

**Speech of Shri Lalit Narayan Mishra  
Introducing the Railway Budget  
for 1974-75 , on February 27, 1974**

Mr. Speaker,

Sir, I rise to present the Revised Estimates for 1973-74 and the Budget Estimates for 1974-75.

**Financial Results 1972-73**

As is customary on this occasion, I shall first review the results of the last financial year i.e. 1972-73. When my able predecessor presented the Railway Budget for that year, he had every hope that the upward trend in our economy would bolster rail transport and thereby improve Railways' earnings. Unfortunately, very early in the year it became apparent that these expectations might not come true. Large scale power shedding, Mulki rule agitation in Andhra Pradesh, strike by engineers of U.P. State Electricity Board and other disturbances adversely affected the working of major industrial units and the general state of national economy.

Against this background, when I presented the Revised Estimates for that year to the House, I had to scale down the originally estimated surplus of Rs. 32.53 crores to Rs. 12.40 crores. I was still optimistic that despite a shortfall in the originating traffic, the situation would be somewhat retrieved by the increase in the lead, emerging improvement in economic activity and the favourable change in the overall traffic mix. This hope has, however, not been fulfilled and the actual surplus for that year has turned out to be only Rs. 2.92 crores. This was mainly because of the gross traffic receipts not reaching the anticipated level. Actual gross traffic receipts for that year came to Rs. 1162.42 crores against Rs. 1174 crores assessed in the Revised Estimates.

Our estimate of Working Expenses was practically exact, as the actuals came to Rs. 982.62 crores against the revised estimate of Rs. 982.68 crores. The appropriation from Revenue to the Depreciation Reserve Fund was maintained at Rs. 110 crores and to the Pension Fund at Rs. 16 crores. The amount of Rs. 161.51 crores was paid as dividend to the General Revenues on the Capital-at-Charge of the Railways.

The indebtedness of the Railways to General Revenues under Development Fund and Revenue Reserve Fund, which was estimated at the Revised Estimate stage to go up to Rs. 110.67 crores at the end of 1972-73, actually came down to Rs. 85.65 crores because of adjustment of arrear relief in dividend payment for the years 1969-70 and 1970-71 recommended by the Railway Convention Committee, 1971.

**Revised Estimates 1973-74**

The Budget Estimates for 1973-74, as approved by Parliament, envisaged a surplus of Rs. 23.86 crores. The working results of the Railways during the year have, however, undergone a sea-change due to the confluence of three vital factors, which have simultaneously affected their financial position. These factors are: the state of national economy, the deterioration in staff discipline and the impact of Pay Commission's recommendations as accepted and liberalised by Government.

**State Of National Economy**

Industrial production, which had recorded a significant, rise in 1972, stagnated during 1973 due to a variety of factors like short supply of steel, coal and cement. Production was also adversely affected by extensive load shedding and power cuts due to depletion of hydel reservoirs. Disturbed industrial relations in a number of industries and strikes in the Railways also had an adverse effect. Consequently, the offering of traffic itself to the Railways was at a substantially lower level than what was anticipated. At the same time, Railways were called upon to transport, on top priority, from May to July last year, 2.4 million tonnes of foodgrains from Punjab and Haryana to the drought affected areas. This was a record movement as only 1.64 million tonnes were moved by the Railways during the same period in 1972-73 and 1.4 million tonnes during the previous year. The concentrated pressure of foodgrains traffic in a short time span and the paramount need to rush supplies to the scarcity affected areas in Maharashtra, Gujarat, West Bengal and Assam imposed a severe strain on the railway system. The entire operation was undertaken on a fire-fighting basis so as to reach foodgrains to scarcity areas in time to stave off starvation. This traffic was moved at the cost of cancelling a number of passenger services and the sacrifice of a considerable amount of high-rated general goods traffic. It also involved an increased movement of empty wagons over long distances. Foodgrains, as the Hon'ble Members are aware, are carried by the Railways at a heavily subsidised rate. Therefore, the greater the number of wagons pressed into transportation of foodgrains, the larger is the loss to the Railways. The Railways met the national obligation but not without affecting their

pocket.

### **Deterioration In Staff Discipline**

So far as staff discipline is concerned, this has been a particularly bad year for the Indian Railways. From the very beginning we have been hit by go-slow, work-to-rule and work-to-designation agitations, mass absenteeism, wildcat strikes, bandhs, squatting on track, etc. While the agitations unconnected with railway operation impeded our working, the effect of employee agitations has been particularly crippling. Among such agitations are the lightning strike of station masters and assistant station masters during April on Western Railway, the successive strikes and agitations by loco running staff in May, July, August and December which affected most of the Zonal Railways and the agitation by staff of Sholapur Division on the South Central Railway during August and September. The work-to-rule agitation by staff of Signal and Telecommunication Department during November and December 1973 also took its toll. Subsequently, an agitation by the Carriage & Wagon staff considerably affected, transport operations. As a matter of fact, not a month has passed on the Railways this year during which train operations were not held up or hampered in one part or the other of the country by such agitations sponsored by certain unrecognised category-wise associations. Consequently, both the financial and operational targets have been upset. Earnings up to the end of December, 1973 fell short of expectations by Rs. 81.50 crores.

In the original Budget we had assumed that the Railways would be carrying 10 million tonnes of additional revenue earning freight traffic during the year over that carried during the last year. The actual traffic materialisation so far has fallen far short of this anticipation. There has been a drop of nearly 8 million tonnes in originating freight traffic up to the end of December as compared to the same period of last year. As compared to Budget projection, the originating freight traffic has been 15.30 million tonnes less. Although this shortfall has occurred in almost all important categories of traffic such as coal, raw materials for and finished products from steel plants, iron ore for export, cement, fertilizers, POL and other general goods, the movement of coal has been particularly sluggish.

It was anticipated in the Budget estimates that coal movement would reach 71 million tonnes. Actually only 61 million tonnes are expected to be moved, partly due to non-availability of coal for loading at established rail heads and partly due to the staff not putting in their best efforts because of agitational approach. This shortage in movement of coal has affected the Railways in two ways: loss in earnings consequent on less movement and enforced cancellation of trains due to shortage of loco coal. The actual stocks in loco sheds, which are normally kept at a level of 10 days' consumption, fell at a number of places to hardly a day's consumption. Occasionally, the stock of coke and blendable coal with steel plants also came down to dangerously low levels.

To make matters worse, the average lead of traffic during the current year has also decreased by 2.4% over that of the last year. The losses in the quantum and lead of traffic are irretrievable as even at the turn of the year signs of return to normalcy are not visible.

### **Impact Of Pay Commission's Recommendations**

The implementation of the recommendations of Pay Commission, as modified by the Government, and the grant of three increases in dearness allowance during the year have substantially added to our expenditure; its impact is over Rs. 109 crores for a full year. We have taken vigorous measures to disburse pay and allowances at the enhanced rates to as large a number of staff as possible. It may, however, not be possible to disburse payments for the entire period. I may point out that implementation of the Pay Commission's recommendations involves obtaining of options from a million and a half railway employees, re-fixation of their pay in the revised scales and drawal of pay bills for the net amounts payable to them. Since these processes were to take some time, the Government took a deliberate decision to pay during the current year an ad hoc amount of Rs. 150 to each Class II and III employee and Rs. 100 to each Class IV employee who may not be paid his full arrears of pay and allowances before the close of the financial year. This ad hoc amount will, of course, be adjusted against the arrears due or otherwise. Out of the estimated liability of Rs. 94 crores during, the current year, about Rs. 52 crores are expected to be disbursed to the employees during this year and the balance of Rs. 42 crores has been thrown forward and provided for in the next year's budget.

