

**Speech of Shri H. C. Dasappa,
Introducing the Railway Budget
for 1964-65 on, 11th February 1964**

Mr. Speaker,

Sir, I rise to present the Railway Budget for the year 1964-65 - my first Budget after taking over as Minister of Railways.

Accounts Of 1962-63 (Receipts Expenses And Surplus 1962-63)

2. As is customary, I shall begin with an outline of the financial results of 1962-63, the latest year for which complete accounts are available. The net surplus came to Rs. 42.06 crores, as compared to the Revised Estimate of Rs. 23.20 crores. The larger surplus was almost entirely due to the increase in traffic receipts, which came to Rs. 566.79 crores, or an increase of more than Rs. 17 crores over the Revised Estimate of Rs. 549.62 crores. The goods earnings in the concluding three months of the year alone amounted to Rs. 101.78 crores, as against Rs. 247.74 crores in the first nine months. This was proportionately a much greater increase, towards the end of the year, than could be anticipated in the Revised Estimate on the basis of the normal increase in goods traffic accruing in the closing months every year.

Ordinary Working Expenses amounted to Rs. 362.38 crores, just Rs. 76 lakhs, or about one-fifth of one per cent, short of the revised estimate of Rs. 363.14 crores. A reduction of Rs. 82 lakhs, from the Revised Estimate of Rs. 11.77 crores in the expenditure on works chargeable to Revenue, also contributed to the increased surplus, apart from other minor variations. From the net revenue, dividend to the tune of Rs. 68.76 crores was paid to General Revenues at 4.25 per cent on the Railways' Capital-at-charge, the rate fixed, for five years from 1961-62, on the recommendations of the Railway Convention Committee, 1960, before it was increased to 4.50 per cent, from 1963-64, with the approval of the Parliament. After paying the General Revenues a further sum of Rs.12.50 crores, the annual payment in the Third Plan period recommended by the Railway Convention Committee, 1960, as being due from the Railways for transfer to the States in lieu of passenger tax merged in passenger fares from 1st April 1961, the net surplus came up to Rs. 42.06 crores. This was just 2.22 per cent on the Capital-at-charge of nearly Rs. 1900 crores, as compared to 1.5 per cent in 1961-62 and 2.1 per cent in 1960-61.

Revised Estimates For 1963-64 (Revised Estimate Of Traffic Receipts 1963-64 Compared with Budget Estimate)

3. Coming to the Revised Estimates for the current year, the present forecast of Gross Traffic Receipts is Rs. 622.22 crores, or Rs. 22.53 crores more than the Budget Estimate of Rs. 599.69 crores. Apart from an increase of Rs. 2.38 crores under 'Sundry' earnings and allowing for a small variation of rupees four lakhs more under suspense, or earnings awaiting realisation at the end of the year, the bulk of the increase is expected to accrue under passenger and goods earnings. The forecast of increase, over Budget Estimate, under passenger earnings is Rs. 7.53 crores and that under goods earnings Rs. 12.66 crores. Rail transport capacity has continued to increase steadily; and while the overall demand of goods traffic has not been sufficient to absorb fully this increasing capacity, traffic in the category of general goods has been higher than was envisaged in the budget. The consequent increase in goods earnings is expected to more than compensate for shortfalls, on the budget anticipation, under export ore, coal and raw material for the steel plants.

Revised Estimate Of Working Expenses 1963-64 Compared With Budget Provision – Supplementary Demands

4. The Revised Estimate of ordinary working expenses comes to Rs. 393.34 crores net, against a Budget provision of Rs. 379.04 crores. The increase of Rs.14.30 crores is mainly the effect of certain developments, which could not be anticipated in the Railway Budget for 1963-64. These post-budget developments, by way of general taxation changes (inclusive of increase in diesel oil price) and increase in the prices of controlled materials like coal and steel, beyond what had been envisaged in the Budget, have resulted in an increase in the working expenses of the Railways, in the current year, of about rupees six crores over the Budget provision. In addition to

this, an increase of Rs. 3.5 crores is anticipated under staff expenditure. This is due to the increase, during the current year, in the rates of dearness allowance to lower-graded Central Government employees and increases in the house rent and city compensatory allowances, payable from 1st January 1964, in certain cities and towns staff and fuel costs alone account for approximately 75 per cent of the total Ordinary Working Expenses. The House will therefore appreciate that significant increases under these two items involve an unavoidable increase in working expenses over the Budget provision. The rest of the increase anticipated under working expenses, over the budget provision, is about Rs. 4.8 crores-just 1.26 per cent. This represents the aggregate cost, according to latest computation, of a variety of other items, which could not be assessed precisely, or could not be foreseen, in the budget. Briefly, these items cover provision under retirement benefits with the raising of the age of retirement from 55 to 58 from 1st December 1962, post-budget enlargement in the scope of night duty allowance, increases in the rates of mileage and overtime to staff and increase in the proportion of higher grade posts in a few non-gazetted cadres.

The aggregate net increase of Rs. 14.30 crores in ordinary working expenses, over the budget, is fully accommodated in the anticipated increase of Rs. 22.53 crores in gross traffic receipts. The net surplus is thus expected to be better than the Budget Estimate. Supplementary Demands for the gross extra funds required are being presented separately. These are further to the Supplementary Demands voted by Parliament in April 1963, which covered just the effect of the increases in the price of coal effective from 1st March 1963 and 1st April 1963.

Revised Estimate Of Surplus For 1963-64 Compared With Budgeted Surplus

5. The contribution to the Depreciation Reserve Fund, charged to Revenue Working Expenses, will be Rs. 80 crores, the same as provided in the Budget Estimate for 1963-64. After providing for normal variations under Miscellaneous Revenue Expenditure and a slight increase in the amount of dividend payable to General Revenues due to increased capital outlay, the surplus creditable to Development Fund is now expected to be Rs. 37.75 crores, or Rs. 6.75 crores more than the Budget Estimate of, Rs. 31 crores. Against the steadily increasing expenditure chargeable to this Fund, the surplus of Rs. 37.75 crores, anticipated in the Revised Estimate of 1963-64, is just about adequate. Honourable Members will appreciate that the surplus has to be judged not by itself but in relation to the growing investments in the Railways. Taking into account the present greatly increased Capital-at-charge, the surplus of Rs. 37.75 crores expected in 1963-64 barely corresponds to an annual surplus of about Rs. 18 crores in the First Plan Period.

Revised 'Capital' Or Works Budget 1963-64 Compared With Budget Provision – Supplementary Demands

6. The Revised Estimate of net expenditure for the current year, on Works, Plant and Machinery and Rolling stock, has been placed at Rs. 350.00 crores, as against the Budget provision of Rs. 325 crores. The net increase in the 'Capital Budget', over Budget Estimates, as modified by the more or less nominal additional provision of Rs. 21 lakhs secured through Supplementary Demands, in April 1963 and September 1963, is Rs. 24.79 crores. Supplementary Demands to cover the gross amounts of this excess are also being separately presented, in addition to the Supplementary Demands for Revenue Working Expenses already mentioned. Out of the net increase of Rs. 24.79 crores, an increase to the extent of Rs. 10 crores was envisaged even when the original Budget Estimate of Rs. 325.00 crores was fixed in consultation with the Ministry of Finance; but this was left over to be regulated later to the figure actually found necessary. The balance of the increase includes additional provision – of over rupees eight crores resulting, from the increase in customs duties on imported locomotives and other railway material and in the Central Sales Tax on - indigenous purchases, as well as the rise, beyond budget forecasts, in the prices of materials such as cement, steel, cast-iron sleepers, wheels, tyres and axles, wheel-sets, rails and fish plates. After excluding these two, ingredients of Rs. 10 crores and a little over rupees eight crores, from the total net excess of Rs. 24.79 crores, there is a balance of slightly under rupees seven crores, which is required to cover, better deliveries of material and accelerated pace of execution of Plan works during the current year, as compared to budget anticipation. The improvement in surplus to the extent of Rs. 6.75 crores, which is expected over the budgeted surplus, will just about meet this residual increase of slightly under rupees seven crores.

