

**Speech of Shri P. C. Sethi
Introducing the Railway Budget
for 1982-83, on 23rd February, 1982**

Mr. Speaker,

Sir, I rise to present the Revised Estimates for 1981-82 and the Budget Estimates for 1982-83 of the Railways.

2. Improved Freight Operation -At the outset, let me share with the House a few facts about the results achieved by the Railways during the current Budget year. The innovative and pragmatic measures adopted by the Railways last year, and sustained during the current year, have yielded rich dividends in the area of freight movement. In the Budget for 1981-82 it was indicated that the Railways hoped to move 215 million tonnes of revenue earning traffic, that is, 20 million tonnes more than what was achieved during the previous year. This has already been achieved by the end of December 1981, and it is reasonably certain that the year will close with a tally of around 220 million tonnes, the highest ever freight loading achieved on the Indian Railways. In terms of traffic through-put also, expressed as net tonne-kilometres, a record is expected to be set up at 165 billions, which compares with 147.65 billions achieved in the previous year and the best ever figure of 150.25 billions. Wagon turn-round, the period elapsing between two successive loadings, has reached an impressive low figure of 13.6 days on the broad gauge as against 15.2 days in 1980-81.

3. Increased attention to movement of freight traffic in train loads, from point to point, also in "Express" streams of traffic, bypassing intermediate marshalling yards and so on have helped immensely in improved operations with attendant beneficial effects on the economy of the country, especially in meeting the requirements of the core sector. The transportation needs of steel plants, cement and petroleum industry, thermal power plants, in respect of foodgrains, fertilizers and other essential goods have, by and large, been met. As a result, production has increased all-round and the era of shortages of essential goods has almost been left behind.

4. Overtaking arrears in maintenance - Vigorous efforts continued to overtake the backlog in maintenance of rolling stock by achieving increased productivity within the existing facilities. Capacity utilisation of workshops for periodical overhaul of coaches was gradually stepped up from 94% in 1980-81 to 98.5% in 1981-82. Likewise capacity utilisation of workshops in which wagons are overhauled was raised from 77.5 % in 1980-81 to 90% in 1981-82. By undertaking a planned programme of corrosion repairs to BOX wagons, additional capacity for repairing around 1000 wagons per month has been generated. Similarly, capacity for overhauling BOX wagons has been raised from 1600 to 2500 wagons a month during the year. A crash programme was also launched for inspection of roller bearings and other components the failure of which can lead to accidents.

5. Condemnation Of Rolling Stock - Eliminating worn out assets at a faster rate than usual was another aspect which received sustained attention during the year. It has been assessed that by the end of the current Plan period 17% of the holdings of coaches on both the gauges, and 10.58 % of the holding of Broad Gauge wagons, as on 1-4-1981 would become overaged. Such stock can cause considerable drop in productivity by cluttering up the capacity available and slowing down operations. It has, therefore, been decided to step up the condemnation, cutting up and disposal as scrap of these overaged rolling stock. In pursuance of this policy, during the year 600 coaches, 18,250 wagons and 550 locomotives are likely to be condemned.

6. Passenger Services - I am aware of the criticism levelled against the Railways that the increased attention paid to the movement of freight traffic has led to the neglect of passenger services. I must confess that the results achieved in respect of passenger services have not been as spectacular as those in respect of goods traffic, although the budgeted growth of 3 % in non-suburban and 6 % in suburban passenger traffic will be achieved.

7. Limitations & Problems, Steps to Relieve overcrowding & Interim Solutions - It cannot be denied that increase in the number of passenger trains has not kept pace with the growth of passenger traffic. Owing to inadequacy of financial resources, shortage of coaches, line capacity on various routes and lack of terminal facilities at destinations, it has not been possible to provide any significant relief. However, within the available resources, plans are

afoot to create more passenger carrying capacity by hauling trains with two engines, replacement of steam locomotion by superior mode of traction provided by diesel and electric engines, replacement of existing coaches with those of higher capacity, increase in train loads even by marginally decelerating them and so on. Limitations notwithstanding, during 1981-82 (upto December 1981) 43 additional non-suburban and 12 suburban trains were introduced. Andhra Pradesh Express between New Delhi and Secunderabad and Pink City Express between Jaipur and Delhi have been double-headed. New Delhi Bombay Janata Express and Madras-Howrah Janata Express have been put on diesel traction. The load of New Delhi-Lucknow Gomti Express has been increased to 18 coaches. The scheduled time of Howrah-Delhi Rajdhani Express has been increased by about 1 hour to permit haulage of 12 coaches instead of 9 coaches. Similarly, New Delhi-Bombay Rajdhani Express has been decelerated by about 45 minutes to increase carrying capacity by 73 seats. The frequency of Howrah-Bombay Gitanjali Express and Howrah-Jammu Tawi Himagiri Express has been increased from 4 to 5 days and 2 to 3 days a week, respectively.

