

happended. This is not the way to do it. As a protest I walk out.

(Shri Surendranaih Dwivedy then left the House)

MR. DEPUTY-SPEAKER : I shall put it again, because there is a complaint that it had not been heard.

The question is :

"That the Bill be passed".

*The motion was adopted.*

MR. DEPUTY-SPEAKER : We shall now take up the next item. Shri C.M. Poonacha.

श्री श्रीकार लाल बेरबा (कोटा): उपाध्यक्ष महोदय, हाउस में कोरम नहीं है, मैं चैलेंज करता हूँ, यह संविधान का उल्लंघन है।

MR. DEPUTY-SPEAKER : Will the hon. Member please resume his seat or quietly withdraw ?

श्री श्रीकार लाल बेरबा : हाउस में कोरम नहीं है; माप इस बिल को कैसे पास कर रहे हैं ?

MR. DEPUTY-SPEAKER : I am looking to that. I have checked and I find that there is quorum.

श्री शिव नारायण : जो लोग बाक-घाउट कर गये हैं उनके कहने की क्या बल्यू है।

15-29 hours

**RESOLUTIONS RE : PARLIAMEN-  
TARY COMMITTEE TO REVIEW  
RATE OF DIVIDEND PAYABLE  
BY RAILWAY UNDERTAKING  
TO GENERAL REVENUES**

**THE MINISTER OF RAILWAYS  
(SHRI C.M. POONACHA) :** I beg to move :

"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".

I beg further to move :

"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 Resolutions seek the approval of this House for constituting a Committee to review the Separation Convention. Ordinarily it should not be necessary for me to make a long speech in moving the Resolutions. However, by way of clarification, I would make a few comments on some of the basic issues which relate to the Separation Convention.

As hon. members are aware, Railway Finance was separated from General Finance through the Separation Convention adopted by the Central Legislative Assembly in 1924. After Independence, this Convention has been reviewed by parliamentary committees in 1949, 1954, 1960, and 1965. Even though each Convention is normally to be operative for a period of five years, the House will recall that in 1959 the Convention then current was extended for one year so that the subsequent Convention could be co-terminous with the Third Plan period. For reasons into which it is not necessary for me to go now, the Fourth Plan, which should have commenced from 1st April 1966, is due to commence from 1st April 1969. As a consequence, the existing Convention recommended by the Railway Convention Committee 1965 and approved by Parliament in December 1965 has got out of step with the Fourth Plan period. It would, therefore, be

[Shri C. M. Poonacha]

appropriate and desirable to have a fresh review of the position so that revised Convention period which could be coterminous with the new Fourth Plan period could be adopted.

As the hon. House is aware, the main premises on which the 1965 Convention was based have been materially altered by later developments. Although even the mid-term appraisal of the Third Plan had indicated that the originating traffic of the railways would be at the level of 245 million tonnes at the end of 1965-66, the actual level reached was only 203 million tonnes. The steep increase in staff, costs due largely to increase in the rates of DA and the equally steep increase in the price of material have radically altered the financial picture in the place of reasonable surpluses anticipated earlier, deficits have arisen.

In these circumstances, it seem essential that a Convention Committee consisting of members of both Houses should review the position afresh in the light of the present and foreseeable future circumstances and make recommendations which could form the basis of relationship between the General and Railway Finances in the quinquennium ending 31 March 1974.

The Committee when constituted with the approval of both Houses will no doubt go into all relevant and ancillary issues and it is unnecessary for me to say anything more at this stage. We shall look forward to their valuable recommendations which will, as usual, be discussed in due course before they are adopted by the House. I am hopeful that the Committee will complete their deliberations with due expedition and present their Reports as early as possible.

With these words, I commend the Resolutions for the acceptance of the House.

MR. DEPUTY-SPEAKER : Resolutions moved :

"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".

"That this House do recommended 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".

SHRI R.K. AMIN (Dhondhuka) : The hon. Minister has brought a resolution for making a review of the arrangement between railway finance and general finance. I agree with the need for making a review of the situation but not precisely for the reasons which the hon Minister has presented here. The one reason which he put fourth is that in 1965 a Committee was appointed in order to see that by 1966 when the Fourth Plan comes into existence it could be implemented, but the Fourth Plan did not come into existence in 1966 and is going to come into existence in 1969 and therefore a review should be undertaken now. I do not think that the review is necessary for that reason. Neither do I think that the "surplus" as dividend which is being given to general finance from time to time has led to deficit, it is necessary to make a review. True, there has been some increase in dearness allowance which has increased the cost, and therefore there is some deficit and that in order to show otherwise the review is necessary.

My reasons for a review are different from what the hon. Minister has given. I consider that the time is ripe for us, following the example of Britain, instead of considering railways as a department of the Government, to consider it as an autonomous body. If you remember, in the Queen's speech in England such a suggestion has been made and the Labour

Party is following it very soon. It is also time for us to do the same. If we do so it becomes very easy for us to run the railways on business lines, we will know what its profitability is, we also get the economic criterion for further investment. If you take the present position, it is very difficult to find out what is the true economic depreciation of the railways. Many many years ago you raised the loans. The loans were at a lower rate of interest. Now a considerable price rise has taken place and on the basis of the book value if you put the depreciation, it is not the right amount of depreciation. The economic depreciation is much more than what is being indicated by the book value of the railway and the depreciation which is provided by them on the basis of some percentages. This is very necessary because new investment also is simultaneously taking place. You say that since Rs. 150 crores have to be contributed to the General revenue by the Railways, the deficit has been created and on the basis of this deficit you are imposing more and more taxes, increasing the railway fare, but it is not justified. As a matter of fact, Railways may be a profitable concern and hence further investment may have to be made by the railways; but the arrangement which you are following may probably indicate that no more investment is necessary because it is uneconomic. This is a misleading situation which has been created by the present arrangement. That is why I am pleading with the Railway Minister that while he is making review he should consider making railways into an autonomous body and also create a system by which he can have the real economic depreciation of railway assets, and not on the basis of book value. You should take into consideration the replacement cost for the coming five years and see if the railways give you a profit. If they give you a profit, it is a case for more and more investment, because I understand that there is a great deal of demand for extension of railway lines here and there, but our Railway Minister says every now and then that it is uneconomic. I do not know why he considers it uneconomic and on what basis?

