

**Speech of Shri C. M. Poonacha
Introducing the Railway Budget
for 1967-68, on 20th March 1967.**

Mr. Speaker,

Sir, I rise to place before the House the annual financial statement for the Indian Government Railways showing the estimated receipts and expenditure for the year 1967-68. The estimates are for the whole of the next financial year, but since only a few days are left of this financial year and the time available for discussion of the Demands during this session of Parliament is very limited, I seek from this House, for the present, only a vote on account sufficient to cover the estimated expenditure for the first four months of the financial year 1967-68 leaving the supplies for the rest of the year to be voted separately later on.

The White Paper circulated with the budget documents, broadly reviews the development of the railways during the Third Plan and also covers most of the subjects which normally figure in the budget speech. I shall, therefore, refer briefly only to a few salient points about the financial position of the railways.

2. The financial results of the working of Railways in 1965-66 showed a smaller surplus of 18.56 crores than the 29.99 crores anticipated in the revised estimate. The shortfall of 11.43 crores was due to a decrease of 8.23 crores in traffic receipts coupled with a marginal increase of 3.20 crores in the working expenses over the revised estimates.

3. The revised estimate of gross traffic receipts for the current year, 1966-67, has had to be brought down to 783.75 crores, representing a reduction of 11.58 crores, because only about 4½ to 5 million tonnes of additional revenue earning goods traffic is now expected to materialise this year against the extra 12 million tonnes anticipated in the budget estimates. The shortfall is mainly in the traffic to and from steel plants, and public coal, and to a less extent in cement and general goods traffic.

Working expenses show an increase of about 27 crores, mostly due to post-budget developments outside the railways' control. More than half this increase is because the rates of dearness allowance were raised in October 1966 with effect partly from 1st December 1965 and 1st August 1966. Five re-revisions of the price of coal between April and December 1966, which added Rs. 1.89 to the price per tonne, the rising prices of materials used in repairs and maintenance and the increase in the tariffs of several State Electricity Boards have also contributed substantially to the increase in working expenses. The net effect of the coincidence this year of a steep increase in operating expenses with a substantial shortfall in traffic anticipations is that the Indian Government Railways are likely to close this year with a deficit estimated now at Rs. 15.27 crores.

In presenting the budget for the current year my predecessor stated that "Analyses of rail traffic anticipations for 1966-67 indicate a possible increase of up to 12 million tonnes in originating freight over the 1965-66 anticipated traffic level of 204 million tonnes". The actual originating tonnage last year was only 203.1 million tonnes, and available figures for the first 10 months of the current year show that revenue earning traffic has increased by only about 4 million tonnes. The lower level of revenue earning traffic reflects partly the relative sluggishness of economic activity in the country during the current year particularly steel production, and partly the effect of a number of other factors like the periodic disruption of traffic due to civil disturbances like the Bengal Bundhs, the Mysore-Maharashtra border dispute and the Steel Plant agitation in Andhra Pradesh. Operation has also been seriously affected by the drought in Bihar, eastern U.P. and Madhya Pradesh, the heavy floods in Assam and the cyclones on the Coromandel coast. Prolonged strikes by road hauliers in U.P. and West Bengal also created congestion at many terminals, which had to be followed by restrictions on traffic to those terminals from the producing centres. The shortfall in originating traffic is the cumulative effect of all these factors.

The movement of imported foodgrains from the ports to the interior of the country has been handled satisfactorily. Over 82 million tonnes of imported foodgrains and fertilizers have already been moved this year as compared to only 6 million tonnes of imported, foodgrains handled in the first eleven months of last year. Foodgrains, pumping sets and other articles required for the drought-stricken areas in Bihar, eastern U.P. etc., are being moved promptly to wherever they are required. Between November 1966 and February 1967 alone about three quarters of a million tonnes of foodgrains were moved to Bihar from different parts of the country, and between October 1966 and February 1967, 1½ lakhs tonnes of rice were moved from Andhra Pradesh to Kerala.

