

# Our Largest Nationalised Undertaking

## — Its Finances and Administration

"Sikiduro"

THE first railway line in India was the 21 mile link from Bombay to Thana, opened on April 16, 1853. This year we are going to celebrate the Centenary of Indian Railways. This provides an opportunity to review some aspects of railway finances in relation to the budget for the next year and of the railway administration.

The capital-at-charge is increasing fast from year to year. It stood at only Rs 607.69 crores in 1924-25, rising to Rs 839.33 crores in 1947-48 before division of the assets due to the partition. After the partition it started with Rs 677.99 crores and increasing gradually, it reached Rs 864.23 crores in 1952-53 and will be further increased to Rs 883.21 crores during 1953-54. This implies an investment of Rs 205.23 crores in the post-partition period, i.e., an increase of more than 30 per cent.

The capital-at-charge consists of the amounts invested in the railways from the general revenues, excluding amounts invested in unremunerative strategic lines. Expenditure for open line works as well as new constructions and restorations is also being met from the Development Fund. This fund was started in 1946-47 with Rs 15.24 crores made up of Rs 12 crores from in the Revenue Reserve Fund and Rs 3 crores from the Railway Surplus plus Rs 0.24 crores as interest on balances. The relative position of the Fund is shown in the table.

From 1946-47 up to 1951-52, Rs 16.67 crores were withdrawn. Another Rs 23.38 crores are expected to be withdrawn during the next two years, making a total withdrawal of Rs 40.05 crores and leaving a balance of Rs 10.23 crores only at the close of 1953-54.

### RAILWAY RESERVES

The Revenue Reserve Fund was started in 1924-25 with Rs 6.38 crores. Since its formation, there have been many years when no contribution could be made to the Fund, viz, from 1929-30 to 1936-37, 1938-39 to 1939-40, 1941-42, 1947-48 and 1949-50. The maximum contribution was Rs 19.12

crores in 1951-52, including Rs 0.78 crores on account of interest on balances and dividends, etc. The total withdrawals from 1924-25 up-to-date have been Rs 64.40 crores with the maximum balance of Rs 35.39 crores expected at the end of 1953-54\*

Then comes the Depreciation Reserve Fund, which was started also in 1924-25 with Rs 10.35 crores. The maximum contribution, viz Rs 33.85 crores is expected to be made in 1952-53 while that for 1953-54 is Rs 33.57 crores. So far Rs 290.84 crores have been withdrawn from 1924-25 to 1951-52 and Rs 88.20 crores are expected to be withdrawn during 1952-53 and 1953-54, making a total withdrawal of Rs 379.04 crores. This means that out of a total capital expenditure of Rs 883.21 Crores, assets to the extent of Rs 379.04. crores are going to be replaced or renewed up-to-date. However, the withdrawals in the past were not so heavy the minimum in any one year being Rs 4.95 crores in 1942-43. The closing balance which was Rs 3.06 crores in 1924-25 stood at its highest at Rs 123.65 crores in 1950-51. It is expected to be Rs 101.24 crores at the end of 1953-54. Temporary loans amounting to Rs 31.50 crores made out of this fund to meet the deficit from 1931-32 to 1935-36 were repaid from the surplus profits of 1936-37, 1941-42 and 1942-43.

### GROSS EARNINGS

The budget estimates of gross traffic receipts in 1951-52 were put at Rs 279.50 crores in view of the rationalisation of suburban passenger fares and upward revision of

other passenger fares. They were revised to Rs 286.06 crores but the actual receipts turned out to be as high as Rs 290.82 crores. On the basis of this achievement, Rs 298.47 crores were taken as the receipts for 1952-53 in the budget estimates presented in February 1952. The gross receipts were therefore increased by Rs 29 crores over the original and Rs 10 crores over the revised estimates of 1951-52.

The success in 1951-52 was evidently due to the raising of fares by 25 per cent in 3rd class alone, while in other cesses, the increase varied from 12.5 to 25 per cent. There was no doubt that the demand for transport was not immediately affected by higher fares. Until the people could adjust themselves there was an increase in earnings but this could not go on indefinitely as the law of decreasing returns was bound to start operating.

Being emboldened by this success, the freight on coal was also raised on the ground of meeting higher operational costs. A 30 per cent increase in coal freight, appeared to be abnormally high in view of the long distances that coal had to be moved. Coal being an essential ingredient in every day life and in industry, the higher freight charges would definitely affect all adversely, raising the costs of production. It was, therefore, a short-sighted policy.