Without knowing what is the profitability of the Railway investment, how

is he going to say that this is economic and that is uneconomic.

Secondly the reviewing Committee should bear in mind that the provision of the transportation system in the country is not done by the Railway alone but the alternative is roads. What is being planned in roads, what is being invested by the country on roads? Is there any general subsidy being given to the roads system? Unless and until that is known, you never know whether *vis-a-vis* the roads the investment in railways is rightly done or not. In order to find out the position of railways *vis-a-vis* the road transportation, this Committee must see what is the contribution which the general fund has made to the road transportation. Compared to that what is the investment made on the railways? In order to provide the right type of investment, if this reviewing Committee makes an arrangement between the railway finance and the general finance, I will be too glad because that will ensure the allocation of resources to the optimum. At present from the system you are following we never know whether at the moment investment on railways is optimum *vis-a-vis* the road transportation and as against the general need of the transportation in the country.

15.41 hrs.

[Shri Thirumala Rao, in the Chair]

With your permission I would like to commend to the hon. Minister that these two aspects be borne in mind when the review is made of the railway finance *vis-a-vis* the general finance.

**SHRI K. NARAYANA RAO (Bobbili):** Mr. Chairman, Sir, I would take this opportunity to impress on the House that the time has come to review the entire system of railway administration in the particular context of budgetary arrangements. Hitherto we have been following the dual policy so far as the budget system is concerned. We have two budgets. One budget deals with the railway budget alone and in that context we all know that a lot of time has been wasted because the same subject matter has been again and again discussed. Apart from that fact, I feel that the dual

[Shri K. Narayana]

budgetary system and the allocation of dividend to the general funds appears to be a historical anomaly. Presently I will say what I mean by that.

Originally when the British Government took over the railways into the public sector, immediately they realised certain difficulties particularly when certain items of the railway budget were to be voted. They realised the difficulty because if you bring it in the general budget and if within a given time the amount is not spent, the amount will lapse. So they realised that if there is a certain amount provided by the budget and if the amount otherwise lapses, why should it lapse. Why should not it form part of the resources of the railways? This was one of the reasons why in 1934 the Central Assembly Resolution was passed. The Assembly expressed it in a very interesting manner. For obvious reasons it did not disclose.

"This Assembly recommends to the Governor-General in Council that in order to relieve the general budget of the wide fluctuations caused by the incorporation of the railways ..."

So, the basic reason at that time appeared to be the fluctuating fortunes of the railways. Therefore, they would like to take it away from the general budget. More over at that time the entire railways were viewed purely and primarily as a commercial concern because that is one of the reasons why they have stated that it should not be met from the general budget. We should not tax the transportation system. Once you bring it into the general budget, the temptation to convert the commercial concern into one of the instruments of taxation, was realised and the Member who intervened then, Mr. Charles Innes, said :

"It is right and proper that the tax-payer, the State, should get a fair and stable return from the money it has spent on its railways ; but if you go further, if you take from the Railways more than that fair return, then you are including in a concealed way in one of the most vicious forms of taxation, namely, a tax on transportation."

That is to say, the basic idea of separating the finances of the railways from the general

budget is two-fold, as I have stated earlier. From 1924, in that context, they have formed periodical committees to determine what kind of dividend or what amount of dividend has to be given to the federal government, for the reason that the federal government invested a lot of money and capital in this and to determine what factors are to be taken into account and how much has to be given by the railways. That is to say, at that time, so far as the sovereign body is concerned, the amount had to be paid as a lender ; and nothing more than that. The rest of the administration, of the railway authority was vested in a separate body, and from that time onwards, from 1935, a separate body had been created with a very elaborate provision for the administration of the railways about themselves. They call it the federal railway authority. I am not going into the detail, but I shall only refer to the material provision which is mentioned in the 1935 Act. I am quoting from section 186(2) of that Act, which says :

"The receipts of the Authority on the revenue account in any financial year shall be applied in —

- (a) defraying working expenses ;
- (b) meeting payments due under contracts" and so forth ; and then—
- (f) making to the revenues of the Federation any payments by way of interest which they are required by this Part of the Act to make ;

Section 186(3) says : "any surpluses on revenue account shown in the account of the Authority shall be apportioned between the Federation and the Authority" etc., That is to say, from 1924 to the 1935 Act, there is a distinct change, the change being that in the determination they have visualised the interest to be paid. Apart from the interest to be paid, if there is a surplus, it has to be apportioned between the general revenues and the administration. This change does not seem to have been realised by the various issues that have been referred to. In 1949 there was a committee and in 1965 there was another committee ; they stuck to the 1924 formula ignoring the dictates that have been incorporated in the

1935 Act. After the Constitution came into being, we have totally ignored the concept of the autonomy of the railways. A separate Ministry has been created; a Railway Board has been created. If I remember aright, previously, the payments were kept separate. Now, all the payments received by the railways seem to be accounted for in the Consolidated Fund of India, and therefore, there is hardly any justification or need to keep them as a separate entity.

