

MR SPEAKER : We adjourn for lunch and we will meet at 3 P. M.

13.57 hrs.

*The Lok Sabha adjourned for Lunch till Fifteen of the Clock.*

*The Lok Sabha re-assembled after Lunch at three minutes past Fifteen of the Clock.*

[MR. DEPUTY-SPEAKER in the Chair]

### RAILWAY BUDGET 1970-71 GENERAL DISCUSSION

MR. DEPUTY SPEAKER : Now, the House will take up general discussion of the railway budget. But before we do so, the hon. Minister wants to make some announcement.

THE MINISTER OF RAILWAYS (SHRI NANDA) : I owe it to the House at the outset to present the facts about the financial situation of the railways in precise and clear terms to facilitate a realistic discussion of the problems of the railway system, and what may be expected of it in the coming years, especially the remaining period of the Fourth Five Year Plan.

I shall first set out briefly the position of the current year namely 1969-70 as it has emerged on the basis of the revised estimates of the traffic receipts, the working expenses, the dividend to the general revenues and other transactions. The revised figure for the net railway revenue for the current year is Rs. 145.88 crores. The corresponding amount of dividend to general revenues is Rs. 158.43 crores. There would thus be a shortfall of Rs. 12.55 crores in respect of the year 1969-70. The revised estimate of expenditure incurred on the non-remunerative activities, services and works charged to the Development Fund comes up to Rs. 20 crores, and no appropriation could be made out of the revenues of the year for transfer to the Development Fund. In addition, the railways have to pay Rs. 1.64 crores as interest on the loans taken from general revenues. This means in all a deficit to the extent of Rs. 34.19 crores in the year 1969-70 alone for meeting the dividend

liability. Development Fund Works and interest on borrowings. As the available balances in the revenue reserve fund and the development fund were only Rs. 2.84 crores and Rs. 1.26 crores respectively, the railways had to borrow from the general revenues Rs. 30.09 crores for meeting this deficit of Rs. 34.19 crores. Calculated on the same basis, the total deficit for the preceding five financial years commencing from 1964-65 and the current year works out to Rs. 165.87 crores. The railways had since 1st April, 1964 not only depleted the entire balance of Rs. 110.48 crores accumulated by them in earlier years in the revenue reserve fund and the development fund but also become indebted to the general revenues to the extent of Rs. 55.39 crores. On the same lines, the budget estimates for the year 1970-71 disclose a total deficit of Rs. 40.97 crores, if no additional resources are to be derived from increases in freights and fares.

The increases visualised in the budget proposals are expected to yield Rs. 39 crores. Even if we had all that accretion to the revenue, there would still be a deficit of nearly Rs. 1.97 crores.

Coming now to the Fourth Plan for the railways, the railways are expected to contribute Rs. 525 crores towards depreciation reserve fund, the entire amount to be spent during the Plan in replacing worn-out equipment, track and other assets. Excluding this Rs. 525 crores, the Plan outlay envisaged is Rs. 1000 crores, towards which the general revenues are required to contribute Rs. 585 crores and the railways Rs. 415 crores generated from their own earnings.

The Plan expenditure, excluding depreciation and investment in 1969-70, the first year of the Fourth Plan, was Rs. 160 crores. Against this, the actual expenditure expected to be incurred is Rs. 153.75 crores to which the railways will be contributing only Rs. 10.03 crores. Similarly, the Plan expenditure envisaged next year excluding depreciation is Rs. 180 crores towards which the railways would have contributed only Rs. 44.96 crores, even if all the proposals for increases in fares and freights had been accepted; with the reduction which I now propose, the railways' contribution towards

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Plan outlay next year will be only Rs. 31.96 crores. This would show that for completing the Plan, which as I have already explained in my budget speech, is less than the bare minimum and does not allow for such items like increases in the price of steel that have already occurred, possible increases in salaries and wages etc., the railways would have to raise at least Rs. 200 crores in the last three years of the Plan.

