

**Speech of Sardar Swaran Singh  
Introducing the Railway Budget  
for 1963-64, on 19<sup>th</sup> February, 1963**

Mr. Speaker,

Sir, I rise to present the Budget for Indian Government Railways for the financial year 1963-64. In doing so, I would also invite the attention of Honourable Members to certain broad results of the Railways' administration and performance.

**Accounts of 1961-62**

2. As usual, I shall first report the financial results of the Indian Railways for the last, completed year. The Gross Traffic Receipts for 1961-62 amounted to Rs. 500.50 crore approximating closely to the Revised Estimate of Rs. 501.4 crores. The total Ordinary Working Expenses were Rs. 325.33 crores, effecting a saving of Rs. 5.06 crores from the Revised Estimate of Rs. 330.39 crores. The other items featuring in the financial picture are, as usual, the annual appropriation, from Revenue, to Depreciation Reserve Fund, net miscellaneous expenditure, and payments to General Revenues. The first and the last of the aforesaid three items were at the enhanced annual amounts determined for the Third Plan period, on the recommendations of the Railway Convention Committee, 1960. In the result, the net railway surplus, for credit to the Development Fund, came to Rs 24.40 crores, against the Revised Estimate figure of Rs.16.48 crores.

It should be remembered that the Development Fund, which is fed from the annual railway surpluses, has to finance works chargeable to the Fund, to the extent of Rs. 23 crores annually, on the average, over the Third Plan period. This is on present reckoning, though the indication is that the average annual expenditure may ultimately exceed this amount. In relation to this requirement, the surplus of Rs. 24.40 crores achieved in 1961-62 the first year of the Third Plan - is just adequate. If this relationship between the annual surplus and the requirement of the Development fund is not maintained, the Railways would be obliged to take temporary loans from General Revenues, for financing the Railway Development Fund, as was done in certain years of the Second Plan period; this certainly would not be desirable. The satisfactory feature to be mentioned, however, is that the surplus of Rs. 24.40 crores was achieved notwithstanding the largely increased commitments of the Railways in 1961-62, as compared to 1960-61; these include commitments arising out of the current 'Railway Convention', which governs the financial arrangements of the Railways in the quinquennial period 1961-66.

**Revised Estimates For 1962-63**

3. Turning now to the current year, the Revised Estimate of Gross Traffic Receipts has been placed at Rs. 549.62 crores, or Rs. 4.26 crores more than the budget. The increase is mainly under 'Other Coaching Earnings' and 'Sundries', and to a smaller extent under 'Passengers'. The budget anticipation of goods earnings is expected to be fully realised. Under net Ordinary Working Expenses, the Revised Estimate shows an increase, over the budget, of Rs. 6.34 crores. This, increase includes inescapable additional operational and other expenses devolving on the Railways, including those resulting from the Emergency. This apart, there has also been the effect of post-budgetary increases in the price of coal, as well as the financial effect of post-budget decisions in regard to certain subsidiary recommendations of the Second Pay Commission. Payment of night-duty allowance, weekly paid rest to casual labour, and crediting of Government contribution to the provident fund accounts of certain temporary employees which corresponds to the benefit of counting temporary service, followed by confirmation, in full for pension, are amongst the more significant post-budget decisions. After making the contribution to Depreciation Reserve Fund of Rs. 67 crores in accordance with the yearwise depreciation provision in the Third Plan, as recommended by the Railway Convention Committee, 1960 (against Rs. 65 crores in 1961-62) and allowing for savings under Miscellaneous Expenditure and payments to General Revenues, a surplus-creditable to Development Fund of Rs. 23.20 crores, is now envisaged.

It is gratifying that a net surplus approximating to what was originally budgeted (Rs. 23.22 crores), is expected to be maintained, in spite of certain unavoidable additional expenditure as already mentioned. To secure funds to meet these additional revenue working expenses, Supplementary Demands have been framed, further to those presented to, and voted by, Parliament, in November, 1962. As for the railway surplus, it has to be not only sufficient to maintain the solvency of the Development Fund, but has to increase from year to year with the increasing investments. This is obviously necessary if the Railways are to maintain a reasonably satisfactory return on the large total investments and also meet likely future increases in expenditure chargeable to Development Fund. The average Capital-at-charge of the Railways in the Third Plan period will be of the order of Rs. 2,000 crores, against an average Capital-at-charge of about Rs. 900 crores in the First Plan period. The average annual expenditure

chargeable to the Development Fund, which is built up solely from the annual railway surplus, has also more than doubled. In view of this, against an annual railway surplus of Rs. 15 crores which might have been sufficient in the First Plan, the Railways have to earn an average annual surplus of at least Rs. 30 crores in the Third Plan period.

4. The Revised Estimate of net expenditure for the current year, on Works, Plant and Machinery, and Rolling Stock, has been placed at Rs. 307.74 crores. This revised 'Capital Budget' involves an increase of Rs. 12.74 crores over the Budget provision of Rs. 295 crores which itself, as I mentioned when presenting the Railway Budget in April, 1962, was the highest until then. The additional provision, which is covered by Supplementary Demands, is to meet the requirements, according to present anticipations, in regard to somewhat better deliveries of materials and improved progress of Plan works.

### **Development of Rail Capacity-Third Plan Targets**

5. It was envisaged in the White Paper on the Railway Budget for 1962-63 that the revised rail transport targets would materially exceed the original estimate of 245 million originating tons, which had been included in the Third Plan as formulated in 1961. The cost of the Railway Development Programme had been fixed at Rs. 1,325 crores in relation to the aforesaid estimate. Since then, a more detailed picture in regard to the fieldwise production and directionwise movement of coal has emerged. Allowing for the increase of about five million tons in the short-lead movements of raw coal to washeries and the revised pattern of coal traffic necessitating increased movement over certain routes and allowing also for certain preparatory work to be undertaken for a larger movement of general goods, an additional outlay of Rs. 145 crores has been approved by the Planning Commission for the Railway expansion and development programme. The approved outlay of the Railways thus stands at the increased figure of Rs. 1,470 crores; the additional approved outlay of Rs. 145 crores has a foreign exchange content of Rs. 19 crores.

6. The additional provision is made up of Rs. 120 crores for increased coal movement and Rs. 25 crores towards the most urgent part of the requirements formulated by the Railways for increased general goods traffic in the Third Plan, as well as for the time-consuming preparatory measures to be initiated now for ensuring adequate capacity for coal traffic, in particular, in the early period of the Fourth Plan. The increased general goods traffic in the Third Plan envisaged by the Railways provides for an increase in originating traffic of miscellaneous goods (i.e. other than raw materials for, and finished products from, steel plants, coal, cement, and iron ore for export) of about 10 million tons, over the earlier provision of 98 million tons of such traffic included in the initial target of 245 million tons. Provision has been made for carrying out line capacity works required for this increased traffic; the provision of funds for the additional rolling stock required on this account, namely wagons and locomotives, will be considered later, though the Railways have been asked to tentatively proceed with the programming for the wagons. The advance action for Fourth Plan works, to be initiated in the Third Plan, covers a programme of 525 miles of doubling of track on trunk and other important routes, over which coal from the Bengal - Bihar and outlying fields will move to Western and Southern India; advance action is essential, as these facilities will take three to four years to construct before they are ready for commission in the early years of the Fourth Plan. Government have accepted this, and provision for commencement of these works has been made in the 1963-64 budget. I may recall that Supplementary Demands were presented to, and voted by, Parliament in August, 1962, to enable the Railways to make an immediate start on surveys for the aforesaid works, by way of preliminary measures for the needs of increased coal transport. In the aggregate, and including acquisition of rolling stock for Rs. 65 crores, funds for which it is hoped, will be allocated later, as already mentioned, the Railways are programming a Plan outlay of the order of Rs. 1535 crores; this is to create capacity by the end of the current plan period for an originating traffic of 260 million tons per annum and to initiate advance action for the additional capacity for part of the increased coal movements during the early years of the Fourth Plan. The Railways' slightly increased Capital Budget, according to the Revised Estimates for the current year already referred to and the still larger Capital Budget for 1963-64, to which I shall refer presently, are in keeping with the increase in the Third Plan programme of the Railways.

