

manner as the Speaker may direct, two members from among themselves to serve as members of the Central Committee of the Tuberculosis Association of India".

The motion was adopted

12.49 hours

***COAL BEARING AREAS (ACQUISITION AND DEVELOPMENT) AMENDMENT AND VALIDATION BILL**

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI SHAHNAWAZ KHAN) : I beg to move for leave to introduce a Bill further to amend the Coal Bearing Areas (Acquisition and Development) Act, 1957, and, to validate certain acquisitions of land or rights in or over land under the said Act.

MR. SPEAKER : Motion moved :

"That leave be granted to introduce a Bill further to amend the Coal Bearing Areas (Acquisition and Development) Act, 1957, and to validate certain acquisitions of land or rights in or over land under the said Act".

SHRI JYOTIRMOY BOSU (Diamond Harbar) : I had given notice to you. If you look at the Seventh Schedule, Union List, item 54, we find :

"Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest".

Enactment of this Bill by us will mean taking away from the jurisdiction of the States their competence to develop the State public sector. But I know this will be cutting into the States jurisdiction of developing their own public sector which is very objectionable. Today the States are debtor to the Centre to the tune of Rs. 6,000 crores and unless they are allowed to appropriate their own natural resources in order to augment their revenue, they cannot become self-sufficient.

Here there is a skeleton in the cupboard. I have a news item here which says 'that the

coalminers of Bengal and Bihar had contributed Rs. 14 lakhs to the election fund of the ruling party, so that Rs. 19 crores of royalty to be paid to the Government could be shelved for the time being. This is the reason why this Bill is being brought now under the full clutches of the Central Government. I object to the introduction of the Bill, unless they consult the States and take the views of the State Governments. Without that, it will be encroaching upon their own natural resources. I object to the introduction of this Bill here.

MR. SPEAKER : The question is—

SHRI ATAL BIHARI VAJPAYEE (Gwalior) : Sir, he has made a serious allegation. Let the Minister reply ; let him confirm or deny it.

SHRI JYOTIRMOY BOSU : Shall I place it on the Table ?

MR. SPEAKER : No. no. You have so many cuttings.

SHRI SHAHNAWAZ KHAN : That newspaper cutting, I am afraid, is wholly unfounded and false. I totally deny it. (*Interruptions*)

MR. SPEAKER : Order, please. I am on my legs. The question is :

"That leave be granted to introduce a Bill further to amend the Coal Bearing Areas (Acquisition and Development) Act, 1957, and to validate certain acquisitions of land or rights in or over land under the said Act."

The motion was adopted

SHRI SHAHNAWAZ KHAN : I introduce† of the Bill.

12.52 hours.

RESOLUTIONS RE: CONSTITUTION OF RAILWAY CONVENTION COMMITTEE

MR. SPEAKER : Now we will take up the resolutions be moved by Shri K. Hanumanthaiya.

*Published in Gazette of India Extraordinary, Part II, Section 2, dated 2.8.71.

†Introduced with the recommendation of the President.

SHRI S. M. BANERJEE (Kanpur) : How many hours for this ?

MR. SPEAKER : You fixed it yourself at the Business Advisory Committee.

SHRI S. M. BANERJEE : I was not present, Sir.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : I have given my amendment to this also.

MR. SPEAKER : That is also a substitute motion.

SHRI JYOTIRMOY BOSU : It is an amendment, I did not touch the original resolution. Please see.

MR. SPEAKER : I will enquire about it. Now, the time for this is one hour and 30 minutes. I think out this, the Minister will take about—well, we will try to save as many minutes as possible from the Minister.

THE MINISTER OF RAILWAYS (SHRI HANUMANTHAIYA) : I beg to move the following resolution :

“That this House do resolve that a Parliamentary Committee consisting of 12 members of this House, to be nominated by the Speaker, be appointed to review the rate of dividend which is at present payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the Railway Finance *vis-a-vis* the General Finance and make recommendations thereon”.

MR. SPEAKER : I think you had better move both of them. The time is fixed for both of them together.

SHRI HANUMANTHAIYA : Yes, Sir. I beg to move the following resolution :

“That this House do recommend to Rajya Sabha to agree to associate 6 members from Rajya Sabha with the Parliamentary Committee to review the rate of dividend which is at present payable by the Railway undertaking to General Revenues as well as other ancillary matters in connection with the Railway Finance *vis-a-vis* the General Finance and make recommendations thereon and to communicate the

names of the members so appointed to this House.”

You may kindly permit me to make a few remarks in support of these resolutions.

