

MESSAGE FROM THE LOK SABHA**The Appropriation (Vote on Account) Bill, 1975**

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha signed by the Secretary-General of the Lok Sabha:

"In accordance with the provisions of Rule 9(i) of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith the Appropriation (Vote on Account) Bill, 1975, as passed by Lok Sabha at its sitting held on the 14th March, 1975.

The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India." Sir, I lay the Bill on the Table.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2.00 P.M.

The House then adjourned for lunch at five minutes past one of the clock.

The House reassembled after lunch at three minutes past two of the clock, Mr. DEPUTY CHAIRMAN in the Chair.

**THE BUDGET (GENERAL) 1975-76—
General Discussion**

MR. DEPUTY CHAIRMAN: Before we start the General Discussion on the Budget, I may say that we will have to sit till 6.30 P.M. for the next two days because there is such a big list here. Now, Shri Kalyan Roy.

SHRI KALYAN ROY (West Bengal): Sir, on 20th February, while presenting his Budget, Mr. Subramaniam paid tributes saying, "My burden has been lightened to some extent by my distinguished predecessor. . ." Sir, his predecessor's Budget last year was a symbol of two major surrenders—to the big business, monopolists and to the kulaks. Mr. Chavan surrendered to the tax evaders who were shouting that tax evasion is a product of high taxes in the higher income brackets and reducing the maximum marginal rate of income-tax from 97 per cent to 77 per cent of

the taxable income. Secondly, the rural rich and the vested interests were not touched at all. Sir, the last Budget was a partial surrender to the rich sections of the community. This Budget will go down in history as the blackest Budget: of all, a Budget of total surrender to the rich, affluent, limousine sections of the urban areas, to the monopoly and the big houses, and to the kulaks and the rich peasantry in the rural areas.

Sir, one wonders whether this Budget has been prepared by Mr. K. K. Birla and Mr. J. R. D. Tata, who have submitted memoranda regarding suggestions for accelerating the industrial growth, or whether it is the work of three of them—Mr. K. K. Birla, Mr. J. R. D. Tata and one of those who caused—devaluation. Mr. Subramaniam. Not only the spirit is the same but even some of the lines are the same. Sir, Mr. Subramaniam has stated,

"We do look upon the Budget as an important tool for reaching our cherished socio-economic goals."

Of course, he is a clever man: he has remained silent. What, are his cherished socio-economic goals?

The Amrita Bazar Patrika on the 13th January, 1975 came out with a report on "Why this rising tempo of pavement dwelling?" All over the country—whether at Calcutta or Madras or Bombay—hundreds and thousands of villagers were (in)ning to the cities in search of jobs. Never before in our history we have seen so many beggars on the railway stations and in the streets. It is difficult to walk on the pavements. There has never been so much unemployment as it is today. There has not been any proper survey conducted. The dimension of the problem of unemployment has not been measured, leave aside the question of under-employment.

Sir, one Amrila Sen, Professor of Economics at the London School of Economics, in the first week of January, 1974, stated that any estimate of unemployment in the country and any idea of the likely volume of additional employment to be created by the Plan was extremely disappointing. This was specially so since employment, which was a major vehicle of income distribution, which is supposed to be the basic objective of the Fifth Plan. It evaded the main problems systematically.

Dr. Annii Sea went further and said that the programmes which had been taken up by the Government, such as crash Mies for rural employment, agencies for drought-prone areas and programmes were absolute!) inadequate to deal with the unemployment problem of the magnitude that India was facing today. As there is no survey, he said, they may be 15 million, may be 60 million or may be even 100 million unemployed. Mr. Mukhejee will be very glad to know this because we come from the same State. We are proud to be on the top of the list in India.

Sir, in West Bengal the number of job seekers registered with employment exchanges is 14.75 lakhs. The *Statesman*, on the 11th November, came out with a big headline, namely, "Over 2.20 lakhs of scion-lis jobless". So, Sir, if the aim of Mr. Subramaniam is to increase unemployment, I must congratulate him because he has already achieved that goal.

Sir, we have been told in the past and I repeat what Mr. Chavan stated on the 15th December, 1970 regarding the measures that we were taking to remove the disparities between the rich and the poor. Mr. Chavan stated and I repeat:

"The Government accept the position that its fiscal, monetary and other policies should be so geared as to promote better equality in wealth and incomes. The objective is sought to be achieved through taxation and similar other instruments of policy".

On the 21st March, 1974, Mr. Mohan Das Mehta stated that the endeavour of the Government has been to reduce the disparities particularly through various legislative and other measures which have been aimed at ensuring minimum wages and providing larger social and other benefits to workers and restricting the incomes of the top executives in the organised sector.

Sir, the national minimum wage has been shelved, the Industrial Relations Bill has been sabotaged and the disparities are growing, thanks to Mr. Subramaniam, and the support of the Minister of Company Affairs.

On the other hand, Sir, what do I will give three concrete instances, from

the replies given in Parliament, Mr. Raghunatha Reddy stated on the 3rd August, when he was the Minister of Company Affairs, that the Company Law Board approved the appointment of Mr. C. R. Irani as the Managing Director of the Statesman Ltd. on a salary of Rs. 0,500 per month plus certain perquisites. Regarding the appointment of Mr. Kishor Hartley as the Chairman of the Indian Oxygen, Mr. Raghunatha Reddy stated that he had been appointed on a salary of Rs. 8,000 per month plus overseas allowance of Rs. 1,500 per month and some perquisites. And the foreign allowance has been increased to Rs. 2,500 in addition to commission which is one per cent of the net profits not exceeding Rs. 45,000. Today we have been told that Mr. Hayward—Mr. Hayward is in this House—has been given further extension as Chairman of Shaw Wallace with a salary of Rs. 10,000 per month and additional perquisites. So; this is the way Mr. Subramaniam is achieving his socioeconomic goals.

Sir, if Mr. Subramaniam's aim is to increase the prices of the commodities which are brought by the ordinary people, of course, I think he has been immensely successful. Everything has been taxed; not a single item has been spared. And whatever was spared has been brought under the one per cent excise duty. Tea, *bidi*, khandasari sugar! Nothing has been spared. And Mr. Subramaniam has stated that he is out to cure the vices of the poor. I do not know the style of life of Mr. Subramaniam and I do not know what his vices are. But I have learnt as a trade unionist for the last twenty years in the most backward section of the community—the miners—that *bidi* and tea are not

AN HON. MEMBER: Yes.

SHRI KALYAN ROY: They are substitutes for food, to escape from hunger. They kill the appetite for a long time. If Mr. Subramaniam had cared to come and see the miners digging coal underground or iron ore underground, he would agree with me. But unfortunately he is living in a bungalow and he has neither the time nor the intention to go there.

Take a simple problem like textiles. Mr. Subramaniam's philosophy of inflation is, inflation is brought about by too much

[Shri Kalyan Roy]

money chasing too few goods. What about the textiles? Textile mill owners have profited to an extent which you could not imagine. This is the *Amrita Bazar Patrika* of 20th June, 1973. I quote:—

"A two hundred per cent increase in profitability in a single year resulting from an unbridled price rise can hardly be fit in with a planned economy."

The *Economic Times* gave figures. Even dividend was to the extent of 100-200 per cent. So, according to Mr. Subramaniam's philosophy the prices of textiles which the workers find difficult to purchase because of high prices would have fallen! But the prices did not decline. Textile goods continue to accumulate in the godowns. Did he arrange to make them available at cheaper prices? Did the textile prices go down? Not at all! What was the reply, Sir? Shifts were closed; factories were closed down. Actually 30,000 labourers were laid off in Ahmedabad, Bombay, Calcutta and Kanpur. So, the prices do not come down if people do not purchase. The employers curtail the production and the profit is mounting.

With regard to tea plantations. I asked a question about sickness in the tea industry—sickness which is brought about by utter mismanagement which led to closure. Mr. Debiprasad Chattopadhyaya replied to it on the 4th March that this has been brought about by mismanagement but unfortunately the Tea Act of 1953 has no provision to take such action. Mr. Subramaniam is trying to create a climate of growth and so the plantation industry was untouched. This is what the Chief Minister of West Bengal said in the last week of February, and I quote:—

"A class of greedy employers have come up in West Bengal and they are out to make quick money at the expense of the industry. Even a Gandhite would feel like shooting down the managerial people in certain tea gardens— if he sees for himself what the management has done to the gardens."

May I ask, humbly, why these tea gardens and the plantation industry have not been taxed?

Sir, this budget has come at a time when the Reserve Bank is stating—and I quote what has appeared in the *Hindustan Standard* of 12th February, 1975:—

The Reserve Bank study shows that more than 40 per cent of the non-manual employee households in urban areas reported indebtedness totalling Rs. 219 crores, or an average of Rs. 1,585 per reporting household. In evidence Mr. Subramaniam's entire burden has come crushing on the workers, on the peasantry. It is obvious because only in January 1975 Mr. Subramaniam went to Calcutta to address the Associated Chambers of Commerce. Perhaps he aimed the target from there and in here Mr. Subramaniam very clearly said: "Somebody will have to be hurt somewhere". These are his words and throughout the Budget who is the target of Mr. Subramaniam's guns? The target is not the rich, not the tax evaders, not the Birlas, Goenkas, Mafatlals and Jains or the bin monopoly houses but the poor people in the streets who have been reduced to beggary.

There is a picture which has appeared in the 'Jugantar' which is one of the largest dailies of West Bengal, owned by Shri Tiishar Kanti Ghosh. It is the picture of mother and daughter lying dead because of starvation in the streets of Cooch-Behar. So, let Mr. Subramaniam should talk of social welfare measures. It is better for us to understand that Mr. Subramaniam pretends that he intends to do the best he can do for his country and people but all the time he has been apologising behind the scenes to the big business houses and the *kulak* lobby which have held him in a very tight grip.

In his reply on 11th Feb Mr. Subramaniam stated that "We have taken very strict measures for tight money and dear money policy to contain inflation." How are you going to do that and what is the result of your tight money policy? Your tight money policy has hit the public sector hard. It has hit the Jute Corporation of India. Cotton Corporation of India who could not purchase the quota of jute and quota of cotton and the peasants were forced to sell their produce to the dealers. Has it hurt the monopoly houses, the big business

May I humbly say that this is full of sound and furv signifying nothing? Nothing at all We have seen the speeches, the state. mint of a Minister who is still a Minister,

(Shri Kalyan Ko\ the Minister of Finance, Mr. K. R. Ganesh, what he stated on the 29th December 11)7-1. He said that the. jute and tea industries between themselves accounted for a declared foreign exchange earning of a little ovei Rs. 100 owes bin the leal foreign exchange earning could be as much as Rs. 1,000 erores. Die ascess amount of Rs. BOO erores is being drained out of tin. country ever) year. Compared to this, the amount bandied b) ihe smugglers was trifle. Bui the anti-smuggling operations have caught on public fancy. Ves, we see a lot of pictures of Mr. Subramaniam and Mr. Pranab Mukherjee going in boats and giving names lo these boats. Mr. Subramaniam would sa\ : Have'm we caught Maharani Gayatri Devi? One swallow does not make a sum-mer. How many Gayatris get away we do not know. The ratio between indirect taxation and direct taxation is i_,""g up and up, My basic charge is that there is evasion and the Board of Direct faxes has become a board of tax evasion. The enforcement department which ha lo slop smuggling and racketeering in foreign exchange has become a partner in this racket. I will only give you some of the replies of Mr. Pranab Mukherjee.

MR. DEPOT* CHAIRMAN: Mr. Kalyan Roy, there is another speaker from your party. Hardly ten minutes are left.

SHRI KALYAN Roy: I would finish soon. I asked a question how many are pending foi assessment. Mr. Mukheijec replied on 1th March aboui he cases pending disposal. In 11)70-71 the eases were 28,000 and a little more. In 1971-72 the number of cast In 1972-73 the number was 8,88,000. In 1973-74—he is very competent—the number is 12,53,000. As far as the number of eases disposed of is concerned between 197:1-71 and 1974-75, it came down from 34,36,000 to 29.00.000. t asked him hov. many eases are still pend ing and in how many cases they are being prosecuted. I find the figure to be as alarming as 142. In most of the ihev arc either pending in court or no action has been taken, is he not aware thai (here is collusion between the Gov ernment lawyers, who appear cm behalf of the income tas and the lawyers who appear on behalf ol those

who evade taxes and who conceal taxes? The) delay the cases. Mr. Mu dierjee, please submit to this House in how many cans the Government took active steps to get the injunction vacated, injunction to the iirlas, injunction .to the Ma.aihds, injunction to Nahu-Jaiu. in one of the eases, about the prosecution launched against Mr. Ashok Goenka, what is the result? Since the case was found to be weak, it was withdrawn. How many such cases have been withdrawn, Mr. Mukherjee? Why are they weak? What happened behind the weakness? Is it physical weakness or something else? Would you pease enlighten us? This is the centre of corruption, the Board of Direct faxes. Regarding Calcutta 'H replied on 12th March 1974 that the net arrears as on 91 -3-78 were Rs. 20S erores. At the end of December, 1973 the net arrears stood at Rs. 203.55 erores. The arrears accumulated. Cases continued to be dragged in court. About concealment, it is better we do not talk aout it. Then, we come to a new gmvmieck. It is the survey of under-valued properties. Properties have been sild, but the black money has been kept. J asked a simple question on the 25lh February, 197 i; how many buildings have you sm/eled and hov, many buildings have you taken over? The reply says: [here is no question of conducting any survey by the Government for the purpose of initiating proceedings for acqui-tion under ihe Income-tax Ai :. Show-cause notices were issued. How many? In 2,2 J() eases show-cause notices were issued Under section 2(>9D of the Income-tax Act, by the competent authorities have jurisdiction over Calcutta, Howrah, Asai sol area, New Delhi and Bombay, What happened, Mr. Mukherjee? Out of 2230 ca es proceedings were dropped in 1028 cases.

"Orders of acquisition under section 269F(6) of the Income-tax Act were passed in 18 cases. These on ITS will, h< ever, become final only after the appeals before the Tribunal or lie High Court have been decided and orders have be a confirmed or the Limitation for filing such appeals has expired. The action for taking possession of the properties i ,it be initiated only after the order of acquisition Incomes final. None of ihe properties has yet vested in Government under the provisions of the Income-tax Act."

What a magnificent conquest, Mr. Mukherjee. Will all the big talks of raid, not a single property has been taken over till now. Why this humbug, why this bluff, why this misleading statement which has been put out in the press day after day? (*Time bell rings*). Sir, I will take ten more minutes.

MR. DEPUTY CHAIRMAN: Then the second speaker's time will be less

SHRI KALYAN ROY: Then I asked a question on the 4th March about the progress of the Special Cell set up to investigate into the sordid deals of the Birla and other houses, about the sordid manipulation of stocks, the suppression of production, the disproportionate payments of remuneration etc. which amounted to several crores. But not one has been arrested.

The same situation is in relation to the Enforcement Department. I am very much pained to bring to your notice that the Birlas are having at least 50 cases of foreign exchange violations. One of the top officials of the Birlas made a clear confession to the Enforcement Directorate how one Birla, K. K. Birla or J. K. Birla, accumulated money in the bank at Zurich or in the bank at Washington. Those documents are with the Enforcement Directorate. The Birlas have not been touched. Cases are going on against Hindalco for the last several years. Documents have been seized as to how foreign exchange has been accumulated abroad. Goenkas, Sahu-Jains, Martin Burn, Shaw Wallace—how many names can I give? The total amount of foreign exchange misappropriation and accumulation of illegal money abroad will be two thousand crores. You are not short of foreign exchange. The foreign exchange shortage in this country is created by those who are accumulating money abroad about which Mr. Ganesh spoke. But you have taken no action. And your Budget is silent about it. If I had time I would have read out the questions and answers about cases investigated by the Enforcement Department and the CBI involving foreign exchange violations. I am only giving the figures for the last two years. In 1971/2, the CBI filed two prosecutions—disposal nil; pending two. In 1974, four cases were filed—disposal nil; pending two. And in

1977) how many prosecutions were filed till now? Nil. Disposal nil and result is nil. Your functioning has come to nil. This is unfortunate, I am forced to say.

I would quote from the statement of a Prime Minister who attended a meeting of the neutral countries at Algiers. The Prime Minister of that country stated—

"As the economic struggle becomes more acute, long suppressed voices of people sharpen; but with every step forward, resistance of entrenched groups, often aligned with foreign interests, especially the faceless multinational corporations, becomes more vehement, unscrupulous and, at the same time, more subtle and even insidious, for it is no longer overt but indirectly subversive and provocative. In India we see these constraints in operation every day. Perhaps this is also the experience of other developing countries."

Mr. Subramaniam may not have read this speech. This is the speech of Mrs. Gandhi at Algiers on the role of multinational corporations, how they are subverting the economy of the developing countries, and she has specifically mentioned India. Has Mr. Subramaniam taken one step against these multi-national corporation? Has one paisa been imposed upon them? Is there any reply? Or am I to conclude that what Mrs. Gandhi says abroad she does not mean it seriously here? Does it mean that she is against multinational corporations outside our country and is a darling of multinational corporations inside the country? How dare, Mr. Subramaniam, you bring such a Budget which is a budget of multinational companies? It gives incentives to tax evaders. Either the Government is resorting to double talk or let them not talk of the multi-national companies in his way as the Prime Minister talks. If she is serious then she should give a budget which will help the people.

My final word is this that it is obvious to most disinterested critics that Subramaniam Budget has the preservation of capitalism at all times in view. But let him understand that the mixed economy under the huge monopoly umbrella has created

[Shri Kalyan Roy] distortions in the economy. As I have pointed out, the private sector firstly accumulates economic power which ultimately becomes political power. The pseudo-social rhetoric of (he vested interest has set in motion the economics of anti-growth which negated the socio-economic policy of the Constitution, Mr. Subramaniam will have to admit that there is crisis in the whole order. There is complete economic down. Unfortunately, Mr. Subramaniam, capitalism or mixed economy has spent his force. The Indian people have a right to jobs, to two square meals a day to houses and education for their children. The whole private ownership of production is failing; a system to provide these fundamental things for the people. The tragedy, sir, is that the Subramaniam Budget is only aimed to preserve the absolute capitalist system.

SHRI VITHAL GADGIL (Maharashtra): Mr. Deputy Chairman, Sir, this year is the International Women's Year. Let me therefore begin by saying that the Finance Minister is the nation's housewife. A housewife tries to get as much as possible from the husband and spends as little as possible thereby increasing the savings and wealth of the family. A good housewife is one who uses all her skill, all her charm to get the maximum from the husband in such a way that he does not realise what he is being deprived of and when he realises it is too late. He then philosophises and rationalises and forgets his loss in his administration for her skill. By and large, the people have not reacted unfavourably to this Budget. There is hardly any complaint.

SHRI SUBRAMANIAM SWAMY (Uttar Pradesh): Sir, I have,

SHRI VITHAL GADGIL: The majority is with us. Therefore, if you apply this test, I think Mr. Subramaniam has proved a very successful housewife.

SHRI KALYAN ROY: Very soon become a widow

SHRI VITHAL GADGIL: I choose to call him a housewife. From the other side it may look that way. To carry the meta-

phor further, like a good housewife he has to food and fuel in Budget. Indeed I want to congratulate him for three things. Firstly, he has increased the planned expenditure. Secondly, he has given priority to agriculture, food, and energy. And, thirdly, he has tried to minimise deficit financing so that inflation may be contained. The 22 per cent, increase in planned expenditure, in my opinion, will industrial activity forestall the threatened recession. It will create additional demand for a number of goods particularly steel, machine-tools, engineering and similar goods. In other words, the capacity utilised which is less than normal will be increased by this 23 per cent increase in planned expenditure. And from another point of view also this is a welcome measure.