In this context, if you want to keep it as a commercial concern, I submit that we have to go back to the system that obtained in 1935. An autonomous body should be created to see that this particular concern is run on very commercial lines. If you want to have an instrument of transportation, as I consider it today, then, a separate budget and all these things, and an allocation of dividends, seems to me to be unsound economically and politically and even legally. Either of the two you should follow. But our position is a little anomalous, because you keep the railway administration completely with the Government and yet you pay some dividend to the general revenues. This is not a question of mere academic interest; this is of practical significance.

As I said, the railway should not be made an instrument of taxation. If only you run it on purely commercial lines, then you have to fix the rates. In many countries, there are committees to fix the railway rates but once you bring it as a taxation system, every year, without regard to the requirements of the railway as an autonomous body, what happens? You are taking it as a body which levies taxes on goods, this year, and then on passengers next year, with the result that it has become part and parcel of your budgetary system. You may call it rates, but virtually, in effect, it is a transgression from rates to taxes. Therefore, in such a case, I say that just like any other department, so far as the general finances are concerned, the railways also should be viewed.

The system of payment of dividends on the capital invested by the Central Government should be withdrawn. If necessary, a committee should be appointed to review the entire thing.

In 1957, passenger tax was introduced. In the early stages, they were distributing to the respective States whatever was collected by way of this tax. In 1965, they changed the system. The new system is that one per cent of the capital invested before 1964 is to be given to the Government of India and the actual collection realised by way of this tax should also be given to the Government of India. These are pooled together and a fixed sum of Rs. 16 crores and odd is to be distributed to the respective States, to be utilised for purposes of level-crossing, etc. This is an involved way to approach a simple situation and this does not appear to be sound in principle. It is also irksome. Therefore, this should be reconsidered and the original position of giving the actual collections from this tax to the respective States should be restored.

With these words, I support the motion.

**SHRI J. M. BISWAS (Bankura)** : Sir, the task of this railway convention committee will not be as easy as that of the previous committees. Previously the budget was surplus, but this time they have to deal with a deficit railway budget. Therefore, the duties to be performed by this committee will be a bit difficult.

I know that a suggestion is likely to come that the dividend paid to the general revenue by the railways should be decreased considering the deficit in the railway budget. I think it will be a dangerous thing. I feel the dividend should be accurately paid to the general revenues.

The minister has given some reasons for this deficit budget—industrial recession, fall in agrarian production, fall in the movement of raw materials, etc. But he has not said how long this deficit will continue. I feel it will be a serious blunder if the amount to be paid to general revenues is cut. This deficit can be made good in so many ways. While speaking on the railway budget last time, myself and other members have dealt with this point. We are sorry to find that due to corrupt practices in the railways, a large amount of public money is being wasted. Last time I said it and I want to repeat now that the railway is purchasing a very heavy amount of coal every year—I believe 60 million

[Shri J. M. Biswas]

tonnes. Since 1962, the coal was not purchased through tender. Generally in Government departments, the purchases are made through tenders.

But the coal they were purchasing on negotiated basis. Particularly there are a few colliery owners like K. K. Wora & Co.; Chanchani Wora Co., and Jalan & Co. These are the lucky colliery owners who were given this responsibility of supplying coal to the Railways.

A question was asked in 1964 by hon. Member Shri Hukam Chand Kachwai as to whether this coal was purchased from the colliery owners on tender basis or not. A misleading reply was given to this question by the then Railway Minister when he said: "Yes, it was purchased on tender basis". But actually it was not purchased on tender basis. After this question was put by Shri Hukam Chand Kachwai, a tender was invited and in response to the tender invited, after 1964, many colliery owners had even quoted lower rates. Still these particular colliery owners were called by the Minister and were requested to reduce their rates by a rupee or two and they only were given the work although they quoted higher rates. As a result of that, what was the rate at which the Railways had to pay for their coal? For one tonne of coal, the Railways were paying Rs. 23/- whereas the Damodar Valley Corporation which had taken the same coal from K. K. Wora & Co. had paid only at the rate of Rs. 13/- because they got it on the basis of tender. According to the contract, they were supposed to supply the first grade of coal to the Railways. But in fact in every case they were supplying inferior grade of coal. You may ask: "How do you know all these?" The Railway statistical institute inspectors at Dhanbad were certifying that the coal was of inferior quality. Last time, the Railway Minister replied that the Damodar Valley Corporation was purchasing second grade of coal and that is why they were paying at the rate of Rs. 13/- where as Railways were paying at the rate of Rs. 23/-. I wonder whether the Minister know the difference in price between the first grade and second grade of coal. The difference is four annas or eight annas per tonne. The Damodar Valley Corporation refused

to accept coal of inferior grade because they accepted it on tender. To prove this railway records are there; the notes of inspectors of the Statistical Institute, Dhanbad, are also there. I have seen some news in the papers why K. K. Wora & Co. have been allowed to loot the public public exchequer in this way.

Another thing is this. Last time hon. Member Inderjit Gupta asked why demurrages were outstanding against private owners and public sector undertaking. In Starred Question No. 463 he asked:

Will the Minister of RAILWAYS be pleased to state:

(a) whether it is a fact that lakhs of rupees by way of freight charges are outstanding on account of wagons placed at sidings of private and public sector undertakings in the Bilaspur Division of the South Eastern Railway;

(b) if so, the names of the principal concerns involved the amount due from each of them; and

(c) the action taken to recover the amounts speedily?"