The finances of the railways were separated from the general finances of the country in 1924-25 in accordance with the resolution passed on the subject by the then Central Legislature in September, 1924. The object of this separation was two-fold. One was to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates. The second was to enable the railways to carry out a continuous railway policy based on the necessity of making a definite return to the general revenues on the money spent by the State on railways. Under this agreement, the general revenues were to receive a definite contribution from the railways based on the capital at charge and the working results on commercial lines.

Sir, this arrangement has by and large worked satisfactorily ; in fact, the previous four or five committees that examined the problem have more or less agreed to reiterate the position.

It might be of interest to the House to know that in 1950-51, the capital at charge was Rs. 827 crores. During the plan period, 20 years, the capital at charge has gone up and is expected to be Rs. 3473 crores at the end of 1971-72. It is a phenomenal growth. The Railways have also paid dividends under this arrangement in a big way. 20 years ago the dividend paid was only about Rs. 32—33 crores. Today we are paying Rs. 173-174 crores by way of dividend. The figure of cumulative dividends payable by the Railways to the General Revenues in the 20 and odd years from 1950-51 to 1971-72 stands at the staggering figure of Rs. 1605 crores; which is almost fifty per cent of the capital at charge.

There is some law I have forgotten the exact law as I have not been practicing for a long time now. If the interest paid over the years equals the capital, the capital itself is deemed to have been paid up. In that background, if you see the payment of Rs. 1605 crores, the Railways have really done their duty by the General Revenues.

SHRI S. M. BANERJEE : The hon. Minister says he has forgotten law. He was the Law

Minister. Let that remark be expunged ; otherwise it will be known to all the people that the Law Minister did not know law....(interruptions.)

MR. SPEAKER : All of us I can say about me. I myself have been a lawyer for many years. But I cannot claim to know law now. To become a Law Minister is not to have a re-orientation course. I think he is only frank.

SHRI HANUMANTHAIYA : Under the existing arrangements which were earlier approved by Parliament, the Railway are paying dividend at the rate of 5.5 per cent including one per cent in lieu of passenger tax on the capital invested on the railways upto 1963-64, and six per cent on the capital invested after 31.3.1964 subject to certain concessions. This arrangement was to continue for a period of five years from 1.4.1966 to 31.3.1971. The period was to be co-extensive with the Fourth Plan. There was a plan holiday for about three years and the Fourth Plan began only on 1.4.1969. It was considered necessary to make the convention arrangements co-extensive with the new Fourth Plan. Therefore a convention committee was appointed in 1968. This committee could not however complete its deliberations and present its report before the dissolution of the Lok Sabha in December 1970.

While asking for a vote on account during the March 71 session I had given advance intimation that the need to set up such a committee to review the position still remained and that it be constituted by a resolution of the House as soon as possible. I was particularly glad that during the Railway Budget discussions in June 1971, many hon. Members expressed a keen desire for an early review of the existing convention arrangement. That this subject has continued to interest Members is a welcome feature. I eagerly look forward to a thorough re-examination by the proposed *Committee of the Railways' obligations to the general revenues and other concerned matters.*

13 hrs.

The Administrative Reforms Commission has made a recommendation, which the Railway Board has accepted, that the Railways should be enabled to function on sound business and commercial principles within the framework of Parliamentary accountability.

The Commission has further recommended that the Government should devise ways and means of providing the Railways with sufficient funds for development. I have no doubt that these recommendations of the ARC would also receive the attention of the Convention Committee to be set up.

During the course of the deliberations of the Convention Committee of 1968, much valuable material has been collected. This will, no doubt, be found useful by the Committee to be constituted, and I am therefore, hopeful that the new Committee would be in a position to arrive at their conclusions within a reasonably short period. The trouble was that the previous Committee was not able to work for one reason or other for over a year. I hope that the Committee which we are going to constitute, would be able to give a report—my hon. friend Shri Vajpayee was in that Committee—within six months if possible.

SHRI JYOTIRMOY BOSU : You are presiding over the liquidation dinner of the Indian Railways.

MR. SPEAKER : Both the Resolutions are now before the House.

SHRI BIREN DUTTA (Tripura West) : I rise to support this Resolution. The hon. Minister observed that Parliament has taken keen interest in this Committee, but I must say that the Railway Board is not so eager to have this Committee as desired by Parliament. In last year's Budget discussion, one of the Members observed that not even a reference was made in the Railway Board's Report regarding the existence of the Committee. This shows that this Committee is meant to change the attitude of the Railway Board and to have a new orientation towards the development and growth of the Railways.

