

good I for one would feel that the old system of one or two people being nominated from this House is good enough and we should not elect anybody to the place. We should not quarrel on the procedure or the method in the name of elections over this issue. Those who are attached to that name and who could do that work completely and to the satisfaction of the whole of India may come in there. There should be no trouble over that. I therefore feel that instead of the present proposal of election, the old system of nomination should prevail.

श्री बजर राज सिंह उपाध्यक्ष
महादय, मैं इस सम्बन्ध में श्री नायर के सुझाव का मूलतः विरोधी हूँ। श्री नायर का कहना है कि समाधि को यहाँ से हटा कर किसी दूसरे स्थान पर ले जाया जाये। इसलिये ले आया जाये कि यमुना इस कभी न कभी बढ़ा कर फँक देगी। लेकिन मैं कहना चाहता हूँ

Shri C K Nair. I meant the monument. The Samadhi cannot be changed, it will be there.

15 hrs

श्री बजर राज सिंह मानमट का भी वहान का मवाल नहीं है। मैं उन की सूचना के लिये बतलाऊँ कि यमुना पर बटेस्वर में जो इतना बड़ा घाट बना हुआ है उसे सैकड़ों माल ही गये। वहाँ पर महाराज भदावर जो थे उन्होंने सैकड़ों माल पहले १०१ मन्दिर बनवा कर यमुना का कोमं बदल दिया था और तब से ले कर आज तक वह घाट उनी तरह बना हुआ है। इतनी बाढ़ें आईं लेकिन वह हिलाना नहीं जा सका। इसलिये मेरा यह कथन है कि इस को इस तरह बनाया जाये कि इस के बहने की सम्भावना न रहे। जैसा प्रधान मंत्री महोदय ने कहा, उस को ऊँचा उठाकर बनाया जाय और उस के लिए सोचा जाये कि किस तरह उस की रक्षा होगी तो उस के बहाने जाने का कोई प्रश्न नहीं

उठेगा। इसलिये मैं कहूँगा कि जो भी समाधि बनानी है और जो कुछ भी मानुमेट बनना है किसी किम्म का, वह उसी स्थान पर बनना चाहिये। वहाँ से किसी दूसरे स्थान पर ले जाने का कोई मवाल नहीं है।

इस सम्बन्ध में मैं यह कहना चाहूँगा कि

उपाध्यक्ष महोदय प्रगर माननीय सदस्य कुछ और वक्त लेना चाहते हैं तो वह कर ले सकते हैं।

15.01 hrs.

MOTION RE RAILWAY FREIGHT
STRUCTURE ENQUIRY COMMITTEE

Shri Rajendra Singh (Chapra) Mr Deputy-Speaker, Sir I beg to move

"That the statement containing recommendations of the Railway Freight Structure Enquiry Committee and the Government decision thereon, laid on the Table of the House on the 18th August, 1958, be taken into consideration."

Mr Deputy-Speaker. Sir, for about 17 months the report of the Mudaliar Committee had been under the observation of the Railway Board and only for 15 days the recommendations and the decisions of Government have been under our observation, but within two hours we have been asked to give our opinion on this subject. It is quite evident that the subject under consideration is so vast and of so great a magnitude and complexity that it is not possible for any speaker to do justice to this subject in such a brief time.

Mr Deputy-Speaker. May I know what is the time that the hon Member expects for himself?

Shri Rajendra Singh. Sir, that is not my point.

Mr Deputy-Speaker. That is my point. That is my concern. I might warn him just in the beginning that he will have 20 minutes.

Shri Rajendra Singh: Sir, the convention is there that for a motion only two hours are allowed. What I was making out was this. When such reports of importance are placed before the House, the Minister in charge should himself move for consideration of the report and sufficient time should be given to the House to study it and give its considered opinion.

Mr. Deputy-Speaker: Can he give me any concrete proposal, what he proposes for the Minister, what he himself wants and what he leaves for other hon. Members to participate in the debate? We have to divide the time allotted. The hon. Member shall have his share. The Minister has to reply. He must take at least as much time as the Mover does. Then the Mover himself requires some time for his reply. There are also other hon. Members who would like to participate. That is why I wanted to know how much time the hon. Member expects for himself. I said 20 minutes. Will that be sufficient?

Shri Rajendra Singh: 40 minutes?

Mr. Deputy-Speaker: No; 20 minutes.

Shri Rajendra Singh: Sir, I am in your hands.

Mr. Deputy-Speaker: We shall see how it proceeds.

Shri Rajendra Singh: Sir, with the introduction of the Indian Railways within the ambit of State ownership, it was not only hoped that we shall have an augmented receipt of Railway revenue but, at the same time, we hoped that railway transport and freight and fares would be used in a creative manner so that the economic development of the country may take place at a speedy rate.

I find from the terms of reference of the Committee that the Mudaliar Committee was charged with the responsibility to find out ways and means and to adjust the structure and level

of freight in a manner so that it would subsist, it would meet the requirements of the developing economy of the country and, at the same time, preserve and augment, if possible, the economy and stability of the Railway finance. I think the Mudaliar Committee has, by and large, fulfilled the commitments.

But the first and foremost thing that strikes us is the promotional aspect of the report. It is quite clear that we are passing through a very serious crisis of foreign exchange. The conventional exports that we had so far are not in a position to bring us sufficient foreign exchange to meet our present requirements, with the result that every now and then we have to go out for loans. And loans do not come only for asking; it has its own difficulties. Neither in the report nor in the decision that Government have taken over it there is an indication of any steps proposed whereby we can augment not simply our conventional exports, but, at the same time, find out certain commodities which could be exported so that we can augment our export earnings.

Another point, which is of vital importance to this country, is that railway freight could be creatively and dynamically used for the promotion and development of those parts of the country which are economically backward,—for example, Assam, Rajasthan, certain parts of Bihar and certain other parts of the country—where we feel that it is desirable in the national interest to have a speedy development of the industries. So that not only the needs of those areas could be served well, but, at the same time, the overall condition of the national economy should improve, it was very necessary and imperative for us to have devised means or to have adjusted the freight structure and level of freight so as to meet those requirements.

On these two points, Sir, I feel disappointed. Though there were some oblique suggestions in the report that some steps should be taken in this direction, so far as the decisions of Government are concerned there is no indication, rather it is quite silent on it. Sir, it is very pertinent from my view point that when there are some recommendations from a body as high as the Freight Structure Enquiry Committee and Government take some decisions on them, the reasons that the Government advance should be very sufficiently clear and elucidative. The decisions that have been taken by Government and the reasons that have been advanced are so cryptic, so slender, that it is utterly difficult for us to make head or tail of it.

15 09 hrs.

[SHRI BARMAN *in the Chair*].

Therefore, for the future my suggestion is this. When you have to come out with your decisions, just tell us in as many words as you can—I do not say that economy should not be allowed to go there; it can—the reasons which have led Government to take those decisions. The House has a right to expect from the Government full reasons, the full causes which have led the Government to have taken those decisions.

There is another thing which, I think, is very vitally important, not for the railways, not for the transport and communications aspects of the country, but for the very destiny of the country. All over this country I have seen that the decisions of the Government to slash down the recommendations of the Enquiry Committee have been approved. In certain quarters they have been loudly praised. In this, I understand that the anxiety of the Railway Minister is to see that he does not do anything, so far as his Ministry is concerned, to contribute towards rise in prices. So far as that anxiety of his is concerned,

I am quite sure that it is not me alone but the entire country is behind him. But to suppose that increase in railway freight will promote the rise in prices is not the perfectly right way of looking at it. For the rise in prices, we have to look into many things. Even when there had not been rise in the freights, there had been abnormal rise in prices. We had inflation and many economic evils.

If you look at it, you will find that the Railway Ministry had a supplementary surcharge of over 12 per cent. It has been given out that something like Rs. 27 crores were to have been earned or were earned. But can you say that this Rs 27 crores earned additionally by the Government have contributed towards the rise in prices? It may have; I do not say that it has not. It might have, but the extent is very, very limited.

The House knows that the Railway Plan envisages an investment of the order of over Rs. 1,100 crores. In the brochure about the Plan, the Government has said that even with this target, because of the rise in prices, the Government would need Rs. 100 crores more, apart from the foreign exchange, to fulfil the target. So far as the estimate of depreciation of the railway is concerned, I am sure that the Railway Minister and indeed every person will agree with me that our estimate is somewhat on the conservative side. If actually we are to make good the depreciation aspect of the railway, apart from the extension and expansion of the railways, to meet the growing needs of the country, it is pretty clear that the amount that we have earmarked for the depreciation is not sufficient. We have just to find out means to meet those requirements.

