

**Speech of Shri S. K. Patil  
Introducing the Railway Budget  
for 1966-67, on 15<sup>th</sup> February, 1966**

Mr. Speaker,

Sir, I rise to present the Budget for the Indian Government Railways for the financial year 1966-67. In doing so, I shall also refer to certain broad results of the Railways' administration and performance.

**Accounts Of 1964-65** (Financial Results - 1964-65)

2. I shall deal first with the accounts of 1964-65, our last completed year. The financial results have turned out to be quite close to the Revised Estimates but marginally better. Gross Traffic Receipts amounted to Rs. 660.85 crores as compared with the Revised Estimate of Rs. 660 crores; the difference of one eighth of one per cent was because slightly lower earnings from passenger and coaching traffic were more than compensated by slightly more goods earnings and sundry other earnings than anticipated. This marginal increase in earnings has slightly improved the surplus, as I shall explain presently.

Ordinary working expenses were 0.77 crore higher and the dividend 0.41 crore more than the Revised Estimates but these increases were largely offset by savings in miscellaneous expenditure and in open line works charged to revenue. The actual surplus for the year-which was wholly credited to the Development Fund - was Rs. 13.18 crores as against Rs. 12.49 crores forecast in the Revised Estimate.

**Revised Estimates 1965-66** (Gross Traffic Receipts, 1965-66)

3. About this time last year, when the Budget Estimates for the current year were presented, it was estimated that there may be an increase of about 10 million tonnes in originating revenue traffic in 1965-66. This forecast is expected to be amply realised by March this year and even somewhat bettered, since the originating revenue traffic loaded up to the end of December 1965 exceeded the loading in the corresponding period of 1964-65 by 10.35 million tonnes. This in itself is a measure of the gains of planned development and of the basic strength of the economy. It is particularly noteworthy that last year's estimates of increased economic activity and the Railways' ability to support it fully, have been realised and even bettered, despite the additional burdens imposed by the events of September, 1965.

In addition to the welcome increase in originating tonnage of goods carried by the Railways, present indications are that the average lead of traffic too has slightly increased. Further, since there has been improvement in goods loadings in the first nine months of the year over the proportionate targets for the period in certain relatively better rated traffic such as miscellaneous general goods; this too has proved beneficial for goods earnings. In the circumstances, it is expected that goods earnings may reach the figure of Rs. 462 crores as against the Budget of Rs. 441.90 crores. The Budget Estimate of passenger earnings in the current year envisaged a smaller rate of growth than in 1964-65, but the check in the rate of growth has been even more severe because of the setback during the period of hostilities in August / September 1965, and perhaps because of the poor agricultural season. There is likely, therefore, to be a marginal shortfall of about Rs. 1 crore on Budget anticipations of passenger earnings. Other coaching earnings and sundry earnings have shown a substantial increase. Overall, the gross traffic receipts are now estimated as likely to reach Rs. 741.80 crores which is Rs. 25.80 crores or about 3.6 per cent. more than the Budget.

**Working Expenses, 1965-66**

4. This increase is however almost wholly absorbed by the increase in working expenses for certain clearly identifiable reasons. The largest item of increase is the substantial addition to staff costs on account of the widening of the basis for the grant of house rent allowance from 1<sup>st</sup> July 1965 (adding about Rs. 1.76 crores to the bill this year) and, more than that, the grant of two further instalments of dearness allowance decided upon, after the Budget, the first in April 1965 and the second early this month. These took effect from 1<sup>st</sup> March 1965 and 1<sup>st</sup> December 1965, respectively, and their result is to increase this year's working expenses by Rs. 15 crores approximately. Another post-Budget item of importance is an increase of Rs. 4 crores during the year in the cost of fuel owing to successive increases in the price of coal and of diesel oil - the latter on account of the rises in duties in February 1965 and again in August 1965. These and other increases in the price of materials, as also the increased cost of carrying a somewhat higher level of goods and of coaching traffic than anticipated, have led to an overall increase of about Rs. 24 crores in working

expenses notwithstanding the action taken to cut out all avoidable expenditure. Supplementary Demands are being presented to cover this increase.

#### **Other Charges And Surplus, 1965-66**

5. There are only a few marginal variations from the Budget Estimates on other items. With increased earnings thus offsetting increased expenditure, the Railways are expected to earn a surplus of about Rs.29.99 crores, which is slightly better than the Budget Estimate of Rs. 29.24 crores.

#### **Works Expenditure, 1965-66**

6. The Budget Estimate for Capital expenditure on works and rolling stock, both for replacements and additions, was placed at Rs. 345 crores including minor items chargeable to Revenue. Owing, however, to post-Railway Budget factors, such as additional taxes, increase in prices of steel, etc., the cost of the full programmed works and other Capital expenditure for the current year has gone up by about Rs. 16 crores. Nevertheless in view of the need for stringent economy, the increase is proposed to be limited, by a marginal slowing down, to about Rs. 98 crores. The Revised Estimate of all such Capital expenditure is placed at Rs.354.8 crores in the current year. Supplementary Demands will be presented for such expenditure also.