As you know, Sir, in any plan a significant step has to be taken in the very first 5 years and that significant step is to step up the expenditure in the very first year so that an impact can be felt in the subsequent four years from the point of view of development.

As far as food and energy are concerned they have been great constraints on our economic development and on the growth which we want to increase, the provision that he has made for fertilisers, seeds and other commodities will restore the balance in this critical sectors and right emphasis will appear on this aspect of the economy.

It will also indirectly help to increase production and the developmental activities. Thirdly, it has been our experience in the last five or six years that as soon as the Budget is announced, the very next day the prices increase. Happily this year it has not happened and I think the credit for it must go to a large extent to Mr. Subramaniam. And if the Kharif and Rabi Crops prove to be good, the downward trend which is low discernible in the prices will hopefully continue; and for that also, this Budget will give encouragement.

Now, Sir, sugar has been our greatest export earner. I think it is time that we congratulate our sugarcane growers, and particularly the cooperative sector, for the

effort they have made in this direction. I find that the estimated production of sugar this year is about 45 lakh tonnes. Our domestic requirement is about $1\frac{1}{2}$ lakh tonnes. So, about 12 lakh tonnes will lie left for export. The current international price of sugar is Rs. 0.50 per Kg. So, on a rough calculation, we will get about Rs. 800 crores. Our import bill for oil is about Rs. 1,200 crores. In other words, two-thirds of our import bill for oil will be paid by export of sugar. Let those who talk of "Kulaks", and particularly those who drive cars, remember that it is the sweat of the sugarcane grower that is paying for their oil. So let us not denigrate them by talking of "Kulaks", "big fanners" and all the rest of it. As far as the corporate sector is concerned, I think the time has come to have a second look. What I find is that in the last 10 years' the financial structure of the corporate sector has changed significantly. What has happened is that the interest that they pay on loans forms part of the cost and it is not liable to tax. On the other hand, dividends are taxed. My request to the Finance Minister would be to re-consider the whole thing and see whether both the things can be taxed so that we can mobilise savings and there will be greater reliance on, and increase in, share capital and less reliance on loans, so that monies from public financial institutions can be diverted to other developmental activities.

Then he has referred, and rightly so, the irrational wage structure. In this respect also, I think the time has come when we should have a second look and a positive policy, a national wage policy, must be evolved. I find, for example, in Bombay that, a sweeper's total emoluments are higher than the starting salary of an IAS officer, and a peon of a nationalised bank gets more than a Lecturer in Economics. That is the irrationalism and imbalance that we have got in our wage structure. I therefore, he has rightly pointed out that it is necessary to introduce an element of rationalism in our entire national wage structure and policy.

He has also mentioned about governmental expenditure. There are a number of ways in which it can be reduced. I may cite only one example, and I know the Opposition might appreciate it more. I

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am not saying if, with a view to please them.

SHRI SUBRAMANIAN SWAMY: Come here.

SHRI VITHAL GADGIL: You come here first; then we will see.

SHRI SUBRAMANIAN SWAMY: All right.

SHRI VITHAL GADGIL: I find that the number of Central and State Ministers—this I have said often.....

SHRI A. G. KULKARNI (Maharashtra): We do not want a Member like Mr. Swamy.

SHRI VITHAL GADGIL: You do not want him? All right. A member of Central and State Ministers, when they go on tours of districts, particularly to rural areas, I find them accompanied by a fleet of cars; there is at least one jeep with half a dozen constables and at least one Sub-Inspector. If security is involved, by all means have them. But is it necessary all the time to be accompanied by such paraphernalia? Just imagine the cost of petrol and the amount of overtime that will have to be paid to the Government employees! Even in such small and insignificant matters, a lot of saving can be made in governmental expenditure.

Now, it is said that a lot of duties are imposed. True, certain duties have been imposed on cement, tobacco, tea, sugar, super-fine cloth, safes and strong-boxes, wrapping paper and so on. But I think that as every budget reflects the personality of the Finance Minister, this Budget also reflects the Finance Minister's personality in this sense that there is...

SHRI KALYAN ROY: Are you complimenting him or doing something else?

SHRI VITHAL GADGIL: Just listen. It is just a Budget of simple living and high thinking. I will tell you how...

{Interruptions}

DR. RAMKRIPAL SINHA: It is just taxing the simple and...

(interrupting)

SHRI VITHAL GADGIL: Listen. For example, fake sugar. If you want to have more sugar, you have to pay for it. [f you want to build an ordinary hOH.se, win can use bricks and mortar. - (*Interruptions*). If you want to have a concrete smiaure, well, pay more for cement. If you want to buy superfine cloth, what is wrong in asking you to pay more? If you want some better things of life, well, in the present condilions of the country, you have to pay more. If you want to accumulate, wealth, bv all means anumulate it. Hut if you want to put it in strong lx>\cs, pay for it. In short, the theme and pattern is that if you want a higher standard of living, surely in the present circumstances in the countrv, vou must pay for it. And that is what the Finance Ministei has done. Sir

AN HON. MEMBER: What about 'bidi'?

SHRI VITHAL GADGIL: If vou want to 'smoke unbranded 'bidis', vou ran smoke. But if you want luxurious types, the pattern is the same...

(*Interruptions*)

SHRI KALYAN ROY: What about ISO?.....¹.

(*Interruptions*)

SHRI VITHAL GADGIL: You must appreciate it. An ordinary man. . .

SHRI KALYAN ROY: What about ISG?

(*Interruptions*)

SHRI VITHAL GADGIL: I will tell vou.: An...

SHRI A. G. KULKARNI: He is a hachelor...

(*Interruptions*)

SHRI VITHAL GADGIL: That explains it. An ordinary man,, the common man. in tilts countrv is very reasonable, verv appreciative and \erv patriotic. He tinder-stands. I will tell you a Story, When I explained to a house-wife in Romtnv as to why we have to tax sugar, belie e me, not only she did not criticize but she became very humorous about it. And she told me a story. She said, "I don't mind your increasing tax on sugar, bin at least provide us good quantity." She told this.story. Two years ago, one day she asked her husband

to bring sugar from the ration shop and she gave him ration cards of five persons in the family. But the husband came back empty-handed. Naturally- she was angtv. She asked him, "What have you done about it? Have you brought .sugar?". Will, he said. "It Is n long Story; I will tell you some other lime". She said, "No, you must tell me now". And like a good husband, when wife insists, he yielded and replied, "Well, I went to the shop and I asked the shopkeeper to give me sugar foi 5 persons for the week, and I gave the ration card to him. The shopkeeper asked me, 'Have you got a liiis ticket?'" . I said, "I am asking vou foi sugar for 5 persons for a week, and you are asking me for a bus ticket? What is all this?". The shopkcqier said. "The quantity is so small that it can. be wrapped up in the bus ticket. So I will wrap It up in the bus ticket". So the husband took It in the bus ticket, but bv the time lie reached home, whatevei small quantity there was dropped out on the way through the punch hole the bus-conductor makes!

She told this all verv humorously, with j -ense- of humour. They do these things terj humorously, unless they belong to the Opposition. That is a different .matter.. (*Interruptions*). Therefore, Sir, lor the ordinary man, the Budget has not done anv harm as presctnd bv the Opposition.

Then, lastly, Sir, I would like to make three suggestions to. the Finance Minister.

My first suggestion is w'ith regard to iris. Now, the powcrlloom industry has a certain role to play. What Is required is to evolve a national textile policy. What lias happened today is thai there seems to be an assumption with some people that the powevloom industry is an industry which is going to kill the handloom industry. That is basically a wrong assumption. It is the composite big textile sector which is killing both. Therefore. I would request the Finance Minister to give a second thought with regard ro his proposals for poweilooms and ic consider whether they have any role to play ' and how it can play.

We have assumed that in the ue/t Fhe-Year Plan the pei capita consumption would be 16 y.iids and if that target is to ,he achieved. then the poweilooms will have

lo pte) ;i special role. We have also said that we want rural industrialisation. Just as the sugar co-operatives have brought in an industrial and socio-economic culture of 11n ir own in rural areas similar things can foe achieved by the powerloom industry and, therefore, Erom that point of \iew also, Sir, I would recjuest the Finance Minis-ter to reconsider the whole position with regard to the powerlooras.

Then, Sir, I come to my other suggestion and this is being described as my favourite tiobb) horse. It is true that election expenses provide an excuse or alibi for black money. Now, Sir, I think, a solution can be found and I have a solution to offer. \h solution is based on a certain assessment. \i\ assessmi nt is that for a Lok Sabha constituency one lakh of rupees would be re-quired for legitimate expenses and for an Vssembly constituency, thirty thousand rupees will be required, .Now, il you as-'inn. that there are three candidates for rach constituency, the total expenses would be, foi all the 540 Lok Sabha constituen-cies, and about 5000 Assembly constituency R.s. 100 irons in five years. There- . if you impose an election tax of Rs. 20 crores, which would work out to just fift) paise per head, I think the expenses of all the political parties can be met and, therefore, I would request the Finance Minister to consider the question whether an election tax oi surcharge can be im-I. I am sure, Sir, every citizen in countw will accept it and nobody will grudge this small tjx (or purity in public life and purity in elections,

SHRI MAHAVIR TYAGI! Will you tax the voter or the candidate?

SHRI VITHAL GADGIL: Every voter can be taxed and if von work it out, it will not come to nmore than fifty paise.

SHRI MAHAVIR TYAGI: In what form will it be?

SHRI VITHAL GADGIL: It tan be in any form. It can be in the form of a surcharge.

I hi n, Sir, the last request that I want to make is with regard to some of the concessions that have to be given to the technicians foe the purpose of Income-Tax. I think it is necessary, particularly in the ease of ihose who have acquired certain

expertise in foreign countries, that mqre tax concessions should be given so that there will be incentives for such people to come to India and we will be able to stop the brain drain.

Sir, I want to end my speech with just quotation. Sir, the Finance Minister of a country has to play a very Important role in the economy of the country and I can do no better than quote, in the inimitable words of Mr. Winston Churchill, what he has written about his father when he was the Chancellor of the Exchequer:

'Over all the public departments, the Department of Finance is supreme. Erected upon (lie vital springs of national prosperity, wielding the mysterious power ol the purse, a final at biter in disputes oi every other case, a s^ood fairly or a perverse cv il of every imaginative Secre-i,o'. ol State, the Treasury occupies in the polity a central and a superior position. Reckless Ministers are protected against themselves, violent Ministers are tamed, timid Ministers arc supported and nursed: a few, if any, are intensible to the influences by which they are sm-rounded. Streams of detailed knowledge, logic and experience wash away their fiscal'and financial heresies. A baptism of economic truth inspires the convert riot merely with the peace of a saint, but also with the courage of a martyr."

Sir, I hope that the Finance Minister, Shri Subrainauam, will continue to show tin peace of a saint and the coinage of a mat tv i, • Thank vou, Sir.

SHRI SUBRAMANIAN SWAMYi Mr. Deputy Chairman, Sir, before I start my speech, I want to. make a few preliminary observation*. Sir, I have got tin greater respect for the Finance Minister and think he: is certainly one of the¹ In si Finance Ministers that we have had during these years. But what I would lik< to elaborate today is that I am terribly disappointed with the Budget that he has presented. I think it is one of the worst budgets that we have had-in many years, perhaps. The Finance Minister, although \e'v able, is a prisoner of the *maya* created by his leader and he has to live within the confines of that. So, he has begun his speech with the plea that we should consider his proposals in the background of what really has happened in the Indian economy.

[Shri Subramanian Swamy]

Now, what happens in the Indian economy is given nicely, in very clear statistical terms, by the survey, the Economic Survey, (in which I would like to quote some statistics, I would also compliment the Finance Ministry for bringing out a very good economic survey this year—very good from our point of view, too).

Now, for example, take foodgrains. The foodgrains consumption in 1964-65, the year before the new era of Indian politics, was 480 grams per day in 1970-71, before commencement of the 'garibi hatao' programme, of which the original author was the Finance Minister himself with the slogan of 'Quit Poverty'. It dropped to 469 grams per day in 1973-74. It has further dropped to 418 grams. Similarly, the consumption of edible oil was 3.6 Kg. in 1964-65. It dropped to 3.3 at the beginning of 'guriUi lialao' year, and further to 3.0 last year. Cotton cloth availability was 15.2 metres per year in 1964-65. It dropped to 13.6 metres in 1970-71 and it came down to 12.1 metres per year last year.

This, Sir, this is very clear index that the available supplies to the Indian population have been progressively worsening every time. Similarly, the real wages today are lower than they were in 1968-69. This has been admitted in reply to Parliamentary questions. Disparities have increased. The ratio in 1948 was 1 : 1.1. Today it is 1 : 1.8. Similarly, the number of people living below the poverty line in 1971 was 41 per cent, according to Government's own definition of 'poverty line'. Today it is 67 per cent. That's why we see a large number of people going to the Prime Minister's House, asking the Prime Minister: Please give us our poverty back, of 1971: it was quite comfortable then.

Now, Sir, along with this, unemployment has tripled over ten years. It was half crore in 1955-56, one and a half crore in 1965-66, according to most reliable estimates, and now it is about four and a half crores today. Every decade, it triples. Along with this, comes a series of unfulfilled promises. I am not talking here of the large number of political promises made. I am talking of the very specific

promises. One promise was made in Bidhan Nagar Congress that there will be a crash programme for unemployment. Rs. 100 crores was set aside for that in 1972-73 and 1973-74. According to the Budget for 1971-72, this is reduced to Rs. 40 crores. And, according to the Finance Minister's statement, the amount spent on the crash programme was only Rs. 10 (tens). In 1975-76 Budget the amount allocated is Rs. 10 crores. They have, from Rs. 100 crores, come down to Rs. 10 crores. It is really surprising. Money has been allocated in the Budget. Money is available. But it is not spent, How is it to be?

Similarly, in the case of small farmers, marginal farmers, agricultural labourers, in the last budget Rs. 200 crores was set aside. This year it is Rs. 21 crores. Similarly, for agriculture, Rs. 216 crores was set aside in the last Budget. They spent Rs. 109 crores. What is this? Is this lack of money? No. It is lack of will. It is lack of seriousness to implement. Promises are made and are not easily and quickly.

Sir, the Finance Minister in his speech says on page 5 that he is giving top priority to agriculture and energy. Now, his speech was very dramatic. He said that he will set aside all the money necessary for it and only the surplus would be set aside for other sectors. This is how dramatically he put it. Look at this document, called 'Plan-Budget link'. What does it show? The share of agriculture in P.M. culture in this latest budget, has gone down from 4.9% to 4.1%. The share of railways which is an important ministry has gone down again this year, [the share of railways which is very important for energy development because after all you have to move coal up and down, has gone down, how much do the railways get? The allocation for railways has gone down from 543 crores last year to 291 crores. Therefore, what he says in his speech is not reflected in his estimates.

Then he says, "I am giving a big boost to the Plan." The outlays on the Plan are supposed to have gone up by 23%. But in reality, the outlay on the Plan has gone down. The plan has said that there should be no deficit-financing in

the first two years and the total deficit-linaiciug in "> years should nm IK inoi'i than 1000 crores. What do we findi The deficit-financing in tlu- first two years of t hi- Plan has amounted i<> 800 crores. Does he mean i" say thai in the ocxi three years, there will be a total of only- 50 crores ' deficit-financing pel year? I cannot believe it. Again, the Plan has cliMih said that non-developmental expenditure should grow a! the target rate of growth oi population, i.e. roughly about 2% per year. Here in his budget, the ntm-devetoprueutal expenditure is growing at 12%. flu- expenditure on police is growing at 25%; per year. I can understand that. Mr must be Eeeling very insecure with tlu: IH:I<XS surging towards him and it musl In \n\ frightening For liiin. f can understand that. I In true- feature of this budget is thai it is a budget without thrust. It is in some ways, as Mr. Ativan! has said, a -.adi^iii budget. It taxes commodities which we never thought ol touching. In the other House, somebody said that this budget would perhaps help f ay a pr alt ash Narayan's movement. Perhaps, Mr. Subra-nianiaiiai is a secret admirer of [ayaprakash Narayan. We never know. ft. may be known one of these days after the out bursts. \s long as you pepole are there, I .on sure that lie will never become an open admirer of Jayaprakash Narayan, lie levies a tax of 22S crores and blames it on inflation. Actually, this inflation exr i use is highly overstretched. lunation nclualb helps tlu- Government. 10% ex-cise duty is *ad valorem*. It means that because of the 30% inflation which took place last year, the Government got 300 erore.s more. Where has this money gone? It has gone into non-developmental expenditure. Similarly, tlu Government's deficit lias been brought down by issuing *ad hot* treasury bills on which the Reservt r.ank of India charges 1",, interests. lie gets thai !",, interesi alter transfer back to the Central Government. The Central Government go(180 crores laM year on that account. In spite of thai, the Government had a deficit ol 850 crores. It is a cleat rase of Government living on inflation. In fait, the Government is pro-fueiing on inflation. This budget levies indirect taxes to the tune of 99.2",, which are regressive, shiftable and have a direel inflationary impact. They affect tin pooi man most. Sir, this budge) squeezes the

common man and leaves him with no altet-natives. Beverages, sugar, tea, bidis, books, etc. have been taxed. Rents ate going to go up because cement and fans haw become expensive. The cost i , petrol, tvres ami i lothe-s has gone uji. lie has ptil lax on textiles and ID.nils. What i- the pool man to dor Her cannot stay in a bouse because it has be-COTne loo expensive. He cannot, go out in decent clothes because travel has become expensive. Ik- cannot haw bidis, tea, etc. I think the Finance Minister is snowing his sadism. I think bidis and tea should Ik- left out.

He can do without clothes hut on bidi .mil cigarettes, at least he ought to have hr. n show n some men \.

Similarly, tin devastating small industries.

Von take the small industrial units. In some parts, they are devastated. Our per cent excise tax is the most ununderstandable tax I have ever come across. Suppose there is a small unit which lakes paper, cuts it and then sends it up. Then there is one pei cent excise, which means, the labour, the mere tutting of a paper is going to be taxable. Labour In- now become an excisable commodity. I he tax on poweilooms is increased b\ 20 times, ivom R- . HI per loom to Rs. 200 per loom. It is iie.i going to help the weavers. I have ju-i come from Coimljatou. The weavers said, "It is nm going to help us. What i>.:e need is a marketing organization. What we need is elimination ol middlemen". Foi that, again, no arrangement is made. Similarly, the withdrawal of compound levy system is going to lea\ e the kliautl-saii units in a terrible shape. Uready news is coming from Uttar Pradesh that th situation is very bad.

Next, Sir, the transport and the wav ii has been (heated. In Railways, Rs. S_ e ions of its outlay has been cut. In regard to ioad transport, it is Rs. 15 tiiores le-ss than last MMt'S outlay. In regard to ioad construction, the outlay is Rs. 7 crores less than last year's outlay. In regard to ships and civil aviation, again, Rs. 7 c rotes less than last year's outlay. Ibis again .laih shows what the Government's outlook is. The Government talked about self-reliance in 1972, 11 anybody talked against it ur for it, depending on their

[Shri Subramanian Swamy] mood, one is called the CIA agent of the oilier. But the Government, at that time, said, "We are going to strike an independent path". In 1972-73, in net terms—I am not talking in gross terms because it is still worse—Rs. 159 crores was the foreign aid. In 1973-74, it was Rs. 254 crores. In 1974-75, it was Rs. 180 crores. And the latest budget for 1975-76 shows Rs. 613 crores. And here, in this increasing foreign aid, I have not taken into account the Rs. 210 crores of oil credit which they are going to get from the Arab countries by promising, now! what. Here again, it shows very clearly that the Government has no intention whatsoever in actual in its to implement the promises that they have been making to the people. The question is: What should be done? I have been very critical. Now, I would like to offer some suggestions as to what the Finance Minister can do.

