**Speech of Shri Madhavrao Scindia**
**Introducing the Railway Budget, 1988-89**
**on 24th february, 1988**

Mr. Speaker,

Sir, I rise to present the Revised Estimates for the year 1987-88 and Budget Estimates for the year 1988-89 for the Indian Railways.

**Introduction**

2. It was gratifying for us in the Railways to have received continued support and encouragement from Honourable Members from all sections of the House, and ever-increasing co-operation from members of the public. This served to enthuse and inspire Railwaymen to new heights in the year 1986-87, and in the current year 1987-88.

2.1 The best productivity indicator of freight operations, Net Tonne Kilometres per Wagon per Day, which had increased to 1296 (BG), in 1985-86, reached a new high when it touched 1420 in the year 1986-87-- an improvement of as much as 10%. 1350 was the target for the terminal year of the 7th Plan. I am happy to say, we have steamed way past this figure three years ahead of time. It has enabled the Indian Railways to retain the position it had achieved last year as a world leader in freight capacity utilisation, leaving behind countries even in the developed world. Members will appreciate the magnitude of the increased freight transport effort when I state that with only a very marginal increase in the wagon fleet, the first two years of the 7th Plan together, have produced an additional 41.1 billion net tonne kilometres. This has surpassed by as much as 56% in these two years alone, the transport increase of 26.2 billion in the entire five year period taken together, of the 6th Plan.

**Freight Performance 1986-87**

3. In 1986-87, the Railways crossed a new milestone of 300 million tonnes, loading 307 million against a target of 294. This was 21 million tonnes more than in 1985-86.

**Drought and Floods**

4. As the House is aware, a major calamity affecting large parts of our country was the unprecedented drought. The Railways took up the challenge, and joining the rest of the nation in the drought management effort of the Government, ensured massive movement of diesel, foodgrains and edible oil to drought affected areas, meeting the demands in full. Movement of these commodities to the affected areas, during the crucial months, recorded increases of up to 200 per cent over the same month last year.

4.1 This was not the only crisis which the Railways faced during the year. The floods that ravaged the Eastern and North Eastern parts of the country caused extensive 'wash-aways' of long sections of track. The snapped links were restored at commendable speed, and, special efforts mounted, to ensure the flow of essential supplies to the North East region, even during the period of dislocation. I would like to take this opportunity to record my appreciation for the splendid job done by railwaymen, working round the clock.

**Freight Performance 1987-88**

5. In the current year 1987-88, in spite of having to cater to the urgent needs of the drought situation and contend with the serious dislocations of rail links due to floods, I am happy to inform the House, that the freight performance in the first 10 months, enables me to say with confidence that Indian Railways is poised, for the third year in succession to surpass its annual targets. These had been fixed for the current year at 313 million tonnes of originating traffic (revised to 316) and 223 billion net tonne kilometres.

**Financial Performance 1986-87**

6. The financial performance has also kept pace with that of freight. The House will recall that while presenting the last Budget, I had estimated that the year 1986-87 was likely to end with a surplus of Rs 11 crores. The House will be glad to know, that with additional revenue effort and strict financial management, the Railways have instead, after paying full dividend of Rs. 578.85 crores to the General Revenues, ended

the year with a surplus of Rs. 101 .99 crores. The surplus was largely used for passenger and staff amenity works and on essential operating improvements,

**Energy Conservation**

7. In order to further absorb a larger part of mounting input costs, efforts are on to economise through even greater efficiency in energy utilisation. Indian Railways, due to their size of operations, are a major consumer of energy. Over one-fifth of the working expenses is accounted for by coal, diesel and electricity. As a result of measures taken, specific fuel consumption in diesel and electric has recorded a drop. Energy conservation committees have been set up in the Railway Board, Zonal Railways, Divisions, Production Units and Workshops, to initiate and oversee conservation measures. Development of designs of lighter weight coaches and wagons, use of rail wheel lubricators, aerodynamic profiling of rolling stock, and manufacture of fuel-efficient locomotives, are some of the long term measures being pursued. To reduce the capital, operational and maintenance costs in electrification, a new 2 x 25 KV system is also being considered.

**Financial Performance 1987-88**

8. Measures to obtain economies have begun to yield desirable results. In the current year-1987-88, the surplus had been assessed at Rs. 69 crores. However, since then various post-budgetary developments have brought the Ordinary Working Expenses under heavy strain. These include throw-forward payments arising out of the Fourth Pay Commission's recommendations, payment of enhanced Productivity Linked Bonus, additional Dearness Allowance due to increase in rates, and increase in prices of coal and steel. These post-budgetary factors will account for an additional net expenditure of Rs. 295 crores under Ordinary Working Expenses, the Revised Estimates for which are placed at Rs. 6045 crores. This amount has been arrived at after taking into account economies exercised during the course of the year. I am, however, glad to say that we intend to fully cover the extra outgo through a greater revenue effort, with the gross traffic receipts rising to Rs. 8474 crores compared to Rs. 8179 crores estimated in the Budget.