If the recommendations made in the Enquiry Committee's report could have been accepted, the estimated receipt at the present capacity of the railway to haul up the traffic could be—we could have received—a little over Rs. 32 crores. The Railway

[Shri Rajendra Singh]

Ministry has slashed it down. It has satisfied itself with Rs 9 crores or a little over I think those who are not sufficiently versed in the economic aspect or the economic elements of these considerations or those who are not keenly alive to the growing needs of the developing economy would surely feel a sense of relief, but only the other day, my leader, Shri Asoka Mehta, much to the discomfiture of our friends and supporters outside supported the Government on the floor of the House in its measures to augment the treasury by exploring fresh areas of taxation. Why? It was not for the love of the Government that we supported their measures to have more taxation. It was just for the fact that we love this country more than our party.

The sorrow of our generation, the sorrow of our time, is that we must pass through a period of denial, a period of austerity. We cannot escape. It is difficult. I know what I am speaking shall not be liked by my friends outside. I shall be open to critical observations outside, but even then, at my cost, at the cost of my party, and at the cost of popular support, if we are supporting increased taxes and increased earnings for the Government, it is because we feel, and I think we very rightly feel, that our country needs today more and more money, even at the cost of denying the generation certain comforts and certain amenities which are rightly due to them.

There is another aspect of it. I have till now dealt with the matter from the national aspect. Now, we have a Central Pay Commission examining the whole thing to see how far they can meet the demands of the labourers. I think if any benefit is to come out, that will be extended to the Railway Ministry also. At the same time, the report of the enquiry made into the matter regarding Class IV employees has already been submitted

to the Ministry. The Ministry has not taken any decision so far on it. Now, suppose there is any suggestion in that report or any suggestion eventually comes from the Pay Commission that the conditions of service, the salaries or the dearness allowance and certain other things pertaining to the railway employees call for increment and betterment, the Railway Minister would just come out then and there and say "No, no, the railway earning does not permit it".

It is a very vital principle of any business that no business has a right to stay on so long as it does not provide, so long as its earnings does not provide, for its existence. This principle, howsoever wholesome, could not be very appropriately applied to the railways, because, after all, the railway is a common carrier, but nonetheless, the railway has to earn its own way not only for the preservation of what it has but, at the same time, for the promotion of something that is in the interests of national economy. So it was expected, and very rightly expected, that the railway will not simply earn to cover up its depreciation and cover up its own working expenses and operating expenses and meet the legitimate demands of labour from time to time, apart from giving something to the public coffers, but it will earn sufficiently enough to cover up certain parts of its expansion. The present indication is such that the railway feels a certain sense of complacency and smugness. If this attitude remains, both suffer: the country suffers as well as the labour suffers.

Now, what would happen? Only yesterday, we had a supplementary surcharge, an additional surcharge. When the Committee wanted that those additional surcharges and supplementary surcharges should go away and that there should be a permanent means to give you the same thing, the same amount of money, or rather a

little more, without doing any violence to the existing rules or existing procedures, you just turned it down. Even the hon. Railway Minister has given an assurance to the country that he will not be increasing the freight rate of the railways till the next session. The next session, will come a few months after. So, what is the guarantee that he will not resist the temptation to increase it afterwards? That means, by that time the report of the Pay Commission and the report of the Class IV employees enquiry committee will be out and the Railway Minister will say, "we need money; our coffers are empty and so, let us have increase rates". Even if he does not say it, the hon. Finance Minister would come out with fresh taxation to meet the requirements.

Mr. Chairman: This can be discussed in the budget next time.

Shri Rajendra Singh: Every debate has to take into account the future.

Mr. Chairman: Your time is limited.

Shri Rajendra Singh: I am conscious of the time. What is the use of giving something by the right hand and at once taking it away by the left hand? Actually, the whole thing seems to be funny.

As regards the Rates Tribunal, it is stated in the enquiry report that the Chairman of the Tribunal has to be only a man of the judiciary. The same Mudaliar Committee has found out for itself that generally judges are not supposed to be alive to the conditions of social needs which are changing at such rapid speed. Whenever there is something of industrial importance or of some other importance, they can take only a strict legalistic view of it. So, they suggested certain modifications. I am whole-heartedly in support of them. But at the same time, I could not find out in the background of this finding how he can say that the Chairman shall always be a judicial man?

The Minister of Railways (Shri Jagjivan Ram): The Act has already been passed by this House.

Mr. Chairman: The hon. Member's time is up.

Shri Rajendra Singh: My request is that all these things may be taken into account. Will I have 10 minutes for the reply, Sir?

Mr. Chairman: He will have some time. Motion moved:

"That the statement containing recommendations of the Railway Freight Structure Enquiry Committee and the Government decision thereon, laid on the Table of the House on the 18th August, 1958, be taken into consideration"

Shri Naushir Bharucha (East Khansdesh): The effects of railway freight structure on commerce and industry are so far reaching that this subject had attracted attention since the earliest times, since 1887. There have been various attempts at rationalising the freight structure, in 1922, in 1936 and again in 1945. Since independence, as a result of Government management of the railways and change of outlook, the need for revising the freight structure became evident. It is rather unfortunate that the terms of reference of the committee were so circumscribed that the consumer interests were completely left out.

The terms of reference were to review the present railway freight structure bearing in mind the needs of a developing economy and the necessity for maintaining the financial stability of the railways, apart from the other terms of reference regarding the nature and character of liability as carriers and the Railway Freight Rates Tribunal. It appears that the committee which went into the question not only bore in mind the financial stability of the railways, but was haunted by the idea of financial stability of the railways as if it was their main responsibility. As a result of it, their basic recommendations have gone so wide of the mark that even

[Shri Naushir Bharucha]

the Government have felt that such radical departures in freight structures would upset the commercial and industrial fabrics. I am not doing any injustice to the committee, which obviously has devoted such an amount of time. I would, therefore, briefly analyse the recommendations of that committee and the line of thought that was pursued by that committee.

The committee has recommended that there was necessity in changing the length as well as the number of legs that went to make up the telegraphic structure. It also made a brief survey of the additional charges which were so far imposed by the railways and it has felt that because there is a likelihood of shortage of wagons to continue, short haulages should be discouraged. Also it prescribed a new method for levying these charges. It adopted the present class 9 and rechristened it as class 100 as the basic rate and then it has fixed percentages over that rate or below that rate according to the requirements of the commodity and so forth. Not only that, it felt that the relation between the small loads and the wagon loads was not properly adjusted and therefore, it recommended that these rates should range between the difference from 15 to 26 per cent. Over and above that I was particularly pleased with the recommendations of the committee that the terminal charges must go, short distance charges and transshipment charges at the break-up gauge points should go and the ghat charges at railway-river crossings and the overall minimum charge of Rs 1-12-0 per ton should also be abolished.

These numerous charges have been taken into consideration in fixing up the freight structure, but the point that seemed almost to annoy me was that the Railway Freight Structure Enquiry Committee kept looking to the finances of the railways and said that a gap of Rs 300 crores had to be bridged. After having an estimate of the receipts and the expenditure for the

plan period, the committee came to the conclusion that Rs 300 crores would be required to bridge that gap and it spent all its energies in bridging that gap, absolutely leaving out the consumers' interests. That is my objection. The committee's recommendations constitute an increase to the extent of Rs 32 crores. The committee thinks nothing of taking away Rs 32 crores from the pocket of the consumers. The Government, in all their moderation, come and say, "No we shall take only Rs 12 crores".

An Hon Member: Rs 9 crores

Shri Naushir Bharucha: Rs 98 crores for goods and Rs 2 crores for parcels i.e. Rs 116 crores on the whole. If the Government estimate Rs 116 crores you may rest assured that they will take Rs 15 crores out of the pocket of the consumers.