DR. K. MATHEW KURIAN (Kerala):
should resign,

SHRI SUBRAMANIAN SWAMY: Well, we will • (OK- to- that towards the end. Now, Sir, we are a big country with a very impressive history. Our people are capable and that is demonstrated by all the people who have gone abroad, and they have done extremely well. Our technology, produced in this country, can also perform miracles as demonstrated by our technology in Iran, in Malaysia and in many countries. Our technology is doing very well there. But the problem is, the Indian technology and the Indians present in India do not •-kin to be doing very well. And the question is, why? The point is that we have not planned according to our endowment. We have had a strange mixture of social planning—due to the intellectual influence of the people sitting here—and imperialist method of taxation, taxation for taxation's sake which we have carried from the past. So, we have to ask ourselves: What should we do? Now, take the Finance Minister's own priorities: food and agriculture. And what he ought to have really done? He ought to have allotted not 1 per cent, not 15 per cent but 30 per cent of the investment to agriculture. This is the first thing. Number two: Minor irrigation should have been given priority. Here, the Government does not have to do anything for minor irrigation. All that

the Government has to do is to change the loan policies of the banks; make the banks give money not on the basis of asset distribution in rural areas but on the basis of production potential. The farmer will himself go to the bank and take the loan and will have 1, or 5 or 10 H.P. pumps with inlets. And they ought to have taken a national attitude towards rivers. There are 124 water disputes, holding up 114 irrigation projects, causing a national loss of something like Rs. 3,000 crores. This is ridiculous. This is one of the things they ought to have done. But they do not want to do it for political reasons.

Then, in agriculture, we ought to have • 'incentive price' policy. Let the Government go to the farmer and buy his produce at the market price. With the right of pre-emption, they can go to the market, the Government can say, "No. I will buy it at a sit there and wait there with the power of pre-emption, and let the market proceed. As soon as a deal is struck between the private dealer and the farmer, the Government can say, "No. I will buy it at that price." In this way, the Government will not be cheated and at the same time, the farmer will be paid his due share.

I do not say why should the Government budget. After all, in the Budget the Government say that they have paid Rs. 182 per quintal to the American farmer; but we are only paying Rs. 105 per quintal to the Indian farmer. I say that along with procuring grain at the market price they ought to subsidize it and provide it to the consumers in the urban areas at highly subsidized rates. Perhaps, they should not provide wheat at more than Rs. 1 per kg. Now, this is not the first thing that I want them to do; but they do not want to do it. Now, for example, the Cotton Corporation is being provided • only Rs. 10 notes when the total production of cotton in the country is worth about Rs. 800 crores. How can the Cotton Corporation make any deal with only Rs. 10 crores in its hands?

Coming to the question of efficient use of energy what I am suggesting is that on the pit-heads or near the pit-heads, let the Government set up 3,000 m.w. thermal units instead of 500 m.w. units as they • 10.' having today. A big waste is

going on today between the Energy Ministry and the Atomic Energy Department whether 500 m.w. unit is feasible or not or whether 3,000 m.w. unit is feasible or not. The whole of Bihar can be electrified, adequate power can be provided to the entire Eastern region but the Government have not bothered to set up thermal units of that scale in that area.

MIRI C. SUBRAMANIAM: Even 500 m.w. is a big problem.

SHRI SUBRAMANIAN SWAMY: You do not have the gumption to ask your engineers to provide thermal units of 3,000 m.w. capacity or else that you will shoot them, not that, or tell them that you will take strong action against them. If you do so the scientists will produce it; they are capable of producing it. You have never tried. You have had your own pet theories supplied to you by General Electric who tell you that in India 8,000 m.w. units cannot be set up.

Then, coming to oil, why don't we use oil purely as a chemical and perhaps, to some extent, as a motor-spirit? Why do we allow 25 per cent of oil to go to the power generators, private industry, big monopoly houses where it is used to generate electricity? Why can't you impose a restriction that oil should be used only as a chemical and not as a fuel? If you did that, the oil problem gets solved overnight. But, I know that the Government cannot do that because oil is used by big business to generate electricity and they dare not touch the big business. Just to illustrate, I may point out that farmers are sold electricity at 20 paise per unit hour whereas industry is sold electricity at 5 paise per unit hour. Birla's Hindalco is being supplied at the rate of 2 paise. This is the best example to show that the Government do not want to re-align its policy and bring the price policy in line with the situation obtaining today.

Sir, I have a large number of points to give but I won't give all of them. I will give them in writing to the Minister some time when he has time to read them: when he is no more the Finance Minister, I will give them when he will have time to read them. But, I will still have some concluding observations to make. Of course I would like him to continue as the Finance

Minister because in the circumstances in which he is placed, he is doing a very good job, which is, of course, not much.

Then, Sir, coming to employment, what is the problem in our country? Production has increased but there is no increase in employment. Industrial production on an average has increased by 10 per cent per year but employment has increased only by 2 per cent per year. Why such a situation? It is because we have allowed for vertical integration of industry; what we need in this country is a highly decentralised network of industry which will not only generate greater employment but also curb the growth of monopoly power. Perhaps, that is the reason why you do not want to do it.

In this connection, my suggestion is that every household in the country should have the opportunity of being converted into some kind of a household industry so that we can use our women-power. You may say that I want to make use of women only at home for these jobs. I do not say that women should run it only. They can become the Prime Ministers: I have no objection, they can become Deputy Finance Ministers, I have no objection. But, the fact of the matter is that there is a vast women labour force sitting at home not having any opportunity to do something productive and if the Government were to re-align its credit policies, could bring about this kind of a change where every household would contribute to its income in this manner.

Thirdly, we ought to, in order to promote small industry, decentralise industry and kick out or remove or push out multinational corporations in the consumer goods industry. I do not see why soap, tooth-paste, biscuits, ink and so on should be produced by multinational corporations. This is absurd and this is increasing every day. Now multinational corporations are producing underwear. I just do not understand why Government cannot prevent this by simple legislation, using a very very useful Supreme Court judgment. Simply say, no multinational corporation in the consumer goods industry. Government obviously resists doing it. And here I must say that the CPI has shown itself to be utterly inept and incompetent.

[Shri Subratnanian Swamy]

Fourthly, if the Government wants to utilise its resources, I have some suggestions to make in this connection. Where there is unutilised capacity in the country—we have much unutilised capacity—there has to be a reason that it is used in some business and new units do not come into the industry, I would suggest to the Finance Minister some kind of a tax to be put on the unutilised capacity but I won't necessarily call it a tax.

Finally, how resources could be mobilised with still reliance in the Indian economy is an important thing. The guiding principle of taxation should lie how the country can optimally allocate between consumption and savings so that savings are maximised and not how they are taxed and could be mobilised. Otherwise it is a completed approach. This is what I mean by approach to taxation; what we must have is a complete! different approach, I would suggest: —

(1 ■ Savings on household and social welfare expenditure of companies which provide social welfare amenities like housing, transport, etc. to the employees should be given a line in the tax exemption limit up to Rs. 12,000 which will mean a thousand rupees a month. This would mean, perhaps, 75 per cent reduction in the annual income tax. This is what I mean by approach to taxation; what we must have is a complete! different approach, I would suggest: —

Will simplification of excise taxes. We have 123 commodities? About 100 commodities provide about 10 per cent of the excise, we have 123 commodities collecting small amounts? So, I would suggest, have about 15 commodities and have a simple excise law. The necessity for doing this would be demonstrated by the Report of the Comptroller and Auditor-General of India for 1972-73 where he quotes the case of a factor manufacturing nylon yarn of different deniers was imposed the tax. The factor proceeded and represented to the Government. This is the conclusion of the Comptroller and Auditor-General.

"Consequently the Department granted a refund of Rs. 1.17 crores from the period 1st January, 1970 to 16th June,

1972 because of erroneous application of the law. This also resulted in a fortuitous benefit to the manufacturer as the duty paid at the higher levy had already been passed on by the manufacturer to the consumer."

In other words, you put a tax on the manufacturer and the manufacturer passes it on to the consumer. After that he represents to the Government and Government will say "Well right, we allow this". This is not the correct way of putting a tax. Many times they get refund. There are so many such cases and this double way of excise tax system is being used to squeeze the Indian people. I do not know what fraction of the refund the Congress Party gets back to oil its machine! during the 1971 election time.

Lastly, with regard to sales tax. I would suggest levy of sales tax with a single point—the manufacturing point. Today sales tax is a method of harassing everybody. It does not collect resources; it does not collect revenue. In fact, if you have a single point sales tax system you can get much more and I am sure you can double the amount of resources that you are getting today out of sales tax.

Finally, I would suggest that we should sell the import licences in the market in order to eliminate the premium earned by some of the more influential Members on that side, one of whom is sitting here even today. Now, Sir, I say this because we collect only 10 per cent of our revenue from the import licences with international trade taxes and all that. From Customs duty we collect only 10 per cent of the resources which was 25 per cent in 1970-51.

Why is it only 10 per cent? International percentage was anywhere between 25 to 50 of the resources. All other resources are collected through customs duty and import licence taxes. Why should you collect only 10 per cent? We collect 63 per cent in taxes, now it has gone to 77 per cent and 63 per cent on production alone whereas other countries collect only 25 per cent of the resources by taxing production. This clearly shows that we are favouring those sections which are in a position to earn premiums. I would say alone* with this for your consideration if we can

make issuing of industrial licences an automatic system, where people will come to know that within a month or two they would get licences, realising that once production increases corporation tax and customs duty will also increase.

I just conclude by saying that I do not think the problem of the country is just lack of resources, perhaps it is lack of resourcefulness. More than lack of resources, the most important of all is the Government's seriousness and commitment. Lack of seriousness has been clearly demonstrated by the fact that the money provided for was not spent and the lack of seriousness to boost the economy is demonstrated by the way in which the money is being allocated, and the way the taxes are being mobilised. I would suggest that if we had some method by which we could impose seriousness on the Ministers—the Finance Minister, the Prime Minister and so on—then perhaps we would have a better situation.

Finally, as a small beginning, I would suggest that the Parliament should have a law by which there is an automatic resignation of the Finance Minister and the Prime Minister if the budget deficit forecast is off by more than 5 per cent.

Thank you.

SHRI C. SUBRAMANIAM: Why bring in the Prime Minister? The Finance Minister is all right.

SHRI SUBRAMANIAN SWAMY: Because you are under her umbrella,

SHRI D. D. PURI (Haryana): The House has been treated to a marvellous performance . . .

SHRI SUBRAMANIAN SWAMY: Thank you.

SHRI D. D. PURI: The House has been treated to a marvellous performance of inconsistent, self-contradictory . . .

SHRI SUBRAMANIAN SWAMY: No 'thank you'.

SHRI F. I. PURI: The House has been treated to a marvellous performance

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of inconsistent, self-contradictory suggestions. I hope the hon. Member will still thank me. I would, therefore, beg some indulgence, I would need some more time to deal with some of them so as to show how irresponsible suggestions have been made. For instance, it has been suggested that the expenditure on agriculture should be raised to 30 per cent of the budget which is now 6 to 7 per cent of the present provision. It has also been suggested that the wheat should be subsidised. The hon. Member has not dared to calculate as to what it is going to cost. At the same time it has been suggested that we should design and erect 3000 mw power stations by the end of the year. Well, he did not say what should be done if the technologists are not able to do that and in the same voice the hon. Member talks about decentralisation of industries. How self-contradictory both the things are? On the one hand you are thinking in terms of centralised 3000 mw power stations whereas even a 200 or a 500 mw power station presents problems in technology, in designing, in the manufacturing and even in the erection. The question is, it has to be balanced. What will happen to the entire power grid if for a short time that large monster power station faces a breakdown or needs maintenance. You are talking of a 3000 mw power station as if design is the only thing that determines the size of a power station.

Then, Sir, he talked about exemption of income-tax to be raised to Rs. 12,000. Why should it not be Rs. 2-1,000, why not a complete holiday? The hon. Member has not made even one suggestion as to wherefrom all this money should come. Sir, I would like to go a step further and say that the income-tax and all the excise duties should be done away with because it is the privilege of the Opposition to say what they like without making any concrete suggestion, turning a blind eye to the realities of the situation. Their policy seems to be to oppose all taxation, demand additional expenditure and denounce deficit financing. That could only be done if Shri Subramaniam had any magic box so that he need not levy any tax and . . .

SHRI SUBRAMANIAN SWAMY: No, no, I did not say . . .

SHRI D. D. PURI: No, Sir, I will not yield; all sorts of things have been said and advocated in an irresponsible way.

We should borrow that magic box. Now, Sir, on the one hand we may talk of water disputes being settled overnight and trot out the astronomical figures of water going waste—disputes are very unfortunate and very very wasteful—and on the other at the same time we have to have regard to the autonomy of the States, the powers that they exercise. We have to work out the whole thing by consensus and not rise on a platform and say the water dispute should have been settled long ago and so many billion cusecs of water have gone waste.

Now, one thing is very clear. We have been hearing about Mr. Jayaprakash Malayan in season and out of season even, when we were discussing the budget. But, Sir, you have observed that when we were having a discussion on Kashmir, so far as the Jana Sangh benches are concerned, Mr. Jayaprakash Narayan became an un-person because his name was not mentioned. I believe that is the only debate in which we did not hear his name. I had hoped that the hon'ble Member would spare him so far as the budget discussion is concerned. But Mr. Swamy has belied my hope.

Now, let me turn to my own assessment of the situation. Sir, it is always very easy to oversimplify matters, but I think the economic situation of the country at this time is passing through a very complex phase. On the one hand, there is inflation—it has abated its fury in the last 12 months, true, but it is very much there. On the other hand, it is not stagnation. We cannot oversimplify and simply say that we are to go through "stag-inflation", it is positively a recession. Inflation on the one hand—abating, yes, but still very much there and recession on the other, to which if proper attention is not paid right at this moment, it may create further suffering. I would maintain that deflation, unless it is properly planned, can cause as much human suffering as inflation. Now, briefly speaking, we have to be very selective. In parts of the economy which show signs of over-heating, we have to apply remedial measures of one type. In parts of the

economy which are showing signs of recession and giving rise to unemployment, we should apply methods that are quite different. Now, a brief analysis of what, according to me, has brought the inflation under control. I myself do not give much credit to the credit squeeze because in the ultimate analysis, it has proved counterproductive. I believe, Sir, that one of the main instruments that has helped the abating of this force is the application of MISA. Let me make it very clear that at least 90 per cent of the credit for halting or for quieting the flames of inflation goes to the use of MISA, and I would strongly urge that there should be no slackening of this effort and if anything further can be done, the endeavours and the pressures should be kept up and not let it fall at all.

Sir, the second factor that has helped us curb inflation is that when prices as a result of inflation touch Himalayan heights

when it is just beyond the capacity of the people to buy—it has a self-corrective process that inflation carries inbuilt—though it is a cruel process because in the process it leads to impoverishment and a lot of human suffering. That is No. 1. No. 2, the application, relentless application, of MISA. These two things have brought inflation under control. Sir, black-money which was exerting a pressure on the economy openly and shamelessly, brazen-facedly, as a result of the application of MISA, seems to have gone underground. It is still there and is having its dangerous effect, but it has gone underground like political parties which, when declared unlawful, go underground.

Unfortunately they continue to remain as dangerous as they were always.

Now, Sir, I do not need to go into the details of the signs of recession. The rate of industrial growth in the Second and the Third Plan periods was approximately 9 per cent per year. From 1966-67, the figure is under 9. It has come down to 7 per cent and unless we do something about it, I believe, that the industrial growth in the financial year for which we are discussing the Budget, will come down to 6 per cent.

Sir, the Budget speech of the hon. Finance Minister, particularly in Part 'A'

of the speech, does recognise what needs to be done. In para I.II, page 2, he says:

"Then, let us also remind ourselves that the problems of poverty in our country cannot be solved by merely holding the price line. We can meet them only through growth."

Then he goes on to say that they recognise the immediate necessity of stimulating growth. But, Sir, the steps that have been proposed and which are detailed in Part 'B' of the speech, in my humble opinion, do not measure up to the requirements as have been enunciated in Part 'A' of the speech. For instance, I will try to briefly deal with some of the steps that have been taken to promote investments. Exemption to inter-corporate dividends derived by new companies in the specified industries has been given in para 1.6. In this regard all that I have to say is—I will be very brief about it—that this would have had some stimulating effect in creating a climate for investments if it had also covered fresh equity issued for expansion on the production in those particular industries of the existing units of production. Sir, it is recognised that if you want the quickest results in the shortest possible time with a comparatively lesser overhead expenditure, then the source of expansion should be tapped first or at any rate if it is not tapped first, it should not be left out of the benefit because after all, dividends in a new industry cannot be expected in the first 4 or 5 or even 6 years, particularly in the high priority sector. Therefore, it is not likely to create any climate for fresh investments, as it is proposed now. The same thing applies to the exemption from wealth tax. This should also apply to companies so far as expansion of the existing units in those specified units is concerned. Then there is some incentive to savings. So far so good. It is very satisfactory as far as it goes on but it does not very far. Then there is a relaxation on dividends which has been promised. One would have to look at the Act because as it has been worded in para 3.0, it is full of complexities. A number of questions arise. The proposal is that you can declare a dividend but pay it after the expiry of the Act and not pay interest (hereon). Then what about the income-tax that the shareholder will have

to pay on it? We leave him to pay the income-tax on a dividend which he may receive after two years and on which he is not even getting interest. If that be the case, I think it will be a retrograde measure which will not create a climate for any fresh investment. Secondly, at present, there are restrictions on the dividend, that is, not more than one-third of the total profits after taxes or 12 per cent whichever is lower. Is it contemplated that there will be no restrictions at all as long as you pay it after the Act expires? There will be no limit. The entire current profits of a company can be distributed as dividend as long as you pay after a year and a half. So the problem will also arise again in regard to deductions of the income-tax by the company and in the assessment by the shareholder also in respect of shares that change hands. One of the attractions of investment in equity is that whenever you are short of cash, you can sell equity into the market or you can convert one equity into another.

In this period of eighteen months or two years that will inevitably elapse between the declaration of dividend under the new scheme and its payment, what will happen? Shares will change hands. All those things will have to be examined very carefully. My own suggestion in this regard is this and I made the suggestion when the Bill for the control of dividends was before the House. I stated that instead of 12 per cent and one-third of the profits, change it to 15 per cent and half the profit. Probably the additional amount that will be distributed thereby will be more than made up by fresh investment by those people who have surplus money to invest. That would be the scheme and that would actually help in combating inflation on the one hand and help those people who, after retirement, depend mainly on dividend income for their sustenance. I pleaded that an exercise may be undertaken by the Finance Ministry to estimate how much additional money will be distributed as dividend and how much money, according to their calculation, will come forth as investment when the dividend is raised to 15 per cent or one-half of the profit, whichever is lower. I would again recommend it. I would not recommend that, as long as it is deferred payment, there should be no limit on

[Shri D. I. Pari]

dividend at all. At any rate under the current stresses of the Indian economy I do not think we should leave it entirely free even on an deferred payment basis. (*7ime bell rings*). I have not dealt with it even one-third of my points. You will kindly have to give me more time. A new proposal has been made disallowing 15 per cent interest on the deposits with non-banking companies. My concrete suggestion in this case is that some distinction should be made between companies which are engaged in priority industries and which are not engaged in priority industries. Even in respect of these disallowances it should start with zero and then go up to 15 per cent.

Then, I would like to deal, in some detail, with fresh taxation. It has been said that this additional 7½ per cent duty on free sugar does not touch the quota of the poor man's sugar. If I may draw your attention to the fact, last year out of 24 lakh tonnes levy, 4 lakh tonnes of the levy sugar were exported. It is one thing not to increase the price of levy sugar, but why do the same thing by reducing his quota? I do not know how the statement made in that particular paragraph would be true, unless the Finance Minister makes a declaration that next year there will be no exports at all from the levy sugar. Four lakh tonnes forming 17 per cent of the levy were exported last year. While the free sugar was acquired by Government at Rs. 340 per quintal, the levy sugar was acquired at Rs. 158, giving them an additional profit of Rs. 182 per bag. A sum of Rs. 72.8 crores was the additional profit that the exchequer made last year because they chose to export levy sugar instead of free sugar.