### **Transport Performance**

7. Having given the financial results of the Railways in 1961-62 - the first year of the Third Plan - and the forecast of the results for the current year (1962-63), I shall broadly review the transport performance of the Railways in these two years. Shri Jagjivan Ram, when presenting the interim Railway Budget for 1962-63, in March 1962, referred to the shortfall in traffic from anticipations, in 1961-62, due to a variety of reasons. Later, in April 1962, when I reported the results of the year, which had just ended, I explained to the House how the overall transport position was nevertheless better in 1961-62 than in the previous year. The daily average coal loading in 1961-62 was 5,999 wagons, as against 5,668

wagons in 1960-61. The daily average coal loading in Bengal and Bihar coalfields, went up from 4,481 in 1960-61 to 4,799 in 1961-62, or by 318 wagons per day, representing an increase of about 7 per cent. Steel Plants and Washeries received their full requirements of coal, and the Railways also moved in full all the coal offered from the outlying coalfields. For consumers other than the Steel Plants and Washeries, the Railways moved, from the Bengal and Bihar coalfields, an average of 182 additional wagons per day in 1961-62 over 1960-61.

8. There has been further significant improvement in the current year in the rail transport position generally and in coal movements particularly. During the ten-month period from April, 1962 to January, 1963, goods loading has registered an increase of about 13.2 million tons (or 13.42 million metric tons), over the loading during the same period of the previous year, and movement continues to be at a high rate. In the circumstances, there is every expectation of achieving an increase of 15 million tons of freight traffic by the end of the current year, over the previous year, which fully conforms to the anticipations when the Budget was framed. There would have been even a larger increase, if the rail transport requirements of the Steel Plants had come up fully to anticipations and the loadings on Sundays from all the coalfields had not been appreciably less than on the week days.

The aggregate loading on broad gauge in the first ten months of the current year has been a daily average of 20,296 wagons, as against 18,443 in the same period of 1961-62, an increase of 10 per cent. On the metre gauge, 10,323 wagons have been loaded daily on the average, against 10,146 wagons in this period of the previous year; the tonnage loaded per metre gauge wagon has been higher by approximately five per cent.

There has also been a consistent improvement in the coal loadings from the Bengal - Bihar as well as from the outlying coalfields. The daily coal loading in the ten-month period of the current year has averaged 6,552 wagons, as against 5,976 wagons in the corresponding period of 1961-62, an increase of 9.6 per cent. The daily average loading in the Bengal and Bihar coalfields in this period has been of the order of 5,199 wagons, as against 4,781 wagons in the corresponding period of the previous year, representing an increase of 8.7 per cent. The requirements of coal for the Steel Plants and the Washeries continue to be met in full, averaging daily 1,222 wagons and 252 wagons respectively in the first ten months of this year, the average daily requirements for the Steel Plants and Washeries in the corresponding period of the previous year being 1,092 wagons and 109 wagons respectively. The Railways have also continued to move, in full, all the coal offered from the outlying coalfields. Movement to 'other consumers' from the Bengal and Bihar coalfields in this period of 1962-63 has been of the order of 3,725 wagons per day, as against a daily average of 3,580 wagons in the corresponding period of the preceding year. As more and more development works are executed and the rolling stock holdings are increased, the rate of increase will be stepped up progressively in the remaining years of the Third Plan.

9. There has been steady, all-round improvement in the current year in operating efficiency, substantially in excess of the performance in 1961-62. The various operating results have been brought out in the latest "Review of the performance of the Indian Government Railways", which is being circulated with the Budget papers and which incorporates certain additional information not given in the Reviews of the three earlier years.

10. Movement of coal to destinations west of Moghalsarai has shown a further increase during the current year. On the average, 1,986 wagons loaded with coal have been moved daily *via* Moghalsarai, during the period from April, 1962 to January, 1963, as compared to 1,891 coal wagons in the corresponding period of the previous year. The total make-over of wagons - coal as well as other freight traffic - by the Eastern Railway to Northern Railway at Moghalsarai, during this period, reached a daily average of 2,628 wagons, as against 2,448 wagons during the corresponding period of the last year.

11. It is significant that all this achievement in the transport of goods is additional to the emergency movements of men and materials, mostly in "Coaching Specials", for defence requirements which the Railways have been called upon to undertake, at very short notice, in the recent months. On the Northeast Frontier Railway, the additional transport performance, including that resulting from the Emergency, has been of the order of 65 per cent. over the normal transport. For obvious reasons, the Railways have not publicised the details of this large-scale effort, which was undertaken by the Railways with practically no interruptions to, or curtailment of, the normal passenger train services and the movements of civil supplies. I would take this opportunity of requesting the House to join me in congratulating railwaymen of all ranks, whose sustained efforts have resulted in this splendid performance. It is heartening that the rail transport position in general has eased considerably in the current year and that the Railways are able to meet practically all the requirements of the growing industrial complex as well as of the general consumers.

### Increased Rail Transport Facilities For Assam

12. The need for increased rail capacity for Assam has been receiving attention over the last few years. It may be recalled in this connection that, even before the present Emergency arose, a broad gauge line from Calcutta to Siliguri had been planned and constructed via Tildanga-FarakkaKhejuriaghat, with a ferry across the river Ganga, and onwards via Malda, involving construction of 191 kilometres (119.5 miles) of new broad gauge line and conversion of 80 kilometres (50 miles) of metre gauge line to broad gauge. Another line which had been planned was the extension of the Rangiya-Rangapara North metre gauge line to Murkong Selek. The Rangapara North-Lakhimpur portion of this new line, about 173 kilometres (107 miles) in length, was opened to traffic in June, 1962, after an initial short length had been opened in March, 1962. The further construction from Lakhimpur to Murkong Selek - 161 kilometres (or about 100 miles), which involves construction in even more difficult terrain than the first portion, is in hand. A number of line capacity works had been planned, and carried out, on the main line between Katihar and Pandu and between Pandu and Tinsukia. Arrangements had also been made for procuring diesel electric locomotives for operation on the Katihar-Gauhati Section, with a view to further increasing the capacity. All these measures, including the putting into service of the metre gauge diesel locomotives procured in 1961-62 and during the current year, proved extremely useful, particularly in the present Emergency, in effecting large scale movements.