8. I am sure the House will appreciate our compulsions to continue the policy of slowing down the introduction of additional passenger trains during 1982-83. All the same, I propose to introduce a pair of steam-hauled superfast trains between Jaipur and Agra Fort. It is also proposed to increase the frequency of Madras-Ahmedabad Navajivan Express by a trip per week. The Grand Trunk Express would be double-headed to haul 21 coaches against 16 coaches at present. New Delhi-Bombay Rajdhani Express would also be double-headed to haul 18 coaches as against 10coaches at present. Double-decker coaches of the capacity of 140 passengers against the normal 80 are also being introduced for increasing the unreserved accommodation on trains.

9. Shortage of passenger carrying vehicles is at present resulting in substantial underload running of some trains. As an immediate measure, an all-out drive is being initiated to alleviate this by reducing lie-over of trains at terminals, improvement in the formation of train links for better turn-round and rationalising repairs of the passenger coaches with a view to improving their availability.

10. I have asked both the Chairman and the Member, Mechanical of, the Railway Board to visit major workshops with a view to evaluating the repair and maintenance facilities available and suggesting concrete and practical measures for improving utilisation of the available capacity. I have also instructed the General Managers to ensure that at least 10 improvement in the capacity utilisation of the workshops & sheds is positively achieved by the end of the current calendar year.

11. It is also proposed to introduce progressively one more unreserved second class coach on each Mail/Express train, other than the Rajdhani Expresses, for the benefit of passengers who have to undertake journeys at short notice. This will also save them from falling into the clutches of unscrupulous travel agents.

12. **Accidents** -I fully share the concern of the House and the public about train accidents. It is regrettable that the image of the Railways has been tarnished by the recent accidents. My heartfelt sympathies to the helpless victims of these accidents. The management of safety aspect was recently reviewed by me in a meeting of General Managers of Zonal Railways, which I had convened specially for this purpose, soon after I assumed charge of the Railways. Massive efforts are being initiated and will be initiated to minimise these accidents. Teams of senior officers drawn from different disciplines, have been set up to monitor surveillance of safety aspects of train operations.

13. A contributory cause of accidents on Railways is the heavy accumulation of arrears of replacement of railway track locomotives, coaches and wagons accentuated by the backlog of repairs and maintenance. It is proposed to deal with these problems on a crash basis. Some of the important steps, amongst others, which I propose to pursue purposefully are quick improvement of capacity utilisation of workshops and sheds, further acceleration of condemnation of overaged rolling stock and stepping up of renewal of overaged track. Besides, the following measures which are already in operation will be further streamlined and effectively implemented :

- (i) Ultrasonic testing of overaged track at regular intervals;
- (ii) Effective use of technological aids like track-circuiting of reception lines and axle

counters;

(iii) Enforcement of the compulsory breathlyser test of drivers to prevent them from being at work in a state of intoxication;

(iv) Fitment of powerful flasher lights on all diesel and electric locomotives to warn drivers on adjacent lines against any likely obstruction on account of derailment etc;

(v) Creation of safety consciousness amongst the staff by making more effective use, of safety counsellors in identifying and counselling "problem employees" in operational categories;

(vi) Continuance of the full-fledged inspection of trunk routes, with accent on safety, by General Managers.

14. Punctuality of Trains - Another aspect of railway operations attracting severe criticism relates to punctuality of passenger train services. I am quite exercised about it. I concede that this is an area where performance must improve. Though a number of measures have been taken to arrest the deteriorating trend in punctuality performance, yet satisfactory improvement in this direction has not been achieved. During the current financial year, from April to December 1981, the overall punctuality performance of Mail/Express trains has been 85.5 % on the broad gauge and 87.8 % on the metre gauge as against 84.2% and 85.9% respectively during 1980-81. This subject has also been discussed by me in the recent meeting I had with General Managers of Zonal Railways. I trust by their determined efforts noticeable improvement in punctuality would show up particularly in respect of Mail/ Express trains.

15. Unauthorised stoppage of trains by alarm chain pulling, failure of rolling stock and other equipment either because of their being in poor fettle or on account of poor maintenance and accidents are some of the major factors affecting punctuality of passenger trains. All these factors are being tackled simultaneously. However, rectification of these require long-term arrangements. With a view to improving the situation urgently, the punctuality of important Mail and Express trains would continue to be monitored by the Railway Board. and I will also be personally checking up the position with them on a weekly basis. Each of these trains would be allotted to a responsible officer on the Railways under a scheme called "Own your train" and it will be the responsibility of this officer to look after punctual running of his train.

16. Railway Plan – The Railways are now entering the third year of the Sixth Five Year Plan. As the House is aware, the Sixth Five Year, Plan of the Railways has been termed a 'rehabilitation' plan. In keeping with this, the emphasis in the annual Plan for 1982-83 will also be on renewal and replacement of worn out assets.

Unfortunately, as it stands now the total outlay for the Plan period is only Rs. 5100 crores. With the increases in costs, especially of items used on the Railways, the physical content of the Plan in real terms has substantially dwindled. Keeping in view the important consideration that procurement of specialised items of stores, maintenance of rolling stock and execution of projects involve considerable lead time, the Plan allocation for 1982-83 has been fixed at Rs. 1137 crores. It is hoped that considering the crucial role of the Railways in the economic development of the country it would be possible for some more allocations being given to the Railways during the course of the year.