But in last year's Budget speech the hon. Railway Minister said that he was bothered where he would get the money for the development of the Railways. This year also the hon. Minister has said that they have no funds. This committee has the responsibility of looking after the over-all financing system of the Railways. I am astonished that the hon. Minister and his predecessor should have said that they have no finances, because they were in this Committee, as also the Finance Minister,

[Shri Biren Dutta]

and they ought to have looked after the interests of the growth of the Railways.

What is happening? Year after year the freight rates and passenger fares are increased. The hon. Minister has said that the Railway income has grown so much. From what source has it come? By taxing the people. In every Budget the ordinary people are taxed for the development of the Railways, and later on it is said that there are no funds available for the development of the Railway system. There is a contradiction here. You are taxing the people every year and your income is growing. At the same time, you are not able to provide amenities. Even for a small railway line from Dharmanagar to Agartala which we are urging, you say, we have no funds. In the present context of the Bangladesh issue, you are spending crores of rupees to send materials for the evacuees. There are 16 million refugees in Tripura, where the original population is only 16 lakhs!

In the last year's budget, the Railway Minister suggested that the contribution to the general revenue should be at the rate of 4.5 per cent. Last time during the budget debate, it was charged that the Railway Board did not refer to it. This time they have mentioned it. You will find from page 103 that whereas the Railway Minister suggested 4.5 per cent, actually 5.5 per cent has been charged. This committee, which is going to be nominated after this resolution is passed, will have to go very seriously into the attitude of the Government itself, whether the Government is willing to give a reorientation to the railway financing system or not or whether the control will mean only dittoing whatever is proposed by the Railway Board. This problem must be seriously dealt with, because it has serious responsibility in relation to the whole development problem. It has relation to the removal of imbalances in our economy and growth of industries in backward areas. A proper assessment should be made by this committee. Merely dittoing the Railway Board's opinion will not help us very much.

With these words, I support the resolution.

SHRI INDRAJIT GUPTA (Alipore) : Sir, I suppose we are all agreed that this Railway Convention Committee is supposed to act as a sort of sentinel on behalf of Parliament in order

to see that a proper balance is struck between general revenues and railway revenues. But I am sorry to find—I do not know whether the annals of Parliament have any such precedent to show—that the last Convention Committee which was appointed in 1968 failed even to submit a report. This matter has been passed over, in my opinion, rather lightly by the Minister. It is a very extraordinary thing; a committee was set up in 1968, the Lok Sabha was dissolved only in December of 1970 and so from 1968 to the end of 1970 I think was more than enough time for this committee, which was seized of the urgency of the problem before it, to have submitted a report. Today we are without any report. The last report we had of a Convention Committee was the one of 1965. I hope somebody will enlighten us as to why this extraordinary state of affairs has come to pass. I am told that the Committee met only two or three times and then some sort of assurance was given the further meetings would be called, may be there was a change of Ministers in between—but I do not see what this has got to do with the Committee—and then when finally the Lok Sabha was dissolved the Convention Committee also passed into the limbo of history. I think it is a very extraordinary thing and I hope similar fate would not overcome this Convention Committee which is now proposed to be set up again. I welcome the hope—it is not an assurance because he cannot give an assurance in this respect—I welcome the hope which he expressed that in view of the urgency of the matter this new Committee which is going to be appointed, would try to expedite its report and try to give it even within six months. I do not think it will give it within six months, but at least it should take a lesson from what has happened to the predecessor committee and not take such a leisurely attitude towards this problem.

Shri Hanumanthaiya's predecessor, Shri Nanda, when he was speaking last year in the debate on the railway budget, lamented very much the fact that unless some sort of relief was provided to the railways they were going to face practically an insoluble financial problem. Whether that problem is really insoluble or not without getting relief from other sources it is not for me to discuss in today's discussion, because there is no time. It has been discussed on other occasions and I continue to hold that it is possible for the railways to augment their resources considerably without involving them-

selves in extra expenditure if only they will seriously try to cut down a great deal of the wasteful expenditure which is still being incurred and by trying to plug the enormous losses which are due to things like pilferage, corruption and so on. I think these things run into crores of rupees.

But, apart from that, Shri Nanda had reminded the House last year that the financial basis of the railway programme for the Fourth Plan is, firstly, Rs. 585 crores which is to come out of the plan funds and, secondly, contribution of Rs. 940 crores which is to come from the resources out of the railways themselves. These two items taken together constitute the Five Year Plan programme of the railways. Then Shri Nanda went on to say :

"I am afraid that apart from Rs. 525 crores arising out of the contributions to the Depreciation Reserve Fund the railways will not be able to generate resources of more than Rs. 215 crores, leaving a gap of Rs. 200 crores of funds which are required for the implementation of the Plan."