#### **Review Of The Railways' Third Five Year Plan (Railways and the Emergency)**

7. It would be appropriate at this stage to review briefly the implementation of the Railways' Third Five Year Plan. This period has been unique in the history of our Railways. Even while we are developing our rail transport system, it has been put to the test twice in emergent situations created by the violation of our international borders-first in the Eastern region in 1962 and next along our Western Frontiers in 1965. On both the occasions, I am proud to say, the Railways rose to great heights in promptly and effectively fulfilling the rail transport needs of the Defence forces without disturbing seriously the flow of civilian goods and services. These events have proved, if any proof was needed, the immense value of the basic railway network of the country and its vital role both in the growth and development of the economy and in the defence of the country.

#### **Freight And Passenger Traffic: Reshaping Of The Railway Plan (Freight Performance)**

8. After the Mid-Plan appraisal in late 1963, the Railway development programme in the Third Plan was recast to match a freight traffic level of about 245 million tonnes assessed for the year 1965-66. During the first three years of the Plan, Railway capacity for freight traffic was greatly stepped up and the freight traffic actually carried registered an increase of about 35 million tonnes in the annual rate of movement, taking the originating freight traffic to a level of about 191 million tonnes in 1963-64. Strikingly good Railway performance successively in the second and third years of the Plan thus served to clear all the traffic backlog and put rail transport capacity ahead of the consumer demand in principal sectors such as coal and raw materials. In 1964-65, which followed, there was no increase at all in the installed capacity of steel plants in the country. For the Railways, there was an indication, in mid - 1964, of a pause in the rate of growth of traffic. One of the reasons was that with easier availability of rail transport, industries, particularly the major consumers of coal, began running down and holding reduced inventories. The resulting retardation in the growth of bulk materials traffic in 1964-65 was accentuated by more efficient industrial production reducing the ratios of raw material inputs to finished product outputs in several major industries, notably steel, coal washeries and cement. Having regard to the slower rates of growth in the traffic, as also the need to keep down expenditure in a period of rising costs and prices, the Railways re-phased many of their developmental schemes-principally electrification, new lines, doublings and other line capacity works-so that while time consuming elements in construction were tackled, the completion dates were adjusted to fit in more closely with the incidence of traffic demand. The programme of acquisition of rolling stock in the last two years of the Plan was also reviewed in closer detail and as a result, cut back. It is now anticipated that when the Railways enter the Fourth Plan period, the freight transport capacity in terms of rolling stock will be in general just nominally ahead of demand. For specific flows of traffic, such as raw coal to washeries, washed coal and other raw materials to steel plants and iron ore for export through Visakhapatnam and Madras ports, the margin of transport availability over demand will be somewhat more.

On recent trends in traffic, the total traffic expected to be lifted in 1965-66 will be 204 million tonnes originating or a little more, as compared with 156.2 million tonnes in the last year of the Second Plan. In terms of tonne kilometres, the increase is from 88,000 million to about 114,000 million during the Third Plan period. Taking the 15 year period of planned development to the end of the Third Plan as a whole, freight traffic has much more than doubled, with an increase

in tonnage of originating traffic by about 120 per cent. The increase in tonne kilometres - which is a better index - is about 160 per cent. Notwithstanding the present indication of a lower freight traffic aggregate by the end of the Third Plan than anticipated earlier, essential route and terminal capacity works have been steadily progressed on a priority basis within the limited resources, in order to ensure an adequate but more gradual build up of rail transport capacity, to meet the larger needs in the early Fourth Plan period.

#### **Plan Outlay And Railways' Own Contribution (Plan Expenditure Against Rising Costs)**

9. The outlay for the Railway Plan was estimated at the time of the Mid-Plan appraisal in 1963 at Rs. 1,582 crores. The Railways have spent Rs. 1,322 crores during the first four years and have budgeted for an outlay of Rs. 355 crores in the fifth year making a total of Rs. 1,677 crores or 6 per cent more. Throughout the Plan period, prices have increased steadily of basic materials such as cement, steel and non-ferrous metals; so have taxes, such as customs and excise duties and labour wages. But for the judicious rephasing of plan works and a sizeable cut-back in the acquisition of rolling stock taking account of the slower growth in demand for rail transport in the concluding years of the Plan, the rise in Plan expenditure compared with the Mid-Plan allotment would have been higher than the six per cent now expected to be realised.

#### **Foreign Exchange**

While the Third Plan was materially larger than the Second, foreign exchange expenditure in the Third Plan is expected to be only about Rs. 245 crores as against Rs. 320 crores during the Second Plan, largely due to significant development of the manufacture of railway equipment and stores in the country.