8.1 The House may recall that when I had presented a surplus Budget for the year 1987-88, without taking recourse to any tariff hike, a concern had been expressed that the Railways would have to introduce major supplementary fares and freight increases during the course of the year. Such apprehensions have been proved wrong. The results are now there for -the House to see. In spite of the rise in costs due to the post-budgetary factors just mentioned, and after paying full dividend of Rs. 640 crores to General Revenues, the surplus in 1987-88 is likely to be maintained at Rs. 69 crores.

**Passenger Services**

9. Passenger traffic recorded a significant increase during the last two years. The passenger kilometres carried in the very first two years of the 7th Plan, rose by about 30 billion, compared to a total increase of 28 billion in the entire five year period taken together, of the 6th Plan. Despite the constraint of locomotives, coaches and terminal capacity, the carriage of this additional traffic was made largely possible through improved utilisation of coaches and rationalisation of rake links.

**New Services in 1987-88**

9.1 In the year 1987-88, we introduced 64 new trains, and increased the frequency of eight existing trains. We recognise the importance of improving train services between the southern parts of our country and the national Capital, both in terms of time and frequency. In pursuit of this objective, we have ensured that the national Capital is connected with the four Southern State capitals of Bangalore, Hyderabad, Madras and Trivandrum by daily superfast express services.

**New Services in 1988-89**

9.2 It is our constant endeavour, whilst striking a judicious balance between passenger movements and that of freight, to increase passenger services to the maximum extent possible. I am happy to inform the Honourable Members that from the time table coming into force with effect from 1st May 1988, several new trains will be introduced. These are :

1. A Superfast Express between Nagpur and Bombay (3 days a week).
2. A Superfast Express between Bombay and Varanasi (4 days a week).
3. A daily Express train between Hyderabad and Sirpur Kagaznagar.
4. An Express train between Sambhalpur and Bhubaneswar via Titlagarh (6

days a week).
5. A daily Express train between Lucknow and Kanpur.
6. A daily Express train between Samastipur and Jaynagar.
7. A daily Passenger train between Katni and Chopan.
8. A daily Passenger train between Nizamabad and Parbhani.

9.2.1 The frequency of a number of trains will be increased. These are :
1. 133/134 Ahmadabad-Howrah Express from 4 days a week to daily.
2. 159/160 Durg-Varanasi Sarnath Express from 3 days a week to daily.
3. 59/60 Madras-Hyderabad Charminar Express from 5 days a week to daily.
4. 933/934 Bombay-Lucknow Express from thrice to 4 days a week.
5. 935/936 Bombay-Mangalore, now named Netravati Express, from twice to 3 days a week.
6. 953/954 Mahanadi Express via Jabalpur from thrice to 4 days a week.

9.2.2 The runs of three existing trains will be extended. These are :
1. 147/148 Delhi-Sitapur Express up to Balamau.
2. 141/142 Guna-Ujjain Passenger up to Nagda.
3. 913/914 Bombay-Muzaffarpur Express up to Chhapra.

9.2.3 Honourable Members will also be glad to know that in addition to 36 new suburban trains introduced in Bombay during 1987-88, it has been decided to add another 22 services in the Bombay area. In Calcutta, in addition to the 11 new suburban trains introduced during 1987-88, eight more trains are proposed to be added this year.

**Air-conditioned Sleeper Coaches on M.G**

9.3 In accordance with the new emphasis on improving the metre gauge system, we have recently introduced air-conditioned sleeper coaches on seven metre gauge trains, in addition to three trains already having this facility. Air-conditioned sleeper coaches.are now available on Delhi-Ahmadabad Mail, Pandian Express between Madras and Madurai, Nellai Express between Madras and Tirunelveli, Rock Fort Express between Madras and Tiruchchirappalli, Ashram Express between Delhi and Ahmadabad, Ajanta Express between Kacheguda and Manmad, Nainital Express between Lucknow and Kathgodam, Delhi-Bikaner Mail, Delhi-Jodhpur Mail and AhmadabadJodhpur Superfast Express. It has also been decided that this facility will soon be extended to the Kamrup Express between Guwahati and Dibrugarh.

**Passenger Terminals**

9.4 Keeping in view the projections of the future demand of passenger traffic, we feel it is imperative to re-design, upgrade and create additional terminal facilities. However, since this involves large investments, the programme will have to be undertaken in a phased manner. To meet the present, and more importantly, the future requirements, we have decided to establish new passenger terminals at Kurla and Bandra for Bombay, and at Shalimar for Calcutta. Similarly, the terminal facilities at Hazrat Nizamuddin and New Delhi are being expanded for the Delhi area.

