

**Speech of Sardar Swaran Singh
Introducing the Railway Budget
for 1962-63, on 19th April, 1962.**

Mr. Speaker,

Sir, I rise to place before the House the Railway estimates for the year 1962-63.

2. My predecessor, Shri Jagjivan Ram, when presenting the tentative estimate for the full year 1962-63 so as to facilitate, as far as possible, the grant of proportionate supplies for the first three months of the year, made it clear that the estimate was "on existing rates and fares and on the present costs." He indicated, on this basis, a surplus for the year of about Rs. 13.16 crores, for credit to the Development Fund; he added that, as this would fall very much short of the expenditure that will have to be incurred in 1962-63 on works chargeable to the Development Fund, a temporary loan from General Revenues was unavoidable unless the Railway resources were augmented. The amount of this loan, according to the foregoing estimate, was shown in the Explanatory Memorandum on the Budget as Rs. 9.88 crores. Since then, there has been a substantial increase in the working expenses of the Railways as a result of the recent decision of the Government enhancing the dearness allowance payable to lower paid Central Government employees. The payment, covering the period from 1st November 1961 from which date the enhancement of the dearness allowance is to take effect, will amount to Rs. 12.20 crores; this increased expenditure, with the earnings on present rates and fares, will virtually wipe out the surplus of Rs. 13.16 crores anticipated in the tentative estimates for 1962-63 and thus increase the temporary loan from General Revenues, to finance the Railway Development Fund, to over Rs. 22 crores. As explained in the White Paper on the Railway Budget, loans similar in purpose but for smaller amounts were taken during the last three years of the Second Plan period, by availing of the provision in the "Railway Convention" of 1954, which permits recourse to such loans when necessary. But these loans were liquidated in a special manner, as suggested by the Railway Convention Committee, 1960, with the object of starting the Third Plan period with a clean slate. It is obviously neither desirable, nor practical, to take such loans year after year, as will inevitably be necessary if the Railway resources are not augmented. Shri Jagjivan Ram, even in his Budget Speech of February 1961, had drawn attention to the fact that there had been no increases in passenger fares in the recent years and that increases in freight rates had also not kept pace with the increases in cost of transport. It has to be remembered that the Railways, on the one hand, are required as a Commercial Department to pay all levies such as Customs Duty, Cess charges and Excise Duty on coal, Sales Tax, municipal tax on buildings, etc: (totalling about Rs. 15 crores a year at present), over and above the annual payment of dividend to the General Revenues at 4.25 per cent on increasing capital-at-charge and Rs. 12.5 crores in lieu of passenger fares tax; the Railways are also required, on the other hand, to make large indirect contributions to the national economy in their role as a public utility service.

3. It may be recalled in this connection that the Railway Freight Structure Enquiry Committee, in their report of April 1957, had concluded, after taking into consideration the cost trends, that it was essential to revise the then existing scale of freight rates in an upward direction if the Railways were to play the part expected of them in a period of planned development and if their financial stability was to be ensured. The Committee went into the question of efficiency of Railways, to see if increased efficiency would reduce the cost of transport and thereby secure sufficient funds for the Railways, and concluded that Railways were making a sustained effort for improvement but that they should have additional revenue by an increase in freight rates to meet their expanding needs. The Committee observed in this connection that any loss that the railways may suffer has to be made good, if not through increases in freight, by general taxation, and this will probably affect more adversely the prospects of industrialisation and further expansion of trade. The Review, which is being circulated with the Budget papers, indicates in some detail how the improved operational efficiency of the railways, in handling the increased traffic load, has obviated the need for increasing the freights and fares in strict proportion to the increase in the cost of staff and of coal and other materials. After considering all relevant aspects, the Railway Freight Structure Enquiry Committee made proposals for increased freight rates which represented additional revenue yield averaging about 12.9 per cent of the goods earnings at the then existing rates. In the absence of any indication, at that stage, of the cost of implementing the Pay Commission's recommendations, the Government confined the increases in freight rates-effected from 1st October 1958-to a level sufficient to yield additional goods earnings of about four per cent only. Subsequently, a surcharge of five per cent was levied on freight rates, from the 1st April, 1960, just covering the cost of implementing the Pay Commission's main recommendations, while the more recent minor adjustments in coal rates, etc., that have been made since 1st July 1961, have secured very little additional revenue (only about Rs. 1.75 crores per year).