The rail-cum-road bridge over the Brahmaputra River, the only major river in the country, which had not been bridged previously - as the House is aware, had been taken up for construction towards the end of the Second Plan period. Special steps were taken to make the Bridge ready to take goods traffic two months ahead of schedule; this brought about a timely improvement in rail transport between the areas in Assam lying to the north and the south of the river.

The Northeast Frontier Railway handled effectively the heavy additional transport load, including that resulting from the large scale Emergency movements for defence purposes. The advantages expected when this Railway was set up as a separate Railway Administration, early in 1958, with its headquarters in Assam, have been fully realised. It is significant that, while handling the large scale Emergency movements, the civilian goods movements in and out of Assam were also kept up. In fact, the Railway had to handle increased traffic of tea and jute, due to a prolonged suspension of booking by the transport services of the joint Steamer Companies. In November and December 1962, the Railway booked about 5,000 wagons of jute and 300 wagons of tea, over and above what had been carried during the corresponding months of 1961.

Incidental also to improving the rail communications with Assam, the capacity of the wagon ferry at Farakka was augmented, to step up the rail movements from the broad gauge areas in South Bengal to the areas of North Bengal and Assam. The capacity of the ferry has been progressively increased, from 54 broad gauge wagons per day each way, prior to the Emergency, to the present figure of 162 broad gauge wagons per day each way; further increase will be affected as necessary and to the extent possible.

The terminal rail facilities at a number of points in Assam, and on the Northeast Frontier Railway generally, are being quickly increased, to deal with the increased movements. A large terminal yard recently constructed on the broad gauge near Siliguri, can now effectively handle not only the traffic carried on the broad, but also transshipment traffic to and from, the metre and the narrow gauges.

With a view to further increasing the line capacity, work has been taken up, for installing, on the Siliguri-Alipurduar Section, Centralised Traffic Control. This is a signalling scheme by which control and operation can be exercised from a central location over a long section, thus expediting train movements and increasing rail capacity. The extension of this scheme from Alipurduar to Amingaon is also under consideration, along with other measures for expanding rail capacity in Assam as may be required, which are receiving continuous attention.

### Budget Estimates, 1963-64

13. Turning now to the Estimates of the Budget year 1963-64, it will be appreciated that these will be materially affected by the present Emergency, the transport requirements in connection with which, of necessity, must be met quickly and fully. The Railway Plan, related as it is to a basic sector, is an integral part of national defence; the Railways are therefore required not only to sustain the tempo of development, but even to accelerate it. In other words, the Railways will have to be ready to carry traffic for defence purposes, as may be required in the course of 1963-64, in addition to carrying the normal increased traffic anticipated in 1963-64 over 1962-63. In making arrangements for the increased transport effort, there will necessarily be additional expenditure under operation and maintenance; there will

also be essential expenditure incidental to the Emergency, by way of keeping up adequate coal reserves with the Railways and organizing the minimum civil defence requirements, which include the raising of special battalions of the Railway Protection Force to intensify the safeguarding of railway track and railway installations in parts of Upper India. In organizing these arrangements, efforts will be directed to keep down additional expenditure to the utmost extent possible, in relation to the additional revenue that will be earned. This will be done through maximising the use of available resources, whether in man-power or equipment or productivity capacity. Various measures to conserve resources for the defence effort have, in fact, been initiated by the Railways, in step with other departments of the Government. These measures include inter alia reduction in administrative, overhead costs, strict control over contingent and travelling expenses, postponing routine maintenance of buildings, wherever the condition of the buildings permits such postponement, and limiting the construction of buildings to the most essential requirements and reducing building costs to strict austerity standards.

14. The additional operational and other revenue expenses that will have to be incurred, in order to carry the anticipated increase in traffic in 1963-64, and the revenue expenditure incidental to the impact of the Emergency on the Railways, will be met from the increased revenue that will accrue to the Railways from the increased traffic anticipated in 1963-64, carried at the rates and fares that are in force since July, 1962. The net revenue that will accrue, however, will have to be augmented, in order to provide additional resources to the General Revenues towards the defence effort ; it is also necessary to ease, to the extent possible, the burden which has devolved on the General Exchequer at this time, of having to find increased resources for an expanded programme of railway development in the Third Plan. It is accordingly proposed, after consultation with my colleague, the Finance Minister, that the rate of dividend payable by the Railways to General Revenues be increased from 4.25 per cent on the Railways' Capital-at-charge, as recommended by the Railway Convention Committee, 1960, to 4.50 per cent, for 1963-64 and for each of the later two years of the Third Plan. Arrangements beyond the Third Plan, in the natural course, will come within the purview of the next Railway Convention Committee that will be set up in 1965. This increase in the rate of dividend will secure the General Exchequer just over four crores of rupees, in 1963-64. An increase in the rate of dividend is justified in itself, considering that the annual borrowing rate of the Central Government has gone up from four per cent to 4.25 per cent since the Railway Convention Committee, 1960, made their recommendations; the average rate of interest on Government loans has also gone up during this period, from 3.57 per cent to 3.77 per cent. Quite apart from any such justification, the Railways, by far the largest and oldest undertaking, should make a direct additional contribution to the General Exchequer, at a time when there is such need to raise additional resources for the defence effort.

15. In addition to raising the aforesaid additional revenue of about rupees four crores, to meet the increased contribution to the General Exchequer, I propose also to raise a further sum of fifteen crores of rupees as additional revenue in 1963-64, which - as I shall explain presently, is required to strengthen the Railway Depreciation Reserve Fund and the Railway Development Fund. Fortunately, while taking such necessary action directly in the interests of the Railways themselves, it will also be possible to assist in some measure in serving the national purpose. The increased balances in these Funds will not be needed for the Railways' own immediate requirements in 1963-64, and to that extent they will remain with the General Exchequer the Railways' banker - and will be available towards easing the overall ways and means position of the Government.

16. I may recall the discussions in Parliament when the report of the Railway Convention Committee, 1960, was debated in December, 1960. One section in both the Houses expressed the view that even the enhanced depreciation provision, as recommended by the Convention Committee, of an average annual amount of Rs. 70 crores in the Third Plan period (stepped up year-wise from Rs. 65 crores in 1961-62, to Rs. 75 crores in 1965-66) might prove inadequate. The Convention Committee, 1960, it may be explained, had recommended a provision just about sufficient to cover the estimated expenditure on replacements foreseen to be necessary in the Third Plan period ; but, as explained in page 9 of the White Paper on the Railway Budget for 1962-63, this provision, on a long-term view, would not be adequate and would have to be augmented as railway revenues permit. There is still a good deal of leeway to be made up in overdue renewals of rolling stock and other assets acquired several decades ago ; also, progressive modernization of railway equipment may necessitate some replacements before the expiry of the normally accepted lives of assets, thus requiring additional provision to cover obsolescence. The Railway Freight Structure Enquiry Committee, 1957, examined this matter specifically, and concluded that, even in the Second Plan period, the year-wise depreciation provision should increase from Rs. 52 crores to Rs. 66 crores, if the Railway revenues found it possible, instead of leaving the annual provision at Rs. 45 crores. It is necessary to remember that the average annual provision of Rs. 70 crores for Depreciation in the Third Plan period cannot be viewed merely in relation to the average Capital-at-charge of about Rs.