The reply given to (a) was "Yes, Sir". To (b) the Minister said:

"There are three principal parties involved namely Bhilai Steel Project, Orient Paper Mills, Brajranagar and Jamul Cement Works Bhilai. The amount due from the first party is Rs. 1,53,078, from the second party Rs. 2,87,167 and from the last party Rs. 81,600".

These are Railway Minister's figures. For a small division like Bilaspur in South Eastern Railways, and that too not for all owners who are supplied wagons but only two or three parties, the outstanding amount comes to Rs. 5,22,745. Again, the Railway Minister has stated in his reply:

"The authorities concerned seem to have failed to keep a watch and to take effective action for clearance of these outstanding."

16 00 hrs.

This is only for a small Division, and even there it is not the full picture; it concerns only two or three parties like Bhilai

Steel, Orient Paper Mills and Jamul Cement Works. From these three concerns alone the amount due is Rs. 5'22,745 and the Minister says that clearance was not possible due to inaction on the part of the officers entrusted with this task. If this is the picture of one division, you can imagine the position for the entire railways.

I could refer to many other instances with facts and figures but, unfortunately, the Railway Minister is not giving us details of all the instances. I have already referred to one instance and there I have not received any reply up till now about that malpractice. At Barang station in Kurdah Road Division of the South Eastern Railways, there is a person called Shri D. K. Jhunjhunwala who is the owner of *Orissa Tiles*, *Orissa Glass Works* and many other factories. He is taking many wagons in the course of his business. Railway officials like the Divisional Operating Superintendent are given some discretion in the matter of waiving demurrage and wharfage. You will be surprised to know that for a period of 11 months the amount of demurrage and wharfage waived for that Mill-owner comes to Rs. 19 lakhs. You can easily understand the position without any comments on my part.

It will be a serious blunder if these points are not taken notice of when we are told that the railways are running at a loss and it has a deficit budget. The Railway Convention Committee will have to give due consideration to these points before fixing the contribution of the railways so that the general revenues will not be the loser. I would rather oppose any suggestion that the contribution of the railways to the general revenues should be reduced. The railways should be asked to contribute its full share to the general revenues.

I have gone through the assessment made by the previous Railway Minister, Shri S. K. Patil, when he stated :

"I do not want to take the time of the House. But this is a very important Resolution and I will give a little background so that the House will understand the continuous progress that the railways are making and the increasing financial contribution from the railways that this House has been expecting and is being given."

So, my humble suggestion is that there should be no decrease in the financial assistance or contribution of the railways to the general revenue.

In fact, I want to point out that the earlier convention Committee recommended Rs. 4 crores instead of Rs. 3 crores for passenger amenities. I want the new Railway Convention Committee to go into the details and verify whether Rs. 4 crores were actually spent on passenger amenities.

On the floor of the House, during the course of the discussion on the Railway (Amendment) Bill, many Members have spoken about there being no light in railway compartments, no water etc. I also have personal experience and have categorically mentioned in the Lok Sabha about some train in which there was no light. No facilities were there. There was no fan in the third class compartment. I would request the Convention Committee to go into it in detail and see whether this amount was spent for this purpose.

Lastly, an amount of Rs. 16.5 crores was allotted to State Governments for the construction of manned level-crossing gates, underground roads, railway bridges etc. I do not know whether this amount has gone to the State Governments and whether this was actually utilised for this purpose. I would request the Convention Committee to go deep into this matter and see if this amount had been given to the State Governments. If this amount was not given to the State Governments, why this was not given? And if given, whether the amount in question was utilised—as recommended by the previous Convention Committee.

Thank you Sir.

**SHRI SHRI CHAND GOYAL (Chandigarh)**: Mr. Chairman. I welcome the appointment of this Railway Convention Committee to review the financial position and to determine what rate of dividend must be contributed to the General Revenues.

Last year was an unfortunate year when our Railway Minister presented a deficit budget. I do not think that he is going to repeat the same. I hope, he will take due care that he does not present a deficit budget again.

We also remember that last year he had effected an upward revision of fares

## [Shri Shri Chand Goal]

and freights. Now that our countrymen have reached saturation point in so far as taxation is concerned, I do not think the economy of the country or of the common man permits a second upward revision of the rates of fares and freights.

Another question which must be facing him is that the employees are demanding better emoluments. He will have to make some provision for that as well.

When we consider these three problems, I would invite his kind attention to the sources of revenue where there is scope for a considerable increase. For instance, we have been told in answer to a question that the country has lost about Rs. 11 crores on account of ticketless travelling. Recently an experiment was undertaken at Delhi by utilising the services of students and other voluntary organisation so that ticketless travelling causing us an enormous revenue loss of Rs. 11 crores a year could be checked.

Another big item of expenditure in the Railway Budget is the amount which is to be paid towards compensation to those whose goods are lost or pilfered. That is also a very big amount, amounting to Rs. 6 crores to Rs. 7 crores. I think there is considerable scope for reducing that amount also by taking proper care and caution.

Another item I know as a lawyer is that Government has to spend large sums of money on the payment of lawyers' fees. Even though the Railway has its own advocates and lawyers, the Railway has to engage counsels in various other places and huge sums of money are paid to them. There also there is considerable scope.

MR. CHAIRMAN: Has the hon. Member ever appeared for the railways?

SHRI SHRI CHAND GOYAL: Against.

MR. CHAIRMAN: Not for the railways?

