

"That this House agrees with the Fifty-first Report of the Business Advisory Committee presented to the House on the 21st April, 1960 subject to the modification that the time allotted to the Representation of the People (Amendment) Bill, 1960 be increased from 1 hour to 3 hours."

The motion was adopted.

12.17 hrs.

RESOLUTION RE: APPOINTMENT OF A COMMITTEE TO REVIEW RATE OF DIVIDEND PAYABLE BY RAILWAY UNDERTAKING TO GENERAL REVENUES.

The Minister of Railways (Shri Jagjivan Ram): Sir, I beg to move:—

"That this House resolves that:

- (i) A Parliamentary Committee consisting of 12 Members of this House to be nominated by the Speaker be appointed to review the rate of dividend which is at present payable by the Railway undertaking to the General Revenues as well as other ancillary matters in connection with the Railway Finance *vis-a-vis* the General Finance and make recommendations thereon by the 30th November, 1960; and
- (ii) that this House recommends to the Rajya Sabha to agree to associate six Members from that Sabha with the Committee and to communicate the names of the Members so appointed to this House."

Mr. Speaker: Motion moved:

"That this House resolves that:

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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 Finance *vis-a-vis* the General Finance and make recommendations thereon by the 30th November, 1960; and

- (ii) that this House recommends to the Rajya Sabha to agree to associate six Members from that Sabha with the Committee and to communicate the names of the Members so appointed to this House."

Shri Naushir Bharucha.

Shri Naushir Bharucha (East Khanded): Sir, I have given notice of an amendment; and I will explain the purpose of the amendment. My amendment is that in the Resolution, for the words—

"the Railway undertaking to the General Revenues as well as other ancillary matters in connection with the Railway Finance."

substitute:

"the Railway and other public utility undertakings where the capital is supplied by Government as well as other ancillary matters in connection with the finance of such public utility undertakings."

Mr. Speaker: Order, order. I have ruled the amendment out of order. I have already communicated the matter to the hon. Member. We have this Railway Convention Committee once in 5 years and this Convention fixes the rate of dividend to be paid and its recommendations are acted upon. But the hon. Member wants to include other public undertakings with Railways. That is an independent matter altogether.

[Mr. Speaker]

Shri Naushir Bharucha: I accept your ruling, Sir, But I would like to speak on the proposition.

Mr. Speaker: That he can do.

Shri Naushir Bharucha: So far as the Convention Committee of 1954 was concerned, it has been my impression that the work done by it, with all due respect to the Committee, was not quite satisfactory. In fact, I may say that several of the important questions were completely side-tracked by the Convention Committee and it is my purpose to direct the attention of the House to certain problems which will confront the new Convention Committee and which require very careful consideration.

Sir, the Convention Committee has to decide what will be the contribution payable by Railways to the General Revenues, what will be the percentage of such contribution, its relation to the capital-at-charge, what will be the capital structure of Railways; the question relating to the allocation to Depreciation Fund and the principles on which such allocations are to be made; the questions of character of the Development Fund and the Revenue Reserve Fund, and the purposes for which these Funds can be used, the rate of return on new loans, the question of losses on strategic lines, the question of amortisation, and the basis for classifying our projects as remunerative or unremunerative. These are some of the main problems which will come up before the committee and I regret to observe that the 1954 committee side-tracked some of the most important issues which I have mentioned and I shall point out how these issues have been sidetracked and I hope that the Committee which you, Sir, are going to appoint now will look into them more carefully. Above all, the basic issue to the consideration of all these questions, namely, whether the railway shall be regarded as a commercial concern or as a public utility concern with definite technical implications

attached to it. These aspects also have been left untouched. The time has now come when the railway finances must be placed on a sound footing. In the first place, there is some confusion of thought as can be seen from the Railway Convention Committee Report of 1954 in the matter of what is meant by a commercial concern and what is meant by a public utility undertaking. As far as the expression 'public utility undertakings' is concerned, it has got certain definite technical meaning and I shall explain this as I proceed.

In the first place, the Railway Convention Committee of 1954 linked up the percentage of contribution payable to the general revenues to the capital-at-charge. It has laid down that it is desirable that the contribution should be expressed as a rate of the dividend in terms of the percentage on the capital-at-charge and the amount paid annually through a fixed rate of dividend inclusive of an element of interest. I submit that this basic recommendation is basically faulty. If we link the contribution payable to the revenues to the capital-at-charge, the general revenues will be deprived of a legitimate share in the surplus of the railways and in the profits which the railways make. Also the linking of the contribution to the capital-a-charge is indefensible, particularly in view of the fact that we have not laid down on what principles the structure of the capital-at-charge has to be determined.

So, the next Convention Committee should focus its attention on the principles for the determination of the capital structure of the railways. Nobody exactly knows, for instance, what is meant when the 1954 Committee talked of over-capitalisation in the railways? It is necessary that the principles for the determination of over-capitalisation should be laid down.

Coming to the question of depreciation which is closely linked to the

question of capital-at-charge, we find that the 1954 committee completely ignored the question of the principles on which depreciation has to be based. It will be observed that the committee recommended only a depreciation of about Rs. 35 crores. This determination of the amount of depreciation was completely arbitrary and completely in violation of the well-accepted regulations for the determination of the amount of depreciation. It is true that the hon. Railway Minister himself felt that the committee had erred on the side of too little depreciation and therefore decided to increase the depreciation from Rs. 35 crores to Rs. 45 crores. My submission is that even this amount of Rs. 45 crores is totally inadequate, apart from the fact whether it is fixed on any definite principles or not. Because, if we recollect that in the course of the Second Plan, the total expenditure on railways was to the tune of Rs. 1,125 crores and we should bear in mind the fact that a good part of it would be capital-at-charge. Bearing in mind the fact that the existing capital-at-charge is large enough, it will be found that Rs. 45 crores is too small a provision for depreciation. This depreciation of Rs. 45 crores is really intended to conceal the true condition of the railway finances which verges on bankruptcy because by reducing the depreciation to 20 crores they can even show a surplus of Rs. 25 crores more. My own impression is that even if we fix the depreciation on the basis of the straightline method and if we limit this method only for replacements of worn out assets on the basis of original cost, even then this Rs. 45 crores would fall short. So, the Convention Committee should look into the depreciation policy and determine what should be the principle on which depreciation should be determined. I recommend that the straightline method which is widely used should be accepted. Added to that, there should be some additional

allowance made for the purpose of rehabilitation. This straightline method has got the advantage of simplicity and it will frequently avoid the revision of service life of assets. I regret to observe that the last convention committee did not apply its mind to the scientific principles and the new committee that is proposed to be appointed by you, Sir, should bear these facts in mind.

I was shocked when I read the convention committee report on the subject of amortization. The committee has observed that the amortisation would eventually be of benefit to the railways and the users of transport alike. They agreed with the Railway Board that the time was not ripe for amortisation and suggested that it should be taken up at the time of the next meeting of the convention. I am afraid that the committee completely missed the meaning and the implication of "amortization". As applied in depreciation accounting, amortization is the method of charging capital cost of an asset to operating expenses only after the service life of the asset has been terminated. For the life of me, I cannot understand how this principle can at all be accepted in the matter of railway finances. Resort to amortization is usually forced by the inadequacy of depreciation reserve to carry costs of retiring assets. But why should there be any shortage of depreciation reserve at all that you have to fall back upon amortization? Amortization can only be justified in cases where as a result of obsolescence due to scientific inventions or otherwise unforeseen or premature retirement of assets has to be undertaken. Only in such cases can amortization be permitted. I think this committee would deal with this matter very thoroughly.