2,000 crores in this period ; the Depreciation Reserve Fund has also to bear the cost of assets originally financed otherwise than from Capital, for instance, from Development Fund. The Depreciation Reserve Fund has to provide at any time for the full replacement cost, at present day high prices, of assets which are due to be replaced, in addition to having amounts calculated up-to-date for accrued depreciation in respect of other assets to be retired and replaced in later years. The Fund is thus in effect a combined Depreciation and Renewal Reserve Fund. Having regard to all these considerations, I propose to make an additional provision, from Revenue, of ten crores of rupees for appropriation to the Depreciation Reserve Fund in 1963-64 and in each of the subsequent two years of the Third Plan period. According to the present year-wise depreciation provision, the Depreciation Reserve Fund will have a net accretion of barely rupees twelve crores at the end of the first three years of the Third Plan period, after allowing for the outgoings, that is, after meeting the cost of replacements chargeable to this Fund. This would be too slight an addition to the already small balance of about Rs. 20 crores left in the Railway Depreciation Reserve Fund at the commencement of the Third Plan period, against a sizeable balance of Rs. 103 crores at the beginning of the Second Plan. An additional accretion of ten crores of rupees would therefore be a very desirable strengthening of the Fund. There was a similar occasion when the provision for depreciation was increased to Rs. 45 crores per year, through the Revised Budget proposals of 1955-56, as against an annual provision of Rs. 35 crores recommended by the Railway Convention Committee, 1954.

17. It is intended that the balance, out of the additional revenue of Rs. 19 crores proposed to be raised in 1963-64, after making the additional direct contribution to the General Exchequer of about rupees four crores and additional depreciation provision of ten crores of rupees, should be left as additional net surplus of rupees five crores at the credit of the Railway Development Fund. As the House is aware, this Fund, which is built up solely from the annual railway surplus, is designed to meet the cost of works for providing amenities to passengers and other railway users, the cost of staff welfare works estimated to cost individually more than Rs. 25,000, as well as operating improvements found necessary from time to time which cannot be regarded as being directly remunerative, such as improvements in signalling and train controlling equipments and other safety measures. The balance in this Fund got so completely depleted, in the Second Plan period, that it became necessary to take temporary loans from General Revenues in the three years 1958 to 1961, aggregating to nearly Rs. 30 crores, by availing of the provision, in the 1954 Railway Convention Committee's recommendations, for taking such loans, when necessary. The effective balance left in this Fund, at the commencement of the Third Plan period, was about Rs. 6.9 crores, even after the ad hoc transfer of certain expenditure from Development Fund to Capital and the repayment of loans from General Revenues, on the recommendations of the Railway Convention Committee, 1960. The balance is expected to be only about Rs. 10.7 crores at the end of the current year (1962-63). It is obvious that the Fund will have to be strengthened gradually and have some accumulation as one cannot rightly proceed merely on the expectation that the railway surplus from year to year, creditable to the Fund, would somehow balance the outgoings, that is, meet the expenditure on works chargeable to the Fund in each year. During the Second Plan period, the requirement to meet expenditure debit to the Development Fund so substantially exceeded the surpluses available, that the Development Fund was reduced to a large minus balance, necessitating the loans of nearly thirty crores as already mentioned. To the extent possible, the Railways have to guard and provide against such a contingency.

18. To sum up, the additional revenue which the Railways have to raise in 1963-64 will have to be of the order of Rs. 19 crores. After making additional contribution to General Revenues of a little more than Rs. 4 crores by way of increase in the rate of dividend, there will be a balance of about Rs. 15 crores left as 'savings' in the Railways' two Funds, namely, Rs. 10 crores in the Depreciation Reserve Fund and about Rs. 5 crores in the Development Fund. Besides serving the long-term purpose of strengthening the Railways' Funds, which is so essential, the savings will provide immediately additional resources for the General Finance. The proposals for increasing the contribution to General Revenues, by increasing the rate-of dividend, and for increasing the depreciation provision, are covered by two separate Demands for Grants for 1963-64.

19. I shall confine my proposals for raising additional revenue, in 1963-64, to the requirements of additional finance, which I have explained, namely, about Rs. 19 crores. There will be no change in the passenger fares in any category. In respect of goods freight rates, I propose to increase the present surcharge by five per cent which will mean, in cases where a five per cent surcharge already operates since the 1st April, 1960, an effective increase of 4.75 per cent in freight rates; in other cases, which are exempt from the present surcharge, the increase will be five per cent. The Defence and the Posts Telegraphs traffic are governed by separate tariffs for rail transport, which are revised periodically, and so this levy will not apply to them. Nor is it considered necessary to apply the surcharge to the Railways' own traffic, as this would merely involve mutually cancelling adjustments in the Railways'

accounts.

I may recall at this stage that the Railway Freight Structure Enquiry Committee, 1957, after considering all relevant aspects, including the scope for increased efficiency and economy on the Railways, made proposals for increased freight rates representing increased revenue yield averaging about 13 per cent. of the goods earnings at the then existing rates. But the Government did not go as far as this recommendation; the increase in goods freight rates, initially adopted from the 1st October, 1958, was limited to an overall average of about four per cent. Subsequent adjustments in freight rates have also been limited to actual requirements for additional funds from time to time. Even with the last increase in freight rates effected from the 1st July, 1962, we have just about reached the limit of the total average increase in goods freight rates of 13 per cent recommended by the Railway Freight Structure Enquiry Committee as far back as April, 1957. At that time, the heavy additional commitments which would devolve on the Railways in the next five or six years, could not have been foreseen. The Committee made their assessment of an overall average increase in freight rates by about 13 per cent, largely with reference to the figures for 1955-56, except that they took note of the substantial increase in the price of coal in 1956-57. Even since 1956-57 the *Per capita* cost of staff has increased by over 30 per cent, while the pit-head price of coal has increased in the same period by about 27 per cent. Staff costs constitute a little more than 60 per cent of the Ordinary Revenue Working Expenses of the Railways, and fuel constitutes the second largest item being nearly 15 per cent of the aforesaid Working Expenses. The prices of other materials consumed by the Railways, in the course of their working, have also increased, in the period referred to, by more than 20 per cent. Because of the increasing volume of traffic and because of the Railways' sustained measures for control of expenditure, however, it has been possible, so far, to limit the increases in fares and freights to a very much lower level than what would otherwise have been necessary.

In regard to parcel traffic, I propose to levy a surcharge of ten naye paise per rupee, but exempting vegetables, milk and newspapers. I may explain that there has been no change in parcel freight rates since the general revision was made on the 1st October, 1958, which affected both parcel and goods rates - following the recommendations of the Railway Freight Structure Enquiry Committee, 1957. It is only equitable, particularly at this stage, when additional resources have to be raised, that parcel traffic should also make a contribution. This is justified even otherwise, considering that the earnings from parcel traffic, which constitute the major item under the head "other coaching earnings", have not been covering even the cost of service in the last few years. In the present Emergency, the brightest aspect of which has been the enthusiastic understanding and willingness to share the necessary burden, the railway user will thus have an opportunity, while strengthening the Railways' financial position also to make a contribution to the General Exchequer and to assist in the ways and means position of the General Finance through the small adjustments proposed in goods and parcel freight rates.