SHRI SHRI CHAND GOYAL: Not for the railways. I think, you seem to have some bitter experience, Sir.

Then, I would remind the House that this dividend rate was increased when the

country had faced the Chinese aggression. The dividend rate was at that time revised from  $4\frac{1}{2}$  per cent to  $4\frac{3}{4}$  per cent. Considering that 1 per cent has to be paid in lieu of what used to be paid for passenger fares, that comes to another 1 per cent. Now there is a disparity that for the amounts which have been invested by the General Revenues in the Railways after March, 1964, a different rate, a higher rate of 5.75 per cent is being paid to all the capital which was invested after March, 1964. I hope, the Committee will take into consideration whether it is possible to bring some uniform formula and to remove the disparity or the difference in rates which are being paid to the capital invested before March, 1964 and Capital invested after March, 1964.

We have also to take into consideration that the general rate of interest which is paid on the Government borrowings is 3.77 per cent.

Taking all these facts into consideration, our aim ought to be that we do not contribute to the General Revenues less than the rate of interest which is borne on the Government borrowings. Since this rate of dividend was revised in certain emergent circumstances, when the country was required to mobilise more resources in view of the Chinese aggression, I think, the Railways may not be in a position to pay the higher rate of dividend to the General Revenues because it has to safeguard its own interest, because it will not be in a position to present a deficit budget, because it will not be able to increase railway freight or fare. It will also have to provide more passenger amenities. As the hon. Member, Mr. Biswas pointed out, the amount of Rs. 3 crores which used to be utilised from year to year for the amenities of the passengers has been increased to Rs. 4 crores for another five years.

Considering all these aspects, I think, the Committee will take all these facts into consideration and will also determine whether it is in a position to pay that much dividend which it has been paying hitherto it has to be reduced so that the Railways are not faced with a deficit budget and the Railways are not compelled to reduce the amounts which are paid for



providing amenities to the passengers and also to enable them to pay higher emoluments to their employees.

**SHRI DINKAR DESAI (Kanara) :** Mr. Chairman, Sir, I am not at all happy with the proposal of the Railway Minister for the appointment of this Committee. It seems to me that the Railway Minister, by appointing this Committee, wants to get a reduction in the dividend to be paid to the general exchequer. That seems to be his intention. If it is not his intention, I want to know what is the occasion now for the appointment of this Committee. After all, such a Committee is not going to be appointed every two years or three years. There are certain financial and budgetary principles, under which the Railways have to pay a certain dividend to the general exchequer. This has been so all these years. Now, the trick is—that is my impression; otherwise let him say I am wrong and I shall be very happy—to reduce the dividend to be paid by the Railways to the general exchequer and then to reduce the deficit in the railway budget. That seems to be the trick. That should not be allowed. That is highly objectionable. That means we are not going to improve the efficiency of our Railways.

**MR. CHAIRMAN :** How do you anticipate the decision of the Committee?

**SHRI DINKAR DESAI :** That is my anticipation. If my anticipation is wrong, let him say so. I shall be very happy if I am wrong.

**MR. CHAIRMAN :** You cannot make the Minister responsible for that. This is a Parliamentary Committee.

**SHRI DINKAR DESAI.** It is a Parliamentary Committee. But that Committee is also to hear the difficulties of the Railway Minister. He is going to present his difficulties to the Committee. It is not only my suggestion to the Minister but it is also my suggestion to the Committee to be appointed that they should not reduce the dividend. Once they reduce the dividend, then the Railways will become more inefficient. After inde-

pendence, our railways, instead of being more efficient, have been more inefficient, and they are becoming more and more inefficient day by day. This can be easily proved.

The Indian Railways have a unique position in the whole world from the financial and the economic points of view. The Indian Railway system is one of the biggest system in the world; it is a government monopoly; there is no competition. Compared to the American railway system and the Soviet railway system, we have an advantage and the advantage lies in this that we have a very huge population to travel as passengers. This is the biggest country in the world after China, having 50 crores of people. If you see the statistics, you will find that every year the number of passengers has been increasing.

The government says that, with the completion of the three Five-Year Plans, the country has been developed industrially. If this is so, then the Railways also should develop along with it and bring greater profits. Today there are more industrial goods to be transported. The Government says that they have executed three Five-Year Plans successfully. But it is rather a very peculiar thing that, even after the completion of three Five-Year Plans and also the Railways being a government monopoly, they have been showing deficits. Formerly the Railways were always showing surpluses; they were considered to be one of the most successful economic activities undertaken by the Government. But in the last Budget the Railway Minister showed a deficit, and I am sure the deficit will increase if the Railways are not made to function efficiently. There is also no economy. The terms of reference are also not complete. In what way the Committee is going to take a decision on this question?

There is no mention in the terms of reference that the Committee should go into the question of efficiency of the railway system. On what basis the Committee is going to say that so much is to be paid, I would like to know from the Railway Minister. Unless the question of efficiency of the railway system and the question of economy that can be effected on the railway system are considered pro-

[Sbri Dinkar Desai]

perly, there will not be any improvement. When everything is inefficient, naturally there will be only deficits, and when there are deficits, the Railway Minister will come almost every year with a proposal that there should be another Committee and then he will plead before the Committee that since they cannot pay much, the dividend should be reduced. Whose money is this? It is public money. Railways are the biggest national undertaking in the country, and if such a sad state of affairs happens to our railway system, then the whole idea of nationalisation will be discredited. Already in the public sector we have spent more than Rs. 3,000 crores. And what is the annual return that we are getting on that? It is about  $1\frac{1}{2}$  per cent. Public money is being wasted. That is why I say that public money should not be wasted like this. As I said, Railways are the biggest national undertaking and even after the completion of three Five-Year Plans and the so-called economic development, if the Railways show deficits and the Minister comes forward with a proposal for the appointment of a Committee so that the dividend should be reduced, then I should say that the whole idea of nationalisation and socialism is discredited. Perhaps this is the Congress pattern of socialism. Mr. Poonacha, through the appointment of this Committee, wants to pay less to the General Revenues. This means that the railways are running at a loss. If today the Railways are running at a loss, it is because there is no efficiency. The efficiency is going down and down every day. Unless the efficiency is increased, I do not think that the Railways will be in a position to pay proper dividend to the General Revenues.

