

# THE RAILWAY BUDGET 1949-50

## A STATISTICAL ANALYSIS

By "SIKI DURO"

(Continued from the last issue)

THE inadvisability of launching large programmes for expansion in the prevailing inflationary situation has already been pointed out. The circumstances under which expansion has taken place in the railways in the post war period, suggests an atmosphere in which the normal mechanism of checks and scrutiny has ceased to operate. The vigilance against waste has grown slack. Constructional projects such as remodelling of yards, stations, doubling of lines, new construction etc. have not been carried out with proper foresight. Recently remodelled yards etc. have proved quite unable to cope with the volume of traffic even within a short time of their completion. Some of them have actually created fresh bottlenecks instead of helping to remove them. A few instances will suffice.

### ASSAM RAIL LINK

The Assam Rail Link Project is nearing completion. The original estimate of Rs. 4.7 crores has already been revised by more than 100%. What will be total cost after completion, no body knows. After the happy results of the Inter-dominion Conferences, there can be no practical utility of such a link at such a huge cost. In normal times, it will not be the proper channel of movement of traffic, the mileage being greater. The Link will be within the short range of the other Dominion. Therefore, even its strategic importance is doubtful in the event of trouble in the future.

The Loco Building Project at Kanchrapara was closed down suddenly presumably because of its proximity to the other Dominion. The money already spent on this Project has thus been lost. Is there any point in repeating the same mistake?

The Ganga Bridge Project at Mokamah, the rumour goes, is being suspended as the Bihar Government desires to shift the site to Patna. Therefore, it may well be apprehended that there would be considerable wastage on this Project also. Its estimated cost was about Rs. 14 crores. Proper survey ought to have been made before the scheme was taken up.

It is proposed to restore certain dismantled

lines. This, it appears, depends on the political influence of the provinces. With subsidised road services in the provinces, is it economical to restore such lines which were abandoned during the War as unremunerative? If they are at all restored at the present high cost, it must be an obligation of the Provincial Governments concerned to guarantee an adequate return on the actual capital expenditure involved and the burden must not fall on the Centre.

### DEPARTURE FROM CONVENTION

To sink more capital means borrowing. On the other hand, it means more interest charges and contribution to the Depreciation Fund out of the Working Account. Therefore net earnings are affected, as more revenue expenses mean less, net revenue, consequently less surplus or more deficit. For the first time, there has been a departure from the existing Convention to distribute the surplus of 1948-49 and 1949-50 as follows:—

	(In Rs. crores)		
	as per con- vention 1948-49	As per latest de- cision 1948-49 vised	Esti- mate 1949- 50
General Revenues	5	7	5
Rly. Reserve Fund	5	—	—
Betterment Fund	6	1	—
Depreciation Fund	—	8	5
	—	—	—
<b>TOTAL</b>	<b>16</b>	<b>16</b>	<b>10</b>

### DWINDLING DEPRECIATION FUND

The Depreciation Fund is dwindling. It was started in 1924-25 after separation. The contribution has been made steadily at 160th of the Capital-at-charge but not on any scientific basis. The maximum balance under this head was reached during the period 1946-47, when it stood at Rs. 1,08 crores. It gradually came down on account of heavy renewals and replacement programmes. For

to Rs. 16 crores and Rs. 10 crores, Rs. 8 and 5 crores are going to be credited to this head during 1948-49 and 1949-50, besides the annual contributing of roughly Rs. 11 crores per year. But during these two years Rs. 23 and 24 crores are expected to be withdrawn. It appears that the Indian Railway Enquiry Committee recommended an annual contribution of 22 crores during the next 5 years. It has been proposed to set up another Committee to go into this matter. Have we not already got too many Commissions, Committees and Officers on Special Duty?

#### CONTRIBUTION TO FUNDS

There will be no contribution to the Reserve Fund during these two years. It has been stated that there is no need for the same. If the capital at charge increases from year to year, there must be contribution to this Fund if funds are available, for the rainy days, specially when the future is so uncertain. The balance under this head stands at only 6.51 crores as against a Capital outlay of 705 crores.

The Betterment Fund was started with some defined ideas but the importance of this Fund has also been over-looked. The scope of expenditure out of this Fund has now been limited as desired by the House. When the matter is receiving the active consideration of the Hon'ble Minister, it is expected that some further drive will be made on passenger amenities.

#### TO GENERAL REVENUE

The contribution to General Revenue out of the expected Surplus has been revised from Rs. 5 crores to Rs. 7 crores in 1948-49. Rs. 5 crores has also been provided for the next year. This has been the apple of discord. It is a debatable point whether any contribution should be made to General Revenue after meeting all liabilities and paying interest charges on the borrowed capital. A clear cut policy does not appear to exist. It must be made clear whether the railways are to be run on a commercial basis to earn profits or as a nationalised industry. If the separation of Railway budget is complete from the general budget, the former must be treated as a separate entity. If there is any surplus, it must be utilised in the reduction of rates and fares, better payment to the staff and for further development. Unremunerative lines are constructed nowadays at the instance of other Departments or Governments but usually it is the railways who have to hold the baby.. This must stop.

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