### **Gross Traffic Receipt**

Against the background of unprecedented shortfall in performance, the Revised Estimates of Passenger Earnings have been placed at Rs. 370.60 crores or Rs. 8.61 crores less than the Budget Estimates. The earnings from other coaching traffic have also had to be reduced by Rs. 5.39 crores. The estimate of goods earnings has been kept at Rs. 709.50 crores, which is Rs. 75.20 crores less than the Budget anticipation. We have also to carry out an adjustment of Rs. 4 crores in our

earnings for an 'on account' payment to the Ministry of Defence. In the aggregate, gross traffic receipts are expected to be Rs. 93.20 crores less at Rs. 1170 crores against the Budget Estimate of Rs. 1263.20 crores.

### **Effect Of Economy Measures**

Due to the combination and conjunction of heavy additional expenditure and substantially short earnings, the year 1973-74 has been the worst year for railway finances for many decades. Recognising the gravity of the situation, we devised and imposed during the year 'exchequer control' on all spending units to regulate their cash disbursement against the budget allotment. In addition, various economy measures were intensified which have yielded appreciable results. Consequently, Revised Estimates of working expenses have been fixed at only Rs. 953 crores or Rs. 34.77 crores more than the original budget. Considering that the provision for disbursement of pay and allowances arising out of the Pay Commission's recommendations, as modified by Government, during the current year is Rs. 52 crores, an amount of nearly Rs. 17 crores has thus been absorbed in working expenses through various economy measures. The appropriations to the Depreciation Reserve Fund of Rs. 115 crores and to the Pension Fund of Rs. 16 crores have been maintained as in the Original Budget Estimates. The dividend liability to General Revenues is expected, on latest calculations, to be Rs. 168.60 crores against the budget estimate of Rs. 172.61 crores.

### **Summing Up**

In short, with a drop in earnings of Rs. 93.20 crores and an unavoidable increase in expenditure of Rs. 34.77 crores together with a reduction of Rs. 4.36 crores in miscellaneous transactions and the amount of dividend payable to General Revenues, the budget surplus of Rs. 23.86 crores has turned into a deficit of Rs. 99.75 crores. This amount is proposed to be covered by obtaining a loan from the General Revenues. A further loan of Rs. 22.65 crores will also have to be taken from the General Revenues to meet the requirements of Development Fund expenditure and interest liabilities on outstanding loans. The indebtedness of the Railways to the General Revenues, which was anticipated at Rs. 111.01 crores, would, in the circumstances, rise to Rs. 208.02 crores.

### **Revised Estimates Of Works Expenditure**

In pursuance of Government's decision in August, 1973 imposing an economy cut, our programme of Plan expenditure was curtailed to remain within the reduced allotment of funds during the current financial year. I had, in my statement in Parliament on 29<sup>th</sup> August, 1973 mentioned that the Railways would attempt to achieve during 1973-74 an economy of Rs. 20 crores under works and revenue expenditure. As the Government's economy directive was received only towards the end of August, 1973, Railways had by then entered into certain commitments which had to be discharged during the current year. Nonetheless, due to administrative restraints on spending and the introduction of 'exchequer control' to which I have referred earlier, it has been possible to achieve a saving of Rs. 30.50 crores i. e. about Rs. 13.50 crores in works expenditure and about Rs. 17 crores in revenue expenditure, against the promised amount of Rs. 20 crores. The annual Plan outlay of Railways including M.T.P. would, now in the current year, be Rs. 324.19 crores against Rs. 337.54 crores provided for in the original budget. Of this reduced amount, Rs. 166.80 crores would be on Capital account, Rs. 130.19 crores on renewal and replacement works charged to Depreciation Reserve Fund, Rs. 20 crores on works chargeable to Development Fund and Rs. 7.20 crores on Open Line Works Revenue.

### **Review Of Fourth Plan**

The Fourth Five Year Plan will come to an end within about a month. I may, therefore, pause at this stage and make a brief appraisal of the Plan. The Plan initially provided for 265 million tonnes of originating freight traffic at its end. The mid-term appraisal of January, 1971, however, taking note of less materialisation of traffic during the first two years of the Plan revised the original freight traffic target to 240 million tonnes. The downward trend in traffic from the second year of the Plan was mainly due to the disturbed law and order situation and industrial relations in the eastern part of the country. With some improvement in the situation from 1971-72, originating traffic during that year was 197.8 million tonnes rising to 201.3 million tonnes during 1972-73, the fourth year of the Plan. The current year, which is the last year of the Plan, however, has recorded a steep decline in originating traffic and, on present indications, the year might close with only 192 million tonnes which will be the lowest since 1963-64. I have already referred to the severe effect on performance during the current year of disturbed labour conditions, frequent strikes, go-slow and work-to-designation agitations by railwaymen, particularly loco running staff, which have occurred in almost every month of this year. In appraising the overall railway performance during the Plan period, however, the norm of originating tonnage is not a true index of the work done by the Railways. A fairer index would be the quantum of net tonne kilometres, which takes into account the distance over which the traffic is hauled. This indicator shows an increase of 9.11 % during the first four years of the Plan. Similarly, in respect of passenger traffic,

passenger kilometres are more indicative as a performance index and herein too the increase has been 24.86 per cent in the first four years. It is only in the current year, which is the last year of the Plan, which both the originating tonnage and lead have been at the lowest ebb. I hope that the worst is behind us and the railways will now make the maximum possible effort to come up to normal standards of efficiency and service.

### **Fifth Five Year Plan**

The Fifth Five Year Plan of the Indian Railways, both in physical and in financial terms, has been finalised after prolonged discussions and in consultation with the Planning Commission and other Economic Ministries. It envisages an outlay of Rs. 2350 crores for a target of 300 million tonnes of originating freight traffic by the end of the Fifth Plan Period. This figure is about 50% more than the existing level of freight traffic handled by the Railways. In respect of passenger traffic, the Plan foresees an annual growth rate of 4 per cent in passenger kilometres for non-suburban traffic and 5 per cent for suburban traffic. Actually the growth rate in the suburban areas would vary from 3 per cent in Calcutta area to 6 per cent in Bombay area. The Railways have, therefore, to gear themselves for this gigantic task. To meet this challenge some preparatory action has been initiated during the current year itself to increase line capacity and production of rolling stock.

### **Annual Plan For 1974-75**

For the first year of the Plan, we have been allotted an outlay of Rs. 368 crores including Metropolitan Transport Projects towards Plan investment to carry 217 million tonnes of originating freight traffic. The break-up of this amount is Rs. 227 crores under Capital, Rs. 115 crores under Depreciation Reserve Fund, Rs. 18.50 crores under Development Fund and Rs. 7.50 crores under Open Line Works Revenue. Although this amount is about Rs. 44 crores more than the amount expected to be spent during 1973-74, yet, in view of the appreciable increase in prices during the current year, it may prove inadequate for stepping up our Plan activity. However, within the available resources, we have drawn up our programmes of rolling stock, line capacity etc., covering the need to augment our transport capacity and to undertake the development of economically potential areas.

### **Progress Of Important Works & Surveys**

As the Hon'ble Members are aware, the Cuttack-Paradeep rail link has been completed and opened to traffic this year. 132 kilometres of the Guna-Maksi line have also been opened to traffic and work on the remaining portion is in progress. Dabla-Singhana rail link to serve the Khetri Copper Complex is nearing completion and the link is expected to be opened this year.