The additional levy proposed will not impose any great burden. In respect of goods traffic, for instance, for a distance of 600 kilometres (375 miles approximately), which is about the average lead of general merchandise, the levy will amount to about five naye paise per maund on salt, which is hardly one-eighth naya paisa per kilogramme, about nine naye paise per maund on sugar, which is less than one fourth naya paisa per kilogramme, and about four naye paise per maund on foodgrains, which is one tenth naya paisa per kilogramme. For commodities charged at lower classifications, the increase will be correspondingly less. The effect of the additional levy on parcel traffic, for the same distance of 600 kilometres, will work out to less than two naye paise per kilogramme, practically the same amount per seer, in respect of parcels moving at full parcel rates; the increase will be less on various commodities moving at less than full parcel rates, for instance, perishables in general.

20. The proposed increases, applied from the 1st April 1963, are estimated to yield, in 1963-64, additional revenue of about Rs. 19 crores made up of Rs. 17 crores under 'goods' and Rs. 2 crores under 'parcels'. The estimate of passenger earnings in 1963-64 has been placed Rs. 5.25 crores higher than in 1962-63, on the basis of an increase of about one per cent in passenger traffic and allowing for the fact that the current fares, which were introduced on the 1st July, 1962 and therefore applied only for nine months of 1962-63, will be effective during the whole of 1963-64. This estimate of passenger earnings, framed on a study of the latest trends, assumes that in the budget year there will not be quite as substantial an increase in passenger traffic as in the first two years of the Third Plan. In the aggregate, the 'Gross Traffic Receipts', in 1963-64, including the effect of the proposed levies, is expected to be Rs. 599.69 crores. On present reckoning, it is estimated that the railway transport capacity will have to be increased to the extent necessary to handle additional goods traffic aggregating 17 million tons in 1963-64, in excess of the originating tonnage in 1962-63. The increase, it is assessed at this stage, will consist of about four million tons from traffic for the Steel Plants (inclusive of coal and other raw materials as well as finished products), three million tons of coal from the outlying fields, 4.8 million tons of coal from Bengal and Bihar (comprising 2.8 million tons of coal for washeries and two million tons for 'other consumers'), one million tons from export

ore, and the balance of 4.2 million tons from general goods.

21. The Budget Estimate of Ordinary Working Expenses for 1963-64, makes a net provision of Rs. 379.18 crores, which is Rs. 15.90 crores more than the Revised Estimate of Rs. 363.28 crores for 1962-63. The additional revenue from the increased traffic in 1963-64, over 1962-63, would be about Rs. 31 crores, if the effect of the levies now proposed (namely, Rs. 19 crores) is excluded; in relation to the aforesaid additional earnings, expenses of about Rs. 16 crores, which include also essential expenditure incidental to the present Emergency, can be regarded as being reasonable. The contribution to Depreciation Reserve Fund is shown at Rs. 80 crores, including the proposed additional contribution of Rs. 10 crores. After allowing for net miscellaneous expenditure and making payment to General Revenues of the fixed amount of Rs. 12.5 crores, for transfer to the States, in lieu of the passenger fares tax merged in fares from 1st April, 1961, as well as the increased amount of dividend at 4.5 per cent on the Railways' Capital-at-charge, the budgeted surplus in 1963-64 is estimated at Rs. 31 crores. This will be credited to the Development Fund. The estimated expenditure, to be met from this Fund in 1963-64, being Rs. 26 crores, there will be a net accretion to the Fund of Rs. 5 crores at the end of the year.

22. The Budget Estimate for Works, Machinery and Plant and Rolling Stock, including Open Line Works (Revenue); for 1963-64, is placed at Rs. 325 crores. This provides, as usual, for about Rs. 3 crores for railway users' amenities. The stepping up of the annual Capital Budget is essential, in order to ensure full implementation of the Railways' enlarged development programme in the Third Plan. I may mention, in passing, that some changes in the structure of the Demands relating to the Works Grants have been made, with a view to simplification, in consultation with the Comptroller and Auditor General and the Ministry of Finance. These changes are explained in some detail in the Explanatory Memorandum on the Railway Budget for 1963-64.

### External Assistance

23. In the White Paper on the Railway Budget for 1962-63, mention was made of a loan of 50 million dollars (RS. 23.81 crores) and of another loan of 43 million dollars (Rs. 20.43 crores), which were obtained from the World Bank and from the Agency for International Development of the United States (AID) respectively. The World Bank loan was fully utilised by the end of December, 1962, as scheduled. Orders have also been placed for 133 Broad Gauge and 25 Metre Gauge diesel locomotives against AID Loan. Fresh loans, to meet the foreign exchange requirements of the Railways, during the Third year of the Plan, are now under negotiation with the World Bank, the Agency for International Development and the Export-Import Bank of the United States.

I gratefully acknowledge all this external assistance received by the Indian Railways, which has enabled them to proceed satisfactorily with their development programmes in successive Plans.

### Progress in the Expansion of Rail Transport Facilities

24. Further to 528 route kilometres (328 miles) of electrification completed in 1961-62, the first year of the Third Plan, another 329 kilometres (204 miles) have been commissioned during the current year as programmed. This covers the sections Gaya to Moghalsarai and Tatanagar to Nimpura, and brings the total length of track electrified on Indian Railways to about 1218 route kilometres (143 on D.C. and 1075 on 25 KV AC) or 758 miles. Electrification work is in full swing in some sections of the Sealdah Division, which are expected to be electrified in the course of 1963. Work is also in varying stages of progress on other sections, such as Nimpura-Khargpur, Tambaram-Villupuram, Moghalsarai-Allahabad-Kanpur and Durgapur-Calcutta Docks.

In addition to the electrification of the Durgapur-Calcutta Docks section, some branch line sections in and around Adra and Anara on the Southeastern Railway (about 67 route kilometers or 42 miles) are being electrified. This will facilitate the increased movement of coal by about two million tons to Calcutta Port, for shipment to Southern and Western India. The Howrah-Burdwan main line, which had been electrified at an earlier stage on the D.C. system, is being converted to 25 KV AC system, to have a unified system of traction in this area. In step with the progress of electrification, the Chittaranjan Locomotive Works are processing, as an additional item of their production, the manufacture of electric locomotives. Ten 3600 HP broad gauge electric locomotives (D.C.), have already been turned out and placed in service on the Central Railway. Eleven more such D.C. locomotives are in various stages of manufacture, and will be turned out within the next few months. Thereafter, these Works will undertake the manufacture of prototypes of 25 KV AC locomotives; the capacity for manufacture will be progressively increased to 60-70, such AC electric locomotives per year. Collaboration arrangements have been made with a consortium of reputed manufacturers of electrical and other equipment for locomotives in Belgium, Germany, France and Switzerland, to provide the Indian Railways the necessary technical assistance in the manufacture of electric locomotives. The

indigenous manufacture of electric equipment will be progressively done in Heavy Electricals, Bhopal.

The Integral Coach Factory, Madras, has turned out, so far, 16 A.C. broad gauge electric multiple unit trailer coaches required for electric suburban services, and expects to turn out 179 trailer and 4 prototype motor coaches in 1963-64. The private sector, where capacity has been developed for the manufacture of six to seven electric multiple unit coaches a month, has commenced delivery against the first order for supply of 100 D.C. electric multiple unit coaches and has taken on a further order for 106 EMU coaches.