However, Shri Lal Bahadur Shastri revised the figure of gross traffic receipts to Rs 282.16 crores during his first budget speech in May last. When he realised that even this target would not be

### Railway Development Fund

(In Rs crores)

	<i>Maximum</i>	<i>Minimum</i>
Contributions to the Fund, including interest .. ..	10.65 (1951-52)	0.48 (1947-48)
Withdrawals .. ..	13.78 (1953-54)	—0.05 (1949-50)
Closing Balance .. ..	22.48 (1951-52)	13.32 (1948-49)

reached his brought it down to

Rs 269.55 crores, total reduction by Rs 28.29 crores and the budget estimate for 1953-54 stands at Rs 272.28,

### WORKING EXPENSES

The working expenses vary a great deal from year to year. The budget estimate for 1952-53 was Rs 202.70 crores which was Rs 6.98 crores higher than the revised estimate for 1951-52. It was brought down to Rs 187.69 crores in May last and has now been raised to Rs 188.85 crores. The budget estimate for 1953-54 stands at Rs 190.99 crores, i.e., an increase of Rs 2.14 crores over the revised estimate for 1952-53.

This shows that the operational expenditure is not being correctly estimated at the time of the preparation of the budget, even after so much fuss over control on expenditure. Such fluctuations prove that mistakes are still being made or that there is extravagance or wastage at every step. The object should be to work upto the limit allotted and to find out possibilities

of economy. This problem is not being properly tackled. The impression was given that a system of job analysis was in progress. It must have been completed by now. It may not be possible to foresee abnormal expenditure, but regular expenditure, viz, cost of staff during the year and their future increments, the quantum of stores normally required and cost thereof, can be calculated fairly accurately. No business concern can survive unless it makes such calculations in advance with reasonable accuracy.

If gross traffic receipts fall far below expectations and working expenses go far above estimates, even after revision at various stages, the net result must be very unsatisfactory, reflecting inefficiency or wastage. If the situation does not improve from year to year, it certainly calls for a thorough investigation.

Whatever may be the position of traffic receipts and ordinary working expenses, the appropriation to Depreciation Reserve Fund and Dividend to General Revenues are constant, and rather on the high

side irrespective of the actual net gain or surplus. This also requires to be examined. The contribution to the Depreciation Fund should be on a scientific basis in relation to normal life of wasting assets, their performance during their life time with reference to the probable life left and the cost of replacement at the end of their life or obsolescence, keeping in view the net amount available after meeting the ordinary working expenses. Therefore, the rate of appropriation should vary from year to year according to the conditions prevailing at the time. This is also the case with the Dividend.

### REMEDIAL MEASURES

An attempt may now be made to consider certain problems connected with railway development and organisation to see how the position of railway finances can be improved. It had been repeatedly pointed out that restoration of dismantled lines during the post-partition period was not a wise move, requests from the locality concerned notwithstanding, in view of the road development schemes that the

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States had taken on hand. Short-distance traffic by rail, with the usual one train a day in each direction on branch lines, can never compete with the road. Moreover, there are possibilities of navigable canals, while the inland waterways are expected to be improved. The development of airways and the improvement of coastal shipping, together with the other factors mentioned above, will cause undue competition for the same traffic in the same locality. Naturally the cheapest and quickest mode of transport which can also provide other advantages will have preference, unless the supply of transport is less than the demand for it. Supply is not likely to fall short of demand until agricultural and industrial development is rapid. Therefore, there is need for caution. There is even greater need for closer co-ordination between all forms of transport, allowing each particular mode to limit its activities according to its natural sphere without encouraging any rate-cutting or undue and unhealthy competition.

The railways must make special effort to increase their revenues. Efforts to stop ticketless travelling and travelling in higher classes with lower class tickets must be intensified. All excess luggage over free allowance must be paid for. In the case of goods and parcel traffic, vigorous steps must be taken against misclassification and underweights. If any wagon is delayed beyond normal free allowance, the parties at fault must be penalised. Concessional facilities may be given to the extent of a fixed percentage so as not to tell upon normal capacity.

Ancillary services may be introduced in the shape of rest rooms at every station on a reasonable rent to give facilities to the travellers to stay at any place. Land, accommodation, etc., in excess of requirements may be let out on reasonable terms and all existing agreements should be reviewed and revised to the advantage of the railways, where necessary. Better facilities are required for the transport of perishables and garden products, so that they may be moved from the fields to the market without any loss of time. Warehousing and cold-storage as well as cartage facilities must be provided.

Apart from efforts for increasing gross receipts, there is also ample

scope for reducing the working expenditure. The staff will have to put in their best effort if this is to be achieved. Unless those who are at the top set the example, they cannot expect those under them to listen to mere exhortation.

#### REDUCING EXPENDETURE

The volume of stores required and consumed needs close examination. Unfortunately, there is a tendency towards consumption of a much larger quantity of stores than ever before, considered in relation to the volume of work done. The quality of the material supplied is frequently not in conformity with the specifications or sample. Besides, it is always complained that the supply position of stores is bad. Procurement and storage are not satisfactory. The workshops or works are not producing an adequate output in relation to the rated capacity of men and equipment. The standard of work has deteriorated and the maintenance on the open line is equally bad. All this must be remedied. Some of the old assets though already replaced or renewed are still in service for various reasons. No asset should be kept on books and maintained after the life of economic; repair is over.