Coming to the development fund and the railway reserve fund, still we are groping in the dark. I do not understand yet what is the purpose of the development fund. Whether the

[Shri Naushir Bharucha]

development fund is for the purpose of capital expenditure or it is for the purpose of major replacements, one does not know.

Now, I will take up the question relating to the opening of new lines where the capital-at-charge pays dividend at lesser rate. I submit that the concession given by the convention committee, namely, that for a block of five years the new line should not pay any contribution, has no justification at all and that convention must go and the general revenues should no longer be deprived of this amount.

Mr. Speaker: The hon. Member expects that within five years it will make enormous profits.

Shri Naushir Bharucha: I am not saying that, Sir. But what do the commercial concerns do? We do not give them relief from the payment of interest or other charges.

Mr. Speaker: I believe in the income-tax law some concession is shown to new companies for five years.

Shri Naushir Bharucha: Sir, the railways do not pay income-tax. They are not entitled to this concession.

So far as the loss on strategic lines is concerned, I submit that this should be debited wholly to the Defence Budget. That is another way of hiding Defence expenditure.

The main purpose of my speech is to indicate that for nearly 12-13 years after Independence, the most basic questions relating to the railway finances remain to be defined on a scientific basis. There is no justification for including all these concessions.

Sir, every year that this Convention exists it deprives the general revenues of its legitimate share of return on investment and it helps to create a bigger back-log of accrued depreciation. It camouflages the true financial

position of the Railways and makes correction and rectification of the financial position very difficult as time passes.

While you, Sir, have been pleased to rule out of order, my amendment, not without justification, I do admit, but the fact remains that it is not only the Railways that his House has got to think of, but on similar lines we have to think about all undertakings. They are all escaping payment of their legitimate contribution to the General Revenues—the steel plants, the fertiliser plants, the penicillin plants and others.

Mr. Speaker: The hon. Member may move a resolution saying that they are all worthless commercial concerns, they must pay interest, they must pay a particular rate of dividend, they must pay income-tax etc. It is open to him to bring forward a resolution like that.

Shri Naushir Bharucha: I have given notice, Sir, of a No-day-yet-named motion. You have been pleased to admit it. I have said there that in all such concerns it is necessary to prescribe the financial principles to govern the capital structure, depreciation etc.

Mr. Speaker: It is not part of this.

Shri Naushir Bharucha: Not part of this.

Mr. Speaker: He ought not to make a speech on what he is going to move hereafter.

Shri Naushir Bharucha: That I will say later on. I am simply referring to it just now. It is not only the Railways who are escaping, all other commercial concerns are doing the same thing.

Mr. Speaker: I am afraid he is weakening his case. If, on the other hand, he refers to some other con-

cerns, some other public undertakings where all these contributions are made to the Exchequer he would be strengthening his case. He is saying that all the other concerns also do not pay.

Shri Naushir Bharucha: What do the steel plants pay?

Mr. Speaker: Very good. I shall call now Shri Vajpayee. I thought Shri Bharucha would raise the point—I do not want to create any new point—that whereas we do not create a separate Convention for the post offices as to what they ought to contribute—that is also both a commercial and public utility service—and we started this Convention long before the Constitution was passed, after the passing of the Constitution all money must be kept in the Consolidated Fund. We can, of course, discuss these matters in the Budget separately, in compartments, it is only a question of apportioning of time. I thought Shri Bharucha, with all the care that he is taking, would refer to the question whether after the adoption of the Constitution we can have a Convention saying that we shall take only this, year after year the appropriation must not come straightaway, whether under the Constitution it is open at all to have a Convention of this kind etc. I do not want to create any trouble (*Interruption*).

Shri Naushir Bharucha: Sir, I must say that I have looked into the constitutional aspect, and I am inclined to believe that so far as the Constitution is concerned this Parliament as the supreme body can say that the Railways will pay so much, the post offices will pay so much etc. These are all questions of policy.

Mr. Speaker: Year after year we can say, but is it open to us to say for five years at a stretch?

Shri Naushir Bharucha: It is a matter of contract between the Government and this department—an internal arrangement.

Mr. Speaker: Shri Vajpayee.

श्री वाजपेयी (बलरामपुर) : अध्यक्ष महोदय, मेरा सुझाव है कि यह जो नई समिति बनी है, वह गम्भीरता से इस बात पर विचार करे कि रेलवे से प्राप्त होन वाले लाभ का जितना भ्रंश जनरल रेवेन्यू को दिया जाता है, क्या उसमें कुछ कमी करने का समय नहीं आ गया है। अनेक वर्षों से रेलवे बजट के द्वारा जो रेलवे की आर्थिक स्थिति हमारे सामने आती है, उससे यह पता लगता है कि रेलवे अपनी शक्ति से बाहर जा कर जनरल रेवेन्यू को कुछ काट्टीबूट कर रही है। वह काट्टीबूट करे, इसमें तो कोई आपत्ति नहीं है और रेलवे अधिक से अधिक लाभ कमाये, यह भी ठीक है, लेकिन विचारणीय प्रश्न यह है कि क्या रेलवे अपनी आवश्यकताओं की ओर ध्यान न देकर और यात्रियों और रेलवे कर्मचारियों की सुविधाओं में कमी कर के, या उन्हें पर्याप्त सुविधायें न देकर जनरल रेवेन्यू में इतना काट्टीबूशन दे, जो रेलवे की शक्ति के बाहर है। पिछले साल रेलवे को नेट रेवेन्यू ७५.६० लाख रुपये था, जिसमें से ५४.४१ लाख रुपया जनरल रेवेन्यू की भेंट कर दिया गया और रेलवे के पास जो बैलेंस बचा, वह २१.१९ लाख रुपये का था। एक और तो रेलवे जनरल रेवेन्यू में अपना योगदान देती है और दूसरी ओर फिर उसी जनरल रेवेन्यू में से अपने डेबेलपमेंट फंड के लिये कर्जालेनी है। यह स्थिति मेरी समझ में नहीं आती। और डेबेलपमेंट फंड शून्य है, वल्लेनस है। इस साल के बजट भाषण में भी रेलवे मंत्री ने जनरल रेवेन्यू से कुछ और कर्जालेने की बात कही है और उन्होंने उसके कारण भी बताये। मैं समझता हूँ कि वे कारण ठीक हैं। जब रेलवे के डेबेलपमेंट फंड में रुपया नहीं होता, तो उस का सीधा सा नतीजा यह होता है कि पैसेंजर एग्जिटिडीज और वेलफेयर एक्टिविटीज कम कर दी जाती हैं। और इस लिये समस्या यह है कि रेलवे कार्मिशियल बेसिस पर चले या पब्लिक युटिलिटी सर्विस की तरह से चले। यह तो सब को स्वीकार करना पड़ेगा कि रेलवे का प्रमुख

[श्री बाजपेयी]