25. Keeping in view the need for electrification or dieselisation, according to the varying requirements in different areas, progress has also been made in the dieselisation of a number of sections. As the House is aware, the Railways have had to resort to the use of a certain number of diesel locomotives, in order to improve rail transport capacity as required over some sections. It may be of interest to mention in this connection that one diesel locomotive, by utilising one gallon of high speed diesel oil, will give nearly 400 net ton-miles of performance, against about 60 net ton-miles that a road truck will give for the same consumption of diesel oil. In other words, against one million tons of goods that may be carried over, say 60 miles by road in a diesel truck, a diesel locomotive will carry the same tonnage of goods over 400 miles consuming about the same quantity of diesel oil.

Forty-one metre gauge diesel locomotives were placed in service in 1961-62, and nineteen more in the current year. As already mentioned, these have been utilised to great advantage over the sections where heavy emergency movements had to be undertaken at short notice. A further lot of twenty-five metre gauge diesel locomotives, which may be increased to fifty, will be placed in service in 1963-64. On the Broad Gauge, the fleet of main line diesel locomotives has been augmented in the current year by 112 diesel locomotives, and 121 more such locomotives will be added in 1963-64. The assembling of the first lot of twelve Broad Gauge diesel locomotives in the Diesel Locomotive Works at Varanasi, with imported components, will soon be taken in hand. On present anticipations, the production target of 150 Broad Gauge diesel locomotives a year, from these Works, with 90 per cent indigenous content, will be reached in about four years from now. The manufacture of diesel shunting locomotives for industrial purposes, embodying indigenous materials and components, will also be taken up by the Varanasi Factory. Action has further been taken to develop capacity in the country for the manufacture of various spare parts for diesel and electric locomotives.

Seven diesel locomotives procured from West Germany and fitted with "Surf Transmission" have now given trouble-free service on the Northern Railway for over 18 months; a number of them have been used with success for over a year on passenger shuttles around Delhi. These locomotives have demonstrated good performance, including the anticipated economy in fuel consumption of 10 to 12 per cent, which is a combined result of the improved transmission system and of some special features in the diesel engine, controls and the radiator system.

26. The Third Plan envisages the construction of about 1,920 kilometres (1,200 miles) of new lines required for operational reasons and for mineral development and for opening up of new areas; these include certain new lines thrown forward from the Second Plan. The new lines which were under construction at the end of the Second Plan and which were completed in the first year of the Third Plan - including part of the Bauridand-Karonji line and a short branch, line there from to serve the Central India coalfields, were referred to in page 17 of the White Paper on the Railway Budget for 1962-63. Of these lines, the Nalanda-Rajgir portion of the Bakhtiarpur-Rajgir line in Bihar and the residual portion of the Bauridand-Karonji line were opened to traffic in the early part of the current year. The other lines opened to traffic in the current year are Bondamunda-Nowagaon on the Southeastern Railway, Dhalabil-Lakhimpur portion of the Rangapara NorthLakhimpur-Murkong Selek line, on the Northeast Frontier Railway, and the Vijayawada-Masulipatam Section converted from metre gauge to broad gauge on the Southern Railway. Robertsganj-Nagar Untari portion of the Robertsganj-Garhwa Road Project and Champa-Korba extension across the Hasdeo river, are in an advanced stage of completion and are expected to be opened to traffic in 1963-64. The particulars of the various Third Plan new lines and surveys, which are in different stages of progress, are given in the Budget documents.

Against the Third Plan provision for new railway lines for the development of coal industry, the construction of the Singrauli-Obra-58 kilometres (36 miles) and Singrauli-Katni -256 kilometres (156 miles) have been taken up. Proposals for extension of Amla-Parasia to Sirgora -18 kilometres (11 miles) and a new line between Butibori and Umrer - 37 kilometres (23 miles) have been included in the 1963-64 Budget.

I would like to make special mention of the three railway lines under construction for the export of iron ore to Japan from Vishakhapatnam port. These lines traverse a difficult terrain, and the Engineers on the project are doing a difficult task extremely well. They have been able to achieve substan-

tial reduction in cost through changes in alignment and regrading and revision in the design of bridges. The first of these is the 181 kilometres (113 miles), long Sambalpur - Titilagarh line, which is nearing completion; in fact, a major portion of this has already been opened for goods traffic, and the remaining portion is expected to be opened shortly. This line has involved considerable bridging, entailing about 8,000 tons of steel for the girders. Apart from handling iron ore traffic, the line would also provide a shorter route from the Bengal and Bihar mineral belt to the South. The second is the Bimlagarh-Kiriburu line, across a particularly difficult hilly terrain; this line is expected to be opened for traffic by April this year. The third line from Bailadilla to Kottavalasa is the longest and most difficult of the three links, being about 435 kilometres (270 miles) long. Though primarily conceived of as a line for export of iron ore, it will also open up, for general development, a large part of the country, which did not have any rail communications so far. I recently had an opportunity of visiting the project site. It was heartening to see that was in full swing in this remote, difficult and inaccessible area, with a tight time schedule, which requires completion of the line by January, 1966.

Various measures for increasing the line capacity of the Railway system continue to be taken. Further to the doubling of 1,448 kilometres (900 miles) of track, which will be completed in the first two years of the Third Plan, the doubling of another 1,413 kilometres (878 miles) will be taken in hand in 1963-64. Colour light signalling is to be installed progressively on the electrified routes, and automatic signalling has also been planned on some of the congested sections, as part of the measures for increasing line capacity.

27. Rolling stock holdings are being steadily increased, to keep pace with the increased transport requirements. In addition to diesel and electric locomotives already referred to, the production of broad gauge steam locomotives from Chittaranjan Locomotive Works, at the rate of about 168 locomotives a year, is being kept up, maintaining the cost of production at a little above Rs. 4 lakhs per locomotive which is well below the landed cost and even the ex-factory cost of similar locomotives if procured from abroad. Telco are maintaining an annual supply of about 70 metre gauge steam locomotives, in terms of the new five-year agreement covering the period from 1st June, 1961 to 31st March, 1966, under which the price per locomotive is lower than what was fixed by the Arbitrator for locomotives supplied by Telco for the period 1958-60.

The second shift working in the Integral Coach Factory, which was introduced from April, 1959, has been progressively intensified. This, together with the increased production resulting from the incentive scheme of payment by results, has now stepped up the out-turn of coach shells from this factory to nearly 650 per year. The permanent furnishing unit set up at this factory is already furnishing and equipping about 30 coaches per month; in the course of the next two years, it will be able to furnish all the coach shells turned out by the factory, thus relieving the pressure on other Railway workshops which are now partly furnishing the coach shells turned out by the Integral Coach Factory. The average cost of manufacture and furnishing of a coach has also steadily come down. The production in this factory has now been diversified, to include not only broad gauge electric multiple unit coaches, as already mentioned, but also III Luggage and Brake-vans, III Class Three-tier Sleeper Coaches, and Upper Class Composite Coaches. Production of metre gauge coaches, including metre gauge EMU Coaches, is also contemplated. Besides the out-turn of passenger coaches from the Integral Coach Factory, the HAL, Bangalore, and the private sector, turned out 550 passenger coaches in 1961-62, and expect to produce 587 such coaches in the current year and 600 in 1963-64.

