

**Speech by the Hon'ble Mr. T. G. Russell, Chief Commissioner  
of Railways, in presenting the Railway Budget for 1932-33  
in the Council of State.**

SIR,

I have again the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. This is the third time I have performed this duty. There is a very old superstition that the third time is lucky. I am afraid the Council may not consider that the superstition has been entirely fulfilled in this instance, but I trust I shall be able to show that the Railways of India have done their best, in these days of world-wide trade depression and the consequent falling off in traffic, to meet the situation.

2. As in previous years I propose to give a short resumé of the results of the last financial year, 1930-31, broad details of our revised estimates for this year and a forecast of our revenue and expenditure for the year 1932-33, finishing with some account of our capital expenditure during the current financial year and the expenditure proposed for 1932-33, and I will include a brief review of the situation and a short description of certain railway activities which may be of interest to the Council. I shall endeavour to avoid the quotation of great masses of figures, leaving Hon'ble Members to study the details given in the Memorandum which will be placed in their hands this morning.

3. When we prepared our revised estimates for the year 1930-31 for presentation to the Council in February of last year we estimated that there would be a loss in the working of commercial and strategic lines combined of 5.12 crores. The actual loss was 5.18 crores. To meet this loss and also to pay our contribution to General Revenues it was necessary to withdraw 10.92 crores from the Reserve Fund, leaving a balance of 5.42 crores at the end of the year. I do not think I need enter into details of the reasons for these results. Railways, like all other undertakings which depend on the prosperity of a country for their revenues, have been greatly affected by the general trade depression and have been working very much under capacity. The expenditure from the Depreciation Fund was 11.40 crores, leaving 13.92 crores at the credit of the Fund at the end of the year.

4. Coming to the current year, in framing our estimates of revenue and expenditure a year ago we, after very full consideration of the position, decided that we were on reasonably safe ground in allowing for a slight increase over 1930-31—a year of abnormally low traffic. Unfortunately our hopes have been falsified and our receipts are actually considerably worse than they were in 1930-31. We now estimate these from commercial lines at 86.68 crores against the 101.02 crores allowed for in our estimates. Although we were unduly optimistic in our estimate of receipts we were at the same time unduly pessimistic about our working expenses, and if our anticipations prove correct these should be about 3½ crores, or 3 crores excluding emergency deductions from pay, less than we budgeted for—a no mean achievement on the part of railway administrations.

5. As I have said we now estimate our total receipts at 86.63 crores. Our total charges, that is, working expenses (including depreciation), surplus profits paid to Indian States and Railway Companies, interest and miscellaneous charges, will amount to 94.12 crores, leaving a net deficit of 7.44 crores for commercial lines; and a loss of 2.03 crores for strategic lines brings the total loss to 9.47 crores. The balance in the Reserve Fund at the beginning of the year was 5.42 crores. Of this sum 47 lakhs is invested in securities, which it is not considered advisable to realise at the moment. After utilising 4.95 crores of the free balance in the Reserve Fund we have a deficit of 4.52 crores to make up. It is proposed to make up this deficit by taking a temporary loan from the Depreciation Fund of this amount. Despite this, owing to our curtailed programme of renewals, the Depreciation Fund will be increased by 66 lakhs and will stand at 14.58 crores at the end of the year. As I think I have said on a previous occasion, these estimates are prepared before the results of two of the heaviest traffic months of the year are known, but I am afraid I can hold out no hopes that during these months there will be any substantial improvement. The approximate results which we get week by week show no indication of this. The reasons for this heavy fall in our receipts are not far to seek. Many of the Hon'ble Members of this Council are connected with business and know far more about the reactions which the world trade depression has had on India than I do. I shall only quote a few figures to illustrate the position. The number of passengers carried this year has shown a decline of over 15 per cent. The total number of passenger miles has fallen by 14.7 per cent.—a sure indication that the people of India at the present moment have no money to spare for railway travelling. As regards goods traffic, the position is the same. Again I shall quote only a few figures. Up to the 2nd of January the Railways loaded eighty-three thousand fewer wagons with coal and coke, a decrease of 10 per cent.; twenty-six thousand and five hundred fewer with oilseeds, a decrease of 15 per cent.; twenty-two thousand five hundred less under cotton, a decrease of 23 per cent.; two hundred and twenty-nine thousand, or a decrease of 13 per cent., of miscellaneous full wagons, as compared with the loading for 1930-31, itself a year of abnormally low traffic.