**Computerised Passenger Reservation Systems**

9.5 A major step in the area of passenger facilities has been the decision to establish computerised reservation systems at places where the volume is often leading to delay in obtaining reservations and consequent inconvenience. Within the short span of two years, computerised reservation systems have been developed and installed for all trains in Delhi and Calcutta. Reservation facilities have been made even more conveniently available with the provision of satellite offices. Apart from New Delhi Reservation Office, facilities are now available at Parliament House, Sarojini Nagar, Kirti Nagar, Delhi Shahdara, New Delhi, Delhi Main and Hazrat Nizamuddin. One more satellite reservation office is planned in the trans-Jamuna area. Similarly in Calcutta, reservation facilities are now available at Howrah, Sealdah, Old and New Koilaghat, Fairlie Place and Alexander Court. Six more centres are planned in different locations in the city. In Bombay, computerised reservations are available at Bombay VT and Bombay Central. It is expected that all trains will be covered by March 1988, with extension terminals also functioning at Churchgate. At Madras, the computerised reservation service has been introduced on a few trains with effect from 2nd October, 1987, a year ahead of schedule.

9.6 Similar projects at Ahmadabad, Bangalore, Bhopal, Lucknow and Secunderabad have been approved.

9.7 While on the subject of computerised passenger reservations, the House may be interested to know that an estimate indicates that for Delhi alone, about 15 million man-hours are saved annually as a result of provision of computerised reservations and satellite offices. If to this is added the saving in transportation cost due to shortening of journeys undertaken by prospective passengers, Members will appreciate that considerable socio-economic benefits have accrued to the community.

**Railway Enquiries**

9.8 In continuation of the efforts to improve passenger facilities, the enquiry system is being streamlined, so as to ensure furnishing of prompt and reliable information. The Railways have been directed to bring about qualitative improvement, by increasing the telecommunication channels where necessary, by effective monitoring through centralised enquiry offices, and by improving display systems at station platforms.

**Directorate of Passenger Amenities**

9.9 To ensure effective coordination in implementing policy guidelines and for emphasising the need to respond and cater expeditiously to passenger requirements, it has been decided to set up a Directorate for Passenger Amenities in the Railway Ministry.

**Railway Claims Tribunal**

10. The Railway Claims Tribunal Bill, 1987, passed by both the Houses of Parliament during the Winter Session, has been another major step towards better customer service. These Tribunals will go a long way in reducing the burden on the courts, and, in providing an exclusive and expert body for thespeedy disposal of claims. Benches will be set up at Ahmadabad, Bangalore, Bhopal, Bhubaneswar, Bombay, Calcutta, Chandigarh, Ernakulam, Gorakhpur, Guwahati, Jaipur, Lucknow, Madras, Nagpur, New Delhi, Patna and Secunderabad.

**Container Corporation**

11. An evaluation of the potential for international container traffic and its speedy growth has clearly highlighted this as an area for greater attention. Accordingly, it has been decided to establish a Container Corporation under the administrative control of the Ministry of Railways, for the development and management of inland container depots and container freight stations in the country. In addition to the seven container depots already functioning at different locations in the country, it has been proposed to set up a full-fledged inland container depot, with modern facilities, at Tughlakabad.

**Technology Upgradation**

12. This has been the third year in succession, in which Indian Railways have managed to sustain a continued improvement in their ability to handle larger and larger volumes, both in passenger and freight traffic. Undoubtedly, traffic will continue to grow in the coming years. Keeping in mind the constraint of resources that exists, the only way to successfully meet the ever-increasing future demands on the system, is by improving our capacity to absorb and implement new technology. It is with these objectives in mind that we have planned technology improvements in selected areas, covering various segments of railway operations, supported by investment programmes. The envisaged programme includes running of heavier freight trains, inter-city multiple unit train sets, longer passenger trains, improved wagon and coach designs, high horse power locomotives, strengthened track, and a more reliable and efficient signalling and communication network.

12.1 Action has been taken to initiate for the future, indigenous development through a well-defined and structured technological development plan with specified missions. Our effort is to achieve development through synergy, involving industry and centres of advanced learning. The Research, Designs and Standards Organisation of the Railways (RDSO), is being restructured to be a centre of excellence in certain fields. The investment outlay for Research in 1988-89 has been increased by 50% over the current year.