One more thing I would like to say. The whole scheme of estimates in the Budget assumes a constant price level, as if prices will not increase during the rest of the year. There seems to be no provision for clearness allowance for Government employees. Apart from that, there is going to be escalation in costs. Partly as a result of the global phenomenon there is no escape from a heavy import bill and partly as a result of the Budget itself there

is a rise in costs. The freight on food-grains has been increased in the Railway

Budget. The inter-State sales tax has been increased from 3 to 4 per cent. There is a one per cent overall excise on everything. One point about this excise is an estimate of Rs. 21 crores has been made and a sum of Rs. 3 crores has been estimated to be spent on administration. I dare say that the total expenditure on the administration of these taxes will be more than Rs. 21 crores by the Government and the assessee, which the Finance Minister expects to collect.

One word about agriculture. I will be very brief about it. I maintain that the farmer has been and is even now being denied remunerative prices for his food-grains. In the Haryana area, the acreage under wheat has undergone shrinkage to the extent of 10.1 per cent in one year. Continue this process a little more. And will that be in the interests of the consumer of this country? Will that be in the interests of our foreign exchange balances? Will that be in the interests of the economy as a whole of this country? You will not be serving the interests of the consumer by denying the producer immediate remunerative prices for his produce because every single item of input has gone up in value. Fertiliser has gone up in value; oil has gone up in value. There has been hardly anything like adequate electricity in the whole of Punjab and Haryana. I would like the hon. Finance Minister to name any one single input for agriculture whose value has not gone up since last year; if at all, it has gone up in value very steeply. Therefore, I would say that it would be in the interests of the consumer, in the interests of the balance of payment position, in the interests of the economy as a whole that a remunerative price—and not less than a remunerative price—should be assured to the grower. I advocate a price of not less than Rs. 125 for wheat.

In regard to the Budget as a whole, I would only say that while it expresses excellent sentiments, I find some kind of inconsistency between Part A and Part B of the Budget Speech. Part A is an admirable speech which really puts its finger on the immediate, on the exact requirement of the economy and raises the hope that Part B which deals with implementation will do something about it. Part A and Part B are like the right and left hands of the same human being. But then

seem to be moving in different directions and to be writing entirely different writings on the wall.

SHRI M. KAMALANATHAN (Tamil Nadu): I am very glad that Mr. C. Subramaniam who is elected from my constituency has been given the honour of presenting the Budget. Sir, the Budget boasts about visible signs of a downward trend in prices. The Economic Survey speaks about a fall in prices in the last quarter of 1974. But this is an illusion. The policy-makers and the Government economists are distorting the real picture. The general index, number of all-India consumer prices for the working class had shot up from 210 in January, 1974, to 275 in March, 1975, after the last year's Budget. Later the Government resorted to emergency Measures, but the index number rose again to 315 in July. What was the result of the Herculean measures taken by you to contain inflation? Prices continued to shoot up to reach 385 in October, 1974. Yet, the Economic Survey claims that various stabilisation measures have had a favourable effect. Of course, there was a 4 point decrease from October to November. This is like the price of an essential commodity rising from Rs. 210 to Rs. 335 during 20 months or so, and then falling by Rs. 4 to Rs. 331. Even the price of Rs. 210 was too heavy a price for the poor and the middle class. How can you be satisfied in a fall of Rs. 1?

The fact is that each year's increase in prices is super-imposed over the previous rise. It is cumulative and building up like compound interest. This so-called claim of the Government that the wholesale prices are falling from the last quarter of the last year is simply the last straw taken out from the camel's back to fool the people who are already groaning under the heavy increase in prices.

Some people say that there is consumers' resistance; it is euphemism for lack of purchasing power. That is why only this year during the pre-budget days no consumer goods vanished from the shop windows. The reason is that the common man has simply no money to spare except for food articles. If you say it is all due to international influence then it is all wrong. According to the N. Report on 115

countries, inflation in India was the third in the world after Chile and South Vietnam. We know that these countries are lighting a war.

Again, during the week ended February 15 the wholesale prices stood at 815.3 as against 315 the previous week. So the Government has not achieved any substantial victory in the price front.

The Government came to power by uttering the slogan of Garibi Hatao, and the author of the slogan, I presume, is Shri Subramaniam. But after you received your massive mandate from the people, the country is in the grips of runaway inflation and galloping rise in prices.

I want to put a straight question to the so-called author of Garibi Hatao: What have your Government done to remove poverty? Can you tell us the ways and means you adopted to drive away poverty? Today you tell us how much of poverty has been driven out? We all know you have no answers to these questions. If 50 per cent of the people lived below poverty line in 1972, over 63 per cent, live in abject poverty or below the chapati line now. Therefore, I accuse that you have increased the number of poor people in this country.

The economists measure poverty by several ways. Some measure poverty according to the consumption of the people. These are jargons unknown to the common man. The common man understands only one thing. If he has any purchasing power and if his purchasing power increases, he is happy. Otherwise he is miserable. But during the past time years the cost of living has gone up by about 75 per cent. I would emphatically accuse that from the common man's point of view you have increased poverty by 75 per cent during the last three years.

I also accuse that the Finance Minister has favoured the corporate sector and punished the poor and the middle class. Out of his additional yield of Rs. 288 crores, Rs. 278 crores come from indirect taxes. In the last 13 years or so direct taxes have gone up four-fold but indirect taxes have multiplied up to Rs. 1,400 crores. There-

[Shri M. Kamalathasan]

fore, it is evident that Mr. Subramani; m like his predecessors is patting the rich and tapping the poor. These indirect taxes are regressive ' in character. Tatas and Birlas on the one hand, the rickshawallahs and the common man on the oilier hand have to pay the same tax. This is against the principles of social justice.

I strongly condemn the 1 per cent, *ad valorem* excise duty on all things produced in India. The total estimated collection is about Rs. 24 notes or so. But I am afraid the cost of collection would be * < rj high. Look at the embarrassment caused to small scale industries and cottage industries.

An army of excise inspectors would be roaming about all over the length and breadth of the country. The Finance Minister has not exempted books. Books are never subject to excise duly anywhere in the world. Now the Finance Minister has included printing presses and dewsp-papers also. I would plead with the honourable Minister to exempt books, newspapers and printing presses from the 1 per cent, *ad valorem* excise duties. It is no use to tax ever)thing pioduced under the Sun. He should be selective. Once again I request the hon'ble Minister to reconsider the 1 per cent, *ad valorem* duly which is in the nature of a multi-point tax.

What rue the rules formulated for this sweeping tax? Who are exempted? Who are not exempted? I would request the Minister to clarify the sit nation.

Sir, the Finance Minister has sin his affection on the corporate sector, because it is the pet child of this Government and the "Kamathenu" of their party election funds.

According to one calculation, the development rebate introduced in 1955 is estimated to have led to tremendous c/p, a-sion of gross fixed assets in the private sector. In 1960-61, ii was R<. 3,630 crores. In 1965-00 it increased to Rs. 7,700 crores. In 1000-70 it further increased to Rs. 10,825 crores. In 1973-74, it reached Rs. 15,000. (tores. It is this fat calf that Mr. Subra-maniaru is furthei helping with a packagi

of tax concessions, I would accuse the finance Minister that these lax incentives are given without relation to improvement in production and capacity utilisation.

Sir, the bonus offered to employees who do imi withdraw savings from the Provident fund is welcome. But why should ii be restricted to Government employees alone? I think, Sir, il should be extended in all employees who participate in Provident fund.

Wealth tax exemption has been given for five years for those who invest in equity shares of new companies engaged in priority industries. Here, I want to raise one question. If Mr. Subramantam's laudable motive i< to promote investment in desired areas, then the exemption should have been given to all categories of investors. Why should this concession be restricted lo wealth tax assessees only? Here is a clear-cut case of the hon. Minister helping wealth-tax payees.

Sir, I amil Nadu has implemented the Constitutional directive of prohibition. Fifty per cent of the loss on account of prohibition was given as compensation to Stales by the Centre during the period 1068 to 1074, but this assistance has been denied to Tamil Nadu which introduced total prohibition with effect from 1-9-1974. ft is estimated that this loss will amount to Rs. 234 crores in the Fifth Plan period. It looks as if the scheme of compensation was withdrawn from 1-4-1974 only in order that Tamil Nadu may not get any benefit. It is necessary for the Centre to come to the assistance of States at least for a limited period, before the States can redress their ways and means position through their own efforts.

There has been discrimination against Tamil Nadu in the matter of assistance from the Centre's Metropolitan Development Fund. No assistance has been given for meeting the needs of Madras City, while substantial assistance lias been given for Calcutta and Bombay.

The Centre has given massive assistance to States like Maharashtra for drought relief but the legitimate and modest requirements nl Stat,-, like Tamil Nadu arc not being met. Maharashtra gained because

the then Finance Minister came from that State. Tamil Nadu appears to be losing because the present Finance Minister comes from that State!

Mr.

Subramaniam was in Madras City a couple of days ago to address a Congress public meeting wherein he is reported to have said—I quote:

"I intend to tour drought-affected areas in Tamil Nadu after March 2016 to study how the money given to Tamil Nadu Government has been spent for the relief work. If I am satisfied with the work done, we shall give more funds."

I am very glad that the hon. Minister has spelt out his intention. I do not know who has given the hon. Minister, Mr. Subramaniam, this much of power to come and inspect, to quote his own words 'the relief work'. We do not mind if the Cabinet as a whole sends a study team to inspect relief work not only in Tamil Nadu, but also in Gujarat, Maharashtra and various other States which face drought and famine. Why should Mr. C. Subramaniam single out Tamil Nadu alone?

SHRI G. LAKSHMANAN: This work should be done by the Comptroller and Auditor-General.

SHRI M. KAMALANATHAN: Who gave him this authority?

SHRI C. SUBRAMANIAM: Because I know more about Tamil Nadu.

SHRI M. KAMALANATHAN: You must know the whole of India more and then you should talk about Tamil Nadu.

SHRI G. LAKSHMANAN: I know what nonsense Mr. Subramaniam is speaking in Tamil Nadu now. He got our votes and our support. He was elected with our votes and with our support.

SHRI M. KAMALANATHAN: Does he think himself to be a superman to take up such a sensitive task? Does he think that he is the great-grandson of Haile Selassie and others are all of the opposite categories?

Sir, I want to quote a news item which appeared in "The Indian Express" yesterday:

"The Opposition had been demanding the suspension of Mr. Miigdum, the PWD Engineer, for not prosecuting the contractor and for not placing all the files relevant to the contract and over-employment for the firm for the supply of lumps, etc. in the drought-hit areas of the State on the Table of the House."

Sir, this is about the drought relief expenditure in Karnataka State. I would like to ask whether the Finance Minister has got any guts to go to Karnataka. He will not go because the DMK is not ruling there. Sir, I want to quote one more item which appeared in "The National Herald" yesterday:

"In U. P., the State Government have instituted inquiries into a large number of cases of corruption and serious financial irregularities involving more than Rs. 34 crores in the Irrigation Department."

Sir, to U. P. also he will not go because he will meet the fate of Mr. Mohan Dharia.

SHRI G. LAKSHMANAN: He will not get any reception there.

SHRI M. KAMALANATHAN: Sir, now I am forced to quote from a judgment delivered by a former Judge of the Madras High Court castigating Mr. Subramaniam.

SHRI G. LAKSHMANAN: Read it out.

SHRI M. KAMALANATHAN: Sir, I will quote now:

"The post of Government Pleader has been the door by which, in the past, *very eminent* persons became Judges of this Court. The earlier efforts of 1959 to bring in . . . — Sir, I do not want to read out the name here— "by the front door having failed, the endeavour now is to let him in by the postern gate. The Minister responsible for the appointment now under challenge is seeking to shepherd him into a Judgeship of this Court by an alternative route."

[Shri M. Kamal mathan]

I want to read one more paragraph from this:

"It is perfectly manifest that we have before us a wholly indefensible essay in favouritism, a deft adaptation to modern conditions of old palace-crafts. Mr. Subramaniam can still find uses for certain of the less delectable devices resorted to in such individuals when for a time they happen to be repositories of segments of secular power."

Sir, I would like to recall to the memory of this House what the Public Accounts Committee has said about the shady transactions of Mr. A. N. Chandra Pyare Lal in which case Mr. C. Subramaniam has been exposed thoroughly, for the information of the House, Sir, this PAC was not chaired by Mr. Jyotirmoy Bosu, but by a person belonging to his own Party. What has Mr. Subramaniam to say about this? I would like to make it very clear, here and now. I hate we do not object to the Central Government's monitoring of the drought relief works. But it should be applicable to all the States irrespective of party and colour. If you apply one principle to Tamil Nadu and another to the various other States headed by the Congress Ministries, I would accuse you that you are not only vindictive, intolerant, ungrateful, but also unfit to rule this vast country.

SHRI C. SUBRAMANIAM: I may inform the House that it applies to all the States.

SHRI M. KAMALANATHAN: Pardon me?

SHRI C. SUBRAMANIAM: The same principle applies to all the States.

SHRI G. LAKSHMANAN: But you have not said that in Tamil Nadu. Now only you are stating that it applies to all the States.

SHRI M. KAMALANATHAN: I know you are all small people. But, mind you, the country you are unfortunately ruling is bigger than you and you must not rise up in the level of the country. I cannot imagine the Central Ministers like Mr. Subramaniam reducing themselves in the level of sanitary inspectors. If Mr. Subra-

maniam likes to play the dirty role of a sanitary inspector, I would like to make a suggestion in this connection and it is this: All the States should depute one representative each to constitute a committee to supervise the monetary performance of the Central Government and especially the performance of some of the Ministers who are in charge of Finance and of issuing permits and licences so that people like Mr. Subramaniam would not be creating Tul-mohan Rams all over the country.

Sir, I am really surprised at the tone and tenor of Mr. Subramaniam's speech in which he said that he would insist on the thought relief works. It is not anybody's grandfather's money which is being doled out. It is...

SHRI C. SUBRAMANIAM: That is the difficulty. They do not realise that it is not their money.

SHRI M. KAMALANATHAN: But it is the people's money.

4 P.M.

During 1969-70, when there had drought in Tamil Nadu, we spent Rs. 18.44 crores. Rs. 14.25 crores was given by the Centre, out of which Rs. 11.25 crores was treated as loan, repayable by the Government of Tamil Nadu. The grant was only Rs. 9 crores...

SHRI G. LAKSHMANAN: He was elected through our votes.

SHRI M. KAMALANATHAN: So if at all the Centre gives money, most of it is in the form of loan or as advance plan allocation. Definitely, it is not going to be charity. Such being the case, you have no business to pose yourself as Grand Moghuls dispensing charities. In fact, you are in reality a Kahuliwallah lending money.

It really surprises me. Where were these doubling Thomases in 1909 when we had a drought like this? This Government, and people like Mr. C. Subramaniam, never uttered a word questioning about our method of spending. It is because they wanted our good offices, our support, our votes and our platform to make a bee-line to Lok Sabha. As somebody has said that Man is the only animal which lies

two specific virtues: One is to Laugh and another is to be ungrateful. So, we, the people of Tamil Nadu, laugh at the ungratefulness of people like Mr. C. Subramaniam.

[The Vice-Chairman (Shri Jagdish Prasad Mathur) in the Chair]

SHRI MANUBHAI SHAH (Gujarat): When the Budget speech was delivered by my friend, Mr. Subramaniam, the Press Trust of India came to me, asking me what I thought of it. My offhand remark was that it was a very wise and pragmatic budget. Later on, I was thinking whether I was rather hasty in giving this impression. But, Sir, during the last 18 days since this Budget speech was made, the various observations by the economists of this country have confirmed my belief that when Mr. Subramaniam took over the charge of finance the country was in a stage of high inflation, with practically 'nil' growth and, therefore, it was not as if he was given a clean slate to build up an ideological strategy, based on some conceptions which can be driven home by an entirely new approach. There was a running economy, as all administrations are, and within the constraints of that economy, I again make bold to say, it is a wise and pragmatic budget. I wonder why my friend, Mr. Subramanian Swamy, who is an eminent economist and whose knowledge on the theoretical side I respect, should have called it the worst budget. But I would not like to enter into a verbal debate with him. Let us go through the features of this Budget.

Mr. Kalyan Roy was saying that this Budget is framed by Tatas, Birlas, Mahatmas and Mr. Subramaniam. Would not the stock exchanges, the people who always respond, have reacted to the budgetary announcements if it were an absolutely a damp squib? You see (he newspapers of Bombay and Calcutta stock exchanges; I read them very closely. They expected many incentives. As Mr. Palkhiwala said in the Rotary Club of India elsewhere, there are no consequential or substantial incentives. I wonder why should there be incentives? What is an incentive needed (in)? Artificial incentives here and there do not make any impact in this country. A few things are more than enough. I do

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not believe that accepting the special depreciation for five years, which was the legitimate demand of the corporate sector, or wealth-tax exemption, and so on—these are any major incentives.

Therefore, what Mr. Kalyan Roy said—unfortunately he is not here—is a travesty of truth. If the Finance Minister wanted to run into a non-venturesome budget, he would have had the least difficulty. The budget today scores more than 10,543 (scores with an investment of more than 70% on development. I will give you some relevant figures only. As against the total gross tax revenue of 0.128 crores last year, he has managed, by better management of the economy, greater collection of income-tax, customs and excise, additional taxation and savings in expenditure, to bring about a gross tax revenue of 6,840 crores. In our type of economic conditions, it is, by no means, a bad performance. He has stepped up the resource position by over 712 crores over 6,100 crores which is almost a gain of 12 to 13%. My test is that I would not consider a Finance Minister a good Finance Minister if he succumbs to the pressure that there should be plan holiday or that the plan expenditure should be cut down or the developmental expenditure should be cut down because we are in a stage of inflation or difficult times. He has been able to collect almost 55% of the total expenditure compared to 51% in the previous budget. I must say that there were good natural factors like better rabi crop and world recession in general where the import prices of non-ferrous metals and other commodities are crashing. I think the strategy of the budget will enable us to enter into a period of stable economic growth which was in existence before the inflation plagued this country combined with global inflation. I hope that the management of the economy will be in true line with the type of strategy which he has evolved in this budget. I have been pleading for a number of years that agriculture should be given a better deal. It is true that the net amount which the Finance Minister has provided falls short of my expectations, but it is a great step forward. He has provided for agriculture including irrigation and fertiliser a sum of 561 crores as against 107 crores in the previous budget. It is a substantial increase. I congratulate the Finance Minister for that.

[Shri Manubhai Shall]

An analysis of the developmental outlay must be such that the priorities must be properly recognised. At one time, industry was a priority. Today, agriculture is the priority. While he has given money for irrigation and fertilisers, I would like to say that the dry land farmers, particularly the marginal farmers should be given more attention. I may say that the green revolution was ushered in. during his time, for the marginal farmer. He should pay more attention to the nationalised banks which are withholding advances from them because of the bar of bad debts. Here we should emulate the Japanese scheme of the green farm by which the people who are less creditworthy are advanced more money rather than the big people who can mortgage their assets. I would very much commend this thing. Now, agriculture has been well taken care of. I would also urge that along with dry farmers and marginal farmers, we should see that all the irrigation projects which are already underutilised or where the water utilisation is poor, are taken care of. The other day, I went to Rajasthan canal and also to Hkai project in my States. The engineers told me that they could finish the work early if the provision is more. I would say let him examine these things. My friend, Mr. Kamalanathan, wanted to belittle the whole project. He complained that the bad expenditure in Tamil Nadu would be looked into. After all, the Finance Minister has to husband all the resources.