#### **Self-Sufficiency In Railway Equipment**

In the Third Plan the Railways have achieved complete self-sufficiency in wagon and coach manufacture and in mechanical signalling equipment and laid the foundations for diesel and electric locomotive production. In the Fourth Plan they expect to meet all their rolling stock requirements within the country, barring some metre gauge diesel locomotives; but import of components would continue for a few years. Track materials are all now indigenously produced. The present partial dependence of wagon building on imported steel will be markedly reduced if not eliminated, when more flat products become available from the expanded output of the Rourkela Steel Plant and the new plant at Bokaro. The Durgapur Steel Plant is in the process of expanding its capacity for wheel and axle production for the Railways.

#### **Railways' Contribution To The Plan**

Despite the somewhat larger capital outlay, the Railways' contribution towards the resources of the Third Plan has been substantially in excess even of the originally targeted proportion - and well over one-third of the outlay on the Railway Plan. The Railways' gross contribution will be about Rs. 638 crores, covering expenditure on open line works charged to revenue, on replacements, on railway users' amenities, staff housing and amenities and in accretions to the various Railway Funds. In addition, of course, the Railways have paid dividend to the General Revenues at an increasing percentage rate on the Capital-at-charge. They may take legitimate pride in the fact that apart from a payment of Rs. 12.5 crores for transfer to the States, they are paying from their earnings a dividend of Rs. 104 crores this year as against Rs. 56 crores just five years ago.

#### **Physical Achievements (New Lines)**

10. New line construction in the Third Plan has been mainly to meet the requirements of industrial, mineral and major port developments on a large scale or to secure the objectives of Defence. Even so, projects, which were programmed earlier, have had to be rephased owing to limitations of resources, though without prejudice to the needs of National Defence and the traffic demands of basic mining and industrial schemes. Including works, which were in hand at the beginning of the current Plan, the construction of 2200 kms. has been completed, as against the original target of 2600 kms. of new line construction. Some of these important new lines constructed to serve industrial and mining projects are the Robertsganj-Garhwa Road and Bauridand-Karonji for coal movement and the Sambalpur-Titilagarh, Bimlagarh-Kiriburu and the Hatia-Nowagaon lines for iron ore traffic. The strategically significant lines Rangapara North to Murkong Selek, Siliguri to Jogighopa and Madhopur to Kathua have also been completed during the period. The Bailadilla-Kottavalasa line for export of iron ore through Vizag port is almost complete and will be opened as soon as the mines are ready to be commissioned.

Among the new lines under construction, mention may be made of the important lines namely the Obra-Singrauli, Katni-Singrauli, Bangalore-Salem, Mangalore-Hassan, and the Rail link to Haldia Port, the broad gauge link from Jhund to Kandla Port and the Guna-Maksi lines. The rephasing of these constructions has been made in such a way that they will be ready in time to serve the needs of the traffic for which they are primarily intended.

As a part of the studies undertaken in advance for planning in detail possible future projects of industrial, mineral and port development, the Railways have surveyed or are surveying several projects. For instance the field work on an Engineering-cure-Traffic survey has been recently completed for a possible new line from Dantewara to Bhadrachalam Road. Surveys have been completed and reports are under preparation on the outlay needed for converting the Miraj-Londa-Goa-Hospet metre gauge sections to broad gauge, as also the Miraj-Kolhapur and Alnavar-Dandeli branches. Feasibility-cum-cost studies have been taken up for new lines in the Dandakaranya region-from Dantewara to Dhalli Rajhara, Ambaguda to Lanjigarh Road and from Bhadrachalam Road to Kovvur. An alignment from Banspani area to the new port at Paradip has been surveyed and certain other alternative routes in this connection are also being investigated.

### **Doublings**

Doubling of track over 3,150 kilometres is expected to be completed and construction will be in progress on another 1,450 Kms. including the East Coast line from Khargpur to Waltair.

### **Conversion To Broad Gauge**

The metre gauge sections Gudivada-Bhimavaram and Vijayawada-Masulipatam have been converted into broad gauge for facilitating higher densities of North-South traffic via Vijayawada. The Poona-Miraj section is also being converted to broad gauge to cater adequately for the increase in traffic consequent mainly on the completion of the Koyna Project in the area. The new B.G. alignment also connects the city of Satara.

### **Dieselisation And Electrification**

Diesel and electric traction has helped the railways to cope with the large increases in traffic on congested routes and is making steady progress. Against an electrification programme of over 2,500 route kilometres initiated, about 1,700 route kilometres would have been brought under electric traction on the A.C. system by the end of the current year. The first phase of 68 route kilometres of conversion of D.C. electrified section to the A.C. system has also been completed. By the end of the Plan about 374 B.G. and 22 M.G. electric locomotives will be in operation. Diesel traction is being steadily extended with progressive addition to the diesel locomotive fleet. The end of the Third Plan will see 465 diesel locomotives operating over 6,000 kilometres on the broad gauge and 167 diesel locomotives operating over 2,000 kilometres on the metre gauge. The proportion of goods traffic hauled by electric and diesel locomotives would have risen, to about 45% from about 10% in 1960-61.