I am not at all happy with the appointment of a Committee unless the Minister tells me the occasion or the reason for his proposal because this proposal is coming after a few months of the submission of the Railway Budget, and that Budget had shown an unprecedented deficit in railway finances.

SHRI S. S. KOTHARI (Mandsaur) : I just want to say something. I will take only two minutes.

MR. CHAIRMAN : Please be brief. You may put it in the form of question. After that I want to call the Minister to speak.

SHRI S. S. KOTHARI : When a resolution comes before the Lok Sabha, the Minister must clearly bring out what exactly his idea is in bringing such a resolution before the House. It is not clear as to whether he wants that this committee should increase or decrease the rate of dividend to general revenues and the Minister must clearly say as to what he has in his mind, does he want it to be more or to be less. That is the fundamental point.

MR. CHAIRMAN : The resolution is clear. That is, to review the rate of dividend which is at present paid.

SHRI S. S. KOTHARI : Upward or downward? What does he desire?

MR. CHAIRMAN : I do not want to intervene when you are placing your point of view. But this is exactly the point raised by Shri Dinkar Desai. The Minister will not be in a position to say what the dividend will be. It will be a recommendation of the Committee.

SHRI S. S. KOTHARI : It is an anomalous situation, namely, appointing a committee, without being clear in his mind as to what exactly he wants from the committee, what are the requirements of the railways and whether he wants to pay less or pay more.

My second point is this. We find that there is considerable amount of leakage of revenue owing to ticketless travel. We have been hearing of leakage of revenue and the measures being taken to control it for the last 10 or 15 years. We find that things have not improved and still so many crores are being lost on this account alone. Will he tighten up his organisation, so that the revenue increases? There should also be an improvement in facilities to the travelling public. As regards efficiency, as was rightly stated by my hon. friend, efficiency on the railways is declining. In view of all these I do not know

how we can recommend to the Committee that the dividend should be reduced. I know, if the dividend is to be increased, he would not have come up for the constitution of a Committee. That is obvious. We know how this Government is functioning. In this respect, their proposal would mean that they are able to save less and contribute less to general revenues. I wonder whether he has obtained the sanction of the Finance Minister to bring this Bill before Parliament.

**SHRI C. M. POONACHA :** I am placing it on behalf of Government. It is understood. It is obvious.

**SHRI S. S. KOTHARI :** The hon. Deputy Prime Minister is saying that he has deficit in his budget and how can he agree that revenues or contribution from railways to general finance should be less ? (Interruption). The Minister should have come out with what he really wants. That is the basic point that I am making. Despite repeated increases in railway passenger fares and rates, we find that the net surplus of railways—actually there is a deficit. I know—should have gone up considerably. But that has not taken place. The contribution that railways are making to general revenues should increase manifold. And, I think a stage should come eventually when railways are able to contribute 8% or 10% to the general revenues. If the railways increase the rates, they should be able to give facilities to the public to the requisite extent. In his terms of reference to the Committee, he should have stated that the Committee may consider only that the return to the exchequer or general revenues—the contribution from railways,—shall be increased and to what extent. Under no circumstances should the Committee consider that this return shall be reduced. We are not prepared to countenance that. That is the basic proposition. Otherwise we should not mind this resolution, but I thought, these points be brought out.

श्री जवाहर लाल नेहरू (बम्बई दक्षिण) : अध्यक्ष महोदय, जैसा कि माननीय सदस्य, श्री कोठारी, ने कहा है इस प्रस्ताव में स्पष्ट रूप से नहीं बताया गया है कि जो कमेटी सरकार बनाना चाहती है, उसके दर्ज्य धारक

रेफरेंस क्या होंगे। केवल यही कहना काफी नहीं है कि रेलवे की कमाई में से जेनेरल रेवेन्यू को मिलने वाले पैसे के बारे में विचार करने के लिए कमेटी बनाई जाए। विचारों की विषा कई तरफ जा सकती है। असल में सरकार को इस प्रश्न पर कुछ सफाई से विचार विचार करना चाहिए था और इस प्रस्ताव के साथ ही रेलवे के काम-काज के बारे में एक फिनांसल स्टेटमेंट पेश करना चाहिये था। मैं मानता हूँ कि बजट के प्रवसर पर रेलवे बोर्ड की रपट यहां पर पेश की जानी है। लेकिन जब सरकार इस किस्म का एक खास प्रस्ताव लाती है कि जेनेरल रेवेन्यू को रिटर्न्स के बारे में पुनर्विचार किया जाये, तो फिर इसके साथ ही रेलवे की ग्राज की ग्राधिक हालत के बारे में कुछ जानकारी देना भी आवश्यक है।