The movement of traffic over some of the difficult routes and transshipment points has eased considerably compared to last year. In the first 10 months of this year 19 per cent more wagons were ferried

across the Ganga as compared to the last year and the creation of additional broad gauge facilities for handling loco coal at Samastipur has enabled the Garhara yard to tranship more public coal for trans-Ganga destinations. Additional capacity for break of gauge traffic has also been developed at Shahganj. All these measures have eased the movement of traffic to North Bihar and eastern U.P.

The scheme of running Super Express goods trains has now stabilised, and these trains have now substantially reduced the transit time between several important pairs of points. This service, which was initially introduced on six routes, viz., Bombay-New Delhi, New Delhi-Calcutta, Calcutta-Bombay, Calcutta-Tatanagar, Calcutta-Madras and Madras-Bangalore City, is now being extended to the Madras-Bombay route also.

There have been further improvements in the passenger services too. 69 new trains were introduced in the current year – 35 on the broad gauge, 28 on the metre gauge and 6 on the narrow gauge, adding 12,535 to the daily train kilometrage. One of these is the daily Janata Express between Howrah and Madras. The run of 41 existing trains – 19 on the broad gauge, 20 on the metre gauge and 2 on the narrow gauge-was also extended during this period adding 3,865 to the daily train kilometrage. These include the Ahmedabad-Viramgam Janata, the run of which has been extended to Bombay Central. The frequency of the popular A.C. Express service between Delhi and Bombay and Delhi and Calcutta has been increased recently from twice to thrice a week. From the first of the next month A.C. Deluxe Express services will be introduced also between Madras and Howrah, Howrah and Bombay V.T. (via Nagpur) and Bombay V.T. and Madras. On the suburban sections, 83 new trains were introduced in the first nine months of the year – 60 on the Eastern Railway, 19 on the Western Railway and 4 on the Southern Railway, adding 2,628 to the daily train kilometres, and the run of 14 broad gauge suburban train services has been extended on the Western and Eastern Railways, involving an addition of 192 daily train kilometres. On the whole, the daily train kilometrage has increased by three per cent during the current year.

More accommodation has been made available on some of the important long distance trains by using diesel locomotives capable of hauling more coaches than steam locomotives.

The reduction in the overall running time of a large number of trains was referred to in the Budget speech last year. This process has been extended this year to nearly 250 trains. Some notable instances are-the New Delhi-Madras Southern/Air Conditioned Expresses take 4½ hours less in one direction and 4 hours in the other the Howrah-Amritsar Mails' about 2 hours less -and the Frontier Mails about 45 minutes less between Bombay and Delhi.

Traffic capacity built up to meet traffic demands, as assessed from time to time in consultation with the Planning Commission and the concerned Ministries not having been fully utilised during the year, further capital expenditure on creation of extra capacity has been pruned substantially during the year, as will be evident from the steep reduction in the provision for Works and Rolling Stock, which I shall mention later. On the revenue side, efforts to secure economy in operating costs consistent with efficiency and safety have been intensified. A ban was placed in August 1966 on the recruitment of ministerial staff for administrative offices, and even normal wastage on account of retirement, discharge, etc., are not being made up by fresh recruitment. Rationalisation and simplification of procedures and the elimination of unproductive work has been undertaken in order to accommodate the consequent reduction in the number of staff; and it is also proposed to transfer gradually to machines more and more items of routine work, which will increase the efficiency and out-put of workers and thus secure maximum economy. Additional personnel required for expanding traffic is to be found, as far as possible, from among staff rendered surplus from steam traction with its progressive substitution by diesel and electric traction. Schedules for the periodical maintenance of railway buildings have been revised to effect economy. A close watch is being maintained on fuel consumption. Work study teams have been tackling certain aspects of railway operation, where the application of work study techniques is expected to promote greater efficiency and economy by improving procedures and methods of working. Some results already achieved have been very encouraging and, therefore, the application of work study techniques is being extended to more and more areas of railway operation. These and other measures to improve productivity and achieve economy will be continued in the coming years and our effort to secure higher levels of efficiency and economy will not be allowed to slacken.