Shri Lal Bahadur Shastri is anxious to increase passenger amenities. Unfortunately our normal standard of living is low. We are not used to waiting-rooms, halls, cold drinking water, covered overbridges and facilities of that kind. Therefore, until our general standard of life improves, what is the urgent necessity of providing us such facilities during those few hours we spend on a railway journey? What we want is an all round improvement of the Railway system and in its working so that it may be efficient. What we want is to stop the multifarious types of corruption and nepotism that are now prevalent. If these are achieved, we can have the amenities later. Until that time, much of what is spent on amenities may be diverted to meet other more urgent needs.

#### ADMINISTRATION

Attention may now be turned to certain administrative problems of importance. There is the question of promotion by seniority. Promotion by selection, if not done in a straightforward manner, creates heart-burning and frustration. In 1952, certain class III staff, who

were not even confirmed in class IV were promoted to the Indian Railway Accounts Service on the recommendation of the local Railways, after the candidates were interviewed by the Railway Board. The seniormost officers, who were permanent in class III and some of whom were actually officiating in class I for more than three years were simply ignored without assigning any reason whatsoever. A promotion of class III staff or class II officer to senior scale of class I is made by selection subject to the approval of the Railway board and if the period of officiating exceeds a year, it also requires the approval of the Union Public Service Commission. It is also understood that when the final selection was made by the Railway, candidates in class III who were not approved even by the Railway Board initially were also finally promoted to the IRAS. Under the service condition, no appeal lies. The injustice did not end here. Some of the permanent class II officers, officiating in senior scale of class I, were actually reverted to their substantive posts to make room for the newly promoted class III staff to class I. Does it not imply that there is something wrong in the process of selection right from the initial to the final stages?

Enough has been said about the (class distinction which is gaining strength from day to day. When the Minister is anxious to give a lead in the matter of elimination of class distinction by abolishing different passenger classes, should he not eliminate class distinctions at the earliest opportunity in the railway services as well so that all officers may be treated alike, as is done in the Defence and other Departments? This distinction has created a barrier and *esprit de corps* is suffering greatly. Ultimately, the country suffers. Even by an increase in the percentage of promotion from 25 to 33 per cent, the problem will not be solved specially in view of what happened in the Accounts Service in 1952 as explained above. Therefore, the Minister should make a personal inquiry into the matter. Class II officers will be glad to place all the facts before him in order to help him to arrive at a decision. Even their Service Associations do not get the same treatment, as those of Superior Services, the members of which are at the helm of the administrations. Therefore, without the inter-

not expect any justice.

Those class II officers who are officiating in senior scale of class I for 3 years or more, should be confined in the senior scale of class I as recommended by the Kunzru Committee, as there is no sense in keeping them indefinitely in officiating capacity. The other benefits do not accrue to them and they cannot go on leave without reverting to their substantive appointment. On each occasion of their promotion to the senior scale on the resumption of duty, fresh sanction of the Railway Board and approval of the Union Public Service Commission are required. Further, if they are not continued, they cannot expect any promotion beyond that, though some of them were called upon to carry on such duties at times without any official recogni-

#### REMOVING CORRUPTION

Shri Lal Bahadur Shastri referred finally to the problem of corruption. Corruption is wide-spread and deep-rooted though it is not confined to railway employees alone. There is universal fraternity in this vocation the ways and means are

varied and they only come to the surface when there is some kind of rift among the parties concerned. Prosecution does not always produce satisfactory results for in such a case, direct proof or evidence is rarely possible. If one person is acquitted and he is retained in service and gets further promotion, it sets a bad example to others and has a demoralising effect.

To meet the situation, the Central Government should follow the principle that no one should be kept in the same place or on the same Railway indefinitely. There must be changes at regular intervals. Those who are at the top, must not be guided by personal considerations but they should go by the facts. The present "hush-hush" policy must be stopped.

The Minister has given the terms of reference of the proposed Committee. It is submitted that Railway employees in all classes should be asked to give their own ideas, facts known to them and *modus operandi* adopted as known to them to the Committee confidentially. Their names should not be disclosed to the Railway Board or Railway Administration. A suitable ques-

tionnaire may also be drawn up to elicit information. Similar information may be collected from the public. By comparing facts given by both sides, the real position will be discovered when alone genuine remedial measures can be taken. Suitable witnesses may be called from both sides to give evidence for further clarification.

If corruption can be stamped out, there will be at least a 33¾ per cent increase in Gross Traffic Receipts and a greater reduction in expenditure. If this is achieved, the financial position of the Railways will automatically improve.

#### Standard Terms for Silk

Standard definitions of nearly 200 terms relating to the silk industry are contained in a draft just circulated to silk interests by the Indian Standards Institution for comments.

The draft standard definitions have been prepared by the Textile Standard sub-committee for silk to eliminate the ambiguity and confusion arising from misinterpretation of the terms relating to silk and to establish a generally recognised usage.

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