6. Let me now turn for a moment to working expenses of commercial lines. These we place at 4.72 crores below last year, despite the fact that last year's figures were diminished by an arrear credit adjustment to the extent of 1.66 crores. The actual decrease is, therefore, 6.38 crores, of which about 58 lakhs has been obtained from the emergency deductions from pay which were introduced from January. The balance of 5½ crores represents the result of the endeavours made by Railways to reduce their working expenses. These results have been obtained despite the fact that Railways have endeavoured to prosecute the activities which were started in the more prosperous years. It has, of course, been necessary to slow down in certain directions but few of our activities have ceased altogether. Railways are like a machine which once having gained momentum can be kept going with the expenditure of very little fuel, whereas the stopping and starting up again requires a large expenditure of power and money. We have continued the progressive standardisation of railway equipment. We have continued our publicity policy, though on a modified scale, and we have not ignored the desire which has been expressed on many occasions by Hon'ble Members of this Council that the conditions under which our staff work should be improved. It is true that owing to the serious drop in railway earnings it has not been possible to launch fresh schemes for the improvement of the service conditions of the staff; nevertheless,

appreciable progress has been made with the schemes to which I referred last year, namely,

- (i) The introduction of the Hours of Employment Regulations ;
- (ii) Acceleration of payments of salaries and allowances ;
- (iii) Removal of the legitimate complaints in regard to the raising and recovery of debits ;
- (iv) Grant of assistance to Railway employees towards the education of their children ;
- (v) Relief of indebtedness ; and
- (vi) Introduction of staff benefit funds.

The Hours of Employment Regulations were given statutory force on the North Western and East Indian Railways with effect from 1st April 1931, and though it has been necessary, in view of the present financial outlook and on a consideration of the recommendation of the Railway Retrenchment Sub-Committee, to defer their introduction on the Company-managed Railways and on the Burma Railways, steps have been taken to introduce them on the Great Indian Peninsula and Eastern Bengal Railways with effect from the 1st April of this year.

7. The scheme for speeding up payments of salaries and allowances which was introduced last year on one of the Divisions of the East Indian Railway has been extended to the Howrah Division on the same Railway, while the Eastern Bengal Railway has quite recently introduced a system for the preparation and payment of wage bills so as to ensure that wages are, as a general rule, paid within 7 days of the period to which they relate.

8. The report of the Traffic Officer who was placed on special duty to enquire into the existing procedure on the East Indian Railway with regard to fines and debits imposed on the traffic staff was received in March 1931. After a discussion with a representative committee consisting of officers from all the principal railways in December 1931, orders giving effect to the decisions arrived at as a result of this discussion were issued to the State-managed Railways. The Company-managed Railways at the same time were informed of the orders issued to the State-managed Railways.

9. The Officer of the Education Department placed on special duty to frame an estimate of the cost of introducing new rules for the grant of assistance to railway employees towards the education of their children and to report on certain other outstanding questions, such as the standard of education up to which assistance should be given and other cognate matters, has completed his investigation on the Eastern Bengal Railway and is now carrying out a similar investigation on the East Indian, Great Indian Peninsula and North Western Railways. His final report is expected next month.

10. I mentioned last year that a new fund called "The Lower Paid Staff Loan Fund" had been created on the East Indian Railway with the object of advancing loans at reasonable rates of interest to the lower paid employees. It is now proposed to start a similar fund on the North Western Railway with effect from 1st April 1932.

11. The Staff Benefit Funds to which I also referred last year were introduced on the State-managed Railways from 1st April 1931.

12. The Railway Board have made a preliminary examination of the recommendations of the Royal Commission on Labour in India in so far as these affect railways and after discussion with the Agents of the principal railways have come to provisional conclusions on points of lesser importance. Further discussion of the remaining matters which concern railways will take place in April next, after which the final recommendations of the Railway Board will be submitted to the Government of India.

13. I think the Council will expect me to give in some detail the measures which have been taken to meet the situation created by the serious falling off in traffic with consequent reduction in earnings. I have already referred to the results of this year's working. Soon after the commencement of this financial year, I might say even before the commencement of the year, we saw that our anticipations of traffic were not likely to be fulfilled and that it would be necessary to take drastic steps to reduce the gap between receipts and expenditure. This could only be done in two ways, by decreasing our expenditure and increasing our receipts. I shall deal first with the efforts made to decrease expenditure. We have had several discussions with the administrations of our major railways. At these we have emphasised the absolute necessity of cutting down every item of expenditure to the absolute minimum, but at the same time stressing that any steps which were taken must not endanger the safety of the travelling public. An intensive economy campaign was inaugurated on every railway, each railway pooling its ideas with other railways. The result has been, as I have stated, a reduction of 5½ crores without allowing for any of the savings obtained from the temporary reduction in the emoluments of the railway staff. The main sources from which the saving has been obtained are reduction in the consumption of fuel and consumable stores, cutting down maintenance of station buildings and staff quarters to the absolute minimum, cutting down train mileage to absolute essentials, the abolition and holding in abeyance of a large number of superior posts. On State-managed Railways 169 posts have either been abolished or held in abeyance. On Company-managed Railways 24 posts have been abolished and 44 left unfilled. Compensatory allowances and special pay have been reduced or abolished. We feel that in a time of national emergency such as at present, it is quite fair to ask our officers and staff to do additional work without the additional remuneration which they might expect in more prosperous times. A large number of staff have been reduced, either by not filling vacancies or by actual discharges. Finally the emergency deduction in pay which came into force from 1st January of this year, is expected in a full year to save 2.38 crores.