उत्तरदायित्व अपने यात्रियों और कर्मचारियों की सुविधाओं का ध्यान रखना है। यदि उन सुविधाओं को देकर रेलवे जेनरेल रेवेन्यूज में अपना योगदान दे सकती है, तो उसका बड़ा स्वागत किया जायेगा, लेकिन पिछले साल के बजट में भी यह बात ध्यान में आई और इस बार भी आ रही है कि डेवलपमेंट फंड में रुपया न होने की वजह से पैसेंजर एमिनिटीज और बैलफेयर एक्टिविटीज कम की जाती हैं। मैं समझता हूँ कि यह स्थिति अच्छी नहीं है। रेलवे अपनी शक्ति से अधिक जाकर जेनरेल रेवेन्यूज में योगदान दे और फिर अपनी आवश्यकताओं की पूर्ति के लिये उसी जेनरेल रेवेन्यूज से कर्जा ले, मैं समझता हूँ कि यह विचित्र स्थिति खत्म होनी चाहिये और इस का एक ही तरीका है कि रेलवे जो कांटीब्यूशन देती है, उसको कम करने पर यह समिति विचार करे। अभी चार परसेंट कांटीब्यूशन दिया जा रहा है और मैं अनुभव करता हूँ कि यह कांटीब्यूशन तीन परसेंट होना चाहिये। अपने यात्रियों और कर्मचारियों की सुविधाओं को पूर्ण रूप से उपलब्ध करके, अपनी एफिशेंसी बढ़ा कर, अधिक यात्री ले जाकर, अधिक माल ढो कर यदि रेलवे अपना फायदा बढ़ाती है और उसमें से जेनरेल रेवेन्यूज में कांटीब्यूशन करती है, तो किसी को आपत्त नहीं हो सकती है। लेकिन अपनी शक्ति के बाहर जाकर जेनरेल रेवेन्यूज को कांटीब्यूट करना और फिर अपने डेवलपमेंट फंड के लिये उसी जेनरेल रेवेन्यूज में से कर्जा लेना, यह तो शीर्षासन की स्थिति है, जो समझ के बाहर है। मैं समझता हूँ कि इस स्थिति को समाप्त करने का समय आ गया है और यह जो समिति बन रही है, वह इस संबंध में गम्भीरता से विचार करे, इस बात की आवश्यकता है।

Mr. Speaker: Shri T. B. Vittal Rao. Will not the report of the Convention Committee come back to the House?

Shri Jagjivan Ram: Yes, Sir.

Mr. Speaker: Then we can have a discussion; of course, hon. Members can make suggestions now.

Shri T. B. Vittal Rao (Khammam): Mr. Speaker, Sir, when the hon. Minister moved the resolution for adoption by this House I thought he would be able to tell us something as to how this Convention Committee's recommendations have worked during the course of the last five years, whether he has been able to implement all the recommendations made by the last Convention Committee, if he has been able to implement what progress has been achieved, if he has not been able to implement the recommendations made what were the grounds etc. All this information should have been given. Unfortunately, he just moved the resolution without giving these facts.

I might, Sir, straightaway point out one of the recommendations made by the Convention Committee—Recommendation No. 3. With regard to this even the Indian Railway Enquiry Committee went into the question of over-capitalisation, and they said that Rs. 100 crores of over-capitalisation for which no tangible assets existed must either be written off or something should be done. The last Railway Convention Committee also went into this question. Sir, you were the Chairman of the last Railway Convention Committee, and the recommendation made therein was:

“The element of over-capitalisation should be precisely assessed by the Railway Board and on that portion of the loan capital, the Railways shall pay the dividend at the rate equivalent to the average borrowing rate charged by the Government of India to the commercial departments from year to year.”

I have been raising this question as to how far it has been implemented. For three years I pursued it, after the report. They said that they were having some discussions with the Finance Ministry and that they hoped to finalise it. To what extent it has been finalised and to what extent it has been done, I do not know.

Then there is another question which arises, and that is whether the railways should be run either purely as a public utility service or as a commercial undertaking. If this question is decided, the point raised by my hon. friend Shri Naushir Bharucha whether the depreciation should be charged on a straight line basis or a vertical basis does not arise. First, let us see how the railways have to fulfil certain tasks. If the railways are to run purely as a public utility service, then certain things arise. If the railways are not run as a public utility service, then we have to consider the fact that the railways are carrying so many materials for the defence services and they do not pay the full price charged for them; they pay only certain concessional charges and that factor has to be taken into account.

The railways have been carrying coal for a pretty long period of years at a rate which is less than the direct cost of haulage. Why they should do so? It was done so that coal may be given to industries in order that new factories may be set up. So, this concession was specially given for the industrialists of our country. Now, after giving all these concessions, the question of strategic railways arises. Though the loss in the working of strategic railways is not much, at one time that was also a considerable amount. If we take all these factors into consideration, we will have to come to the conclusion that the railways have to be run purely as a public utility service and not as a commercial undertaking. I hope the Convention Committee will recommend again that the railways should be run purely as a public utility service.

Mr. Speaker: Even then, is not interest to be paid on the loans?

Shri T. B. Vittal Rao: It should be paid to some extent, whatever the Committee decides.

Then I come to depreciation reserves. At one time we were pay-

ing only 1/80th of the total capital investment. Then it was raised to 1/60th and subsequently an *ad hoc* amount was fixed which was Rs. 30 crores per year. Subsequently, the last Convention Committee put it at Rs. 35 crores but the Minister arbitrarily raised it to Rs. 45 crores. That means, that particular recommendation of the Convention Committee was not adhered to in practice.

One welcome change in this matter is that the period of the Convention, the period for which it has to be in force, has been made to synchronise with the period of the Plan. That is a very welcome change.

With regard to the rate of interest, I have to say a few words. This dividend at the rate of four per cent. cuts into the development aspect of the whole railway problem, because, when they pay an interest at the rate of four per cent. the surplus that will be left will be less and when the surplus is less, they will get very little accretion to the development fund. Therefore, the development works have to be curtailed on account of the rate of interest. Having given to the general revenues so many concessions like the military tariff rate and other concessions, why should we pay this four per cent. rate of interest? If it is possible, we should be able to reduce it to less than four per cent. I hope that the Convention Committee which will be appointed will give some thought to this aspect.

An Hon. Member: They are not paying income-tax also.

Shri T. B. Vittal Rao: Yes; the railways are not paying income-tax. If it is worked purely on a commercial basis, then you will realise how much the Defence Ministry will have to pay to the Railway Ministry and how much the industry will have to pay. I may cite one example here. The railways are carrying coal from Bihar and Bengal to South India. They are spending freight charges to the extent of Rs. 2 crores in addition. If the

[Shri T. B. Vittal Rao]

industrialists are to get the coal carried by the railways, they are not to pay much, and the industrialists in the south are getting coal carried by the railways on freight charges which work to far less than the freight charges by ships which will be higher otherwise. That way, the railways are put to an additional expenditure of Rs. 2 crores. That is counted as a sort of subsidy by the Government of India, to the industries. So, that factor has also to be taken into consideration.

Then the Railway Convention Committee which is to be appointed should give serious thought to one aspect, namely, whether the passenger fares and the railway freights could be raised during the period of five years. The railways influence the economy of our country. The railways are the lifeline of economy of the country. Therefore, it is very necessary that this proposal should be considered, namely whether the freight charges and the passenger fares could be raised within the period of five years. I find that during the last period when the Convention was in force,—it was for a period of six years—the railway freights were raised twice or thrice and the passenger fares were also raised. Further, a tax on passenger fares was also imposed. Even if there is an extra expenditure involved like the increase in the price of coal and other things, I would earnestly suggest that we should draw a little from the revenue reserves. We have built up a revenue reserve. If there is a little loss, and if we are not able to make it up, we could draw a little from the revenue reserve for a certain period. That question should also be gone into. The question that there should not be any freight increase or any increase in passenger fares during the period of the Convention should be gone into by the new Convention Committee.

Then I come to another aspect, and that is about the paying of interest on the capital investment on new constructions.

Mr. Speaker: One Convention follows the other. Where is the interregnum? If there is a need to increase the fares, where is the interregnum when the fares could be increased? One Convention follows closely the other one. If fares have to be increased at all, where is the time when they could be increased? I think the hon. Member wanted to say that the question of increasing the fares, in view of the Railway Convention and the allocation to various funds, may be discussed here and let them come to the conclusion whether increase in fares in the future is necessary or not. If they say it is not necessary let it not be increased. That is what the hon. Member wants.