इस वक्त रेलवे बोर्ड की 1966-67 की रपट हमारे हाथ में है। 1967-68 का साल पूरा हो गया है और 1968-69 का साल चल रहा है। पिछले डेढ़ साल में कमाई, कर्ब और जेनेरल रेवेन्यू को पैसे देने की दृष्टि से रेलवे की ग्राधिक हालत क्या रही, उसके बारे में कोई जानकारी हम लोगों के पास नहीं है। अगर सरकार एक कमेटी बना कर उसको जेनेरल रेवेन्यू को बिये जाने वाले पैसे के बारे में विचार करने लिये कहती है, तो यह बहुत ही आवश्यक हो जाता है कि उसको, और इस सदन को भी, रेलवे की ग्राज तक की ग्राधिक हालत की जानकारी दी जाये। मन्त्री महोदय ने वह प्रस्ताव पेश करते हुए कहा है कि कमेटी की सिफारिशों को सदन के सामने पेश किया जायेगा। चूंकि कमेटी को इस बारे में सिफारिशें देनी हैं और इस सदन ने उन पर विचार करना है, इसलिये यह बहुत ही आवश्यक है कि रेलवे मन्त्री महोदय एक ग्राधिक स्टेटमेंट हमारे सामने लें। मैं चाहता हूँ कि इन प्रस्ताव के मञ्जूर हो जाने के बाद भी मन्त्री महोदय तत्काल ऐसा करने का प्रयत्न करें।

जब यह कमेटी रेट्स और रेवेन्यू के बारे में विचार करे जा रही है, तो इस दृष्टि-

## [श्री जार्ज फारनेन्डीज़]

यादी बात पर भी विचार होना चाहिये कि आखिर रेलवे को किस ढंग से चलाया जाये। रेलवे को डिपार्टमेंट की धोर से चलाने का प्रयोग कई बरसों से चल रहा है। रेलवे के कैपिटल रूट चार्ज, उसकी कमाई और उसके काम करने के ढंग को मद्देनजर रखते हुए वह प्रयोग कहां तक सफल हुआ है, इस बारे में भी विचार किया जाना चाहिए। कई क्षेत्रों से यह मांग आ रही है कि रेलवे को एक अलग प्राटोनोमस कारपोरेशन बना दिया जाये, जिस में सरकार, मजदूरों और कर्मचारियों का प्रतिनिधित्व हो। इस मांग पर भी विचार किया जाना चाहिये।

रेलवे की आखिरी रिपोर्ट को देखने से पता चलता है कि एयर-कन्डीशन्ड डिब्बों में यात्रा करने वाले मुसाफिरों की संख्या 1965-66 से 1966-67 में 5.78 परसेंट बढ़ गई, लेकिन उन से होने वाली आमदनी उसी अनुपात में बढ़कर सिर्फ 3.52 परसेंट बढ़ी। इसकी तुलना में थर्ड क्लास पैसेंजर्स की संख्या 4.83 परसेंट बढ़ गई, जब कि उनसे होने वाली कमाई 5.31 परसेंट बढ़ गई। यानी साफ हो जाता है कि एयर-कन्डीशन में जाने वाले जो लोग हैं उनकी धोर से रेलवे की जो कमाई है वह तो जितने मुसाफिर बढ़े हैं उस परिमाण में नहीं बढ़ रही है। या तो उन लोगों को इतनी सुविधाएं दी जाती हैं एयर कन्डीशन के पैसेंजर्स को जो कि आप भी जानते हैं क्योंकि आपने भी उसमें यात्रा की होगी कि इतनी सुविधाएं उनको दी जाती हैं कि वह थर्ड क्लास के पैसेंजर्स से जो रेवेन्यू आती है, उसके हिसाब से उनको जो सुविधाएं मिलनी चाहिए, वह काटकर, उनके लिए वह सुविधाएं इनकार करके एयर-कन्डीशन और फस्ट क्लास के मुसाफिरों को दी जाती हैं। इसलिये मैं यह प्रार्थना करना चाहूंगा कि अब समय आ गया है कि हिन्दुस्तान में कम से कम रेलवे के धन्वर हम लोग समाजवाद लाने की बात करे और एक ही दर्जे, एक ही ढंग का रेलवे का

प्रवास हो जाय, उस दिशा में भी आप रेलवे को ले जाने का काम करें। मैं समझता हूँ कि अगर पुनाचा साहब के रेल मन्त्री रहते हुये यह एक चीज हो जाय तो प्राथिक विषमता भले ही दूर न हो, लेकिन सामाजिक विषमता जो हिन्दुस्तान में बढ़ती जा रही है, उस सामाजिक विषमता को दूर करने में यह एक बहुत बड़ा काम होगा और शायद हिन्दुस्तान के इतिहास में सामाजिक विषमता को दूर करने वाले व्यक्तियों में आपका भी नाम गिना जायगा। इसलिए इस बात पर भी विचार किया जाय।

SHRI C. M. POONACHA : Sir, the point was raised as to what was the purpose and occasion to bring this resolution before the House because the recommendations of the Railway Convention Committee should last for a period of five years, which is true. I have mentioned in my opening speech that the last Committee was constituted in 1965 and their recommendations were incorporated in our draft plan programme

SHRI DINKAR DESAI : It is only three years, five years are not over.

SHRI C. M. POONACHA : This should be co-terminous with the plan period, that is the idea.