I was naturally perturbed and concerned when I came to know the real financial position of the railways as revealed by the above figures. The House will no doubt share my concern that the nation's largest public sector undertaking with an investment of nearly Rs. 4,000 crores should regain its financial health and that the Indian railways should be in a position to perform their most vital economic and social role of transporting men and material at low cost and optimum efficiency.

At the same time, I am aware of the criticism and opposition that some of the proposals have evoked. During the past few days, I have had the benefit of the views and reactions of the leaders of various parties, of all parties including our party of course, and several individual MPs. In view of the strong feelings expressed, I have decided to modify some of the original proposals.

I am withdrawing the proposals for all increases in third class fares. There will be no increases in third class fares. There will be no increases in third class tickets whether by ord. passenger or mail or express trains. The third class sleeper charges will continue at existing rates. There would also be no increase in third class suburban and non-suburban monthly and quarterly season tickets, nor in the market vendors' monthly tickets. All of which will continue at the existing rates.

I am also withdrawing the proposal for increasing the price of platform tickets to 25P and these will continue to be available at the existing rate of 20P.

The proposals for upper classes including third class air-conditioned chair car will stand as proposed except that the

minimum fare for first class ord. and second class ord. will respectively be Re. 1 and 50P in place of Rs. 2 and Rs. 1.50 as provided in the original proposals.

In the case of goods traffic, I am withdrawing my proposals for the adjustment of freight rates in respect of foodgrains including pulses which will continue to move at the existing rates. I am also withdrawing the proposed increase in parcel charges for milk.

The combined effect of these withdrawals will be a net diminution to the extent of Rs. 13 crores in the additional revenue anticipated for the year.

SHRI NAMBIAR (Tiruchirappalli) : Only one-third.

SHRI NANDA : This will increase the real deficit for the year 1970-71 to nearly Rs. 15 crores.

While I have agreed to these changes in difference to the wishes of various sections of the House, I would like to reiterate the plea that in the face of this grim picture of the present state of railway finances, we can ill afford this loss of revenue. With the revised proposals the contribution of the railways to the first two years of the Plan would have been only Rs. 41.99 crores against the amount of Rs. 120.37 crores as originally visualised in the Plan. This means that if the Plan has to be put through as originally envisaged, we have to raise about Rs. 200 crores in the remaining years of the Plan.

The Railway Minister is thus confronted with a baffling situation. I can say for myself that during my brief contact with the affairs of the railways, I have gathered the impression that there is an enormous leeway to be made up with regard to the legitimate and pressing needs of the people in all parts of the country. Passengers' amenities have to be enlarged and provision of more quarters for staff has to be made. We must secure additional coaches to reduce overcrowding. In all areas, there is an urgent need for construction of new lines and also gauge conversion of existing lines. Uneconomic lines have a claim on the revenues of the railways and in several other directions, there is need for improvement.

But the Railways, under the constraint of paucity of resources, are faced with the prospect of having to curtail the expenditure even on their normal activity. Very little will be available, out of the funds of the Railways, to meet the rapidly expanding requirements of development in various directions.

In this context, I wish to assure the House that the Railways will on their part make the utmost effort to effect economies in expenditure and do their best to raise the level of efficiency and stop leakages of revenue. But we have also to do everything possible to augment our resources in other ways. For this, I count on the support, advice and cooperation of all the Members of the House.

**SHRI SAMAR GUHA (Contai):** Thank you for responding to the common wishes of the House.

**SHRI C. M. POONACHA (Mangalore):** I have carefully gone through the speech of the hon. Railway Minister and also the various documents furnished along with the budget papers. Also, I had the opportunity of listening to him just now regarding the various modifications he has sought to make in the proposals he had submitted to this House. I would have appreciated his stand if he had come to the House after having heard the House and its reactions. Probably he has resorted to an easier expedient of trying to take away the wind out of the sails of the opposition. I congratulate him on it though I think that this is a less chivalrous way of doing things. Whatever it is, I concede the credit to him, I thank him and congratulate him. But be it remembered that the Railway Minister should not come before this House without properly acquainting himself with the functioning of the Railway Board and when he comes before the House it would mean that he is serious enough in placing certain proposals for the consideration of the House. In all fairness we must say that he did not have the time to do so. Perhaps he was asked to read a set of papers which he has done. But now, he has had second thoughts, and I am sure his third thoughts over the same proposals would bring further light on the subject.