Review - Of The Railways' Performance In Relation To The Third Five-Year Plan Targets Freight Traffic Targets Of Third Plan)

7. I shall now review briefly the progress made by the Railways during the Third Five Year Plan. The House will recall the reference to the satisfactory position on the Railways made by my colleague, the Finance Minister, during the debate, in the last Session on the mid-term appraisal of the Third Plan. The originating tonnage of goods traffic, I may recall, had risen from 93 million tonnes in 1950-51, to 115.9 million tonnes in 1955-56 and to 156.2 million tonnes in 1960-61, the last year of the Second Five Year Plan. The magnitude of the development can be viewed in its proper perspective when it is compared with the peak traffic of about 102 million tonnes lifted by the larger undivided Indian Railway system before partition during the heaviest year of the Second World War. In terms of tonne-kilometres, freight traffic nearly doubled itself in the ten-year period covered by the first two Plans. The number of passengers increased by 310 million, or by 24 per cent, during the same period. The rate of growth of traffic has been further accelerating. Whereas the total increase in originating goods traffic during the Second Plan period as a whole was 40.3 million tonnes, the increase in just three years of the current Plan is, estimated to be nearly 38 million tonnes. The last two years especially have seen particularly good Railway performance, by way of the large goods traffic, carried in addition to the traffic for defence requirements carried in connection with the Emergency the greater portion of which falls in the category of 'Other Coaching traffic'. The position today is that all the freight traffic generated by the country's developing economy, which the Railways are called upon to transport, is moving or less as and when offered. The supply of railway wagons for coal movement, which was a cause of some concern two years ago, is now fully adequate; in fact, further spare capacity is available and awaiting demand. The Railways expect to lift traffic of the level of 194 million tonnes in 1963-64 and this is expected to increase to about 211 million tonnes at the end of 1964-65. After allowing for a reduction in the assessment of traffic relating to steel plants, coal and cement, on present trends, the aggregate traffic expected to materialise in the last year of the current plan period is now placed at about 245 million tonnes in the Mid-Plan Appraisal.

Passenger Traffic Increase In Third Plan

8. The aggregate increase in non-suburban passenger traffic in the first two years of the Third Plan has been less than four per cent. It is expected that in the remaining years of the Third Plan, the overall increase will mount up to the 15 per cent provided in the Plan. The rate of overall increase in suburban passenger traffic in the Electric Suburban, Sections of Bombay, Madras and Calcutta as well as other suburban sections, in the same two year Period, was of the order of 18 per cent. This increase in suburban traffic is being handled by increasing train lengths as well as the frequency of services on the suburban sections to the maximum extent possible. The recent introduction of electric suburban services in certain sections in Sealdah Division in the Calcutta area will also progressively ease the situation there.

Outlays Of Railways In Third Plan – Maximising Of Resources Through Improved Operation

9. Honourable Members will recall that my predecessor, Sardar Swaran Singh, had indicated, in his Budget Speech in February 1963 that a Railway Programme of Rs. 1,470 crores had been approved by Government for the Third Plan. A further sum of Rs. 7 crores was added for creating some additional capacity for the movement of iron ore to steel plants and for export purposes. The recent mid-term appraisal of freight traffic prospects at the end of the Third Plan envisaged that, out of the total of 245 million tonnes, the component of general goods traffic may reach a target of about 110 million tonnes, an increase of 10 million tonnes over the original target for this component. There might, however, be some shortfall in the short lead traffic, owing to a revision in the assessment of the likely production of the steel, coal and cement industries. An additional outlay of Rs. 45 crores, towards the cost of extra rolling-stock required for handling the increased quantum of general goods traffic, which involves comparatively long leads, has been authorised. Adding to the programme another sum of Rs. 59 crores towards the cost of the strategic lines in Assam and North Bengal, the total outlay at present approved for the Railways stands at Rs. 1,581 crores. In fact, this may have to be increased somewhat to take the impact of the increase in costs arising from the direct and indirect effect of changes in taxation. I may, however, refer, at this stage to the very striking improvements in operating efficiency, particularly in the utilisation of rolling stock, which have avoided increases in investments to a great extent. This improvement achieved in the last twelve years has enabled us to keep down additions to rolling stock and other equipment well below the proportion of increase in traffic and to effect

substantial saving in the capital requirements that would otherwise have been necessary. This is a feature that has been brought out in the latest Review of operating performance, which is being given to Honourable Members along with the budget documents.

Progress Of Third Plan Expenditure Of Railways-Contribution From Railways' Resources – Foreign Exchange Component

10. During the three years up to March 1964, the Railways expect to utilise about Rs. 900 crores, out of the total approved outlay of Rs 1581 crores. It is expected that the provision for Railways in the Third Plan, including any increase that may yet be granted, will be utilised fully by the end of the Plan period. This is a reasonable expectation based on the gathering tempo of execution of Plan works already sanctioned and in progress. On present indications, the Railways expect to meet about a third of the cost of the development programme in the Third Plan from their own resources, including the sums annually set apart for depreciation. Of the 283 crores or thereabouts, of foreign exchange now estimated as required, an amount of nearly Rs. 200 crores has already been arranged. This includes an aggregate of Rs. 48.7 crores obtained since the last Budget, as loans for the Indian Railways, from the International Development Association - an affiliate of the World Bank, the U.S. Agency for International Development and the Export – Import Bank of the United States. The balance is expected to be arranged in the next two years. This balance is required to cover the import of components for the manufacture of diesel and electric locomotives, electric multiple units, electric signalling, overhead equipment for electric traction, wagon components and a few other items.

New Line Constructions And Other Projects

11. The phasing of the construction of new Railway lines in different parts of the country, during the Plan period, been constantly under review. For the time being, priority has to be accorded to the completion, 'within the target dates, of the lines in Assam and North-Bengal and the lines required for the export of iron ore. In the former category is the metre gauge extension of the Rangapara North - Lakhimpur line to Murkong Selek, the construction of which has been resumed after some set back it suffered in 1962-63 during the Emergency. In the same category is the extension of the broad gauge line eastwards to Jogighopa in Assam (266 kilometres or 165 miles), in continuation of the already opened broad gauge line up to Siliguri. The extension of this broad gauge line eastward from Siliguri has assumed special importance since the Emergency. Work on the project is in full swing. Works necessary for increasing the capacity of the ferry across the Ganga between Farakka and Khejuriaghat have also been started. In the second category, namely, lines required for the export of iron ore, the major construction from Bailadilla to Kottavalasa is progressing according to schedule. The laying of a broad gauge line alongside the existing metre gauge line between Hospet and Guntakal, which is also in progress, serves the same objective.

Of the Third Plan new lines under construction Last year, the Virudhunagar - Manamadurai line has been opened to traffic this year up to Aruppukottai as also the Hatia - Nawagaon line. The Kalkalighat - Dharmanagar line is expected to be opened to traffic shortly. Three major lines - the Sambalpur - Titilagarh and Bimlagarh - Kiriburu lines, undertaken in connection with the movement of export ore, and the Robertsganj Garhwa Road line, for movement of coal to the North and West, have been completed and opened to traffic.

The Salem-Bangalore line is being constructed from both ends and has made appreciable progress. To facilitate the export of iron ore from Chitaldurg, Chikanayakanhalli and Kemmangundi areas in Mysore State, the construction of the Hassan - Mangalore line had been included in the Third Plan. A mixed broad - metre gauge link, from the present Mangalore station to the projected port site at Panambur, has been sanctioned as a first step in the construction of the Mangalore - Hassan line.

The conversion of the Poona - Miraj metre gauge section (261 kilometres or about 162 miles) to broad gauge has been taken in hand in order to meet the increased traffic needs of the region. There has been some thinking, since the last Railway Budget was presented, in regard to the requirements connected with the development of Marmugao Port. The handling of traffic in imported food grains requiring to be moved northward via Poona would be facilitated by a broad gauge rail link from the port connecting with the projected Miraj - Poona broad gauge section. A

similar proposal for providing a broad gauge line, in substitution of the existing Hospet - Londa metre gauge line en route Marmugao port, is dependent on the prospects of iron ore exports in substantial quantities from the Hospet - Bellary region over and above the ore exports now going from the Goa area. Two preliminary engineering and traffic surveys are in progress to examine whether broad gauge lines to serve these two objectives would be justified.

Policy Of Conversion To Wider Gauges

As My predecessor explained, in the course of the general discussion of the Railway Budget in March 1963, the availability of resources does not permit of wholesale, or even large - scale, conversion of narrow or metre gauge lines to wider gauge, however desirable it may be. This objective can only be achieved in stages, depending on the urgency of the traffic requirements of each particular area from time to time.

The line capacity and remodelling works, doubling of track and track renewal works, provided in the Railway Development Programme, are all making good progress. The Railways can now look forward with confidence to their being able to handle the still larger traffic envisaged during the rest of the current Plan period.

Dieselisation And Electrification In Third Plan

12. The House is aware of the efforts the Railways are making towards the modernisation of traction and rolling stock to handle effectively and economically their fast increasing freight and passenger traffic. Selected sections with heavy density of traffic are being progressively switched over from steam to diesel or electric traction. In the first two years of the Plan, electrification of 867 route kilometres had been completed. The total route kilometreage electrified on the Indian Railways since the commencement of the Second Plan has risen from 388 to 1,463. Electrification of the Third Plan lines, including the spill-over from the Second Plan, is expected to be substantially completed by the end of the Plan. Adequate power supply for these has been arranged. As a result of rephasing, adopted mainly to conserve foreign exchange, only two sections, namely, the Howrah-Khargpur section of the Southeastern Railway and the Nandgaon-Bhusaval section of the Central Railway will be carried over to, and completed early in the Fourth Plan. The Indian Railways' fleet of diesel locomotives of all gauges has grown from 171 units on 31st March 1959 to 454 units at present and of electric locomotives from 92 to 240 during the same period. It should be a matter for some satisfaction that, even with the existing modest complement of such locomotives of the modern type, over 23 per cent of the total net ton miles of rail traffic carried in 1962-63 was hauled by diesel and electric locomotives. This percentage has increased in the current year. Indigenous manufacture of both electric and diesel locomotives will further accelerate the pace of dieselisation and electrification of the vast Indian Railway system.

