

Mr. Chairman: He has sufficient time.

The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration".

The motion was adopted.

Mr. Chairman: There are no amendments to clauses.

The question is:

"That clauses 1 and 2, the Enacting Formula and the Title stand part of the Bill".

The motion was adopted.

Clauses 1 and 2, the Enacting Formula and the Title were added to the Bill.

Shri Manubhai Shah: I move:

"That the Bill be passed".

Mr. Chairman: The question is....

Shri Hari Vishnu Kamath (Hoshangabad): At least before the Bill is passed, there should be quorum in the House.

Mr. Chairman: The bell is being rung... Now there is quorum.

The question is:

"That the Bill be passed".

The motion was adopted.

16.44 hrs.

RESOLUTION RE: REPORT OF RAILWAY CONVENTION COMMITTEE

The Minister of Railways (Shri S. K. Patil): Sir, I beg to move:

"That this House approves the recommendations contained in the Report of the Committee 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, which was presented to Parliament on 29th November, 1965."

The Committee consisting of 12 Members of this House and 6 of the other House was constituted in terms of a Resolution passed on the 11th of May, 1965 by this House and on the 13th of May, 1965 in the other House.

This is the Fourth Convention Committee to examine these issues after independence.

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

I need only say that a satisfactory working relationship has been established between Railway and General Finances in the post-independence era, and the principles enunciated by the Convention Committee of 1949, which was the first Committee, have broadly been accepted by successive Committees with such changes as were justified by the circumstances obtaining at the time of each periodical review of the Convention.

The main question before the Convention Committee was the form and the quantum of the return to General Revenues on the capital invested on the Railways. Successive Convention Committees including this one, have accepted that a pre-determined rate of dividend on the Capital-at-charge is the most satisfactory arrangement both for Railways and for General Finance, also that the rate should be review-

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ed from time to time and fixed at such a level that thereby the General Revenues receive an appropriate contribution from Railway Revenues, over and above the element of interest on the capital invested.

The House will recall that the 1949 Convention Committee fixed the dividend at 4 per cent and the 1954 Committee continued this rate so that during a period of eleven years covered by the two Conventions—the dividend rate stood at 4 per cent. The 1960 Committee after a full review raised the rate to 4.25 per cent. In the altered circumstances following Chinese aggression and taking account of the rising cost of Government borrowing, it became necessary for the Government to seek the approval of Parliament for first raising the dividend rate to 4.5 per cent from 1st April, 1963 and further to raise it, in the following year in respect only of capital provided after 31st March, 1964 to 5.75 per cent. It would thus be seen that while over a period of 11 years between 1950 and 1961, the rate of dividend was maintained at 4 per cent, in the subsequent quinquennium 1961—66 it was initially fixed by the Convention Committee at 4½ per cent which rate, however, was modified upwards twice as explained above.

16.48 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

The House is also aware that the 1960 Convention provided that in addition to the dividend of 4.25 per cent, the Railway should also pay to the General Revenues a sum of 12.50 crores per annum in lieu of the passenger fare tax which was to be abolished and that this amount was to be distributed to the States in the manner determined by the Finance Commission. The present Convention Committee have made recommendations for enhancing not only the dividend payable by Railways to General Finance but also

increasing the quantum of the subvention and other assistance available to the States as I shall presently explain. The recommendations on the rate of dividend is in two parts. On the bulk of the capital—that invested up to 31st March, 1964—instead of the rate of 4.25 per cent plus an *ad hoc* contribution of Rs. 12.5 crores fixed by the last Convention, subsequently increased during the Convention period itself to 4.5 per cent plus Rs. 12.5 crores from 1st April, 1963, the present Committee have recommended the following change. The increased rate of 4.5 per cent, going wholly to the Central Government, should be retained for a further five year period and the Railways should pay in addition an extra one per cent for the benefit of the States in place of the present 12.5 crores; the latter one per cent is to be disposed of in a special manner. The contribution from the Railways for the benefit of the States will be substantially higher and will gradually increase with the slow increase in dividend paying capital after the moratorium period of five years for new lines; the additional one per cent will fetch annually a sum increasing from about Rs. 17.82 crores in the first year of the Fourth Plan period to Rs. 18.5 crores in the last year of the Plan or an average of Rs. 18 crores per annum. It is intended—and the Committee have so recommended—that out of this sum the States should get an increased subvention in lieu of passenger tax stepped up from Rs. 12.50 crores, now prevailing, to Rs. 16.25 crores per year. In suggesting this increase, in informal consultation with the Ministry of Finance, the Railway Board were guided by the appropriateness of giving a larger amount to the States in broad consonance with the increase in the volume of passenger traffic. The balance of about Rs. 1.8 crores per year on the average is to be made available to the States also in the same proportion, to assist them to find their posi-