12.2 In the area of communications, a beginning has already been made in the use of optic fibre cables, which are immune to inductive interference. The project was commenced recently at a cost of

Rs. 10.3 crores between Churchgate and Virar, on the Western Railway, and is expected to be completed by March 1989. In the current year, optic fibre communication is under implementation on the suburban section of the Central Railway. It has also been decided to extend such a system to the 864 kilometres that are proposed for electrification by 1990-91.

12.3 Two other projects sanctioned in the current year are to provide a radio link between the train and the traffic control room on the busy Delhi-Mughalsarai route, and, between the driver and the guard of selected trains.

12.4 For meeting the needs of intensively worked terminals and junction stations, work has started on a train describer and central traffic control pilot project for the Delhi area, at a cost of about Rs. 20 crores. This will provide real-time information of train-running, with the position of trains in the Delhi area indicated automatically through a central computer, relayed at the terminal stations on flip-flap communication displays. It will also greatly improve the utilisation of track and platform capacity. The project is expected to be completed by May 1990.

12.5 To improve and modernise track maintenance and relaying systems, we are adding 33 high capacity track tamping and maintenance machines to our existing fleet of 84. We have also planned installation of high-speed turnouts for improved operations. For on-site welding of track, a mobile flash butt welding plant has been procured.

**Safety**

13. Sophisticated safety devices are being inducted into the system. An auxiliary warning system has been introduced on the Churchgate Virar suburban section of the Western Railway. This system enables display of the signal aspects to the driver sufficiently in advance, and initiates automatic application of brakes to control the speed of the train, if the driver were to ignore the signal. This is the first project of its kind on the Indian Railways. Sanction has also been accorded for similar systems in the Bombay VT-Kalyan suburban section of Central Railway, and the mainline sections Delhi-Bombay (Western Railway route) and Delhi-Mughalsarai. For level crossings, trials are being undertaken of a `solar powered train actuated approach warning safety device', which would give an audio-visual warning of approaching trains to road users. Along with these developments, track circuiting of running lines is being extended to more stations, and axle counters are being provided on selected routes in a phased manner. Emphasis continues to be laid on all basic requirements for safety, covering track, signalling gear and rolling stock. I wish to repeat, that we are not prepared to strike any compromise involving safety of trains, and, the thrust towards greater awareness and safety consciousness amongst railwaymen continues. The House will appreciate our earnestness in this regard, in that the contribution made to the Accident Compensation, Safety and Passenger Amenities Fund, is now almost seven times of what it was in the year 1984-85-the last year of the 6th Plan.

13.1 All these measures have yielded results. The trend of improvement continues. The House may recall that the Railways had recorded the lowest-ever figure of 1.30 train accidents per million train kilometres in the year 1985-86. This figure came down by 13% to 1.13 in 1986-87. In the first nine months of the current year, 1987-88 there has been a further improvement of 7%.

13.2 I would, however, like to assure the House that we do not wish to take refuge behind figures. A train accident is a matter off deep concern and distress to us, and no complacency will be allowed to creep in by seeking solace from statistics.

**Plan Allocations**

14. The translation of our plans into reality ultimately depends on the size of our allocations. The constraint of resources which the Railways are facing, is a matter which is well recognised by the House. Early in this financial year, the plan allocation for the Railways, was raised from the budgeted figure of Rs. 2980 crores to Rs. 3400 crores. This was, however, scaled down to Rs. 3300 crores, to enable diversion of funds for drought relief. In the ensuing year, our plan allocation is Rs. 38,50 crores and commensurate targets have been fixed. The stress on the judicious distribution of this allocation over the various plan heads will continue. The clear emphasis will have to remain on the rehabilitation and modernisation programme, on which alone, as much as 70'/0 of the total annual Plan outlay is being spent.

**Internal Resources**

14.1 In financing our plan, an important feature in recent years, has been the increasing internal resource contribution. This contribution to the annual Plan amounted to 50% in 1986-87, compared to 25% in the 5th Plan, and 42 in the 6th Plan. Taking into account the investments to be financed by the Indian Railway Finance Corporation, the internal and extra-budgetary resources component for the current year would rise to as much as 65 %. As the House is aware, this is reckoned after full payment of dividend to the General Revenues, estimated at Rs. 640 crores in 1987-88. Through these measures, we on our part, are trying to help lighten the burden on the General Finances, and thereby, contribute towards the success of the national effort.