The point I am making is that the Government has raised the question of rationalisation of freight structure as an excuse for increasing it. The Railway Freight Structure Enquiry Committee laid down a number of criteria by which they said they would be guided. The points to be borne in mind in fixing the rates would be what the traffic can bear, that freight for long and short distances should be properly adjusted, the scale should be all-inclusive catering to small and wagon loads, the terminal charges should go, the Rs 300 crores gap must be filled up and there should not be a radical break with the existing structure. Trade and industry should be fostered and railway finances should be established. On these criteria the committee proceeded but all through their recommendations I find nothing more excepting how to get more and more revenue for the railways.

The House is aware of the fact that contributions to the depreciation fund today are being made on no scientific basis. In fact that was an issue on which I have made strong comments.

in this House I am aware of the fact that Rs. 45 crores is merely an arbitrary amount that is being set aside for the depreciation fund. I agree with the committee, that ranging from Rs 52 crores in 1956-57, the contribution should go up to Rs 66 crores in 1960-61.

The remarks of my hon. friend, Shri Rajendra Singh, were in point. This position also has to be taken into consideration. But I ask the Government one question. We are screwing up our freight rates whenever we want to bridge our financial deficits. Is there no scope for internal economy in the administration? Have they examined the fuel cost? Have they examined economies in various other costs? Have they examined the numerous possibilities of economy that exists? I am afraid not until the Government has looked into those economies and justified to this House that there is no further scope for economy in railway administration, I for one, am not prepared even to vote the additional revenue which the Government decision will produce.

There is one more thing. It is not merely the Rs 12 crores that Government want to take on the excuse of freight rationalisation that we have to consider. We have to take into account the question of liability of Railways of carriers. The hon. Minister has issued a general warning to us that something more may come, in addition to the proposed freight rates because of the additional liability which the railways will have to bear as 'carriers' or 'insurers' instead of as bailee.

As this House is aware, until recently the practice was for the railways to issue risk notes, which virtually meant that all responsibilities for railways' negligence was put on the consignor. He got nothing in return. Until some time ago, even the responsibility of proving negligence was on the consignor. If there was an accident or there was loss or theft of goods in transit, it was the onerous respon-

sibility of the consignor to prove that the fault was with the railways. The railways took advantage of the monopolistic position and dealt with consumer goods in a none-too-careful way.

Now the Committee has broadly stated that virtually you are in the position of carriers and not merely bailees. The responsibility of the bailee is regulated under the Contract Act. Previously the railways would not be responsible even for thefts in transit. Now they are assuming that responsibility. The Committee has stated that since you assume responsibility virtually as carriers instead of as bailees, you virtually become insurers to the goods, except in very few cases. I think the Committee have made that recommendation. But what does the hon. Minister say? "If we become the insurers, we only change our label without assuming any further responsibility, but you, consignors must give us more money." The Railway Minister wants us to give him more money. But he has never told us what amount of economy he has achieved in the administration. Therefore, my submission is that while the liability of the carriers and insurers must be imposed on the railways, the hon. Minister should give an assurance that there will not be any additional charges for that purpose.

With regard to the Railway Rates Tribunal, the hon. Minister says that the Bill has been passed. I support the contention of my hon. friend, Shri Rajendra Singh, when he said that things should be regularised now. What does it matter if the Bill regarding the Tribunal has been passed? You are trying to curtail the jurisdiction of the Railway Rates Tribunal. If you have passed the Act, you can bring forward an amending Act. The power of classification and re-classification of goods must be given to the Railway Rates Tribunal, especially in view of the fact that the Committee visualizes that there will be any number of anomalies even in the structure

[Shri Naushir Bharucha]

which they have recommended. I, therefore, submit that it is not a subject to be finalised by Government. The final authority is this Sovereign Parliament and we should re-open that issue.

With regard to the various other matters I want to ask the Government a few pertinent questions. First, is it the intention of the Government to use freight rates primarily for revenue increase to fill their budget gaps or it is their intention to make it up by internal economies? I should like to know the position. What is the policy of the Government with regard to classification? Are they going to use classification as a source for increasing revenue or is that going to be according to the requirements of trade, industry and commerce? Nothing has been said about trade, industry and commerce. So far as I know, even before the Railway Rates Tribunal the trade, commerce and industry did not get satisfaction. Then I want to ask: what steps are being taken to associate trade, industry and commerce, either informally or otherwise, with the questions regarding classification? Then, why should the Government, as I have said, hold out threats of increasing the rates on the allegation that they are going to take full responsibility as insurers? What is it? What is the justification for the Railway Minister hinting that Rs. 12 crores is not sufficient and that 'they would come again to the House for something more? I want to know that.

Then, I should like to know what policy the Government is going to adopt with regard to the depreciation fund. Are they going to accept the recommendations of the Committee? Is it the intention of the Government to use freight as a means of export promotion? That was another point which was made out by my hon. friend Shri Rajendra Singh. Some sort of device must be evolved as a result of which the freight policy can be the means of encouraging exports. In this

connection, I understand that special rates have been given from factory to ship in transit in various countries to promote export drive. This is a matter which the Railway Minister might look into.

Then again, what about the question of railway freights in backward areas. That is another point which was made by Shri Rajendra Singh. Take the question of Assam. As a result of partition of the country for no fault of its own, Assam today finds itself in the peculiar position of having to resort to devious routes as a result of which the State commerce and industry are receiving a set-back. I would like to know from the hon. Minister whether he has got any special plans in connection with this. Also, are any special preferential tariffs going to be quoted with respect to village industries and cottage industries? These are questions of policy on which I hope the hon. Minister will shed some light.

I would like to appeal to the hon. Minister that before he, under the guise of rationalising freight structure, takes more money from the consumer he must associate the consumer with the many aspects of the formulation of policy. In case of classification of goods, they are classified in a much higher class than is warranted. The criteria which the Committee has accepted is the 'value of service' and cost of service? But the consumer remains completely unheard. Nobody cares for him. Time after time, the Railway Minister comes here and on this ground or that ground the freight goes up. My hon. friend, Shri Rajendra Singh, has pointed out the necessity of keeping the cost in check. It should not go up. I should like the hon. Railway Minister to clear up these points and also to justify why he wants Rs. 12 crores more out of the consumer.

. Shri Tangamani (Madurai): I consider that this discussion is a very

important one. We are discussing the Railway Freight Structure Enquiry Committee Report, a report which is very valuable, because it is the Report of very eminent men. Having discussed the matter and examined many witnesses for nearly 18 months, they have come forward with this report. If it is a question of merely discussing this report on the basis of the broad terms of reference, namely, reviewing the present rate structure, examining the modifications, studying the liability, as carriers and examining the procedure in the Railway Rates Tribunal and their recommendations, we may not have much to say. But now the Government has come forward with its own recommendations. That would mean that from the first of October, that is, after hardly one month, we will be faced with another situation, when the freights will be increased for several commodities. That, I would beg to submit, is going to have a psychological effect on the prices of the various consumer goods. Already, the price of consumer goods is going up. Now, if an additional burden is placed upon the freight itself, then there will be a new rise in prices and the Railway Minister will be held responsible for that.

That will be my first submission. There is absolutely no justification for saying that whereas this Committee has recommended that the increase should be Rs. 31 crores annually we are raising it only to Rs. 9·6 crores plus 2 crores on parcels, i.e., Rs. 11·6 crores and when we get these Rs. 11·6 crores the administrative expenditure and the compensation which we may have to pay as carriers may be Rs. 2 crores to Rs. 3 crores. That is not at all going to meet the point.

I remember and I would like to remind the hon. Minister also that as early as March, 1958 when he introduced the Budget he stated that when the Railway Freights Enquiry Committee's report, is put into operation, it will lead to—this is exactly what he said: "It will lead to increase in

goods earnings." So, the hon. Minister was always anxious that there should be increase in goods earnings. I would like to mention to this House, although it is a matter of repetition, that the gross traffic receipts have been increasing from 1956-57 to 1958-59. The actual receipts for 1956-57 were Rs. 347·57 crores, for 1957-58 they were Rs. 384·40 crores and for 1958-59 the budget estimate is Rs. 407·48 crores. In other words, each year there has been an increase. From 1956-57 to 1957-58 it is about Rs. 40 crores and from 1957-58 to 1958-59 it is more than Rs. 20 crores. So there has been an increase. How does this increase come about? To that I will come presently.