Procurement Of Carriages And Wagons In The Third Plan

13. The procurement of carriages and wagons is expected to be adequate for the traffic load now envisaged at the end of the Plan period. The increase in the indigenous capacity to produce wagons has been from 3,700 units (in terms of 4-wheelers) per annum in 1950-51, to 12,000 in 1960-61, 19,000 in 1961-62 and 26,000 wagons in 1962-63; the out-turn has just reached about 3,000 wagons per month and the target of production in 1964-65 is 40,000.

Transport Performance (Railway Transport In 1962-63 – Short-Fall In Demand For Transport In 1963-64 Under Coal, Export Ore, Etc)

14. The House will be interested to know that, in 1962-63, the Railways lifted 178.8 million tonnes of goods traffic, against 160.5 million tonnes lifted in 1961-62, an increase of 18.3 million tonnes which was three million tonnes above the target of 15.24 million tonnes set for the year and strikingly better than the performance of any earlier year. According to present trends the Railways expect to lift, in the current year, a further 15 million tonnes in the aggregate, against an estimated increase of 17 million tonnes. Due to reduced demands on rail transport, the increase under coal is now expected to be about four million tonnes only, against about 9.5 million tonnes anticipated earlier - a shortfall of 5.5 million tonnes. This is notwithstanding the availability of both production potential and transport capacity up to the earlier forecasts. The increase in the loading of export ore is now expected to be 0.5 million tonnes, against an earlier anticipation of one million tonnes.

In regard to raw materials for steel plants other than coal, the input to meet their full actual demand is now expected to be about one million tonnes less than the anticipated increase of 1.50 million tonnes.

Partly Compensatory Under General Goods In 1963-64

15. The slower increase in the above categories of goods traffic, as compared to budget anticipation, is expected to be made up to some extent by additional tonnage under general goods. An increase of 9.3 million tonnes is now expected under general goods, or nearly double the increase of 4.8 million tonnes anticipated earlier.

Railways' Efforts To Secure Compensating Traffic In 1963-64

16. As already mentioned, the second and third years of this Plan have been years of really good Railway performance with freight transport capacity growing rapidly. The present position is that the rail transport capacity is ahead of the consumer demand in principal sectors like coal and raw materials. The additional transport capacity, particularly in respect of line capacity and specialised rolling stock, like BOBS, BOX and BOI wagons, had been designed to meet the specific needs of coal, ore and steel plant traffic. It is difficult to transfer such capacity to other purposes. Nevertheless much has been achieved in stepping up the carriage of general goods and easing the transport position generally. It has been found possible to abolish most of the quota regulations that had to be maintained in earlier years to prevent serious congestions on major trunk routes such as via Waltair, via Vijayawada and via Moghalsarai and to withdraw ceiling limits on the registration of indents and the nominated loading of small consignments.

Rail Transport Capacity To North Bengal And Assam – C.T.C

17. There are practically no limitations now on the registration of traffic with the Railways, except sometimes for movement to east of Siliguri. This is a difficult but important route, the capacity of which is being progressively developed and is now, on the average, 100 per cent more than it was at the beginning of the current Plan. The stabilisation of the Assam link route, the completion of the Brahmaputra Bridge and the dieselisation of the section have augmented line capacity for traffic to and from North Bengal, Assam and North East Frontier Agency. Several line capacity works are currently in progress, on the Katihar - Siliguri, Siliguri-Alipurduar-New Gauhati, Mariani-Tinsukia, Lumding-Badarpur, and Rangiya-Rangapara North-Tezpur sections. After the completion of the broad gauge line from Siliguri to Bongaigaon, work on which is in progress, and the installation of the projected Centralised Traffic Control on the Bongaigaon-Gauhati section, it should be possible to meet all demands and do away completely with quota regulations on this route as well.

Coal Transport In 1962-63 And In Nine Months Of 1963-64

18. The average daily coal loading during the year 1962-63, in all the coalfields, was 6,669 wagons, as against 5,999 wagons 1961-62 - during registering an increase of 11.2 per cent. During the first nine months of the current year 1963-64, the daily coal loading averaged 7,047 wagons, against 6,512 wagons for the corresponding period of the previous year, an increase of 8.2 per cent.

Loading from the Bengal and Bihar coalfields rose from 4,799 in 1961-62 to 5,288 in 1962-63- an increase of 10.2 per cent. In the first nine months of the current year, the daily average loading has risen further to 5,621 wagons, against 5,177 wagons during the corresponding period of last year- an increase of 8.6 per cent. The Railways continue to move in full all the coal offered for, rail transport in the Bengal and Bihar, as well as the outlying, coalfields, to all consumers including steel plants and washeries - as in the previous year. In every way the Railways are fully geared to maintain the lead they have secured over the transport demands.

Indian Railways' Transport Performance Commended In World Bank Team's Interim Report

19. In this context, it would not be out of place to invite the attention of the House to the interim report of the World Bank Team on coal transport of the country. This report has

commended the Indian Railways for handling successfully, within their limitations, the increase in traffic density of almost unprecedented rapidity during the last twelve years. The Team has generally assessed the operating performance of the Indian Railways as comparing very favourably with that of Railways of other, more developed, countries. Certain recommendations have been made in the report such as the need to review the adequacy of the Railways' Rolling Stock procurement programme. These are receiving attention.

Budget Estimates, 1964-65 (Factors Affecting Budget Estimates Of Expenditure For 1964-65)

20. Turning now to the estimates for - the Budget year 1964-65, these have to take into account the continuing effect of the general taxation changes affecting the prices of materials and of the various benefits for staff sanctioned by the Government in the course of the current year.

Need For A Railway Pension Fund

21. One significant item of additional commitments under- staff expenditure is on account of pensions. It is expected that many Railway employees, who have hitherto preferred to continue under the Railway Contributory Provident Fund Scheme of retirement benefits, will now elect pension with the enhanced benefits in lower rated pensions sanctioned from 1-10-1963 and the improvement in the family pension scheme from 1-1-1964. A large addition to the number of pensionable staff, under various age groups, is expected to give rise to widely fluctuating expenditure from year to year on account of pensions. Such fluctuations will continue for many years, until reasonable stability is reached some thirty years hence, when staff joining railway service since 16th November, 1957, who are all governed by pension, begin to retire. A special procedure is therefore necessary to even out these fluctuations. In other Government departments, where employees have always been pensionable, pension payments are currently charged in the year in which the payments are made and normally there is no wide fluctuation in such payments from year to year. The same procedure now obtains on the Railways, with relatively few pensionable railway staff. However, for the non-pensionable railway staff, there is a procedure of crediting Government Contribution to the Provident Fund as expenditure each year in the accounts as and when it accrues.

It is essential that the Railways, as a commercial department, should adopt a similar procedure in respect of pensions, to reflect not only the amounts actually paid as pension each year but also the potential cumulative liability for the pension benefits earned by each year of service, without the inconvenience of a fluctuating burden. It is computed that the actual cost on account of pensions, which at present is of the order of rupees three crores a year, will progressively rise to higher and higher levels until it reaches an amount of Rs. 38 crores or thereabouts. On the basis of actuarial calculations, taking the number of staff in different pay groups, it is calculated that a sum of Rs. 30 crores paid each year into a Fund from now on, will just suffice to finance, and fully cover, liabilities on account of ordinary, invalid and family pensions of ten lakhs of railway employees-taking only this number as coming over to pension out of the total staff strength of 12.12 lakhs on the Railways.

It is accordingly proposed, after consultation with the Comptroller & Auditor General and the Ministry of Finance that a Pension Fund may be set up on the same lines as the Depreciation Reserve Fund on the Railways. The Fund will be instituted in 1964-65 with an initial contribution from Revenue of Rs. 19 crores, part of which will be by reduction in the provision for Government Contribution to Provident Fund creditable in that year. This ad hoc contribution of Rs. 19 crores, after meeting out-goings on pension payments in 1964-65 estimated at rupees four crores, will leave a balance in the Fund, at the end of that year, of about Rs. 15 crores, or about half of what is expected to be the minimum annual expenditure eventually on this account. This is considered a reasonable provision at this stage. Depending on how many non-pensionable employees elect to come over to pension, the position will be reviewed later. Pension payments made each year from 1964-65 onwards will be charged to the Pension Fund. The provision for the initial credit to the Pension Fund and for the withdrawals from it expected in 1964-65 are covered by two separate Demands for Grants, in the same way as contributions to and withdrawals from the Railway Depreciation Reserve Fund.