17. New Lines And Surveys - During the monsoon session of the Parliament my predecessor had approached the House for supplementary grants for undertaking construction of a number of new railway lines such as Budge Budge-Namkhana, Nangal Dam-Talwara, Jammu Tawi-Udhampur, Karur-Dindigul, Chitradurg-Rayadurg, Koraput-Rayagada and for some conversions from metre gauge to broad gauge, estimated to cost about Rs. 297.22 crores. With limited Plan funds being available, it has not been possible to include many new works in the Budget for the next year.

18. New Lines And Conversions Opened For Traffic - Subsequent to presentation of Budget for 1981-82, 155 kilometres of new lines have been opened to traffic. The sections covered by new lines are Tirunelveli-Nagercoil, Sukhinda-Daitari and Bibinagar-Nalgonda. Another 90 kilometres of new lines are likely to be opened to traffic shortly. Of the gauge conversion projects, 421 kilometres of the main metre gauge trunk route Barabanki-Samastipur has been converted into broad gauge and opened to traffic during the year. This has facilitated direct broad gauge link for a number of places in U.P. and Bihar States with the rest of the country. Another major conversion project which is being accelerated is from Viramgam to Okha and Porbandar.

19. Though stringency of resources is a real constraint, yet keeping in view developmental aspects, I intend taking up construction of the following few new lines and conversion projects at an estimated cost of Rs. 77.60 crores

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| (1) Construction of gauntleted line with mixed (broad and metre) gauge from Suratgarh to Sarupsar and conversion of metre gauge line into broad gauge from Sarupsar to Anupgarh (78 kms) | .. 16.64 crores |
| (2) Conversion of Suratgarh-Bikaner metre gauge section into broad gauge (182 kms) | .. 36.00 crores |
| (3) Construction of (a) a bypass line connecting Rajpura Bhatinda line with Delhi Bhatitda line by linking Phusmandi with Katarsingh Wala and
(b) a bypass line connecting Delhi Bhatinda line with Bhatinda-Suratgarh line avoiding Bhatinda | .. 2.96 crores |
| (4) Construction of a metre gauge railway line from Bhuj to Naliya with B.G. substructure (110 kms) | .. 22.00 crores |

Of the allocated amount of Rs. 1137 crores, nearly 50 % would be spent on replacement/renewal account. The position today is that about 13000 kms. of railway track are in urgent need of renewal and 40,700 wagons and 3,150 coaches are overaged. Similarly, steam locomotives need replacement by diesel/electric locomotives. Same is the position in respect of machinery and plant in workshops. This would necessitate generation of additional internal resources for augmenting the Depreciation Reserve Fund, which has already reached a very low level.

20. Owing to the paucity of resources it has been possible to include only a few new Surveys which are listed in Annexure 'A' to Demand No. 2 in the Book of Demands for Grants (Part II). Since the on-going and sanctioned projects and surveys are far too many in number, which cannot be accommodated within the resources becoming available, I am compelled to adopt the rational policy of utilising the scarce resources judiciously and complete a few of the projects at the earliest so that the Nation can derive the benefit of the investments rather than spreading the funds thin on a large number of projects. It is in keeping with this policy that only token amounts have been shown as the outlay for 1982-83 against several of the sanctioned works. Basically this policy will be applied to the surveys as well.

21. **Electrification** - Railways have an accelerated programme of electrification. Work has already commenced on more than 2250 kms. on the main trunk routes. Every possible effort is being made to electrify these routes in about 3 to 4 years time. Proposals are also on the anvil for sanctioning further electrification schemes on the main routes covering another 1138 kilometres for the following sections

Itarsi-Bhusawal	301 kms.
Itarsi-Nagpur	298 kms.
Balharshah-Wardha	133 kms.
Kazipet-Sanatnagar	167 kms.
Bhopal-Nagda	239 kms.

With these, the entire trunk route between Delhi and Madras, Delhi-Bombay via Central Railway as well as Delhi-Secunderabad would get fully electrified.

During 1981-82, Waltair-Kirandul section (387 kms) has been energised.

22. **Metro Railway** - An outlay of Rs. 55 crores is likely to be made on Metropolitan Transport Projects during the current year against Rs. 33.76 crores spent last year. The allocation for the next year is Rs. 50 crores. Trial runs between Dum-Dum and Belgachia on Calcutta Metro Railway are being made. Work on other sections is also progressing

satisfactorily. The progress of work on Delhi Ring Railway is ahead of the schedule and this system would become operational by June this year well in time for Asiad' 82.

23. Research And Development Activities - The Railway Research, Designs & Standards Organisation at Lucknow is actively engaged on development of new designs of electric and diesel locomotives, wagons and coaches to keep in line with the latest technology for meeting the growing and special needs of the Railways. The latest in the series is the development of a proto-type electric locomotive for haulage of Rajdhani Express trains. A design of an air-conditioned double-decker coach has been finalised; this will eliminate the problem of inadequate ventilation in the existing design of these coaches. A design of wagons suitable for heavier and longer trains of 7500 tonnes has also been developed. For fixing the priorities of various research and development programmes, a corporate plan for this Organisation has been drawn up.