That is to say, the railway plan. Last year, according to the Railway Minister the failure of the railways to generate these Rs. 940 crores from their own sources left them a gap of Rs. 200 crores. He went on to say that unless this gap is filled somehow the railways would not have any funds at their disposal to take up important projects like completing the lines which are already under construction or the conversion of old lines to broadgauge, upgrading of uneconomic lines and so on. Shri Nanda pleaded in his speech that the gap must be bridged in the interests of the country, in the interests of the people, and it should be brought within the plan allocation. He was pleading with the government that out of its general plan fund it must allocate a further sum of Rs. 200 crores to the railways to bridge this gap. I find he has also expressed a wish that the Convention Committee would put the dividend liability of the railways on a more equitable basis.

Now, Sir, all I wish to say is that I hold no brief for the railways in the sense that unless they are given some relief by the Convention Committee they will be absolutely left with no alternative but to give up many of their programmes and projects. I do not support this

view because I have already said that they should set about on their own to augment their resources by other means but I do feel—the experience shows—this rate of 6 per cent which is on the capital investment after 1964, theoretically it may be all right but in practice it seems to be a little excessive. If the Government of India finds that in practice the railways are not able to meet this liability of 6 per cent dividend without running into absolutely insoluble crisis then I do not think there is anything sacrosanct about this 6 per cent. We have to cut the coat according to our cloth. I find Rs. 940 crores which are supposed to be generated by the railways—this works out to an average of Rs. 188 crores every year—and the dividends contributed to the general revenues have been increasing from year to year. Three years back it was Rs. 142 crores ; then it increased to Rs. 152 crores and then it increased to Rs. 163 crores. It is increasing by 9 to 10 per cent per annum and if this statutory liability is to remain at this level it is obvious that the railways will not be able to execute their planned programmes. Therefore, I think that a practical view of this should be taken and I hope also the Conventions Committee will go into all aspects of the question, and if they feel convinced that railways do require relief they should not hesitate to give that relief.

One or two other points I want to make. The Minister referred to some recommendations of the Administrative Reforms Commission of which he himself happened to be the Chairman. He knows it very well and I may remind him that the Administrative Reforms Commission in its report has thrown out an idea and suggested that the railway's contribution to the general revenues need not necessarily be a prior charge always and at all times and for all times to come. The rate can be reduced or even internal arrangement can be made so that for a temporary period at least it ceases to be a prior charge. I think the Administrative Reforms Commission has suggested that allocations for the depreciation fund and for the reserve fund of the railways—upto a limit, of course—should be made the prior charge. I think if the administrative Reforms Commission was serious about this question it can be taken up and studied in greater depth by the Convention Committee.

Finally, I would mention about another suggestion that the Administrative Reforms

[Shri Indrajit Gupta]

Commission made. That is, on major works of the railways, by which they mean works which are of the value of Rs 1 crore or more than Rs. 1 crore on such major works there should be a five-year moratorium on the payment of dividends. This is a suggestion of the Administrative Reforms Commission itself that on the major works for re-modelling of lines for increasing rail capacity which are of the value of Rs 1 crores and more, on all such works there should be a five-year moratorium on the payment of dividends. This can be done by internal arrangement. I think now the time has come when some of the surpluses of the railways are required to be ploughed back and so we should not always think mechanically of this so-called sacrosanct idea that contribution to the general revenues must at all stages and at all costs be given the top priority and made the prior charge.

I think, these are some considerations which, I hope, the Conventions Committee will keep in mind. I hope, the Railway Minister will also keep in mind that he should not only hope for relief from that source but should also set about trying to augment the revenues of the railways from other sources without increasing expenditure. I hope, finally, that the Conventions Committee will, in contrast to its predecessors, set about this job with some alacrity and seriousness and will complete its work as soon as it possibly can so that we can find some solutions to these apparently baffling problems which are presented to us every year at the time of the Railway Budget.

SHRI VIRENDRA AGARWAL (Moradabad): Mr. Speaker, Sir, railways constitute the largest public sector organisation in this country. It is rather unfortunate that the inefficient functioning of practically all the public sector organisations, particularly so of the railways, is the biggest drag on the entire economy. Why is this so? It is all because of one basic reason, namely, over-capitalisation and under-utilisation of its capital.