Shri T. B. Vittal Rao: Yes. They could wait for five years. Then I come to the question of capital investment on new constructions. This question was worrying me for some time, and I have been giving to it some thought. Whenever we ask for developmental work, we are told that it is not remunerative. I do not know how and on what basis the calculations are made. The calculations are not given to us. The last Convention Committee went into this question very thoroughly and said that during the period of construction, the interest shall not be paid, and during the period of five years following, they shall not pay interest, but that all these arrears of interest will be paid subsequently.

Mr. Speaker: Only after working; after it starts.

Shri T. B. Vittal Rao: Yes. Take a typical example; take the construction of the Khandwa-Hingoli railway link. It started in the year 1953. I am not aware and I do not know when this link is going to be completed. It was originally scheduled to be completed by 1958. It went on to 1959 and now we are in 1960. I do not know when the whole line will be opened. I think a little more than half of the total mileage has been opened to traffic so far. It has gone on from 1953 to 1960,

about eight years. It will take five more years, making a total of thirteen years, and so to make up for the arrears of all these thirteen years will be difficult. We should have a firm policy that during the period of construction we shall not pay any interest on the capital and the payment of interest will start only after five years are over after the construction.

Then, again, to make up for the expenditure that has been incurred on the new construction, a different policy has been laid down. Now on the new railway lines the charges will be on an inflated mileage basis. I fail to understand why a person has to be going on paying this inflated mileage, until what period we do not know. We do not know how long the inflated mileage will be charged on the new constructions. Therefore, a definite principle has to be laid down that during the period of construction no interest shall accrue to the general revenues.

I may, in passing, refer to the controversy that has arisen on the developmental work. A long article was written by one of the correspondents in *The Hindu* regarding new railway lines and the prospects in the Third Plan period. The Chief Ministers of Andhra, Mysore, Madras and Kerala were dissatisfied that no new railway lines will be taken up during the Third Plan period. The correspondent had given, from his own point of view, so many examples as to how some unremunerative lines were taken up and remunerative lines were not taken up. Then there was a rejoinder from the Railway Board very recently about two or three days ago. I have read both the articles. I think the original article by the correspondent was more convincing. The reply that has been given by the Public Relations Officer of the Railway Board does not at all convince anybody, because the stand taken by the Railway Board does not seem to be tenable.

It is stated that during the Third Plan period only 1,200 miles of new construction will be taken up. During the Second Plan period a specific sum of Rs. 66 crores was allocated for new constructions for a definite length of 842 miles. Now we find that while the amount has been spent fully the new constructions have not come up to even 50 per cent. So, there is going to be a spill-over to the Third Plan from the Second Plan to the extent of 600 miles. Then, another 300 miles have to be constructed for the development of the Dandakaranya project as also for transporting iron ore from Baladilla to the port for export to Japan. Another 300 miles have to be constructed for mineral development, making a total of 1,200 miles. Therefore, during the Third Plan there is not going to be a single rail link all over the south. If the Planning Commission says that only 1200 miles of lines can be constructed during the Third Plan, it comes to that, that in the south there would not be any new railway line.

An Hon. Member. Not even doubling.

Shri T. B. Vittal Rao: Then the selection of railway lines is not being done properly.

Mr. Speaker: Is this the occasion to refer to all that? I am also interested in the South. But am I to allow discussion on things which are not relevant now?

Shri T. B. Vittal Rao: This discussion relates to the development fund also.

Mr. Speaker: That is all right. But what ought to be developed is not the subject matter of discussion here. We have here to decide how much is to be paid to the general revenues. How allocations are to be made to the various funds and how the funds are to be utilized, whether in the north or south, east or west, that is not a matter under discussion here. The hon. Member could have raised it during the discussion on the Demands for Grants of the railways.

Rate of Dividend

Payable by

Railways

Shri T. B. Vittal Rao: I am saying that their finances are used like this.

Mr. Speaker: But we cannot go into that question now.

Shri T. B. Vittal Rao: Then it is all right.

Mr. Speaker: We cannot refer to a particular line in the north or south in this debate.

Shri T. B. Vittal Rao: I am not raising any south and north controversy. I am saying that in the south there would not be any development if they construct only 1,200 miles. I have not posed the problem between the north and south.

Mr. Speaker: I am not accusing the hon. Member at all. But if I allow one hon. Member to refer to one particular line in the South, other hon. Members who are interested in other lines will go on utilising this debate not for the purpose of showing what allocation has to be made, but for demanding what particular lines are to be opened up. I do not want that to happen.

Shri Rami Reddy: The half-an-hour discussion was postponed twice. That is why he is referring to this.

Mr. Speaker: I will try to look into it.

Shri T. B. Vittal Rao: Now we are paying a dividend of 4 per cent. Whether we should go in for loans for the development of railways at a higher rate of interest is the question. We are now taking loans from the World Bank at a very exorbitant rate of interest of 5-3/4 to 6 per cent. Then why are we restricting this dividend to 4 per cent. of the capital invested? Is it because the railways could pay only this much? In that connection, I would like to know whether taking loans from the World Bank at a higher rate of interest like 5 or 6 per cent. is advisable. I am told that some negotiations are going on and they are going to be finalised soon. I will ask the Minister....

Mr. Speaker: I am afraid, that is also not relevant. Loans are taken at

a higher rate of interest, not because the Government or the railways are willing to pay more but because money is not available otherwise.

Shri T. B. Vittal Rao: I hope the Convention Committee which is going to be appointed will go into all these questions thoroughly and see that a proper recommendation is made.

Shri S. L. Saksena (Maharajganj): The railways is the biggest nationalised commercial undertaking and we are proud of it. But a criticism is made against the railways that although the amount invested on railways is about Rs. 1,500 crores the working of the railways does not bring profits which may be accruing if it were a private concern. I am all for nationalisation, I am all for including all the key industries in the nationalisation programme. But I do want that our nationalised commercial undertakings are run more efficiently and they should not be less efficient than the private concerns. If a private capitalist says that if he were in charge of the railways he would be able to give the country double the amount of income that is being earned by the railways, then that is a slur on our Government and its efficiency.

My feeling is, that this undertaking is being run in a manner which does not give us the largest amount of benefit which it should, because the amount of wastage in the railways is too much. Actually, it should have shown a better result than private undertakings because on account of being a nationalised undertaking, it is free from income-tax. That is one advantage and reason why it should be more efficient.

I had been to the Soviet Union, China and several European countries and I have seen how nationalised undertakings are working I have found that most of the money for planning in those countries comes from these undertakings. In fact, every factory there, every national concern there, gives a large amount of its income, which is cre-

dated to the new plans. A point was raised by Shri Vittal Rao that the making of increased profits by these concerns does not mean that they should contribute more to the national Exchequer. I think that, being the biggest national undertaking in the country, they should be able to give the biggest national dividend also. That dividend should be used for financing the Plan, even though it may be used for the betterment of the Railways themselves. But there should be a very big income from the Railways to the Public Exchequer.

13 hrs.

What I feel is that the way in which they are managed does not yield a large amount of income. One reason for this is that. If the finances of the Railways were so divided that we could see how much income has been from there, then I think we will be able to judge and will be able to know whether they are more efficient or not.

It has been said that there is a loss on certain railways. Then that should be put down separately. The loss should go to the different departments. It is also said that they also give concessions to the industrialists. That also should be given separately. But as a business concern the Railways should tell us how much profits they have made. A concern with a capital of Rs. 1500 crores should be able to give to the country a much higher yield than it is giving today. Therefore I personally feel that the present dividend of 4 per cent is not sufficient. The Railways being the biggest undertaking must give much more income. You yourself borrow money at 6 per cent interest from the World Bank and you give only 4 per cent to the exchequer. That I think is not good business.