The hon. Minister had stated when introducing his Budget that the goods and passenger traffic established new records during the current year and the movement even through Moghul-sarai has improved by nearly 350 wagons per day or so. Now, the earnings are higher and the working expenditure has been brought within bounds. The appropriation to the Depreciation Reserve Fund has always been Rs. 45 crores each year. Now the net railway revenue has increased by nearly Rs. 8 crores from 1956-57 to 1957-58 and it is going to increase by nearly Rs. 11 crores from 1957-58 to 1958-59. The net surplus will be more than Rs. 27 crores. I am giving this picture to show that without an increase railway revenue is not going to come down. I can well imagine even the revised estimate for the year 1958-59 will not be Rs. 407 crores but is likely to be much more.

Coming as I do from the South I would mention only certain instances because I have no time. I do agree with my hon. friend, Shri Rajendra Singh, that this is an issue on which a full dress discussion was necessary. If a day had been set apart and the Ministry had put all the cards on the table and told us that they are now introducing this new freight structure, then the House would have been in a better position to appreciate the danger that is facing us today.

[Shri Tangamam]

I distinctly remember that when the hon Deputy Railway Minister, Shri Ramaswamy, came to Madurai the commercial community had met him. It was some time in May this year. I would like only to remind him as to what they told him then—it was on the 28th May, 1958. This is what they told him.

"The decision on the recommendations of the Railway Freight Structure Enquiry Committee is to come soon and one of the predominant objects of the revision of the freight structure was to make adjustments in it to suit developmental requirements. Any attempt to enhance rates at this juncture would inevitably spell inflation in production costs all round. Industry and Trade have already borne strains in costs and further additions are bound to prove restrictive in their impact on output. Further, the case of putting up freight rates at some points is considerably weakened by short-comings of the Railway administrations in exercising adequate discipline in the matter of expenditure."

I would also explain how we are able to increase the freights

the substantial increase in goods traffic has been achieved without a commensurate increase in the resources of rolling stock. For a 78 per cent increase in the tonnage of traffic carried, the goods wagons and locomotives rose by only 20 per cent. The conclusion is obvious. The results have been obtained by working the wagons harder and pitching the operational efficiency at a high tempo. But there is a limit beyond which efficiency by itself can do little to improve the service, in the absence of necessary equipment. In other words, operational efficiency cannot be a substitute for larger investment."

Now, the Committee also says on page 37—I am quoting:

"According to the Second Five Year Plan, the volume of goods traffic is expected to increase by 61 million tons (originating), i.e., from 120 million tons at the end of the First Plan to 181 million tons in 1960-61, while the increased capacity provided for and the improved efficiency expected to be secured will not enable railways to carry all the additional traffic anticipated or rather planned to be generated. More recent indications go to show that the estimate of 61 million tons of additional traffic expected is itself on the low side. Further, this does not take into account the increasing transport burden resulting from an increase in the lead of traffic, which generally characterises a period of rapid industrialisation. The prospect is, therefore, anything but re-assuring against this background of planned development, shortfall in non-utilisation of scarce resources. Several witnesses appearing before us expressed serious misgivings about the adequacy of additional transport capacity that is being provided by the railways. The apprehension that very real difficulty may be experienced in the execution of the Plan, owing to transport shortages, is widespread."

So, the remedy there is not increase of rates but increase in wagons

Another point which they themselves point out is

"The primacy of iron and steel and other heavy industries in the industrialisation plan cannot be gainsaid. The very real doubt, which needs to be set at rest, is

whether other development plans, both in the private and public sectors are likely to be halted or greatly delayed for lack of transport. In such an eventuality will it not be a waste of funds, resources and national effort to work for developments which cannot be completed in the Plan period and to allot funds which will remain locked up in partial capital assets? In an integrated plan, progress in one branch is linked with progress in another. The danger to the economy from transport shortage, particularly when the economy is so carefully tailored and adjusted in minute detail, is real and cannot be wished away."

They have put it very ably. The real problem is the shortage of wagons. In addition to the shortage of wagons, I will mention another point. There is considerable delay in the movement of goods. If only the railway Ministry can give an undertaking here that if whatever articles are sent for transportation are transported in time then revenue will increase considerably also. I am basing it not only on complaints received but genuine complaints that have been received, i.e., on the question of wagons. Delay occurs. It results in damages to goods by pilferage and exposure to rain and wind. I know in a place like Madurai there are insufficient facilities that obstruct the movement of goods. This also adds to the difficulties of transport. Wagons go astray and cannot be traced even.

Another point I wish to put forward is the question of foodgrains. I know foodgrains are received in Madurai in open wagons and mostly it is damaged during the rainy season. Now, the whole point is to see that in the important centres the yard space is increased. I know in Madurai Division there is a new yard which is going to be put up in Virudunagar, but even in Madurai unless the expansion is there the heavy traffic which we are now having is not going to be able to meet the problem. The

problem there is one of transport and more wagons and not the problem of increasing the freights, because I am afraid of the psychological . . .

Shri Jagjivan Ram: More wagons and marshalling yard require more money.

Shri Tangamani: We are going to get more money if you run it efficiently. We will get more money even with our present capacity if you agree to run this service efficiently—much more efficiently. I know that if men who are running it efficiently are given proper facilities they will be able to run it much more efficiently.

The point which I really again want to emphasise is that this increase of Rs. 9.6 crores plus Rs. 2 crores should be deferred and I really request the Ministry to reconsider this matter as not only the business community, but the general public also have expressed their apprehension about the new increase that the Railway Ministry is now contemplating.

There is another point to which I would like to refer. There was a revision freight structure in 1948. Of course, that was a very important period. That revision was introduced on 1st October, 1948. Subsequently came the report of the Indian Fiscal Commission. They wanted concession to certain articles. Why do you want concession for certain articles? We want concession for cement, for coal, so that that industry may develop. We want concessions for foodgrains so that foodgrains and other things may be sold at lower prices. That is the basic thing. How far has it been achieved? I know the hon. Minister is going to say, we are not increasing, we are giving concessions. My point is, there is a case for reduction and not a case for no disturbance. There has already been an increase and there is a case for reduction. It has to be gone through very carefully and the House will be in a position to help.

On 1st April, 1956, a supplementary charge of one anna in the rupee on all the traffic with the exception of grains, pulses, fodder, manures, khadi,

[Shri Tangamani]

newspapers, newsprint and books was introduced. We were told that that was meant to bridge the gap of Rs. 50 crores during the Second Plan period. To bridge that gap, a surcharge of one anna in the rupee was imposed. The Government recommendation is really surprising. In page 12, they say that at present, a further surcharge of 6½ per cent. of the total freight is levied on all consignments weighing less than 20 maunds. That is the surcharge which was imposed on 1st April, 1956. Now there is rationalisation. We are adopting the metric system. If we are adopting it, I should have thought that either we dispense with the surcharge or reduce the surcharge from 6½ per cent to 5 per cent. What is being done is, "In keeping with the quotation of the revised freight rates in the metric system of coinage, this surcharge will be 10 per cent. instead of 6½ per cent" Of course, there is a slight concession. This will be levied only when the weight is less than 10 maunds instead of 20 maunds. Why should this 6½ per cent. go up to 10 per cent? As Shri Naushir Bharucha pointed out the Railway Ministry is always willing to go up and see that the rate is increased. Already there has been a surcharge. A surcharge implies that it will have to go some time or other. The surcharge of 6½ per cent. is increased to 10 per cent

Even on the question of coal, I have got all the facts, but I may not have the time to place all the facts about coal. Even on coal, the concession which is now given, in my humble opinion, is not sufficient. The pre-1952 and post-1952 rates you know. It was 1 to 20 miles, .25 pies per maund per mile. It was increased to .30 per maund per mile. The hon. Minister knows how even now the concession that has been given to coal is not sufficient. I refer to coal and other articles like handloom, khadi, foodgrains and other materials to which certain concessions are supposed to have been given. There must be further concessions

As I submitted earlier, I do not attempt, I cannot attempt to go into the entire question of the terms of reference of the Railway Freights Enquiry Committee. It is true that the Committee has done a good work. I agree with the hon. Minister also that they have tried to rationalise it and place certain facts in a very scientific manner. Of course, they had in mind how to fill the gap of Rs. 300 crores. Instead of accepting it *in toto* or accepting it with a modification as we have done, at this juncture, you can defer this. There is a case for reducing the rates in the case of many articles. The integrated Second Plan and the various industries which are now developing and all these things will have to be borne in mind. That aspect has been beautifully dealt with in this report. We should take all these things into consideration and also the fears expressed by the commercial interests. I mentioned one instance of the Madura-Ramnad Chamber of Commerce. Other commercial interests have also expressed fears. Those fears must also be respected by the Ministry. They may express fears. Ultimately, it is the consumer who is going to pay. We have already been increasing the passenger fares from 1948 onwards with the only exception of 1958-59. We are now increasing the freight charges also which will create a very bad impression. I must say that the Government decision is something which we cannot accept in the present context. With these observations, I request the hon. Minister to give due consideration to this aspect of the question also when he replies and not to hurry up with introducing this on 1st October, 1958