14. Before leaving this subject I should like to acknowledge our indebtedness to the Railway Sub-Committee of the Retrenchment Advisory Committee. When the Committee started work retrenchment was in full swing and all Railways and the Railway Board continued independent investigations into the possibilities of further economy while the Committee was at work. This, however, did not deter the Sub-Committee who went into the whole question with great thoroughness within the limited time at their disposal. Their recommendations have received our very careful consideration, and from the budget papers, which will be circulated to Hon'ble Members, it will be seen that in the great majority of cases their recommendations have been adopted with little or slight modification. In some cases it has been found possible to go beyond the recommendations of the Committee. In other cases, of course, it has not been considered advisable to go quite so far. In one very important matter—that of cuts in pay of railway staff—we have, while obtaining a larger

reduction, not adopted the method recommended by the Committee, though we have as recommended by them applied the cut to all staff. The concluding recommendation of the Committee was the appointment of a small Committee, mainly composed of financial and railway experts, to undertake a full enquiry into the detailed working of the various departments of Railway Administrations. Immediately after the report was received the Government of India made every endeavour to obtain suitable personnel for such a Committee with the intention of carrying out the enquiry this cold weather. It is to be regretted that owing to the urgent preoccupations of the leading railway and financial experts in the present very difficult times, the efforts made to get together a suitable Committee were unsuccessful, and it has been necessary to postpone the constitution of the Committee until next year.

15. On more than one occasion the presentation of the Railway Budget has been referred to in another place as the annual meeting of the shareholders of the State Railways of India, and while shareholders look to their Board of Directors for a report showing how their property is being managed Honourable Members, in their capacity as representatives of the general public, are also undoubtedly interested in the charges the public have to pay when using the railway. In a year of falling revenues, when rigid economy and severe measures of retrenchment have been forced on railways, other measures which will have the effect of increasing revenue have also to be considered. Here we come up against two schools of thought; one suggesting reduced rates and fares as providing an incentive to traffic, the other considering an enhancement in rates and fares as being a more satisfactory expedient. When I last addressed this Council, I said that I was in the unhappy position of having to announce that it would be necessary to increase certain of our rates. I, however, gave this House an assurance that any changes we made would be done with due regard to the trade of the country and said that care would be taken not to impose rates which would press too hardly on any particular section of the community. I think we may reasonably claim that this assurance has not been disregarded, in so far that such alterations as have been made in our rates and fares within the last twelve months have been fairly and evenly distributed so as to make their incidence felt as lightly as was possible in the circumstances. Honourable Members are no doubt aware of the enhancements that have been made, and I propose, therefore, to refer only to the more important of these, so as to give this House some idea of the additional revenue, we believe, we will get as a result of the action taken. The increase in passenger fares on most of the principal railways was estimated to give us about 109 lakhs more in a normal year; on luggage and parcels, the rates were put up by about 15 per cent. giving us increased revenue approximating to 62 lakhs; and in the case of coal we hope to get 60 lakhs by the surcharge of 15 per cent. which had effect from 15th January last. From certain other minor changes which individual railways considered it was possible to make in the scale of terminal charges, in the freight rates on petrol, jaggree, sugar and a few other comparatively unimportant commodities, and by the withdrawal or modification of some concession rates, the additional revenue anticipated approximates in a full year to 105 lakhs. In considering the desirability or otherwise of these enhancements, we have not been unmindful of the obligation that rests on Railways to do nothing that would impede the free movement of traffic, but, on the contrary, to assist whenever an opportunity offers by reducing rates to secure traffic that is not likely otherwise to move. To illustrate this point, I may refer to the substantial reduction in the freight rates on wheat and wheat flour made by the North Western Railway Administration in May last year, when it was found that the parity of wheat prices in India was considerably above the point

