CHAPTER VII

RAILWAY INCOME DISTRIBUTION.

From the present railway working expenditure data, it is not possible to deflate the pure expenditure on different heads and the expenditure on employment. However, the present attempt is a consolidated one, showing the behaviour of employment expenditure for the whole railway system. The table given below shows the relative ratio of employment expenditure to the total railway working expenditure, because employment expenditure is a part of the railway working expenditure.

Table No. 1

Ratio of Employment Expenditure to Working Expenditure (figures in average)

<table>
<thead>
<tr>
<th></th>
<th>Working expenditure (in Rs. crores)</th>
<th>Employment expenditure (in Rs. crores)</th>
<th>Ratio in per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-51</td>
<td>187.75</td>
<td>88.16</td>
<td>46.96</td>
</tr>
<tr>
<td>1951-56</td>
<td>231.44</td>
<td>124.84</td>
<td>53.27</td>
</tr>
<tr>
<td>1956-61</td>
<td>321.80</td>
<td>181.16</td>
<td>56.33</td>
</tr>
</tbody>
</table>

Source: Railway Board (Annual) Reports, Vol. II, Statement Nos. 5 & 40-II.
The ratio as worked out clearly shows that prior to planning in India less than half of the working expenses were incurred on the railway staff whether gazetted or non-gazetted employed on open lines, while the major part covered the other railway operating expenses, maintenance expenses and depreciation. However, with the introduction of the planning for quick development of railway services, staff expenditure has increased to more than half of railway working expenses, due mainly to the increase in employment, scale of pay and dearness allowances and the other expenditure for their amenities etc. This leads to an reduction of expenditure on other heads of working expenditure. Therefore, the increasing tendency in employment expenses leads to analyse the behaviour of employment wages\{(income)\} income per-capita and their real wages. Moreover, the efficiency of staff has been previously analysed, while discussing the 'railways net income'.

**SOME BASIC FEATURE OF RAILWAY EMPLOYMENT**

Railway staff has been divided into two catagories, namely, staff in open lines and into new construction. As per
data available in reports, railway operating staff has been divided into three main categories which are further subdivided as shown below:  

1 - First and second grade staff: This staff is equal in rank and scale of pay of the first and second grade staff of Government of India.

2 - Third grade staff: This has been further sub-divided as:
   (a) Office Staff: this has been further sub-divided into:
      (a) those who are drawing more than Rs.250/- per mensum and
      (b) those who are drawing less than Rs.250/- per mensum.
   (ii) Workshop and artisan staff: this includes skilled, highly skilled, and skilled supervisors.

3 - Fourth grade staff: this is again sub-divided into two, namely,
   (i) Office staff: this includes staff of third grade and fourth grade irrespective of pay.
   (ii) Workshop and Artisan staff: this includes staff of third grade and fourth grade irrespective of pay.

However, for the study purpose the whole of the staff has been categorised into three classes, namely, 1st and 2nd class or upper class employees who are drawing Rs.250/- and more per mensum; 3rd class or middle class employees, who are drawing below Rs.250/- to Rs. 60/- per mensum, plus other grade; 4th class or lower class employees, who are drawing Rs.60/- to Rs.30/- per mensum, plus other

---

1. This division of staff is as per Railway Board (Annual) Reports, Vol.II, Statement 40-II
The following table shows the growth of staff, wages (income) and income per-capita.

**Table No. 2**

<table>
<thead>
<tr>
<th>Years</th>
<th>4th or Lower class</th>
<th>3rd or Middle class</th>
<th>1st &amp; second upper class</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>W</td>
<td>I</td>
</tr>
<tr>
<td>1948-49</td>
<td>102.1</td>
<td>125.8</td>
<td>123.2</td>
</tr>
<tr>
<td>1950-51</td>
<td>91.6</td>
<td>176.0</td>
<td>186.0</td>
</tr>
<tr>
<td>1955-56</td>
<td>139.0</td>
<td>215.9</td>
<td>225.8</td>
</tr>
<tr>
<td>1960-61</td>
<td>148.5</td>
<td>388.6</td>
<td>264.5</td>
</tr>
</tbody>
</table>