I can understand that Railways are and should be a public utility undertaking. But with all that is should be a more efficient undertaking. That is

only possible when it is able to compete with the private sector on all fours. Let it have all those things also, but being a nationalised concern it will have many more advantages still. Then we shall be able to judge how much it can give us. A new concern should therefore see that by giving some pampered treatment to the Railways we are not making them more inefficient. It should be a public utility concern. It should look to the primary interests of the people. But at the same time it should yield to the country revenues which could be utilised for financing bigger and bigger national development plans. That money may be given to the Railways themselves so that we may not again borrow from the Fund etc. But it must be more efficient.

I find many things where money is being wasted. In my own district of Gorakhpur there was a very fine tile floor in the first-class waiting room. All those tiles were broken open and the floor was made of mosaic. What is the use of that? Simply, some contractor must find work and profits. Such things are being done in the Railways on a large scale. Similarly, in catering I have found poor contractors who used to earn enough but today when they made it their own concern they are losing. So this is a way of wasting money.

I think if the Railways are made to pay income-tax and are also made to subscribe to other things as private concerns do, then we will be able to judge whether they are really working efficiently or not. Then, they should be able to pay to the General Revenues the proper amount of interest or contribution which should be commensurate with the amount of investment which is made there. I think pampered treatment to Railways will not make them efficient. Let us, I think, look into that.

Shri Achar. (Mangalore): Mr. Speaker, Sir, I wish to make a few observations for the consideration of

[Shri Achar]

for the consideration of our hon. Minister and for pressing those pleas before the Committee. The hon. Speaker just before me and other hon. Members also have touched upon most of the important aspects but I would like to say about one or two aspects which I consider as most important.

The question whether the Railways should be considered as a utility service or as a commercial service, probably may be a technical matter. But more than the technical side of it I would like to emphasise that it should be considered more as a utility service. The commercial aspect may be there.

Now let us see how the railways have been considered in other countries also. For example, take the instance of England. I am told that the railways there are run at a loss and the Government contributes to them. Here we have been pressing that the rate of interest should be increased and that a higher rate must be paid by them. You were also pleased to ask a question whether interest should not be paid at all. I am not saying that interest and dividend should not be contributed to the Government. But we have to consider the more important aspect of the question, that is the utility side of it.

It is a monopoly. No doubt large amounts have been invested on railways. It is therefore natural that the Government should expect some return in some form or some interest. But why should we separate the Railways alone? We have got other means of communications. We have got roads. And what an amount has been invested in this country on roads? Right from the panchayat district boards, municipalities, State Governments and the Central Government to the Central Road Fund how much money has been invested? Is the Government or are the local governments or the panchayat boards expecting any interest on that? Let us take the air-

lines. That is also a means of communication, nothing more than that though they may be meant more for the rich. We are losing year after year.....

Shri T. B. Vittal Rao: Is not cess on road collected?

Shri Achar: Is it in comparison with the interest that is being paid by the Railways for so many decades? Let us take that into consideration. There were certain private limited companies in our country.....

Mr. Speaker: From where are we to pay? If our concern is worked on a subsidy, from where is the money to be found?

Shri Achar: There should be a system of taxation. It is a section of the public that is utilising the railways. If you want money for the Government to run anything you must have taxation for the purpose and not utilise any utilitarian service for taxing the people. You are not taxing the general public for that purpose. You are taxing only a certain set of persons who are travelling.

Ch. Ranbir Singh (Rohtak): What about the investment that we have made?

Shri Achar: Investments have been made on roads also. I have pointed that out. Not only that, investments have been made on airlines also.

Shri Tyagi (Dehra Dun): But goods also come.

Shri Achar: Goods also come. I do not want to deny that. If goods come, no doubt, I would say goods must be charged. Every item of goods must be charged. I would submit to the hon. Railway Minister that coal must be charged which is like any other item of goods.

Shri Naushir Bharucha: He is very willing.

Shri Achar: If the Government want to give any subsidy, let it be given directly. Let things be not done unseen. Let us clearly show how much the industrialists are benefiting out of it. If some concession is given—naturally for the development of the country it is necessary—why should the Railways suffer for it? The Government should bear it.

What I say is that the Railways are just like the airlines, roads or other means of communication or any utility service and the Railways should not be made an instrument of taxation. If we consider the several private limited companies which were running these railways, we will find what an amount of profit they were making on the capital they had invested. They not only realised the interest but also probably the capital was realised. No doubt, all those limited companies have now merged in the Government, but the railway-using public had paid for it. I am not urging that no interest should be charged. I am not at all going to that extent. What I am submitting is that so far as the Railways are concerned, they should be considered as a utility service and from that point of view the whole administration must be carried on.

No doubt, in the earlier stages several lines had been opened in several parts of the country. I am not urging, as you have already ruled, any particular line or any particular thing. On that we have raised half-an-hour discussions and on other occasions we have raised it. But the point I am urging is only this that if it is a utility service it should not be looked at as if it is a machinery for collecting money as a form of taxation. In some parts of the country we find that there are new lines and doubling of the lines. If you take the railway map, it will be quite clear to anybody how, for example, railway lines have spread from Calcutta to Amritsar, or if you take Bombay, on the northern side of Bombay and Kutch and all that how many railway lines are there.

Shri Thirumala Rao (Kakinada):
Not round about Mangalore.

Shri Achar: In other parts of the country you have no railway line at all. If it is a utility service they should not be neglected. For that purpose, if from the Railway funds a large amount is not taken away, considerable amount will remain with the Company—it is not a company now, of course; it is our own Government concern. There will be sufficient funds for developing the lines everywhere.

In the past we had no plans or anything of the kind. Wherever people had the necessity and it was advantageous they had the lines. But now when we ask for lines in other places, all sorts of objections are raised. In some cases we are told, there is no port and so no railway. In other places, as Shri Vittal Rao pointed out, it is said it would not be a profitable proposition. So, the most important aspect is that the railways are a utility service and should be administered for the benefit of the people.

Shri N. R. Muniswamy (Vellore):
It has become a commercial concern now.

Shri Achar: My hon. friend says it is a commercial concern. I do not think even the Railway Minister will say it is a purely commercial concern, I am sure about that. It is clear that if it is not entirely utilitarian, at least certainly it is not commercial.

Dr. M. S. Aney (Nagpur): May I just remind the hon. Member that when the railway finances were separated from the general finances, the understanding of the Government and the Members of the House was that the railways must be run as a commercial concern, and that at the same time it should endeavour to be a utility concern as far as possible. That must be borne in mind. It was to be considered a commercial concern, and the House has the right to see that it is run as a commercial concern and on

[Dr. M. S. Aney]

profitable lines. I want to know whether and when this policy was given up by this House and the question reopened.

Shri Achar: I conceded the point at the very outset that we need not go into an academic discussion as to whether it is a commercial or a utility concern.

An Hon. Member: It is both.

Shri Achar: Probably it is more on the side of being a utility concern, but certainly it is not a concern for making profit to the Government. For instance, we know that the catering department is run on a no-profit no-loss basis.

13.12 hrs.

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

Shri Warrior (Trichur): No profit and no loss to the consumers or to the Government?

Shri Achar: The Government which is running the railways.

Mr. Deputy-Speaker: Shri Warrior wants there should be fare-free railways now!

Shri Achar: It will be very good if we can reach that stage, but compared to developed countries in the Continent or America, we are in a very backward condition. We cannot change it in one day. For instance, the speed is 100 to 150 miles I am told in the U.S.A. and even in the Continent it is 100 miles, and they have noiseless trains too. All that is happening because whatever the railways earn is utilised for the development of the railways. But here, on account of many factors, the railways do not get the necessary income because of the subsidy paid with regard to coal and other items. If the railways get it, their earnings will be much more, and they can be utilised for developing the railway system.