I had, in my last year's Budget speech, enumerated some important new lines and gauge conversion works which were then under examination and active consideration of Government and had obtained the permission of the House to undertake them by re-appropriation of funds within the relevant grants on their approval by Government. I am happy to inform the House that earthwork is in progress on WaniChanaka link and Manmad to Purli Vajinath conversion. In respect of the Mangalore-Apta line, sanction has been accorded to the execution of earth work on the Apta-Dasgaon section. Traffic-cum-engineering surveys for the Delhi-Ahmedabad conversion have been completed and the reports are under examination. The engineering and traffic surveys for Barauni-Katihar and New Bongaigaon-Gauhati conversions have also been completed.

### **Restoration Of Dismantled Lines**

As I mentioned last year, we have embarked upon a programme of restoration of dismantled lines so that the people who enjoyed the facility of rail transport in the past and were deprived of it during the Second World War or on account of floods etc. have these facilities back again. Restoration of Dalmau - Daryapur, Gohana - Panipat, Saraigarh - Pratapgarh - Forbesganj, Haldibari - Jalpaiguri and Chittauni - Bagaha lines has been approved through Supplementary Demands obtained this year. Their execution has been taken in hand. I had also mentioned that the reopening of Howrah - Amta, Howrah - Sheakhala and Saharanpur - Shahdara Light Railways had been accepted in principle. After completion of preliminary Engineering-cum-Traffic Surveys for these lines, the construction of broad gauge lines in place of old narrow gauge lines has already been approved of by the House through Supplementary Demands obtained this year. The Government of Uttar Pradesh has also agreed to participate in the construction of the new Shahdara-Saharanpur railway line on 50:50 basis. A corporation will be formed to manage the new railway line and road transport in the area will also be brought under its control so that inter-modal co-operation and co-ordination is ensured. For the Howrah - Amta, Howrah - Sheakhala and Bargachia - Champadanga lines, we have suggested to the Government of West Bengal that a Corporation may be formed on similar lines as have been accepted by the Uttar Pradesh Government for Shahdara-Saharanpur railway line. Construction of these lines will be taken up on the finalisation of the requisite arrangements with the State Government.

### New Lines & Gauge Conversions

While presenting the Budget for 1973-74, I had mentioned the need for a new approach for evaluating the proposals for the construction of new railway lines in backward areas. In furtherance of this approach, it is now proposed to take up the construction of the following new railway lines and gauge conversion projects in 1974-75.

- (1) Conversion of New Bongaigaon - Gauhati Section from metre gauge to broad gauge.
- (2) Construction of a new metre gauge line from Dharmanagar to Kumarghat.
- (3) Construction of a new broad gauge line from Nadikude to Bibinagar.
- (4) Conversion of Guntur - Macherla line from metre gauge to broad gauge.
- (5) New broad gauge line from Rohtak to Bhiwani.
- (6) Provision of broad gauge links to Ramnagar and Kathgodam from Moradabad and Rampur.
- (7) Conversion of metre gauge section from Samastipur to Darbhanga to broad gauge.
- (8) Construction of a new metre gauge railway line from Jhanjarpur to Laukaha Bazar.
- (9) Construction of a new metre gauge line from Sakri to Hasanpur.
- (10) Construction of a new broad gauge line from Jakhapura to Banspani.

The North Eastern Council has been requested to bear the cost of construction of Dharmanagar-Kumarghat line out of the funds, which may be allotted to it for development of backward hill areas. The Governments of Andhra Pradesh and Haryana have agreed to bear the cost of land, to regulate road transport and to inflate the chargeable kilometrage for Nadikude-Bibinagar and Rohtak-Bhiwani rail links as well as for Guntur-Macherla gauge conversion project. I look forward to similar cooperation and financial participation from the Governments of Uttar Pradesh, Orissa and Bihar in respect of the projects falling within those States.

I have not been able to include new railway lines in other backward areas of the country on account of paucity of funds during 1974-75. Surveys have, however, been taken up or are proposed to be taken up in 1974-75 for a large number of new railway lines which have been proposed by the State Governments, Members of Parliament and other public bodies. I mention specifically the following:-

1. Dhalli-Rajhara-Jagdalpur	2. Bhavnagar-Tarapore
3. Dasgaon-Mangalore	4. Kumarghat-Agartala-Sabroom
5. Silchar-Jiribam	6. Nangal Dam-Talwara
7. Malda-Belurghat	8. Miraj-Latur
9. Muzaffrpur-Raxaul gauge conversion	10. Dehri-on-Sone-Pipradih
11. Deoghar-Dumka Rampur Hat	12. Gaya-Rajgir

I would like to take up the construction of these lines during the Fifth Plan, but this would depend upon the availability of resources. The present allocation during the Fifth Plan for construction of new railway lines is not sufficient for this purpose. Execution of these works will be considered by Government in the light of Survey reports and as and when we can augment our Plan funds.

### Other Important Works

Apart from these new lines, gauge conversions and surveys, a large number of other important works are also proposed to be undertaken on the Railways during the next year. Though all these works are contained in the summary of works circulated with the Budget documents, knowing the Hon'ble Members' interest in this subject, it would be in order to mention some of the important ones.

We are proposing during 1974-75 to remodel Mazagaon Yard and to provide additional facilities at Bombay V.T. to admit longer trains being hauled to and from this terminus as well as to introduce new train services. Likewise, traffic facilities at an estimated cost of Rs. 2.69 crores are

also proposed for provision at Madras Central Station. The terminal facilities in Hyderabad-Secunderabad area are proposed to be developed at an estimated cost of Rs. 41.69 lakhs. The rebuilding, at a cost of Rs. 2.64 crores, of a bridge on the Sabarmati River with provision for an additional B.G. track on Ahmedabad-Sabarmati Section will be commenced during the year. New Diesel Loco Sheds, estimated to cost Rs. 1.20 crores each are proposed to be set up at Jhansi and at Ludhiana. A new Concrete Sleeper Plant at an estimated cost of Rs. 1.28 crores will be constructed at Allahabad. Tempo of progress in electrifying Delhi-Tundla section will be stepped up. Electrification of Madras-Vijayawada section will also be accelerated.

About 5000 quarters are built every year for the railway staff in different categories. The Fifth Five Year Plan provides for an outlay of Rs. 40 crores on housing for railway employees. A provision of Rs. 7.96 crores for this purpose has been made in the Budget for 1974-75.

The Budget also provides for an expenditure of Rs. 17.24 crores on Medical services for the railway staff. Over 10,000 beds are maintained in 659 hospitals and Health Units where facilities for the most up-to-date treatment are available. Nearly 1.6 lakh patients are treated in these Hospitals/Health units daily.

Though education is legitimately the responsibility of the State Government, the Railways are running over 750 railway schools to cater to the needs of the children at such places where other educational facilities are not available. Besides these major facilities, railwaymen have been provided 751 institutes and recreation centres, 22 holiday homes including two at Srinagar and Pahalgam, hostels at 14 centres where children of employees are given board and lodging at subsidised rates.