Shri Harish Chandra Mathur (Pali):
Mr. Chairman, Railway freight rate structure is a complicated matter and it requires expert knowledge. A highly competent committee was appointed and it took the Railway Board about double nine months and

after that labour, they have delivered something which is before us now. It will be presumptuous on my part to arrogate any expert knowledge to myself on this subject, and to make remarks when such competent authorities have spent so much of time on the subject. But, there are certain obvious things which strike and which prompted me to give notice of this motion. As a matter of fact, I had certain feelings in my mind and I felt that certain aspects should be emphasised. Even when the hon. Minister laid this memo on the Table of the House, I asked him whether he would like to discuss it. He stated that it was well within his competence to take the action and he was only submitting it for the information of the House. But, it is such an important subject that I still feel that more time should be devoted to its study, consideration and discussion. I hope the hon. Minister will excuse us if some of our criticisms are uninformed, because when the Railway Board took about well over 16 months to consider, this document has been in our hands for a few days.

It is not my intention to offer criticism regarding the 3,000 and odd commodities to which this document refers. I will confine my remarks only to certain important broad principles, which, if considered in proper perspective, will necessitate further consideration of the freight structure and the cases of certain groups of commodities over certain distances will have to be reviewed. It really strikes as very extraordinary that the Committee should have recommended an additional revenue of Rs. 32 crores and the Railway Board after all due deliberation and in its wisdom should have thought of availing of only Rs. 9 crores. The hon. Member who moved the motion made certain courageous remarks and in the interests of the overall deficit and the gap in the Railway Budget, he advised the Railway Minister to consider the adoption of the higher freight rate structure recommended by the Committee. I may assure him and the whole House that

the Railway Board is not at all a philanthropic body. They are not charitable people. They have given absolutely realistic and due consideration to the whole matter. I have a strong feeling that they found that it was impossible to go beyond the limit they have gone. I think, if this decision had come about a year and a half earlier, possibly, the Railways would have taken a risk in accepting the Committee's recommendation in toto and adding another sum of Rs. 32 crores to their revenues. But a lot

16 hrs.

of water has flowed under the Jumna during these 18 months. There was a time when they felt it was a very great shortage and there were great transport difficulties. There had been offerings which could not be lifted, but the situation has very much changed during these few months, and today there is not that shortage of transport as could have been envisaged, and the railways can afford to take any line of attitude. As a matter of fact, if I am correctly informed, the railways are finding it very difficult today to compete with road transport, and there are certain sections where road transport, through sheer merit and efficiency, has thrown out the railways from business. If we remember the entire history of road and rail development, we will find that roads have always worked under a very great handicap, and the railways exercised an influence which was not very healthy and which was not very competitive. The railways are as much national assets and there is no question of any rivalry between the railways and roads. I do not view it from that viewpoint at all, but now we have got to look at the whole thing from the point of view of the national interest. We would certainly like to see that the interests of the railways which are national assets are properly watched and properly guarded, but the railways should not be permitted to go in a way that through their superior influence they handicap the development of road transport.

[Shri Harish Chandra Mathur]

There has been a general complaint that road transport has not been given a proper deal. I wish the Railway Freight Structure Enquiry Committee had taken into consideration the over-all picture, and I wish the Railway Board had taken into account the future plan of things. They should have taken into consideration what sort of co-ordination is to be effected, what sort of place should be given to road transport. They have, of course, in this memorandum, said somewhere that for short distances road transport should be encouraged, but I do not see that they have done anything of that type.

I will just read out to you a little paragraph from *Commerce* of 23rd August 1958, giving its observations on this particular aspect of the question:

"What the committee had in mind when suggesting the rates it did was that it must be a deliberate policy of the authorities to discourage as far as possible short distance traffic by rail and to encourage alternative modes of transportation over such distances. It, however, averred that in favouring the new freight structure it had kept in view the desirability of encouraging diversion of short distance traffic from rail to road, but had at the same time ensured that the roads do not become burdensome. By rejecting this aspect of the committee's recommendation, the Government has denied road transport the fillip which it might otherwise have received. In other words, the railways want to have the best of both worlds, the world of short distances and that of long distance also."

This is a comment which has been made in a responsible journal which is concerned with the commerce and industry of this country.

As I stated, it is the Railway Minister's case that they have done something, but it is being felt that it has not done, and that they are as a matter of fact operating as a dead-weight on the development of road transport in certain directions. It is now time that we change our outlook on this subject.

Another important aspect to which I would like to invite the attention of the railway administration is this. They have also not given proper attention to the pattern of trade which is in the best interests of the country and which the present Government want to promote. No adequate attention has been paid to that very important aspect of the matter. After all, what is this freight structure? The basic consideration which should have weighed with the Government was how it promoted the economy of the country in the direction in which the Government want to take it. I hope the hon. Minister knows that only last week the Export Promotion Council made a forceful appeal to the Government that proper attention should be given and wherever inhibitory factors operate in the export promotion business, they should revise the freight structure. I do not know if the reports are correct that the railway administration has concurred that as and when the cases are brought to their notice, they will revise the freight structure in respect of those commodities and those distances. I have just read about it as a promise from the Government, reported in the papers. But this is an indication of the fact that before coming to a final decision, the Railway Board had not even the courtesy of consulting a sister Ministry, the Ministry of Commerce and Industry, which is vitally interested. Either the Commerce and Industry Ministry was not consulted or the Commerce and Industry Ministry was not aware of its own problems. It is hardly a fortnight since this freight structure was made known to the country. Just a week after that the Ministry of Commerce and Industry says a very important aspect

of the question has not been examined and they have been left high and dry.

Shri Jagjivan Ram: They have not said that, that the railways have not examined that. That is a wrong, incorrect statement to make on behalf of the Commerce Ministry.

Shri Harish Chandra Mathur: What I say is that it is hardly 15 days; it is not even 15 days since this freight structure has been made known to the public. I will put the alternative—I hope the hon. Minister will notice it: either the Commerce and Industry Ministry was not consulted or if they were consulted, they were so ignorant of their own problems that they did not know what they would demand just a week after. That is what I say. What is wrong about what I am putting? The proposition is this: there is incompetence somewhere since just a week after the publication of the freight structure the Ministry of Commerce and Industry finds that a revision is necessary, and the railway administration concedes that it would be prepared to do the necessary revision.

Shri Jagjivan Ram: I do not think they have said anywhere that a revision is necessary. What they have said is that certain concessions are necessary.

An Hon. Member: That amounts to revision.

Shri Jagjivan Ram: I would like the hon. Member to mark the difference between revision and concession.

Shri Harish Chandra Mathur: I very clearly stated that I was not in possession of what the Railway Minister said or what the Commerce Minister said. I am depending on certain reports in the papers, and it is for the hon. Minister to make it clear, but it is obvious that the present rates of freight do not suit the pattern of the trade. That is an obvious fact and something has got to be done to remedy it.

Another thing to which I wish to refer is the question of under-developed areas. I am afraid little or no attention has been paid to the fact that there should be a certain policy of the Government to see that the freight structure is designed in a manner that the under-developed areas which are coming up now industrially get the necessary encouragement and stimulus. The railways do claim to be following certain national policies. They are not entirely a business body, they are not entirely a commercial body, they are not entirely working for this. Their freight structure should be designed in a manner which is in the best interests of the country and for the development of the country. In considering how the freight structure should be framed in the best interests of the country, they have adopted certain measures. But my submission is that in that matter, little or no attention has been paid to the development of the under-developed areas.

