14.07 hrs.

RAILWAY BUDGET, 1967-68

The Minister of Railways (Shri C. M. Poonacha): Mr. Speaker, Sir, I rise to place before the House the Railway Budget Estimates for 1967-68.

In presenting the interim budget to the House last March, I had indicated that against an earlier expectation of an increase of 12 million tonnes in revenue earning traffic in 1966-67, only 4 to 5 million tonnes more was likely to materialise during the year, and I had accordingly scaled down the estimate of goods earnings from the budget figure of Rs. 506 crores to Rs. 493 crores. Since the Railways had by the end of January 1967 lifted about 4 million tonnes more than in the corresponding period of the previous year, it was reasonable to expect that loadings in the last two months of the financial year would be about a million tonnes more than in the previous year. But, according to preliminary figures now available, not only was there no increase during these months but loadings actually fell below those of February and March, 1966 by as much as 1½ million tonnes. Therefore for the whole year 1966-67, we are likely to get an increase of barely 2½ million tonnes of revenue earning traffic over that of the previous year. Consequently, a shortfall of about Rs. 10 crores in earnings from goods traffic is likely to occur on the March Revised Estimate of Rs. 493 crores. Fortunately, the earnings under other heads, namely, passenger, other coaching and sundries remain very close to the Revised Estimates. Earnings in Suspense awaiting collection are, however, reported to be about Rs. 2¼ crores more than was anticipated, so that Gross Traffic Receipts for the last year are likely to be about Rs. 13 crores less than the Revised Estimate of Rs. 784 crores.

Ordinary Working Expenses also are likely to be Rs. 4·38 crores less than the Revised Estimates and dividend payable to General Revenues about Rs. 23 lakhs less. With all these variations, the deficit for 1966-67 is now likely to be of the order of Rs. 24 crores, i.e., about Rs. 9 crores more than was estimated in March. The final figures of earnings and expenditure for the year will be available only when the year's accounts are closed in July, but the deficit is unlikely to vary substantially from the figure of Rs. 24 crores I have mentioned.

The Budget Estimate for the current year presented in March having been framed, as usual, on the basis of the Revised Estimates of last year and taking into account likely variations in traffic, has to be scaled down now as a consequence of the shortfall of about Rs. 10 crores in Goods earnings last year, to which I have just referred. Note has been taken of traffic trends in February, March and April, and the estimate of 8½ million tonnes of additional traffic anticipated in the current year has also been reviewed in consultation with the Planning Commission and the principal Ministries concerned. Although the estimate of 8½ million tonnes of additional traffic is being retained, I have considered it prudent to estimate the additional earnings very conservatively. The total gross earnings from Goods traffic at present levels of freight rates have, therefore, been now estimated at Rs. 507 crores—an increse of only Rs. 24 crores over last year, and Rs. 19 crores less that the estimate presented last March. No change is necessary in the estimate of passenger earnings which was placed at Rs. 237 crores; but other coaching earnings are now estimated at rupees half a crore more and sundry earnings at about rupees one crore more and Suspense at rupees half a crore less than the March estimates. The estimate of Gross Traffic Receipts in the current year at the present level of charges would thus stand at Rs. 809 crores against Rs. 826 crores estimated in March last—a reduction of Rs. 17 crores.

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Turning now to working expenses, the report of the Gajendragadkar Commission on Dearness Allowance is expected to be received by Government shortly, and, while ie is difficult to anticipate the Commission's recommendations and Government's decisions on them, prudence requires that in view of the increase in the cost of living since the last review of Dearness Allowance rates, some provision should now be made for an increase in Dearness Allowance during the year. Accordingly, an *ad hoc* provision of Rs. 13·30 crores has been made for this factor in the estimates now presented of expenditure under the demands for working expenses. After the interim budget was presented in March, coal prices have been revised with effect from the 1st of April, 1967. It is , however, not proposed to make any extra provision for fuel at this stage, since the provision already made in the interim budget contains a cushion roughly equal to the fuel saved by the shortfall in goods traffic last year. The effect of the increase of steel prices on working expenses is estimated at Rs. 70 lakhs, and this has been included in Demand 5—Repairs and Maintenance. These two elements and up to an increase of Rs. 14 crores in working expenses.