As a matter of fact, our people in Gujarat also say that the Finance Minister is quite hard on them when his officers go there. Therefore, mere to pick up one item and ridicule the Budget is, I think, very short-sighted. My friend, Mr. Swamy was also saying that the various types of taxes which have been put are making somewhat nonsensical of this. I will come to that point a little later. I want to draw the attention of the House to the fact that next to agriculture, the investment has been stepped up by 55 per cent in petroleum, coal and power. Now, everybody will agree with me that there is a core within the core. There is a core project. But up till now, you are going by the theory that all the core must be examined and given proper accommodation. I wis

against this. My friend was saying of the segmental planning, that is, give the investment to that sector when you want to achieve a break-through. It is, therefore, correct that within the core project, one should pick up those items or those priority (sectors where you give more massive- investment SO that the posterity gains and the gestation period is reduced. Therefore, I well nine tin' provision is Rs. 147 owes as against Rs. 25(i crores of the previous Budget. This stepping up by 55 per cent is a most welcome step.

Coming to the industries, he has lightly made a provision of Rs. 107.5 crores for petro-chemicals as against Rs. 17 crores in the last year's Budget. Therefore, Sir, on the investment side, there is not much of a quarrel that can be picked up. Certainly, more resources are available during the year and much more money can be given. But I would certainly tell him that while we are trying to contain the non-developmental expenditure—the Finance Minister cannot, help it—the rise in pay, etc. has led it to Rs. 2,500 crores from nearly Rs. 1912 crores last year. But there is enough room for further economy. I would not quote my friend, Mr. Gadgil because I do not believe in penny-pinching. There is a possibility of reducing over-employment without retrenchment both in the governmental sector and the public sector units and which can make a substantial economy. I think, with a special cell of economy—not the usual routine type—a massive dent can be made to contain the non-developmental expenditure which is leading to inflationary pressures.

Now*. Sir, I come to a few remedial measures. Mr. Kalvan Roy said that multi-national corporations are given preference by Mr. Subramaniam. This is something of a new inventive genius. If there is any country which has recommended the removal of brand names—which my friend, Mr. Babubhai Chinai, has been pleading for over three years in various committees—here is the Hathi Committee report which the Government is going to accept. Mr. Ganesh, the other day announced that brand names of all types of things must be removed. It was done sometime before by Mr. Bhutto. But again they have reappeared in Pakistan because of the influence of the multi-national corporations. My friends Mr.

Kalyan Ray and Mr. Subramanian Swamy may please note that no multi-national corporations can touch this country in any aspect because through the Foreign Exchange (Regulations and Control) Act, we have seen to it that their majority is reduced. 40 per cent and over will be heavily discriminated against and they will have to bring about the equity to that level. Therefore . . .

SHRI SUBRAMANIAN SWAMY: What about toothpastes?

SHRI MANUBHAI SHAH: That is an old inheritance. We shall remove that. But we are not that type of people who take up a polio at one stroke. We are civilized people; we have to deal with civilized world; and we have international relations. But don't believe that the Col-gate will not be touched. All that will go. And we have taken the major step in drugs, it is one of the biggest international cartels. And I am giving *only* one example. There are many oilier things. There is the national sector of textile mills. My friend, Mr. Kalyan Roy was shedding many tears for the poor miners. I have great sympathies for them. But, unclassified bidis have not been taxed. He has forgotten that it is only the classified bidis which have been taxed. In that respect, I would suggest as I have suggested last year, the takeover of the marketing of tobacco. In most of the countries, in Japan, France and England, they have the highest revenue resources from tobacco. It is not nutritive. It might be reducing the appetite, as he says. But why should we ask the people to reduce their appetite? The best thing is to give them better wages, therefore, I would suggest that as we have done in the case of cocaine many years before, tobacco is one item where, if proper study is made, it might yield—and I am not exaggerating—a revenue of Rs. 300 to Rs. 100 crores over a period of ten years. If the marketing is taken over and proper grading is done, a larger amount of revenue can be realized.

Then, Sir, I am only suggesting a few more small items. There is a rule that tax is deducted at source on an interest of Rs. 400 or more. I would suggest to my friend, the Finance Minister, that 80 per cent of these people are small investors who do not

pay any income-tax. I have received 87 letters in the last 17 years from these small investors urging me to consider the withdrawal of deduction of interest at source on these small deposits. People from all over the country have urged me to change this. They know that refund is very difficult, and they cannot ask for a refund. It takes years and years. He has been a Minister for many years and I have been a Minister for many years. I think nothing can be easily got from the Government once the money has been given to Government. It takes a number of years. Perhaps, a discrimination can be made in favour of those people who say that they do not pay an income-tax and in their case no tax need be deducted. I hope, Sir, that you will grant this request and examine it sympathetically. This will benefit a large number of widows and small middle-class people who want to earn more interest from short-term investments and want to augment their living. It will be a hard blow to them if they have to go to income-tax people. (*Time bell rings*). A few minutes more. Sir, and I will finish. There is a form in which the depositors can say whether they pay tax or not and if they pay no tax, no deduction need be made.

Coming to deposits, I am shareholders it is good that deposits have been curbed. I am fully in favour of a credit squeeze even though I agree with my friend, Mr. P. V. Narasimham, that it may be counter-productive. But, I feel that that stage has not yet been reached. If a more realistic appreciation is done, we must discriminate between speculative trades and trades in luxury goods with those of small-scale industries which are producing basic goods. It requires to be linked into with some more care in the Subsidiary Committee on Finance, I will urge my friend* Mr. Subramaniam, that he may kindly examine this matter sympathetically so that these sectors are not hit because there is nothing sacrosanct about the Kith of July date. On that date a particular company may not have brought from the bank what is required for its big type of buying of raw materials etc. Therefore, there is need to make the credit squeeze a little more rational and without letting it out at all because credit squeeze is necessary and money-supply has to be restrained. I would, therefore, suggest that this reduction from 25 per cent to 15 per cent, in the case of small-scale manufacturing industries which

[Shri Manubhai Shah] have less than Rs. 10 lakhs of equity capital in public limited companies—I do not say that, for the investment companies—but those small-scale units which have an equity of less than Rs. 10 lakhs and are in the manufacturing companies, may be reconsidered because if the shareholders and the directors are not allowed to make a deposit of 25 per cent, they will be choked off the working capital.

If this is the position, where does a genuine small-scale manufacturing company in the small-scale sector go if this is reduced from 25 per cent to 15 per cent. I do not say that—for public companies because they never make an announcement. Nobody really would go in for pulling public money into a small-scale company. It is only suggested that in the case of shareholders and directors of a public limited company in the manufacturing sector with an equity of less than Rs. 10 lakhs the reduction from 25 per cent to 15 per cent may be treated as an exemption.

Then, Sir, coming to agriculture and energy, I want to say a few words. My friend, Mr. Siibramanian Swamy has gone away. He asked for 3,000 m.w. units to be established and I say that that is asking for moonshine. In a country which cannot manage with a power plant of a million k.w., what it means to have a 3,000 m.w. unit, I know. I was myself associated with the Haidwar and the Ilhopal units. I know what it means. On the contrary, I would urge for setting up of a medium and minor type of power plants which are co-operatively held for various complexes like Kari-dabad, Modinagar, Lalhai in Madhya Pradesh and Rajkot. You ask for these huge tilings but there should be a balance so that when the transmission fails or there is some trouble with turbine generating sets, there are not closures all over in the industry causing a great deal of economic loss as well as production loss and unemployment. Therefore, just as in the case of agriculture where emphasis is laid on marginal farmers, dry farming, etc. you will take care to see that promotion is given to medium type of power generating units. I am glad to hear when Mr. Dhar said, before he left, that some 79 units had been in need to be imported or to be assisted from indigenous manufacturers. This policy on the problem of energy should be looked into.

Then, Sir, the last [joint which I want to make is about the implementation. Mere investment on the budget is not the mechanism through which the entire economy can be boosted up. This is the prime mover which controls but it cannot produce miracles.

In the East seven or eight years there has been under-utilisation of capacity and this is mostly due to bad management of the economy by whoever is in charge. It is not necessarily the Government alone; it is there in the private sector also. Therefore, on

the implementation of till programmes, as he said to the Tamil Nadu Government, let it be said in the Gujarat Government, let it be said in the U.P. Government, let the whole country be told that in the interests of the country's economy, backed by the Prime Minister's powerful voice, that those who do not implement the programmes or if the performance audit falls short, whether it is the Ministers or the Secretaries they will be chucked out and that they will be put to shame because this country cannot afford [his luxury of provision of more and more money and production of less and less goods. What is happening is, a sense of diminishing returns has come to the economy where what we invest even is not really realised by the returns. Therefore, my own feeling is—in part TV of the speech greater sticks is laid on the performance—performance in the next year will be watched by all of us with interest, sympathy and support and hope that the Plan projects will be properly attended to.

Before I end I can only say this, that here was Swamyji's case and he said that paper cutters will be rendered idle. I do not think he read the Bill. Unless a unit has 111 people and run by power or has 99 people and is without power they are not subject to the < > .S. s. I do not know to which paper cutter of whom he is a friend he is retelling. I thought you are worrying about Chawii Bazaar where the Jana Sarigh is very strong but if you are worried about Chawii Bazaar or T'atehpuri or Okhla Bai-laiikhan, then I can tell you that, nobody engages fifty people there. But my request to Mr. Swamyji is that when the Report of 1968 was brought out, at least I as a Minister had wiled against it. My own feeling is that it is you want to identify points

of growth where new revenue can be generated, there are various other methods better than this. There may be a revenue of Rs. 100 crores but I am afraid of the corruption that it would entail. And I find that if we had the experience of it. When in 1961 we brought excise on oil exporters, actually speaking, the negotiations between the Excise inspector and the tin manager (who was to take away all the money and oil tins would pass through. So what I request now is whether you cannot have a second view of what is called the otherwise not specified item of one per cent. If it is his intention, as he said in the speech, to identify the point of growth so that future excising can be done. I would submit to him that if the Development Commissioner of the Small-scale Industries, the Industries Commissioner of the State and the DC/DT give all the figures even of the smaller units which are under them, the points of growth can be easily identified by a proper expert committee and then if you lay your hands on them if not today, tomorrow you can get at least Rs. 100 crores if not Rs. 200 crores instead of this. But this will be a terrible thing, I can tell you, because I know excise in and out. If we put one per cent on every item, though there is a saving for establishments with full people and less, what they will do is, if they have one hundred people they will divide it into two units. If there are two brothers, they will divide it this way and thus escape the tax net. Now will you give them a chance? Those who have over 100 people will try with the Inspector and he will have more expenditure on the staff than what he will get. So, I am worried about corruption more than anything else. We cannot understand the harassment that is caused at the lower level.

THE VICE-CHAIRMAN (SHRI JAGDISH PRASAD MATHUR): Please conclude now.

SHRI MANUBHAI SHAH: So I was only requesting that he can have a second look and see if he can avoid the 1% & shut up excise duty only on some identified major items which are on tin growth and get more revenue, I am all for it because excise is one of the major constituents by which a country can develop and progress.

With these words, Sir, I say, on the whole this budget is a very wise and prag-

matic one and deserves full support of the House because we are moving from one stage towards another stage where stability with growth can be achieved if the Government implements the promises it has made.

THE VICE CHAIRMAN; Shri Sisodia.

SHRI SUBRAMANIAN SWAMY: One after the other?

THE VICE-CHAIRMAN; It is a big party.

श्री सवाई सिंह सिसोदिया (मध्य प्रदेश) : मान्यवर, बजट किसी भी देश की आर्थिक व्यवस्था को संतुलित करने का एक यंत्र होता है। उससे ज्यादा मैं यह मानता हूँ कि राष्ट्रीय अंतर्राष्ट्रीय आर्थिक, राजनीतिक, प्राकृतिक एवं सामाजिक स्थिति के लिहाज से और देश की आगे बढ़ाने के लिए आर्थिक विकास और उत्पादन की वृद्धि के लिहाज से भी जो लक्ष्य रखे जाते हैं उसका बजट एक चोकर होता है। इन सारी बातों को ध्यान में रखते हुए मेरी यह औपचारिक नहीं, वास्तविक धारणा है कि हमारे योग्य वित्त मंत्री जी ने जो अगले साल के बजट के प्रस्ताव रखे हैं वे स्वागत योग्य हैं और इसलिए मैं उसका अनुमोदन करना चाहता हूँ। इसमें बहुत से ऐसे तत्व हैं जो हमारे देश की आर्थिक स्थिति को आगे बढ़ाने वाले हैं, उत्पादन वर्धक हैं और उत्पादन को और देश को ले जाना चाहते हैं।

10 हजार 778 करोड़ रुपया का अनुमानित व्यय है और उस आय में से 5 हजार 868 करोड़ रुपया विकास पर और प्लानिंग पर खर्च करने के लिए रखा गया है जो कुल व्यय का 55 प्रतिशत है। यह सबसे पहला बजट है जिसमें इतने अनुपात से डेवलपमेंट के लिए रकम रखी गई है और इसलिए मैं इसका हृदय से समर्थन करता हूँ।

(श्री सवाई सिंह सिसोदिया)

एक प्रश्न चर्चा द्वारा हमारे सामने यह आया है कि इस साल रक्षा व्यय 2 हजार 274 करोड़ रुपया रखा गया है और इसको रखने का क्या कारण है? इस संबंध में मैं यह निवेदन करना चाहता हूँ कि हमारा पड़ोसी देश पाकिस्तान में जिस प्रकार की स्थिति है और अमरीका ने जो हथियार देने से प्रतिबंध हटा लिए हैं, उससे इस महाद्वीप में स्थिति बदल गई है। यह मालूम हुआ है कि अमरीका पाकिस्तान को 6 हजार करोड़ रुपए के हथियार देगा। इतिहास इस बात का साक्षी है कि जब कभी भी अमरीका ने पाकिस्तान को हथियार दिए तो उसने उन हथियारों का दुरुपयोग हिन्दुस्तान पर आक्रमण करके किया और इन हथियारों के दुरुपयोग के बाद पाकिस्तान में गधनमेंट बदली है। पहिले भी हमारे देश के ऊपर पाकिस्तान द्वारा आक्रमण हुआ है और उसका मुकाबला हमारे देश के सैनिकों ने बड़े शौर्य, रण-कुशलता और बहादुरी के साथ किया और सारे राष्ट्र को गौरव प्रदान किया। पाकिस्तान को परास्त करके देश की रक्षा की इसलिए यह जरूरी है कि हमारे देश की सीमाओं की रक्षा के लिए स्वाभिमान को कायम रखने के लिए, अगर 2 हजार 274 करोड़ रुपए से भी ज्यादा की आवश्यकता पड़े, तो भी उसका इंतजाम होना चाहिए। इसलिए इस बजट में जो बड़ी राशि रक्षा के कार्यों के लिए रखी गई है, उसका इस देश का हर नागरिक जो सीमाओं की सुरक्षा में विश्वास रखता है, उसका समर्थन करेगा।

दूसरी बात मैं यह निवेदन करना चाहता हूँ कि बजट के संबंध में कृषि की भी काफी चर्चा हुई है। हमारा यह एक कृषि-प्रधान देश है, राष्ट्रीय सम्पदा का अधिक भाग खेती से ही आता है

और अगर हमें देश को तरक्की के रास्ते पर ले जाना है तो फिर इसके सिवाय और कोई दूसरा रास्ता नहीं है कि ज्यादा से ज्यादा जोर कृषि उत्पादन की तरफ दें और इसके लिए बजट में अधिक व्यय के बारे में भी प्रबन्ध करें। यही कारण है कि कृषि के कार्यक्रम के संबंध में 270 करोड़ रुपए का प्रावधान किया गया है जो कि उत्पादनवर्धक और उत्साहवर्धक है और इसीलिए मैं यह जोर देकर कहना चाहता हूँ कि इस बजट का समर्थन समूचे राष्ट्र को करना चाहिए।

जैसा कि पूर्व वक्ता श्री मनुभाई शाह ने कहा कि बहुत बड़ी रकम कृषि पर व्यय के लिए रखी जाती है किन्तु परिणाम अच्छे नहीं निकलते हैं हमारी सरकार की रीति-नीति अच्छी है तथा अच्छे निर्णय सरकार की तरफ से लिए जाते हैं, लेकिन उन पर अमल अच्छी तरह से नहीं होता है। इसलिए आज आवश्यकता इस बात की है कि जो हमारी शासन प्रबन्ध व्यवस्था है, उसको सक्षम तथा सबल बनाया जाना चाहिए। और उसको जरा कसा जाना चाहिए इस प्रकार की व्यवस्था की जानी चाहिए कि जो लक्ष्य निर्धारित किए जाते हैं, उन लक्ष्यों का समुचित नतीजा प्राप्त हो सके। यह आवश्यक है कि जो नीकरशाही है उसे ठीक ढंग से काम करने के लिए समय की मांग के अनुसार तैयार किया जाना चाहिए।

विरोधी दल के श्री कल्याण राय ने कहा कि रूरल रिच हो सब मुविधाओं का लाभ उठा जाते हैं। देश में रहने वाले असंख्य किसान को अगर मालदार समझा जाता है तो कोई बुरी लगने वाली बात नहीं है। लेकिन आज वस्तुस्थिति बिल्कुल भिन्न है। अमी आम किसान को सरसंज होने

में काफी समय लगेगा। कभी भी इस बात को जानने की कोशिश नहीं की जाती है कि हमारे देश में जो एकरेज जोत है, उसका वर्गीकरण क्या है कितने हमारे किसान हैं जिनके पास पांच एकड़ से भी कम जमीन है, ऐसे कितने प्रतिशत है? मैं समझता हूँ कि इस तरह के किसानों की संख्या हमारे देश में करीब 60 से लेकर 70 प्रतिशत तक होगी जिनके पास पांच एकड़ से भी कम जमीन होगी। अगर इस तरह के किसानों के लिए मदद की व्यवस्था की जाती है, तो यह केवल हरल रिच के लिए है—यह धारणा रखना उचित नहीं है और असंभव से आँख मूंदना है।

सहकारिता के संबंध में समय-समय पर जब चर्चा होती है तो यह कहा जाता है कि जो मालदार किसान हैं उन्हीं के पास ऋण और तकावी का पैसा सहकारिता के माध्यम से जाता है। यह वस्तुस्थिति से बिल्कुल भिन्न है। हमारे देश की जो रिजर्व बैंक उसने अंकुश लगाया है कि किसी भी राज्य सहकारी बैंक, केन्द्रीय सहकारी बैंक के माध्यम से किसान को एक वक्त में ढाई हजार रुपए से ज्यादा दीर्घकालीन या मध्यम-कालीन ऋण नहीं दिया जा सकता। इसलिए इससे ज्यादा ऋण एक समय में देने की बात पैदा नहीं हो सकती है। इसलिए यह कहना, यह आक्षेप लगाना कि सहकारिता का सारा का सारा लाभ बड़े किसानों ने लिया है यह बिल्कुल गलत है। सहकारिता को सारे संसार ने, चाहे पूँजीवादी देश हों, साम्यवादी हो या समाजवादी देश हों, आर्थिक विकास के लिए माध्यम बनाया और उन्होंने आर्थिक विकास उसी रास्ते पर चल कर किया है। इसलिए कोई कारण नहीं है कि सहकारिता के माध्यम से हम भी आर्थिक प्रगति न कर सकें। सारे देश में जनता