I find that even the freight on coal for long distances has been increased. I do not know what my hon. friend who just preceded me was referring to. He referred to certain reductions in the coal freight and certain concessions. I may be wrong. I am not aware, but the statement which I have in my hands clearly indicates that though the committee had recommended certain reductions in the freight on coal for short distances, the Railway Administration have not thought it fit to do so. They have just kept the rates at what they were, or slightly increased them. But, for long distances, there is a considerable increase in the freight on coal. Coal is an absolutely essential commodity for development. And that is one of the greatest bottle-necks which is operating against the development of areas which are a little bit removed from the coal areas. We are trying to sell steel at the same rate at all the places. What is the policy behind it? You have steel in Delhi at Rs. 600

[Shri Harish Chandra Mathur]

per ton, and you have steel in Bombay at Rs. 600 per ton. The only principle which I could understand is to promote the development of all areas and to see that there is no concentration at the ports and at certain other places. I do not know how the position of coal is very different from it. I can understand that they cannot deliver coal at the same rate at all the places. That is perfectly understandable. But it should be clear also that for places far removed from the coal areas, that is, for long distances, there is no case for an increase in the freight on coal. If anything, there is a case for a reduction in the freight rate on coal. It is only on this ground that the railways are discharging a great responsibility in the development of the country. The railways are a great national asset. The railways are not operating as a bus operator would do, whose only concern is what pays him most, whose only criterion is how to secure the best advantage for himself. But the railways are charging much less for the transport of coal as compared to other commodities, because there is a national policy and a rationale behind such freight structure. If that is not so, then there is no question of regulating and co-ordinating the rail and road traffic. It is only because the railways are serving a particular and a definite purpose that we have thought of certain regulatory matters and we have thought of certain co-ordination. But, as I have submitted, so far as the freight pattern is concerned, and so far as the underdeveloped areas are concerned, this freight structure needs further consideration.

Shri Morarka (Jhunjhunu): Before you call the next hon. Member, may I seek one clarification?

Mr. Chairman: Does the hon. Member want to speak?

Shri Morarka: No, I only want to seek a clarification. At page 7 of the

statement which has been placed on the Table of the House, it is said:

"In justification of the scale of rates proposed by them the Committee have further stated—

(i) that it must be the deliberate policy of the Railways to discourage, as far as possible, short-distance traffic by rail and to encourage alternative modes of transportation over such distances."

The hon. Member Shri Harish Chandra Mathur also referred to this just a little while ago. But if we see the actual recommendations in regard to the rates,—I am referring to Annexure VI which deals only with coal, for, that is the only item about which the details are given—we find that the committee itself have recommended a reduction in the rate on coal for short distances, and an increase in the freight rates on coal over long distances. The committee's recommendation is that the traffic by rail should be discouraged over short distances, but in practice what they do is that they recommend a reduction of rates over short distances and an increase of rates over long distances. That is what I could not understand. I do not know whether there was any inconsistency between the principle that they enunciated and the actual recommendation that they made or whether I am making a mistake in appreciating their recommendation.

The Deputy Minister of Railways (Shri S. V. Ramaswamy): The hon. Member may refer to page 10 of the statement.

Shri Harish Chandra Mathur: I wonder if he needs this clarification from me. I think it is for the Minister. If he needs it from me, I can give it.

Shri Morarka: I do not need it from the hon. Member. In a way, I am supporting him.

Shri Jagjivan Ram: It was a short speech.

Shri Morarka: It was not a speech; it was only on a matter of clarification.

Shri S. V. Ramaswamy: It was a clarifying speech.

Shri Jagjivan Ram: I am thankful to the Members for having brought this motion before the House. I would start by saying that the proposals of Government had been welcomed more or less throughout the country. When I am saying this, I am speaking on the basis of the comments of the newspapers in our country. Shri Harish Chandra Mathur has quoted from one newspaper, but all the newspapers in the country, whether they represent the commercial or the industrial interest or the interests of the consumers, have by and large hailed the decision of Government. So, it will not be correct to say, as my hon. friend Shri Tangamani has tried to make out, that there has been opposition to those proposals from the Chambers of Commerce. I am not going to quote from the reports in the newspapers, but all the newspapers worth the name in the country have by and large welcomed the decision of Government.

One or two important points have been raised, and the first one is about the export promotion. A grievance has been made as to why the question of export promotion has not been taken into consideration in fixing the rates. It is obvious that we cannot have any rates for that purpose. We shall have to give concessions, and if concessions are to be given for certain commodities from certain areas to certain ports, then station-to-station rates will have to be quoted.

My hon. friend Shri Harish Chandra Mathur is well experienced in the working of the railways, and I am sure....

Shri Harish Chandra Mathur: I said that I was not so presumptuous to say that.

Shri Jagjivan Ram: I know he had been in charge of the railways when he was Minister in Rajasthan.

Shri Nath Pai (Rajapur): Does it have a railway of its own? We thought it was a Federal subject.

Shri Jagjivan Ram: I am told he was in charge of the railways before Federal integration. Therefore, I say that he is well aware of the position.

Shri Harish Chandra Mathur: I was never Minister in Rajasthan.

Shri Jagjivan Ram: I should, therefore, presume that he knew it that for this purpose, the most convenient method will be the station-to-station rate. We cannot have a general rate for that purpose. He is perhaps aware of what complications will arise otherwise. So, it is not that we did not consider this question. Even at the time when we were considering the recommendations of the Freight Structure Enquiry Committee, we did consider that, and it was decided that in the interest of promotion of exports from our country with a view to earn more and more foreign exchange, if it was felt that certain commodities required concessional rates of freight, the railways would be only too glad to do that. This is being examined in consultation with the Ministry of Commerce and Industry, and I can assure the House that whenever any specific case comes before the Ministries of Commerce and Industry, and Railways, all possible steps will be taken by which export could be promoted.

Acharya Kripalani (Sitamarhi): Ministerial assurance!

Shri Jagjivan Ram: Then at least one hon. Member, Shri Rajendra Singh, laboured the point why the recommendation of the Freight Structure Enquiry Committee giving more revenue to the railways was not accepted by the railways. Shri Harish Chandra Mathur has tried to

[Shri Jagjivan Ram]

give some reply to that I may assure Shri Mathur that it was not only on this consideration that by accepting the recommendations of the Committee we would be reaching the marginal stage, and perhaps we would not be attracting more traffic, that we did not accept the recommendation, but we had to take into consideration the overall economy of the country as a whole. We had also to see that if there were certain commodities in respect of which in spite of the characteristics of their transportation and their ability to bear more burden in the rates, certain adverse results were likely to be produced by increasing the rates on the economy of the country the railways should be reluctant to increase the rates. That consideration was also there. So taking all these considerations the Railway Ministry thought and the Government came to the decision that it would not be desirable at the present stage to increase the rates to the extent suggested by the Enquiry Committee. That was why we modified the recommendations of the Committee.

Of course it is a question whether capital expenditure should be met from revenues. I am not going to argue the principles of that, but it has been accepted that in a developing economy when we have big projects of development to execute, it will not be out of place if the revenues were also to contribute a share of the capital pool. Members are aware—and I need not go into details—that out of the Rs 1,125 crores allotted to the railways for the Second Five Year Plan, Rs 375 crores are to be found by the railways, and in view of the rise in prices and labour costs, it was expected that in addition to the Rs 375 crores, the railways would be called upon to contribute something more.

In 1956, a surcharge of 6½ per cent was levied, in 1957, an additional surcharge of 6½ per cent was levied,

making a total of 12½ per cent. We are hoping that we will be able to contribute our share in the Rs 1,125 crores out of these supplementary charges, out of the development reserve fund, depreciation reserve fund and also from open line earnings, and thus we will be able to contribute to the extent of Rs 375 crores and something more too.

Shri Rajendra Singh: Rs 100 crores more.

Shri Jagjivan Ram. As we are to contribute something extra, it was felt that it might not be necessary to contribute as much as suggested by the Enquiry Committee, but even if we increase the overall freight rates only by 4 per cent we will be in a position to contribute the amount stipulated by the Planning Commission from the railways. Therefore we came to the conclusion that in present conditions of our economy perhaps it would be enough for our purposes if we increased the rates only to the extent of 4 per cent and not more.

The conflict between rail and road has not arisen anew in this country alone. Everywhere, in many countries the conflict has existed. In our country, there is much scope for the development of both. The only care that is to be taken is in respect of co-ordination so that there is no wastage of the capacity that exists and no duplication of the capacity that is to be created. If there is not enough co-ordination between the different modes of transport, there is every possibility of some capacity being wasted and some capacity being duplicated. Even at the present stage, that is happening in certain sectors. Where traffic has developed and where the railways have also got the capacity, road transport is coming. I am not much exercised on whether it is a serious threat to the railway revenue or not, what I am concerned with is that this

national capacity is being wasted, and if the same transport capacity could be utilised in sectors where the railway facilities are not available, perhaps we will be serving the nation in a better way.