at which export was possible, and export was desirable in order to reduce the large surplus of wheat in the country which tended to keep prices down at a level that was proving unremunerative to the grower. In the event, the reduction made proved of no avail, as world prices slumped substantially and Indian wheat prices continued to be above world parity. Although over 250 thousand tons were carried to Karachi during the period the reduced rates were in operation, export overseas was negligible; and the only practical effect of the reduction was to divert to the sea route for shipment to Indian ports traffic which would normally have been carried by railway at the ordinary rates. On the assumption that the quantity railed into Karachi would have moved to that port in any case, the reduction in railway freights led to a loss of revenue estimated at about sixteen lakhs. Incidentally, this instance seems to indicate that the suggestion that lower freight rates will bring increased revenue for railways must be subject to certain important qualifications, not the least of which is that unless the margin available for a reduction to facilitate movements is substantial, any reduction made is a needless sacrifice of revenue to be deprecated at all times and particularly now when, owing to a world wide depression in trade and other causes, the financial position of railways is not such as to justify experiments in freight reductions. I think also that the general indications are that, taken as a whole, railway rates are not on the high side, and their incidence on the free movement of traffic is not very appreciable. Having said this, I should like to assure Honourable Members that these views are not a prelude to any contemplated action for a further enhancement in rates and fares, although we would be unmindful of our obligations for the solvency of the railway system of this country, if we neglected to take any opportunity that may present itself of adjusting rates and fares to obtain increased revenue either by reductions when these are proved to be necessary or by enhancements where such action appears to be indicated.

16. I have now to assume the role of a prophet and endeavour to make a forecast of our receipts and expenditure for 1932-33. Like most prophets I am skating on very thin ice and am almost certain to fall through the ice and be drowned. It is quite impossible to say whether we have reached the trough of the wave of depression. All we can say is that we are very far off the crest of a wave of prosperity. I do not think it is safe to assume that there will be any increase in the volume of traffic over that of the present financial year, and the only increase which we can expect in our receipts will be from the increases in rates and fares which we have introduced this year. On this assumption we estimate our gross traffic receipts from commercial lines at 86.57 crores as compared with our revised estimate of 85.55 crores for this financial year. In estimating our working expenses we are on slightly safer grounds. We know what railways have already done. We place these at 60.81 crores against 62.69 crores our revised budget estimate for this year. Both these figures include our contribution to the Depreciation Fund. Of this reduction of 188 lakhs we get about 1½ crores from the emergency cut in pay after paying 22 lakhs to the Income-tax Department; so excluding this we expect to bring down our working expenses by another 38 lakhs. Honourable Members may not think this is a very great achievement, but I would explain that the surcharge on coal freights affects our working expenses to the extent of 37 lakhs. This, of course, also appears on the receipt side. Further, 25 lakhs additional has to be found for the Depreciation Fund, and finally increments in pay of staff and staff required on new lines will amount to about half a crore. After allowing for the abnormal gratuity payments this year, we may say that our Budget provides for a decrease of 1½ crores over the reduction on this year's working

of about 6 crores. It may be possible by further economies to increase this figure and we will continue to explore any avenue of economy, but I am sure the Council will realise that indiscriminate economies in working may very well result in a loss in that they may be reflected in a larger reduction in receipts.

17. It remains now for me to give an account of our expenditure under Capital and Depreciation Fund for the current year and to place before the Council our programme for the ensuing year. In presenting the programme of works for 1931-32 I estimated that our total expenditure would amount to 21.70 crores, or allowing for a reduction in stores balances of 2 crores, a net cash expenditure of 19.70 crores. By the exercise of the most rigid economy and cutting down all but absolutely essential works it has been found possible to reduce this figure to 16.60 crores, despite the fact that we have opened or hope to open 406 miles of new railways this financial year. The more important of these are the—

Chittagong-Dohazari . . . . .	25 miles.
Raipur-Parvatipuram, a section of the Raipur-Vizianagram line thus completing the line from Raipur to Vizianagram . . . . .	74 miles.
Kalukhali-Bhateapara . . . . .	53 miles.
Dharwa-Pusad . . . . .	43 miles.
Sind Left Bank Feeder Railways . . . . .	120 miles.
Chinnasalem-Vridhachalam . . . . .	32 miles.
and the Pollachi-Palghat . . . . .	33 miles.

18. Our activities in open line works, as was only to be expected have not been very spectacular; we have concentrated on keeping our track, bridges and rolling stock up to the requisite standard.

19. Our programme for 1932-33 has been still further curtailed and we have only been able to provide 9½ crores, after allowing for a further reduction in stores balances of 1½ crores. An allotment of 101 lakhs will practically complete all new lines under construction, or a total of 173 miles. The remainder will be spent, as was done last year, on essential open line works. None of these are of great magnitude, but I may mention 3 of them—the Gorai Bridge on the Eastern Bengal Railway, the Barakar Bridge on the East Indian Railway and the Betwa Bridge on the Great Indian Peninsula Railway. None of these works, in the interests of safety and also of economy, could be postponed longer. Our expenditure on rolling stock will be limited to 1½ crores.