का और शासन का 7 हजार करोड़ रुपया भिन्न-भिन्न सहकारी समितियों की पूँजी में लगा हुआ है। सहकारी आंदोलन सबल और सशक्त है। सहकारिता के प्रति गलत धारणा पैदा करने की जो कुचैष्टा निहित स्वार्थ वाले तत्वों के द्वारा की जाती है उससे हमको सावधान रहना चाहिए। इस बात को मैं जोर देकर कहना चाहता हूँ कि हमारे देश में जिस प्रकार की आर्थिक स्थिति है, गांवों में जिस प्रकार हमारा देश बसा हुआ है, छोटे छोटे किसानों की मदद करने की भावना है, तो हमको पूरी ताकत से सहकारिता को और अधिक मजबूत करना चाहिए और उसके खिलाफ जो वातावरण निर्मित किया जाता है उससे सावधान रहना होगा। सही परिस्थिति से देश को अग्रगत कराया जाना चाहिए।

इसके साथ ही मैं यह निवेदन करना चाहता हूँ कि जो राष्ट्रीयकृत बैंक हैं या कामर्शियल बैंक्स हैं उनके ऊपर कोई इस प्रकार का प्रतिबन्ध नहीं है रिजर्व बैंक आफ इंडिया के द्वारा कि कुछ धन वे छोटे किसानों के लिए ही रखें। सहकारी बैंकों द्वारा जो ऋण वितरित होता है उसका 20 फीसदी छोटे किसानों या पांच एकड़ से कम के किसानों के अन्दर वितरित करना होता है, लेकिन इस प्रकार का कोई प्रतिबन्ध राष्ट्रीयकृत बैंकों के लिए नहीं है। माननीय उप वित्त मंत्री जी बैठे हुई हैं, उनको भालूम होगा कि मैंने प्रश्न क्या किया था कि नेशनलाइज्ड बैंक्स या कामर्शियल बैंक्स के ऊपर रिजर्व बैंक आफ इंडिया द्वारा इस प्रकार का प्रतिबन्ध क्यों नहीं लगाया जाता कि वह छोटे किसानों की मदद के कार्य में आगे बढ़ें और उनकी पूरी मदद करें।

[श्री सवाई सिंह सिसौदिया]

मैं यह बात सदन के सामने रखना चाहूंगा कि छोटे किसानों को मदद देने के लिए जो सेन्ट्रल कोऑपरेटिव बैंक्स हैं या स्टेट कोऑपरेटिव बैंक्स हैं उन्होंने अपनी ओर से बहुत उच्छे कदम उठाए हैं। इस संबंध में सबसे अच्छा प्रणसनीय कदम सहकारी आंदोलन ने मेरे प्रांत, मध्य प्रदेश में उठाया गया है और वह यह कि जो छोटे किसान हैं उनसे—दो से तीन फीसदी कम व्याज लिया जाय पांच एकड़ अथवा उससे कम वाले जो किसान हैं उनको व्याज में दो से तीन प्रतिशत की छूट दी जाय। इससे ऐसी स्थिति आ सकती है कि आज जो उनकी माली हालत खराब है उसमें उन्हें राहत मिले। मेरे प्रांत का सहकारी बैंक इस प्रकार का निर्णय लेने वाली पहली संस्था है।

मैं एक बात और इस संबंध में निवेदन करना चाहता हूं। वित्त मंत्री जी ने अपने बजट भाषण में इस बात का उल्लेख किया है कि बहुदेशीय बहुत सी सहकारी समितियों का निर्माण किया जायगा। लेकिन ऐसे भी प्रांत हैं जहां इस प्रकार की बहुदेशीय सेवा सहकारी समितियां कायम हैं और वह कार्यरत हैं और किसानों के माल का क्रय-विक्रय करने तथा खेती में लगने वाली जो दूसरी वस्तुएं हैं वे किसानों तक पहुंचा सकें, ऐसी व्यवस्था करती है। बहुदेशीय सहकारी समितियों का निर्माण करने की कल्पना की गई है। मैं निवेदन करना चाहूंगा कि बहुदेशीय सहकारी समितियां बहुत जगह सक्षम रूप से काम कर रही हैं और इसलिए इस प्रकार के प्रयोग दिन-पति-दिन नहीं होने चाहिए एक बार बड़ी सोसाइटी बनाएं, दूसरी बार उनसे छोटी और फिर उनको मिटा कर कोई दूसरी प्रकार की, यह कोई

उचित बात नहीं होगी। इसलिए जहां इस प्रकार की सक्षम सोसाइटियां काम कर रही हैं और इस उद्देश्य को अच्छी तरह से निभा रही हैं उनको डिस्टर्ब नहीं किया जाना चाहिए। और उन के जिम्मे प्रस्तावित काम की जिम्मेदारी भली भांति सौंपी जा सकती है।

अभी चर्चा हुई, जनसंघ के श्री स्वामी ने भी कहा और श्री मनुभाई शाह ने भी जिक्र किया कि बहुत से ऐसे नदी जल विवाद हैं जो आज हमारे देश में चल रहे हैं और उन का निर्णय वर्षों से नहीं हुआ है। श्रीमन्, इस समय हमारे देश में 124 ऐसे अंतर प्रांतीय जल विवाद चल रहे हैं कि जिन के कारण 124 बड़ी और मध्यम दर्जे की सिंचाई योजनाएं ठंडे बस्ते में बंधी हुई केंद्र में पड़ी हैं और उन के संबंध में कोई निर्णय नहीं हो पा रहा है। यह राष्ट्र के लिये एक बहुत बड़ी क्षति है और मैं यह नहीं कहता कि आज ही उन के बारे में निर्णय लिया जाये लेकिन अगर उस के लिये संविधान में संशोधन की आवश्यकता हो तो उस को करने में भी कोई विलम्ब नहीं होना चाहिए। लेकिन ऐसा इंतजाम जरूर होना चाहिए कि जो नदियों का पानी वर्षों से बह कर समुद्र में बेकार चला जाता है और उसका सिंचाई में उपयोग हो और देश में सुखे की जो स्थिति बनी रहती है उस से हम को मुक्ति मिले। पिछले वर्ष भी हमारे देश में एक तिहाई भाग में सूखा था। ऐसी स्थिति का मुकाबला करने के लिये हम को जागरूक हो कर और गंभीरता से विचार करना होगा और ऐसे निर्णय जो कि पूरे राष्ट्र को तरक्की के रास्ते पर ले जा सकते हैं शीघ्र लेने होंगे और उन में विलम्ब होना एक प्रकार से राष्ट्र के प्रति घोर अन्याय है। इस लिये मैं जोर दे कर

कहना चाहता हूँ कि अगर आवश्यकता हो तो संविधान में भी संशोधन करें। लेकिन हमें एक ऐसी स्थिति का निर्माण करना चाहिए और हमारा संकल्प होना चाहिए कि जो भी हमारे जल के स्रोत हैं, जो भी साधन सिंचाई के लिये उपलब्ध हो सकते हैं उन सब को राष्ट्र की संपत्ति घोषित किया जाना चाहिए और ऐसा कर के सिंचाई के लिये ज्यादा से ज्यादा साधन मुहैया किये जाने चाहिए। सिंचाई के मामले में काफी क्षेत्रीय असंतुलन है। बहुत से ऐसे प्रान्त हैं जहाँ 60 से 80 फीसदी तक सिंचित भूमि है और ऐसे प्रान्त भी हैं कि जहाँ केवल 6, 8 या 9 फीसदी ही सिंचित रकबा है। मेरे प्रांत मध्य प्रदेश की स्थिति भी ऐसी ही है। ऐसा होने से आर्थिक असंतुलन और अधिक बढ़ता है और जो गैर एक प्रान्त और दूसरे प्रान्त की विकास स्थिति में होता है, एक इलाके और दूसरे इलाके में होता है वह इस के कारण और बढ़ता जा रहा है और वह और ज्यादा बढ़ेगा। इस लिये उस असंतुलन को दूर करने के लिये छोटे सिंचाई के साधन मुहैया किये जाने चाहिए और ज्यादा रकम छोटे सिंचाई के साधनों के लिये दी जानी चाहिए जिन का तत्काल लाभ मिल सकता है और कम खर्च में किसान को ज्यादा फायदा हो सकता है।

फर्टिलाइजर के मामले में देश को आत्म निर्भर बनने में काफी समय लगेगा और इसी लिये जो पहले नेफ्था और फ्युल आयल के आधार पर फर्टिलाइजर फैक्ट्रीज बनी थीं उन के बजाय कोल बेस्ड फैक्ट्रीज बनाने का निर्णय लिया गया और तिलचूर, रामगुंडम और कोरबा की योजनाओं को केंद्र द्वारा स्वीकृत किया गया। लेकिन मध्य प्रदेश में कोरबा की योजना है उस के लिये

केवल चार करोड़ का प्राविजन इस बजट में रखा गया है चार करोड़ रुपया उस पर पहले खर्च हो चुका है। इस प्रकार की योजनाएँ हमारे राष्ट्र के हित में हैं और उत्पादन की वृद्धि के लिये बहुत आवश्यक हैं। काफी विदेशी मुद्रा खर्च कर के तेल का आयात करना पड़ता है तब नेफ्था और फ्युल आयल उपलब्ध हो पाता है। इस लिये इन सब को छोड़ कर कोल बेस्ड प्लान्ट्स की स्थापना में पूरी शक्ति लगाना चाहिए वैज्ञानिकों का यह कहना है कि नेफ्था और फ्युल आयल पर बेस्ड जो फैक्ट्रीज हैं उन को भी कोल बेस्ड फैक्ट्रीज में कनवर्ट किया जा सकता है। तो क्या कारण है कि इस संबंध में विचार नहीं किया जाता। इतनी बड़ी योजनाएँ हैं कि जिन पर करोड़ों रुपया खर्च किया जा चुका है। उन से अच्छे परिणाम निकल सकते हैं उन पर और अधिक आवश्यकता अनुसार धनराशि क्यों खर्च नहीं की जा रही है। कोरबा योजना के लिये अधिक धनराशि उपलब्ध करायी जाय और इस के लिये मेरा आग्रह है कि बचे कार्य की आगे बढ़ाने के लिये अल्दी ही उचित निर्णय लेना चाहिए। कूड आयल के बारे में अभी बंबई और कच्छ से हम को अच्छे संकेत मिले हैं और उन से सारे देश को अत्यन्त प्रसन्नता हुई है। प्रत्येक राष्ट्र के जीवन में कुछ ऐसी विशेष घटनाएँ होती हैं कि जो पूरे राष्ट्र के लिये आकर्षण का और स्वागत का केन्द्र बन जाती हैं। तो यह एक ऐसी ही विशेष घटना है। हमारी सुयोग्य प्रधान मंत्री और हमारे वैज्ञानिकों ने जो समय पर उचित निर्णय लिए और कठिन और मेहनत परिश्रम किया है, उन के अच्छे परिणाम आज हमारे सामने हैं यदि इसी प्रकार की उत्साहवर्धक स्थिति रही तो पांच, दस साल में देश तेल के मामले में स्वावलंबी

[श्री सवाई सिंह सिसौदिया]

बन सकता है। मूल्य वृद्धि को रोकने में सरकार ने बहुत से जोरदार काम किये हैं जिसमें तस्करी व्यापार को रोकने, कालाबाजारी को कम करने और जमाखोरों और भ्रष्टाचारियों के विरुद्ध और करों की चोरी को रोकने के लिये बहुत से सख्त कदम उठाये हैं। लेकिन मेरा निवेदन है कि यह सिलसिला बराबर जारी रहना चाहिए। जो कदम उठाये गये हैं उनके परिणाम काफी अच्छे निकले हैं। इस सिलसिले को जारी रख कर देश के सामने जो आर्थिक परेशानियाँ हैं, जो मंहगाई की परेशानियाँ हैं उनका मुकाबला सफलतापूर्वक किया जा सकता है। तस्करी से संबंधित जो सम्पत्ति है उसको जब्त किया जाना चाहिए। इस सदन में भी इस संबंध में काफी चर्चा हो चुकी है और इसके लिए यदि विधान में संशोधन की आवश्यकता हो तो वह भी किया जाना चाहिए लेकिन ऐसे कदम उठाये जायें जिससे कि लोगों को इस प्रकार के काम करने के लिए कोई प्रोत्साहन न मिले। (*Time bell rings*) मैं दो मिनट और लूंगा। चाणक्य ने अपने अर्थशास्त्र में लगान को अनाज के रूप में वसूली होने का उल्लेख किया है यह व्यवस्था आज की परिस्थिति में भी उपयोगी मालूम होती है। इसलिये मैं सुझाव देना चाहूंगा कि जो लैंड रेवेन्यू लगान है उसके बढ़ने में किसानों से अनाज लिया जा सकता है और काफी सहूलियत के साथ किसानों से अनाज की वसूली शासकीय संग्रह के लिए की जा सकती है। किसानों पर एग्रीकल्चरल इन्कम टैक्स लगाने की बात काफी दिनों से सुझाई जा रही है। इस संबंध में बहुत से विचार समय समय पर आयें हैं वह हमारे देश में व्यावहारिक दृष्टि से उचित नहीं है। देश में जो शिक्षा का औसत है—गांवों में साक्षरता नहीं है इस

हिस्सा से यह सुझाव व्यावहारिक तो है ही नहीं लेकिन कठिनाई पैदा करने वाला है और इस प्रकार का टैक्स लागू करने से ज्यादा से ज्यादा भ्रष्टाचार होने की संभावना है।

इसलिए अगर किसानों पर कर बोझ बढ़ाना हो तो लगान, लैंड रेवेन्यू पर अतिरिक्त सरचार्ज लगाया जा सकता है। लेकिन इनकम टैक्स आन अग्रिकल्चरल प्रोड्यूस की बात सोचना व्यावहारिक दृष्टि से हमारे देश की जो स्थिति के लिहाज से कदापि ठीक नहीं होगा।

काश्मीर समस्या के बारे में काफी चर्चा हो चुकी है, लेकिन पहिले की चर्चा में एक महत्वपूर्ण पहलू पर जोर नहीं दिया गया मैं उसकी ओर सदन का ध्यान आकर्षित करना चाहता हूँ सारी दुनिया के इतिहास में यह पहली घटना है कि इतनी भारी बहुमत वाली कांग्रेस पार्टी ने जो कि राज्य का संचालन कर रही थी, जिसका मंत्रिमंडल वहाँ कायम था, स्वेच्छा से देश के लिए पदत्याग किया। ऐसा कोई दूसरा उदाहरण कहीं नहीं मिलता है। कांग्रेस संगठन के प्रति बहुत आरोप लगाये जाने हैं कि इसमें पद लोलुप बहुत है। देश और समाज के लिए जरूरत हो तो कांग्रेस और कांग्रेस जन बड़ा से बड़ा त्याग कर सकते हैं। (*Time bell rings*) काश्मीर की कांग्रेस पार्टी और जनाब मीर कासिम साहिब इसके लिए विशेष बंधाई के पात्र हैं।

इन सारी बातों को ध्यान में रखते हुए मैं एक और निवेदन करना चाहूंगा कि आज देश में बहुत चर्चा हो रही है तथाकथित संपूर्ण क्रान्ति की। उसके बारे में अवश्य ही दो मिनट कहकर भाषण समाप्त करूंगा। उल्लेख किया

जाता है दल-विहीन प्रजातंत्र का । इस प्रकार की पार्टीलिस डेमोक्रेसी का कोई उदाहरण संसार में कहीं नहीं मिलता है। राजनीति विज्ञान के अध्ययन के आधार पर कहना चाहता हूँ कि डेमोक्रेसी (दल) पार्टी होना आवश्यक है। दल विहीन प्रजातंत्र सफल नहीं हो सकता । दल विहीन प्रजातंत्र प्रजातंत्र नहीं और कोई तंत्र हो जायगा । शासन विहीन समाज की कल्पना गांधी जी और लेनिन ने जरूर की थी । ऐसा तभी हो सकता है, जब लोग अपने ऊपर नियंत्रण, प्रतिबन्ध लगायें और इस प्रकार की समुचित व्यवस्था, प्रबन्ध देश में करें कि शासन की जरूरत ही किसी स्टेज पर नहीं हो । सम्पूर्ण क्रान्ति के नारे की आड़ में हिंसा और अपराधों को बढ़ाने वाला वातावरण देश में बन रहा है अनेक हिंसक घटनायें हुई हैं । कानून तोड़ने की मनोवृत्ति बढ़ रही है । उसके प्रति सजग होकर हमको निर्णय करने होंगे । कुछ पंक्तियों की एक कविता इस संदर्भ में आपके सामने सदन को प्रस्तुत कर अपना भाषण समाप्त करूँगा । *

स्नेह-प्यार और विश्वास का पथ ही
तुम्हें मंजिल तक पहुँचा सकता है ॥

घेराव ही करना है तो निराशा का करो,
पथराव ही करना है तो बेकारी का करो ॥

स्नेह का सूरज अपने आप झुक जाएगा,
विफलता का तूफान सहमकर रुक जाएगा ॥

एक बार यह कोरस गाओ तो सही—
‘निर्माणों के गीत लिखेंगे

हम भारत के भाल पर,
पसीने से बसुंधरा को सींच तो सही ॥

SHRI S. A. KHAJA MOHIDEEN (Tamil Nadu): Mr. Vice-chairman, Sir, the nuxi-

mum dose of additional taxation levied has shattered the hopes of the people and the assurance given to the people of Gharibi Hatao has been forgotten. No doubt, the twin problems of galloping inflation and economic stagnation have to be tackled, but the Budget proposals make one wonder whether this is the way to halt the rise in prices and stimulate the economy. There is hardly any relief to the common man in the Budget proposals. There are expectations all round that an upward revision of the income-tax exemption limit would be made at least to Rs. 15,000 from the present Rs. 10,000, but the Finance Minister has conveniently avoided this issue. The small relief to salaried in terms of a higher permissible deduction for contribution to provident fund and payment of insurance premium are really no benefit to the salaried class. To get full benefit of the relief the salaried class should at least get Rs. 30,000 per annum as relief. Even the salaried class who get this negligible benefit will find that these concessions are more than offset by the higher prices they will have to pay for essential commodities.

I am giving here the short-comings and shortfalls in the Budget. Clause 3(c) of the Finance Bill seeks to amend section 10 of the Income-tax Act which raises the house rent allowance limit from Rs. 300 to Rs. 400. In view of the high cost of all necessities, the sum of Rs. 400 is insufficient and the limit at least should be raised to Rs. 600. Clause 6 of the proposed Bill seeks to amend section 14 of the Income-tax Act. In short, the reserve created inwards gratuity will not be a permissible expenditure and only the actual sum which has become payable will be allowed as a permissible expenditure. With the passage of the Payment of Gratuity Act, gratuity is an ascertained liability and is not a contingent liability.

A true profit of a company for purposes of dividend and many other purposes cannot correctly be determined unless the charges incurred are taken into account. In this sense, to say that the provision will not be allowed is to negate the genuine claim of the industry. Based on the decision of the Supreme Court in the case of Metal Box & Co. vs. its Workmen (751 TR), the provision of gratuity in the form of actuarial valuation should be considered to represent a real liability of the employee and allowed as a permissible expenditure.

[Shri S.A. Khaja Mohideen]

Subclause (b) of clause 40A "I the Income-tax Act whereby 15 per cent of the interest paid In non-banking and non-financial companies on deposits received by them from the public will be disallowed in computing the total income. The very concept is objectionable. Tomorrow the concept could be extended to other items of expenditure like rent, etc. as the Government did away gradually with 'entertainment expenditure'. In the present times when companies are facing 'acute shortage of funds because of the credit squeeze, the provision will hit hard such companies who resort to borrowings from the public. It should be appreciated that the need for increased borrowings of the industries have arisen mainly on account of the inflationary pressures prevailing today.

Sub-clause 7 proposes to amend Section 43(1) of the Act whereby motor cars acquired after 28th February, 1973 will not be subject to value restriction of Rs. 25,000 for purposes of depreciation. But the cost of any Indian-made car has gone up to more than Rs. 25,000 even during 1973. The benefit should therefore be extended with retrospective effect from 28th February, 1973.