4. With the increase in dearness allowance and the need even otherwise to maintain a satisfactory return on the heavy additional capital outlay which the Railways will have to incur, at present day, high costs, for executing the Plan programmes, the Railways should reasonably now effect a further increase in the freight rates. It must not be overlooked that the Railway Freight Structure Enquiry Committee's recommendations of April 1957 could not have taken account of the large financial effect of the subsequent two increases in dearness allowance (one from 1st July 1957 and again now) and of implementation of the Pay Commission's main recommendations from 1st July 1959. The other recommendation of the Railway Freight Structure Enquiry Committee in regard to Indian Railways assuming the full liability of a common carrier', instead of only the responsibility of a bailee as previously, has been implemented from 1st January 1962. This measure is expected to cost the railway revenues about rupees two crores a year, even though every effort will continue to be made to prevent claims by tightening up the arrangements for security and the marking and packing of consignments. With all these additional commitments, an increase in railway freight rates is urgently called for.

5. The proposal is to enhance, as from 1st July 1962, the basic rate charged for goods traffic by 50 nP. per tonne, for traffic, including coal, carried up to 40 kilometres, and one rupee per tonne in the case of traffic carried beyond 80 kilometres, marginal adjustments being made over distances 41-80 kilometres. In the case of foodgrains, however, the increase of one rupee per tonne would apply only to movement in excess of 160 kilometres, with marginal adjustment between 41 kilometres and 160 kilometres. The existing supplementary charge of five per cent would be levied, in addition, as hitherto. These increases will not apply to railway materials, postal traffic, military traffic, and export manganese ore traffic. In the case of livestock and sugarcane, which are charged on wagon basis, the incidence of the increase will be somewhat less. The increase in freight rates will in no case exceed 105 naye paise per tonne, whatever the commodity or the distance over which it is transported. The estimated additional yield from goods traffic is approximately four per cent over the existing goods earnings of a whole year. The increase will thus be a modest one, spread over almost all commodities and so designed that no commodity will suffer a large burden. The resulting rate structure will be slightly more telescopic than at present. This, in fact, is justified, since several items of cost which have increased, are not affected by the lengths of haul. A flat increase as proposed will minimise the incidence of increase in high rated commodities, and will be a first step towards narrowing down the existing difference between the lowest and highest freights, as envisaged by the Committee on Transport Policy and Co-ordination. Further, the proposal, resulting as it will, in a somewhat larger percentage increase for short distance rail traffic, would tend to encourage its off-loading to road as is desirable.

6. As regards passenger fares, it is noteworthy that, except for the imposition from September 1957 of the Passenger Fares Tax, the proceeds of which go to the General Exchequer, for distribution to the States, and not to the Railways—there has been practically no change in the basic passenger fares of other than the air-conditioned class since 1st April 1951 (1st January 1948 in the case of season tickets). The adjustments in fares made on 1st April 1955,—apart from increases in the fares of air-conditioned class were quite small and merely provided appropriate relief for long distance passengers, etc., by way of rationalisation. The levy of Railway Passenger Fares Tax indirectly had the effect of limiting the scope for increase in passenger fares, even though the fares have been too low to cover the costs since 1957-58 when, on account of the interim addition to the dearness allowance to lower paid staff, the Railways' annual wage bill increased by about rupees six crores. Even after the tax was merged in passenger fares on 1st April, 1961, which incidentally has secured simplicity of accountal the position has not changed materially, as the Railways still have to pay to the General Revenues, for transfer to the States, a fixed sum of Rs. 12.5 crores annually, during the quinquennial period 1961-66, in lieu of Passenger Fares Tax. Passenger fares, from the point of view of revenue to the Railways, have thus been virtually frozen since 1st April, 1951, with no increases to reflect even partially the increase in the Railways' working costs. Within the limitations of resources, the Railways have endeavoured in various ways to improve the amenities for passengers in trains and in stations, and to ease over-crowding to the extent possible. Although the Second Plan estimated, and initially provided for, an increase of 15 per cent only in the passenger traffic during the Plan period, the Railways were able to provide 26.4 per cent increase in carriages and 23 per cent increase in seating capacity, thus substantially meeting the requirements of the additional passenger traffic. It is true that the passenger fares tax levied since September 1957 and merged in railway fares on 1st April, 1961, though not accruing to the Railways, nevertheless has had the effect of increasing the incidence of burden to the railway passengers on the average by about 10 per cent. But the fact remains that the position in respect of the total charge to passengers has not altered since 1957.