### **Modernisation Of Signalling**

Considerable work has been done on the overhauling, improvement and modernisation of the signalling and train control system. Centralised Traffic Control has been commissioned on the Gorakhpur-Chapra section and is under installation on the Bongaigaon-Changsari route. Yards at Bhilai, Bondamunda, Tatanagar, Waltair, Nimpura and Bhusaval are being mechanised. Moghalsarai and Andal yards were so equipped earlier. Route relay interlocking - for push button handling of a high concentration of train services at stations-is already functioning at Madras Central, Tambaram, Churchgate and Kurla. Howrah and Ahmedabad are the next two major stations to have this system. Automatic signalling has been provided on the Rajkharswan-Sini section.

### **Bridges**

Completion ahead of schedule of the bridge across the Brahmaputra forged a vital permanent link in our Eastern region transport system. A second bridge across the Krishna has been completed near Vijayawada for augmenting capacity for traffic moving south of Vijayawada. Important bridges under construction include the second Godavari Bridge near Rajahmundry, the Mahanadi Bridge on the East coast route and the second Jamuna Bridge near Delhi.

### **Track Renewals**

The programme of track replacements consisting of 12,000 kms. of rail renewals and 11,600 kms. of sleeper renewals, besides other renewals, has been completed. The proportion of rails and other track materials imported has come down very considerably in the Third Plan and we are now self-sufficient in these materials. To supplement the indigenous production of wooden and metal sleepers, the manufacture of concrete sleepers is being pursued.

### **Rolling Stock**

The Rolling Stock fleet has been augmented during the Third Plan by some 1,275 locomotives, about 5,600 coaches and 117,000 wagons.

### **The Railway Convention, 1965**

11. The House has discussed and adopted last December the recommendations of the Railway Convention Committee, which will now come into force from 1<sup>st</sup> April 1966.

### **Depreciation**

It will be recalled that the provision for depreciation is to be stepped up almost twofold from Rs. 380 crores in the Third Plan to Rs. 650 crores, if possible, in the Fourth Plan.

### **Dividend**

Dividend rates are to be substantially increased to 5.5 % on the capital provided up to 31<sup>st</sup> March 1964 and 6 % on all capital provided after that date. The latest change in the dividend rate alone will involve an increase in the Railways' dividend liability by about Rs. 7 crores in 1966-67, the benefit of most of which will go to the States who will receive an average of about Rs. 18 crores in all each year during the Fourth Plan as against Rs. 12.5 crores in 1965 - 66. A beginning is to be made on the amortisation of Railway capital, starting with the element of over-capitalisation.

### **Fourth Five Year Plan (Size of IV Plan)**

12. The country's Fourth Five Year Plan is not likely to be finalised and adopted until later this year and the final allocation of funds for the Railways' Plan has yet to be determined.

### **Traffic Forecast**

Indications are that the capital outlay likely to be earmarked for expansion is of the same order as in the Third Plan even though the increase in traffic anticipated, particularly freight traffic, is much larger than the expansion of capacity provided for in the current Plan. On the basis of anticipated growth in the economy, more specifically in those sectors which make the maximum demand on rail transport, such as the iron and steel, coal and cement industries, the mining of iron ore for export, petroleum products, fertilizers, foodgrains and other commodities that generally move in full wagon loads or even train loads, the originating freight traffic expected to be transported in 1970-71 is 320 million tonnes.

### **Transport Performance In The Current Year And Outlook For 1966-67**

13. As I have already mentioned, the forecast made last year of a 10 million tonne aggregate increase in originating rail freight traffic in 1965-66 is expected to be amply realised this year notwithstanding fluctuations in recent weeks especially in coal traffic.

### **Increase In Rail Capacity**

Steady gains from the expansion of capacity over the major routes of the railway network have been in evidence through out the last twelve months. Especially worthy of mention is the progress achieved in the route to Assam. The timely augmentation of wagon ferry capacity across the Ganga between Farakka and Khejuriaghat, the completion of the new broad gauge line from Siliguri to Bongaigaon in record time and the opening of the new transshipment shed at Bongaigaon have together proved to be of immense value. Because of these steps and the effective co-ordination achieved between rail, road and river transport along the Bongaigaon-Jogighopa axis, the flow of goods to and from Assam continued unabated in spite of the sudden closing down of the all-river route from Calcutta last September. On the other difficult and important route, the East coast route to Vijayawada via Waltair, an improvement of more than 15 % in freight throughput performance was recorded. Further gains in capacity will accrue as more of the through doubling of this route is progressively opened, along with the completion of the yard expansions at Waltair and Vijayawada.

### **Foodgrains**

Movement of foodgrains, imported and indigenous, continued to get priority attention, with the Railways making a major contribution in the transport system in evening out regional imbalances. In May 1965, a record was created in the clearance of foodgrains from ports.