**New Lines and Gauge Conversions**

15. In view of the priorities that have had to be fixed due to the shortage of resources, progress on new lines and gauge conversion projects has had to proceed on a selective basis. The new lines commissioned so far in the current year, are the stretch between Jaggayyapet Town and Jaggayyapet, which completes the Motumari-Jaggayyapet project, and the metre gauge line between Vishnupuram and Nadikude. The other new lines that are expected to be completed in the current financial year are :

| | | |
|---|---|---|
| (i) | Bhuj - Naliya (,MG) | 106 km. |
| (ii) | Miryalguda - Nadikude (BG) | 39 km. |
| (iii) | Lalabazar-Jamira (MG) | 30 km. |
| (iv) | Bhatinda Byepass Phase-I (BG) | 6 km. |

15.1 We plan for completion of another four lines in 1988-89. They are :

| | | |
|---|---|---|
| (i) | Kota-Chittaurgarh (BG) | 166 km, |
| (ii) | Karur-Dindigul (BG) | 73 km. |
| (iii) | Balipara-Gamani (MG). | 14 km. |
| (iv) | Bhatinda Byepass Phase-II (BG) | 2 km. |

15.2 31 ongoing new line projects, involving a total length of 2614 kilometres, are yet to be commissioned. The residual requirement of funds for completing all the ongoing new line projects, is about Rs. 1470 crores.

15.3 Similarly, there are 10 gauge conversion projects, involving a total length of 1429 kilometres, yet to be commissioned, the balance requirement of funds being approximately Rs. 452 crores. In the current financial year, the 178 kilometre long conversion between Suratgarh and Bikaner will be commissioned, whilst the Moradabad-Ramnagar conversion (78 km) is likely to be completed by the end of June 1988.

**Upgradation of the Metre Gauge System**

16. An important policy decision taken has been to give a higher emphasis on improving the metre gauge system, which comprises about 39% of the total route kilometrage on Indian Railways, and, is by itself, larger than many other national rail roads. We have already introduced air-conditioned sleeper coaches on the metre gauge system as mentioned by me earlier. Procurement of metre gauge coaches has been considerably stepped up from 1987-88. To enable higher speeds and more traffic throughput on the metre gauge system, it will be our endeavour to strengthen the track, improve the signalling system, plan for better transhipment facilities, and design more powerful fuel-efficient locomotives and improved rolling stock.

**Surveys**

17. Surveys for 14 new line projects (2251 km) and five gauge conversions (1136 km) are in progress. An important survey for the west-coast link between Mangalore and Roha has recently been completed, ahead of schedule. A survey for a new line between Ahmednagar and Parli-Vaijnath via Bir (250 km) is proposed in 1988-89.

**Road Over/Under Bridges**

18. As far as road overbridges are concerned, 23 new works have been included in 1988-89 Works Programme at a cost of Rs. 26 crores. We are constantly in touch with the State Governments to have their share of commitments expedited so that ongoing works can be completed on schedule.

**Bridging the Brahmaputra**

19. India is a country famed for her massive rivers. Bridging the mighty Brahmaputra is no easy task. The Railway engineers constructing the road bridge at Tezpur completed it well ahead of the target. The three kilometre long bridge, so vital to the region, was inaugurated by the Prime Minister in April 1987. The task is being undertaken yet again for a 2.3 kilometre rail-cum-road bridge at Jogighopa. The construction employs the most modern 'cable-stayed' bridge technology for a 650 metre span. It will mark a new stride in railway bridge engineering in India.

**Track Renewal**

20. An important and essential part of the rehabilitation programme is the effort to wipe out the large accumulated backlog of track renewals. At the beginning of the 7th Plan, the Railways had 19,000 kms of track overdue for renewal. The accelerated pace of the - renewal programme, which has been initiated from the year 1985-86, would enable us to wipe out all arrears by 1995. The progress that has been achieved so far in the 7th Plan is in accordance with this programme.

**Railway Electrification**

21. A similar emphasis is being laid on the railway electrification programme on high-density routes. The electrification that is expected to be completed in the first three years of the 7th plan, will be almost the same as the total route kilometrage electrified in the nine years previous to the commencement of the current plan.

21.1 A landmark reached in the current year, under the accelerated programme, was the completion of the electrification of the Bombay Delhi Western Railway route, on schedule. This is the second trunk route fully electrified after the Delhi-Calcutta route, which was completed in 1976.

**Urban Transport**

22. As Honourable Members will appreciate, we in the Railways are fully aware of the challenges ahead, and progress as evidenced indicates, that the priorities laid down will prepare the ground to meet such challenges. The urban transport scene is, however, one area which gives rise to apprehensions in the mind. Urban transport projects are of such a magnitude, that it is well-nigh impossible for any single agency to provide for them, in any meaningful manner. During the Budget speech last year, I had outlined a suggestion to adopt the consortium approach towards solving this problem. I had said that "……urban transport is primarily the responsibility of the city authorities the world over, it is important that the State Governments and city administrations come forward with a cost sharing arrangement, both for the initial capital, and for the recurring expenditure".