tion of the finance required for various safety works such as manned level crossings and over and under bridges, the need for which has constantly figured in the Railway Budget discussions in the House. Further, on all capital provided by General Finance from 1st April, 1964, i.e., on all capital provided in the last two years of the current Plan and on capital to be provided in future, the Railways will pay 6 per cent per annum, wholly to be retained by the Centre, in place of earlier dividend rates of 4 per cent up to 31st March, 1961, 4.25 per cent between 1st April, 1961 and 1st April 1963, 4.5 per cent in 1963-64 and 5.75 per cent from 1st April, 1964. The effect of merely the latest increase from 5.75 per cent to 6 per cent on capital provided after 31st March, 1964 will, on tentative Fourth Plan estimates, benefit central revenues in five years by about Rs. 10.8 crores to be retained by the Centre; the benefit to be passed on to the States will increase from Rs. 62.5 crores in five years to Rs. 90.68 crores approximately. From the point of view of the railways, there will be two dividend rates for the fourth Plan—5.5 per cent on all capital provided up to 31st March, 1964 and 6 per cent on capital subsequently provided. The additional sum payable by them is estimated to be about Rs. 39 crores in five years.

I have no doubt that the ancillary recommendations in regard to increase in the payment to the States as also further assistance as explained above will be welcomed by the House.

Another important recommendation is about the contribution to the Depreciation Reserve Fund during the next five years. The House is aware how postponement of renewals during the economic depression of the 1930 and the second world war left the railways with a heavy backlog of replacements and renew-

als, and how, after Independence, and particularly after the Convention of 1949, good progress has been made in overtaking these arrears of replacements.

The expenditure on the renewals during these years has been heavy because, following the 1949 Convention, the depreciation reserve fund bears the full cost of replacement at the current higher prices including the portion of cost referable to the element of improvement and substantial modernisation. The result has been that, in spite of the increase in contributions to the depreciation reserve fund from period to period, and the limited improvement in fund balances during the third Plan after its earlier depletion, the balance in the fund is not very large just now, being somewhat less than what we had ten or twelve years ago. During the fourth Plan period, which will be covered by the new Convention that we are now considering, the anticipated level of replacement of railway assets is higher than ever, (approximating to an expenditure of about Rs. 650 crores, or an average of Rs. 130 crores per year), mainly because many of the assets acquired in the decade following the first world war are now coming up for replacement. After considering different possible approaches, on which one could determine the optimum level of contribution to the depreciation reserve fund, the committee have agreed with the following practical approach. Instead of merely ensuring that the annual contribution provides adequate cover for the depreciation which may be deemed technically to accrue year by year, the provision to be made in the five years together should be higher and suffice, if possible, to meet the cost of the replacement which are likely to be necessary in that period.

It will be appreciated that this level of contribution is essential if

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the requirements of replacements are to be met during the quinquennium without depleting the existing small balance in the fund. But as this would depend on the financial position of the railways and their ability to set apart the amount indicated (ranging from Rs. 100 crores in the first year rising by steps of Rs. 15 crores annually to Rs. 160 crores in the last year of the quinquennium), a measure of flexibility in the contribution has been provided in the recommendation of the Committee by indicating that the contribution may be increased to an average of Rs. 130 crores per year or as close to that as possible, taking account of the financial position. It may be indicated that the suggested levels of contribution are approximately 3.7 per cent on the anticipated capital-at-charge at Rs. 2675 crores on 31st March, 1966 and 4.2 per cent of the expected capital-at-charge at the end of the quinquennium. In spite of the substantial increase in the capital-at-charge, the balance in the D.R.F. at the end of the quinquennium would be only Rs. 88.37 crores because even the heavy appropriations to the fund as recommended would be utilised in full by the heavy replacements falling due.

There is one point to which I would like to draw the attention of the House in passing. Because of historical circumstances, in which an effective Depreciation Fund was not built up before 1924-25 nor arrears in respect of that period were made up and because of the rapidly increasing cost of replacement, the demand on the Depreciation Fund in the post independence years has been building up continuously and the actual drawal would reach its peak in the ensuing quinquennium. Thereafter, it would be reasonable to expect that the level of replacement would decrease and in the future years, a proper Depreciation Fund could be built up gradually with sizeable balances, taking into account current depreciation and the factor of 'Obsolescence'.

The House will recall that amortization of at least some of the unproductive elements in the capital-at-charge of Railways has been considered desirable by previous Convention Committees although they felt that its implementation would have to wait until better times. This Committee has recommended that a modest beginning may be made by applying the interest on the balances in the Railway Reserve Fund to this purpose, and supplementing this by such appropriation from Railway Revenues as may be feasible depending on the financial position each year.