### **Passenger Services**

14. Improvements in the passenger services initiated last year have been substantially reinforced this year. In addition to two new Janata trains between Ahmedabad and Viramgam and Mehsana and Okha, 83 new trains have been introduced - 49 on the broad gauge and 34 on the metre gauge. The runs of 44 existing trains - 14 on the broad gauge and 30 on the metre gauge have been extended. The suburban services have benefited by another 24 new trains and the extension of runs of 13 existing trains. All these new and extended services have added nearly 17,000 train kilometres daily to passenger train operations.

### **Higher Speeds And More Accommodation**

The House is aware that provision of more accommodation and speeding up of Mail and Express trains has been engaging the Railways' attention. In the time-table effective from October 1965, the overall journey time of 185 trains has been reduced. Application of electric and diesel traction to passenger trains will not be possible on any significant scale until more of such locomotives become available from our own production units. A modest beginning has, however, been made. The Howrah-Madras Mail, which is now operated both ways by diesel engines, takes 3 to 4 coaches more and the journey time has been reduced by over 4 hours in one direction and over 3 hours in the other. The Howrah-Delhi Mail now hauls two more bogies between Howrah and Mughalsarai; diesel engines haul this train between Howrah and Asansol and electric locomotives between Asansol and Mughalsarai. The carrying capacity of these very popular trains has thus been substantially enhanced and their performance improved.

### **Freight Outlook 1966-67**

15. Analyses of rail traffic anticipations for 1966-67 indicate a possible increase of up to 12 million tonnes in originating freight over the 1965-66 anticipated traffic level of 204 million tonnes. The bulk of this increase will be, as in the current year, in steel plant traffic, coal for other users, and export ore and cement. Rail transport being a very significant factor in effecting expeditious clearance from ports and in rectifying at very short notice regional imbalances, the Railways have to be prepared for effecting speedy movements by providing an adequate margin in capacity, especially in rolling stock. The traffic in foodgrains may be expected to increase materially because of higher imports next year though this would be partly offset by the smaller expected production in the country. Demands for the movement of other general goods including petroleum products are also expected to increase to the extent of perhaps a million tonnes.

### **Budget Estimates For 1966-67 (Gross Traffic Receipts, 1966 -67)**

16. In the light of the above assessment of the likely growth of goods traffic and having regard to the fact that the bulk of the increase in traffic is postulated in low-rated commodities such as iron ore for export, coal, raw materials to Steel Plants, food grains etc., it is estimated that goods earnings in 1966-67 would increase to Rs. 488 crores as against Rs. 462 crores assumed in the Revised Estimates for the current year. An increase of Rs. 1.70 crores in other coaching and in sundry earnings together is assumed after a study of the current growth trends and other relevant factors. The current year has already witnessed a check in the growth of passenger travel and one has to take into account the likelihood of this tendency for a pause in traffic to harden with the serious drop in agricultural output and agricultural incomes expected this year. Nevertheless, on the basis of a measure of optimism regarding the possible improvement of conditions before the close of the Budget year, passenger receipts are placed at an estimated Rs. 227.20 crores in the coining year as compared with the Revised Estimates of Rs. 220.50 crores for the current year.

### **Expenses**

17. In the aggregate, the assessment is that the total traffic receipts are likely to go up from Rs. 741.80 crores to Rs. 777.23 crores. In the normal course this additional revenue has to meet the extra cost of moving the additional traffic as also to cover the additional depreciation and the extra dividend payable on the additional capital and only the balance, if any, can be taken as surplus. Normally, with working expenses and the operating ratio at a steady level, an increase in traffic growth and revenue of this order would have sufficed more or less to meet the costs of carrying the additional traffic and the additional depreciation and dividend, even though the

provision for depreciation will have to be increased in 1966-67 by as much as Rs. 15 crores above the provision for this year, following the recommendation of the Convention Committee. There are, however, certain additional factors to be taken into account. As the Convention Committee also recognised, their recommendation to step up the rates of dividend payable by the Railways during the Fourth Plan will cost the Railways an additional sum of the order of Rs. 7 crores during 1966-67 as compared with the dividend that would have been payable if the 1965-66 rates had been continued. Post-budget increase in costs, which began to apply one by one during the course of 1965-66, such as the successive increases in the price of coal, the additional levies on diesel oil or the more liberalised house rent allowance etc., will now apply for the full year 1966-67 and to that extent worsen the position; apart from these, the further instalment of dearness allowance decided upon only this month will in itself add nearly Rs. 10.5 crores to ordinary working expenses in the coming year. Under these circumstances, it has become unavoidable to enforce some modest measures for securing additional revenue of the order of Rs. 18 crores at least, if only to offset the effect of the important items that I have mentioned, though the anticipated surplus of the year would still be on the low side. As I pointed out last year, the current rates and fares were not fixed at a level which left any cushion for new commitments or further increases in costs; but even when the need to ensure the continuing financial soundness of the Railways has compelled an adjustment, this is being kept down to the absolute minimum.