Total Cost Of Additional Commitments In 1964-65

22. The aggregate additional expenditure on staff in 1964-65, both on account of setting up

of the Pension Fund and on account of the increases sanctioned, during 1963-64, in the rates of dearness allowance and city compensatory and house rent allowances, is estimated at Rs. 20.5 crores, allowing for the reduction of rupees five crores in the provision for Government contribution to Provident Fund.

Increased Dividend On Fresh Capital In 1964-65

23. The proposal of the Government that Railways should pay interest at 5.75 per cent on Capital made available to the Railways after the 31st March 1964 represents another factor for which extra provision has to be made in the Budget year. Capital provided up to the end of the current financial year will continue to pay dividend to the General Exchequer at 4.50 per cent. It is perhaps only appropriate that, having regard to the increased cost of raising capital and the still higher rate of interest on some of the foreign loans made available to, the Railways, the Railways should now undertake to pay the General Revenues a higher charge than 4.50 cent on future capital. The additional contribution to the General Exchequer on this account will be about Rs. 1.5 crores in 1964-65; this is with reference to half the annual anticipated capital outlay as it will stand at the end of that year. It will increase in 1965-66 - the last year of the current Plan - to an additional contribution of nearly rupees five crores, assuming the same capital outlay in 1965-66 as in 1964-65. The rate of dividend will come up for review, in the usual course, by the next Railway Convention Committee in 1965, when this arrangement too would be reviewed amongst other things.

Additional Revenue Necessary To Meet At Least Part Of The Additional Commitments In 1964-65

24. The aggregate of these additional commitments in 1964-65 will be of the order of Rs. 22 crores, made up of Rs. 20.5 crores under staff, including the net requirements of the Pension Fund, and Rs. 1.5 crores for additional dividend payment to General Revenues. The expenditure chargeable to the Development Fund is also mounting steadily, with the persistent demand for more facilities for the rising level of passenger traffic, operational improvements which are not directly remunerative but are necessary to deal effectively with the growing traffic and staff welfare works and quarters-which do not pay for themselves for the increasing number of railway staff. This Fund is fed solely from the annual revenue surpluses. The annual railway surplus averaged about Rs. 14 crores during the First Plan and about Rs. 19 crores in the Second Plan. This was inadequate for meeting all the obligations from this source in the Second Plan, and the Railways had to borrow from General Revenues. It is essential that an annual surplus of the order of Rs. 30 to 35 crores is secured in the Third Plan period, both to finance the works chargeable to the Development Fund and to enable the, Railways to maintain a reasonably satisfactory return on the present enhanced capital. It follows, therefore, that means should be found for raising sufficient additional revenue to meet, at least part of the additional commitments, since the net additional earnings accruing from the normal increase in traffic will not suffice.

Budget Proposals For Freight Adjustments To Secure Additional Revenue Additional Two Per Cent Surcharge

25. I do not intend to add anything in the budget year to passenger fares or to parcel rates. It is proposed to make a small increase of two per cent in the supplementary charge on goods freight rates, including coal rates, raising the surcharge from the present ten per cent to twelve per cent. Export ore, however, will be exempt from this further surcharge. The surcharge will not also apply to Defence and Posts & Telegraphs traffic, which is governed by separate tariffs, nor to the Railways own departmental traffic. Since the increase will be only two in 110, it would effectively amount to 1.8% only. The House will recall what my predecessor said this time last year in regard to freight levels on the Indian Railways. He explained that, although the Freight Structure Enquiry Committee had recommended increases averaging, about 13% in the level of freights as early as 1957, when wages and prices of raw materials were substantially lower, the Railways had effected freight increases in stages and had reached that level of increase only five years later-by July 1962. The increase of seven per cent since July 1962, by way of surcharge on freight including the two per cent now proposed, has to be viewed in the context of the 33.5 per cent rise in the Per capita cost of staff and the 33.5 per cent rise in the price of coal, since 1957. These two items alone together constitute as much as 75 per cent of the total ordinary working expenses of the Railways as already mentioned.

Proposed Adjustments In Coal Freight And Other Rates (Apart From Two Per Cent Additional Surcharge)

Simultaneously, I propose to make a downward adjustment in the classification of certain high-rated commodities covering different items of finished products in consumer goods. I also propose to adopt a measure, which, while raising some additional revenue, will serve as a step in the rationalisation of coal freight. The existing coal freight rates taper off sharply with distance. For instance, the existing rate per tonne kilometre, including supplementary charge, is 4.43 nP at 300 Km, 3.43 nP at 500 Km, 2.46 nP at 1,000 Km, 2.02 nP at 1,500 Km, and 1.74 nP at 2,000 Km. Under my proposals, there will be no increase in coal freight rates up to 500 kilometres except for the two per cent addition to the supplementary charge. Beyond this distance, the differences in freight rates, which amount to a subsidy to long distance coal movement, will be reduced to some extent. Thus the charge per tonne kilometre will increase to 4.51 nP at 300 Km, to 3.49 nP at 500 Km, to 2.58 nP at 1,000 Km, to 2.17 nP at 1,500 Km, and to 1.92 nP at 2,000 Km. In other words there will be a graduated increase for distances from 501 kilometres up to 2,100 kilometres, but in no case will it be more than rupees three per tonne in the basic rate. In making these increases I have kept in view the results of cost studies which indicate that the existing taper in coal freight rates for long distances requires revision so as to make freight rates on coal for such distances conform more nearly to the cost of its haulage.

Illustrations Of The Effect Of Proposals

About 45 per cent of the total coal traffic moves for distances up to 500 Km and will not be affected by the proposed rationalisation, though two per cent supplementary charge on basic rates will apply. Another 31 per cent of the, coal traffic, which moves between 501 and 1,275 Km, will bear increases in basic rates of less than a rupee per tonne. Only about five per cent of the total coal traffic moves beyond 2,100 Km, and will be subject to the maximum increase of rupees three per tonne in the basic rates. For consumers who get coal by rail, say from a distance of 2100 Km, this will have the effect of increasing the all-in-cost of Grade I Bengal-Bihar coal F.O.R. destination, inclusive of the proposed two per cent surcharge, from Rs. 62.86 to Rs. 66.87 per tonne on the present price structure. On the other hand, downward adjustment in the classification of certain commodities, which now bear the highest rates, will involve an appreciable reduction in the, freight rates for those commodities, ranging between 3.9 per cent and 23.5 per cent. The adjustment in their case, as in the case of coal, will serve to bring freight rates a little closer to the cost of haulage and somewhat reduce the present wide spread in the freight rates. At 500 Km, the rate for traffic, in wagon loads, of acid nitric will be reduced from Rs. 103.10 by Rs. 18.10 per tonne, of safety matches from Rs. 88 by Rs. 15 per tonne, and of rectified spirit, furniture and confectionery, from Rs. 73 by Rs. 2.90 per tonne. There will be corresponding reductions for traffic in smalls. As regards the two per cent increase in the supplementary charge, it is too insignificant to affect retail prices. For instance, for a distance of 600 Km (375 miles approximately), which is about the average lead of general merchandise, the levy will amount to about one-twentieth of a naya paisa per kilogramme of salt, about one-twelfth of a naya paisa per kilogramme of sugar, and about one twentyfifth of a naya paisa per kilogramme of foodgrains. For commodities charged at lower classification, the increase will be even less.

Aggregate Additional Revenue From The Proposals

26. The additional revenue from the two per cent general increase in the supplementary charge is estimated at Rs. 7.5 crores. The net increase from the other adjustments in freight rates is estimated at Rs. 3.5 crores. The total increase of Rs. 11 crores in revenue will still be only about half the estimated value of the new commitments which, as already explained, is likely to be of the order of Rs. 22 crores in 1964-65.

Analysis Of Budget Estimate Of Earnings 1964-65

27. The estimate of gross traffic receipts has been placed at Rs. 668 crores, which is Rs. 45.78 crores more than the Revised Estimate of Rs. 622.22 crores for 1963-64. Passenger earnings are expected to amount to Rs. 184 crores, allowing for about two per cent increase in passenger traffic over 1963-64. This keeps in view the average annual increase in non-suburban passenger traffic in the first two years of the current Plan, which was a little less than two per cent a year. Goods earnings, including the estimated additional revenue of Rs. 11 crores expected to

accrue from the additional surcharge and the proposed small adjustments in freight rates, have been estimated at Rs. 432 crores. The estimates of 'Other Coaching earnings' and 'Sundry earnings' have been placed at slightly more than the Revised Estimates for 1963-64, namely, at Rs. 35 crores and Rs. 18 crores respectively.

