

RAJYA SABHA

Wednesday, the 28th August, 1968/
the 6th Bhadra, 1890 (Saka)

The House met at 11 of the clock,
MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

CALCUTTA TRAMWAYS COMPANY

*692. SHRI CHITTA BASU †:

SHRI A. P. CHATTERJEE:

Will the Minister of TRANSPORT
AND SHIPPING be pleased to state:

(a) whether it is a fact that a Commission was appointed in the year 1967 to go into the working of the Calcutta Tramways Company;

(b) if so, whether the said Commission has since submitted its report;

(c) if so, the main recommendations made in the report; and

(d) what steps have so far been taken or are proposed to be taken on the recommendations of the Commission?

THE DEPUTY MINISTER IN THE
MINISTRY OF TRANSPORT AND
SHIPPING (SHRI BHAKT DAR-
SHAN) : (a) and (b) Yes, Sir.

(c) A statement giving the required information is laid down on the Table of the Sabha.

(d) The matter is under the consideration of the Government of West Bengal.

STATEMENT

(c) The main recommendations of the Commission in its report submitted to the State Government of West Bengal on 30-1-1968 are as follows :—

(i) The existing fare structure of the Calcutta Tramways Company is not adequate to cover its operational expenses and other obligations under the Calcutta Tramways Act, 1951 and the Agreement under the Act.

(ii) The decline in the revenue of the Company in recent years has been due to

†The question was actually asked on the floor of the House by Shri Chitta Basu.

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a fall in passenger traffic, on account of a decline in the operational efficiency of the Company, which was the result of its negligence in properly maintaining the rolling stock, tram track, overhead cables etc. (including clearance of back log of maintenance and replacement). The probable operational expenses of the Company for the next 5 years are estimated at Rs. 511 lakhs per year against an anticipated annual income of Rs. 350 lakhs.

(iii) The collection of fare should be improved by introducing more "paye" (pay as you enter) cars, time-tables should be revised and changes made in the system of purchase and storing of material, so as to reduce expenditure. However even after these suggestions are implemented, the economy in expenditure would be small and there are no prospects of bridging the aforesaid gap of Rs. 161 lakhs per annum.

(iv) The Company is responsible for not maintaining the tram-track in proper condition, by not properly applying its revenues both for maintenance, repairs and renewals and replacement. The amounts kept for renewals and replacement, as required under the relevant statute, were not fully utilised. The cost of the backlog in repair and replacement in tram-track is Rs. 250 lakhs. Immediate steps should be taken to put the tramtrack and other assets of the company in proper condition by repairs; otherwise the operation of the tramways will be seriously affected.

(v) The Commission selected three specific financial transactions of the company for inquiry—(a) transfer of considerable sums from the special reserve account to shareholder's account; (b) object and application of the loans of Rs. 16 lakhs from the United Bank of India Ltd.; (c) transfer of considerable sum to London. As regards (a), the Commission has held that the transfer was not contemplated in the Agreement and was open to question. The whole process involving the taking of a loan of Rs. 16 lakhs and its utilisation is considered unsatisfactory. The remittance of about Rs. 9 lakhs to London in March and May, 1967 was also open to serious objection.

(vi) The financial condition of the Company is very unsound at present. In 1965, its assets were short of its liabilities by about £ 20 lakhs.

(vii) The profit earning capacity of the Company is equally bad.

(viii) Dissatisfaction has also been expressed at the Government's negligence to take adequate care in seeing to the proper maintenance of the physical assets of the Company. Against the contemplated annual inspection provided for in the Agreement, only 2 inspections were arranged after 1951, once in 1961 and the other in 1964. What is worse, even the recommendations arising out of these inspections were not followed up and no attempt was made to make good the inadequacies noticed.

(ix) The Commission has also made the following recommendations namely (a) Revision of fare-structure to yield more revenue; (b) Management of the Tramways by a Board of Management analogous to the Board of Directors of a commercial undertaking; and (c) Immediate take over of the ownership of the company by the Government of West Bengal.

SHRI CHITTA BASU: Sir, this is a long statement which has been laid on the Table and if you go through the statements you will find that the Calcutta Tramways Company, which is owned by the British has not given effect to the Agreement reached in 1951 with the Government of West Bengal. Sir, in the course of its recommendations the Commission has also suggested the early acquisition of the ownership of the Tramways Company itself. The West Bengal Government has taken over the management of the company. Now what steps does the Government propose to take with regard to the acquisition of the ownership of the company, as recommended by the Commission, at an early date?

SHRI BHAKT DARSHAN: Sir, the West Bengal Government have informed us that the whole matter is under their examination. Since the Commission has made several important recommendations, on which the views of experts would also be required, they will take some more time to finalise their decisions.

SHRI CHITTA BASU: Sir, the Commission itself has recommended the early

acquisition of the ownership of the Tramways Company and it has given certain reasons into which I do not want to go. Now I want to know what stands in the way of acquiring the ownership of the Tramways Company by the Government today.