In some parts of the country we have areas where for a hundred miles or more there are no railways, and there are people who have not even seen a train. For instance, Mercara in my constituency is 90 miles from any station. This is happening because Government is treating the railways as a milch cow, going on getting as much income as possible from them. If at all, some interest may be charged, but nothing more than that. If coal or food or anything is carried at a lower rate, the difference must be paid to the railways. No doubt the railways should not be run at a loss, but they should not be treated as a concern by which the Government can tax the people. The railway travelling public or the goods carried by the railways should not be considered a source of taxation. Why should that particular class of people utilising the railways be taxed and that income taken by the Government? If the Government wants to tax, let it do so in other ways. Let it allow the subsidy to coal and other items, but reimburse the railways.

The Convention Committee should consider this aspect because railways are one of the most important utility services, and also, fortunately or unfortunately, a monopoly. That being the situation, I submit as low a rate as possible should be taken from the railways by the Government.

Shri Narasimhan (Krishnagiri): I want to draw the attention of the House to one matter which I consider to be important and relevant in this context. It is the case of the dismantled lines.

Railway lines dismantled during the Second War were of the order of 800 miles. Half of it has been restored, and the other half is awaiting restoration. What is relevant in this context is that the dismantled lines are not all completely lost. Though the lines are lost, the tracks are there, the bridges, station buildings etc., and

with a little amount of engineering effort, the lines can be restored. But the buildings etc., have fallen into disuse, though in some cases they might have been used or let out for some purpose. In most cases, the tiles, timber etc., were stolen from these places. The railways left the area, leaving the people in the locality to do whatever they liked with the property. Though a large amount has been lost in this way, what is left, and can be considered dead capital, that is to say the capital on these 400 miles of track, can be converted into live capital again. Therefore, while the Committee address themselves to the evaluation of the total capital of the railways, this failure of the railways to act in restoring the lines, and the earning capacity of the lines when restored, should also be taken into consideration.

Incidentally I would say that the railways would do well to restore these lines not only physically, but, as I said, restore life to the dead capital and make it live capital.

Shri D. C. Sharma (Gurdaspur): I think the most pressing need for this Convention Committee is to simplify the finances of the railways. Unless that is done, I think there is going to be a great deal of confusion so far as the finances are concerned at different levels.

I have seen a great deal of confusion between two things, and I think the whole confusion with regard to railway finances arises from that fact. It is this: are the railways a public utility service, or are they a commercial service? I believe that the Committee should once and for all decide if it is within its power, I think it should be within its power, whether we are going to treat the railways as a public utility service or as a commercial service. If that question is resolved, I think most of the problems to which hon. Members have referred can be straightened out. I applied my mind to some extent to this problem, and I believe that the time has

gone when we should have looked upon the railways as a public utility service; the railways in their infancy, the railways in their adolescence, the railways in their adulthood could have been taken like that, but, now, the railways have acquired a kind of maturity.

An Hon. Member: Old age.

Shri D. C. Sharma: I believe this demand from the railways that instead of getting a special treatment or some highly favoured treatment or some such treatment in this field, the railways should adopt the attitude of a person who has attained maturity and who is going to stand on his own legs. Therefore, I would say that the railways should be treated as a commercial concern now. If they are a commercial concern, that does not mean that they are not going to do any service to the industry; it does not mean that they are not going to do any service to the Defence Forces; it does not mean that they are not going to do any service to other national undertakings. It does not mean like that. These services will persist and will endure, but the railway finances will be put on a more stable and a more rational basis. Unless that is done, it cannot be said that the railway finances are as good and sound as they should be.

The kind of contradiction that prevails at present has been always with us. For instance, the railways pay dividend to Government at the rate of 4 per cent. The railways take loans for development at the rate of 6 per cent or five per cent or something more than that. Why does this kind of contradiction exist in the railways? It exists only because the railways want that when they have to pay the dividend, they should be treated as a public utility service, and when they have to get loans, they should be treated as a public utility service, but when they have to do other things, when they have to get money from others, they should be

[Shri D. C. Sharma]

treated as commercial services. This kind of dichotomy which I find in the railways is good neither to my country nor to the railways nor to the future of the railways.

I want to urge this in the light of what I shall state presently. What is the fate of the railways all over the world now? What is the fate of the railways in U.K. and in U.S.A. and in other countries? We find that railway travelling is getting more and more out of fashion; railway travelling is getting, so to say, out of fashion for the present. The railways are now being used by and large in some progressive countries of the world for carrying goods, and even there they are suffering a great deal of competition from road transport. Now, our road transport is also coming into its own, and you know, Sir, that the road transporters want that they should be treated in a much better and a much more generous fashion than they are being treated now. I can say that as time passes, the road transport services are going to gain more and more momentum; as time passes and our standard of living increases and our *per capita* income increases, I can assure you that the air travel service is going to be more and more popular, and I would say that the railways will be there only for carrying goods and that also, only for carrying goods from far off places.

Taking into account all these things, I believe that the whole question of the dividend to be paid by the railways to the general revenues should be looked at from this angle, and they should pay a dividend just as any commercial concern pays a dividend. How do these commercial concerns pay dividends? We have, for instance, so many autonomous corporations. We have the Hindustan Machine-Tools Factory and other corporations; they are all paying dividends. The Hindustan Machine-Tools have declared a sizeable dividend, and so also the Ashoka Hotels have declared some amount of dividend.

So, I would say that if you want that the development expenditure of the railways should be taken due notice of, if you want that new lines should be constructed, if you want that the dismantled lines, to which the hon. Member who spoke earlier made a reference, should be taken in hand, if all these things are there, if all these things are to be taken into account, then the only way is that you should try to make the finances of the railways like the finances of any other commercial corporation. Unless that is done, I think none of these things is going to happen.

If the railways were a commercial corporation, the demands made by these persons will be looked into; and more passenger amenities will be given. There will be room for the construction of new lines, and these lines will be constructed at a much more rapid rate than they are being constructed now. They will not be asked to construct these lines without paying any interest on them for some time.

Sir, genius consists in simplifying things. All these Railway Conventions that have been there, and all these committees that have been there have done only one thing, and it is this that they are trying to introduce more and more of complications into the railway finances. That is not a thing which should be done. Therefore, I would request the Members of the Convention Committee to look at this thing only from this angle. I do not care how much dividend is going to be paid; somebody said that it should be 3 per cent; somebody else said that it should be 4 per cent or 5 per cent and so on.

Shri M. B. Thakore (Patan): How much should it be?

Shri D. C. Sharma: If it is said that we are not entitled to any dividend for some time to come, I would be very happy and I would be very con-

tent, but taking all these things into consideration . . . (*Interruptions*).

Mr. Deputy-Speaker: I would request the hon. Member to be very brief now. We have already exceeded the time.

Shri D. C. Sharma: If we take into account all these things, and we come to the conclusion that the dividend should be 6 per cent, I would be content.

Shri M. B. Thakore: At least 8 per cent.

Shri D. C. Sharma: I would suggest very respectfully that we should once and for all take a decision, so far as the nature of this undertaking is concerned. Once and for all, we should consider its efficiency and performance as we do in the case of commercial undertakings, and after having done that, we should see what dividend it can pay and what dividend it cannot pay.

Mr. Deputy-Speaker: Now, Ch. Ranbir Singh.

There is no scope for so much of argument and debate here. In this case, only a committee is to be appointed which will go into the question. Hon. Members are taking up the question of opening of new railway lines and other questions. They are not at all relevant at this stage. If any hon. Member wants to bring that up, I would request him not to do it. If any other thing is to be said, he can say it.

Shri Tyagi: How much time has been allotted for this?