### **Changes In Rates Structure (Season Tickets)**

18. I now come to my proposals. I may first mention that there will be no increase in passenger fares. It has been decided in fact to make a slight reduction in season ticket charges for journeys beyond 20 kilometres in all regions other than those around the cities of Madras, Bombay and Calcutta; in the latter regions season ticket fares are already low and will not be changed.

### **Freight Surcharge**

The principal change proposed is a surcharge at the rate of 3% on goods rates generally - exempting only export iron and manganese ore and the commodities charged even now at highest of the existing goods rates viz., those above 100 - B. Defence, P & T and the Railways' traffic in their own materials will not be affected by these changes, since they are governed by special rules. It will be recalled that there was no enhancement made last year in goods rates generally and upward adjustments were limited only to a few bulk materials moving at comparatively low rates.

### **Coal, Salt And Other Adjustments**

It is necessary to consider this year, though not for any wholesale revision of the basic tariff, the categories (i) coal and coke, and (ii) salt, which were not touched at all in last year's adjustments. The position is that the movement of these bulk commodities for very long distances is at present uneconomic because of the excessive taper in the existing telescopic rates. Accordingly, while no change is to be made in the basic tariff rate for movement of coal, coke and salt up to 800 kilometres, it is proposed to effect relatively small increases in the existing rates for movements beyond 800 kilometres, by diminishing the existing taper above that distance. The maximum increase at the largest distance will be limited in the case of coal to Rs. 4 per tonne on existing freight rates which level of increase will be reached only for distances beyond 1,860 kilometres. The maximum increase for salt at any distance on account of the revision in the tariff rate will be Rs. 3.50 per tonne. I may mention that even after the surcharge of 3 % is added, the increase in freight rates at 1,000 kilometres would be only 0.18 paise per kilogramme of salt and even at 2,000 kilometres just 0.53 paise per kilogramme i.e., near about half-a-paise. Almost half the total salt movement and about 58 % of the coal movement by rail are for distances of 800 kilometre; or less and will not be affected by the revised classification. The general surcharge of 3 % and these changes are together expected to yield about Rs. 18.10 crores. Some further changes proposed, which would also bring rates closer to costs, are expected on the balance to cancel out giving no additional revenue. A reduction will be made in the rate for a number of commodities in common use including sugar, tea, biscuits, medicines, hydrogenated oil and other items of consumer goods where the existing Railway rates are considered to be high enough to permit the proposed reduction. This tariff revision, applicable both to wagon loads and smalls, will carry further the process of downward adjustments in certain existing rates that was initiated in 1964. The existing 20 % surcharge on very small goods consignments will, on the other hand, be made applicable to all consignments of less than, one tonne moving under Class B and consignments of less than 5 tonnes moving under the present very low Class A rates. This adjustment is necessary because the carriage of such small consignments is uneconomic and not compensated by the existing difference between the rates for wagon load and less than wagon load traffic.

**Additional Revenue And Surplus**

19. After taking into account all the adjustments in freight rates proposed yielding an estimated additional revenue of Rs. 18.10 crores in all, the surplus after meeting the obligatory dividend is assessed at Rs. 22.19 crores. It has been the practice for several years now, as the House is aware, to appropriate the entire surplus to the Development Fund. Expenditure chargeable to the Development Fund, which includes capital expenditure on passenger and other user amenities, employee housing, hospitals and schools, unremunerative but necessary operating improvements etc., totalled up to about Rs. 134 crores in the Third Plan or an average of more than Rs. 26 crores per year. The estimated requirements of similar expenditure, which can be met only from the accruing surpluses, is Rs. 30 crores per year on the average during the Fourth Plan. This is the average surplus that has to be raised. Because of the unfavourable circumstances already mentioned, the Railway surplus is not expected to exceed Rs. 22.20 crores in 1966-67 and I have necessarily to content myself for the present with the hope that costs may level off and the surplus may improve in the coming years, as the result of growth in traffic and redoubled efforts to increase economies.

**Works Expenditure, 1966-67**

20. With the limited availability of resources, it has become necessary for the Government to review capital investment programmes and fix ceilings for such expenditure, which are lower in certain cases than in the current year. So far as the Railways are concerned, the allotment for expenditure of a, capital nature - apart from the expenditure on replacements, financed from the Depreciation Reserve Fund - has been limited to Rs. 225 crores in the Budget year as against Rs. 314.24 crores in 1964-65 and Rs. 282.49 crores in 1965-66. Flowing from this severe restriction, it has become unavoidable both to curtail drastically the programmes for new works in the Budget year and suitably to rephase works in progress.

**Rolling Stock Manufacture** (Indigenous wagon production and export)

21. From small beginnings in the early fifties, wagon production capacity in the country today has reached a level of around 2,500 to 3,000 four wheeler unit equivalents per month - sufficient for current needs and for those of the immediate future, including a reserve for export. The greater part of the installed capacity is in the private sector of industry. For the economy, this building up of capacity represents a substantial contribution to the overall structural manufacturing capability and to the developing of new skills and know-how in the technology of welding, of steel work fabrication and of production line assembly systems. The House will be interested to know that an Indian manufacturer has successfully competed for and secured an export order for 480 goods wagons valued at about Rs. 1.6 crores. There is hope of securing more export orders.