7. After careful consideration, it is felt that an increase in passenger fares, so as to yield in a full year an additional revenue of approximately 10 per cent of the passenger earnings at the existing level of fares, would be fully justified and, in fact, would be a conservative measure.

8. The bases of the proposed fares, class-wise, are shown in the Supplement to the Explanatory Memorandum on the Budget which is being circulated with the Budget papers. The percentage increase proposed in first class fares averages to about 15 per cent, while that for second and third class fares would be a little under 10 per cent. For air-conditioned third class in deluxe trains, the present surcharge over third class fares will be correspondingly increased, but keeping the fares for this class of travel still below the proposed second class mail fares. The fares for the air-conditioned class were put up in 1955; some further increases will now be made in these fares, while maintaining a seasonable relationship with the fares for corresponding journeys by air.

In notifying the proposed increases in the passenger fares of different classes, opportunity will be taken to remove certain anomalies, such as not affording the relief, through telescopic charges, for long distance passengers, which crept into the fare structure when the passenger fares tax-chargeable at varying percentages for different distances was merged in the passenger fares on 1st April 1961 without making any other adjustments.

It is proposed to limit the increase in the case of season tickets to five per cent, having regard to the desirability of keeping down, as far as possible, the incidence of burden on a large number of office and industrial workers. The charge for season tickets has remained unchanged since 1st January 1948, as even the passenger fares tax imposed in 1957 did not apply to season tickets. The charge at present corresponds, in the case of most third class monthly suburban tickets in Bombay, Calcutta and Madras, to the value of between 8 and 15 single journeys only, as against 50 to 60 such journeys ordinarily performed in a month on such tickets. It would not be possible to avoid an increase altogether in the season ticket charges, nor would it be justified. Wage-earners, who largely use these tickets and who no doubt have received substantial increase in wages since 1948, have hitherto been protected from any increase in this one item alone of their living costs; even under the proposed charge they will have to make only a small additional monthly payment towards the increased cost of transport. The average third class suburban season ticket holder travels only about 17 kilometres a day each way on the average. Even for 30 kilometres each way the increase proposed will add to the cost of travel only about 40 nP. in, a whole month. The average third class suburban season ticket holder will have to spend barely one naya paisa extra per day.

9. Having regard to the proposals for adjustments in fares and freights which are expected to yield additional revenue of Rs. 21.26 crores in 1962-63, the estimate of Gross Traffic Receipts for the Budget year 1962-63 is now placed at Rs. 545.36 crores. The estimate of ordinary working expenses is now placed at Rs. 356.80 crores, or an increase of Rs. 11.20 crores over the earlier estimates, the increase representing payments on account of increased dearness allowance offset to a small extent by other variations. In the result, the surplus for 1962-63, which had been shown in the earlier estimates, as Rs. 13.16 crores, is now estimated as Rs. 23.22 crores; this will be credited to the Development Fund. This surplus of Rs. 23.22 crores will just cover the estimated expenditure (Rs. 23 crores) on works chargeable to the Development Fund in 1962-63, and will therefore obviate the need for a loan from the General Revenues to finance the Fund. These and a few other minor changes in the earlier tentative estimates for the year 1962-63 are brought out in the Supplement to the Explanatory Memorandum on the Budget and in the Explanatory notes in the Demand Book.

10. Turning now to the transport performance of the Railways in 1961-62, the first year of the Third Plan, there is little to add to what was explained by Shri Jagjivan Ram in his Budget Speech of last month; it may be mentioned, however, that the offerings of sugarcane were substantially below the previous season (1960-61).