24. Catering - Catering services on Railways is another important area attracting constant public complaint. Both efficiency of service and quality of food have to be, improved. Some of the aspects needing attention are: adoption of modern culinary techniques; use of modern kitchen gadgets and equipment; ensuring of cleanliness of kitchen establishments; training of catering staff; surprise checks for detection of adulteration of food; and prompt investigation of public complaints for taking up corrective action.

25. Container Service - I am glad to inform the House that a major step forward towards facilitating movement of import and export traffic in ISO containers was taken during the year with the pilot project of an Inland Container Depot at Bangalore becoming functional in August, 1981. Movement of ISO container traffic is rapidly progressing both ways between Bangalore Cantt. and Madras. The second pilot Inland Container Depot for which necessary infrastructural facilities have already been completed at Pragati Maidan, New Delhi is expected to be commissioned shortly. Keeping in view the growing needs of international traffic, several Inland Container Depots have been planned at other centres in the country and techno-economic surveys have already been undertaken for developing such facilities at Tughlakabad and Ahmedabad.

26. Tourism The House will recall that during the budget speech last year my predecessor had announced that Railways would undertake a special programme for development of tourism. To implement this programme, a separate Directorate of Tourism was set up in the Railway Board from May 1981 for devising measures aimed at offering convenient, comfortable and attractive rail travel facilities to foreign tourists. A pilot project-Palace on Wheels is proposed to be launched from October this year in association with the Government of Rajasthan. I had the privilege of flagging off the promotional journey of this train on the 26th January, 1982. Depending on the experience gained, it is hoped to introduce in a phased manner similar special tourist trains in other parts of the country in co-operation with the concerned State Governments.

27. Other measures for promotion of tourism under consideration include plans for opening of outlets abroad for the sale of INDRAIL tickets which offer unlimited travel by rail, provision of the facility of advance reservations of rail journeys at various overseas centres, preparation of special tourist time-tables offering a selection of itineraries of varying durations etc. These measures would be supplemental to the overall tourism promotion schemes of the Ministry of Tourism and Civil Aviation for increasing the flow of tourists to India and for helping in augmenting the country's foreign exchange resources which are already under severe strain.

28. International Railway Co-operation - It was an important event in the history of Indian Railways, when, on their initiative, the Sixth Session of the Conference of Top Railway Executives of Asia and the Middle East (TREAME) was organised in October last. 18 countries of the region participated in the conference. It provided a unique opportunity for senior railway officials to have a constructive exchange of views, share their experience and adopt a constructive programme of action for greater co-operation among these international railways. It is also proposed to launch an Asian Railway Decade for undertaking common action in the field of tourism promotion, development of inter-modal traffic and other related fields of railway transport.

These international exchanges would greatly help the Indian Railways in a variety of fields.

29. Crimes Affecting Safety Of Railway Passengers The problem of crimes affecting the safety and security of railway passengers and their belongings has been causing deep concern. I want this problem to be tackled effectively within the shortest possible time. We are already helping the State Governments to augment the strength of the Government Railway Police by the Railways sharing 50% of the cost. Some of the measures taken to check incidence of robberies/dacoities in trains are escorting of important passenger trains at night, by armed guards of the Police, patrolling at stations, platforms, waiting halls, surveillance over criminals and known bad characters, setting up of special squads of the CID by certain State Governments for effective investigations of important crime incidents etc. Investigations are also being made to improve the safety locking arrangements in the compartments and provision of flasher lights outside ladies compartments, improvement in vestibules to prevent unauthorised entry etc. I also propose to hold a conference of Chief Ministers of the State Governments for discussing this important problem and to devise ways & means of reducing the incidence of crime to the minimum possible.

30. Reservation Of Berths - I am fully alive to the mal-practices prevalent in the booking offices for reservation of berths and seats and certain unscrupulous travel agencies operating in collusion with railway staff. I propose to intensify vigilance checks and devise ways and means of plugging the loopholes to the extent possible. One major factor which is contributing to the mal-practices in the reservation offices is demand for berths outstripping the availability of space in the trains.

31. Industrial Relations - It must be recognised that it is the Man behind the wheel who keeps it moving. The present high level of Productivity reached by the Railways would not have been possible but for the unstinted co-operation and dedicated service rendered by all ranks of railway workers. The year 1981-82 was indeed a unique year when industrial peace prevailed in the railway sector.

In this vital field, enlightened management has to play a key role. It becomes their prime duty to take constant care of the staff working under them and make every possible effort to settle grievances by negotiations rather than allowing them to become grounds for agitations. I would like the railway management to continue to pursue this policy of harmony in labour relationship meaningfully.

32. From 1st August 1981, certain substantial improvements in the rates of running allowance and re-structuring of cadres for running staff were brought about. This improved the emoluments of nearly a lakh of running staff at an estimated cost of over Rs. 10 crores per annum. It is for the first time that an in-built incentive element for running staff to move trains quicker and incidentally earn more has been introduced.

