1973.

Financial Results

17. Taking into account the various provisions made in the Budget for 1977-78 as presented to the House, the Railways are expected to earn a net surplus of Rs. 26.45 crores, and this sum is proposed to be transferred fully to the, Railway Development Fund. Thus we hope to earn, for the second year in succession, a net surplus after payment of Dividend to General Revenues. Despite the net surplus aggregating over Rs. 62 crores expected to be realised in the two years, the Railways' indebtedness to the General Revenues on account of temporary loans obtained for Development Fund and Revenue Reserve Fund expenditure is expected to be of the order of Rs. 477.18 crores at the end of 1977-78. It may be recalled that the Budget for 1976-77 envisaged the Railway indebtedness as on 31-3-1977 to be Rs. 491.50 crores. According to the Revised Estimates, this figure is expected to be

reduced to Rs. 461.99 crores at the end of the current year. The balance of Rs. 477.18 crores as on 31-3-1978, in terms of the Budget for 1977-78, is a sizable debt, and it would be our endeavour to see that it is contained within reasonable limits, if not reduced.

The Railway Freight Structure Enquiry Committee

18. In spite of the heavy indebtedness of the Railways, I am not bringing forward any proposals for increase of freight rates and fares. The present freight structure is largely based on the recommendations made by a High Power Committee appointed in 1955. The Public Accounts Committee (1974-75) have given a recommendation in their 148th Report that the Railways should undertake rationalisation of the tariff. Pursuant to this recommendation the Government have decided to appoint a high power Expert Committee to study the problem comprehensively and make suitable recommendations in the matter.

Plan Outlay for 1977-78

19. As a result of discussions held with the Planning Commission and the Ministry of Finance, the Plan allocation of Rs. 501 crores has been agreed to for 1977-78 to enable the Railways to provide inputs for building up the originating freight loading target of 250/260 million tonnes by 1978-79, the last year of the Fifth Five Year Plan. This allocation includes Rs. 10 crores for the Metropolitan Transport Projects at Bombay, Calcutta, Delhi and Madras. In addition, a sum of Rs. 2.80 crores has been provided to enable the production units of the Railways to meet their working capital requirement in respect of export orders. The share of new lines and restorations is Rs. 23.58 crores and of electrification projects Rs. 19 crores. I am aware of the need for railway development, without any delay, in certain backward regions of Konkan, Orissa, Madhya Pradesh, North Eastern part of the country and other areas. I will initiate necessary steps in this connection.

Staff Relations

20. The year 1975-76 witnessed normalcy in staff relations. The performance of the Railways during the current year is a testimony to the high calibre of men and women employed at all levels on the Railways and their unfailing commitment to the tasks assigned to them. The collective bargaining evolved on the Railways over the years has to be re-activated and it will be my constant endeavour to seek the cooperation of the trade union machinery in this task. I will strive to introduce a new element of dynamism in the management labour relationship.

21. Certain anomalies arising out of the implementation of the Pay Commission recommendations were referred to a joint committee of labour and management and an agreement was finally reached and is under implementation. A number of non-gazetted posts have been upgraded on the Railways to increase promotional opportunities for the staff. A tribunal has also been set up for re-classification of the workshop and artisan staff, according to the job content. I will strive to seek the cooperation of labour to improve the results.

22. All the Railway employees who were either suspended or dismissed as a sequel to their participation in the Railway strike in May, 1974, will be re-instated unconditionally. This is in consonance with the stand I have consistently taken in this House in the past and the pledge I have given to the working class.

23. In this context I should like to inform the House that concrete steps have been taken for labour participation in management. Apart from shop councils formed in the production units with management and labour representatives, the scheme of workers' participation has been extended to commercial and service organisations having large public dealings. As an experimental measure, Station Committees have been set up in Bombay, Madras and Delhi in which representatives of organised labour are associated with the objective of providing better service to the customers.

24. In view of the impressive results achieved by the Railways in the current year, and the expectation of an equally successful next financial year, the House will no doubt appreciate the unstinted cooperation and total dedication to duty displayed by railway employees at all levels. It is also a matter of satisfaction that a surplus budget could be presented for the year 1977-78 without any increase in fares and freight rates. I am confident that the Railways will continue to get the full support of the House, cooperation from the public and dedicated service from all employees.