

**Speech Of Shri Kamalapati Tripathi
Introducing The Railway Budget
For 1976-77, On March 10, 1976.**

Mr. Speaker,

Sir, I rise to present the Revised Estimates for 1975-76 and the Budget Estimates for 1976-77.

This has been indeed a truly momentous year. There is a new spirit and a sense of purpose in the nation. The Railways have played a positive role in the service of the Country and made history with a series of record-breaking performances.

Financial Results : 1974-75

Before presenting the revised estimates for the current year and the budget estimates for the next year, I shall briefly review the financial results for the preceding year i.e., 1974-75. The Revised Estimates for 1974-75 anticipated a shortfall of Rs. 128.19 crores. I am happy to inform the House that the year actually ended with the lower deficit of Rs. 113.82 crores. The improvement of Rs. 14.37 crores in the working results was due mainly to an increase of Rs. 7.04 crores in Gross Traffic Receipts over the Revised Estimates, coupled with a saving of Rs. 5.27 crores in Ordinary Working Expenses over and above the promised savings of Rs. 50 crores already reflected in the Revised Estimates. Less payment, on actual calculation, of dividend to General Revenues (Rs. 1.86 crores) and a small saving under Miscellaneous Transactions (Rs. 0.20 crore) accounted for the remaining variance.

Railways' indebtedness to General Revenues under Development Fund and Revenue Reserve Fund at the end of 1974-75 stood at Rs. 379.75 crores.

Revised Estimates : 1975-76

1975-76 was visualised as a year of promise, stabilisation and steady growth. Anticipating a surplus of Rs. 23.03 crores, the Budget Estimates were founded on the expectation that the traffic revival in the previous year would gather momentum during 1975-76. Not only has this expectation been fulfilled but the House will be happy to know, Railways have resolutely exploited the opportunity presented by the upswing in the economy. Aided by the favourable working conditions following declaration of the Emergency, Railways have made substantial improvement in their operating performance. New heights have been attained in transporting freight traffic and 'quotas' and other restrictions via all routes have been removed.

Record Freight Loading

The average number of wagons loaded daily - 24,957 on broad gauge and 6,041 on metre gauge - and the originating revenue-earning freight traffic - 17.23 million tonnes in December, 1975, were in themselves the record for a month, being higher than the corresponding figures for any previous month. Even these records were broken in the very next month January, 1976 - when 25,065 wagon loads were loaded on broad gauge and 6,480 wagons on metre gauge, on an average day, and the originating revenue-earning freight traffic totalled 17.94 million tonnes.

Significant increase has occurred in coal traffic, which forms one-third of Railways' freight business and plays an important role in the economy. The requirements of all major consumers, like steel plants, power stations, and cement factories, have been fully met and they have adequate stocks. Considerable improvement has also been achieved in the movement of coal for other consumers including brick kilns. A break-through has been made in the transport of cement. Nearly a million tonnes have been moved every month; the chronically deficit States have received adequate supplies and a number of them have lifted all distribution controls. The demands for movement of essential commodities like foodgrains, fertilizers, both indigenous and imported, raw materials to and finished products from steel plants, sugar, salt, petroleum products, etc. have been satisfactorily met. On present reckoning, the budget anticipation of 190 million tonnes of originating revenue-earning freight traffic will be fully realised, if not exceeded. The total originating traffic, inclusive of departmental traffic, is likely to amount to about 214 million tonnes, 4 million tonnes more than the budget forecast. Honourable Members may be interested to know that each of these figures is an all-time high in the history of Indian Railways and will establish a new record.

Higher Passenger Traffic

Passenger traffic is also ahead of the budget forecast. Besides, window sales have increased due to widespread and intensive checks on ticketless travel.

42 new non-suburban trains were introduced in the period April to December last year. 14 more

trains have been since introduced and frequency of 4 trains increased during the year. The run of 20 pairs of trains has been extended. A total of 182 trains, including 52 Mail and Express trains, has been speeded up by 15 minutes or more from 1st November, 1975. Particulars of all these trains are given in the separate booklet circulated along with the Budget papers. I may assure the Honourable Members that I am fully conscious of the demand for further augmentation of passenger services and shall endeavour to meet it consistent with the availability of resources.