If I may give a concrete example, take, the case of Delhi and Kanpur. The railways may have difficulty in transporting from east to west, from Kanpur to Delhi, but there is no shortage of capacity from Delhi to Kanpur or from west to east. But because traffic has developed, road transport is also very much operating on this sector. I am, as I have said, not much concerned with whether it is affecting the revenues of the railways or not, but it is a matter for serious consideration by all concerned whether this capacity of road transport could not have been better utilised and to the advantage of development of the country in sectors where the railways are not in a position to cater for the needs of the traffic offering in those areas.

I have given this illustration because this thing is happening in many sectors. Compared to the railways, road transport does offer certain advantage to the consignors. There is no doubt about that. They lift the goods from the place of the consignor and they deliver the goods at the site of the consignee. Then in the case of certain commodities where certain manipulations, watering down and things like that have to be done, road transport offers better facilities to the consignor than the railways do. Again, railways have their rates fixed and are known to everybody whereas for road transport, at least in respect of goods traffic there is no schedule of rates; there are some opportunities for manipulating the freight paid for transportation of certain goods. What use of that could be made is known to those who deal in those things. These are certain advantages which the road transport offers in the transportation of goods to the consignors and to the consignees.

But, what I was saying is this, that in our country in many areas adequate transport facilities have not developed—I mean any kind of transport facilities, whether by road or by rail. It is a waste of national capacity if we duplicate the same facilities in areas where one facility or the other is available.

I see no conflict between rail and road transport so long as the country is not fully developed from the transport point of view. There is enough scope for all means of transport whether it is rail, road or river transport. There are large areas where in the foreseeable future, perhaps, there is no chance of the railways being constructed in those areas. Why not allow road transport to develop in those areas? So, I do not see any conflict. There is enough scope for the development of road transport. Then comes the question....

Shri Harish Chandra Mathur: At present the relevant point is this. The committee has made a particular reference to this policy. May I know what consideration has been given by the hon. Railway Minister to this particular matter? They made a particular reference and a particular recommendation that our freight structure should be such that for short distances roads are encouraged. We are at present only concerned to know what considerations have been given by the Railway Board to this particular matter.

Shri Jagjivan Ram: The Railway Board has given all the considerations that this recommendation deserves. And the House is aware and hon. Members are aware that there are many areas in the country where even for shorthauls road transport facilities are not available. What have we to do for the industries in those areas if coal has to be transported or certain other raw materials have to be transported and the shorthauls according to our friends, will be 300 miles.

[Shri Jagjivan Ram]

So far as the shorter distances of 20 miles, 25 miles or 30 or even 50 miles are concerned, we do agree that we should discourage transport by railways and encourage transport by road. But, if we include distances of 300 miles within the definition of shorthauls and if railway rates are increased so that they become prohibitive and the traffic is diverted from the rail to the road transport, I am afraid, in many areas the industry will be very adversely affected. That was the consideration why we thought that though we may discourage transportation of goods by rail to shorthauls of 25 or even 50 miles, we should not fix the rate at such a level as will be too high for the traffic to bear either by rail or by road, especially in areas where there was no road transport available. We did bestow all the consideration that this recommendation deserved and I have given the reasons which led us to come to the decision which we have presented before the House.

But again I will repeat this. I personally do not think any conflict between development of road transport and rail transport so long as there are many areas in our country where there are no means of transport existing.

Then, the question of backward areas or under-developed areas has also been raised. The House is aware that before the integration of the railways, in many parts known at that time as Indian States and especially in areas which are commercially and industrially under-developed, the rates either of passenger fare or goods freight were higher than in the developed areas. And, when integration was made, the one advantage that was given to these under-developed areas was to introduce uniform rates of passenger fares and freight rates. That was one indirect advantage given to the under-developed areas.

Shri Harish Chandra Mathur: We are not very much aware of it.

Shri Jagjivan Ram: I would request my hon. friend once more to consult the rates for passenger and goods traffic in the former State Railways. And, he will find that what I am saying is correct.

Some areas which are regarded as under-developed may be very near the source of raw material that is required for the development of industries in that area. One raw material may be very near that area and the other raw materials may be very far. Is it possible to encourage the industries or not by any device or manipulation of the freight rates? We will have to have other methods for encouraging industries in certain areas which are under-developed industrially.

For example, in North Bihar in spite of the difficulty that existed before, the sugar industry developed very fast and today people are, perhaps, thinking of dispersal of some factories from North Bihar. In North Bihar or Assam, it is not the difficulty of transport alone that is standing in the way of the development of industries in those areas; but there are other considerations also. Other steps will have to be taken for developing those areas industrially and commercially.

So far as North Bihar and Assam are concerned, after the construction of the Ganga bridge and the Brahmaputra bridge, the transport position will very much improve. But, what is required to be done at some other places should not be sought to be done by the manipulation of freight rates. With all my sympathies with these under-developed areas, I am afraid, it will not be possible by any ingenuity to devise any structure of freight rates... (Interruption).

Shri Harish Chandra Mathur: I think the Board is capable of that.

Shri Jagjivan Ram:... by which we can help these areas. As pointed out, some areas are very near—at the very door they have the raw material that is required for a particular industry. (*Interruption*). I say some incentive by the State concerned, by the Ministries directly concerned with the development or encouragement of certain industries in certain areas will be necessary. And, if at a certain time it is felt that the Railways should also contribute their share in the development of the industries, we have the station to station rates by which we can indirectly help to some extent. I can assure the House that if it comes to it, at any stage that for the development of certain industries in certain under-developed areas. Railways should contribute indirectly, we will not be lagging behind.

Shri Bharucha asked where is the case for revising the rates. He said, perhaps, under the guise of rationalisations the Railways are trying to raise some additional revenue. We have not made a secret that we are trying to make some additional revenue also. We have been very frank. We have never tried to disguise it.

Shri Naushir Bharucha: How does that frankness help the taxpayer? We have never said that we are not going to raise additional revenue. As I have explained we do require some additional revenue not for revenue expenses only but to contribute our share that has been allotted to us for the fulfilment of the Second Plan. We have taken care to see that the burden on the industry or commerce or the consumer is not unreasonable and it is only to the extent that could be expected from the community that the additional rate is suggested. In coal also, if they compare the recommendations of the committee with the suggestions of the Railway Board, they will find that we have taken care to see that it is not unreasonably

increased. There has been a slight increase only as coal is one of the basic commodities for the development of industry. Though on the overall transport of coal the railways may not be losing. For certain distances even the cost of haulage of the railway wagons are not met by the freight. But we do not mind that; we know that the railways are not running purely as a commercial organisation. We have also to make a contribution in our own way to the development of the country and though we lose on the transportation of coal for certain distances due to certain factors, we have been doing that.

Shri Harish Chandra Mathur: There is an overall increase on all the legs; so far as coal is concerned I quite concede that it is not as high as the committee recommends.

Shri Jagjivan Ram: This is what I am explaining. Even after this slight increase, for certain legs, if we take the distance of those legs, the freights that we will be getting will not be enough to meet the haulage charges.

We are always alive to the need of effecting economy on the railways wherever possible. The House is aware that I set up a committee to go into the question of the fuel and coal consumption on the railways. The committee went into the question in great detail and a report was submitted last month which is being examined by the Railway Board. On an examination of the recommendations of that committee, I am sure we will be able to effect certain economies in the consumption of coal on the railways. I am examining other aspects also where we can reduce the operating expenses. We are always alive to that aspect of the thing and I may assure Mr. Bharucha that wherever possible we will try our best to effect economy.

I do not know what my friend, Shri Tangamani, meant when he

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quoted so much from the report of the committee. We are trying to increase the capacity of the marshalling yards and also to expedite the movement of wagons. We are also trying to see that wagons are made available to the parties as quickly as they are intended.

Shri Tangamani: They should get top priority. No decrease in numbers.

Shri Jagjivan Ram: My friend might be aware that the position has improved though I will not claim that we are today in a position to supply a wagon to a party as soon as it is demanded. But as compared to last year or a few months back, our position has very much improved.