Before coming to the points regarding operating efficiency, finance and other matters connected with the Railway Ministry I would like to draw the attention of the House to a very important matter. The Railway Minister himself being very much interested in and associated with planning, referred to the Fourth Plan for the Railway Ministry and at page 7 of his Budget speech he has referred to what the plan programmes would be and the allocation thereon. Just now he took the occasion to repeat the same thing. I was not able to follow him precisely because on the spur of the moment he has come with certain proposals which I would like to examine and refer to later. But this Fourth Plan programme which has been explained to us by the Railway Minister, I am afraid, is a gross neglect of the procedure that this House has adopted. On the 28th November, 1968 when I was in charge of the Railway Ministry, I had come before this august House to seek the approval of the House for the constitution of the Railway Convention Committee. That resolution was passed on 28th November, 1968. And what did it say? "This House do resolve that a Parliamentary Committee..." Not any other committee.

"... consisting of 12 Members of this House to be nominated by the Speaker be appointed to review the rate of dividend which is at present payable by the railway undertaking to the general revenues as well as other ancillary matters in connection with the railway finances vis-a-vis the general finances and make recommendations there on..."

It also says :

"This House do recommend to the Rajya Sabha to elect Six Members..."

So, it is a Parliamentary Committee of this House and the other House comprising of 18 Members presided over by the Deputy Speaker. This Committee has to allocate the revenue between the Central revenues and the Railway Ministry. When I sponsored this resolution before this august House I had occasion to mention a sort of a comparison and say that it was something like a Finance Commission which examined the finances of the States and the

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Centre and made recommendations for proper allocation and basing on those allocations the Fourth Plan programmes were drawn up. I would briefly refer to the previous convention committee reports of 1960, 1965 and the earlier ones. The first Committee was in 1954. The recommendations of these committees come before Parliament and after those recommendations were considered by Parliament necessary formulations as regards the Plan programmes were done.

Now what happened here. This Committee never met, I am afraid; nor has anybody taken care to see that this Committee's Meeting was convened. Without the authority of the Committee and without due consideration of a report of that Committee by this House the Minister has come forward to say that the plan programme is Rs. 1525 crores. It is none of his business .... *(Interruptions)* to say that railway's share will be Rs. 940 crores and the contribution from the centre's reserves will be Rs 525 crores and that it will be Rs 10½ crores per year from the depreciation reserve fund and Rs. 265 crores to be raised from out of the railway surpluses at the existing rates of fares and Rs. 150 crores to be raised by fresh levies and imposts. How far these things are going to be justified by a Convention Committee is a matter which has never been considered...

AN HON. MEMBER : An ex-Railway Minister exposing the Government.

SHRI C. M. POONACHA : If it is reasonable, you accept it and do not say anything. I am not trying to expose anybody; I am trying to place facts before the House and if you do not agree with this that is a different matter *(Interruptions.)* You know precious little about the Railways do not worry; I am able to take care of myself. That Committee was constituted on 28 November, 1958. There was a note prepared by the Board for that Committee dated 28 December, 1968.

AN HON. MEMBER : Who was the Railway Minister then ?

SHRI C. M. POONACHA : Myself.

It is my good self, if I may say so. Come along; please listen.

SHRI NAMBIAR : He was the Railway Minister. I am a sitting Member of that Committee. I join hands with you,

SHRI C. M. POONACHA : Say it to the other hon. Member there. *(Interruption)* For that Committee, a note was prepared. The note said, This is a tentative list of points proposed for the consideration of the Railway Convention Committee, 1968. We are in 1970 The revenue and the working of the financial results to the Indian railways during the three years 1966-67 to 1968-69 show that our finances have come under a great strain during this period and it was felt that a Parliamentary Committee will have to go into it and examine the reasonableness of the dividend payable, the various allocations to the various funds and also the contribution to the Development Fund and the structure on which the railway's future lines. Therefore, this is a very important Committee and it has never met and without the Committee meeting, the Minister ..