33. We have also solved the problems of statutory canteen employees by classifying them as railway employees from October, 1980. This will provide them substantial benefits.

34. Special efforts were also made during the year to improve on the induction of Scheduled Castes and Scheduled Tribes in railway services. By the end of March, 1981, 3.3 lakh Scheduled Caste and Scheduled Tribe employees were in regular service on the Railways. As a percentage, it works out to 20.9 % of the total railway staff.

35. There were 2.6 lakh casual labourers on the Indian Railways at the end of 1980-81 who were awaiting absorption in regular service. Instructions have been issued to Railways to fill up group 'D' posts essentially from amongst this class of workers. ; A number of posts have been created for this purpose. This programme of absorption of casual labour in regular service is now being undertaken in a phased manner.

36. In accordance with the Railways' policy of providing quarters to staff on a programmed basis, construction of 8,263 units of quarters is expected to be completed during the year 1981-82. With the addition of these units, the cumulative total number of quarters on the Railways at the end of the year will be about 5.76 lakhs. Another 7,144 additional units are proposed for construction during 1982-83.

37. Adequate attention is being paid for improving health standards and treatment of sickness of railway employees by modernisation of Railway Hospitals at Bombay, Jamalpur,

Sealdah, Allahabad, Jodhpur, Moradabad, Lumding, Chakradharpur, Bondamunda, Ajmer, Sonapur, Vijayawada and Bangalore at a cost of Rs. 1.30 crores. 204 additional beds would be provided in the various hospitals as well. The construction work on setting up a Railway Cancer Institute at Varanasi is likely to be completed by the end of 1982-83. This will go a long way in providing medical relief to railway cancer patients.

38. Public Sector Undertakings - The two public sector undertakings under the administrative control of the Railway Ministry viz. RITES and IRCON have made rapid strides during 1981-82. RITES is likely to achieve a turnover of Rs. 14 crores during 1981-82 as compared to Rs. 10.6 crores in-1980-81. The Company is continuing to show profits and declared a dividend of 25% during 1980-81. It has on-going assignments in Nigeria, Iraq, Jordan, Philippines and Ghana. Recently the Company bagged a major contract in Zimbabwe and contracts for management support in Mozambique and Zambia have commenced. Contracts for survey of new lines in Algeria and Iraq have also been secured. In short, the Company has successfully established itself as a front line consultancy firm in the international field.

39. The business of construction work secured, by IRCON during 1981-82 is likely to exceed Rs. 310 crores as against Rs. 69.3 crores during 1980-81. This Company is expected to earn a profit of Rs. 140 lakhs during 1981-82. Recently it achieved a major break-through in securing a highly prestigious work for the construction of a railway line costing about Rs. 225 crores in Iraq against stiff international competition. It has also bagged a contract for supply of signalling spare parts for Nigerian Railway Corporation.

40. Year Of Productivity - As the House is aware, 1982 has been declared a Productivity Year. Productivity registered substantial improvements in various facets of railway working during 1981; this happy trend will be maintained during 1982 and improved upon.

41. Safe running of trains, which is vital not only for restoring the faith of the people but also for achieving still higher productivity, will receive the highest priority at my hands. My colleagues and I, and the Chairman and technical Members of the Board intimately connected with the safety aspect, will visit all the Divisions of the Railways on a programmed basis to inculcate safety consciousness at all levels and to locate and rectify on-the-spot lacunae in the implementation of procedures and short-circuit methods of working adopted at the field level. These visits will be preceded by detailed inspection of the Divisions by high level monitoring teams functioning directly under the Railway Board.

42. Freight train operations will further be streamlined. The policy of closure of steam locomotive repair sheds, consequent on the change of mode of traction to diesel or electric, will be pursued vigorously. Transit time will be reduced by closure of intermediate marshalling yards in cases where they have become redundant under the changed operating pattern, or by bypassing them. Efforts are also on to close down transshipment and repacking points wherever possible to avoid unnecessary detentions to wagons, as also thefts and pilferages.

43. A new thrust will be given to the rationalisation of the system of moving parcels. It is proposed to organise parcel "liners" for carrying parcels on a nominated day in the week on important routes, in full "Jumbo" rakes on guaranteed transit time schedule. It is also proposed to initiate a scheme of "own your space" for carrying parcels on important passenger trains. Under this scheme, the space will be specifically earmarked for a major customer on request by charging higher parcel rates.

44. The drive against ticketless travel will be pursued vigorously, as also the effort for minimising claims for compensation on account of thefts and pilferages.

45. Higher targets have been laid down for stepping up the revenue earning goods traffic to 230 million tonnes, net tonne-kilometres to 168 billion, and so on. Every one of the efficiency indices will be closely watched and monitored purposefully to ensure that higher productivity all round is achieved during the year. It is proposed to institute a "Productivity Shield" to be given, as a national award, to the tonal railway which shows maximum improvement during the year in overall efficiency, on the basis of prescribed efficiency indices.

46. I have already directed the General Managers of the Railways and Production Units to initiate measures to achieve a 10% improvement in productivity all round.