Mr. Deputy-Speaker: No time has been fixed. That is the difficulty. Because there was no time fixed, we ought to have adopted this resolution long ago; for, there is still an hour for the Demands for Excess Grants,

and we have to finish it before we take up the non-official business.

Shri T. B. Vittal Rao: Where is the urgency to take up the Demands for Excess Grants now? We can take them upon Monday.

Mr. Deputy-Speaker: Why should we postpone them? It was understood that these two things would be finished today.

Shri T. B. Vittal Rao: Nobody understood in that way.

Mr. Deputy-Speaker: At least I understood like that.

चौ० रजश्रीर सिंह : उपाध्यक्ष महोदय, रेलवे कनवैशन कमेटी बनाने का खयाल इस बात से पैदा होता है कि सदन यह मानता है कि रेलवे के महकमे से कुछ आमदनी होगी और जो आमदनी होगी, उसमें से कुछ जनरल फंड्स में जायेगा। इसलिये मैं मानता हूँ कि जहाँ कमेटी की ये सिफारिशें हों कि कितना पैसा वह जनरल रेवेन्यूज को दे या कितना पैसा मुस्तलिफ जो फंड्स है उनके लिये रखे उसके साथ ही साथ अब वक्त आ गया है जबकि यह कमेटी इस बात पर भी गौर करे कि कौन सी चीजें हैं जिन से रेलवे की आमदनी बढ़ सकती है। अगर यह नहीं किया जाता है तो जो सिफारिशें उसकी होंगी वे कागजी सिफारिशें ही रह जायेंगी। दूसरी लड़ाई से पहले ऐसा ही होता रहा है। पहले रेलवे को घाटा हुआ करता था और जो कनवैशन कमेटी बिठाई गई थीं, वे उस घाटे को पूरा करने के तरीके नहीं बता सकी थीं। इस वास्ते मैं समझता हूँ कि जहाँ कमेटी यह फैसला करे कि क्या रेलवे को जनरल रेवेन्यू में देना है वहाँ वह यह भी तय करे कि आमदनी कैसे बढ़ सकती है।

उपाध्यक्ष महोदय, आप जानते हैं कि रोहताक से गोहाना का जो हिस्सा है, वह अगर रेस्टोर होता है. . .

उपाध्यक्ष महोदय : अब यह वक्त रिजिजेंटेशन करने का नहीं है ।

चौ० रणवीर सिंह : उपाध्यक्ष महोदय, जैसा मैंने शुरू में कहा, मैं समझता हूँ कि जब तक वह कमेटी इस बात को नहीं सोचती है कि कैसे आमदनी बढ़ाई जा सकती है, तब तक उस कमेटी की सिफारिशों से कोई फायदा होने वाला नहीं है....

उपाध्यक्ष महोदय : इसलिये आवश्यक है यह क्या कि लाइनों के नाम गिनाये जायें और लाइन बनाने के लिये कहा जाये ?

चौ० रणवीर सिंह : लाइन की बात को मैं छोड़ देता हूँ । मेरा कहने का मतलब यह है कि कुछ काम रेलवे के महकमे ने किये थे, जिन के अधूरे पड़े रहने के कारण रेलवे की आमदनी में कमी होती है, उसकी आमदनी बढ़ती नहीं है । मिसाल के तौर पर अगर रोहतक को चन्डीगढ़ से मिला दिया जाये तो वह आमदनी का जरिया बन सकता है । लेकिन उसको अगर वहीं पर छोड़े रखा जाये, जहाँ वह है, तो घाटे का सौदा रहेगा ।

मैं यह भी कहना चाहता हूँ कि हर साल कोयले का खर्चा बढ़ता जाता है । सोचने वाली बात यह है कि क्या रेलवे आज ट्रक्स का मुकाबला कर सकती है ? ट्रक्स जो सामान बम्बई से दिल्ली में लाते हैं या बम्बई से पंजाब के एक सिरे पर या दूसरे सिरे पर ले जाते हैं उनके रेट कई बार रेलवे के महकमे के रेट से कम होते हैं । आज हम यह भी कहते हैं कि अगर हम जागे नहीं तो आने वाले जमाने में हमें इससे नुकसान हो सकता है, हमें घाटा हो सकता है । इस बास्ते मैं चाहता हूँ कि अब वक्त आ गया है कि रेलवे का इलेक्ट्रीफिकेशन हो । इलेक्ट्रीफिकेशन तभी हो सकता है जबकि हम बिजली पैदा करें । जहाँ तक उत्तर भारत का संबंध है उसके लिये यह जरूरी है कि भाखड़ा का दूसरा पावर हाउस बने....

उपाध्यक्ष महोदय : आप यह बतायें कि कमेटी मुकर्रर हो या न हो? पहले बिजली हो, उसके लिये भाखड़े का दूसरा इलेक्ट्रिक प्लांट हो, उसके लिये वहाँ मशीनरी पहुंचाई जाये ताकि वह बिजली पैदा कर सके, फिर इस्पात की जरूरत होगी और उसको तैयार करने के लिये एक कारखाना खोला जाये, इस तरह से यह बात कहाँ जाकर पहुंचती है ?

चौ० रणवीर सिंह : मुझ से ज्यादा मेरी वकालत तो, उपाध्यक्ष महोदय, आपने कर दी है । इतना कुछ तो शायद मैं भी नहीं करवाना चाहता था....

उपाध्यक्ष महोदय : इससे साबित होता है कि मुझे भी उन बातों से दिलचस्पी है जिन से चौधरी रणवीर सिंह साहब को है । मगर इस वक्त वे सब कही नहीं जा सकती हैं ।

चौ० रणवीर सिंह : यह कमेटी बननी चाहिये या नहीं बननी चाहिये, इसी के ऊपर मैं बोल रहा हूँ । वह कमेटी बननी चाहिये, यह तो मैं मानता हूँ । लेकिन वह कमेटी जो रिपोर्ट देगी उसकी रिपोर्ट से फायदा तभी हो सकता है जबकि रेलवे के फाइनेंसिंस इम्प्रूव हों । अगर रेलवे की आमदनी घटती रहेगी, तो उस रिपोर्ट से कोई फायदा नहीं होगा । इसलिये मैं मानता हूँ कि हमें..... (Interruptions)

Mr. Deputy-Speaker: Order, order, the hon. Member may be allowed to continue.

Shri Tyagi: Yes.

चौ० रणवीर सिंह : वह मुझे जोश दिला रहे हैं कि मैं दादरी तक लाइन.....

उपाध्यक्ष महोदय : किसी लाइन के बारे में कुछ नहीं कहा जाना चाहिये ।

श्री० रणवीर सिंह : इसीलिये मैंने उनकी कोई मदद नहीं की। लेकिन वह चाहते थे कि उसके बारे में भी मैं कुछ कहूं।

मैं इतना ही कहना चाहता हूं कि कमेटी सोचे कि कौन सी चीज है जिससे रेलवे को घाटा होने का अन्देश है और सुझाव दे कि उसका क्या इलाज है। आज कम्पीटीशन बहुत अधिक हो गया है और उस आर ध्यान जाना चाहिये।

अभी यहां पर कहा गया है और इसके बारे में बहस की गई है कि रेलवे युटिलिटी कंसर्न है या कमर्शियल कंसर्न है। मैं समझता हूं दोनों के बीच की यह चीज है। लेकिन एक बात माननी होगी कि देश का बहुत बड़ा अंग है जहां आज तक रेलवे लाइन नहीं पहुंची है। उन इलाकों के लिये तो यह युटिलिटी कंसर्न है नहीं। जहां रेल की गाड़ी कभी गई नहीं है उनके लिये तो यह कमर्शियल कंसर्न है। इस देश के अन्दर उनका भी हिस्सा है। वे तो चाहेंगे कि पूरा पूरा पैसा जनरल रेवेन्यूज को जाये। एक तरफ हमारी डबल लाइंस चलती हैं, रेलवे यूजर्स एग्जिस्टेंस के नाम से करोड़ों रुपया खर्च होता है लेकिन दूसरी ओर कई इलाके हैं जहां रेलवे लाइन नहीं पहुंची है। मैं चाहता हूं कि रेलवे लाइन्स का विस्तार हो, ताकि आमदनी बढ़ सके।