SHRI ATAL BIHARI VAJPAYEE *(Balrampur)* : We have met but we have not decided anything.

SHRI C. M. POONACHA : I am sorry; I did not know that.

SHRI NAMBIAR : The Railway Board prepared the speech without this portion. That is the difficulty.

SHRI C. M. POONACHA : If that body has met, I am happy that it has met; but it has not come to any conclusions. Such conclusions and recommendations of that Committee should have come before us, and after taking them into consideration we could have taken up for study the fourth Five Year Plan programme. That having not been done, I would submit that the Railway Minister shall not refer to the fourth Plan nor to the commitment of the railway finances to the various allocations he has stipulated. We are under no obligation to get committed to that. But we will certainly stand by him. Let him examine the whole thing and then take the Committee into confidence and then

formulate the various suggestions and recommendations and then incorporate them or dovetail them into the fourth Plan Programmes and come to us and say, "Here is our railway fourth Plan. We are prepared to examine it" Unless and until that is done, it is difficult for this House to bestow any attention or give any consideration to that part of the programme.

Why? Because as he himself has stated, the railways will have to provide Rs. 940 crores from its finances. Under the present circumstances, it is a point for examination whether the railways can contribute during the period Rs. 940 crores. If it is not possible, then what are the other suggestions? We will have to consider those things also. I have been urging this point which this Ministry time and again, that the enhanced rate of dividend of six per cent is not fair: that the rate of dividend will have to be reduced. Look at this one point. Assuring that every thing go on as usual, mere fact of the dividend payable to the Central revenues keeps on increasing by Rs. 9 crores to Rs. 10 crores every year. The annual increment to officers and staff increases by another Rs. 5 crores. The Railway Minister would be sitting in that Bench. The increase of Rs. 15 crores every year on the expenditure side of the railways is a must and a fact. How far can we keep on tied to this position?

When I took over, the dividend payable was 142. The next year it was 152; in the other year it was 163.

**SHRI NAMBIAR :** The truth is coming out. I have been criticising you against the increase. You will have to join hands with the Railway Board and see to it.

**SHRI C. M. POONACHA :** Mr. Nambiar, you are suffering from shortness of memory. I am sorry. The Railway Convention Committee met in 1965. In 1965, the Committee had stipulated a certain rate of interest that is payable to the central revenues. For 3 years we were governed by the recommendations of that Committee. No body can change the Railway Convention Committee's recommendations as approved by this House. Neither the Finance Ministry

nor the Railway Ministry can change it. Only this House can change it. After seeing the railway finances getting into greater strain, I came before the House for the constitution of a Railway Convention Committee.

**MR. DEPUTY SPEAKER :** You can resume your speech tomorrow ;

15 31 hrs.

#### MOTION RE: PROROGATION OF THE HARYANA LEGISLATIVE ASSEMBLY

**MR. DEPUTY-SPEAKER :** The House now will now take up the debate on the Prorogation of the Haryana Assembly. The dividing line between the prorogation of the Assembly and the adjournment of the Assembly is very thing and I would request members not to tread on the toes of the Haryana Assembly. Now, Mr. Nath Pai.

**SHRI TENNETI VISWANATHAM** (Visakhapatnam): On a point of order, Sir,

**MR. DEPUTY-SPEAKER :** There is no matter before the House. I have only called Mr. Nath Pai.

**SHRI TENNETI VISWANATHAM :** You have already introduced the subject and referred to the dividing line, etc. Therefore, I thought this was the time to raise my point of order. But if you ask me to raise it afterwards, I shall do so.

**MR. DEPUTY-SPEAKER :** That was my general appeal and it is for the members to accept it or reject it. We do not want to discuss the proceedings of another Assembly just as we do not want any other Assembly to discuss our proceedings. That is why I made that appeal.

**SHRI DHIRESWAR KALITA (Gauhati):** After admitting the motion, our Speaker has said that we should not discuss the conduct of the Speaker of the Haryana Assembly. Now you have appealed that we should not discuss the proceedings of the Assembly. If we cannot do all that what else have we to say here ?