The present attempt is an enquiry into the growth of the Indian Railway Finance from 1947-48 to 1960-61. Its main purpose is to examine the control of finances of public utility service and also to judge economies of large scale operation. Being a public utility service the railway finances do not work on the basis of maximising profit. It has been found that the rise in traffic does not lead to an increase in cost; rather it results in lowering of the proportionate cost. It is however, difficult to allocate expenditure to individual services performed by the railways because they perform several services simultaneously and are therefore subject to joint cost. The railways are listed in the Union List as a public utility service under Article 246 of the Indian Constitution; and therefore, these services are controlled by the State.

The main sources of information of the study is the Railway Financial Statement. These statements provide a considerable material which has not been analysed comprehensively by any professional economist. In this
thesis an attempt has been made to fill in this lacuna. It is hoped that this analysis would be useful both for understanding the functionings of the railway finances as well as its policy implications. The thesis has been divided into eight chapters. Chapter one and two are of a general nature and provide an outline of the economies of railways finances from the beginning down to 1947. In Chapter two the questions regarding the railway charging rate and fare structure have also been discussed in considerable detail. Chapter three deals with the growth of income and traffic both for goods and passengers. In Chapter four the question of railway expenditure has been discussed under the heads of capital and working expenditure. Chapter five deals with the growth of net earnings. In the following chapter certain interrelations of railway income and expenditure have been worked out on the basis of regression method. Chapter seven deals with the income distribution of the railway staff on the class basis, the wage rates and the differentiation between various classes. The last Chapter deals with the effect of the development of road transport on the railway finances.

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Jagdish Prasad Gupta.