It is estimated that the railways may have to lift goods traffic aggregating 17 million tonnes more in 1964-65 than in 1963-64. This is expected to consist of seven million tonnes more of coal from Bengal and Bihar, two million tonnes more of coal from the outlying coalfields, one million tonnes of other raw materials for, and finished products from, steel plants, one million tonnes of export ore, and six million tonnes of general goods. The Railways will prepare themselves to move this additional traffic, but it is too soon to forecast with any confidence whether the extra traffic will, in fact, materialise to this extent, especially in coal and in general goods.

Analysis Of Budget Estimate Of Revenue Expenses, 1964-65- Net Surplus

28. The Budget Estimate of Ordinary Working Expenses for 1964-65 is a net provision of Rs. 414.68 crores, which is Rs. 21.34 crores more than the Revised Estimate of Rs. 393.34 crores for 1963-64. The effective increase would be Rs. 24.34 crores, if allowance is made for the reduction of rupees five crores in the provision under government contribution to Provident Fund and the increase of rupees two crores on account of the full year's effect in 1964-65, of the enhancement in dearness and other allowances sanctioned in the course of 1963-64. The additional revenue from increased traffic in 1964-65, over 1963-64, is estimated at Rs. 3478 crores, excluding the effect of the freight rate adjustments now proposed, as against additional working expenses of about Rs. 24.34 crores excluding the additional commitments not related to increased traffic. The increase in working expenses (Rs. 24.34 crores) is a reasonable proportion of the increases in revenue at 1963-64 rates (Rs. 34.78 crores). The contribution to the Depreciation Reserve Fund is provided at Rs. 83 crores, including the additional contribution of Rs. 10 crores approved by Parliament last year. After adding the estimate of net miscellaneous expenditure, provision has been made for dividend (or interest) payable to General Revenues at the higher rate of 5.75 per cent on the fresh capital for 1964-65. Allowing for the further payment of Rs. 12.5 crores in lieu of passenger fares, for transfer to the States, the surplus in 1964-65 is estimated at Rs. 30.87 crores. This will be credited to the Development Fund. The expenditure chargeable to this Fund in 1964-65 being estimated at Rs. 33 crores, there will, in fact, be a small reduction in the balance in the Fund.

Freight Adjustment Kept Down To The Inescapable Minimum, Through Operational And Other Economies

29. All steps for economising in expenditure, eliminating waste and plugging loopholes for loss of revenue will be continued vigorously. The most significant economies, as the House will appreciate, are secured by sustained measures of improved operation and through maximising the utilisation of the Railways' principal assets as already explained. The Railway Freight Structure Enquiry Committee, 1957, before concluding that additional revenue by way of increases in freight rates was essential, went into the whole question of the Railways' operating efficiency. They indicated that, with about 13 per cent increase in capital since 1952-53, representing, only about three per cent increase in the quantum of equipment, the Railways were able to lift more than 17 per cent of tonnage and obtain 26 per cent increase in net ton miles. The improvement has been even more striking since 1957. In spite of all these measures - and these will be maintained and accelerated, it is not possible to achieve the minimum surplus of the order necessary, without recourse to the proposed measures of adjustments in goods freight rates which, as I have explained, are only marginal.

Capital Or Works Budget For 1964-65

30. The Budget Estimate for Works, Machinery and Plant and Rolling Stock, including 'Open Line Works-Revenue', for 1964-65, has been placed at Rs. 370 crores. The progressive stepping up of the annual Capital Budget is necessary, so that the Railways' Development Programme in the Third Plan may be fully implemented. The provision of Rs. 370 crores includes nearly rupees four crores for railway users amenities. This will make up for some shortfalls in expenditure under this head in the earlier years of the Plan and will enable speedy completion of

the programme of providing basic amenities at all stations. The details of the provision of Rs. 370 crores are given in the relevant portions of the Explanatory Memorandum on the Railway Budget.

Measures Of Improvement In Operational And Administrative Matters (Fuel Economy)

31. The need for conserving the limited resources of better qualities of coking coal in the country for the steel plants and the growing metallurgical industry has inevitably meant the operation of steam locomotives designed for burning selected grades of coal on coal of lower grades. As, however, the use of grade I and the still lower grades of coal tends to increase coal consumption, the Railways have had to rely on continuing measures of fuel economy to keep down the fuel bill as much as possible. The House may recall that an inspection organisation was set up under railway control in 1962, to ensure that coal loaded by the collieries conforms to the specified grade for which payment is to be made by the Railways. This organisation has been built up progressively as qualified personnel have become available.

Administrative Reforms—Eradication Of Corruption - Disposal Of Complaints And Grievances

32. The House is aware that the question of administrative reforms so necessary to ensure effective, expeditious and economical implementation of Plan targets is very much in the forefront. The linked question of having an adequate machinery to fight corruption and to deal effectively with complaints and grievances is also engaging the Government's attention. In these matters, the Railways, as a public utility service working on a commercial basis, had instituted several measures, which are being progressively improved over a period of years.

Sardar Swaran Singh, in his Budget Speech last year, had referred to certain measures for achieving operational and administrative improvements. In this context I may mention that the Efficiency Bureau of the Railway Board has been continuing its study of the work-loads and the operating-cum-efficiency indices of the different zonal Railways. This is with a view to have data handy for any re-organisation that may be necessary at any time on operational and administrative considerations or on considerations of improving the service to railway users. The Bureau has also conducted studies of some other important aspects of railway working, such as the utilisation of electric and diesel locomotives and periodical overhaul of wagons in railway workshops.

The Complaints Organisations set up on the zonal Railways and the counterpart in the Railway Board's Office have now functioned usefully for many years. So has the section in the Railway Board's Office dealing with grievances represented by staff or ex-staff or on their behalf, to the Ministers and to the Railway Board.

In pursuance of the recommendations of the Enquiry Committee headed by Shri J. B. Kripalani, an already existing Anti-Corruption Organisation on the zonal Railways was strengthened and reorganised as the Vigilance Organisation. There is also a corresponding organisation, assisted by an independent Investigating Agency, under the direct control of the Railway Board. In 1962-63, the Vigilance Organisation on zonal Railways finalised enquiries in some 1600 cases; departmental action against those found responsible was completed in most of these cases. The punishments awarded included several dismissals and removals, compulsory retirements and reductions to lower rank, apart from lesser penalties. Four private contractors were blacklisted for certain irregularities committed by them. In the same year, the Central Investigating Agency of the Railway Board dealt with 292 cases, out of which two were handed over to the Special Police Establishment and one hundred and eleven to the zonal Railways for departmental action. The timely intervention of vigilance staff, who pay attention also to remedial and preventive aspects, resulted in an amount of nearly rupees nine lakhs being saved for the Railways as demurrage and wharfage and through recoveries from contractors and others.

Incentive Scheme Of Payment By Results

33. The incentive scheme of payments by results, introduced gradually in railway mechanical workshops during the last three years, is proving to be a reform in the right direction. It shows promise as regards feasibility of its adoption in certain other spheres of railway working. The scheme now covers 81 per cent of the staff who were to be brought within its ambit in 28 major workshops. With practically no increase in workshop staff in the last few years, there has

been a substantial improvement in workshop production, enabling the workshops to handle the increased repair load and new lines of production. The average emoluments of the worker have increased and retrenchment has been obviated. "Workshop committees" in eight major railway workshops - one on each zonal railway-, having functions of a more or less general character, have been replaced by "workshop productivity councils". These councils deal with specific productivity aspects of the workshops. Two representatives from each recognised trade union, chosen in consultation with the unions concerned, are included- on each of these councils.

Railway Protection Force

34. I must also refer in this context to the Railway Protection Force, an organisation of the Railways which, during the few years in which it has functioned, has shown its increasing usefulness. The thefts of booked consignments as well as of carriage and wagon fittings and other railway materials from yards, workshops, stores and loco sheds have been controlled. The number of such thefts in 1962-63 was reduced appreciably below the number in 1959-60, notwithstanding the 22 per cent increase in the volume of freight traffic. The value of property recovered has also shown improvement. With the assistance of the State Police, the Force has been able to liquidate a few gangs of active criminals engaged in looting loaded wagons en route. Strict vigilance exercised by the Force on suspected personnel has led to a large number of persons being prosecuted. It may interest the House to know that dog squads for tracking criminals have been used with good results and have also been deployed to assist the Government Railway Police and the Civil Police. It would be appropriate here to refer also to the splendid performance, during the Emergency, of the Railway Protection Force personnel, who were augmented for this purpose by a special Emergency Force Reserve of six battalions. They guarded vulnerable points, areas and installations, especially on the Northeast Frontier Railway, to ensure safe movement of defence personnel and equipment. It is in the fitness of things that personnel of the Railway Protection Force have now been made eligible for the award of the 'President's Police and Fire Services Medal' and 'The Police Medal' for gallantry and meritorious services.