22.1 I would like to commend the Maharashtra Government's positive response to the cost-sharing of the Mankhurd-Belapur link, construction of which has made good progress. A positive attitude has also been evinced by the Delhi Administration in response to the Urban Development Ministry's proposal for an urban rail transport system for Delhi. Unless similar initiatives are taken by other authorities and agencies, I can visualise urban transport becoming a major crisis area of the future.

22.2 Whilst on the subject of urban transport, I would like to compliment the people of Calcutta, in their manner of use, and in their co-operation towards the maintenance of the Metro Railway and its various installations. It is a shining example of the benefits that can accrue to all concerned from a responsible and enlightened user.

**Production Units**

23. The performance of our Production Units has a great bearing on our total transport capacity. The output at Chittaranjan Locomotive Works, Diesel Locomotive Works, Integral Coach Factory, and Wheel and Axle Plant proceeded as per targets laid down in the year 1986-87. In spite of higher targets in some units, this performance was sustained in the first nine months of the current year, except in the case of Chittaranjan Locomotive Works, where frequent power interruptions affected the production schedule. I am also glad to say, that in spite of the extremely formidable task of completion in 24 months, the Rail Coach Factory at Kapurthala will be in a position to roll out its first coach by 31st March 1988, on target. The Indian Railway Construction Company (IRCON), were especially entrusted with a major part of this job, in view of the extremely tight project schedule. Their contribution deserves special mention.

**Public Sector Undertakings**

24. This brings me to the Public Sector Units under the Ministry of Railways. Indian Railway Construction Company (IRCON), registered a turn-over of Rs.176.5 crores and a record profit after tax of Rs.20.3 crores, in the year 1986-87. The Company has been making a profit continuously for the last 10 years, and, its cumulative foreign exchange earnings now exceed Rs.117 crores.

24.1 Rail India Technical and Economic Services (RITES), continues to maintain its excellent progress and earned a higher after-tax profit of Rs.4.8 crores in 1986-87. It has secured prestigious contracts in the field of international consultancy and undertaken important assignments at home. Because of its high reputation abroad, it has been able to secure a major five year contract of Rs.182 crores, to operate and maintain the new high-speed railway line of the Iraqi Railways.

24.2 The third Public Sector Undertaking, Indian Railway Finance Corporation (IRFC), has so far raised about Rs.960 crores, of which Rs.400 crores was in the current financial year. I would like to emphasise, that these resources are a part of the Railway Plan, and do not constitute any additionality. The funds raised by the Corporation are proposed to be invested in railway assets such as wagons, coaches and locomotives.

**Conservation of Forest Wealth**

25. Conservation of forest wealth is a national programme, which is receiving the wholehearted support of the Indian Railways. Apart from tree plantation programmes, which continue at greater pace, the Railways have decided to drastically reduce the intake of wooden sleepers, which is proposed to be brought down from 12 lakh numbers in 1987-88 to only four lakhs in 1989-90. The concrete sleeper represents a modern and more economic substitute because of its durability and its contribution to better track structure. The procurement of concrete sleepers has been greatly stepped up and will cross the 20 lakh mark in the current year, culminating in a production of about 38 lakhs per annum in 1990-91.

**Staff Matters**

26. The success or failure of the Railway organisation ultimately depends on the morale of the railwayman, and, the spirit that motivates him. The results achieved on the Railways, itself reflect, the harmonious relations that exist in the organization between the management and the staff. I have always believed, that just as one would expect the railwayman to give his best towards the fulfillment of objectives, it is equally important, that he should feel a participant in the overall well-being of the organisation which results from this joint exercise. We have tried to ensure this on the Railways and have received a most heart-warming response from railwaymen.

**Fourth Pay Commission**

26.1 Government's decisions on the recommendations of the Fourth Pay Commission, have been satisfactorily implemented at a cost of about Rs. 600 crores. These have benefited approximately 16 lakh railway employees and a large number of pensioners.

**Productivity Linked Bonus**

26.2 Under a new Productivity Linked Bonus Scheme, evolved with the full agreement of the two recognised Federations of Railway employees, a bonus equal to 42 days' wages was declared for the year 1986-87.

**Staff Amenities**

26.3 To provide a congenial atmosphere, it is important that we try and alleviate, to the extent possible, the day-to-day worries of railwaymen, so that they can devote themselves in an even more single-minded manner to the task before them. With this in view, the allocations for staff quarters and other staff amenities have been substantially increased, from an annual average of Rs. 20 crores in the 6th Plan, to about Rs. 47 crores in the financial year 1988-89.

26.4 A special phased programme has been drawn up for improving educational facilities and medicare. Through co-ordination with the Ministry of Human Resources Development, sanction for opening as many as 17 additional Central Schools was obtained in the current year. Efforts are also

being made to improve the quality of Railway educational institutions. In medicare, a comprehensive medical plan costing about Rs. 45 crores has been framed.