Clause 11 seeks to insert a new Section 80FF whereby any Indian citizen whose total income does not exceed Rs. 12,000 per annum will be entitled to a deduction in respect of expenses incurred towards higher education of any two children of his. In these days of high cost, a man earning Rs. 12,000 per annum could hardly educate his children in technical and other fields. In this sense, this is no benefit at all. The limit should therefore be increased to Rs. 25,000 at least.

Sub-clause (I) of clause 20 seeks to amend Section 194A of the Income-tax Act. It is provided that the tax will be deducted at source from any income by way of interest where the income collected or paid exceeds Rs. 400. This provision will pose hardship to the small investors who hardly have any taxable income. It needs no mention that the amount deducted by way of income-tax could never be claimed back when there is no taxable income, and even if it is claimed it will be never forthcoming.

Clause 27 seeks to amend Section 5 of the Wealth Tax Act. The exemption limit for purposes of wealth tax in respect of

conveyance is proposed to be increased from Rs. 25,000 to Rs. 50,000. Instead of keeping the limit at Rs. 30,000, it is suggested that one indigenously manufactured car be allowed for purposes of exemption.

The last but not the least which has come as a serious shock to the industries is the 1 per cent Central excise duty on all manufactured goods. It was Mr. Bhoothalingam who had suggested that all articles should bear a uniform rate of excise duty. Our Finance Minister has conveniently borrowed the idea without realising the consequences and hardships it will cause to the industries. While the Government has no machinery to correctly assess and recover the new impost, it will cause undue hardship to the industries and this will provide great scope for Government employees to resort to corrupt practices. Since there is bound to be a time lag in getting clearance of goods by the excise authorities, there will be artificial inflation created, and it will only increase the prices which are already surging. Perhaps this would ultimately take shape just like the one-paise tax of the late Mr. Rajaji. The Government is well advised to drop this measure once and for all. If this is not feasible at least the Government could think of other alternatives like collection of an extra one per cent at the selling point in the same way as GST is collected, and not as a Central excise duty. The twenty-eight years of independence has brought out untold miseries to the people who are mute and cannot effectively counter any legislation. The value of rupee has deeply eroded and the people find it extremely difficult to buy the basic necessities of life at the present exorbitant prices. The prices are still going up by leaps and bounds. With the failure of monsoon there is acute shortage of drinking water in many parts of

Tamil Nadu. While the Centre decries the idea of State autonomy it is not able to wield its power to bring about settlement in the river water dispute. The failure of the settlement among the Southern States is a clear exhibition of Centre's incapacity

to deal with the issue. There has been great strain on the limited resources of the State with the failure of the monsoon.

I would, therefore, earnestly request that the Centre comes forward in a big way to help the Tamil Nadu Government in the drought relief.

I strongly feel and I regret to bring to the notice of LIC Prime Minister the remark made by the Finance Minister Mr. C. Subramaniam on Saturday at Madras that the Centre would release further aid to Tamil Nadu only after verifying how the funds ahead allotted had been utilised. This attitude of the Finance Minister only shows that the States were being treated by the Government. Remarks of this type are responsible for the people in Tamil Nadu and DMK party to be compelled to demand State autonomy. Our Chief Minister Dr. Kalaignar Kaiyurani, rightly said yesterday that if this was to be the attitude of the Centre the State Government would not apply to the Centre for any further assistance for drought relief.

SHRI M. KAMALANATHAN: As a protest.

SHRI S. A. KHAJA MOHIDEEN: Yes as a protest. In the whole of the country only Tamil Nadu is following the principles of Gandhiji. The Father of the Nation, in implementing prohibition effectively. The State is incurring a loss of revenue to the extent of Rs. 10 to Rs. 50 crores per annum. The Centre has failed to come to its rescue.

Sir, there is absolutely no encouragement to small scale industries in the Budget proposals although time and again it is professed that the Government is determined to give to small scale industries its due place in the national economy. The problems and difficulties facing the small scale industries are little realised. To quote only an instance, it is next to impossible for small scale industries to set up industries for finished leather. There is a stipulation that any request for import of machinery for making finished leather should be accompanied by an export obligation. The small scale industry cannot import machinery except by getting the import of machinery financed by the National Small Industries Corporation. Since in these cases the import licences are always issued in the name of National Small Industries Corporation and not in the name of the small scale industries—the question arises as to who should give the export obligation. The National Small Industries Corporation does not want to take the obligation on its shoulder nor will it be acceptable to the

Controller of Imports and Exports if export obligation is given. In the small scale industries since the licence will be in the name of the National Small Industries Corporation. The result is that no small scale industry could import the machinery. Naturally, this field has become the sole of the big business houses and industrialists. They could invest any industrial money in the import of machinery and also easily furnish the export obligation. It is high time that difficulties of this type are enquired into by Government and remedial measures are taken.

Sir, recently the Chief Minister of Tamil Nadu announced a scheme. He has in view to rehabilitate the ex-servicemen, he thinks of starting a goods transport Corporation with a capital of Rs. 2.2 crores and with 100 lorries.

this could provide employment for 600 ex-servicemen and in the next two years, it could absorb 2,000 ex-servicemen. This would be feasible only if the Centre's help is forthcoming. I need hardly stress that this is a laudible scheme and the Centre must extend all possible help to the Tamil Nadu Government to implement this scheme.

Sir, the Finance Minister has made a modest attempt to revive the business confidence by relaxing the curb on dividends. It is now proposed that the companies could declare any percentage of dividend, but, over the prescribed limit could be paid in two instalments after the lapse of the Act. Since the dividend once declared will be a receipt in the hands of the shareholders, it will be liable for tax. Necessary directives should, therefore, be issued to remove the hardship of the shareholders. In view that this amount would be liable for tax only when the amount is actually received by the shareholders.

Sir, Mr. C. Subramaniam, our Finance Minister, also criticised the State Government's action in arresting a doctor of the C.M.C. Hospital at Vetlore. It is purely a State affair. To maintain law and order, the State police had a duty to enquire into complaints and if a *prima facie* case was made out, to take action against persons involved however highly placed they might be. If Mr. C. Subramaniam thinks it is improper to

[Shri S. A. Kbaja Mohideen] have arrested a doctor, I ask him what was he lining' when the Central Government took into custody; the Imam of Jama Masjid in Delhi recently and held him in detention for about 111 days, Sir, I am in deep pain and anguish to speak on the Jama Masjid massacre, the greatest tragedy this Capital witnessed in recent history. The matter is very, very delicate and also very serious. You all know what happened in this tragedy. I know the Imam has been released; so far it is good. We have been anxious from the beginning that the Imam should be released and a judicial inquiry should immediately be ordered to create a situation by which things could come to normal and other issues might be settled. Our President, Janah Ibrahim Sulaiman Sail, has submitted a memorandum to the Prime Minister demanding a judicial enquiry. But so far nothing has been done in this matter.

The Government has released the Imam, but that does not end all matters. It does not complete all requirements. The Government should order immediately a judicial inquiry. The ruthlessness and the brutality of the police must be enquired into and the concerned police officers must be dealt with properly so that they do not commit such a sin against the Indian nationals, the citizens of this country at any time in future. Then the Government should pay full compensation to all those whose property has been destroyed. Still some people are in jail, who have been taken into custody in this connection. You must release all people unconditionally and withdraw all the cases against all the persons arrested in this connection.

Lastly, of course, we are spending a good, sizeable amount in the Health Ministry. Mahatma Gandhi, the Father of the Nation, and the All India Congress were anxious for the development of the indigenous medical systems, including the Unani system. It was hoped while the country was engaged in the struggle for freedom that the Unani system would receive its due share after the country achieved freedom. Now although it is more than 27 years since the country attained independence and during this period Ayurveda has rightly developed and got its due share, the Unani system of medicine has languished behind due to the indifferent attitude of the officials of the Ministry of Health. Why

this step-motherly treatment towards the Unani system of medicine? I am happy that the Ayurvedic system has received full encouragement, but we are confident that no one would like that for this, the Unani system should be deprived of the necessary help, the two systems are different and they should get opportunities to serve the masses in their own individual way. There is no overlapping of one over the other. In this connection, a memorandum has been submitted to the Prime Minister, signed by more than 100 MIs sometime in 1975, but so far no action has been taken in this regard. 5 P.M.

Sir, to improve the Unani system of medicine. I suggest the following and I urge upon the Government to give immediate attention to those proposals:

(1) Immediate appointment of a separate full-time Adviser for the Unani system of medicine should be made.

(2) Grants to the Unani Colleges in the country should be made on a par with other professional colleges,

(3) Printing of Unani textbooks and other publications should be taken up immediately in all the national languages.

(4) Research units should be increased and one more full-fledged Institute should be started in North India.

(5) Five more Unani CGHS dispensaries should be opened in Delhi.

I thank you, Sir.

SHRI ». C. MAHANTI (Orissa): Mr. Vice-Chairman, Sir, in an era of planning, a nation's budget in a way reflects or projects the nation's aims and objects, hopes and aspirations, and its needs and ambitions. And, Sir, the Budget presented this year by the Finance Minister, Mr. Subramaniam, reflects and projects all the needs and the ambitions of the nation. We are today at the threshold of the fifth Five Year Plan when we have to look back and take stock of the situation and see what we have achieved during the last four plan periods and, if we have failed, what the failure was due to. We are passing through an abnormal period, passing through abnormal times. It is not only India which is

passing through abnormal times, but the whole world is passing through a period of abnormal inflation. To quote the Finance Minister:

"The virulence with which inflation has been spreading and its devastating impact across national boundaries continue to impose on developing countries such as India burdens and hardships which we have been ill-equipped to withstand."

To quote Prof. Galbraith:

"Inflation has a disorienting effect on all economic situations, all economic planning . . . Inflation is the parent of almost every other problem."

As my economist friend of mine has said, Sir, planning creates inflation and planning is being sabotaged by inflation. I would like to give certain details with regard to our targets and achievements in the first Four Plans. In the First Plan, the target was 11% of the investment and the actual was 18%; in the Second Plan, the target was 83% and the actual was 20%; in the Third Plan the target was 50% and the actual was 13%; and in the Fourth Plan, the target was 80% and the actual was 11%. This means that excepting for the First Plan, in the other three plans, the actual achievements have been far below the targets whereas in each Plan the outlay became double that of the previous Plan. But, in real terms, the national income growth rate fell considerably short of the targets. This was a major cause of inflation which has gathered cumulative momentum. The investment in real terms was very much higher than savings plus foreign aid and the balance of investment was financed by inflationary methods.

When the Fifth Plan was halted, the national income at current prices was Rs. 9,000 crores, that is, in 1971-72, and, against this background, the Fifth Plan envisaged an outlay of Rs. 53,000 crores. This amounted to 186% of the then national income.

This meant, on the average, 27% of the national income per year. When savings were of the order of 10% to 11%, an investment of 27% of the national income necessarily contained a heavy inflationary potential.

In this background with Rs. 40,000 crores as national income in 1978-79, an amount of Rs. 5,960 crores for the annual plan of 1975-76 constitutes about 23% of the national income. But we can achieve our target if we lay stress on certain factors. They are that we should be a little more

realistic in our planning and confine our planning to within the available resources, see that all productions are quick, direct and physical and things that are not likely to be implemented should be dropped, as

also stated by the hon. Mr. Shah. Implementation should be the first consideration.

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Mien, we should insist on accountability. This has also been stressed in Mr. Shah. We should see that persons who are made responsible to carry out projects are not transferred frequently, because otherwise at the end or in the middle of a project you have nobody to account for or is responsible for non-implementation in time.

Besides this, the employment part of it has been stressed by many hon. friends in this House. No new employment is being created but the secretarial type of employment. In this connection, I may point out that two days ago the new Deputy Chairman of the Planning Commission has thought of reducing or slicing the staff that had been there during the last four plan periods. He was in favour of reducing the staff, but he was advised by his advisers to cut it to 50 per cent.

In spite of all that I have said, we have reasons to be proud of our achievements in respect of our power plants, fertilizer plants, steel plants, hydro and thermal projects and so many industrial estates, as also so many small and medium-scale industries.

I congratulate the Finance Minister again, Sir, for the bold and welcome departure he has made by giving topmost priorities to food and energy. This is what he said:--

"I wish to submit that the important feature of this Budget is a clear identification of these twin priorities—food and energy with the supporting facilities—and the earmarking of adequate funds for the development of these two sectors in the first instance before taking up the claims of other sectors. This is the kind of inescapable and cruel choice . . ."

[Shri B. C. Mahanti]

I do not understand why He should rail in as inescapable or a cruel choice. It is neither an inescapable nor a cruel choice, for would, on the other hand, say that what we were doing hitherto was not perhaps all correct. For a country, which is predominantly agricultural, to go to other countries and ask for food year after year certainly affects the honour and prestige of the nation. We have got to be self-sufficient during the Fifth Five Year Plan period, so far as food business is concerned. If there could be an appeal to the people from the Prime Minister to file effect,

to give a call to the nation, to pass through a period of austerity. It may be the entire Fifth Five Year Plan period. But we must not go begging to food before other countries,

Sir, the rise in the price of oil has affected our plan provisions adversely. We can't even think in terms of stopping manufacture of motor cars for the use of private individuals and of reducing the quota of petrol to the existing private cars to the minimum till at least such time as we get our oil from the Bombay High and other promising sources of oil? If a country and a nation of the size and population of China can manage its transport system through public transport, why can't we do so in India?

Sir, now I turn to the Eastern part of the country. In almost every plan, emphasis has been laid on the fact, that regional imbalance should be removed. The Prime Minister, while replying to the discussion on the Kashmir Accord, was pleased to observe, "If each State looks to its own interest, how will the weaker ones be helped". The Finance Minister also says in his speech at page 5, "The needs of relatively weak producers and backward regions will continue, to receive special attention and support". Sir, I am afraid that there is a feeling among the people of Eastern Zone that the case of that area comprising ten States, big and small, i.e. Assam, Arunachal Pradesh, Bihar, Manipur, Meghalaya, Mizoram, Orissa, Nagaland, Tripura and West Bengal, has not received the attention so far that they deserve. It is an area of 6,72,508 sq. kilometres which is about 21% of the country's land area, with a population of above 11 crores which constitutes more than 25% of the nation's population.

Moreover, this is a zone which earns foreign exchange more than any other zone by exporting tea, jute and engineering products. This zone keeps the wheels of country's industries moving by supplying coal, iron and steel, etc. It is also rich in mineral wealth, agriculture and forestry. In spite of this, it is a zone in which industrial development is the most backward, (Time belt rings). Economically also, it is backward. To cite an example, the industrial licences issued to the different zones during the years 1967, 1969 and 1970 were 134, 99 and 101 whereas in the Eastern Zone, the number of licences is 76, 71 and 72 only for the same years. The State from which I come, i.e. Orissa, is potentially rich in minerals, coal, iron, bauxite, etc. and even then Maharashtra got more industrial licences.

In the year 1973-74, this State got only one licence whereas Maharashtra got 171 industrial licences. Now, you have to take this with the Prime Minister's words of sympathy and the assurance that is being given by the Finance Minister.

Sir, the need for cement for the promotion of industry need not be over-emphasized and yet the allocation of cement, zone-wise, during the year 1973-74 has been: Northern 50.1 per cent of the total allocation; southern—27.1 per cent; western—20.1 per cent; and eastern—16.1 per cent. The scheduled commercial banks' advances, as on September, 1972, to retail traders, small business men, professional and self-employed persons were, Rs. 2,463.99 lakhs in the eastern zone, and Rs. 2,145.62 lakhs in the State of Maharashtra alone. If you come to agriculture, for the eastern zone, it was Rs. 3,644.08 lakhs and it was Rs. 10,973.59 lakhs in the State of Maharashtra alone. My friends from Maharashtra should not misunderstand me. I am only telling this just to pinpoint and focus the attention of the House to show how the case of an area which constitutes 20 per cent of the entire area of the country and has more than 25 per cent of the population of the country has been over-looked so far. So, also in the case of power development and electrification. The total number of irrigation pumps energized as on 31-3-1973 was only 104,687 in the eastern States whereas in Maharashtra, it was 315,000. Likewise, Sir, in the case of rural electrification, functioning of the industrial estates, expenditure

on line industrial estates, nadir handled by' the Ports, and allotment nf e.c. grade alum i n i u m lo i small industries, the eastern zone has not got its due share. (*Time bell rings*).

Sir, now thai you have rang the he)!, I want to conclude In referring to mv own State of Orissa. Adivasis form a considerable percentage of the total population. Tt is between 20 and 2-1 per cent, f am grateful to the Minister of State for Home Affairs, who has said in reply to a question of mine that a provision of Rs. 200 crores has been made as special Central assistance to the Sijiiis for tribal aieas during the Fifth Plan period in place of Rs. 40 crores prior to that for the 4th Plan. Rut I consider that provision is not enough. Sir. would you believe that in Orissa, today, there are people anions the adivasis who do not know the use of cow's milk, there are still people who do not know how to put. clothes on their bodies. And. Sir, a week before the last, the 'Illustrated Weekly' in a caption said. "Our tribal* are third-class citizens". There are semi-nude pictures of roun g i l s , under which is written, "An prey." In Orissa alone, about 1,000 tribal girls are reported to have been abducted by slave traffickers every year. The Government maintains that the figure is exaggerated.

The traffickers in human-flesh pose as building contractors and offer 'jobs' to tribal girls. (*Time bell rings*). I will be finish -ing in just five minutes.

THE VICE-CHAIRMAN (SHRI J. P. MATHUR): You have already taken more than 20 minutes. Please conclude now.

SHRI Is. C. MAHANTI: This is the position. Sir. Rs. 200 crores is good but is not enough. We have to atone, so far as the adivasis and Haiijans of our country are concerned, for all the acts of omission and i ommission committed by us.

Now.' Sir, so far as Orissa is concerned, there is a double gap; double gap in the that there is one gap between the adivasis and the Indian people and then there is another gap. that is, the gap bet ween adivasis and non-adivasis of Oiissa. Now. Sir. unless these two saps are removed, the adivasis cannot be drawn into the mainstream of Indian life.

15—2RSS/ND/75

THE VICE-CHAIRMAN SHRI J. P. MATHUR): Mr. Mahanti, please conclude now.

SHRI B. C. MAHANTI: Then, Sir, there are two projects about which I want to make a mention. First I want to mention about the Paradip fertilizer plant because the Prime Minister laid its foundation-stone. In answer to a question of mine as far bark on 24-8-1974, mv attention was drawn to paragraph 15 of the Ministry of Petroleum and Chemicals Report for the year 1972-73, wherein it was said that the progress of work of extension of the Trombay Plant and setting-up of a new plant at Paradip in Orissa was in the planning stage and that these were expected to be taken up for implementation during 1974-75. Whereas this reply was given in August, subsequently in November in answer to a question in the Lok Sabha. it was stated that live plants are proposed to be located at Bhatinda, Panipat, Mathura, Paradip and Trombay; the Bhatinda and Trombay projects have been sanctioned for implementation and while the former is expected to cost Rs. 138.40 crores and is expected to be completed by October 1977, the latter is estimated to cost Rs. 111.40 crores and is expected to be completed towards the end of 1977. Of the other three projects, the Panipat and Mathura projects are expected to cost Rs. 140 crores and Rs. 146 crores, respectively, while the cost of estimate of Paradip project has not vet been finalised. If the answer to the same question on the same project varies so much in the two Houses, what are you to do. Sir? I draw your pointed attention to this thing and say that something has to be done because the people of Orissa are very sore and unhappy about it.