One important facet of railway working in which each rail passenger is interested is the provision of amenities at stations and in trains. It has been my endeavour that the Railways should present an image worthy of its being the premier public sector undertaking in the country. The expenditure on passenger and other users' amenities has been maintained at Rs. 4 crores per annum during the Fourth Five Year Plan. Basic amenities like waiting halls, benches, lights, drinking water, latrines, surfaced platforms, shady trees, etc., have already been provided at all stations. Nearly 900 water coolers have been provided in the First Class corridor coaches and third class sleeper coaches. A special programme of improving the cleanliness and appearance of important stations is progressing satisfactorily. Varanasi station - one of the important centres of pilgrimage - is being given a face lift at an estimated cost of Rs. 0.65 crore. Some of the other important stations on which work is in progress are - Bombay V.T., Bombay Central, Nagpur, New Delhi and Delhi, Kanpur, Aligarh, Rae Bareilly, Gorakhpur, Gauhati, Madras Central, Bhopal, Bangalore City, Hyderabad, Pune, Darbhanga and Patna. Action is also being initiated for providing additional terminal facilities at Howrah.

#### **Development Of Backward Areas**

From time to time I have received a number of requests from Chief Ministers, Members of Parliament, Public Bodies, etc. for construction of new railway lines in backward areas. Experience has shown that generation of traffic for such areas follows the development of transport infrastructure facilities. I have, therefore, advocated the need for a conceptual change in the application of orthodox financial criteria to the construction of new lines in under-developed areas. Discussions on these lines have also been held with my colleague, the Planning Minister, for allocation of additional resources for this purpose outside the Railway Plan. Due, however, to the overall limitation of funds, it has not been possible to include, during 1974-75, a larger number of such projects, but I am alive to their necessity and I shall be further pursuing the matter with the Planning Commission.

#### **Production Of Coaches And Wagons**

4125 broad gauge and 2125 metre gauge conventional coaches were assessed as required during the Fourth Plan. The outturn during the first four years has been 2942 broad gauge and 1969 metre gauge coaches. The remaining requirements are expected to be almost fully fulfilled by the output during the current year. During 1974-75, 1157 coaches are planned as new acquisitions in addition to 112 electric multiple unit stock for use on suburban sections. The present generated capacity in the private and public sectors as well as on railways, is, by and large, adequate to meet the coaching stock requirements.

The Railways' requirement of wagons is met largely by wagon builders in the private sector and partly by the Railway Workshops at Amritsar, Golden Rock and Samastipur. Against about 10,900 wagons manufactured during 1972-73 about 9000 by trade and about 1900 by railway workshops - this year's production is expected to reach about 13,000 wagons - about 11,000 from trade and

about 2000 from railway workshops. During next year, while the production in railway workshops will be maintained at the current year's level, the output from trade is expected to rise to 12,000 wagons. With these additions to our wagon fleet, there should be no difficulty in lifting the projected tonnage of freight cargo at a reasonable level of operating efficiency. Wagon requirements during the Fifth Plan period have been assessed at about 1 lakh approximately and the bulk of them will be obtained from the trade. Wagon production in the private sector reached at one stage a level of 27,000 in a year, but fell to about 9000 largely due to disturbed labour conditions in the eastern part of the country where most of the industry is located. Presently, orders for 38,000 wagons are outstanding on wagon manufacturing firms and further orders for 12,000 wagons are intended to be placed thereon during 1974-75. I would like to assure the wagon building industry that lack of orders will not stand in the way of their increased production. I also hope that given normalcy in working conditions, the industry will be able to re-achieve its earlier high production level. On this reckoning, I anticipate that the number of wagons available to the Railways will be enough to meet the transport needs.

#### **Additional Power Supply Arrangements Of Railways**

The Hon'ble Members are aware of the frequent interruptions to power supply, load shedding etc., which we have had to contend with, particularly during the last 18 months or so. These interruptions have adversely affected train operations as well as the production, overhaul and maintenance of our locomotives, wagons and coaches. In order to ensure uninterrupted supply of power, stand-by generating sets are being obtained for installation at certain repair Workshops and Production Units.

In the context of the prevailing Oil crisis, the pace of electrification of trunk routes is being accelerated to energise 1,800 route kilometres by the end of the Fifth Plan period. To guard against interruption in power supply, we are considering setting up our own generation stations linked with the grid systems of the States. I had approached the House in December last and obtained their approval through a Supplementary Grant for taking up the surveys and site studies on the Central and Eastern Railways. I am glad to inform the House that these studies are making good progress. As and when these projects take feasible shape, steps will be taken, in consultation with the Planning Commission, to install captive thermal power houses in the Fifth Plan. As electric power shortage is not likely to be entirely overcome in the near future, Railways will probably have to set up their own power houses in the Sixth Plan period also.

#### **Oil Crisis And Railways**

Changes in the mode of traction from steam to diesel and electric have been made during the last two decades to modernise rail-transport technology as well as to meet the increasing traffic demand. A decision was also taken in 1971 to discontinue the manufacture of steam locomotives at Chittaranjan. The Railways' annual consumption of High Speed Diesel oil is about 0.58 million tonnes as against the total consumption of about 6 million tonnes in the country, i. e. only about 10 per cent. Diesel oil consumption by the Railways is estimated to rise to 0.8 million tonnes at the end of the Fifth Plan on the basis of the present programme of dieselisation. The main consumer of HSD oil is, however, road transport, which uses nearly 80% of the total annual consumption. In comparison with road transport, Railways are a more efficient user of diesel oil as their performance per unit of diesel oil consumed is six times better in terms of tonne kilometres than that of road transport.

We are to-day faced with the problem of a steep increase in the price of diesel oil as well as possibly reduced availability. Oil crisis will also generate increased demand for rail transport if HSD oil supplies to road transport are restricted. In this context, our plans for electrification of trunk routes will be stepped up to about 1,800 kms. during the Fifth Plan, rising to 3,000 route kms. in the Sixth Plan and reaching 4,000 route kms. during the Seventh Plan. Preliminary studies have indicated that in an overall assessment it would not be economically prudent to revert to steam traction as it would require much higher investments on line capacity works and maintenance facilities etc. to compensate for the lower hauling power of steam locomotives in comparison with diesel or electric locomotives. The Ministry of Railways have, therefore, urged that for these reasons and in view of their important role in providing transport infra structure, their demand for HSD oil should not be reduced. Pending further developments at the national level, production of diesel locomotives and on line plans for dieselisation have not been altered.

While the oil crisis affects many sectors of the economy, its impact on Railways is two-fold. First, it has resulted in increased demand for coal, which is expected to reach a production level of 90 to 95 million tonnes in 1974-75 against about 79 million tonnes during the current year. Transport capacity to match this substantial increase in the originating traffic of coal will require detailed planning

of linkages and necessitate the optimum utilisation of existing assets as well as setting up of additional facilities. In co-ordination with the Department of Mines, we are taking requisite steps to meet the challenge. Secondly, it has re-activated interest in steam traction as a possible alternative to dieselisation. A quick economic study has thrown up the conclusion that while it is not advisable to re-start the production of steam locomotives, the service life of the existing steam fleet could be prolonged by improved maintenance and rehabilitation. Accordingly, it has been decided not to condemn and abandon old steam locomotives for the present.

#### **Scheduled Castes & Scheduled Tribes (Measures To Improve Their Conditions)**

In pursuance of the Government policy to develop the weaker sections of the society, I am taking personal interest to ensure that the representation of Scheduled castes and Scheduled tribes in railway service is actually in accordance with the Government orders issued from time to time. Last year, the scope of reservation for these communities was extended to cover promotions made on the basis of seniority-cum-suitability to posts wherein the element of direct recruitment was not more than 50 %. With a view to improving the promotion prospects of the railway employees belonging to Scheduled castes and Scheduled tribes as well as other minorities, a special cell headed by Senior Officers has been set up in the Railway Board. The Personnel Department of each Zonal Railway has also been strengthened by the addition of a Senior Personnel Officer with adequate staff for this important work. With the same objective, a branch office of the Railway Service Commission, Calcutta, has been opened at Ranchi - the heart of the Adivasi belt - to help attract suitable Scheduled tribe candidates to railway service.