**Sports**

26.5 In the field of sports, the Indian Railways had the privilege of hosting the World Railway Games to mark the 40th anniversary of India's Independence and the Diamond Jubilee of the Railway Sports Control Board. Teams from several countries participated. The Indian Railway contingent won medals in all the three events staged, including a gold in tennis. In the national sports field, Railways continued to perform well, annexing 16 national titles in the year 1986-87. Three of our sportspersons were selected for the Arjuna Award in 1987.

**Staff Settlement Benefits**

26.6 Just as we do not forget our serving staff, we must not forget those who retire after serving many long years-the countless number who have helped build the edifice that endures today. The machinery for settlement of retirement dues has been reorganised, and, Pension Adalats continue to be held periodically, so that the grievances of the retired employees can be redressed expeditiously.

27. Sir, the House will recall that last year, concessions had been given for the young, the handicapped, the drought and flood affected, the kisan, and for the widows of the brave who had laid down their lives in the defence of the nation. All these concessions will continue. There are some others who deserve special support and encouragement. For them, concessions in second class will now be made available.

**For the courageous child in the Nehru Centenary Year -**
Recipient of the Republic Day National Bravery Award-travel on Indian Railways till the age of 18 years, totally free of charge.

**For those charged with the responsibility of future generations -**
A 50% concession to all teachers honoured with the Republic Day National Award for exemplary service in the cause of education.

**For the outstanding sportsperson** -
A 50% concession to the recipients of the Arjuna Award.

**For one whose sweat and toil builds national industry -**
A 75% concession to the industrial workers who receive the Prime Minister's Shram Award for productivity and innovation.

**For the gallant who died -**
A 75 % concession to the widows of all policemen killed in action against terrorists and extremists.

**Budget Estimates 1988-89**

28. I shall now deal with the Budget Estimates for the coming financial year 1988-89. With the size of the Railway Plan fixed at Rs. 3850 crores, the target for originating tonnage has been set at 332 million tonnes, of which 303 million would be revenue earning. The total freight traffic effort will amount to 236 billion tonne kilometres.

28.1 Passenger traffic is estimated to go up by 3% and luggage, parcels and other receipts by about 2%.

28.2 On the basis of these assumptions, and at the current level of fare and freight rates, the gross traffic receipts are estimated at Rs. 8771 crores. This is higher by Rs. 297 crores, compared to the Revised Estimates of the financial year 1987-88.

28.3 The Ordinary Working Expenses are estimated at Rs.6675 crores for the year 1988-89, which is an increase of Rs.630 crores over the Revised Estimates of the current financial year. The additional requirement of funds under Ordinary Working Expenses is largely attributable to annual increments to staff, payment of Dearness Allowance, increase in coal and steel prices, increased costs related to higher activity, and rentals payable to the Indian Railway Finance Corporation on the assets to be leased from them.

28.4 It is proposed to step up the contribution to the Depreciation Reserve Fund from Rs.1350 crores in 1987-88 to Rs. 1500 crores in the year 1988-89.

28.5 The contribution to the Pension Fund is being enhanced from the current year's level of Rs.450 crores to Rs.550 crores in the next year. This has become necessary in view of the increased outgo from the Pension Fund resulting from the accepted recommendations of the Fourth Pay Commission.

28.6 The Railway Convention Committee, 1985 have commenced their deliberations and the Railways are in the process of submitting various memoranda on the financial relations between the Railway Finance and the General Finance. Meanwhile, provision for dividend has been made at the same rate as in the year 1987-88. After the recommendations of the Railway Convention Committee are received and considered, proposals in this respect will be placed before the Parliament for approval.

28.7 With the increase in Ordinary Working Expenses and contributions to the Railway Funds, the total working expenses are expected to rise to Rs.8725 crores, leaving the net traffic receipts at Rs.46 crores. Adding to this, Rs. 96 crores from miscellaneous receipts, the net revenue is estimated at Rs. 142 crores, which is insufficient to meet the dividend liability of Rs. 736 crores by Rs. 594 crores.

**Increase in Input Costs**

29. As the Honourable Members would have observed, distinct improvements have been made on the Indian Railways in the first three years of the 7th Plan. In this period, the dividend has been met in full and internal resources generated at much higher levels. At the same time, restraint was exercised in adjusting tariffs, particularly passenger tariff. In the three years of the 7th Plan, the average annual index of input costs has increased by about 12 %, whilst the annual average increase in passenger fares has been only about 4.5%. After taking into account the increase in freight rates, as much as 30% of the increase in the input costs has been absorbed by the Railway organisation through higher productivity, additional revenue effort, and internal economies.