Who is to be blamed for over-capitalisation and under-utilisation? I would blame the Planning Commission for its faulty planning, so far as over-capitalisation of the various public sector units in this country is concerned, and for under-utilisation I would certainly blame the ministries or the units concerned.

The railways cannot be excused for their poor performance on the ground that the gestation period in their case was more. They have had a long period of service but it is rather unfortunate that after this long period also, the railways are showing heavy losses, with the result that the average railway user has to pay a higher price either in terms of fare or by way of freight.

In what way can we solve this problem of the poor finances of the railways? It is really a serious problem which should be considered rather carefully. But, unfortunately, we have to go into this whole question because ultimately it is inefficiency, mismanagement and corruption at all levels which prevail in the railways which are largely responsible for the poor finances of the railways.

The railways are drawing funds from the general revenues. They have gone to the extent of Rs. 150 crores. It has been suggested that the rate of dividend or interest to the general revenues should now be tampered with, because the railways are incurring losses. If we decide to reduce the rate of interest or dividend to the general revenues, who suffer? Of course, the general revenues would suffer. Who would pay ultimately if the general revenues suffer? The average taxpayer in the country. Therefore, I feel, the moment we concede or agree with reducing the rate of dividend, it would be a sign that the railways cannot be improved at all.

I am one of those who believe that the railways have got vast potentialities to improve. If we have got the right men at the helm of affairs, I do not see any reason why the railways cannot be improved. But for improving the railways, we have to go into the basic problems with which the railways suffer. We should not think in terms either of reducing the rate of interest to the general revenues or of saying that the payment to the general revenues should not be a priority charge or that the major works up to Rs. 1 crore should have some sort of a moratorium. These suggestions, I feel, will go very much in improving the functioning of the entire public sector organisations in this country.

I would go a step ahead that whatever the Railways draw from the General Revenues,

and for all the major works they undertake in future, they should try to raise resources directly through borrowings from the market. They should also try to have loans directly from the nationalised banks. If they go and enter the market directly and raise resources through borrowings and loans from the nationalised Banks, I think the Railways can think in terms of standing on their own legs. Unless and until the Railways develop some very reasonable scheme of placing their finances on sound lines, the future of the railways cannot be considered safe. At the moment, apart from many other problems, the problem of coal shortage is widely known and because of the coal shortage we have to blame nobody else but the Railways themselves that the prices of coal in different parts of the country are going up.

It is true that democracy functions through a committee, but the committee should realise its function towards democracy as well. When the Committee is constituted, the Committee should see to it that not within a period of six months as has been suggested by the Railway Minister but within a very short duration the Committee should devise ways and means for placing the railway finances on sound lines.

With these words, I expect this Committee to render some useful service and also expect that the Railway Minister would not be required to come to this House again either for increasing the passenger fares or the freight on goods.

Thank you, Sir.

13.28 hrs.

[MR. DEPUTY SPEAKER *in the Chair.*]

*SHRI R. P. ULAGANAMBI (Vellore) : Mr. Speaker, Sir, before I extend my support to the Resolution moved by the hon. Minister of Railways for the constitution of Railway Convention Committee, I would like to say a few words.

Sir, the Minister of Railways in his introductory speech stated that in the year 1950-51 the capital-at-charge of the Railways was Rs. 827 crores and in 1970-71 it had gone upto

Rs. 3473 crores. In 1950-51 the Railways contributed as dividend to the General Revenues a sum of Rs. 32 crores and the dividend contribution of the Railways to the General Revenues had reached the figure of Rs. 173 crores in the year 1970-71. So far, during the period of 20 years, the cumulative dividend contribution of the Railways to the General Revenues is Rs. 1605 crores. This comes nearly to 50% of the capital-at-charge of the Railways. In addition to the dividend, which the Railways have to contribute statutorily to the General Revenues, the Railways part with passenger tax at the rate of 1%.

I welcome the constitution of Railway Convention Committee at this juncture when the Railways are faced with acute financial stringency. We are all accustomed to hear the Railway Minister lamenting the lack of funds for railway developmental programmes like construction of new railway lines, much needed overbridges, manned level-crossing and renovation of rickety bridges built many decades ago. You are aware, Sir, that during the discussion of Railway Budget this year, many hon. members referred to the surveys made several years ago which have not seen the light of the day. The paucity of funds has prevented the Railways from the undertaking the constructions of lines for which such surveys had been made long ago. There are lakhs of unmanned level crossings throughout the length and breadth of the country and we read invariably every day in the newspapers the fatal accidents that take place on account of such unmanned level crossings. Similarly, there are any number of crossings under the charge of one man. You can imagine how it is possible for one man to be on duty for twenty-four hours a day. On account of many-sided economic developmental activities undertaken, the traffic has gone up manifold and there is constant congestion on the narrow overbridges which are in the same stage from their date of construction. No steps have been taken to widen such overbridges.