Simplification Of Accounts Procedures

35. A significant administrative reform, which is currently in hand, may be of some interest to the House. The rapid and progressive increase in the number and magnitude of the Railways' traffic and other financial transactions, over the last decade, has resulted in a more or less proportionate increase in the strength of the accounts checking and compiling staff. With the further heavy increases in traffic and other activities in sight, it was felt necessary to review and simplify procedures of accounting. Having regard to the heavy impact of increased traffic on station staff and on the traffic accounts offices, the procedures for accountal of earnings have received first attention. Several directives have already issued to Railways in the current year (1963-64), in consultation with the Comptroller and Auditor General where necessary. These aim at simplification of procedures and elimination of wasteful labour and unduly meticulous accounting. The Railways for several years have been using data-processing equipment for Statistics. Some changes in accounting are proposed to be introduced in the coming year by the integration of accounts and statistics through a more intensive use of the machines. With only a few extra machines, it will be possible to take over a proportion of the arithmetical checks now being done manually by accounts staff. This will also reduce substantially the compilation work at the stations. There will, however, be no retrenchment, as the staff released by the changes in procedure will be utilised to handle the increasing volume of work resulting from the growing traffic. It is proposed to gradually extend simplification of procedures to other branches of the accounts department and to other departments of the Railways.

Estimate Committee's Examination Or Certain Railway Estimates

36. Before I finish this outline of organisational and administrative improvements, I may refer to the Estimates Committee's recent study of the estimates of the Northeast Frontier Railway, the Chittaranjan Locomotive Works and the Integral Coach Factory. We await with interest the recommendations of the Committee.

Research, Designs And Standards Organisation (RDSO) (RDSO - Liaison With National Research Institutions-Location)

37. The Research, Designs and Standards Organisation, while largely concerned with problems special to railway operation, has continued to function in close coordination with the National Research Institutions in the country. It has been decided to shift the designs and

standards sections now located in Simla to Lucknow. The entire organisation-excepting only the Chemical and Metallurgical wing at Chittaranjan-will be located in Lucknow, where the Research Centre and some design and standards sections are already located. The shift is being made in phases.

Khosla Committee's Report—Bridges And Floods Wing OF RDSO

38. The implementation by the RDSO of the short-term plan recommended by the Khosla Committee, in connection with determination of water-ways and connected details of railway bridges, is practically complete; the long term plan is being processed with the Planning Commission and the Ministries concerned.

Chemical & Metallurgical Wing Of RDSO

39. Inexpensive acid and alkali-resisting paints suitable for locomotives and anti-corrosive primers and abrasion-resistant coatings for railway rolling stock have been developed from indigenous materials by the metallurgical and chemical sub-centre of the RDSO. Spheroidal graphite cast iron, as a replacement material for bronze bearing shells used for carriage and wagon axle boxes, has been successfully produced by the Research Centre of the RDSO from hot blast Cupola, instead of the conventional electric process, for the first time in the country. Action for setting up its commercial production in one of the railway workshops is in hand. This will reduce the Railways' dependence on the costly non-ferrous alloy "bronze", whose constituents are in short supply in the country. Methods for the refining of used lubricating oils, transformer oils, and axle oils have also been evolved by the RDSO and pilot plants started.

Electrical & Mechanical Wings Of RDSO

40. The first design developed in the country for a 25 KV alternating current motor coach-for use in suburban services in the Calcutta region-was evolved by the RDSO in collaboration with the Integral Coach Factory, Madras, and the two suppliers of electrical equipment for the coach. Prototype motor coaches have already been manufactured and are being tested out for operating performance.

Civil Engineering And Signals Wings Of RDSO

41. A start has also been made on a main line section towards basic research on the strength of track. This is necessary to evolve standards for the track structure, suitable to carry the future intensive traffic on the main line and trunk routes. A new track-recording car for the broad gauge and a new dynamometer car for the metre gauge have been commissioned. A Joint Director, Safety Research, has been posted recently to carry out research into methods and equipment required to ensure safe operation of trains.

Strengthening Of RDSO (Particularly Research)

42. Proposals for strengthening the RDSO generally, and in particular the Research Wing are under way.

Towards Self Sufficiency (Self Sufficiency In Stream Locomotives-Production Of Electric Locomotives-Chittaranjan Loco Works)

43. The drive towards self-sufficiency continues. The locomotive manufacturing unit at Chittaranjan has maintained and even slightly improved on its target of annual output of 168 WG freight type locomotives. It is also now turning out WP locomotives for fast mail and express passenger trains. Capacity is being developed for the manufacture of 72 electric locomotives per year in addition. The first alternating current (A.C.) broad gauge electric locomotive turned out from these works was commissioned recently by the Prime Minister. 21 direct current (D.C.) electric locomotives had been turned out earlier. During the entire Third Plan period, 100 to 110 AC electric locomotives are expected to be turned out, with electrical equipment partly imported and partly supplied by Heavy Electricals, Bhopal. The Steel Foundry being set up - in the works, in collaboration with a well-known British firm, for - a capacity of ten thousand tons of castings a year, has made good progress and has just commenced production.

Telco-Metre Gauge Steam Locomotives

44. All the requirements of metre gauge steam locomotives in the Third Plan will be met by the production of the Tata Locomotive Works, under the existing agreement between the Government and the Company extending up to 31st March, 1966. The Railway Board are currently examining what arrangements with the Company will be necessary for supplies of steam locomotives beyond the Third Plan period.

Diesel Locomotive Works, Varanasi

45. The Diesel Locomotive Factory being set up at Varanasi took a significant step, when the first locomotive, assembled, from imported components, was recently commissioned by Shri Lal Bahadur Shastri. Practically all the machinery required for the factory has been ordered and many of the shops are ready to receive machinery as it arrives. The factory expects to turn out two more broad gauge main line diesel locomotives in the current year, and 25 more such locomotives and a few diesel shunters in 1964-65.

Integral Coach Factory, Madras

46. The Integral Coach Factory has been progressively intensifying second shift working. As a result, its capacity has increased and the out-turn at present is about 600 broad gauge shells a year equivalent, to 650 in terms of standard broad gauge third class. The target of 700 shells is expected to be reached during 1964-65. The permanent Furnishing Unit attached to the factory has facilitated the equipping of the out-turn of shells with the necessary ancillary fittings. This has released capacity in other railway workshops, which were previously doing this work of "furnishing", for the increased quantum of their normal repair and other load. From 1964-65 onwards the furnishing unit will furnish all the shells produced in the shell factory. The production in the Integral Coach Factory has been diversified to include electric multiple unit coaches and metre gauge coaches. The manufacture of broad gauge electric multiple unit trailer coaches is being done on a regular schedule. Over 150 such coaches have already been completed. The regular manufacture of motor coaches, of which two prototypes have been turned out, will be taken in hand after the prototypes have been tested. It is expected that 162 more broad gauge trailer coaches and 26 broad gauge motor coaches (including the two prototypes) will be manufactured by 31st March 1965. The production of metre gauge A.C. electric multiple coaches in the Integral Coach Factory is also being planned.

H.A.L. And Private Sector Supplementing I.C.F'S Outturn Of Coaches, Including Electric Coaches For Suburban Services

47. The Hindustan Aircraft Ltd., Bangalore (H.A.L.) and the private sector together have continued to supplement the out turn of the Integral Coach Factory in the matter of providing coaching vehicles. H.A.L. is now turning out some 230 to 240 broad gauge passenger coaches a year on the average. Jessops' out turn of metre gauge passenger coaches, at present in the neighbourhood of 220 coaches a year, is expected to increase to 278 in 1964-65. They are producing, in addition, Direct Current electric multiple unit coaches for which capacity has been developed to the extent of six to seven coaches a month. 56 electric multiple unit coaches have been delivered against the first order for 100 such coaches and a further order for another 100 coaches has been placed.

Indigenous Production Of Mechanical Signalling And All Other Railway Equipment—Steady Decrease In Import

48. All mechanical signalling equipment is now being manufactured indigenously. Some components of electric signalling are also being manufactured in the country and there are plans for expansion in this field. Through sustained efforts there has been considerable increase in the indigenous manufacture of all kinds of railway equipment, including track materials and bridge girders. This has resulted in a steady decrease in the purchase of imported materials from 30.03 per cent of total railway purchases in 1951-52 to 14.27 per cent in 1962-63 and consequent proportionate saving in foreign exchange.

Development Cell

49. In the task of development of indigenous capacity for railway equipment, the Development Cell of the Railway Board has continued to function in close co-ordination and liaison with the Department of Technical Development and other government departments and with representatives of the industries concerned. Steps have been taken to develop adequate capacity in the country for a number of additional rolling stock components, including ancillaries and spare parts required for diesel and electric locomotives and electric multiple units, as well as overhead traction fittings.