Improvement In Traffic Receipts

Taking all these factors into account, Gross Traffic Earnings are now estimated at Rs. 1762.75 crores - an increase of Rs. 85.89 crores over the Budget Estimate of Rs. 1676.86 crores. This also includes the effect of certain changes in the classification of some commodities effected from November - December 1975. Actual cash realisation is, however, expected to be Rs. 19 crores less than anticipated at the Budget Estimate stage due to slower payment of our dues mainly by some major consignees in the public sector. Net increase in the Receipts will, therefore, amount to Rs. 66.89 crores.

Post-Budgetary Liabilities

This increase in receipts opened the prospect of Railways emerging out of the tunnel with a surplus of Rs. 89.92 crores-nearly four times the budget forecast of Rs. 23.03 crores. As the year progressed, however, Railways were called upon to bear a series of incalculable financial burdens and the magnitude of these was such that all of them could not be met from savings in working expenses in spite of strenuous efforts.

The staff costs alone escalated by as much as Rs. 111 crores, exclusive of an expenditure of Rs. 10.14 crores on revisions of pay and allowances of the Railway Protection Force, sanctioned in February, 1976 which was met from savings. Of this, Rs. 103 crores was due to retroactive sanction of five additional instalments of dearness allowance for staff and Rs. 8 crores to post-budget liberalisation of retirement benefits. Increase in prices, higher than could be anticipated, caused an overrun of Rs. 24.52 crores over the budget provisions: Rs. 15.18 crores in the fuel bill, which occurred despite an economy of Rs. 5.85 crores in fuel consumption, and Rs. 9.34 crores in the cost of other materials and supplies, principally steel, cement and lubricants. Further acceleration in the pace of overtaking the backlog in repairs and maintenance of rolling stock, made possible by higher productivity in the wake of the Emergency, entailed an expenditure of Rs. 11.60 crores. Restoration of flood and cyclone damaged assets, which could not have been foreseen, cost Rs. 4 crores.

These expenses over which Railways had no control account for Rs. 151.12 crores out of the increase in the total expenditure of Rs. 152.36 crores over the Budget Estimates of Rs. 1449.95 crores. The Dividend liability to the General Revenues is expected to go up by Rs. 0.37 crore, after allowing for the reliefs granted by the Convention Committee in its latest Report to which I shall refer shortly, raising it to Rs. 198.25 crores.

The heavy post-budgetary financial liabilities to which I have referred will cause Railways to fall short of the dividend obligation to General Revenues by Rs. 62.81 crores. Railways are, however, continuing to make massive efforts to earn more revenues. Hopefully, we may be able to secure 3 million tonnes more of revenue earning traffic than the Revised Budget anticipations, raising the total originating freight lifted to 217 million tonnes. This should, of course, reduce the deficit to some extent below Rs. 62.81 crores. The Development Fund expenditure will nevertheless have to be financed by borrowing from General Revenues and it will not be possible to credit any amount to the Revenue Reserve Fund.

Quality Of Service

The achievements of this year have been not only quantitative but also qualitative. Improved punctuality performance on all Zonal Railways has been appreciated by the House. The arrears in the periodical overhaul of rolling stock, which had accrued during the past few years, are being progressively overtaken and the standard of coach cleanliness and train lighting improved. Stations have a neater and brighter appearance. Reservations are easier to obtain. Staff are more attentive to passenger needs. Courtesy to customers is now an essential requirement of railwaymen at all levels. Freight transit time has been reduced.

Plan Outlay For 1975-76

Higher production in the coach and wagon building industry following the declaration of

Emergency has enabled them to deliver substantially larger numbers of coaches and wagons than anticipated and provided for in the plan budget, increasing the requirement of funds for rolling stock. Railways also needed funds for financing the building of rolling stock for export. Detailed discussions were held with the Planning Commission and the Ministry of Finance and an additional allocation of Rs. 58 crores has been obtained. Simultaneously, strict regulation of purchases of stores to quantities needed for use during the year and implementation of the streamlined procedure for financial adjustment for work done in workshops has secured a reduction of about Rs. 13 crores in inventories against the anticipated increase of Rs. 7 crores. The added resources thus available will enable payment of the bills of rolling stock suppliers and the need for Working Capital for export orders.

The House will also be glad to know that an order for the manufacture and supply of 15,555 wagons in terms of four-wheelers has been recently placed on the industry, which should assure it of sufficient load to sustain its output.