47. I have directed the Railway Board to examine the feasibility of inducting an expert engineering body to have a close look at the layout of the railway workshops, the incentive scheme in force and the procedures that have come into force over the decades so as to assess what is needed by way of re-vamping and re-orienting -the practices and procedures to achieve the much-needed improvement in productivity coupled with adequate quality control.

48. I also propose to launch a massive drive for tree-plantation in railway premises, and to create a suitable machinery at a reasonably high level by suitable re-adjustments to make this effort a purposeful one. Railways, with the extensive resources of land and manpower, should be able to achieve significant results in this regard.

49. In short, my aim will be to ensure increased productivity all round, through disciplined, sincere and conscientious efforts on the part of all railwaymen. In this we will adopt as our motto the slogan suggested by our venerable Prime Minister, Smt. Indira Gandhi, namely "Shram Eva Jayate".

Financial Review

50. **Actuals for 1980-81** - Before I present the revised financial results of the current year, and what I foresee for the next year, let me, as is customary, make a review of the financial results of the last completed year. The Revised Estimates of gross traffic receipts for 1980-81 and total expenditure were anticipated to be Rs. 2707.22 crores and Rs. 2435.13 crores respectively. When the financial accounts of the year were finally closed, the gross traffic receipts fell short of the Revised Estimates by Rs. 83.20 crores and the total expenditure went up by Rs. 61.40 crores.

Of the shortfall in gross traffic receipts, freight traffic alone accounted for Rs. 70.59 crores. Another factor contributing to the variation was un-realised earnings going up by Rs. 11.26 crores. In physical terms, the freight traffic carried was in fact 0.94 million tonne more than what was anticipated in the Revised Estimates. The shortfall in financial terms was attributable to a slight change in the product mix and an optimistic assessment of the yield of revenue for every million tonne of goods carried. The un-realised earnings, namely what remains under Traffic Suspense also went up as some State Electricity Boards and other Public Sector Undertakings could not pay the railway dues before the close of the financial year.

Working expenses registered an increase simultaneously with the enhancement of the traffic effort, necessitating large scale repair activities for bringing back the sick rolling stock into service, which in turn meant heavier consumption of repair materials. Increases in the costs of rolling stock spares, components and miscellaneous stores also added to the over-run.

51. **Revised Estimates 1981-82** - The Budget Estimates for 1981-82 placed the gross traffic receipts at Rs. 3276.75 crores. Deducting the value of concessions amounting to Rs. 3.40 crores announced while winding up the general debate, the gross traffic receipts got reduced to Rs. 3273.35 crores. The latest anticipation is that the gross traffic receipts may now be around Rs. 3541.80 crores i.e. Rs. 265.05 crores more than in the original Budget. This takes into account the additional earnings both on account of adjustments in fares and freights made during the year and increase in traffic carried.

The working expenses are expected to be Rs. 250 crores more than what was indicated in the Budget (Rs. 2464.64 crores). The increased expenditure has essentially arisen out of certain post-budgetary factors like grant of additional instalments of Dearness Allowance to staff coupled with steep increase in cost of petroleum products including diesel oil, steel and other inputs. Parliament has already approved of Supplementary Demands for Grants aggregating Rs. 186.79 crores (net). The balance of Rs. 63.21 crores is sought to be adjusted through the Revised Estimates.

The surplus for the year which was earlier estimated at Rs. 49.89 crores is now expected to be Rs. 51.84 crores. After appropriating Rs. 46.13 crores on expenditure chargeable to Development Fund, the net available surplus would be Rs. 5.71 crores which would be adjusted against the outstanding deferred dividend liability.

Budget Estimates For 1982-83

52. **Higher Targets Of Traffic** - The Railways hope to reach another milestone during

1982-83 by carrying 230 million tonnes of originating revenue-earning goods traffic. A growth rate of 5 per cent in suburban and 3 per cent in non-suburban passenger traffic is also envisaged during the year.

Based on these vital assumptions, the Budget year 1982-83 is expected to yield gross traffic receipts of Rs. 3914.34 crores i.e. Rs. 372.54 crores more, at the existing level of fare and freight rates, than the Revised Estimates of 1981-82.

The ordinary working expenses are estimated at Rs. 3052.90 crores viz., Rs. 338.26 crores more than the Revised Estimates of 1981-82. This figure reflects the effect, for the whole year, of the increases in prices of diesel oil, electricity, additional dearness allowance instalments, ration subsidy to staff of Railway Protection Force etc. which have taken place on varying dates during 1981-82. Some provision for covering the increases in prices of other consumable stores has also been included in the estimates. Besides, additional expenditure arising out of increased utilisation of capacity of workshops and sheds for repairs and maintenance to rolling stock to overtake partially the heavy backlog in maintenance, vitally needed for safety of operations, has also been provided for. Provision has also been made for additional expenditure to meet the needs of higher level of goods and passenger traffic. The additional expenditure has been assessed keeping in view the impact of the economy measures adopted by the Railways.