Promotion Of Export Of Railway Equipment

50. A reference was made by my predecessor last year to the export of some items of track fittings, rolling stock components and train lighting equipment. The scope for increasing such exports and for exporting also complete rolling stock, like freight wagons and passenger coaches, is being actively pursued in close liaison with the Ministry of International Trade and the Indian Missions abroad.

Improvement Of Service To The Customer (Provision For Railway Users' Amenities In 1964-65)

51. I have already made, a brief reference to an increased allocation next year of nearly rupees four crores for railway users' amenities, to step up the programme of providing basic amenities at all stations. While keeping within the overall allocation for this purpose in the Third Plan, this means an increase over the allotment in any previous year for this purpose.

Electrifying Of Railway Stations

52. The electrifying of stations, wherever power is available at reasonable rates, has proceeded steadily. At the end of 1963-64, the total number of stations electrified on the Indian Railways will be nearly 3,000 out of a total of about 6,700 stations.

Problem Of Overcrowding

53. I am conscious of the imperative need to eliminate overcrowding in trains. According to the periodical census of third class occupation in non-suburban trains, the percentage of overcrowding was reduced from 14.6 per cent in 1961 to 13.8 per cent in 1962 on the broad gauge and from 15 per cent in 1961 to 14.5 per cent in 1962 on the metre gauge. I am, however, not satisfied with the small reduction achieved so far. I can but assure the House that the Railways are taking all possible steps to ease overcrowding in trains within the resources available after giving due priority to freight traffic in the interest of national economy. The aggregate increase in the number of passenger-carrying vehicles during the first two years of the current Plan, other than additions made to electric multiple unit coaches in Bombay, Calcutta and Madras suburban areas, was 7.54 per cent, as against less than 4 per cent overall increase in the number of non-suburban passengers over the same period. The very much higher rate, of increase of suburban passenger traffic, particularly in Bombay, Calcutta and Madras, is being served to the maximum extent possible in various ways, as I explained while outlining the progress of the Third Plan. I may mention that even here the Railways provided, over these two years, 8 to 10 per cent more of passenger services in terms of train and vehicle kilometres and seat and standing accommodation kilometres; the increase in the number of passengers in the electric suburban areas, however, rose to a little more than 20 per cent.

Monthly Season Tickets In Suburban Areas

54. While on the subject of suburban passenger traffic I may refer in passing to the very low charge that is made for monthly season tickets. The advantage of a low charge is even more so for suburban ticket holders in Bombay, Calcutta and Madras than elsewhere. Even as between these three suburban areas there are differences in the charges. The monthly third class charge in these areas is equivalent to the mail fares for 18 to 9 single journeys, with the benefit of a taper as distances increase; in other cities there is no such taper. The Railways have to incur large

expenditure in dealing with the heavy suburban season ticket traffic in the three areas, which accounts for about 30 per cent of the total journeys by passengers on the Indian Railways as a whole. The season ticket charges were revised, for the first time, after 1948, only in 1962; even the passenger fare tax levied in 1957 did not apply to these charges. The increase in 1962 was limited to about five per cent, against a higher increase averaging about 10 per cent in other passenger fares. The question of what adjustments are necessary in the basis of charge for season tickets is a matter, which requires examination.

Additional Or Extended Trains In Current Year

55. During the first seven months of the current year, 59 non-suburban new trains were introduced-41 on the broad gauge, 16 on the metre gauge (including a pair of metre gauge Janata Express (runs between Madras and Madurai) and two on the narrow gauge-involving an addition of 7,195 train kilometres daily in the aggregate. In suburban services, 23 new broad gauge trains have been introduced, involving 607 additional train kilometres per day. There have also been extensions, in the runs, of existing trains-26 on the broad gauge and 19 on the metre gauge-making up an additional 1,899 train kilometres daily. The runs of 18 existing suburban trains have also been extended, giving an additional 224 train kilometres per day. As one of the measures to carry more passengers in each train, the loads of 208 train services-114 on the broad gauge and 94 on the metre gauge-have been augmented as a regular measure in the current year. 826 special trains-430 on the broad gauge and 396 on the metre gauge-have been run to clear extra traffic during melas and festivals.

Amenities In Trains—Sleeper Accommodation

56. As regards the provision of amenities in trains, the number of third class sleeper coaches has been steadily increased. At present there are 196 two-tier sleeper coaches and 187 three-tier sleeper coaches on 46 pairs of broad gauge trains and 54 two-tier coaches and 168 three-tier coaches on 40 pairs of metre gauge trains. The Railways plan to construct 145 more third class sleeper coaches on the broad gauge and 150 more of such coaches on the metre gauge during the remaining period of the Third Plan. This will be increased further to the extent possible, as there is a growing appreciation of, and demand for, the extension of this facility. Many of these sleeper coaches are also used as slip coaches for through passengers. In order to overcome certain difficulties expressed regarding the length of berths in the metre gauge three-tier sleeper coaches, a new design has been evolved and will be taken up for construction shortly. Ten second class sleeper coaches have been introduced on an experimental basis on a few trains. This facility, which appears to be generally appreciated, will be gradually extended to all important trains.

Provision Of Fans In Third Class Coaches

57. As the House is aware; all new third class coaches are fitted with fans. In addition, nearly 3,200 fans were fitted, in 1962-63, in 410 old coaches, as and when these coaches came into workshops for periodical overhaul or other repairs.

Punctuality

58. The overall punctuality of passenger trains in the current year, as compared to the corresponding period of the previous year, has improved. I have impressed on railway administrations the importance of further improving on the performance.

Catering

59. I have suggested sustained attention to improving the quality of departmental catering which now obtains at 95 stations and on 24 pairs of trains. The improvement to be aimed at will be-both by way of-service and quality of food.

Accidents Committee's Report—Towards Safer Travel

60. The Railway Accidents Committee have submitted their final report. Copies thereof,

together with the comments of the Railway Board on 'the observations and recommendations, of the committee, have been placed on-the table of the House. I would invite Honourable Members to join me in paying a special tribute to the Committee and to Dr. Kunzru; its Chairman, who, in spite of indifferent health, gave himself unstintingly to this work. Steps are being taken to implement as many recommendations, as possible to, ensure a safe and secure service to the rail users. Happily, the incidence of train accidents having risk potential has exhibited a declining trend.

Reducing Incidence Of Accidents At Unmanned Level Crossings

61. While on the subject of accidents. I may refer particularly to accidents at level crossings. It should be appreciated, that it, is neither practicable, nor obligatory under the Indian Railways' Act, to man every one of the 19,000 and more unmanned level crossings in the country. Nor is this done in any other country. In the circumstances it was considered by my - predecessor reasonable and equitable that the incidence of cost of manning selected level crossings, where there has been a growth of road traffic, should be shared - equally between the Road Authority and the Railway. As the House is aware, this formula of apportionment on 50:50 basis was accordingly put forward by him to Chief Ministers of States and it found favour with the Accidents Enquiry Committee and also generally with the Press. Honourable Members will readily agree that it is for the users of the road to exercise reasonable care and vigilance in crossing railway track at level crossings if accidents are to be avoided and that the Railways have gone to the maximum length in offering to assume half the financial liability. It has even been suggested that the Road Authorities, in the alter native, would be exempted from meeting any share of the recurring expenditure if they pay the full initial cost. Most of the State Governments have signified acceptance of the principle of sharing costs and in these cases the Railways have been directed to proceed with the manning without waiting for other formalities being satisfied.

The Railways have also been instructed to provide 'STOP' signs on the approach roads on either side of every unmanned level crossing at suitable points near the railway land boundary. Such signs will be erected whether Road Authorities have put up any road signs or not.

Obviating Detentions To Road Traffic At Level Crossings-Provision Or Over/Under Bridges

62. I should also mention at this stage that Railways have recently been addressed to check up on the working of automatic warning bells, where provided at manned level crossings, to see if these have been effective in reducing detentions to road traffic. Concern has been expressed from time to time by Honourable Members of either House in regard to the need for replacement of level crossings at different places by overbridges or underbridges. The position has been explained on several occasions but the House may like to have an elucidation of this important matter once again. The position briefly is that, when the provision of a bridge - either in replacement of a level crossing or otherwise - is necessitated by the growth of both railway and road traffic, the Railway will bear the cost of the bridge proper, while the Road Authority will bear the cost of the sloping approaches and the extra width of the bridge such as may be required by the Road Authority. The Railways, in fact, have gone to the extent of assuming financial liability for a minimum width of such bridges of 24 feet and even where the width of the level crossing replaced is less than 24 feet.

Container Service And Other Improvements For Freight Service

63. One significant measure in regard to improving service for freight traffic, which will interest the House, is the proposal to introduce, experimentally and in a limited way, 'Container Services' on the lines of those offered by other industrially advanced countries in Europe and America. Door to door service will be provided between a few selected cities, to begin with, by conveying goods in large unit loads from the premises of a consignor at the forwarding station to those of the consignee at the destination station. This would eliminate intermediate manual handling of individual packages, reduce the incidence of damage and contribute to a reduction in packing costs.