**Chittaranjan Locomotive works**

22. The Chittaranjan Locomotive Works, now in its sixteenth year of production, has so far delivered nearly 2,000 broad gauge steam locomotives. In response to the changing traction requirements of rapid traffic growth, the first step in diversification of production at Chittaranjan was taken in 1961, when the manufacture of 21 broad gauge D.C. electric locomotives was organised and completed by May 1963. Thereafter, the Works embarked on a programme of gradual adaptation of facilities to electric locomotive manufacture aimed at an initial outturn of 72 broad gauge A.C. units annually, rising ultimately to perhaps double that number. In the Third Plan, deliveries will total 803 steam and 85 electric locomotives, the outturn in 1965-66 alone being 138 steam and 35 A.C. electric units. In 1966-67, the factory is expected to produce 120 steam and 75 electric locomotives. The addition of some items of balancing machinery will enable the Works to take up the manufacture of the heavy traction motors required in electric locomotives; other electrical gear is being supplied progressively by Heavy Electricals, Bhopal. The new Steel Foundry at Chittaranjan reached an output of 800 tonnes of steel castings per month in July 1965 and will be operating at its full rated capacity of 850 tonnes of castings per month by the end of 1966, by which time all items of equipment needed will have been received and installed.

**Diesel Locomotive Works**

23. The Diesel Locomotive Works, Varanasi, even in the course of its being established, turned out the first broad gauge diesel locomotive in January 1964 and is expected to complete about 60 locomotives before the end of the current financial year. The installation of manufacturing facilities at this factory will be completed fully later in 1966. The present production rate of four locomotives per month is, being stepped up with a steadily increasing proportion of indigenous content. Considerable progress has been achieved in locating capacity and promoting production by both private and other public sector



industries, of bought-out items required by the factory for the manufacture of the diesel engine and its sub-components, parts and spares.

### **Integral Coach Factory**

24. The Integral Coach Factory, which commenced production in 1955, has so far delivered about 4,700 coaches. The Furnishing Unit, added nearly eight years later, has equipped 2,700 coaches and its output is now matched to that of the parent factory. Production is now fully diversified. Besides a variety of broad and metre gauge passenger coaches of all classes, the factory now manufactures electric-multiple unit suburban stock with electrical equipment supplied by Heavy Electricals, Bhopal, and has recently produced two metre gauge prototype diesel railcars.

The coaches built at the Integral Coach Factory have been supplemented by those built at the public sector rail coach unit under the Defence Ministry in Bangalore and in the private sector. In addition to large replacements of old stock that have been carried out, a very useful contribution has been made to the progressive elimination of overcrowding in that additions have been made faster than the general increase in traffic during the Plan periods.

### **Suburban Traffic**

25. The number of passengers transported increased by about 65% during the 13 year interval. The increase in traffic in the suburban areas, especially of Madras, Bombay and Calcutta, was much higher than this average and was mostly carried in EMU stock, the provision of which was increased by 114% on the broad gauge; on the only electrified metre gauge section in Madras, the increase in EMU stock was 33.3%.

### **Productivity**

26. While presenting the Budget last year, I spoke on the successful measures taken to enhance greatly the productivity in Railway workshops. This subject continues to receive sustained attention both from the point of view of manpower and cost control. Incentive schemes, hitherto so successfully applied in the Mechanical Repair Shops, are being extended to the Electrical Repair Units and the Civil Engineering and Signalling and Telecommunication Workshops.

### **Work Study**

27. The Ministry of Railways have also decided on the introduction of work study techniques on the Railways with the objectives of increasing productivity and efficiency and maximising economies. Vigorous analyses of existing methods of working will be conducted with a view to introducing improvements wherever possible. In the initial stages, three zonal railway systems will be covered by the scheme for the scrutiny of different categories of operation by fully trained work study teams. The Railways have also set up their own courses of training in work study both for officers and subordinate staff through which it is hoped to foster a general analytical attitude in railway management and operation besides obtaining trained personnel for all specific studies.