The reduction of Rs. 17 crores in earnings and the increase of Rs. 14 crores in expenditure creates a gap of Rs. 31 crores in the Budget as presented in March. It will be recalled that the deficit of the outgoing year, which was estimated as Rs. 15 crores in March, had to be met by withdrawal from the Railways' Revenue Reserve Fund. The deficit has now increased to Rs. 24 crores. Considering the general budgetary position and the many other demands on general resources, it is out of question to fill the current year's gap by a further withdrawal from the Railways' Revenue Reserve Funds which is banked with General Finances and forms part of the balances of the Government of India. I am sure the Hon'ble Members will readily appreciate that an adjustment generally in an upward direction of the level of railway fares and freight has become absolutely unavoidable.

Increase in goods freight rates has a direct and often an immediate effect on the price level while increase in passenger fares, particularly non-suburban, has little or no inflationary effect. But the raising of additional revenue by increasing passenger fares has its own limitations. I have, therefore, considered it advisable to distribute the increase more or less equally between goods and passenger traffic. It is proposed to increase the supplementary charge on goods freight rates from the present 3 per cent. to 6 per cent. with effect from the 15th of June. This should bring in about Rs. 15 crores additional earnings in a full year. It is also proposed to make some adjustments in the freight rates on coal for distances exceeding 515 kms., since the present freight on coal moving beyond this distance falls progressively short of even the cost of its movement. This revision should bring in additional earning of Rs. 4½ crores in a full year. It is also proposed to rationalise the rates for Goods traffic in "smalls", i.e. less than full wagon loads, for which also the cost of movement itself substantially exceeds the earnings. This proposed rationalisation is expected to bring in Rs. 2 crores in a full year. The present special rates applicable to manganese and iron ores for export are also being suitably raised in view of the higher prices in terms of rupees realised for the ores after the devaluation of the rupee. This is expected to bring in additional earnings of about Rs. 1½ crores in a full year. It is thus expected that about Rs. 23 crores will be realised in a full year from all these proposals, but not more than Rs. 19 crores during the period of 9½ months that these changes will be effective in the current year.

Coming now to my proposals for increase of Passenger fares, the details of which are given in the pamphlet circulated with the budget papers, it will be of interest to the Hon'ble Members to know that 39 per cent. of non-suburban passenger earnings are derived from Third Class traffic by Mail and Express trains and 48 per cent. from Third Class traffic by ordinary trains, only the balance of 13 per cent being from the Upper Class traffic. Statistics for 1965-66—those for 1966-67 are not yet available—indicate that nearly 930 million passengers travelled at Third Class ordinary fares out of the total of 1,072 million passengers, and about 50 per cent of them travelled for distances within 25 kms. and another 25 per cent. for distances between 26 and 49 kms. Third Class fares for journeys by ordinary trains up to 50 kms. have been traditionally kept at a specially low level because of the very large proportion of passengers performing such journeys, and our present proposals for revision of these fares also aim at keeping the increase as low as possible. The minimum fare of 10 paise for distances up to 5 kms. is being raised to 1·5 paise. This increase would be fully justified on the ground that such very short distance travel is most unremunerative for the railways; even the printing and issue of the ticket costs about 3·74 paise. The increase should bring some additional earnings with almost negligible burden thrown on rail travellers as the distance between two stations is normally more than 5 kms., except in the case of suburban stations in the vicinity of large cities and towns; but since most of the passengers in suburban areas travel on season tickets, which carry a very heavy element of concession, the effect of this change on them also would not be significant. The increase in the fare for distances of 6 kms. to 22 kms. is limited to 2 or 3 paise, and the increase at 23 kms and beyond up to 47 kms. to 5 paise (except at 24 kms. where it is only 3 paise). The variation in the extent of increase namely, nil in a few cases and 2 or 3 or 5 paise in others, is due to the fact that opportunity has now been taken to round off these fares also to the nearest 5 paise as in the case of fares or distances above 24 kms. (This we have done because of the constant complaints about shortage of change at the stations and consequent inconvenience or loss to the passegers). For journeys beyond 50 kms. the increase in fares is 7½ per cent. up to 500 kms. and a flat increase of 85 paise beyond 500 kms. Considering the extent of the rise in the general price level in the last two years, I hope the House will agree that this increase is very moderate.