The House is keenly interested—members of all shades of opinion share the interest—in the financial allotment for user amenities. The House is aware that in this year's budget it was decided to make an ad hoc provision of Rs. 4 crores instead of the customary Rs. 3 crores. The Committee have recommended that the level of Rs. 3 crores per annum for the provision of such amenities out of the Railway Development Fund as prescribed in the existing Convention should be increased to 4 crores per annum during the next five year period.

The Committee have in their recommendations also retained the existing provision for temporary loans from General Revenues to the Railway Development Fund whenever the balance in the fund is insufficient to meet the charges to the fund. Hon. members are aware that during the present quinquennium ending 31st March, 1966, there has been no occasion to utilise this permissive provision. I hope with the Railways continuing to manage their finances with the same prudence, there will be no occasion in the next five years either, to operate on this permissive provision.

I shall not take up the time of the House by referring to other points covered by the Convention Committee in their report.

My colleague, the Finance Minister and I were both on this Committee, and the House may rest assured that these recommendations are in the best interests of the Railways and of General Finance. It is a matter for gratification that all these recommendations have been carried unanimously.

With these words, I commend the Resolution to the House.

Mr. Deputy-Speaker: Resolution moved:

"That this House approves the recommendations contained in the Report of the Committee 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, which was presented to Parliament on 29th November, 1963."

Shri Alvares (Panjim): Sir, we have just been discussing the report of the Finance Commission.

Mr. Deputy-Speaker: He may continue tomorrow.

16.59 hrs.

RE: EXPUNCTION

Mr. Deputy-Speaker: The Speaker has looked into the records and ordered the expunction of certain phrases. The Press will please take note of them and will not publish those portions which have been expunged. They may check it up. . . .

Shri Hari Vishnu Kamath (Hohangabad): Let the House be told what portions have been expunged.

Mr. Deputy-Speaker: They are with the Reporters. He can go and see.

17 hrs.

†SUPPLY OF ELECTRICITY FOR TUBE-WELLS IN PUNJAB.

श्री रामेश्वरानन्द (करनाल) :

वह वषां जात वेद पितृभ्यो यत्रे तान् वैश्य निदितान् पराके ।

मेदसकुल्या उपतान् सवन्तु सत्याएपामाहित्थ सनमन्ता स्वाहा ।

उपाध्यक्ष महोदय, यह सब जानते हैं कि जीवन के लिये जितना मकान जरूरी है, उससे ज्यादा बस्त्र और बरतों से ज्यादा धन्न जरूरी है । धीरे धीरे के लिये सब से आवश्यक बस्तु है पानी । एक बार बिना छ्वाद हुए धन्न उपज सकता है यदि पानी मिल जाये :

"अभ्राद्भवन्ति भूतानि परजन्यादन्न संभवः यज्ञात्भवति परजन्यो यज्ञ कर्म समद भवः"

नियम यह है कि पानी मिलेगा वर्षा से, वर्षा अच्छी हो तो पानी मिलेगा, धीरे वर्षा अच्छी होगी यज्ञ से । जब वर्षा अच्छी होगी तो पानी मिलेगा, पानी मिलेगा तो धन्न होगा, धीरे धन्न होगा तो प्राणी जीवित रहेंगे, उनका पालन पोषण धीरे बढ़ना भी होगा । जहां हमको पानी वर्षा से मिलता है वहां नदियों के द्वारा मिलता है । जब वर्षा अच्छी नहीं होगी तो नदियां भी पानी नहीं देंगी । लेकिन जब कहीं धाय नहीं होगी तो व्यय कैसे किया जायेगा । दूसरा उपाय सब से अच्छा है भूमि के गर्भ से । हम कूपों के द्वारा घषवा भूजल यंत्रों के द्वारा भूगर्भ से पानी निकाल कर सिंचाई कर सकते हैं ।

इस बार पंजाब में वर्षा कम होने के कारण सारी नहरों में पानी बहुत कम धा रहा है । मैंने प्रश्न किया था उस वक्त मंत्री महोदय ने उत्तर दिया था कि नहरों में पानी कम नहीं है । परन्तु पानी की कमी होने के कारण पानी का हम अच्छी तरह बरताव नहीं कर रहे हैं । यह मंत्री महोदय का बक्तव्य है । मैं आपको ध्यान दिलाना चाहता हूँ कि वह पानी किस दूरी तरह से बरताव में धा रहा है । इसका जान मैं कराना चाहता हूँ । मैं आप को बीसों नहीं