I would like to give to the House a few instances to show how the progress of Railways has been impeded for want of funds. The hon. Minister of railways is aware of the survey carried out twenty years ago for linking by rail Coimbatore—Satyamangalam in Mysore.

*The original speech was delivered in Tamil.

[Shri R. P. Ulaganambi]

This has not yet been taken up for construction. In my constituency, Katpadi Junction connects two States and two districts of these States, Andhra Pradesh and Tamil Nadu. The capital of North Arcot District, Vellore is linked with Chittoor, the capital of Chittoor District in Andhra Pradesh. Here in Katpadi Junction, there is a 50-year old railway overbridge. This overbridge is so narrow that it is really a hindrance to free flow of ever-increasing traffic. Not only that. The people of the area are afraid that it may collapse any day, as this looks like an old monument. This overbridge is a standing reminder to the Railways, inability to take up renovation work so far as overbridges are concerned. The railway track between Katpadi and Villupuram runs through the heart of Vellore town, bifurcating it into two halves. Vellore Town Station and Vellore Cantonment Station are there. To the southern side of Cantonment Station, there is a gate. The people of the area have been demanding for decades the construction of an overbridge which will facilitate the movement of school students, college students and the business people and others from one side to the other. This demand has not so far been heeded to by the Railways. The usual plea is lack of money. Similarly, there is a long standing demand from the people for extending the train to Katpadi from Tiruvannamalai, which at the moment goes back from Tiruvannamalai to Villupuram, the originating station. If this is done, it will help the people of the area greatly. The Kerala Express which starts from Madras does not stop at Ambur, a place throbbing with industrial activities as there are many tanneries and other manufacturing units in and around. The Railways do not hesitate to appease the people by advocating that whenever funds permit they will take up such items of work.

As the Railway Minister pointed out, the Railways have contributed already to the General Revenues nearly 50% of the capital-at-charge in the shape of dividend and in addition gives to the General Revenues the passenger tax revenue at the rate of 1%. I would suggest that the Convention Committee proposed to be constituted should bear in mind the predicament in which the Railways have been placed in the matter of undertaking the works on new lines, renovation and widening of old overbridges, manning the lakhs of

unmanned level crossings in the country, construction of rail track for which surveys had made long ago, extension of train and rail track wherever the economic activities demand and giving additional manpower to thousands of level crossings now manned by a singleman. I would only say that the dividend to General Revenues should not be a prior charge at least for some time till the Railways are able to meet the genuine demands of the people in the matter of providing greater amenities to III Class Passengers.

With these words, I conclude

PROF. S. L. SAKSENA (Maharajanji) :
Mr. Deputy Speaker, Sir, I have high very regard for the Railway Minister and when I feel that he is in difficulties, my sympathies are with him.

He himself said in this publication 'New task that for 4 years in succession there has been a loss of Rs. 36 crores a year and he has set about several new tasks for the Railways, so that Railways may show profit.

Sir, I am one of those who consider the Railways to be the most important artery of the nation; the more the Railways are efficient, the greater will be the progress of the country. Transport is very essential for the country and my sympathy is with him in every demand that he likes to make.

But I would like him to consider this point. We have invested a large amount of capital in the Railways. About 15 years back in 1954 when Sir Padampat Singhania was a Member of the House, after the Railway Budget was presented which showed a loss, he said to me if the Railways were in the private sector in his charge, he would assured a dividend double of what was demanded by Government now and there would have been large profits and no losses. At that time about Rs. 800 crores was the capital invested. What he meant was, the functioning of the public sector was wasteful and the private capitalists could make the railways function at double the efficiency at which they were working. As a socialist, I believe in the public sector and the socialisation of industries. But it is unfortunate that I have to hang down my hand in shame when I find that our public sector industries mostly

run into losses. In steel which should be the pride of the country, we are having losses, and in the railways also, we are having losses. Once when I was in Russia, I asked the chairman of the Russian Planning Commission. 'In our country, when we take up a project in the public sector, we make losses, but in your country you are always able to make it a success. What is the reason for this?'. He told me 'The reason is this. In your country you put the public sector projects under the charge of civilians, administrators etc who do not know anything of commercial economy. In our country our managers are far more efficient than those in the private sector, and so we are always successful whenever we undertake a public sector project. Secondly, we have also got methods of giving incentive to the workers. We have so many methods of making the workers feel that it is their work and it is their enterprise and they will get more benefits if there are more profits'. We must take a lesson from them. First of all, I think we must have an economic service which must be fully trained to take up all projects. Secondly, we must also find out methods to give incentive to the workers so that they may feel that it is their work and they will benefit, the more they produce and the more efficient the plant is, the more they will get.