Coming now to the Budget Estimates for the year 1967-68, the total of gross traffic receipts has been placed at Rs. 826 crores – an increase of 42.25 crores over the revised estimate of 783.75 crores for the current year. These estimates assume an increase of about 8 crores under passenger earnings and about 33 crores under goods earnings; the latter reflects the anticipation of about 8½ million tonnes of additional originating traffic next year.

4. Revenue Working Expenses are expected to increase by about 17.4 crores. Of this, about 9 crores

is relatable to the additional passenger and goods traffic anticipated next year; about 5½ crores is for the repairs and maintenance of the Railways' expanding assets, particularly rolling stock; and the balance of 3 crores covers the increase in operating costs due to the rise in prices, and also expenditure on staff welfare measures like medical aid, public health and sanitation, education and training. After allowing for these increases, net traffic receipts before appropriation to Depreciation Reserve Fund and the Pension Fund are expected to be about 25 crores higher than the revised estimates for the current year. Expenditure on minor works of a capital nature financed from revenue is expected to be limited to 11.25 crores. An increase of about 1.4 crores has been made in the appropriation to the Pension Fund from Revenue to meet the cost of the *ex gratia* pension sanctioned to staff, who retired prior to 1st April 1957. About 9 crores more are payable as dividend to the General Revenues on the additional capital investment during the year. After allowing for these items, only 99 crores will be available for appropriation to the Depreciation Reserve Fund. This is 16 crores short of the figure of 115 crores recommended for 1967-68 by the Railway Convention Committee of 1965 and approved by Parliament, and one crore less than even what was appropriated in the current year. This shortfall will have to be made good at the earliest opportunity, particularly since it is estimated that the expenditure from the fund in 1967-68 will be 110 crores, 11 crores more than this appropriation.

The estimates of working expenses as now framed for the budget year 1967-68 are on the basis of the present level of prices and staff costs and contain no cushion for any increase in either of them.

5. The Development Fund, which had a comfortable working balance during the earlier years of the Third Plan, will be almost completely denuded at the end of the current year. This is because the Railway surplus from which this Fund is fed has been substantially less than the outgo from the Fund during the last two years and there is going to be no surplus this year. In the budget estimates now presented, a loan of about Rs. 22 crores from the General Revenues is envisaged to meet the expenditure chargeable to the Fund in 1967-68. Since it is neither desirable nor possible to finance by loans works relating to passenger amenities, staff welfare or unremunerative operating improvements, it is imperative that the loan should be repaid at the earliest possible opportunity, and development expenditure met from the Railways' own resources.

6. The revised estimate of expenditure on the Works Machinery and Rolling Stock Programme, for the current year has been placed at about Rs. 312 crores (net). This reduction of 13 crores on the budget of Rs. 325 crores (net) is after absorbing the effect of the devaluation of the Indian Rupee (assessed at around 20 crores) and has been achieved by adjusting the pace of various works in progress and drastically cutting back on rolling stock production and procurement. The estimate of expenditure on the Works, Machinery and Rolling Stock programme in 1967-68 has been placed at present at Rs. 305 crores. I may, however, assure the House that these measures are not likely to affect the capacity of the railways to handle any normal spurts in traffic in the next year or two.

7. Relations with the two Federations of organised Railway Labour have been cordial throughout the year, and, with the inauguration of the National Council last January, we look forward to even closer and more fruitful consultations on matters of common interest.

8. Before I conclude, I should like to pay my tribute to the devoted service of railwaymen throughout this year and the manner in which heavy movements of imported foodgrains have been handled in spite of the shortage of covered wagons on both the broad and metre gauge and the very long leads necessitated by the limitations of port capacity to handle these unprecedented imports. I have no doubt that the same spirit and enthusiasm, which the Railways have always exhibited in times of emergency – external or internal – will enable the Railways to meet in future also similar sudden and unexpected demands made on them. I wish to take this opportunity of thanking all railwaymen for the good job that they have done during the year.