64. The Railways also continue to take various measures for improving their freight services, like the running of 'quick transit' services, opening of out-agencies and city booking agencies and introduction of street collection and delivery services in major cities.

Interim Payments To Claimants For Compensation In Connection With Accidents

65. It will not be out of place to refer in this context to a proposal to amend the Indian Railways' Act to enable Railway Administrations to make interim payments speedily to claimants for compensation in respect of death or personal injuries. These payments will be subject to adjustment against what may be awarded later by the Claims Commissioners appointed under the Act.

Railway Freight Concessions For Export Travel Concessions (Export Concessions)

66. As the House is aware, several export commodities were already enjoying rail freight concessions ranging from five per cent to 50 per cent. From 1st January, 1964, a rebate of 25 per cent in railway freight has been allowed to 65 more commodities, comprising products of the engineering industry, for movement from any station to any port for export. I may also refer in this context to the introduction of low wagon rates for the movement of bananas from certain stations on the Central and Western Railways to Bombay Port for export.

Travel Concessions

67. In the context of the national emergency and with a view to relieve pressure on rail accommodation, a number of concessions had been withdrawn from 1st January 1963. After further review, it has been decided to grant concessions, in special cases to persons attending the annual conferences of all-India bodies of educational, cultural, social and technical importance, as well as conferences of national significance.

Eradication Of Ticketless Travel And Other Malpractices (Ticket Less Travelling)

68. The evil of ticketless travel has not shown any significant decline in spite of sustained measures to combat this menace. In, this, as in many other matters, public conscience and social awareness have to be aroused. This can be achieved only through the sustained and whole-hearted co-operation of the Honourable Members, State Governments and public leaders.

Legislation To Curb The Malpractice Or Transfer Of Ticket And Reservation

69. Complaints have been received that, in certain cities, tickets for rail journeys, are purchased and seats or berths are reserved in railway trains by persons other than bonafide passengers. This is with the motive of subsequently making them over unauthorisedly to others for wrongful gains. Since these malpractices, apart from anything else, cause hardship and inconvenience to genuine passengers, a bill has been introduced seeking to amend the Indian Railways Act. This legislative measure will prohibit the transfer of a ticket against which reservation of a seat or berth has been made and will, I hope, act as a curb.

Non-Official Consultative Committees (Consultative Committees)

70. I acknowledge gratefully the valuable assistance received by the Railway Administrations from the various advisory committees at the different levels and from the Honourable Members serving on these Committees. We are now furnishing written statements to the Honourable Members concerned serving on the Informal Zonal Parliamentary Consultative Committees, in advance of the meetings, indicating the action taken on the suggestions made by them in earlier meetings. This slight change in the procedure meets the wishes expressed by certain Honourable Members, without entailing any formal correspondence and without altering the informal character of the meetings, which is so useful.

Staff Matters And Staff-Welfare Training Awards For Good Work (Continuing Measures Of Improvement In Service And Living Conditions)

71. In the context of a social welfare state, and particularly as the largest single employer; the Railways have adopted continuing measures to improve the working and living conditions of staff. The House is aware of the measures of social security recently sanctioned by the

Government, by way of improved family pension and increases in lower rated pensions, benefits which the railwaymen will share with other Central Government employees.

72. The number of staff employed on the Indian Government Railways is just over 12.12 lakhs. The cost of the staff is about 60 per cent of the total revenue working expenses, which is more or less of the same order as obtains on the Railways in a number of more advanced countries. Staff expenditure thus comprises the largest single item of expenditure and the Railways are conscious that the staff must be looked after and encouraged to give of their best in return.

Medical And Health Measures

73. Besides steadily expanding medical facilities, the preventive aspect of health of employees is also being looked after. The National Malaria Eradication Scheme and Small Pox Eradication Programme have been carried out, in collaboration with the States, on the basis of schemes formulated by the Ministry of Health. The Family Planning Programme is being substantially developed and enlarged on lines indicated by the Ministry of Health. The House will be happy to note that the Railway Accidents Committee, in their recent report, have recorded their impression that the medical facilities, both in scale and quality, on the Railways are second to those of no other organisation in India.

Housing

74. Nearly 4,26,000 railwaymen were housed in Railway quarters at the end of 1962-63, representing more than a third of the total staff strength. Within the resources available in the Plan, for this purpose, about 11,000 additional quarters on the average are being provided every year and improvements are also being carried out to existing quarters of the old type.

Schools, Subsidised Hostels, Holiday Homes, Scholarships, Women's Handicraft Centres

75. Educational facilities for employees' children have progressively increased. There are now 652 Primary Schools for the education of children of railway employees and 63 schools for secondary and higher education. Subsidised hostels for the children of railway staff at important educational centres, for the benefit of staff who are transferred away elsewhere, as well as holiday homes for railway staff and their families continue to be extensively availed of. The House is aware of the scheme for awarding 1,000 scholarships every year, from the Staff Benefit Fund, for the technical education of railway employees' children. This scheme costs approximately Rs. 10 lakhs every year. Handicraft Centres, which are also financed from the Staff Benefit Fund and provide training for women members of Railwaymen's families in various handicrafts, are given encouragement by placing orders on them for the fabrication of simple articles of stationery and clothing required by the Railways. This supplements the income of railway families and adds to their well being.

Training

76. Adequate training of staff in different categories, in the context of the increasing workload, continues to receive sustained attention. "In-plant" training facilities exist on the different Zonal Railways and Manufacturing Units. There are in addition a number of central training institutions. I may refer to the Railway Staff College, Baroda, for gazetted officers, the Training Centre at Jamalpur for apprentice Mechanical Engineers, Advanced Permanent Way Training School, Poona, the Indian Railway School of Signal Engineering and Telecommunications, Secunderabad, Diesel Training Centre, Gaya and the Loco Training School for the Operation and Maintenance of A.C. Electric Locomotives at Asansol. The Railways also continue to take advantage of the offer of training facilities abroad, extended under the various technical aid plans or by foreign Governments and agencies.

Workers' Education Centre

77. Facilities continue to be afforded to the Railway employees for undergoing training in different Workers' Education Centres. The number of employees volunteering for this training is

encouraging and is an indication of a desire for intelligent participation in union affairs and better performance of duties.

Award for good work-free "educational tour on wheels"

78. The House may be interested to know that recently I decided, as an experimental measure, that some deserving workshop employees with outstanding record may be selected for going round the country, with their families, on an organised tour. One such party has started on their tour. The facility of a sleeper coach for the entire tour has been provided and a senior welfare inspector has been deputed to accompany the party. There are already several recognised awards for good work. I felt that an award in this new shape, of a free "Educational tour on wheels", will acquaint the railway workers with industrial advancement in different parts of the country and the comparative conditions of work in various units. The scheme, besides contributing to national integration, will develop in the workers an added sense of national pride and pride in their own work as part of their contribution to the nation.

Labour Relations (P.N.M. Meetings With The Two Federations)

79. Six quarterly meetings of the Railway Board were held during 1963 with the two Federations, under the Permanent Negotiating Machinery, at which several important decisions were taken. The relations with railwaymen have continued to be cordial and harmonious on the whole.

Joint Committees Of Officers And Staff

80. The number of joint committees of officers and staff at various levels on the Railways increased to 480, during 1963, and served as a useful medium to enlist the cooperation of the staff in suggesting ways and means of improving operational and administrative efficiency and securing economy.

Extra Curricular Activities (Sports)

81. Railwaymen have maintained their excellent record in the field of sports. The Railways won the national championships in hockey, volleyball, boxing, kabaddi, water polo, table tennis (women), badminton (women), senior and junior weight-lifting. They were the runners up in swimming and secured third place in basketball, cycling, football and wrestling. Twelve railwaymen had the privilege of representing the country as members of the Indian contingents in various international events held during the year 1963. Two sportsmen from the railways were the recipients of Arjuna Award during the year.

Conclusion (Role Of Railways And Railwaymen In The Present Context)

82. The Indian Railways constitute the biggest national undertaking. Important always as constituting the major transport system in the country, they have had to assume added responsibilities in a defence-oriented economy and during a period of continuing Emergency. Last year my predecessor made a special reference to the ready and spontaneous response of railway workers when overtaken suddenly by the Emergency. We have in the Railways an organisation qualified and eager to serve the nation, one of which I venture to state the country could well be proud notwithstanding certain shortcomings of which I am only too conscious. I have no doubt that, with the increasing tempo of work before them in the years ahead, the Railwaymen will rise to yet greater heights of performance. In my stewardship of this vast undertaking I look to the Parliament and the members of the public for support and encouragement. Before I conclude, I am sure the House will wish to join me in paying a warm tribute of appreciation to the vast army of Railwaymen of all levels, who are maintaining, operating and administering the Indian Railways and who have been giving such a good account of themselves.