I have a very high opinion of the Railway Minister. Only the other day he made an announcement about punctuality, and I am glad to say that there has been a great improvement, and today the trains are running much more punctually than at the time he made that announcement. He does not believe in red tape, he is zealous in his work and he takes things very seriously. Therefore, I am prepared to help him in every way, and I am fully confident that he will be able to deliver the goods. But I do want that he should also see that when such huge capital is invested in the railways, the general revenues should also have a proper return on it. After all, in socialist countries, we depend entirely on the profits of the the socialist concerns. But here we are finding that we have to pay to the socialist concerns from our general revenues which is just the reverse. I therefore, hope that the new Convention Committee will look into the whole thing thoroughly and try to find out whether there are some methods by which the railways can avoid corruption, ticket-

less travelling and waste in expenditure and try to give a proper return on the capital invested.

MR. DEPUTY SPEAKER : That is exactly the purpose of the committee.

PROF. S. L. SAKSENA : I hope that the committee will try to find out where the railways can save from their own resources and how they can function more efficiently so that the contribution to the general revenues may not get reduced. But if we feel that the railways cannot function properly without some relief, we would be very glad to help the hon. Minister.

DR. MELKOTE (Hyderabad) : The hon. Members who preceded me have said everything that has to be said with regard to this motion

Shri Hanumanthaiya has always been known to be a very efficient administrator. Ever since he made the announcement in regard to punctuality of trains; that he would try to see that trains ran punctually, I must admit that for the past few days or nearly a month, the trains have been running rather very punctually, and we are very happy about it.

In view of that, we feel that in regard to this motion which he has made, he would make every attempt to make it as reasonable possible. It is a fact that the railways are actually suffering today. That is so not merely in India but the world over. Passenger traffic in other countries has also fallen down almost to zero. In the European countries, many trains run empty but they are run in order to be able to maintain the employment potential. In our country, though vast in area, it is not the passenger traffic that pays : it is always the goods traffic that does so. Now good roads are being constructed and the National Highways and others are taking a good load off the traffic which otherwise would have gone to the Railways.

The point at issue is not any one of these. It is the question of cost going up, cost of material, cost of construction, cost of wages and so on. This convention was set up long ago to find out what is the rate of dividend the Railways should pay to the general exchequer on the investment of the public amounting to

[Dr. Melkote]

nearly Rs. 4,000 crores now. The public naturally expect in a commercial undertaking, an efficient commercial undertaking if it is, the ability to plough a certain proportion of the profits back for its own benefit. This had occurred all these years. The previous Railway Minister, Shri Nanda, and the present Railway Minister, Shri Hanumanthaiya, have made out a case that a time has now come to review the position. I would only point out that the public do expect some kind of return and they feel that that return is possible provided the railways manage their assets more efficiently. They cut down the cost of many things, for example, the cost of construction. Then there is corruption which has to be checked, if not eliminate. Sometimes corruption is rampant to such an extent that that the mercantile community deceive both the public and the railways. I had myself brought this to the notice of the Railways sometime back. If some of these things are checked, I am quite sure the Railways would be able to earn much more. Therefore, if the demand on the part of the Railways to seek some adjustment is to write off the return altogether, the public will not welcome it.

I am very happy that the Convention Committee is being set up in order to go into all these questions and I hope their recommendations will come before this House at the very earliest.

SHRI HANUMANTHAIYA : I am grateful to hon. members who have spoken a word of encouragement to the Railway Administration. Even as punctuality of trains has improved, I would like to see that our financial picture also gets improved by the time we reach the stage of the preparation of the next budget. That is the target I have set not only for myself but for the Railway Administration.