In the matter of coal transport, Railways have been meeting the full demands of the steel plants and washeries. Further, the demand for wagons from the outlying coalfields were also met in full. As regards the movement of coal for consumers other than steel plants from the Bengal and Bihar Coalfields, Railways moved, during 1961-62, an additional 182 wagons per day, which represents an achievement of about one sixth of the planned increase over the Third Plan period from these Coalfields. The rate of increase will be progressively more in the remaining years of the Plan as the development works are executed and the rolling stock holdings are increased. In the Bengal and Bihar coalfields, while occasional wagon shortages were felt for inescapable reasons, total coal loading during 1961-62 averaged 319 wagons per day more than in the previous year, representing an increase of about 7.1 per cent. Although the supply of wagons for the transport of general goods of lower priorities was subject to some delays, the transport position, on the whole, was better in 1961-62 than in the previous year, in that the pending indents for wagons were less.

11. As regards movements planned during 1962-63, it is programmed to meet in full the demands of the Steel plants and Washeries, and to provide initially for a daily movement of not less than 3,646 wagons for other consumers from the Bengal and Bihar fields; as compared to 3,580 wagons in 1961-62 and 3,398 wagons in 1960-61. In the later part of the year it would be possible to improve on this figure. No difficulties are anticipated in meeting the requirements of the outlying fields in full. Government's objective in the Third Plan is to step up production from these fields. In the result, consumers of coal in general may expect, and will receive, more supplies than during the last year.

The Railways' estimate of traffic in 1962-63 is an additional 15 million tons, as indicated by my predecessor in his Budget Speech; of this, half will be of coal and goods traffic for steel plants and the other half for others, over and above the traffic carried in 1961-62. With a view to achieve the large increase that has to be planned for coal movements in the Third Plan, an appreciable proportion of the increased traffic will be carried in heavy train loads of the new type of BOX wagons, which are being put into commission in increasing numbers.

12. As regards other aspects of railway working, such as improvement in the service and amenities for railway users, public cooperation through Consultative Committees, Staff Welfare and Labour Relations, technical progress and research, etc., the White Paper on the Railway Budget (1962-63) has referred to these in some detail. I shall content myself with a brief mention of the massive programme of construction and expansion which the Railways have undertaken in order to develop the capacity required for handling the very large increase in traffic anticipated during the Third Plan period. During the year 1961-62 (first year of the Third Plan), the electrification of 528 route kilometres was completed; a further 350 route kilometres are expected to be electrified in 1962-63. Doubling of track of about 600 kilometres was completed in 1961-62; it is programmed to complete 800 kilometres more of doubling in the current year. The fleet of locomotives was augmented by the addition of 41 metre gauge diesel locomotives in 1961-62; it is expected that 112 Broad Gauge and 19 Metre Gauge diesel locomotives will be received in the current year. The Chittaranjan Locomotive Works have begun turning out electric locomotives, of which 21 are expected to be delivered before the end of 1962-63, including three such locomotives already turned out, while at the same time fully maintaining the output of steam locomotives as in the past. The output in the Integral Coach Factory has been steadily increasing, and is also being diversified to cover various types of coaching stock; during the last year the factory turned out 598 coach shells, and 644 coaches are expected to be turned out during the current year. Wagon production has suffered difficulties owing to shortage of materials, but these are being steadily overcome. During 1961-62, as many as 19,100 wagons, in terms of four-wheelers, were manufactured, compared with 11,984 in the previous year. The present rate of production exceeds 2,250 per month; this rate will be improved upon in the coming years. Most of the major line capacity works needed to cope with the anticipated rise in traffic during the Third Plan period and which take time for execution, have either been sanctioned already or else are ready to be taken up during the current year. The Works, Machinery and Rolling Stock programme for the year 1962-63 has been placed at Rs. 295 crores, which is the highest in recent years. The details of the works of new line constructions are given in the White Paper and the Budget documents.

13. May I assure the House, Sir, in conclusion that it will be my constant endeavour to maintain the good relationship established with employees on the Railways and the steady progress achieved in the operating efficiency of Railways as well as in the standard of service rendered by them. I have no doubt that railwaymen of all grades, with their long record of achievement and devotion to duty, will rise to still greater heights in a common endeavour to fulfil the difficult task set before the Railways. I am equally confident that I can count on the support and encouragement of the Parliament and of the members of the public outside, to enable me to discharge the heavy responsibilities entrusted to me.