Till 1972-73, recruitment to Class III posts in railway service was arranged by four Railway Service Commission Offices located at Calcutta, Bombay, Allahabad and Madras. A policy decision has been taken that to throw open equal opportunities for employment to youngmen living in remote and backward areas, recruitment should be decentralised. To achieve this objective, the jurisdiction of a Railway Service Commission should be preferably co-extensive with the territory of a Zonal Railway. In pursuance of this policy, a new Railway Service Commission Office was set up during 1973-74 at Muzaffarpur to facilitate recruitment from the under-developed areas of that region. To rationalise and expedite recruitment, another Railway Service Commission is proposed to be set up during 1974-75 at Secunderabad.

#### **Railway Protection Force**

The Railway Protection Force is maintained for the proper protection and security of Railway property and of property entrusted to the Railways' care for carriage. Considering the increasingly onerous responsibilities devolving on the Force, I am anxious that the morale of its personnel is maintained at a high level so that it becomes an increasingly effective instrument in the prevention and detection of crime on the Railways. At the annual function of the Railway Protection Force held on 1<sup>st</sup> July, 1973, I had announced that steps would be taken to substantially improve the promotion prospects of members of the R.P.F. I had also stated that the scale and quality of R.P.F. uniforms would be improved.

I am happy to say that the grade-wise distribution of posts in the R.P.F. has since been thoroughly overhauled so that much better avenues of promotion will now be available to R.P.F. personnel. Moreover, our intention is to progressively reduce the number of deputationists with the R.P.F. so that our dependence on outside officers becomes minimal and further channels of promotion become available to R.P.F. personnel.

Steps have also been taken to effect a substantial improvement in the scale and quality of uniforms issued to R.P.F. personnel. I am also anxious that in their conditions of service, the R.P.F. should not, on the whole, lag behind other central security organisations. As far as pay scales are concerned the recommendations of the Third Pay Commission have since been received and these are under examination of my Ministry vis-a-vis the pay scales suggested for other central security organisations, such as the Central Industrial Security Force, Secretariat Security Organisation, Central Reserve Police, etc. It is my desire that the service conditions and prospects of the Railway Protection Force should be broadly comparable with other similar central organisations.

#### **Frequent Strikes By Loco Running Staff**

I have already referred in the earlier part of my speech to the three major strikes during 1973 by the loco running staff first in May, second in July-August and the third in November-December. I have time and again stated on the floor of the House that whatever promises and assurances were made to them when they called off their strike in August, 1973 have been fulfilled both in letter and in spirit. Lately, after considerable effort, an agreement has been reached between the representatives of locomen and the official side on the Qureshi Committee for working out the mode and manner of



implementation of the 10 hour rule. Crash plans and programmes are being formulated by the Zonal Railways for fulfilling this commitment. I would, however, like to point out the magnitude of the problem inasmuch as that about 20,000 additional staff have to be recruited and trained and a programme of capital expenditure entailing an outlay of about Rs. 38 crores involving laying of additional loop-lines, rest rooms for drivers and crew-vans has to be worked out. Instructions have been issued to the Zonal Railways to plan for these works. The House will doubtless agree with me that the undertaking of this large scale programme of recruitment, training and construction will necessarily take time and cannot be completed within a period of 30 or 90 days. I, therefore, urge the loco running staff to recognise the realities of the situation and not to indulge in threats of further agitations or to embark on fresh strikes, which only harm the community at large. For each rupee that the Railways lose in goods earnings, the Nation loses 10-times over or more. As the Railways are bulk commodity carriers, any interruption in transport activity severely affects production of manufacturing units like steel plants, fertiliser and cement factories, etc.

#### **Railway Units Of Territorial Army**

I must pay a word of tribute to the Railway Units of Territorial Army who have worked hard during the difficult days. I would like to inform the House that these Units are composed of Railwaymen in uniform subject to Army discipline. Whenever a state of emergency has affected railway operations, these Units have done admirable work to keep the Nation's lifeline going. These Units operated train services in the border areas during the last Indo-Pak conflict. They also assisted in the evacuation and subsequent return of millions of refugees from Bangladesh. Their services were fully recognised by the Government as well as by the House. During the anxious periods of strikes and agitations, the Territorial Army has rendered praiseworthy assistance in maintaining the movement of essential commodities and of critical materials to Steel Plants, Production Units, Power Houses, etc. In recognition of their valuable service, Government have decided to double the number of Railway Units immediately. I feel that later on their cadres could be further strengthened with advantage. We also intend to give some additional incentives to them to make the Wing more attractive.

#### **Concession To Students And Other Sections Of Public.**

The usual travel concessions to students, athletes, teachers and farmers, etc. have been continued during the current year. Free transport of relief goods intended for free distribution amongst the calamity stricken areas, such as, Orissa, Uttar Pradesh, West Bengal, Gujarat and Rajasthan, was liberally allowed. From May, 1973, the running of special trains for educational tours of students has been permitted as a regular measure on liberal terms, which, inter alia, allow for 50 per cent concession in third class fares, free kitchen car and free travel for cooks travelling on such trains. This special measure has been found popular with the youth as it affords them an opportunity not only to have a full view of the cultural and economic unity of the country but also see for themselves the making of modern India.

#### **Special Attention To Educated Unemployed**

In the course of debate on last year's budget I had promised to allot book-stall contracts on stations to co-operative societies of educated unemployed youngmen. Instructions were accordingly issued to the Railways to allot book-stall contracts to registered co-operative societies of educated unemployed youngmen at stations at which no book-stalls exist at present but where book-stalls may be considered necessary and new stations, which may be opened in the future. The scheme has so far met with only limited success. Measures are, however, in hand to get over the teething troubles and to popularise the scheme.

#### **Policy Regarding Renewal Of Catering And Vending Contracts**

Railways have been directed to call for applications in the case of all catering and vending contracts in which the contractors have completed two terms, that is, six years for all station vending and refreshment room contracts and ten years for restaurant and dining car contracts. This is aimed at the discouragement of growth of vested interests under the old procedure. This arrangement would also enable us to locate parties with greater capability and enthusiasm for rendering more satisfactory service to the travelling public.

#### **Accident Compensation**

Till the enactment of Indian Railways (Second Amendment) Act 1973 towards the end of last year, the upper limit for the payment of compensation in the case of death or total disablement of a passenger involved in a railway accident was Rs. 20 thousand. The amount payable as compensation was also related to the income of the passenger at the time of the accident. It was felt in the context of increased cost of living and the limits applicable in the case of air-crash victims that the ceiling was rather low and that the payments were considerably delayed due to the time required for

determining the earning capacity of the passenger. The Indian Railways' Act was, therefore, amended and the upper limit for payment of compensation to a passenger in the case of death or total disablement caused in a railway accident was raised to Rs. 50 thousand. The Act also introduced a system of uniform payment of compensation in the case of death or total disablement without relating the amount to the income of the affected passenger thus providing a substantial benefit to the low income passengers. The compensation now payable will be related to the type of injury suffered by a passenger and not the earning capacity at the time of the accident. The schedule of payments for injuries has also been revised to expedite disbursement of due compensation. An extra charge ranging from only 5 paise per ticket for a third class passenger to Re. 1 per ticket for the air-conditioned first class passenger has been levied from January, 74 to cover, amongst other items, the extra anticipated liability.