20. I trust that my review of the situation and the figures which I have placed before the Council will not lead to a spirit of too great pessimism as regards the future of Indian Railways. India, like all other great countries throughout the world, is passing through troublous times and it was not to be expected that the Railways would escape, but I for one feel confident that when better times do return the Railways will be the first to feel the effect. Lessons learnt during this period of economy and retrenchment will bear fruit and lead to all the greater prosperity. The Council may rest assured that the Railways will be in a position to meet all the needs of traffic when this reaches its normal level once again.

21. As is customary, in concluding my Budget speech I wish to bring to the notice of the Council the valuable services which the Agents, officers and staff of all railways throughout India have rendered to the country during the past year; this has been a particularly trying one; not only have the emoluments of the staff been subjected to reduction but their immediate prospects have been seriously affected by the economy campaign, through the abolition of many of the higher paid posts, both for officers and subordinates. There are several officers who in normal times might reasonably have expected by now to have reached the administrative ranks with the higher pay these carry, but who have had to be content with the lower ranks and lower pay. Much the same applies to subordinates. Several of the plums of their services have been taken away. No man can face a reduction in his salary and prospects with equanimity, but I think I can safely say that unpalatable as these measures have been, they have been accepted by practically all ranks as inevitable and all are cheerfully carrying out their work as before, with the same keenness in their search for every possible economy and with the same desire to do all in their power to restore prosperity to Indian Railways. I am glad of the opportunity which my presence here gives me of publicly expressing to the Agents and to all those serving under them the gratitude of the Railway Board for their whole-hearted co-operation in what is their and our common aim.

In a statement, which was placed on the table of the House in November last, the recommendations of the Railway Retrenchment Sub-Committee for reduction in railway expenditure were detailed together with the action taken or recommended to be taken on them by the Railway Board.

2. In some of the cases stated to be under consideration in that statement, the Railway Board have now come to more or less definite conclusions and the further action taken or proposed to be taken by them is shown in part I of the accompanying statement.

3. Part II of the statement shows the decisions so far taken on the other suggestions made by the Sub-Committee on miscellaneous matters not directly connected with the reduction of expenditure.

4. Part III of the statement compares the provisions included in the Budget for 1932-33 with the recommendations of the Sub-Committee.

**Statement showing the action taken or proposed to be taken by the Railway Board on the suggestions of the Railway Retrenchment Sub-Committee.**

**PART I.**

Paragraph of the sub-Committee's report.	Sub-Committee's recommendation.	Action taken or proposed to be taken by the Railway Board.
31 and Chapter V.	<p>(a) The Sub-Committee recommend that the posts of Controller, Deputy Controller and Assistant Controller of Railway Accounts and the Assistant Accounts Officer be abolished ; and that a post of Deputy Director of Accounts be created in the Railway Board's office in their stead ;</p> <p>(b) that the cost of accounting on railways should be reduced by 12 lakhs ; that the cost of the audit staff should be reduced by 10 lakhs ; and in particular that the office of the Director of Railway Audit should be abolished and the existing concurrent check should be replaced by a test check ;</p> <p>(c) that if the Railway Clearing Accounts Office is retained its cost should be reduced by at least 1 lakh ; and</p> <p>(d) that unless the total cost of the accounts and audit organisations on State-managed railways</p>	<p>The measures either already adopted, or proposed to be introduced in the near future, are expected to yield savings on an average cost basis of Rs. 11,12,000 or on a minimum cost basis of Rs. 8,70,000. Details are given in a statement attached (Annexure A). The figures given in this statement do not include savings in indirect charges such as provident fund bonus or savings in executive offices as a result of either the elimination or duplication of work or changes of procedure on transfer of work from executive to accounts offices. It has been found possible to introduce measures in the Railway Clearing Accounts Office which will, on the average cost basis, reduce the expenditure on that office by slightly over a lakh, and still further economies resulting in a saving of about Rs. 18,000 on the average cost basis are anticipated.</p> <p>2. The immediate economies already effected in the Railway Audit Department amount, on the minimum</p>

be reduced in accordance with the previous recommendations, the question of amalgamating the departments should be considered.

145 The Sub-Committee recommend that the staff in the Dehra Dun Staff College should be reduced so as to save half a lakh.

148 The majority of the Sub-Committee recommend that the post of Timber Advisory Officer should be abolished.

cost basis, to about a lakh a year. These economies have been effected on the basis of maintenance of the existing scale of audit. The Railway Retrenchment Sub-Committee's proposals, which involve a radical change in the present system, are being investigated by the present Director of Railway Audit at the request of the Auditor General, and he is expected to submit a comprehensive report by the end of the current year.

It has been decided to transfer the college to the military authorities and to make other arrangements for the instruction of officers resulting in a reduction of about 2½ lakhs in the annual charge.