### **Safety**

28. The response to the various measures taken to arouse safety consciousness among staff and to provide them with better tools and conditions of work has been encouraging. Over 50,000 railwaymen directly concerned with the working of trains have passed through safety camps organised on the model of 'Summer Schools'. Safety Officers and Counsellors contact on the average about 40,000 operating staff every month, discuss and educate them on problems concerning safety in day-to-day operations. Staff who display special alertness in averting accidents or who have excellent records of safety are suitably rewarded. Safety shields are being awarded periodically for the best record of performance in yards, stations and divisions. I have also instituted an Inter-Railway Safety Shield to be given to the Railway with the best safety record of the year. A psycho-technical cell is now functioning in the Safety Directorate of the Railway Board for studying the personality characteristics that tend to make some employees accident prone. Pointsmen, Cabinmen, Drivers and Motormen are the categories so far covered in the studies. Another study is being undertaken on the effect of fatigue on work and safety performance

### **Financing Safety Works**

In December 1965, a pamphlet showing the action taken on the recommendations contained in the two reports of the Kunzru Committee was placed on the Table of the House. Of the 462 recommendations, decisions had been taken on all except four which had long term implications

and required consultation with other organisations. Since then, one more suggestion has been accepted. The proposal initiated by the Railway Ministry has been accepted by the Convention Committee and Parliament, to contribute to the General Revenues a further sum, averaging about Rupees two crores annually in the Fourth Plan period, to assist the States in providing their share of the resources required to finance safety works such as manned level crossings and over or under-bridges.

### **Departmental Catering**

29. On a sales turn-over of nearly Rs. 4 crores, in 1963-64, departmental catering showed for the first time a small profit. The sales turn-over increased in 1964-65 to Rs. 4.45 crores but because of increasing prices and costs, the transactions of the year resulted in a loss of about Rs. 3 lakhs i.e. less than one per cent on the turn-over. Continued attention is being devoted to the greater use of better equipment for improving the quality of the service and of the food served, as well as in the effort to keep rising costs in check.

### **Railway Protection Force**

30. The Special Emergency Units of the Railway Protection Force raised after 1962, have once again demonstrated their utility and efficacy in protecting railway property and vulnerable installations both during the civil disturbances last year in Madras and Bihar and during the September Emergency along the Western frontiers. In safeguarding railway property against thefts, the Railway Protection Force had during 1965 to open fire in self-defence on 18 occasions against organised wagon looters. The number of arrests made under the Railway Protection Force Act rose from 3972 in 1963-64 to 5630 in 1964-65.

### **Staff (Labour Relations)**

31. Labour-management relations have been good throughout the year. The Permanent Negotiating Machinery has proved generally a valuable instrument for tackling various problems in a responsible and purposeful way at the highest level of administration. The Joint Committees of Officers and Staff, established at various levels, for improvement of operational and administrative efficiency and the Production Committees in which labour is associated with management in selected workshops, have both functioned satisfactorily.

### **Amenities**

The Railways have 21 holiday homes located at hill stations and other places of recreation. A new holiday home was opened in Srinagar in 1965-66. During 1964-65 over 2,500 employees availed of these facilities. During 1964-65, 14,130 staff quarters were constructed and it is hoped to add about the same number in the current year as well.

### **Education**

Though education is the responsibility of the State Governments, the Railways have continued to maintain a number of Primary, Middle and Higher Secondary Schools and have extended these facilities as necessary and feasible. There are now 755 Railway Schools out of which 45 are Higher Secondary, 23 Middle and 687 Primary. During 1964-65, two Higher Secondary Schools and 18 Primary Schools were opened and two Middle Schools were upgraded to the Higher Secondary standard. Financial assistance is also rendered to a number of non-railway schools catering to the needs of children of railway employees. Under the scheme instituted ten years ago, for award from the Staff Benefit Fund of scholarships for technical education, the number of scholarships awarded each year has recently been raised from 1,000 to 1,142. In 1964-65, the scheme involved an outlay of nearly Rs. 11 lakhs covering 2,801 scholarships, including those awarded during the year.

### **Research, Designs And Standards Organisation**

32. Considerable progress has been made in the matter of building up the Research, Designs and Standards Organisation to the status required to enable this organisation to function effectively as technical consultants to the Railways. The research and developmental activities of this organisation have also been expanded. There has been a 16 % increase in the technical cadre of the organisation during the past one year. Except for the Chemical and Metallurgical Wing at Chittaranjan, the entire organisation has now been centralised at Lucknow.

**Track Research**

In the field of developmental research, valuable work has been done as regards railway track. Though these investigations have to be continued over a long period for completion, they have already yielded valuable information, which is now being used by the Indian Railways and may prove to be an important contribution towards world knowledge on this subject.

**Conclusion**

33. I shall shortly conclude. It was a year ago that I brought to the attention of the House the difficult period through which the Railways had been passing when the additional traffic for which they planned did not materialise. The position has since brightened and a normal rate of growth has been resumed in the current year and at a level close to our expectations; meanwhile, the programme of railway expansion has been planned and reshaped and its tempo adjusted somewhat. I trust the House will agree that notwithstanding many difficulties, including an increase in taxes, prices and wages, we have had a generally satisfactory year.

Over a million people, working round the clock, run the railways; in any emergency, big or small, railwaymen throughout the length and breadth of the system have given a splendid account of themselves. It is a matter of gratification to them that their willingness to make, beyond the call of duty, even the supreme sacrifice, has not gone unrecognised by the Nation. It is our hope that by hard work and continued devotion to duty in the years to come, they will steadily enhance even further the value of their services to the country.

\*\*\*\*\*