Plan Resources For 1976-77

Within the framework of Government's stability programme, Railways could be allotted only a sum of Rs. 392.81 crores for their Works, Machinery and Rolling Stock programmes in 1976 - 77. This amount excludes Rs. 5 crores for financing manufacture of rolling stock for export, Rs. 10 crores for investment in State Road Transport Undertakings and Rs. 10 crores for the Metropolitan Transport Projects. Although somewhat higher than the current year's allotment of Rs. 361 crores on comparable basis, the projected plan outlay for 1976 - 77 is not adequate enough for Railways to execute their development schemes at the desired speed. With judicious distribution of funds, however, an attempt will be made to complete as many on-going schemes as possible, in order to derive the benefit thereof at the earliest possible time and make a start on some other urgent schemes.

The share of New Lines and Restoration of dismantled Lines in the Annual Plan for 1976-77 is only Rs. 17.52 crores. Of this, Rs. 13.53 crores have been earmarked for the 11 project-oriented lines and the remaining Rs. 3.99 crores allotted for the 14 developmental lines, work on which is already in progress. In view of the constraint on resources, it has not been possible to include any other new line in the budget.

I am fully aware of the desire of the Hon'ble Members expressed in the House and elsewhere, for speedier progress of approved projects as also for taking up the construction of other new lines and developmental schemes. I shall pursue with the Planning Commission and my colleague, the Minister of Finance, the Railways' demand for additional plan funds and, to the extent I succeed therein, some of these requests may be possible of satisfaction.

Proposed Construction Company

Hon'ble Members will recall my distinguished predecessor bringing to their notice the formation of a consultancy unit as an autonomous company under the administrative control of the Ministry of Railways. This Company - Rail India Technical and Economic Services Ltd. has been able to secure a number of assignments abroad.

To supplement our venture in consultancy and take advantage of world-wide opportunities for railway construction, Government are considering setting up a construction unit as an autonomous company under the aegis of the Railway Ministry. This Company, on formation, will bid for construction of railway projects, particularly in foreign countries. No funds for investment in the equity capital of this firm have, however, been provided in the budget for 1976-77 as final approval to the setting up of the proposed company has still to be obtained. As soon as this requirement is satisfied, requisite funds will be found by re-appropriation from within the sanctioned allotment under the relevant grant. I request the approval of the House to this arrangement and their good wishes for the success of this new undertaking.

Howrah-Sheakhala Railway

Approval of Parliament was obtained for the construction of a new broad gauge line in the area served by the former Howrah-Sheakhala Railway on the basis of the State Government of West Bengal participating equally in the expenditure on the construction and operation of this line. The State Government has, however, in view of its financial position, now intimated that it will not be possible for it to shoulder this burden and that it will be able to contribute only land free of cost for this construction. I am taking this opportunity to inform the House of the change in the financial arrangement.

Railway Convention Committee

The recommendations of the Railway Convention Committee, contained in its latest report of December 1975, and approved by Parliament during its last session, continue the earlier concessions. Additionally, the Committee has also accepted the suggestion that the cost of staff quarters sanctioned for construction during the Fifth Plan period may be allocated to Capital instead of to Development Fund, as hitherto, Railways being liable for payment of dividend to General Revenues on such capital only if they are able to meet their other dividend obligations in full. The reliefs allowed by the Committee have been incorporated in the budget documents. The Committee has also submitted a separate report on the subject of social burdens borne by Railways. Its recommendations for relief in certain specified areas require consultation with the concerned Ministries, etc. Speedy action in this direction is being taken and the results will be reported to the Committee. I am grateful to the Chairman and other Members of the Convention Committee for their understanding of and sympathy for the Railways' problems.

Budget Estimates : 1976-77

Passenger traffic is showing signs of resuming its long-term upward trend, which was interrupted in 1973-74 and 1974-75. The success of the various measures taken by the Government to bring down prices and to step up output in the agricultural, mining and industrial sectors, which is reflected in buoyancy in freight traffic during 1975-76, is expected to give a further boost to the economy next year. The winter rains have been timely and a very good rabi crop is expected; hopefully, the next monsoon will also be kind. All these hold the prospect of a substantial growth in Railways' passenger and freight business during the ensuing year. Passenger traffic is expected to rise by four per cent, 'Other Coaching' traffic by 5 per cent and revenue-earning freight traffic by 12 million tonnes. With the inclusion of about 23 million tonnes of departmental traffic, the total originating freight traffic in 1976-77 will amount to 225 million tonnes.