In the case of Third Class Mail and Express fares the increase will be 12½ per cent. for distances up to 1,500 kms. which will give an increase of Rs. 4·20 at that distance, and a flat addition of Rs. 4·20 to fares for distances beyond, so that the maximum increase will be Rs. 4·20. Only 12 per cent. of the total number of passengers travel by Third Class Mail and Express trains. I am confident that the resultant increase differential between Third Class ordinary fares and Third Class Mail and Express fares will have the very desirable effect of discouraging passengers from using long distance trains for very short journeys. Nineteen per cent. of the journeys by Mail and Express trains were for distances of 25 kms. or less and another 15 per cent. for distances ranging between 26 and 49 kms. and this has contributed substantially to the considerable overcrowding on these through trains which is the cause of much annoyance and discomfort to long distance passengers.

Coming now to the upper classes of passenger travel, a 15 per cent. increase is proposed in the fares for the Air-conditioned Class and in the surcharge for the Air-conditioned Chair Cars. Deluxe train services have been increased recently with the construction, at considerable cost, of four more rakes and increase in the charge for this popular service should be considered justified and reasonable in terms of the capital and operating costs of this service.

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First Class fares, which are the same for mail and Express and ordinary trians, are proposed to be raised by 15 per cent. for distances up to 1,500 kms.—which will give an increase of Rs. 15·50 at that distance—and a flat increase of Rs. 15·50 for distances beyond 1,500 kms. Mail and Express fares for the Second Class will also be raised by 15 per cent. upto 1,500 kms., and the increase of Rs. 9.25 reached at that point will be added as a flat increase for distance beyond. But Second Class ordinary fares are to be increased by only 12½ per cent. up to 500 kms. and 10 per cent. beyond 500 kms. up to 1,500 kms and the increase of Rs. 5·45 that will be reached at the distance of 1,500 kms. will be added as a flat increase beyond that distance. The minimum fare for the Air-conditioned Class is to be raised from Rs. 5 to Rs. 10, and the minima of Rs. 5 for the First Class and Rs. 3 for the Second Class Mail Express are to be laid down. Charging of these minima should have the very desirable effect of reducing overcrowding in Mail and Express trains

Reservation charges are being increased from the present 50 paise in the case of First Class to one rupee and from 25 paise in the case of Third Class to 50 paise, and the price of platform tickets will be raised from 10 to 15 paise. As Hon'ble Members are aware, the existing low reservation charges have remained unchanged for many years despite the several special measures adopted in recent years, at no inconsiderable cost, including the installation of teleprinters, to provide a better service in this regard to the travelling public. It will be our endeavour to continue to improve this service further.

It is proposed to increase suburban monthly season ticket fares by 10 per cent. but to limit the increase to Rs. 1 per Third Class monthly ticket in the Bombay, Calcutta and Madras areas. All these proposals together are expected to fetch Rs. 24 crores in a full year and Rs. 19 crores for the 9½ months from the 15th of June in the current year.

These increases raise the estimate of earnings from passenger traffic from Rs. 237 crores as shown in the March budget to Rs. 256 crores and the estimates of Goods earnings from Rs. 507 crores, which is now being adopted as the revised figures at current rates for the reasons I have already explained, to Rs. 526 crores, which happens to be the same figure as in the March estimates. Total Gross Traffic Receipts as now estimated will amount to Rs. 847 crores for 1967-68.

Out of the increase of Rs. 21 crores in earnings, it is proposed to appropriate Rs. 6 crores to the Depreciation Reserve Fund, raising the contribution for the year from Rs. 99 crores, as shown in the March Budget to Rs. 105 crores. While presenting that budget I had drawn the attention of the House to the inadequacy of the provision I was then able to make and to the need for increasing it at the earliest possible opportunity. The provision now being made will still be Rs. 5 crores less than the expected withdrawal from the Fund during the year and Rs. 10 crores less than the figure of Rs. 115 crores recommended by the Convention Committee and approved by Parliament for appropriation to the Fund in 1967-68.

Taking into account a reduction of Rs. 28 lakhs in the March estimate of dividend and the increase of Rs. 14 crores in ordinary working expenses mentioned earlier, an amount of Rs. 1.28 crores will be left as revenue surplus. It will be evident from this nominal surplus that the proposals for revision of freight rates and fares have been kept down to the absolute minimum necessary for avoiding a deficit. I am conscious of the fact, and concerned about it, that if wages and prices continue to rise beyond the present levels or the expected additional traffic fails to materialise, both of which are not beyond the realms of possibility, we will perforce still end the current year with a deficit.