### **Two New Demands For Grants**

Till recently payments towards claims from passengers involved in railway accidents were treated as a part of working expenses. From 1<sup>st</sup> April, 1974, however, a special Fund titled 'Accident Compensation, Safety & Passenger Amenities Fund' is being created to cover, in main, the liability to passengers involved in railway accidents. This Fund will also be used to finance expenditure on safety works, such as track circuiting or axle counters, automatic warning system, vigilance control device, lifting barriers at level crossings, interlocking of level crossing with signals, scotch light of reflecting material on sighting or warning boards etc. The Fund will also meet expenditure on passenger amenities, such as train indicators, rest shelters for licensed porters etc. It will be fed with an appropriation of the receipts from surcharge on passenger tickets. As the Fund would be operated only from 1<sup>st</sup> April, 74, the receipts on account of the levied surcharge and the expenditure towards payment of claims of passengers involved in railway accidents after 1<sup>st</sup> January, 1974 will be accounted for under 'Deposits-Miscellaneous' and the balance at the close of 1973-74 will be transferred to the new Fund as proforma opening balance. The booklet titled 'Demands for Grants' for 1974-75 therefore has now two additional Demands for Grants numbering 21 and 22, giving the details of the appropriation to and withdrawal from the Fund. The Explanatory Memorandum for 1974-75 also has a statement in respect of the transactions under this Fund.

### **Consultancy Services On Railways**

In my speech last year, I had indicated that the Government was thinking of organising a separate unit for consultancy on the Railways so that the Indian Railways could offer a whole gamut of consultancy services to their clients, particularly to the foreign railways and world lending agencies, in all fields of disciplines including management, computerisation, transport operations, project evaluation after detailed field surveys as also execution of 'turn-key' projects. The Government has since approved the setting up of this consultancy unit as an autonomous company under the administrative control of the Railway Board. The company shall start functioning in the near future. I am confident that with the know-how and the expertise that the Indian Railways have developed over the years in all facets of railway activities, their consultancy unit will be able to attract worldwide clientele.

### **Railway Convention Committee**

The Railway Convention Committee, 1971, presented its final report in April, 1973, which was accepted by the House. The total relief in dividend payment to General Revenues which the Railways have obtained as a result of their recommendations covering the Fourth Plan as a whole was about Rs. 107 crores. I once again express my appreciation to the Members of the Convention Committee on their having made a detailed study of certain important aspects of railway working like accounting matters, suburban services, metropolitan projects, commercial and allied matters and requirements of availability of wagons. Their recommendations are being pursued energetically and action taken thereon is being reported through the Railway Convention Committee, 1973. Pending examination in depth of the matters remitted to this Committee, which was constituted in May, 1973, an interim report has been presented by them and the recommendations contained therein have been included in the Budget for 1974-75. The various reliefs, given by the earlier Committee have been extended by the present Committee to the Budget year 1974-75 wherein their effect is about Rs. 23.82 crores.

### **Foreign Exchange Assistance**

The total foreign exchange requirement of the Railways for the Fifth Five Year Plan is estimated at about Rs. 330 crores. This requirement covers import of essential raw materials and components for manufacture of rolling stock and of other equipment for improvement and modernisation of the Railway system. Over the years, the largest source of foreign exchange for the development programme of Indian Railways has been loans and credits from the World Bank and its affiliate, the International Development Association. In December, 1973, the IDA have given another credit of 80 million dollars, (equivalent to Rs. 60 crores) which will finance the major portion of imports

during the fifteen months period from January, 1974 to March, 1975. Provision has been made in the Third Czech Credit Agreement signed on 5<sup>th</sup> December, 1973 for the equipment and facilities required for the setting up of a Wheel and Axle Plant in the Railway sector as also for the import, if necessary, of heavy duty electric locomotives.

I am also glad to inform the House that in the Agreement on further development of Economic and Trade Co-operation signed on 29<sup>th</sup> November, 1973, the Government of U.S.S.R. have agreed to extend credit for the construction of the Calcutta Underground Railway Project.

### **Labour Relations**

Hon'ble Members are fully aware of the key role a railwayman plays in the economic life of the community. This position places a very special responsibility on the shoulders of all categories of railwaymen. I must place on record my warm appreciation of the loyal service being rendered by most of them to the community. I have also a word of commendation for the valuable services rendered by the officers and other supervisory staff and the railway personnel embodied in the Territorial Army, under conditions of considerable stress and strain and even occasional personal risk.

It is, however, a matter of great regret and concern to me that lately a small number of railwaymen have organised themselves into pressure groups among staff essential for maintenance and operation of the railways, and these groups have intermittently sought to paralyse railway working in sensitive areas and off and on held the community to ransom. The agitations by certain categories of railwaymen are politically motivated and divorced as they are from normal trade union activities they are not even in the interests of the working class. We have been passing through very difficult times. The difficulties, by and large, are the by-products of our endeavour to build our economy along modern lines, to provide the wherewithal for social transformation, to banish poverty from the face of our fair land and to ensure a happier and richer life for the millions who toil and produce the goods and services required by the nation. The railways are responsible for providing logistic support for our development programme - from hauling coal for production of energy, transporting raw materials to and finished materials from plants and industry, to move foodgrains to scarcity affected areas and to provide mobility for people to travel across our large country. Railways can fulfill this crucial task only by improving their productivity and raising the standard of their efficiency. Better industrial relations and more enlightened management are essential for this purpose. During last year, as I mentioned earlier, industrial relations on the Railways were greatly disturbed, which caused not only a heavy loss in earnings to the railways but also to the overall national economy. This is a serious matter, which requires our urgent attention. I am definitely of the view that Trade Unionism is the very corner stone of any democratic system. Democracy and Trade Unions have to go hand in hand. Wherever democracy is suppressed, trade unions have withered and wherever trade unions conducted themselves irresponsibly or recklessly, democracy was imperilled. The need for development of healthy trade unionism is, therefore, imperative. I am not one to suggest that workers of political parties should not enter trade union activity. But at the same time the leaders of political parties have a responsibility to ensure that the trade unions are not exploited merely for earning cheap popularity. Political parties of various affiliations have the responsibility to see that trade unions take an integrated view of the national economy and do not function in isolation. I concede that in a democratic community organised labour has an undeniable right to go on strike to safeguard their rights and interests. But it must also be recognised at the same time that workers owe some obligation to the community and a strike should be the last weapon in their armory not to be resorted to on flimsy and frivolous grounds but only when all other avenues of settlement through negotiations and arbitration have completely failed. It is, in my view, obligatory on the part of both unions and the administration to explore all avenues of settlement for which adequate apparatus exists at various levels in the Railway Administration, including the right to automatic arbitration on the failure of negotiations. Illegal wild-cat strikes and obstructive tactics adopted by some irresponsible railway cadres have caused social inconvenience and economic loss and have now come to arouse public resentment. While I must record my appreciation of those staff who continued working in the face of various forms of provocation, I would urge upon responsible leaders of different Trade Unions to help in creating a situation in which reckless indulgence in strikes is put an end to, as this will be in the interest of the workers themselves apart from being in the larger national interest.