There was a total production of over 1,600 coaches of all types in 1961-62, including over 1,100 passenger-carrying coaches and the balance motor-vans and parcel vans. This included the out-turn from the Integral Coach Factory as well as from HAL, Bangalore, and the private sector. The manufacture of wagons has also been further stepped up. As against 19,100 wagons - in terms of four-wheelers manufactured in 1961-62, the number of wagons expected to be turned out in the current year, is estimated at 22,300. This figure is further expected to increase to 30,000 wagons in 1963-64.

28. The incentive scheme of payment by results, which is being progressively introduced in the production sections of all major Railway workshops, has resulted in increased production. This has facilitated the taking on of the extra repair load on workshops, resulting from the steady increase in rolling stock holdings, and has also enabled, at the same time, the undertaking of new lines of production, such as, cranes and wagons, in selected workshops.

#### **Indigenous Manufacture and Self Sufficiency - Research**

29. The Development Cell of the Railway Board has continued to function in close co-ordination and liaison with the Development Wing - now under the Ministry of Economic and Defence Co-ordination, the Ministry of Steel and Heavy Industries, the Director General of Supplies and Disposals, and other Government departments concerned, as well as representatives of trade and industry. Capacity for the manufacture of a number of items, further to those indicated in pages 20-21 of the White Paper on the

Railway Budget for 1962-63, has been developed. These include items such as ticket printing and counting machines, equipment for producing blank cards for tickets, motor trollies, rail-mounted cranes, and shock absorbers. Action has been initiated for increasing the indigenous capacity for some of the rolling stock components, which are in short, supply, like metre gauge couplers, roller bearing axle boxes, and draw-bar hooks. The production of prototypes of lubricating pads of improved designs, to replace the existing method of packing of rolling stock axle boxes by waste, has been progressed, with a view to reducing the incidence of "hot boxes". The development of further capacity for the manufacture of speedometers and speed recorders, and for asbestos mattresses required for the insulation of boilers, is also being pursued. Indigenous manufacture has been fully developed for practically all items of mechanical signalling equipment; it is expected that self-sufficiency in regard to the indigenous manufacture of electrical signalling items also will be reached by the end of the Third Plan period. Action has been taken for increasing the indigenous capacity in the country for components and ancillary items for rolling stock, like steel castings, forgings, vacuum brake equipment, and electric overhead fittings.

Promotion of exports of indigenously manufactured railway equipment has yielded some results so far. The exports have been primarily of some rolling stock components, train lighting equipment and railway carriage fans. The possibility of stepping up the exports of such materials is receiving attention, and constant touch is being maintained for this purpose with the Indian Missions abroad.

30. In the task of indigenous development, which has progressively increased the percentage of indigenous stores and equipment to the total purchase - the Research, Designs and Standards Organisation of the Railways (RDSO), of which the Railway Research Centre is a unit, has continued to be a most useful adjunct. The "Central Board of Railway Research" has been reconstituted, in order to maintain a close liaison with other research and technical bodies and institutes in the country as well as representatives of big and small industries manufacturing railway equipment. The D.C. electric locomotives turned out from Chittaranian Locomotive Works, to which reference was made earlier, were designed entirely by the RDSO, and are now giving fully satisfactory service. The diesel industrial shunting locomotive, which is to be manufactured in the Diesel Locomotive Works, Varanasi, has also been designed by the RDSO.

#### **Fuel Consumption**

31. The fuel bill of the Railways constitutes the second largest item of working expenses - next only to the cost of staff. With the steady increase in the demand for superior grade coal for steel plants and for metallurgical and other important industries, the Railways are receiving an increasing proportion of lower grade coal and are facing the problem of formulating and maintaining measures to counteract the effect of this. So far, the establishment of one non-coking coal washery, to augment the supplies of superior grade coal to the Railways, has been taken up in the Karanpura area; this is likely to be commissioned in the last year of the Third Plan. Meanwhile, the Railways have also taken certain steps, on their own, such as procurement of coal by the Railways under direct contract with the collieries, with effect from 1st February, 1962, with arrangements for inspection at the loading points. Various fuel economy measures, such as exercising close watch on performance, trip rationing on the basis of trials, and training of staff in the economic use of coal, are also receiving sustained attention.

#### **Improvement in the Service Rendered by the Railways**

32. I am aware of the general concern at this time that, more than anything else, the Railways should equip themselves for rendering a more secure and safe service to the nation as recommended in the interim Report of the Railway Accidents Committee, 1962. A statement has already been submitted to Parliament, indicating the acceptance by the Ministry of Railways of practically all the recommendations of the Committee. I may assure the House that these recommendations will be actively and speedily implemented.

33. The Railways have been steadily pursuing the policy of providing basic amenities in all Railway stations and in all trains, particularly for the Third Class passengers, besides improving the standard of amenities already provided, wherever necessary, for railway users generally. The programme of electrifying Railway stations, wherever electric supply is available readily, is being progressively implemented. 216 railway stations were electrified in 1961-62, and 145 more are expected to be electrified before the end of the current year. Besides fitting fans in all new Third Class coaches, fans are being fitted progressively in the old coaches as these coaches come into the workshops for periodical repair and overhaul. About 5,300 fans were fitted in 546 Third Class coaches of the older type during 1961-62, and 5,000 fans are expected to be fitted in 590 coaches in the current year. This will bring the number of Third Class passenger coaches fitted with fans - both coaches of the older type and the new coaches - to about 84 per cent of the total coaches in Service.

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The Railways are doing whatever they can, within the available resources, to ease

overcrowding in trains. The Third Plan provides for an annual increase in passenger traffic of about three per cent. In 1961-62, the Railways provided 3.6 per cent more, by way of passenger carrying vehicles; the actual increase in passenger traffic - taking both suburban and non-suburban, however, exceeded the Plan provision, being of the order of six per cent. The overall increase in passenger services, in 1961-62, was about 2.25 per cent, while the increase in the electric suburban services in Bombay, Madras and Calcutta was about 6.7 per cent. During the current year, 45 new trains have been introduced up to the end of October, 1962, involving additional train kilometres of nearly 6,200 daily. Similarly, 52 existing trains have been extended in this period, involving addition to the daily train kilometres of nearly 2,000. In suburban services, 108 new trains were introduced (98 on broad gauge and 10 on metre gauge), involving additional train kilometres of nearly 3,000 per day. Seven suburban trains were extended in their run, involving an addition to the daily train kilometres of 97. The House is already aware of the increasing facilities being provided to Third Class passengers in the matter of reserving sleeping accommodation. More and more coaches, providing equal number of seats and sleeping berths, without payment of any extra charge, are being provided on long distance trains, for the facility of Third Class passengers travelling beyond 800 kilometres (500 miles). Attendants have been provided in the corridor-type First Class coaches on important trains.