In presenting these estimates I would like to assure the House that I have taken fully into account the views expressed last March, both here and in the other House, on the necessity for the strictest possible economy in expenditure. Roughly 63 per cent of ordinary working expenses is on staff costs and 37 per cent on materials and equipment. The House will appreciate that the level of prices for materials and the level of wages of the staff are, for all practical purposes, beyond the control of the Railways, depending as they do on the general economic conditions in the country and the cost of living. The Railways can control only the quantities of materials used and the number of staff employed. It is well known that the number of men employed on the Indian Railways is much lager than on Railways in the more advanced countries of the world. This has come about over a long period of time, when conditions here have been very different from those obtaining, say, in the U.S.A., the U.K. or Japan. While the employement potential of the Indian Railways remains no doubt a factor of importance to the country's economy the rise in wage levels in recent years and the present financial position of the Railways do not permit its being given any undue importance. It has been impressed on Railway Administrations that in order to preserve the financial viability of the Indian Railways it is necessary to limit the expenditure on staff in future to the maximum extent possible. The ban on recruitment that has been effective from August last year will, therefore, have to be continued, exceptions being allowed only where additions cannot be avoided for the operation of larger volumes of traffic, and the proper maintenance of the expanding assets or when additional staff would assuredly add to safety of operation or increase the earnings to a substantially greater extent than the cost of the additional staff. The consciousness is steadily growing at all levels on the Railways of the supreme need for keeping a strict control on further increase in the number of staff and for economy in expenditure in every possible direction, particularly in administrative offices and earnest efforts are being made to achieve this objective.

In view of the inflationary forces at work in the economy and the scarcity of resources, expenditure on Works has also been brought under increasingly strict control. Priority in future investments would be on schemes, which will maximise the return from capital investments that have already been made or which will quickly improve the earning capacity of the Railway. Railway Administrations have been informed that they cannot expect any increase over the March estimate of Rs 305 crores on Works and Rolling Stock in spite of the recent increase in steel prices. Increasing efforts are being made to reduce inventories on Railways, particularly by the disposal of scrap and other material released from renewals. There is an unceasing endeavour to obtain better value from investments already made in capital assets, and the programme of new constructions has been rephased to cater only to the requirements of the immediate future. In short, no effort is being spared to instil economy consciousness at all levels of this wide-spread organisation. Having highlighted this important point I wish to assure the House at the same time that we shall not allow our economy measures to impair the efficiency of the railway system or its capacity to meet fully the demands for railway transport as they may develop in the coming years. About this we shall be ever alert and timely action will be taken. In fact, in achieving economies our miximum emphasis will be on better and more efficient management and utilization of our existing and future assets.

Similarly, an all out effort is being made and will continue to be made,

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to increase the earnings of the Railways, both from passenger and goods traffic, and from all other sources of income. I would request the Hon'ble Members to appreciate, however, that these measures whether they be for securing economy in expenditure or for improving the earnings of the Railways, naturally take a considerable time to produce results. Since during that period, because of the persisting inflationary trends in the economy, the costs are also likely to continue to increase the net advantage in financial terms will be slow in accruing. I would wish the Hon'ble Members to further appreciate the fact that the Railways rely for their earning primarily on the goods services. On account of the increasing costs, the net advantage in financial terms from the passenger services has been on the decline. But despite that, it has been the Railways' endeavour, and will continue to be so, to give increasingly better quality of service to the travelling public. Nevertheless, in their present financial position, the Railways will perforce have to pay increasingly greater attention to the improvement and necessary expansion of the goods services so that the earnings from this increase, and thereby the financial position of the Railways improves.