On my directions the matter of labour relations was examined in depth by the Railway Board in consultation with the General Managers of the Zonal Railways and certain broad decisions were arrived at. I would like to inform the Hon'ble Members that the principle of 'No work no pay' will be enforced apart from other disciplinary action which may be taken as necessary against the staff when they go on illegal strikes. It has also been decided to recognise the services of loyal workers by grant of extensions, rewards, advance increments for outstanding service and favourable consideration within administrative rules for appointment of children and dependents of loyal workers. We shall also devise means for affording effective protection to loyal workers and their families from violence or intimidation. From the

agitations during 1973 it is clearly evident that these have been sponsored by category-wise unions who have been pressing for recognition and negotiating facilities to be extended to them. There are 700 categories of railwaymen, and Hon'ble Members will appreciate that it is not possible for any organisation to negotiate at all levels with the representatives of such a large number of categories. The grant of such facilities would cause a fragmentation of recognised trade union activity and concessions to one category would create an imbalance and generate demands from other categories. I, therefore, took an unorthodox step and convened a meeting on 4<sup>th</sup> February, 1974, which was attended by some of my colleagues and office bearers of two Federations on Railways as also representatives of four central Trade Union Organisations apart from some Hon'bh Members of Parliament taking interest in labour relations. At this meeting the whole matter of labour relations was informally discussed and a general consensus emerged that in order to have purposeful negotiations and settlements between labour and administration there should be only one union which should be broad-based and popular enough to represent all crafts and categories of railway workers. To achieve this objective, if the principle of secret ballot has to be adopted, I think it should be favoured. It will be my endeavour to give this concept a practical shape in consultation with the two Railway Labour Federations, the Ministry of Labour and other concerned people.

I recognise that enlightened management is essential for happy industrial relations and increased productivity. A rigid bureaucratic approach in the handling of industrial relations is now an anachronism. It is, therefore, the objective of all railway executives to see that management responsibilities are discharged with an enlightened outlook. Without such an approach, no management, however adequately invested with authority, can get the best out of the large number of staff working there under. It is my firm conviction and unflinching objective that the Railways must set an example in this direction.

#### **Budget Estimates, 1974-75**

I shall now turn to the Budget Estimates for the next year. The accumulated and un-discharged liabilities of the 4<sup>th</sup> Plan, pertaining mostly to 1973-74, will throw a long dark shadow on the financial prospects of the Railways not only in 1974-75, which is the first year of the 5<sup>th</sup> Plan, but also in the next two years. Arising out of poor financial performance in the current year, we have to provide Rs. 44.76 crores in the Budget Estimates for the next year towards repayment of indebtedness, including interest charges to the General Revenues. In addition, we also have to carry Rs. 42 crores, which is a throwforward liability of Pay Commission's recommendations and the increases in dearness allowance. The year 1974-75 will, therefore, have to bear the dead weight of these heavy burdens in addition to concurrent expenses.

#### **Gross Traffic Receipts**

We have estimated our gross traffic receipts, at the existing level of fare and freight rates, to be Rs. 1290.77 crores based on the hopeful assumption that the Railways will carry 25 million tonnes of additional originating traffic over that expected during the current year. This assumption may be questioned on the ground that the course of events during 1973-74 does not justify this optimistic forecast. I am, however, not despondent but look forward to the new year with hope and confidence. Goods earnings have been assessed at Rs. 811.60 crores against the revised estimates of Rs. 709.56 crores. As passenger traffic has not shown the customary regular upward trend during 1973-74, the earnings there from have been kept at about the same level as the budget estimates for 1973-74. Other coaching earnings have been raised from Rs. 56.94 crores during 1973-74 to Rs. 66.58 crores.

#### **Working Expenses**

Our working expenses have been placed at Rs. 1148.37 crores which include Rs. 99 crores for payment of increase in wages and allowances arising out of Pay Commission's recommendations together with additional dearness allowance. There is also a provision for additional expenditure (Rs. 29.29 crores) for carrying out repairs to railway assets including permanent-way, rolling stock, equipment, etc. The estimates also provide for an increase in the fuel bill of the Railways consequent on the haulage of the projected additional traffic of 25 million tonnes as well as for the higher cost of fuel (Rs. 40.78 crores). We have also provided for an appropriation of Rs. 115 crores to Depreciation Reserve Fund and Rs. 16 crores to Pension Fund. The rate of contribution to Depreciation Reserve Fund during the budget year has been maintained at the same level as that during 1973-74, on the recommendation of the Railway Conversion Committee, 1973 accepted by the Parliament. The Accident Compensation, Safety & Passenger Amenities Fund created from 1.4.1974 will be credited with the entire proceeds estimated at Rs. 8 crores on account of the surcharge on passenger traffic levied under the Indian Railways Amendment Act, 1973.

#### **Financial Burden Of The Past**

Taking all these and other relevant items into account, our revenue will fall short of our expenses by Rs. 7.5 crores. But for the throwforward liability from last year of Rs. 42 crores on account of

the recommendations of the Pay Commission, revenue receipts would have exceeded the expenses including appropriations to Depreciation Reserve Fund and to Pension Fund, by Rs. 34.5 crores. From these forecasts it will be seen that the Railways will not be able to meet the dividend liability, the requirement of debt-service charges and the expenditure on works debit to Development Fund. Aggregate liability on this account amounts to Rs. 252.43 crores.

Hon'ble Members will, therefore, agree with me that bearing in mind the vital role of Railways in the economic infra-structure of the country, it is essential to restore their financial health. I have, therefore, most reluctantly come to the conclusion that an adjustment in the level of fares and freights is inescapable.

### **Budget Proposals (Revision Of The Freight Structure)**

Hon'ble Members will agree with me on the imperative and unavoidable need to make a major effort to raise resources. The Budget proposals to adjust freight rates and passenger fares have been made after very careful consideration and at the outset I may assure the House that the increases proposed by me are the minimum necessary in the present circumstances. I shall deal first with goods traffic. The cost of inputs, particularly wage bill, which constitutes 60% of the total working expenses and fuel which accounts for nearly 20% also the cost of other materials and stores, have risen to such levels recently as to upset fundamentally the value of constituents in our freight rates and fares. Further, cost studies which generally form the basis for freight structure show that the gap between costs and income particularly in respect of major commodities moving in bulk, which form nearly 75% of our cargo, is becoming wider and wider. While on one hand our average lead for haulage of goods has been growing longer over the years, the distance for the break-even point has fallen steeply during the current year. The taper in the telescopic rates i.e. per tonne per kilometre charge decreases or tapers off with the increasing distances and this taper has become very much more acute than the cost taper. For example, transport of iron ore, which was un-remunerative only beyond a distance of 1300 kms. on the B.G. has become totally un-remunerative at present with the increasing costs of operation. Similarly, transport of coal was remunerative up to a distance of 1100 kms. The existing freight rate on this commodity will not cover the cost of haulage at any distance in 1973-74. The loss in the transport of low-rated freight traffic according to the latest assessment will rise to Rs. 115.40 crores in 1973-74. A comprehensive review of our existing schedule of freight rates is thus called for. The constituent elements of cost having thus undergone a radical change, the taper in the telescopic class rates has become more marked thereby accentuating the excess of costs over receipts at longer leads. To remedy this trend it has become necessary not only to effect a suitable escalation in the freight rates but also to adjust the taper for rates applicable for longer hauls. It is, therefore, proposed to revise the freight structure without disturbing the inter- classification of goods. As at present, the rates for any commodity will be derived from a basic scale. The range of the increases in the revised structure compared to existing levels of freight will be from about 5% at a lead of 40 kms. to approximately 11% at a distance of 3000 kms.

### **Freight On Coal**

Coal is at present treated as an exception in that it is outside the scope of the standard freight structure, with the result that, at the current concessional rate, Railways would suffer a loss of approximately Rs. 37.67 crores in carrying coal during 1974-75. Hon'ble Members will appreciate that the weak railway finances can ill-afford to bear a burden of this magnitude. It is now proposed to bring the freight rate for coal in alignment with the current cost by fitting it at class 37.5 in the standard freight structure. This would enable the Railways to neutralise the loss in the transport of coal. The increase in the incidence of freight on the price of coal will be only about 5 to 6% for an average consumer at a lead of 760 kms. For shorter distances, the impact will be even less.