There are certain bottlenecks even at present and we are trying to solve them. But they cannot be totally eliminated at certain places unless the marshalling yards are re-modelled or line capacity is increased. Even where there were serious bottlenecks, I can say that we have improved the position to a great extent. The loading and unloading even in those place has improved. I can say that it has become quite satisfactory but it also requires to be further improved.

For all these things also we require money. If we were to take only our revenue and expenditure accounts there may not be a case for increase in the rates of the freight. But as I have said, when we are expected to contribute to the capital expenditure out of the revenues, there is an unassailable case for increase in the freight rates to the extent the Railway Board has decided to increase them.

I do not know how Shri Bharucha felt that I said that when the railways assumed the responsibility of a carrier, there would be additional increase. I will again repeat from the statement I made in the House while placing the decision on the Table of the House. I said:

"The Committee have stated that this change-over should take effect within one year of the in-

roduction of the revised rates structure.

This matter is receiving attention, and should the responsibility of the Railways as carriers be enhanced as has been recommended, there will undoubtedly be substantial additional expense to the Railways by way of increased payments for compensation. In the absence of factual data, it is difficult to assess what the quantum of these extra payments will be, but Railway Officers of experience in compensation claims work guess that it might well be of the order of Rs. 2 to 3 crores. After the examination of this matter has been completed, necessary legislation to implement this recommendation will be put through."

I do not know where there is any indication in this that some additional charges are going to be levied now.

Shri Naushir Bharucha: May I request the hon. Minister to give an assurance to the House that because of a change in the character of the liability the railways undertake, there will not be any increase in freights? I will be satisfied with that.

Shri Jagjivan Ram: What I was saying was....

Shri Naushir Bharucha: Let us come to the point.

Shri Jagjivan Ram: I was saying that the hon Member was trying to put something in my mouth which I had not said.

Shri Naushir Bharucha: I was reading what is in his mind; not what is in his mouth.

Shri Jagjivan Ram: I do not know when he became a thought-reader.

Mr. Chairman: The hon. Minister may conclude as early as possible.

Shri Jagjivan Ram: I have practically covered all the points.

Shri D. C. Sharma (Gurdaspur): He has not read the mind of Shri Bharucha so far.

Shri Jagjivan Ram: I also know what is in his mind.

Sir, I am glad about this short discussion in the House. I do not want to repeat that we have taken good care to see that commodities which come into the daily use of the people are not affected by the revision of the rate structure. And the hon. Members might have seen it that these essential commodities have been exempted from the increase, and in certain cases we are going to incur further losses on account of concessions given to those essential commodities.

On the whole the country has received the decision of the Government well, as can be judged from the Members of the House and the Press outside. And I hope the Railways will receive all the co-operation in augmenting their revenues so that the leakages, wherever they occur, are filled by the co-operation of the people and the country.

Shri Rajendra Singh: Mr. Chairman, the hon. Minister has replied to all other aspects of the questions and enquiries, but my simple enquiry has not been answered. By doing away with a large part of the recommendations of the Enquiry Committee, is it not relevant to enquire whether some rises in salaries and dearness allowance of the railway workers, which are due to them, shall be met? On that aspect the Railway Minister has been completely silent.

Another point was this; he has of course referred to it but he has not cared to elucidate it. And that is whether the revenues contribute something towards capital expenditure or not. He has admitted that the depreciation reserve is of the order of Rs. 375 crores and at the same time more would be taken because of the rise in prices. Because, it has been very specifically mentioned that to

reach the target the Railways will have to spend Rs. 100 crores more, just because there has been rise in prices. This Rs. 375 crores plus the Rs. 100 crores more, that is, Rs. 475 crores has to be met. And the demands from the railway workers for increase in their wages, dearness allowance and certain other things have not yet been squarely met by the Railways. Those things are there. What is the position if those demands are to be met—and they should be met—because, last time when the Labour Minister was speaking, he said that in a developing economy there cannot be any wage freeze for all time to come; then there would be inflation and rise in prices. But at the same time the workers must get their dues when they are due.

As I referred in my speech, the Pay Commission is there, and the Enquiry Report about the conditions of the service, channel of promotions and so on—all these things are with the hon. Minister. So, naturally, if justice is to be done to the cause of labour, money would be needed. Wherefrom would the money come? That was my point, and it was not replied to.

Again, the whole country is aware that on the Railways we are having a large number of accidents, so much of accidents that every year the old records are being beaten. And the late running of trains is there. There are other causes for these things, but the principal cause is the shortage of staff. I know something about the Railways; I might not be knowing so much as the hon. Minister knows or my hon. friend Shri Mathur knows; but I know that where eight numbers of staff would be needed for the efficient discharge of duties, only four are provided, with the result that the staff is overworked. But human energy, human strength has certain limitations. It cannot be over-stretched indefinitely. So, if the Railways have to run efficiently, if we are to avert accidents, and if we are to see that our trains run in time and do not get so late, we

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have to have more staff. At least in my part of the country the late running of railway trains has become a cause for serious anxiety. Going from Patna, the capital of my State, just to North Bihar is more difficult than coming from Patna to Delhi. These things are principally due to the shortage of staff. If you increase the hands, naturally you will have to pay. Wherefrom will you pay? That is my question.

He will say three things are there. Firstly, loan, which will have to be borrowed from other countries. Secondly, internal savings and, again, printing of cheap money or currency—what you call deficit financing. As regards loans, they do not depend upon your wishes. It depends upon the international situation. So far as savings are concerned, it is common knowledge as to what the results have been. Even in respect of the small savings for which we have made so much efforts and the Prime Minister has made so wonderful appeals, and for which a Deputy Minister has recently been appointed, what is the performance? Our performance is not even 50 per cent. And so far as deficit financing is concerned, it has reached a very dangerous point now. The Finance Minister assured the House that he would not resort to it unless there is some imperative necessity. But if this thing is allowed just to pamper to the wishes of particular feelings, what would happen? He would be forced into such actions. The string of taxations on the country and the contribution it would make to the rise in prices would be far greater in dimensions and magnitude than the increase or upward revision of the freights.

So it was from these viewpoints that I had made my point. Though I have simply replied, I would request the hon. Minister to tell me in advance if, as suggested by the Pay Commission, or as suggested by the Fourth Grade Employees Enquiry Report, or as

demanded—and reasonably demanded—by the trade union organisations, he will meet those reasonable demands of the workers or not.

There is one thing more which I have to mention, for which I crave your indulgence. There has been rise in the freight so far as railway freight is concerned. Even with that codification it is only 100 per cent more. But look at the prices. The prices have gone up very high; the general index of prices is over 400 compared to what it was in 1939. Compared to the freight that was prevailing in 1939, now the freight rate, with that codification, would be only 100 per cent more. But so far as the prices of commodities are concerned, it has gone up by over 400 per cent. So can you say that because of this 100 per cent rise in railway freight, prices have gone up by more than 400 per cent.

At the same time, as regards operation costs, my hon. friend Shri Naushir Bharucha who is more competent to speak on this subject said that economy could be effected. True economy could be effected. And for that, he has some report of a Committee. But I say, and I say it with all sense of responsibility and restraint, that so long as he would depend upon these wooden-headed Railway Board, General Managers and all these officers, who are so callous and indifferent to their duties, to the interests of the country, and to the interests of the workers also, I can tell this House that no economy could be expected.

17 hrs.

I will give one example to illustrate my point about extravagance. You say that economy should be effected in everything. What about these air-conditioned rooms for officers. The English people came from a cold country. They were not accustomed to the climate of such a tropical country. They never used air-conditioned rooms

or houses. I know in Gorakhpur not a single General Manager or Resident required an air-conditioned house. But now, what to speak of General Managers, even a Regional Superintendent in my part of the country. and, possibly, that is true of the whole of this country, requires an air-conditioned house. And for air-conditioning, Sir, we pay through our nose. We are in such a grave crisis of foreign exchange....

Mr. Chairman: The hon. Member should conclude now. He is bringing in the whole world.

Shri Jagdwan Ram: He is speaking about air conditioning.

Shri Rajendra Singh: Therefore, Sir, it is quite clear that so far as wastage and extravagance are concerned our Minister should take particular care.

Mr. Chairman: The discussion on this motion has concluded.

17.02 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the 4th September, 1958.