So far as this public undertaking is concerned, it is the property of the people, run for the people by the people's representatives, I therefore look at in the true spirit of a public enterprise. I have nothing to hide from Parliament or the people. I straightway admit that there is corruption and inefficiency on the railways. In regard to the call attention notice I answered today, I myself did not know that a ferry with a capacity of 1500 passengers had on

board but only 300 people in all had purchased tickets. This is a sorry state of affairs. I have already issued instructions to depute a special officer from the Railway Board to that place, Patna, and see that those responsible for this kind of corruption and inefficiency are brought to book. I am very happy with the considered support that the house has been extending to me. One thing that needs attention is the punishment to those who are found guilty. In this parliamentary system of government, many a time it happens that the guilty people get the punishment postponed or evade punishment by bringing influence to bear upon the concerned people. I am grateful to the hon. Members that no such influence has been brought during my time. That means that they have given the administration a free hand to punish not only the corrupt but the inefficient. If this one policy is rigidly and purposefully followed, I have no doubt whatsoever that our administration will become efficient and even our finances will show surplus.

I feel amazed at the railway protection force. It was brought into existence to prevent theft, etc., with an expenditure of a few crores of rupees in order to prevent theft of a few more crores. Now the position is that theft has also increased and the railway protection force's expenditure has also increased. In order to prevent pilferage of things worth about Rs. 8 crores, we are paying emoluments of Rs. 12 crores to the railway protection force. I cannot ever imagine a more absurd proposition than this, but this is going on—the theft and pilferage and inefficiency. It is easy to make a surplus budget if we are able to check all these evil tendencies. Ticketless travel alone, I am told, is of the order of Rs. 25 crores in dimension. It is here that we have to put forth our best effort especially where it has become almost a habit.

These are things that have to be done, but all these things do not come under the purview of the Convention Committee. Its scope is limited but since hon. Members stressed upon this subject, I readily undertake their bidding, that is, to increase efficiency and bring down corruption. I deliberately use the word—not abolish,—but to bring down corruption. As you know this inefficiency and corruption is not one day's making. It has got such deep roots for

decades and decades that it would not be possible for even a Hanuman to abolish it in a day or in a month.

AN HON. MEMBER : You are Hanuman-thaiya.

SHRI HANUMANTHAIYA : But I hope that the goodwill and support and the appreciation that the Members of this House and the other House are giving, will really give me the necessary strength to set the matters right.

So far as the Convention Committee is concerned, I do not want to make straightaway the points of view of the railway administration or the Railway Ministry, because if I make some proposition on the lines made by my friend Shri Gupta and others, I will not be allowing the Committee to examine all the financial problems with a fresh approach because the views of the Railway Minister or the railway administration are certainly going to influence the decision of the Committee. Therefore, I do not propose to deal with the financial problems as such.

The hon. Member who spoke first for the Communist party made a charge that the Railway Board will not co-operate with this Committee nor will it be helpful. I assure the hon. Member as well as the House that the railway administration, whether it is the Minister or the Railway Board, or any other staff would, in all sincerity, place their services at the disposal of the Committee. I know the importance of the Committee also ; it represents the wisdom and the might of this House ; Parliament as a whole.

We shall therefore pay due regard to its work and its views in framing the recommendations for discussion by Parliament. The hon. Member Shri Indrajit Gupta made the point that the committee appointed by the last Parliament was not able to work at all for almost two years after having come on the scene. Then the Lok Sabha was dissolved. I do not propose, nor would it be in good taste for me to do so to make comments on the work of a committee that no longer exists. But I do seriously take the advice given by the hon. Members that this Convention Committee that is to be appointed, will have to work expeditiously. So far as I am concerned, I

shall be available for the Committee on almost everyday it wants me.

Real speedy work by the committee depends upon the Chairman the Speaker is going to appoint. I should like to have a person who knows the problems of the Railways, an efficient and dynamic person and who can take an objective view of the interest of the railways and of the General Administration. If we are able to get as Chairman who has application to his work, the work of the Committee can be finished in less than six months. So far as his appointment is concerned, I am not the person responsible for it ; it is the Speaker and the Chairman of the other House. It is up to the Presiding Officers of the two Houses to select such knowledgeable persons as the work of the committee requires, so that the work of the Committee could get expedited. With these submissions, I beg the House to approve two resolutions I have moved.

MR. DEPUTY SPEAKER : The question is :

“That this House do resolve that a Parliamentary Committee consisting of 12 members of this House, to be nominated by the Speaker, be appointed to review the rate of dividend which is at present payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the Railway Finance *vis-a-vis* the General Finance and make recommendations thereon.”

The motion was adopted.

MR. DEPUTY-SPEAKER : The question is :

“That this House do recommend to Rajya Sabha to agree to associate 6 members from Rajya Sabha with the Parliamentary Committee to review the rate of dividend which is at present payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the Railway Finance *vis-a-vis* the General Finance and make recommendations thereon and to communicate the names of the members so appointed to this House.”

The motion was adopted.