Traffic Receipts

With these traffic prospects, Gross Traffic Receipts, at existing fares and freight rates, have been estimated at Rs. 1868.47 crores. Passenger earnings account for Rs. 518.01 crores, 'Other Coaching' earnings Rs. 87.18 crores, and Goods earnings Rs. 1240.28 crores and Sundry earnings Rs. 43 crores. An amount of Rs. 20 crores out of these earnings may not, however, be realised during the year.

Working Expenses

The estimate of Working Expenses for 1976-77 has been placed at Rs. 1551.42 crores. In addition to the continuing burden of the high level of staff emoluments, it provides for completion of implementation of the 10 hour work rule for loco running staff, giving effect to Miabhoy Award, removal of anomalies in the recommendations of the Pay Commission and upgrading of certain non-gazetted posts to improve their career prospects. It also makes provision for the full year's effect of the revisions in fuel prices notified at different stages during 1975-76, as well as the requirements of fuel to carry the projected level of traffic; higher repair bill for overtaking the remaining arrears in repair and overhaul of rolling stock and keeping the assets presentable and traffic worthy.

Net Financial Position

The Appropriation to Depreciation Reserve Fund has, in accordance with the approved recommendations of the Railway Convention Committee, been raised to Rs. 135 crores. The contribution to Pension Fund has also been enhanced to Rs. 30 crores to meet the anticipated higher withdrawals. Expenditure on Open Line Works - Revenue and Miscellaneous Transactions is expected to be Rs. 22.82 crores. The Dividend liability to General Revenues is computed at Rs. 207.60 crores. Inclusive of these items of expenditure, the Revenues will fall short of the expenditure and the deficit is estimated at Rs. 78.37 crores.

Budget Proposals

The options before me are indeed hard. I could leave the existing fares and freight rates untouched and win instant approbation. This would, however, shift to the General Revenues the responsibility of raising resources to bridge this budgetary gap, which in turn would necessitate heavier burdens on the general public. Government are also keen that, as a measure of price stability, deficit financing should be curbed. Keeping these considerations in view, I have come to the conclusion that it will

be only proper for Railways to mobilise additional resources of an order, which will ensure their financial solvency.

Rationale Of Proposals

Passenger fares were revised twice during 1974-75. The House will be glad to know that I do not propose to make any change in the charges for passenger travel. The tariff for 'Other Coaching' traffic is also being left unaffected. My proposals, which I shall now explain, are confined to freight traffic. The following principles have been borne in mind in framing these proposals.

First, additions to the pressures on the family budget of the common man should be avoided to the extent possible. It has, therefore, been decided that foodgrains, salt NOC, edible oils, gur, shakkar and jaggery, which are essential items of mass consumption, should be exempted. Oilseeds, which are the raw materials for the production of edible oils, will also not be touched, as any increase in freight charges thereon will have adverse effect on the price of end products.

I am also extremely keen that no disincentive should be introduced which could affect the growing agricultural production. Accordingly, no change is proposed in the present freight rates for the carriage of fertilizers.

Secondly, opportunity should be taken to make the freight rates more cost-oriented for wagon load traffic beyond 500 kms. and for all 'smalls' traffic. Beyond 500 kms., our telescopic structure of freight rates still does not always cover the transport costs in full: in fact, the disadvantage to Railways tends to increase as the lead goes up. It is, therefore, necessary to correct the taper of wagon load rates for distances beyond 500 kms.

Proposals

Freight traffic in wagon loads carried up to a distance of 500 kms. will be subject to a supplementary charge of 5 per cent. Freight traffic in wagon loads carried beyond a distance of 500 kms., and all 'smalls' traffic, will bear a supplementary charge of 10 per cent. Foodgrains, fertilizers, edible oils, oil seeds, salt NOC, gur, shakkar and jaggery will, however, be exempt from these levies, as I have already stated.

A Memorandum is being circulated to the Hon'ble Members describing the proposals in detail.

Financial Effect Of Proposals

The proposed supplementary charge will be levied from 1st April, 1976 and is anticipated to yield Rs. 87.35 crores during the full year. This additional revenue will convert the projected deficit of Rs. 78.37 crores into a surplus of Rs. 8.98 crores, which is proposed to be appropriated to the Development Fund.