SHRI BABUBHAI M. CHINAI (Maharashtra): Mr. Vice-Chairman, Sir, I rise to speak on the Budget for the year 1975-76 with mixed feelings which, if anything, have enhanced since I heard the Budget Speech of the lion, the Finance Minister in the Lok Sabha on the 28th February. As I was hearing Shri Subramaniam and when I subsequently pursued his speech, I could *nij*> hut be struck with (lie clear analysis of the economic situation that he gave and the objectives that he enunciated for fulfilment in the short as well as in the long-terms. Indeed, it seemed as if for the first

[Shri Kabhubhai M. Chinnai] time in many years there would be a synchronisation between the budget proposals and our planning efforts. The initial part of Shri Subramaniam's speech unmistakably revealed his deep knowledge of agriculture and industry as well as planning processes. I was hoping, therefore, that the wealth of knowledge that the hon. Finance Minister gained by holding the portfolios of agriculture, industry and planning would be reflected in the actual framing of the budget and the tax proposals.

The final piece that the hon. Finance Minister produced, I cannot help pointing out, is an incredible mix of courage and timidity, of profound thoughts and petle-train proposals, it has verily become a cauldron of high principles, naive propositions and a lot of figures which conceal more than they reveal.

Let me now discuss the approach of the Finance Minister in the context of the current economic situation and the need to stimulate production all round. No one can improve upon his observation that a rapidly growing economy is not only the best insurance against perpetuation of poverty, but it is the only solution. Nor can anyone question the need, as he put it—I quote—"to devise ways and means of stimulating production from the available capacity and of adding to that capacity in sectors considered vital for improving income and consumption levels of the poor".

I for one applaud the decision for increasing development outlays by Rs. 1,100 crores over the last year's budgeted figure. No doubt, had this figure been cut by one half there would not have been a deficit at all. I proceed on the assumption that the widening of the deficit that has occurred was not only inevitable but desirable. Money quarrel lies in the way in which we sought to meet this deficit. There is another apprehension which I want to share with the Members of this august House and, that is, whether the increased development outlays will be made speedily and under the items of capital expenditure or the longer receipts which he will collect from additional taxation will be squandered away on non-development items. The Central Government employees are still to be paid Rs. 400 crores towards

clearness allowance. We have also the usual wastage and the usual corruption in quality to reckon with.

My apprehension is not without basis. The last proposals of 1971-72 aimed at additional resource mobilisation of Rs. 935 crores in a full year. Yet, the year ended with a deficit of Rs. 625 crores. It is relevant to note also that the five-year yield of last year's mobilisation effort would be equal to the target of additional resource mobilisation set in the Draft Fifth Plan. This was the measure of tax effort.

Well, for 1975-76 it is said that the new-lax proposals will yield Rs. 935 crores. If I may say so, this is a partial truth in two ways: not only has the yield been underestimated but the real impact has been glossed over. The suggested experimental measure of charging a duty at the rate of 1% *ad valorem* on all goods produced for sale or commercial purpose should yield not the expected revenue of Rs. 28 crores per annum but certainly more. So also the rise in regard to increase in the basic rate of income tax on the closely-held companies. Much will be the same position in respect of the rate of Central tax on inter-State sale of goods which is being raised from 3% to 4%.

In this connection I must state that quite a few persons including our newspapers have missed whether through oversight or otherwise the significance of the increase in the rate of the Central Sales tax. From a purely technical point of view, and even probably from the constitutional point, the collections from this tax in the Union territories alone figure in the Consolidated Fund of India. The bulk, of the yield, therefore, goes to the benefit of the States. In this particular Rs. 1,750 crores are accounted for in the Central Budget, and the States are supposed to benefit to the extent of Rs. 825 crores in 1975-76. My point is, not only this figure is on the low side, but this figure must be really added to the figure of Rs. 285 crores as given in the additional taxation for the year. In other words, additional taxation is Rs. 285 crores plus Rs. 1,750 crores, i.e., Rs. 2,035 crores which again I repeat is on the low side.

Another disturbing aspect of the budget proposals is that several amendments have been made in nullifying decisions of the courts of law in the country with retrospective effect. This is an extreme!) regrettable step which would rudely shake the faith of our citizens in the process of law.

There is a marked downward trend in the interest rates all over the world. In our country, the present interest rates are so high that they are deterring people from making new investment. This situation can and should be reversed and I believe that a reduction in the bank rate would help in restoring a better balance in the investment sector between lending and investment.

I fail to understand the logic behind the present regulation for investment of provident fund and other trust funds. Contributions to provident fund are made by millions of white-collared people and industrial employees! Why should not they be given an opportunity to earn a higher return on provident fund moneys than 6 or 7 per cent which they are getting in investment in Government securities? A beginning should be made by allowing a small part of the provident fund moneys to be invested in Unit Trust and other notified securities. This would also help improve the investment climate to an extent.

I fail to understand as to why the Finance Minister after duly acknowledging that the steep escalations in capital cost act as a inhibiting factor to new investments has not thought it fit to continue with the development rebate, or to introduce a similar facility. It is well known that development rebate has assisted industry to expand and diversify production, accelerate replacement of worn-out assets in periods of rising prices.

Again, it is extraordinary that even though Government has been seized of the problems arising out of their pricing policies no decisions have been taken so far. We are told that a high-level Committee has been appointed to go into the kind of fiscal concessions that are required and the new type of pricing policies that may be adopted to stimulate fresh investments. I do hope that trust that this Committee will speedily make the recommendations and Government will take prompt action. Or,

will the old story repeat itself—too little and too late?

Such concessions as the Finance Minister has proposed, viz., extension of tax holiday, exemption of inter-corporate dividends from companies engaged in high priority industry, exemption from Health tax of equity shares in new companies engaged in certain priority industries and extension of tax exempt savings in provident funds and life insurance, and tax relief to children's higher education for income-earners up to Rs. 12,000 do not go far enough to create the requisite climate for larger savings and higher investments. Not only each of these concessions is extreme!) diluted, the proposals to allow only 85 per cent of the interest paid on public deposits by non-banking and financial companies in computing taxable income and the increase in marginal rate of taxation for closely-held industrial companies will restrain developmental resources. While old savings are -
■ Might to be given relief from wealth tax in certain cases, there is no incentive at all for new savings in the hands of non-wealth tax assesses.

Notwithstanding the usual kind of official exercise and pronouncement that the inflationary impact of additional taxation will be only negligible, actually the adverse consequences will be widespread and will affect the vulnerable sections and the middle-classes. The common man has been groaning under high speed inflation during the past two years, he has been up against scarcity and will. At this juncture, additional taxation of the kind adopted should not have been indulged in. What was called for is the increase in exemption limit under income tax.

I do not see how the tax proposals and even the developmental outlays will secure the objectives of increasing production in certain sectors, particularly food and energy, stabilise prices, increase exports, and protect the vulnerable sections of society. The manner in which the concessions have been given by the Finance Minister will not make any significant difference to the rate of investment, savings and production. More substantial incentives like retention of development rebate, doing away with or scaling down surtax on companies, institution of credit certificate schemes etc. etc. as well

[Shri Babubhai M. Chinnai] as corporate taxation, according to a rough calculation which I have made, might have immediately affected the Exchequer to the tune of Rs. 70 crores, but in a very short while the yield from the increased economic activity would have been at least four-fold.

I should not like to be misunderstood as belittling the problems faced by the hon'ble Finance Minister while framing the Budget. There are many dilemmas and conflicting needs, such as the necessity to keep in check inflationary pressures and the equally important requirement to sustain the tempo of development. The most important dilemmas to which the hon'ble Finance Minister did not care even to refer is in the area of providing employment while savings are low. Our population is growing. There is already a heavy backlog of unemployment. We are sitting on a volcano—what with the population explosion and what with continuing scarcities. Not the narrow consideration of politics and coming elections, but the larger objectives alone should have weighed with the Finance Minister to give consideration to this thunderous problem of unemployment. But not a word from him.

The world economic boom is tapering off and international environment is not conducive to rapid growth. We are living through a period of international uneasiness. The gun boat diplomacy seems to have extended to the Indian Ocean. The lifting of arms embargo by the United States has created a situation where we are left with no other option but to strengthen our defence to counter the arms build-up by Pakistan. I notice that the budgetary provision for defence has gone up by only Rs. 117 crores, part of which will be absorbed by inflationary price rise. I simply hope that this provision is adequate to meet our defence needs in the altered context. Though I am aware of the financial constraints, my fear is that this provision is insufficient in the light of President Bhutto's policies, actions and utterances.

We have got into a vicious circle and I would have thought the finance Minister would attempt to unwind the vicious circle through some bold strokes. He has missed an excellent opportunity to correct the imbalances, improve the tone and working

of the economy, and to give some succour to the common man. What is worse, if production does not increase in the absence

of any powerful budgetary support, the economic situation will deteriorate further.

The seasonal fall in prices that has taken place, however welcome, will give way to a rising price trend. And all the good sentiments and all the goodwill in the world will not save the masses from pain and penury.

DR. M. R. VYAS (Maharashtra): Mr. Nice Chairman, Sir, I rise to support the Budget proposals. Right at the outset, I would like to congratulate the hon'ble Finance Minister for a laudable effort he has made to derive greater income with minimum of trouble to the common man and with least of impediment to the development of the industry. Many points have been raised in course of the debate, and I would not like to repeal them. However, first of all, I would like to underline the progress noticed in the Budget of higher allocation for the Plan.

Despite stringency of resources, I am very happy that the hon. finance Minister has increased the allocation by 2.1 per cent. We are all aware that ultimately the reduction of unemployment, the removal of poverty, etc., will depend on how well we are developing our plans. It is definite that so far we have not had any tangible signs of reduction in unemployment. However, in our plans and in the success in the plans, we would have stagnated at a much low level. We may not be able to gauge the progress of the country from statistics alone. Visits to various centres in different parts of India, and a closer look at the people will reveal something which statistics do not reveal.

We have been talking of inflation but we also know that this inflation has also brought money to areas and people who never had the money to spend. This does not mean that inflation is a blessing. On the contrary, inflation has hit particularly the fixed income level group very hard. And the redeeming part of the Budget is that this year we have been able to keep the inflation at a lower level than feared. Though it was estimated at 120 crores, it has risen substantially. However, the fear expressed was when the debate

look place last year at the time of the budget—that our deficit may touch as high as Rs. 100 crores. The income has also increased and despite this, [there has been a deficit but fortunately the impact of deficit on our price level this year has been much less than] last year. This is partly due to better agricultural production and consequently the prices. However, hon. Finance Minister has pointed out, the danger of further increase in the budget deficit of Rs. 225 crores this year to a higher amount is there, for the reason that we have still to take into account the money due to the employees of the State as a result of higher cost of living index. The employees have shown their co-operation by agreeing to certain deferments and the hon. Minister has rightly paid compliments to the employees. However, mere compliments do not solve the problem. We have yet to think ultimately that the money is due to them and it has to be paid. So if the deficit is not shown in the books of accounts, it is only in illusory absence of deficit because the employees have not demanded their full dues. So in the coming year also, the same problem will arise. The question now remains whether we should; these employees—quite a sizeable number of them are working classes—to forgo these higher emoluments due to them but we could do so only if we could assure them that there will be no further rise in prices. Now, how far will the Finance Minister be able to assure that, we cannot say. After all, it does not depend all on him.

As far as his proposals are concerned, they have a minimum impact and that is a good sign. He has tried not to levy additional duties as would increase the prices in general leaving aside a higher taxation on textiles. Now, as far as textile duty is concerned, I have no grudge that he has taxed the finer varieties of cloth but at the same time I would draw his kind attention to the fact that ultimately the smuggling that takes place, is in this particular category.

Smuggling does a lot of harm to the country. Up to a point, when you levy a high rate or duty it is productive in the sense that it does not encourage import of foreign cloth by smuggling. Now, when it goes beyond that point you encourage smuggling and it becomes counter-productive.

I am afraid that the entire policy of taxation on cloth must be reviewed, from the point of view of what the mill-owners say or think about it or what the general public say about it. It must also be viewed in the context of the law to settle import of unauthorised textiles from outside. This is a matter to which I hope the hon. Minister will give greater attention in the near future.

On other duties that I would like the hon. Finance Minister to withdraw, if possible, is the duty on tea. It is going to fetch him only Rs. 40 crores. Symbolically tea is being taxed now at three levels.

One fact that the price of milk is going up. A cup of tea is the most common thing that a common man can have. When we talk of the common man, what does he want? Even if he has no food, the first thing he likes is a cup of tea. Now, this cost of tea will cost him in three ways. Milk prices have been rising. We are also taxing dairy-owners if their earnings are Rs. 10,000 apart from the high cost of fodder, etc. We are now taxing tea. We are taxing sugar. Now, the argument has been put forward in the Budget proposals that the levy on sugar is not being taxed. However, as we all know, the public tea stalls and others get their sugar from the free sale and ultimately quite a large section of our public takes tea from tea stalls. So, at least symbolically I would say that, he should forgo this sum of Rs. 9.4 crores. He can use this money from the excise duty on certain varieties of tea. About sugar I would not like to press because he expects a revenue of Rs. 50 crores. Actually this is a very high rate of taxation because we

are going to earn Rs. 125 crores as profit on the export of sugar, in addition to the sum of Rs. 50 crores. It is a very high rate.

Particularly I would like to say that sugar is not consumed by elderly people only. Quite a substantial part of it is consumed by children. I wish at least he should avoid this taxation on sugar and tea. He has levied one thing which I personally feel rather a very dangerous attempt. It is very dangerous in the sense that by levying one per cent as excise on all other general commodities, we are going to rear a kind of Frankenstein monster. Now, to collect this one per cent of excise we are going to have staff and this staff. I can tell the hon. Minister, will be corrupt. You are not able

[Dr. M. R. Wis]

to check then even at the present time. Excise staff are one of the most corrupt you come across because there is nobody who can supervise them efficiently, instead of levying this our per cent, if only we improve upon excise collection, I am sure he will be more than compensated by what you are going to get by one per cent from smaller units. While on bigger units the evasion may be small, evasion on this one per cent will be quite substantial. One to two per cent will go into private pockets. Now, I do not like to say anybody can say that there are no illegal deals in this respect. I know that every official is not dishonest, but then the opportunities for dishonesty are quite substantial. I would request that instead of raising this excise of one per cent on all general commodities, the Government Finance Minister should devote more attention to the better collection of revenues.

The same thing goes for the rate of income-tax. I wish that instead of these peripheral concessions on LIC and other investments the Finance Minister had taken cognizance of the inflation under the rate of inflation that we have gone through, the income of Rs. 5,000 that was there only in or five years back is like Rs. 10,000 now, and the rate of income-tax at the LIC level should have been raised from Rs. 6,000 to Rs. 1,000. He has mentioned in his speech that the effect of the concessions granted last year are not very visible and yet, he would like to continue the experiment. I would say that the attempt last year was at a higher level. And I would suggest that it would pay if you bring up the assessment from Rs. 10,000 to Rs. 10,000 as the minimum instead of giving concessions for the education of children and for investments in LIC, etc. Even this concession for the education of children, in my opinion, is not socialist-oriented. You are giving concessions for that class of people which is the most profitable. After they complete their education, you have got a surplus of engineers, students of medicine and others who earn very fabulously, and MNCs are going to give concessions only to that kind of category. If you really wish to grant concessions for the education of children, you should give them at a lower level, up to the higher secondary level and not to this level, when we have already the

unemployment problem, the class problem and the problem of adjustment between the semi-educated and half-educated people in our society,

and, as far as income from abroad by just and other means is concerned, I would request the Minister to take special cognizance of the Indians living abroad. This is one item which has not been taken proper care of. There are at least one to two million Indians well settled abroad who would like to invest in India if opportunities are given to them. We have loans from all sorts of people from all sorts of countries. But I fail to underline that we cannot invite our own countrymen who have settled abroad to invest, [their savings in our country.

As far as petrol is concerned, while I understand that we are short of foreign exchange and we have to import the petroleum products, I would like to draw the

attention of the Minister to one thing. Ultimately, the reduction in the consumption of petrol will depend upon better public transport. We are doing nothing or doing very little to improve public transport. For example, if small concessions are given or if small grants are given or

even if some concessions are given in respect of the borrowing rights of the city transport corporations for increasing their bus fleet, their bus components, a lot of reduction in the consumption of petrol could take place.

Going into a specific matter, I might say that recently the Minister of Maharashtra, particularly the City of Bombay, requested that they should be allowed to raise higher limits by public borrowings. This was declined. Although Maharashtra is one of the major contributors to the finances of the country, it gets a borrowing right of only Rs. 16.20 per capita as against the all-India average of Rs. 20. Even then, it could be considered for special rights of borrowing to improve the public transport system, it will go a long way to relieve the pressure on petrol consumption.

Before I conclude, I would like once more to draw the attention of the Minister to one very essential point which does not figure in his Budget Speech, and that is about the gold policy. I am afraid

though sold has done or undone our finances in the past we still do not have a gold policy. We have prohibited gold in the sense that like an ostrich we have put our head in the sand and we think that no gold is coming. We think nobody is buying gold. I think this is a wrong attitude. Gold is ruining the economy of this country especially the illegal import of gold and the illegal use of gold. Therefore, unless we devise a gold policy, I am afraid, this impact on our economy, particularly the impact of this misuse of gold and wrong imports of gold on our budgetary and on our price policy will remain. So I would very much like that the honorable Finance Minister pass special attention to the question of forming a gold policy as would meet the facts of life and not take shelter behind total prohibition of use and retention of gold. This has not helped and it would not

Before I conclude, I would like to say one word about the working of the banks. Shri Rastogi mentioned that we should lower the bank rate. Well, I do not agree that we should lower the bank rate because the banks are borrowing at present at a very high, fantastic rate of interest. So why should the banks not charge the same rate of interest? But at the same time in the F.N.R. plan and in our economic policies we are living to expand our production at a very fast pace in the small scale sector. I find from my personal experience and from reports that the banks are still not sympathetic, in fact they are antipathic towards our small scale sector when it comes to borrowing. First, they charge maximum possible rates. The common, small entrepreneur does not know how to tackle the bank man and, naturally, he does not know under which category he can get the minimum of rate, and the bank man goes on obliging only people who share profit with them. This is again a question of corruption and I do not hesitate to say that this is prevailing to a very large extent. And, therefore, I would request that this sort of working of the banks must be very closely looked into and improved upon.

Then, there is misuse of public funds in the name of chit funds. I call them cheat funds because they are really cheating the common man. Today you might say that they are bringing in money but they

are bringing money into the wrong pockets, and consequently our investment capacity in the original channels is being sabotaged. I would like the Ministry to go into this question of the funds with a little more energy. We have made so many complaints to the Ministry. We have made so many complaints to the Department of Company Law Affairs yet nothing seems to take place. Even the notices having been given have been withdrawn. I do not know why this kind of Cinderella treatment is being given to the poor investor who is being cheated outright.

Coming to the last point—I will not take up any more points—you have raised the tax on dairy farms and income beyond Rs. 10,000 will be taxable henceforth. I really wonder sometimes why do we not tax the big agricultural income. I would say it should be this way. A certain kind of freedom should be given in the pricing of the agricultural products. At the same time they should be taxed correspondingly like anybody who is subject to free pricing system. So if you have got dual system of levy price and free market, on the free market just as you are levying duty on sugar you must levy income tax or duty on farmers who sell it in the free market because they realise high market rate and for that they should pay income tax. I am sure this will increase the base of our income tax. It is only 2 per cent. of our total revenue and I am sure that if we properly go into the question of broad-basing our revenues from income tax it will go up from 2 per cent., as it is today, to a minimum of 6-7 per cent, which will be a very substantial increase in our total revenue.

SUPPLEMENTARY DEMANDS FOR GRANTS FOR EXPENDITURE OF THE CENTRAL GOVERNMENT (EXCLUDING RAILWAYS) FOR THE YEAR 1974-75

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI): Sir, I beg to lay on the Table a statement in English and Hindi showing the Supplementary Demands (Mardi, 1975) for Grants for Expenditure of the Central Government (excluding Railways) for the year 1974-75. [Placed in Library. See No. LT-9213/75].