PROF. V. K. R. V. RAO: Sir, I am sure the hon. Member is aware that acquiring the ownership of the company is not such a simple matter. Under the Agreement I think the ownership was to be taken over in 1971 on the basis of paying them 40 per cent. above the value of the book assets. That is the original Agreement. Since then, the hon. Member is aware that this Company has not been functioning properly at all. The Commission's Report, a copy of whose recommendations has been placed on the Table of the House, shows that there are a number of things which are not right; they have utilised funds in a way, which they were not supposed to do; they have not maintained the tracks and other things properly; they have not looked after the maintenance of their equipment and all that. Therefore probably there will be a number of claims, which the West Bengal Government may want to make on them before agreeing on a purchase price. Therefore the whole matter is under the examination of the West Bengal Government and I am sure as soon as they come to a decision as to how to see that they do not lose anything, the question of taking over will arise. It is a losing concern and we do not want to take it over now. You will have seen from the statement that their assets are now below their liabilities. Therefore I think some complicated questions are involved, and that is the reason why the West Bengal Government is taking some time to come to a decision.

SHRI CHITTA BASU: May I know from the hon. Minister whether the Government proposes to proceed against the Tramways Company on the basis of the recommendation, because there has been some fishy deal, some illegal transaction of money and all those things in violation of the Agreement?

PROF. V. K. R. V. RAO: I am prepared to ask for that information from the West Bengal Government and shall place it at the disposal of the hon. Member as soon as I receive it.

श्री प्रेम मनोहर : क्या मंत्री महोदय यह बताने की कृपा करेंगे कि घाटे के कारणों में से 7 हजार

रुपये का घाटा प्रति दिन वहां पर जो प्रोमोशंस निकलते हैं उन प्रोमोशंसों के द्वारा ट्राम ठीक न चलने देने के कारण होता है, इस के बारे में क्या गवर्नमेंट ने विचार किया है?

श्री भक्त दर्शन : श्रीमन्, माननीय सदस्य की यह सचना बहुत-कुछ ठीक मालूम होती है।

SHRI K. P. SUBRAMANIA MENON: May I know from the Government whether the Commission has found out that large amounts of funds were transferred abroad illegally by this Tramways Company, thus creating some sort of fictitious losses and all those things, and in view of these activities of the Company, may I know whether the Government proposes to take legal action against the Company and also to quickly acquire the Company?

PROF. V. K. R. V. RAO: Sir, I have answered that question. I shall get the necessary information from the West Bengal Government and place it on the Table of the House.

*693. [Transferred to the 30th August, 1968].

SETTING UP OF A HOTEL PROJECT IN BOMBAY

*694. **SHRI BABUBHAI M. CHINAI:** Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether there is any proposal under Government's consideration to set up a Rs. 80 lakhs hotel project in the private sector in Bombay; and

(b) if so, what are the details thereof?

THE DEPUTY MINISTER IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (SHRIMATI JAHANARA JAIPAL SINGH): (a) Yes, Sir.

(b) Details of the project sponsored by Sarvashri B. H. Shahani, John Voyantzis and Kali H. Mody for a Hotel at Santa Cruz with 198 beds are :—

Rs. in lakhs

Estimated cost 80

(i) **Shri B. H. Shahani (Voyantzis Hotel Pvt. Ltd. and Shri Kali H. Mody).**

(ii) **Shri G. D. Morarka** with 10 associates and friends.

(iii) Preference shares by LIC 5

(iv) Long term borrowings—Hotel Development Loan Fund. 40

(v) Advance from TWA 15

SHRI BABUBHAI M. CHINAI: In view of the fact that the Government is also proposing to put up a hotel at the Santa Cruz airport in the public sector, may I know whether it will permit this particular hotel there in addition to that? May I also know what is the exact position with regard to the Government's proposal to put up a public sector hotel there, have they finalised it and, if so, when it will be ready?

DR. KARAN SINGH: Sir, Air-India is actively considering building a hotel at Santa Cruz in Bombay. In fact because of that we have had some hesitation in approving this particular project, because we always want to give priority to the public sector and we are anxious that if a public sector undertaking is going to put up a hotel, then there should not be any unnecessary difficulty. Subsequently, Sir, there have been more discussions on this and now a new proposal has come that instead of building a hotel, they are now planning to put up a flight kitchen. A flight kitchen is a place where these delicious meals which are served in flight are prepared and given when the planes arrive.

SHRI MULKA GOVINDA REDDY: They are not delicious.

DR. KARAN SINGH: Sir, I am sure that the hon. Member who has travelled on Air-India will agree that the meals are in fact very delicious. These flight kitchens are for international flights.

SHRI MULKA GOVINDA REDDY: In Air-India it is all right but not in the Indian Airlines.

DR. KARAN SINGH: This has got nothing to do with the Indian Airlines. This flight kitchen is essentially for international flights.

SHRI BHUPESH GUPTA: You can have Maharaja kitchens.