The details of the changes in freight rates are explained in the Memorandum. It is estimated that the proposed changes in the general tariff and the application of appropriate standard schedule to coal will bring an additional revenue per annum of Rs. 39.33 crores in respect of coal and Rs. 44.89 crores in respect of other commodities.

### **Foodgrains**

Foodgrains, including pulses, are also carried at nonstandard and concessional rates, which do not meet even our out-of-pocket expenses. I have already referred to the commendable performance of the Railways in carrying foodgrains on an emergency basis to scarcity-hit areas, which not only affected the rhythm and pattern of their transport operations but also implied financial disadvantage. The Railways lost nearly Rs. 26 crores in 1972-73 in this stream of traffic. The size of this loss is likely to go

up to Rs. 47.49 crores in 1974-75 with increased cost of operation. In normal circumstances I would have come to the House with a suggestion to relieve the Railways of this heavy social burden. But, in view of the prevailing high prices and the hardships gallantly borne by the common man, I do not propose to make any change in the current rates of freight on foodgrains, so that there is no effect, direct or indirect, on the family budget of the masses.

### **Transshipment Charges**

Transshipment charges, which were last revised in 1970, also require to be modified in view of the increasing costs at transshipment points. The present rates of charges which vary from 10 paise to 20 paise per quintal depending upon the nature of the commodity, will be increased from a minimum of 25 paise to a maximum of 50 paise per quintal. The transshipment charges for coal will likewise be raised from 60 paise per tonne to Rs. 1.50 per tonne. The new rates are expected to yield an extra revenue of Rs. 4 crores per annum.

### **Parcels & Luggage**

As regards Parcels and luggage, at present a supplementary charge of 5% is being levied. It is proposed to increase the supplementary charge from 5% to 15%, except in the case of transport of fruits, vegetables and milk, which will be, exempted altogether from the levy of the proposed additional supplementary charge. The revision is expected to get the railways an additional revenue of Rs. 5.5 crores per annum.

### **Passenger Fares**

In the wake of oil crisis, demand on rail transport is bound to increase and it is, therefore, in the overall interest of our national economy to allot a larger share of available rail transport facilities to the movement of goods and those commodities, which constitute essential raw materials for agriculture and industry. With this end in view, the growth of passenger traffic needs to be discouraged and also short distance traffic, which can be best served by road transport, needs to give way to long distance passengers. The House, I am sure, will agree that the situation calls for an increase in fares on a rational basis so as to give passenger traffic a lower priority within the transport capability of the Railways and also with a view to contribute simultaneously to the reduction in our revenue deficits.

### **Upper Class**

In respect of travel by Air-conditioned Chair car and First Class, I propose an increase, inclusive of the surcharge recently imposed, ranging from a minimum of Rs. 2 to a maximum of Rs. 16 per ticket. As regards Air-conditioned First Class fares, I had already indicated my intention in my last Budget Speech that the fares would be brought closer to the corresponding air fares and accordingly I propose an increase per ticket ranging from Rs. 15 to Rs. 160 depending upon the distance. Similar increases are proposed in the case of travel by the two Rajdhani Expresses for the air-conditioned First Class; the existing fare of Rs. 379 per ticket between New Delhi and Howrah will be increased to Rs. 520. Similarly, in case of travel between New Delhi and Bombay Central, the fare will be revised from Rs. 349 to Rs. 465 per ticket. As regards A.C. Chair car available by these trains, suitable revision will be made, the increases being somewhat higher than the corresponding increases in the Chair car fares by the Deluxe trains. The additional revenue, from increased fares of upper classes is expected to be Rs. 4.44 crores in a year.

### **Third Class Mail And Express**

Mail and Express trains are primarily intended to carry long distance passengers on trunk routes. At present, contrary to this expectation, overcrowding in Third Class compartments on these trains is mostly caused by short distance passengers and this is partly attributable to the fares up to 50 kms. being very low, the minimum fare being as little as 25 paise. In order to alleviate this heavy overcrowding and inconvenience to long distance passengers, it is proposed to revise the very low fares by these trains up to 50 kms., raising the minimum fare from 25 paise to 50 paise for travel by Mail and Express trains. From 50 kms. onwards the increase in fares per ticket will be 50 paise and will gradually increase with the distance travelled, the maximum increase per ticket being Rs. 8 for distances beyond 3000 kms. The estimated additional yield will be Rs. 18.06 crores per annum.

### **Third Ordinary Class Passengers**

Coming to Third Class ordinary passengers, I am proposing comparatively a very modest increase of only 5 paise up to a distance of 25 kms. and 10 paise between 26 and 49 kms; the increase will

then range from 25 paise per ticket to a maximum of Re. 1 per ticket depending upon the distance. In other words, for no distance the new fare will be more than Re 1 per ticket over the existing fares. The extra collection from Third Class ordinary passengers will be Rs. 16.48 crores.

### **Season Tickets**

Petty vendors, office and industrial workers, who as part of their daily life, have to commute regularly to and from their place of work, generally purchase, season tickets to avail themselves of highly concessional fares. I propose to exempt these commuters who belong to an inelastic income group from any increase in this item of their cost of living. Nearly 72% of the passengers travelling in the suburban sections of metropolitan areas, that is about 990 millions in a year, would derive benefit in that for their daily journeys by rail they will continue to pay fares at the existing level.

### **Miscellaneous Charges**

Reservation charges are being increased from the present 50 paise to Re. 1 in the case of A. C. Chair car, from Re. 1 to Rs. 2 in the case of First Class and from Re. 1 to Rs. 5 in the case of Air-conditioned class. I do not propose to make any increase in respect of reservation charges for Third Class travel. It is, however, proposed to revise the existing sleeper charges for Third Class travel in three-tier coaches from Rs. 4 for the first night to Rs. 5 for the first night and for every subsequent night from Re. 1 to Rs. 3. Similarly, for travel in two-tier, the charges will be increased from Rs. 4 to Rs.5 per night. As Hon'ble Members are aware, the existing charges have remained unchanged for some years and it will be our endeavour to continue to enlarge and improve this service further. It is also proposed to increase the cost of the platform ticket from 25 paise to 50 paise per ticket with a view to curb flocking of visitors to station platforms. The proposals in regard to these miscellaneous charges are expected to fetch an additional sum of Rs. 3.68 crores per annum.

A Memorandum is being circulated to the Hon'ble Members giving them details about the proposals both in respect of freight rates and passenger fares.

### **Financial Effect Of The Proposals**

All these measures, which will be effective from 1<sup>st</sup> April, 1974, will bring in a total additional revenue of Rs. 136.38 crores during 1974-75. This will leave an uncovered gap of Rs. 52.79 crores in the payment of dividend to the General Revenues.

### **An Appeal**

We are living through difficult times and the challenges arising out of the economic stresses, inflation, and oil crisis, etc., require the best effort from all of us. Indiscipline has no place in such a situation and must be replaced by hard work. Any institution is as good as its men, and this is particularly true in the case of Railways, which is the least officered amongst public and private undertakings. This casts a heavy responsibility on railway workers, particularly as in the context of high prices of oil our economy is going to be more dependent on rail transport than hitherto. I appeal to all sections of railwaymen to rise to the occasion, sink their differences and render a good account of themselves in the service of the Nation. I sincerely hope that my appeal will not go in vain.

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