It has been decided that the post should be retained.

**PART II.**

Paragraph of the Sub-Committee's report.	Sub-Committee's recommendation.	Action taken or proposed to be taken by the Railway Board.
31	The Sub-Committee suggest extensive delegation of powers from the Controller of Railway Accounts to the Agent or to the Chief Accounts Officer, and reduction of transfers between railways to the absolute minimum.	The Financial Commissioner agrees that further delegation is possible and the Controller of Railway Accounts is taking action accordingly in connection with his proposals to reduce cost of accounts work. The Financial Commissioner also agrees that though transfers are sometimes inevitable, they should be reduced to a minimum.
88	The Sub-Committee consider that adequate information regarding the work done in the Railway Clearing Accounts Office should be kept to see that the staff in the office is not kept at a higher level than the work justifies.	Figures of vouchers handled by the office will be obtained and watched by the Controller of Railway Accounts.
91	The Sub-Committee consider that the present system of division of the expenditure of the Clearing Accounts Office is unsatisfactory as it saddles Railway administrations with expenditure outside their control, and leaves no incentive to the Clearing Accounts Office to make economies.	The expenditure, like all other expenditure on accounts establishments, is controlled by the Controller of Railway Accounts and the Railway Board do not consider a change necessary.
97	The Sub-Committee trust that the Railway Board intend to take steps to modify the time-scales to a considerable extent and imply that in further revisions opportunity should be taken to replace time-scales by fixed scales.	The revision of scales of pay is under active examination and the Railway Board expect to put their proposals before Government very shortly. The replacement of time-scales by fixed rates of pay is being considered in connection with these proposals.

103 The Sub-Committee suggest that the headquarters organisation of railways, with Divisional organisation, should be considerably cut down. Under consideration.

104 The Sub-Committee consider that if the Divisional organisation has led to increased efficiency it ought to be carried much further on the G. I. P. Railway and that the Commercial Department and the Engineering staff should be put under the Divisional Superintendent. Do.

123 The Sub-Committee urge—

(a) that the Railway Board should take steps to maintain all data necessary to verify whether the yield expected from capital works has been achieved and to impress upon Railway Administrations before sanction is accorded to any proposal that they would be held accountable for proving that a return not far from that anticipated had been achieved, and

(b) that there should be an automatic machinery to ensure that, when part of the justification for a project is based upon savings in direct costs, such as reduction of staff, such reduction is actually carried out in proper time.

It is not always possible to verify whether the return expected from an open line work is being achieved ; but the Railway Board agree with the principle of the recommendations.

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The Sub-Committee desire that an annual report on the activities of each of the Publicity Offices (i.e., in London and New York) specifying the enquiries dealt with and the number of tourists attracted to India by them should be prepared, showing clearly the estimated benefit not only to railways but to the country as a whole from such traffic.

Instructions to this effect have been issued.

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Paragraph of the Sub-Committee's report.	Sub-Committee's recommendation.	Action taken or proposed to be taken by the Railway Board.
149	The Sub-Committee recommend that officers selected to write Codes should be employed exclusively on such work and a definite time limit should be fixed for its completion.	The recommendation is accepted ; but, at present, work on the Codes has been suspended.
153	The Sub-Committee recommend that leave salary and passages to officers in foreign service and officers and staff for the preparation of traffic rates registers should not be included in Annexure C to Demand No. 11 but in the budgets of the railways to which they pertain.	Effect is being given to this recommendation.
154	The Sub-Committee trust that experiments in connection with the mechanisation of accounts will not be resumed without careful consideration and not until much more prosperous times.	Recommendation accepted.
155	The Sub-Committee consider that the Supervisor of Labour should not be shown in Annexure C to Demand No. 11 but either in the railway concerned or in Annexure D with other miscellaneous officers.	The office of the Supervisor of Labour is being included in Annexure D.
166	The Sub-Committee observe that under the existing fundamental leave rules, it is often financially worth while for an officer who has been officiating in a higher post to take leave rather than to revert to his original post, and recommend that steps should be taken to alter these rules as early as possible.	Under the new leave rules for railway services, leave pay is based on substantive pay.

167 The Sub-Committee are of opinion that it should be possible, with improved training facilities in India, to reduce still further the recruitment of subordinates from abroad even if it is not possible to stop entirely which they consider should be the aim in view.

188 The Sub-Committee recommend (a) a uniform practice with regard to passes on all railways, (b) a suitable restriction on the number of passes allowed even in the case of officers.