53. Economy In Expenditure - Economy in expenditure has been engaging our utmost attention. To ensure effective control over expenditure, an Additional General Manager on each Railway and an Additional Divisional Railway Manager on each Division has been entrusted with this job exclusively. Detailed instructions continue to be given to the General Managers by the Railway Board identifying the areas where economy cuts could be applied so that wasteful expenditure is eliminated to the maximum extent possible. The Railway Board is also keeping a close watch over their implementation. As a result of these sustained economy efforts, Rs. 43 crores by way of recurring and non-recurring expenditure have been saved to end of December, 1981.

54. It is proposed to step up the contribution to Depreciation Reserve Fund from Rs. 350 crores in 1981-82 to Rs. 500 crores in 1982-83. This becomes absolutely necessary for progressing the rehabilitation of critical operating assets. This will enable a slightly faster clearance of accumulation of arrears of renewal of track, signalling and telecommunication equipment, over-aged coaches, wagons and locomotives and contribute towards safer running of trains and removal of speed restrictions for movement of traffic, within the overall constraints imposed by the Plan allocation. I would have liked to provide for a far greater amount but the overall constraints are a limiting factor.

55. Appropriation to Pension Fund is also sought to be raised from Rs. 100 crores in 1981-82 to Rs. 150 crores in the Budget for 1982-83 to meet the higher incidence of Pension payments arising out of increase in emoluments of employees and payments of dearness allowance instalments to pensioners etc.

56. The total working expenses thus aggregate to Rs. 3666.64 crores against gross traffic receipts of Rs. 3914.34 crores, yielding a net revenue of Rs. 247.70 crores. This would not be sufficient to meet the following liabilities, The anticipated dividend liability is Rs. 405.12 crores.

Besides, Rs. 109.79 crores would be required for meeting expenditure chargeable to Development Fund and part liquidation of indebtedness to General Revenues. The indebtedness to General Revenues both under Development Fund and Deferred Dividend Liability would aggregate to Rs. 597.74 crores at the end of 1981-82. Carrying this heavy debt liability year after year adversely affects the overall financial resource position of the Railways. It is, therefore, essential to make a beginning in the discharge of this long outstanding indebtedness. Furthermore, this is an essential requirement of sound financial management. If all these factors are taken into account, the gap in resources would be Rs. 261.45 crores.

57. I may draw the attention of the House to the fact that subject to any adjustments that may become necessary later on, the Budget projections for 1982-83 have been generally based on the recommendations of the Railway Convention Committee applicable upto the year 1981-82, except in regard to the need-based stepping up of the contributions to the Depreciation Reserve Fund and the Pension Fund. The Railway Convention Committee's approval to these

increases and the continuance of the existing arrangements, pending finalisation of their recommendations, has been sought.

58. The magnitude of the problems detailed above has compelled me to reach certain hard decisions in the overall financial interests of the country and the Railways.

Proposals

59. **Rationale** - Before I delineate my proposals, it appears necessary to explain the basic factors which have widened the gap between cost of transportation and its recovery through the present fare structure. Amongst the transport services rendered by the Railways, passenger and other coaching services are heavily subsidised, particularly suburban services and second class ordinary. Presently, the - quantum of annual subsidy on these services is as high as Rs. 416 crores. Even though some fare revisions took place in July 1980 and April 1981, these revisions were still far below the economic levels. The continued exemptions from the surcharge of 10% introduced from 15-7-1980 for travel upto 100 kms. and 5 % surcharge from 1-4-1981, for travel in second class ordinary upto 200 kms., have further widened the gap between cost of service and recovery. Since the tariff is being artificially kept low, the Railways are being hard put to render the service expected of them.

60. The National Transport Policy Committee and the Rail Tariff Enquiry Committee have both stressed the imperative need for rationalisation of fare structure and its alignment with cost. The National Transport Policy Committee has even pointed out that the Railways' cost of carriage of short distance passengers is much higher than that of the roadways and, therefore, there is need for the railway tariff being re-structured so as to discourage, short distance traffic coming to the Railways. Besides, the railway fares are far lower in comparison with the fare charged by the road transport services. In the overall interests of national economy, it is considered prudent that this imbalance should be progressively corrected.

61. Rail transport is going to be under severe strain because of appreciable increases taking place in productivity in the industrial and agricultural sectors. Naturally, the demand of freight traffic must have precedence over passenger traffic. Travel should be undertaken when it is a 'must'. This would also be a welcome step in reducing overcrowding.

62. I am also of the firm conviction that any increase in fare and freight rates should not unduly burden the common man. I have, therefore, decided to completely exempt monthly season tickets-first class and second class, suburban and non-suburban from the proposed fare hike despite all the economic and financial considerations pointing contrary. I am sure the House will appreciate this gesture on my part at considerable sacrifice to the Railways. My proposals for raising additional resources are :-

Second Class Ordinary (Suburban and Non-Suburban, other than season tickets)

(a) The exemptions given with effect from 15-7-80 (from 10% surcharge upto 100 kms.) and from 1-4-1981 (from 5% surcharge upto 200 kms.) are proposed to be withdrawn and the fares rounded off to the next higher multiple of 10 paise ;

(b) It is also proposed to revise the fares of this class from 1-4-82 as under :

(i) fares upto 400 kms. will be increased by 4 paise for each block of 5 kms.;

(ii) fares from 401 kms, to 800 kms. will be increased by 3 paise for each block of 5 kms. ; and

(iii) for distances over 800 kms. the fare will be raised by 2.5 paise per 5 kms.