While on this subject of economy, I should mention a problem, which has been engaging the attention of the Railways for some time, which has also attracted the notice of the Estimates Committee and has been gone into by the Planning Commission's Committee on Transport Policy and Co-ordination. This is the problem of the heavy losses, which the Railways have been incurring from year to year in the operation of several unremunerative branch lines on the broad gauge, the metre gauge and the narrow gauge. A conservative estimate of this loss is about Rs. 5½ crores, which from all present indications will increase progressively in the coming years. These lines were constructed about the turn of the century, when rail transport was the only alternative to the bullock cart and they served a very useful purpose till the internal combustion engine revolutionised transport. With the rapid development of roads and road transport any economic justification that there may be have been before for many of these branch lines has disappeared. But apart from this fact, in view of the difficult financial position in which Railways now find themselves in on account of the considerable increase in the ordinary working expenses, particularly the rising trend of staff costs—and this trend will in all probability persist—it has become imperative that speedy and effective action is taken to implement the recommendation of the Committee on Transport Policy and Coordination: After a careful but quick study to work out the relative cost to the economy of alternative forms of transport, the unremunerative branch lines should be closed down wherever it is found that they are not justified in terms of their cost to the economy. The meagre traffic that such branch lines may be carrying could be handed over to road transport. In the past, State Governments have objected to most proposals of this nature for no weightier reason than that popular local sentiment has been against such proposals. While we will continue to give the utmost consideration to the views of State Governments as hithertofore, it is to be hoped that the sound principle of providing transport at the lowest cost and to the maximum advantage of the economy would outweigh other less weighty considerations. Where necessary, the Central Government would be prepared to consider joining hands with or assisting the State Governments in providing alternative means of transport in the areas covered by these lines.

Other matters, which are normally included in the Budget Speech have been dealt with in the White Paper presented in March, a copy of which is being circulated with the Budget papers, along with a Supplement explaining the subsequent changes.

In presenting these budget proposals to the House, I would conclude with the expression of my confidence that in debating these proposals the House will bear in mind the compelling economic necessities of the situation and the vital importance of avoiding an overdraft on the limited resources of Government already being strained to the utmost on other accounts.

14.40 hrs.

GOVERNMENT (LIABILITY IN TORT) BILL*

The Minister of Parliamentary Affairs and Communications (Dr. Ram Subhag Singh): On behalf of Mr. Govinda Menon, I beg to move for leave to introduce a Bill to define and amend the law with respect to the liability of the Government in tort and to provide for certain matters conneced therewith.

Mr. Deputy-Speaker: The question is:

> "That leave be granted to introduce a Bill to define and amend the law with respect to the liability of the Government in tort and to provide for certain matters connected therewith."

The motion was adopted.

Dr. Ram Subhag Singh: I introduce the Bill.

14.41 hrs.

MOTION RE: REPORT OF UNION PUBLIC SERVICE COMMISSION, 1964-65.

The Minister of State in the Ministry of Home Affairs (Shri Vidya Charan Shukla): I beg to move:

> "That this House takes note of the Fifteenth Report of the Union Public Service Commission for the period 1st April, 1964 to 31st March, 1965, together with the Government's Memorandum thereon, laid on the Table of the Third Lok Sabha on the 2nd March, 1966."

Shri Kanwarlal Gupta (Delhi Sadar): I want to raise a point of order on this.

उपाध्यक्ष महोदय, मेरा प्वाइंट ग्राफ ग्रार्डर है । मैं ग्रापका ध्यान ग्राटिकल 323 की तरफ दिलाना चाहता हूं । इस में स्पष्ट रूप में लिखा है —

> "It shall be the duty of the Union Commission to present annually to the President a report as to the work done by the Commission and on receipt of such report the President shall cause a copy thereof together with a memorandum explaining, as respects the cases, if any, where the advice of the Commission was not accepted, the reasons for such non-acceptance to be laid before each House of Parliament."

उपाध्यक्ष महोदय, मेरा प्वाइंट ग्राफ़ ग्रार्डर यह है कि यह ठीक है कि टैक्नीकली यह रिपोर्ट चाहे हाउस में 1965 में रख दी गई हो, लेकिन दो-ग्रढा दो वर्ष में जहां तक मेरी इन्फर्मेशन है, इस पर बहस नहीं हो सकी । चाहे लैटर ग्राफ़ दी ला को फौलो किया गया हो, लेकिन स्प्रिट में वायोलेशन हुग्रा है ग्रौर इस बारे में जो पार्लियामेंन्ट्री प्रेक्टिस है, उस को इगनोर किया गया है ।

इस रिपोर्ट के हर साल रखने का ग्राईडिया यह है कि मेम्बर उस के बारे में ग्रपने विचार रख सकें, उस में जो कुछ लिखा हुग्रा है उस को सुनने के बाद उसकी इम्प्लीमेंन्ट के बारे में ग्रपने विचार रख सकें, इसी ग्राईडिये के साथ इस रिपोर्ट को हर साल रखने का प्रोवीजन कांस्टीट्यूशन में किया गया था,

*Published in Gazette of India Extraordinary Part II, section 2, dated 22nd May, 1967.