191 The Sub-Committee recommend—  
(a) that railways should report periodically to the Railway Board all cases where the Agent has, without reference to them, decided to place orders for foreign material, because in his opinion the disparity in price was too high; and  
(b) that with a view to facilitate the active compliance by Agents with the policy of Government in this regard, powers should be delegated to Agents authorising them to give price preference to a limited extent (5 per cent.) provided that the amount does not exceed a fixed maximum (Rs. 500), and that it should be made clear to Agents that these limits do not represent the maximum preference which the Railway Board are prepared to give.

210 The Sub-Committee suggest that some incentive should be given to the staff for co-operation in economy measures, such as giving rewards and prizes.

This is the policy of the Railway Board.

The Railway Board agree generally with these views.

Under the present system the Indian Stores Department receives all indents for foreign material in order that it may bring to the notice of the Railway Board or Railway Administrations any instance in which it is proposed to place orders abroad which might be placed in India. Under this system even if an order is sent forward it is possible to cancel it before any definite commitment has been made. The Railway Board consider that this system secures a more effective compliance with the policy of the Government of India than would be secured by a system of periodical reports from Agents of railways. They are averse from delegating powers to Agents of Railway Administrations with regard to price preference; the possibility of misuse of such powers is not less in the case of small orders.

Such a practice is in existence already in many railways; the Sub-Committee's suggestion has been circulated to all of them.

PART III.

Demand No.	Recommendations of the Railway Retrenchment Sub-Committee.	Budget proposals.
1	<p><i>Pay of officers.</i>—The Sub-Committee's proposals contemplate a cost of Rs. 4,86,000 (excluding leave salaries) on the average, and a reduction of Rs. 1,71,000, on the average, on present sanctioned scales.</p> <p><i>Pay of establishment.</i>—The Sub-Committee recommend a reduction to Rs. 3,46,000, which was the cost during 1927-28.</p> <p><i>Other charges.</i>—The Sub-Committee recommended a total reduction of Rs. 65,000 in this office, the Technical office, the Central Standards office and the office of the Controller of Railway Accounts.</p>	<p>The budget estimate is Rs. 5,20,000 (exclusive of leave salaries); the total reduction, as compared with 1930-31, is Rs. 1,57,000. The officers proposed include one Member less, but half a Director more (as the Director does also the work of Chief Controller of Standards, and half of his pay is shown under the Central Standards Office) and two Deputy Directors more than suggested by the Sub-Committee.</p> <p>The budget provides for Rs. 3,53,000, which is Rs. 54,000 less than the cost in 1930-31 and only Rs. 7,000 more than the cost in 1927-28 in spite of 5 years' additional increments to the staff in existence then. The number of staff is 111 against 130 in 1931-32 and 112 in 1927-28.</p> <p>The total has been reduced from Rs. 6,38,000 (excluding an abnormal item of cost of furniture, amounting to Rs. 60,000), in 1930-31, to Rs. 5,21,000 in 1932-33.</p>
2	<p>The Sub-Committee recommended a reduction of roughly Rs. 1,50,000.</p>	<p>The budget provides for a cost of Rs. 3,15,000 (exclusive of emergency deductions from pay) against Rs. 4,33,000 in 1930-31, a reduction of Rs. 1,18,000.</p>
3	<p>The Sub-Committee recommended that the cost of audit should be reduced to Rs. 10 lakhs.</p>	<p>The budget is Rs. 17,80,000, exclusive of emergency deductions from pay, as compared with</p>

The Sub-Committee recommended that the cost of accounting on railways should be reduced by Rs. 12 lakhs, namely, on State-managed railways by 9 lakhs and on Company-managed railways by 3 lakhs.

*Publicity.*—The Sub-Committee recommended that the total expenditure on publicity on all railways should not, for the next few years, exceed Rs. 6 lakhs.

Rs. 17,86,000 in 1930-31, in spite of increments for two years and the fact that in 1930-31 the staff for the extended audit on Company-managed railways had not been fully recruited. It has been reported that the immediate economies already effected in the Railway Audit Department amount on the minimum cost basis to about a lakh of rupees a year on the basis of maintenance of the existing scales of audit. The radical changes in the present system proposed by the Sub-Committee are being investigated by the present Director of Railway Audit at the request of the Auditor General.

The budget estimate for 1932-33 is Rs. 1,20,25,000, including the cost of audit on strategic railways, as compared with Rs. 1,29,28,000 in 1930-31. On State-managed railways the cost is Rs. 73,25,000 as compared with Rs. 81,68,000 in 1930-31, a reduction of Rs. 8,43,000. It is 3½ lakhs higher than the sum fixed by the Committee which probably did not take the effect of annual increments into consideration.

The economies already effected and under contemplation total Rs. 8,70,000 on the minimum cost basis and Rs. 11,12,000 on the average cost basis.

On Company-managed railways, the estimate is 47 lakhs, which though higher than the 43 lakhs recommended by the Committee, is lower than the cost in 1930-31. These railways will be addressed on the subject of making further economies.