(c) The minimum fare will be raised from 50 paise to 70 paise,

Second Class Mail/Express (other than season tickets)

I also propose to increase the fare for this mode of travel on the same basis as for Second Class Ordinary.

The minimum charge will also be raised from Re. 1 to Rs. 1.50.

Air-Conditioned Chair Car

It is proposed to increase the fare for this class as follows:-

- | | |
|------------------------|-----------------------------|
| (a) upto 250 kms. | No change. |
| (b) 251 kms. and above | Increase by 2 paise per km. |

First Class And AC Two-Tier Sleeper

It is proposed to increase the First Class and AC two-tier sleeper fares as follows

- | | |
|------------------------|-----------------------------|
| (a) upto 250 kms. | No change |
| (b) 251 kms. and above | Increase by 2 paise per km. |

Surcharge On Air-Conditioned 2-Tier Sleeper

At present a surcharge is levied at Rs. 15 upto a distance of 1000 kms. and Rs. 25 for longer journeys. It is proposed to re-adjust the levy of surcharge as under :

upto 500 kms.	Rs. 15 per ticket
501 to 1000 kms.	Rs. 25 per ticket
1001 to 1500 kms.	Rs. 40 per ticket
1501 kms. and above	Rs. 50 per ticket

Air-Conditioned Class

It is proposed to increase the fares for this class by 10 paise per km. for journeys above 80 kms. subject to a maximum of Rs. 40 per ticket.

Sleeper Surcharge

At present this charge is Rs. 5 per night for the first two. nights, with no additional charge for the subsequent nights. It is proposed to raise this to Rs. 8 per night for the first two nights, without modifying the condition regarding the subsequent nights being free.

Surcharge On Superfast Trains

These trains provide higher standard of comfort and give considerable value in the form of saving of time to the users. It is proposed to upgrade the surcharge as under :

Air-conditioned Class	From Rs. 20 to Rs. 25
First Class and AC two-tier sleeper	From Rs. 10 to Rs. 12
AC Chair car	From Rs. 6 to Rs. 12
Second Class Sleeper	From Rs. 2 to Rs. 6

There will be no change in the surcharge for Second Class sitting accommodation on these superfast trains.

Adjustments In Rajdhani Fares

It is proposed to increase the fares for Air-conditioned class and two-tier AC Sleeper by 20 % and AC Chair Car by 25 %.

Eligibility For Free Travel By Children

To avoid misuse of the facility and disputes, I propose to reduce the age-limit for free travel by children from the present 5 years to 3. years. This is in fact only a restoration of the earlier age-limit which was increased during the International Year of the Child.

Changes In Parcel Freight Structure

It is proposed to implement the Rail Tariff Enquiry Committee's recommendations on the

parcel freight structure. This Committee had pointed out that the Railways had incurred a loss of Rs.25 crores in 1976-77 for the carriage of Parcel traffic and there were no compelling social grounds for running the services at a loss. It is proposed to group the Parcel traffic into six groups against fourteen at present with a separate scale or norm for charging. Relevant details of the basic scales and the charge per quintal have been given in the Memorandum explaining the proposals for adjustments in freight rates and fares, placed on the table of the House.

Freight Charges

The exemptions from levy of supplementary charges from 1-4-1979, 15-7-1980 and IA-1981 allowed in respect of certain commodities are proposed to be withdrawn so as to rationalise the freight rates. While withdrawing the exemptions it has been ensured that firewood, medicines, fodder (other than oil cake), kerosene oil and safety matches continue to enjoy the exemptions.

Some special concessional freight rates are in force for transportation of bananas and oranges. The existing concessions will be allowed to continue upto 30-6-1982, whereafter they will be withdrawn.

63. The revisions proposed will further narrow down the gap between the prevalent fare and freight structures and those recommended by the Rail Tariff Enquiry Committee. Those recommendations, especially in regard to fares and freights can be fully implemented only over a period of time, quite extended in some cases as in the case of season ticket fares, and, therefore, any small steps taken now will help in reducing the time-lag.

Financial Results

64. The anticipated additional annual revenue from these revisions is Rs. 172.60 crores from passenger traffic, Rs. 12 crores from luggage and parcels and Rs. 76.85 crores from freight traffic making a total of Rs.261.45 crores, which would just cover the gap between traffic receipts and revenue expenditure, payment of Dividend to General Revenues, Development Fund expenditure and very limited liquidation of indebtedness to General Revenues. It will be appreciated that I have not provided for any additional resource mobilisation except to the extent required for balancing the revenue budget as explained.

Conclusion

65. I am grateful to the Members for listening to me patiently. I can only assure them that I will leave no stone unturned in improving the functioning of our largest transport undertaking in all the facets of its working. I am sure that the railwaymen at all levels will rise to the occasion and successfully meet the challenges facing them, as they have done on several occasions in the past.