उपाध्यक्ष महोदय : चूंकि वक्त नहीं है इस वास्ते मैं किसी और मੈम्बर को बोलने का वक्त नहीं दे सकता हूं। अब आनरेबल मिनिस्टर साहब बोलेंगे।

Shri Jagjivan Ram: Sir, I have not much to say. As the House is aware, the question is being referred to the Committee. Many hon. Members have made suggestions, some of them germane to the subject-matter of the Resolution and some not quite relevant. The entire proceedings of the discussion in the House will be before the Convention Committee; and the Committee will take into consideration the various suggestions that have

been made. I would not, at this stage, like to go into the merits of any of the suggestions because it will not be fair to the Convention Committee, which will be seized of the problem and which will examine it very fully from various aspects.

But, one thing I want to make clear and that is about the aspect of the working of the Railways, whether it is commercial or public utility. Dr. Aney reminded that once the Convention Committee suggested that the Railways should function as a commercial undertaking. Whatever will be the decision, I would like to state that the Railways, as they are functioning today, are not functioning purely as a commercial undertaking. We have, in the very nature of the thing, functioned as utility services as well.

Some of the hon. Members have narrated how in relation to the different Ministries or in regard to the development of certain industries in certain areas or in the transportation of raw materials or other requisites for the industries, the Railways have to function as a public utility and not as a purely commercial undertaking.

I have no doubt that if the Railways, start functioning today as a purely commercial undertaking passenger fare and rates of freight of many commodities will have to be revised and revised upward. But, again, I will not go into details.

Shri Tyagi: Expenditure also will have to be curtailed.

Shri Jagjivan Ram: Expenditure will have to be curtailed; unremunerative lines will have to be closed down; passenger trains and goods services where the occupation ratio is not remunerative will have to be closed down and other aspects will have to be considered if the Railways are to be treated as a purely commercial undertaking. But because we have the public utility aspect also, we have to run the lines where we are

[Shri Jagjivan Ram]

losing. We do not curtail the passenger services where we feel that the occupation ratio is not commensurate with the expenditure incurred thereon. I only wanted to point out that as matters stand today, the Railways are not functioning as a purely commercial undertaking. I will put it that ~~today we are functioning as a commercial-cum-public utility undertaking.~~ It is for the convention committee to decide whether we have to work purely as a commercial undertaking. If they so decide, I am afraid, that it will lead to hardship in certain areas; the community may be put to hardship in certain respects. If we are to function purely as a public utility service, perhaps that also may lead to certain complications. A balance has to be struck between the two. I will not take the time of the House on individual points that have been raised.

About over-capitalisation the last convention committee mentioned something about it. There is no doubt some over-capitalization on the railways exists. It has to be worked out in great detail. At times the dividing line is not very clear as to which is to be treated as capital pure and which not. Take, for instance, the staff quarters of the employees. It can be treated as an amenity or it can be treated as a capital. Dividing line in such cases is not very clear or sharp. We will have to work out to what extent over-capitalisation has to be reduced. Till the details have been very minutely worked out, we have decided that over-capitalisation should be put at Rs. 100 crores for the purpose of paying dividend. We charge inflated mileage so long as the normal mileage will not meet the expenditure. As soon as a new railway line reaches a stage where by charging normal mileage the expenditure and return can be balanced, then the inflated mileage is reduced or eliminated.

I will not take the time of the House any more, Sir. All the suggestions that have been made and are relevant to the subject-matter will certainly be considered by the committee and they will come to such decisions as they deem proper.

When Shri Bharucha referred to the last convention committee, I am afraid he was not fair to them. The committee devoted quite a good time over it. They laboured and they produced a report which was useful and valuable and to belittle the effort of that committee was not justified.

Shri Naushir Bharucha: I have not belittled; I am simply saying that I am not satisfied with the conclusions they have arrived at.

Shri Jagjivan Ram: The general impression created was that the report was not to your satisfaction and something was wanting in it. I said that the last convention committee did good work and it has been helpful to the railways and to the general finance. I am sure the new committee will take all the points into consideration before reaching the conclusions.

Mr. Deputy-Speaker: The question is:

"That this House resolves that:

- (i) A Parliamentary Committee consisting of 12 Members of this House to be nominated by the Speaker be appointed to review the rate of dividend which is at present payable by the Railway undertaking to the General Revenues as well as other ancillary matters in connection with the Railway Finance *vis-a-vis* the General Finance and make recommendations thereon by the 30th November, 1960; and

(ii) that this House recommends to the Rajya Sabha to agree to associate six Members from that Sabha with the Committee and to communicate the names of the Members so appointed to this House.

The motion was adopted.

DEMANDS FOR EXCESS GRANTS
(RAILWAYS), 1957-58

Mr. Deputy-Speaker: The House will now take up voting on the Demands for Excess Grants in respect of the Budget (Railways) for 1957-58.

Motion moved:

DEMAND NO. 4—REVENUE ORDINARY
WORKING EXPENSES—ADMINISTRATION

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 44,66,228 be granted to the President to make good an excess on the grant in respect of ‘Revenue—Ordinary Working Expenses—Administration’ for the year ended the 31st day of March, 1960.”

DEMAND NO. 4—REVENUE—ORDINARY
WORKING EXPENSES—REPAIRS AND
MAINTENANCE.

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 3,67,54,149 be granted to the President to make good an excess on the grant in respect of ‘Revenue—Ordinary Working Expenses—Repairs and Maintenance’ for the year ended the 31st day of March, 1960.”

DEMAND NO. 7—REVENUE—ORDINARY
WORKING EXPENSES—OPERATION (FUEL)

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 56,04,858 be granted to the President to make good an excess on the grant in respect of ‘Revenue—Ordinary

Working Expenses—Operation (Fuel)’ for the year ended the 31st day of March, 1960.”

DEMAND NO. 8—REVENUE—ORDINARY
WORKING EXPENSES — OPERATION
OTHER THAN STAFF AND FUEL

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 1,43,29,288 be granted to the President to make good an excess on the grant in respect of ‘Revenue—Ordinary Working Expenses—Operation other than staff and Fuel’ for the year ended the 31st day of March, 1960.”

DEMAND NO. 9—REVENUE—ORDINARY
WORKING EXPENSES—MISCELLANEOUS
EXPENSES.

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 15,88,214 be granted to the President to make good an excess on the grant in respect of ‘Revenue—Ordinary Working Expenses—Miscellaneous Expenses’ for the year ended the 31st day of March, 1960.”

DEMAND NO. 12—REVENUE—DIVIDEND
PAYABLE TO GENERAL REVENUES

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 15,74,370 be granted to the President to make good an excess on the grant in respect of ‘Revenue—Dividend payable to General Revenues’ for the year ended the 31st day of March, 1960.”

DEMAND NO. 15—CONSTRUCTION OF
NEW LINES—CAPITAL AND DEPRECIATION
RESERVE FUND

Mr. Deputy-Speaker: Motion moved:

“That a sum of Rs. 15,55,279 be granted to the President to make good an excess on the grant in respect of ‘Construction of New Lines—Capital and Depreciation Reserve Fund’ for the year ended the 31st day of March, 1960.”