When a committee is constituted, it examines various points such as the payment of dividend on the capital at charge, the depreciation to be paid, the rate of payment in lieu of passenger tax and various other payments that have to be made out of railway earnings. Therefore, if we do not have this committee now, the previous recommendations would cease to be valid beyond 1971. The plan would commence in 1969 and for three or four years we may have to go on till 1974 without another committee. Therefore, taking all these things into consideration, it was thought advisable to have a committee right now, so that, *inter alia*, the railways' own resources could be assessed. The railways also have a plan programme, there is a plan allocation for the railways, and for that the railways' own resources would have to be assessed. If I do it, it may not be

quite correct. Therefore, it is suggested that a parliamentary committee may go into the question and assess the railways' own resources and work out other resources which will have to be found either by borrowing or whatever it is. So, for all these calculations it is necessary that the committee is constituted now, so that it may go into all matters and advise the Railway Ministry as to what should be the pattern of its contribution in respect of the capital at charge, its contribution to the depreciation fund, its contribution in lieu of passenger tax and various other things. Therefore, I am sure the House would agree that my proposal is valid for this reason that it would assist the planning programme of the railways to a great extent if we could have the considered view of a parliamentary committee.

**SHRI S. S. KOTHARI :** Will that come before Parliament for sanction.

**SHRI C. M. POONACHA :** Those recommendations will necessarily come before this House for its approval.

**SHRI J. M. BISWAS :** Is there any possibility that the contribution to the General Revenues is going to be cut this time ? *(Interruptions)*

**SHRI C. M. POONACHA :** I am not here to anticipate or prejudice the recommendations of the Committee. The Committee is absolutely free to make their recommendations. The Committee frame the issues and I would here read out for the benefit of the House as to what they did last time.

"The Committee in 1965 at their first sitting held on 17th August 1965 drew up the underlined list of subjects for examination with reference to the above resolution and ask the Railway Board to furnish detailed memorandum thereon."

So the Committee is at liberty to frame the issues and ask for detailed memorandum which we will certainly furnish. That will be examined and that will be the material over which the Committee will give their final recommendations after going into the matter with great care. *(Interruptions)*  
 The Committee is at liberty to ask for in-

formation and detailed memorandum on whatever point they so choose. I am not here trying to suggest as to what they should do and what they should not do. It is entirely within the purview and the authority of the Committee *(Interruptions)*

**SHRI S. S. KOTHARI rose—**

**MR. CHAIRMAN :** You will not allow the Minister to explain the point ?

**SHRI C. M. POONACHA :** We will place our views before the Committee *(Interruptions)*.

**MR. CHAIRMAN :** You should allow the Minister to explain his point. You can ask in the end after hearing him. Please do not interrupt him in the middle.

**SHRI C. M. POONACHA :** If I may submit by way of clarification, added clarification, on the subject, this small Convention Committee is more or less like the Finance Commission, more or less, not very strictly so. The Finance Commission would advise the Government as to what should be the basis for the allocation of revenues between the Centre and the States. Similarly, here is a body which will advise as to what principle should govern as regards the allocation of revenues between the Centre and the Railways. It is something similar. In 1965 we had a Finance Commission and in 1968 we have another Finance Commission. It is more or less on the same pattern and analogy. Hon. Members need not consider that I have come here with an extra-ordinary proposition to which I am seeking the approval of the House.

Various other points have been made. I would only deal with some points of a general character. The Committee will certainly go into every matter that would appear to them as relevant and important. Matters, like coal production, ticketless travel etc. we normally discuss during the budget session. I do not want to take the time of the House in explaining these matters. In brief I would only say that this Convention Committee of this House and the other House, when constituted, will go into all the relevant matters and

[Shri C. M. Poonacha]

would give the benefit of their recommendations which will again come before this House for its approval. With these words I commend this Resolution to the House.

SHRI J.M. BISWAS : Sir, I raised a point which was very relevant. Last time the Committee recommended Rs. 4 crores for passenger amenities and another Rs. 16.5 crores were allotted to different State Governments for construction of level-crossing gates, under-ground bridges, and all that. I raised those points categorically. I want to know whether the amount of Rs. 4 crores was paid towards passenger amenities and secondly, whether the sum of Rs. 16.5 crores was allotted to the different States for the purpose recommended by the Committee.

SHRI C.M. POONACHA : The allocation was made and such allocation is credited to the Consolidated Fund of India, and I may submit that this is a subject-matter which comes under the Finance Commission; they also examine. And according to their recommendation the amounts would have been disbursed to the State Governments. The contributions from the railways in lieu of passenger tax are being made and my hon. friend would find it from the budget papers: this year, it was over Rs. 16 crores, and last year also it was over Rs. 16 crores, and accordingly they have been duly paid.

As regards passenger amenities, my hon. friend may again check up the budget papers. Provisions have been made. As for the actuals, I do not have the figure with me here, but the provision of Rs. 4 crores, I think, has already been made, and every year it is being made.

MR. CHAIRMAN : I shall now put the resolutions to the vote of the House. The first is item No. 9 on the agenda.

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. CHAIRMAN : The second is item No. 10 on the agenda. 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.*

----

16.42 hrs.

#### STATE AGRICULTURAL CREDIT CORPORATIONS BILL

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K.C. PANI) : Sir, I beg to move .

"That the Bill to provide for the establishment in the States and Union territories of Agricultural Credit Corporation and for matters connected therewith or incidental thereto be taken into consideration".

16.42½ hrs.

[Shri R. D. Bhandare in the Chair]

The question of supply of adequate agricultural credit has assumed vital importance in the context of our aim to achieve self-sufficiency in food production as early as possible. The cooperative credit structure is today the main institutional agency for the provision of agricultural credit. Considerable progress has been made in the last 16-17 years by the cooperative