The budget has been placed at Rs. 7 lakhs for the present, which is less than half the expenditure in 1930-31 (Rs. 14½ lakhs).

Demand No.	Recommendations of the Railway Retrenchment Sub-Committee.	Budget proposals.
11	<p>(1) <i>Railway Rates Advisory Committee</i>.—The Sub-Committee recommended a reduction in the expenditure to Rs. 50,000.</p> <p>(2) <i>Office of the Controller of Railway Accounts</i>.—The Sub-Committee recommended a reduction of the cost of officers to Rs. 22,000, (exclusive of leave salaries) and of establishment to Rs. 48,000.</p> <p>(3) <i>Central Standards Office (including Technical Office)</i>.—The Sub-Committee recommended a reduction in the pay of officers to Rs. 43,000 (excluding leave salaries), and the pay of establishment to Rs. 1,02,000.</p>	<p>The budget estimate is Rs. 50,000.</p> <p><i>Pay of officers</i>.—The budget provides Rs. 77,000 (excluding leave salaries) against Rs. 93,000 (excluding leave salaries) in 1930-31.</p> <p><i>Pay of establishment</i>.—The estimate is Rs. 1,14,000 against Rs. 1,11,000 in 1930-31, in spite of increments for two years. The number of the staff has been reduced from 70 in 1931-32 to 58 in 1932-33.</p> <p>The Railway Board have not been able to accept the recommendation to abolish the office in view of the necessity for co-ordinating work in individual railway accounts offices and for preparing the Appropriation Accounts of railways, and giving the Public Accounts Committee and the legislature all the information they require in the form required.</p> <p>The pay of officers has been reduced in the budget to Rs. 86,000 (excluding leave salary) but including half the pay of the Chief Controller. The pay of the establishment is Rs. 1,01,000 and is below the estimate of the Sub-Committee.</p>

(4) *Railway Clearing Accounts Office.*—The Sub-Committee recommended a reduction of expenditure by 1 lakh.

(5) *Central Publicity Bureau.*—The Sub-Committee recommended a reduction of cost to Rs. 3,50,000.

(6) *Railway Staff College, Dehra Dun.*—The Sub-Committee recommended a reduction of expenditure by Rs. 50,000.

(7) *Miscellaneous Establishments.*—

(a) The majority of the Sub-Committee recommended the abolition of the post of Timber Advisory officer and staff costing Rs. 30,000.

(b) The Sub-Committee recommended that the total lumpsum provision for special investigations should be limited to one lakh.

The budget provision is Rs. 17,49,000, including Rs. 39,000 for maintenance of rate registers on the N.W. Railway. The reduction as compared with 1930-31 is Rs. 87,000 in spite of additional increments and the return of more highly paid men to the office on the closing down of rate register experiments. The economies already introduced will reduce expenditure by over a lakh, on the average cost basis and further savings are anticipated.

The net cost of the Central Publicity office in 1932-33 is Rs. 3,65,000, including the rent of the Hay market which was omitted by oversight in the information supplied to the Committee, and the additional sum required for the rent of the New York office owing to the high dollar exchange.

Owing to other arrangements being made by the Railway Board for courses of instruction, the budget for 1932-33 is only Rs. 1,35,000, or Rs. 2,42,000 less than the expenditure in 1930-31. It is hoped to bring this down by about Rs. 30,000 next year.

(a) The Railway Board consider the retention of this post necessary and the Budget provides Rs. 30,000.

(b) The lumpsum provision in the Budget is Rs. 50,000 as compared with Rs. 3,00,000 in 1931-32, and the total sum provided for special investigations is Rs. 91,000 (exclusive of emergency deductions from pay) as compared with Rs. 5,77,000 in 1931-32.

## ANNEXURE A.

Statement showing savings in the Railway Accounts Department already effected and those expected in the near future.

Name.	Items in which retrenchment is effected.	Savings effected (value per annum) on		Savings expected (value per annum) on	
		Average cost basis.	Minimum cost basis.	Average cost basis.	Minimum cost basis.
Office of the Controller of Railway Accounts.	1. Officers .	31,000	28,000	8,000	5,000
	2. Establishment	28,000	22,300	..	..
	3. Other charges	..	..	..	..
	Total .	59,000	50,300	8,000	5,000
Railway Accounts Department (excluding the office of the Controller of Railway Accounts).	1. Officers .	95,500	63,000	8,000	5,000
	2. Establishment	3,61,182	2,57,380	3,27,492	2,36,888
	3. Other charges	2,28,000	2,28,000	25,000	25,000
	Total .	6,84,682	5,48,380	3,60,492	2,66,888
GRAND TOTAL .		7,43,682	5,98,680	3,68,492	2,71,888