The 20-Point Programme

Declaration of the Emergency, followed by the clarion call of the Prime Minister's 20-Point Economic Programme, has generated a new wave of enthusiasm and sense of discipline amongst railwaymen in every sphere of their activity. Productivity has risen, work output has been speedier and the inefficient elements have been weeded out. Railways are now functioning in top gear and are poised to fully meet the challenges of the future. Railway Cooperative Credit Societies have expanded their lending activities whereby railwaymen in need of financial assistance can obtain loans on easy repayment terms.

Railways had been training only about 6,000 apprentices in terms of the requirements of the Apprentices Act, 1961. In implementation of the new economic programme announced by the Prime Minister, the number was doubled within the short space of six weeks from the date of announcement of the programme. The trades have also been widened and apprentices have now been recruited not only in workshops but also in loco running sheds, printing presses, catering establishments, etc.

Shop Councils have been formed in Production Units with management and labour representatives. Labour participation in management has thus been extended beyond the existing Staff Benefit Fund Committees, Housing Committees, Station Committees, etc.

A crash programme has been launched to make up the shortfall in the quotas of posts reserved for scheduled castes and scheduled tribes. Minority communities will also be ensured a fair deal.

The railwaymen have pledged themselves to the implementation of the 20-Point Economic Programme. Seminars have been held at various stations at which railwaymen of all levels have freely participated and dedicated themselves to the success of the Programme.

Widening Of Employment Opportunities To Unemployed Engineers

Schemes for providing job opportunities to unemployed Civil Engineering Graduates are being revitalised by allowing them some concessions in tendering for railway works up to a specified ceiling and making it obligatory on the part of contractors to employ, on payment of a monthly stipend, a minimum number of such persons during the period of currency of the contract.

Labour Relations And Staff Welfare

The relations between management and labour, after the unfortunate events of 1974, have stabilised on a happy note with better understanding of each other's problems and a common desire to resolve them through mutual consultation.

Removal Of Staff Grievances

The Railway Management, as an enlightened employer, is fully conscious of the need for speedy attention to staff grievances. The existing grievance redressal machinery has been strengthened and personal contact established with the men in the field. General Managers and Divisional Superintendents have also earmarked a day a month on which staff can freely approach them with their difficulties and grievances on which remedial action is immediately taken. Instructions have also been issued for two senior headquarter officers, one each from the Personnel and Accounts Departments, to periodically visit the Divisional, etc., offices to look into staff grievances and expedite payment of their dues.

Social Security Measures

Most of the railwaymen have to work under conditions of considerable stress and strain. It has, therefore, been decided, as a measure of social security, to introduce on the Railways a Provident Fund Deposit-linked Insurance Scheme. Under this benefit, in the event of an employee's death, while in service, after rendering a minimum of five years' service, the heir or heirs will be entitled to receive an additional payment determined on the basis of the average balance during the preceding three years in the employee's provident fund account, subject to a ceiling of Rs. 10,000. The setting up of a Benevolent Fund for relief of distress amongst Railway Protection Force personnel is also under active consideration.

Recreational Activities

Promotion of recreational activities amongst railwaymen has always been an essential feature of our welfare policy. In furtherance of the same concept, inter-Divisional and inter-Railway cultural competitions in music, dance, drama, etc., are proposed to be introduced at which the railwaymen and their families can participate. Excellence in these activities will be recognised and winners awarded suitable prizes.

Looking Ahead

1975-76 has been a year of manifold achievements, spectacular improvement in the railways' transport capability, high level of productivity and punctuality, improved discipline and better quality of service. The 200 million tonne mark, around which our originating freight traffic has hovered for many years, has, I hope, been finally crossed. None of this would have been possible without the whole-hearted cooperation and dedicated hard work of all levels of railwaymen. Sir, I would like to take this opportunity to express my sincere appreciation of the devotion to duty and high sense of responsibility shown by railwaymen. Our combined earnest endeavour in 1976-77 would be not only to consolidate the gains made in the current year but also attain greater heights of physical performance and at the same time make the railways financially viable.

It is the aim of the Indian Railways to husband their resources, scarce as they are in our growing economy, and to seek and retain customer satisfaction: for the railway user in his millions, expects reliable, speedy and safe service. With the goodwill of the House and the united effort of all levels of railwaymen, I have hope and confidence of a new image of the railways emerging from the mists of the past. May this vision come true!