34. The Railway Users' Consultative Committees, both at the Zonal Railway level and at the Divisional level, the Time Table Committees, Passenger Amenities' Committees, Catering Supervisory Committees, Bookstall Advisory Committees, and Station Consultative Committees, have continued to function usefully. Members of Parliament, through the Informal Consultative Committees, have continued to evince keen interest, and make useful and constructive suggestions, in the matter of improving the service rendered by the individual railways.

#### **Operational, Organisational and Administrative Improvements**

35. Progressive improvement in organisational and operational measures is receiving continuous attention, in relation to the increase in the workload of the Railways as assessed from time to time. The strain of workload has been eased through various operational measures such as modernization of signalling, improved traction and introduction of longer trains. The mobilisation of the physical resources of the Railways, through intensive use of the principal assets, namely, track, locomotives and wagons, has yielded significant results. These results indicate how the assets are being used far more efficiently now, as compared to some years ago. This has been brought out in the Review, which is being circulated with the Budget papers. Organisational and administrative improvements have also been effected, through the setting up of separate project and construction organisations, wherever necessary, strengthening the cadres at supervisory levels in the different departments of the Railways, introduction of the full divisional organisation on all the larger railways, and increasing delegation of authority to lower levels. Particularly, in the present context, when it is necessary, to maximise utilisation of all available resources, including man-power, all the aforesaid measures have served to keep down increases of staff strictly in relation to the requirements of additional traffic. I have already referred to the increased productivity in Railway workshops, without increasing the staff strength, by introduction of the incentive scheme, which gives, at the same time, a larger average remuneration to the worker.

The recent setting up of the divisional organisation on the Southeastern Railway - which had been deferred earlier, during the period of initial constructional activity on that railway - and the bifurcation of the Asansol Division into two full-fledged divisions, with headquarters at Asansol and Dhanbad, are other measures of improvement, which have been adopted. These measures have been undertaken, keeping in view the substantial increase in workload during the Third Plan which will devolve on the Eastern and the Southeastern Railways, with the increased raisings of coal, expansion of public sector steel plants and development of new areas for export of iron ore.

#### **Labour Relations-Staff Welfare-Staff Training**

36. I am glad to say that the relations with the Railwaymen have continued to be cordial. The Permanent Negotiating Machinery has continued to function well at all levels. The House may be aware that an ad hoc Tribunal had been set up some time ago, to consider certain matters on which agreement could not be reached with the Workers' Federation. The consideration of the recommendations of this Tribunal had necessarily to be deferred until the Pay Commission's main recommendations had been implemented. Thereafter, the Tribunal's recommendations were considered, and most of these have been accepted and implemented.

37. Joint Committees of officers and staff have continued to function satisfactorily at various levels on the Railways, for enlisting the co-operation of the staff in the achieving of efficiency and economy. The number of such committees increased from 350 in 1960-61, to more than 400 in 1961-62.

38. In pursuance of the general policy of Government for introducing a scheme of "workers' education", a start has been made in affording facilities to railwaymen, for education in the principles and technique of trade union organisation, intelligent participation in Union affairs, and better performance of their duties.

39. The Railway Administrations have been maintaining the necessary tempo of improvement in various measures for the welfare of staff. It is proposed to add about 12,000 residential quarters every year - more or less corresponding to what is being done from the commencement of the Second Plan, in order to improve housing facilities for staff.

The Railways continue to maintain twelve, subsidized hostels, in different language areas, to mitigate the difficulties of staff who have to send their children away from their headquarters for the purpose of education. Even though education is primarily the responsibility of State Governments, the Railways are assisting in the matter of education of children of railway employees located in places where non-Railway schools are not readily accessible. The Railways are themselves running 36 Higher Secondary and High Schools, 24 Middle Schools and 641 Primary Schools. The scheme of monetary educational assistance, as admissible to non-gazetted Railway employees who have to send their children away for the purpose of education, in the absence of requisite schooling facilities at their headquarters station, has been extended to temporary employees who have put in three years' service.

The scheme of awarding 1,000 scholarships every year from the Staff Benefit Fund, to assist in the technical education of Railway employees' children, has now been in force for seven years. In 1961-62, the total number of scholarships, including those continuing from the previous years, was 2,537, entailing an expenditure of nearly rupees nine lakhs. In view of the large expenditure involved on the scheme, the normal annual contribution of about Rs. 50 lakhs to the Staff Benefit Fund from railway revenues, which is at the rate of Rs. 4.50 nP per employee on the Railways, is being augmented to the extent of half the annual expenditure on the scholarships.

In regard to medical facilities for Railway employees and their families, the number of beds in Railway hospitals and health units was increased by 352 during 1961-62. At the commencement of the current year, there were 78 Railway hospitals and 516 health units, with a total of 6,296 beds including 449 tuberculosis beds, in addition to 1,214 tuberculosis beds reserved in outside Sanatoria on railway account. The medical attendance and treatment rules have been liberalised in several details, and medical equipment and treatment have also been enlarged in the larger railway hospitals.

The development of Employees' Co-operative Societies and Stores has been accepted by the Government as one of the measures for stabilising prices. On the Railways and in a few other Central Government departments, Co-operative Societies have already been functioning for several years. An inter-departmental Study Group is examining what measures are necessary in these departments, to facilitate further development of the Co-operative Organisations. The total working capital of 26 Co-operative Credit Societies functioning on the Railways, amounted to nearly Rs. 32 crores at the end of 1961-62. The total membership of these Societies was nearly 6,69,000. There were, in addition, 174 Railwaymen's Consumer Co-operative Societies - against 167 such Societies in the previous year, whose turn-over in 1961-62 was Rs. 1.71 crores. In the current year, four more Consumer Co-operative Societies have been opened on different railways.

40. The Railways have been alive to the increasing need for expanding and improving the training facilities for all levels of railway staff, keeping in view the large increase in workload in the Third Plan period and the need for regular courses of initial training as well as intensive refresher courses, particularly for staff concerned with train operation and safety. Most of the recommendations of the Railway Technical Training Schools Committee, 1961, have been accepted, and orders for their implementation have issued. Advantage has also been taken, of the offers of the training facilities extended, under the various technical aid plans and programmes by foreign Governments and Agencies. Under these, gazetted and non-gazetted staff have been deputed abroad in connection with training in the design and working of diesel locomotives and electric locomotives, steel foundry, productivity methods, and specialised post-graduate medical courses.

41. Before concluding, I would like to make special mention of the response which Railway workers have so spontaneously made to the defence effort. This response involves not only cheerful acceptance of the increased burden of work during the Emergency, but also voluntary contributions from their wages to the National Defence Fund and subscriptions to various Defence Savings Schemes instituted to strengthen the ways and means position of Government. In addition, organisations of women members of families of railway employees have been collecting and sending substantial quantities of gifts in kind to the jawans.

The implementation of the Railways' programme in the Third Five Year Plan is a stupendous task. The progress so far in the implementation of the programme holds out reasonable hopes of fulfilment by the Railways of the Plan targets. The Emergency has thrown additional burden on the Railways, as the national economy, with which rail transport is closely associated, has to be geared to the defence effort. Railwaymen have risen to the occasion, and have indeed done a splendid job in connection with the Emergency. I have every confidence that they will sustain their awareness of their increased obligations to the country at this juncture, and will do even better than they have done hitherto.

Permit me, Sir, to thank you and the House for the patient hearing given to me.

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