**N** = number of employment; **W** = wages (income); **I** = income per-capita.


This table reveals that employment, wages and wages per capita all are increasing regularly for all grades of employees, except per-capita wage for upper grade employees, which regularly declines. In 1950-51, quantum of lower wages of upper class employees has declined considerably. In 1955-56, there is no decline in number of middle class employees as shown in the table, because as per data available, middle class employee's data includes the data of lower class 'Artisan staff' from 1947-48 till 1951-52, which is indivisible between 'Artisan and other staff' otherwise, there is a regular improvement in number of middle class employees.
The regular increase in employment is due to the rush of traffic caused by partition in early years; creation of new vacancies about one lakh under the Adjudicator’s Award 1949 which Railway Board has reduced roughly to 50,000 (54,500 for 4th class and 15,500 for 3rd class) and the additional staff requirements under the two five year plans to handle the increased traffic. Naturally, all these factors bound to increase in the quantum of staff for railway operation. Therefore, over all cost of staff has regularly increased for all class of employees. Although, inspite of these factors, other factors are also responsible for the rise in the cost of staff for all grades; namely, increased dearness allowances paid to employees on July 1, 1949; June 1, 1951 and July 1, 1957 respectively; revision of scales done on the recommendation of two Central Pay Commissions 1948 and 1959 appointed by the Central Government; high rate of contribution made to the Provident Fund and the payment of gratuities in 1953-54 and 1954-55 respectively; large amount of arrears paid on account of implementation of Minimum Wages Act in 1959-60 etc.\(^1\) Hence all these factors further made a regular increase in the cost of staff for all grades till the end of 1960-61.

The decline in the quantum of lower class staff and wages of upper class staff in 1950-51, caused the pressure of job analysis made to assess the surplus staff on all railways and the retrenchment of 30,175 employees of all grade done in 1949-50. It seems that retrenchment of staff effects more on lower class than the upper class. In this way, the lower class staff has declined in 1949-50 to a great extent. Although in 1950-51, an improvement in the lower class staff was done but it cannot reach at the par of 1947-48. Therefore, the lower class staff has declined considerably in 1950-51. On the other hand, the decline in the wages of upper class employees was on the recommendation of the Central Pay Commission 1949, bringing thereby all the varying ranges of pay-scales at one single pay-scale and leave rules in 1950-51\(^1\). Moreover, this revised pay-scale of upper class employees further brings the distribution of income per-capita on a systematic line, i.e., reducing the income per-capita for upper class and increasing the income per capita for middle and lower class staff, regularly. This reduction of income per-capita for upper class continued till 1956-57, thereafter in 1957-58 due to re-distribution of posts income per-capita has improved considerably, and thus income per-capita for upper class employees improved considerably in 1960-61.\(^2\)

---

This change include the effect of prices and thus don't reveal the real changes in the wage-scale structure. With a view to obtain such a position we have deflated the current values with the help of the all India consumer price index. The determination of the real changes in wages is given below:

**Table No. 3**

Real-Wages and Wages per Capita 1947-48=100.

<table>
<thead>
<tr>
<th>Year</th>
<th>Real-Wages</th>
<th>Per-Capita Real Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4th</td>
<td>3rd</td>
</tr>
<tr>
<td>1948-49</td>
<td>102.5</td>
<td>101.0</td>
</tr>
<tr>
<td>1950-51</td>
<td>157.6</td>
<td>150.0</td>
</tr>
<tr>
<td>1955-56</td>
<td>258.4</td>
<td>161.8</td>
</tr>
<tr>
<td>1960-61</td>
<td>247.7</td>
<td>186.7</td>
</tr>
</tbody>
</table>

Source: Railway Board (Annual) Reports, Vol. II, Statement 40-11,
Consumer price index is taken on the base of 1949=100.
The ratio worked out as Wages or wages per capita
Index No.

4th - 4th grade staff, 3rd = 3rd class staff, 1st & 2nd - 1st and 2nd grade staff.

This table tells us that real wages and wages per-capita has regularly increased for 3rd and 4th grade staff, through out the period. For the behaviour of real wages and real per-capita wages for 1st and 2nd grade employees it should be mentioned that both are declining from 1947-48 except in 1960-61 when only the real wages have increased. This increase was due to the redistribution of posts in different grades done in 1957-58,
effecting only the wages. However, the other variances in the table is due to changes made in reporting the data.

In this way, it is found that in the sphere of income distribution, Railways have followed socialistic pattern to absorb the surplus staff on the recommendations of two Pay Commissions 1948 and 1959, Adjudicator's Award 1948 and job analysis made in each Railway system.

1. op.cit., p. 2.