**Tariff Proposals**

30. I may remind the House that there was no tariff increase whatsoever in the last Budget. In fact, in the last four years, Second Class Ordinary fares upto 50 kilometres have not been increased at all, and the fares for distances beyond 50 kilometres were increased only once, that too, three years ago, in April 1985.

30.1 As I mentioned earlier, at the current level of fare and freight rates, there will be an estimated shortfall of Rs. 594 crores in the financial year 1988-89. If we default on our obligation to the General Exchequer, it will have repercussions on the resource position of the Government, which, in turn, could seriously affect our development and modernisation programmes. I n the long-term interests of the railway system, it is absolutely essential that we retain the financial viability of the organisation. Some adjustments in fare and freight rates, therefore, become unavoidable to bridge the projected gap. I, therefore, propose certain changes in the tariffs to be made effective from 1.4.1988.

**Freight Rates**

30.2 It is proposed to increase the rates of goods traffic by 6 %. However, keeping in mind the special interests of the kisan, the rural population and the weaker sections, I have decided to exempt from this increase certain essential commodities of common use. These are fertilizers, food-grains, pulses, salt, edible oils, gur and jagree. The exemption will also apply to fodder and livestock. The proposal is expected to net an additional revenue of Rs. 241 crores in 1988-89.

**Passenger Fares**

30.3 In the case of passenger traffic, it is proposed to increase the Second Class ordinary fares by 50 paise per ticket at the lowest slab, progressively rising to a maximum, for distances beyond 150 kilometres, of Rs. 3.00. The price of a Platform Ticket is also to be increased by 50 paise. The increase per ticket in Second Class Mail/Express is proposed to be Rs. 2.00 at the lowest slab, progressively rising to a maximum, for distances beyond 750 kilometres, of Rs. 15.00. The increase in fares of Second Class Monthly Season Tickets is to range between Rs. 4.00 and Rs. 8.00 per month. In other words, where normally 50 single journeys are undertaken in a month, the Monthly Season Ticket holder will pay for about 8 to 17

single journeys.

30.3.1 The fare for Air-conditioned Chair Car is proposed to be increased by Rs. 5.00 at the lowest slab, progressively rising to a maximum, for distances beyond 1000 kilometres, of Rs. 25.00.

30.3.2 In First Class, a 10% surcharge has already been levied for drought relief' with effect from 1.11.1987. This will now continue from 1.4.1988, as a normal fare increase.

30.3.3 The fare of Air-conditioned Sleeper Class is proposed to be increased by Rs. 10.00 at the lowest slab, progressively rising to a maximum, for distances over 1300 kilometres, of Rs. 95.00.

30.3.4 In the case of Air-conditioned First Class, the 10% drought surcharge will continue as a normal fare increase. In addition, fares for this class will be further raised by 10%.

**Reservation Fees**

30.3.5 It is also proposed to revise the reservation fees which have remained unaltered for the last 7 years. The reservation fee for Air-conditioned First Class will be Rs. 12.00, for A.C. Sleeper Class and First Class Rs. 6.00, for A.C. Chair and Second Sleeper Rs. 5.00, and for Second Class Rs. 2.00.

30.3.6 These measures taken together are expected to yield an additional revenue of Rs. 358 crores in 1988-89.

**Parcel and Luggage Rates**

30.4 Parcel and luggage rates are to be increased by 10%, yielding in 1988-89, an additional Rs. 23 crores.

31. Taking into account the revenue accruing from all these proposals, and after having paid the full dividend of Rs. 736 crores to the General Exchequer, the year 1988-89 is expected to close with a surplus of Rs. 28 crores.

**Conclusion**

32. Sir, before concluding, I would once again like to reiterate our sense of gratitude to the Honourable Members of the House for the understanding and goodwill extended to us. This has emboldened us to work, keeping the long-term interest of the Railways constantly in mind. The Indian Railways is a vast organisation, reaching distant corners of the country. Our success or failure does, therefore, have an impact that goes beyond the Railway network. The Prime Minister has charged us with the responsibility of effecting a change-towards professional management, towards a new work ethos, towards modernisation. We are indebted to him for the impetus he has provided, and, the climate in which he has allowed us to function. We feel a deep sense of commitment, a feeling of pride in the organisation, an *esprit de corps.* I would like to express my appreciation once again, to all railwaymen, to whom credit goes in large measure, for whatever has been achieved.

32.1 Undoubtedly, we do have problems facing us, but one can be either shaped and moulded by problems, or challenged and motivated by them. We have felt motivated; we have accepted the challenge. I would like to assure the House, that it will be our earnest endeavour to perform our task in total harmony with the larger objective of building a strong and self-reliant nation.

33. Sir, with these words, I now commend the Railway Budget, 1988-89, to the House.

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