

of Shri K. V. Raghunatha Reddy, I beg to lay on the Table, under Section 638 of the Companies Act, 1956, a copy (in English and Hindi), of the Fourteenth Annual Report on the working and administration of the Companies Act, 1956, for the year ended March 31, 1970. [Placed in Library, See No. LT-68/71.]

**THE PASSPORTS (THIRD AMENDMENT)  
RULES, 1970**

THE DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI SURENDRA PAL SINGH) : Sir I beg to lay on the Table, under sub-section (3) of section 24 of the Passports Act, 1967, a copy of the Ministry of External Affairs' Notification G. S. R. No. 1793, dated the 28th September, 1970 (in English and Hindi), publishing the Passports (Third Amendment) Rules, 1970. [Placed in Library, See No. LT-132/71.]

**STATEMENT ON ACTION TAKEN  
BY GOVERNMENT OF THE  
PRINCIPAL RECOMMENDATIONS OF  
THE AERO-NAUTICS COMMITTEE**

THE MINISTER OF STATE (DEFENCE PRODUCTION) IN THE MINISTRY OF DEFENCE (SHRI P. C. SETHI) : Sir, I beg to lay on the Table a statement (in Hindi) indicating the action/decisions taken by the Government on the principal recommendations of the Aeronautics Committee. [Placed in Library, See No. LT-29/71.]

MR. DEPUTY CHAIRMAN : The House stands adjourned till 2 P. M.

The  
House adjourned for lunch at  
twenty-six minutes past one of  
the Clock.

The House re-assembled, after lunch, at Two of the Clock, the VICE CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.

**(1) THE WEST BENGAL APPROPRIATION (VOTE ON ACCOUNT) BILL, 1971**

**(2) THE WEST BENGAL APPROPRIATION BILL, 1971**

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : Sir, I beg to move :

"That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of West Bengal for the services of a part of the financial year 1971-72, as passed by the Lok Sabha, be taken into consideration."

This Bill arises out of a sum of Rs. 127.77 crores voted by the Lok Sabha and about Rs. 32.9 crores charged on the Consolidated Fund of the State of West Bengal as shown on the Vote on Account pamphlet circulated along with the Budget Papers on the 27th, March, 1971. These amounts have been sought to cover the expenditure for the first four months of the next financial year, April to July, 1971, in order to carry on the administration of the State of West Bengal.

Sir, I beg to move :-

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of West Bengal for the services of the financial year 1970-71, as passed by the Lok Sabha be taken into consideration".

The Bill is in respect of supplementary demands of Rs. 55.86 crores by the Lok Sabha voted and an expenditure of Rs. 12-32 crores charged on the Consolidated Fund of the State of West Bengal for the year 1970-71. Full details of the provisions asked for have been given in the statement. Supplementary demands for grants and appropriation were laid on the Table on the 27th March 1971.

The questions were proposed

-SHRI BHUPESH GUPTA (West Bengal) : May I make some brief observations ? After all it is a vote-on-account. I will take

this opportunity of in iting the attention of the House to some of the problems which we are facing in the State of West Bengal. I am quite clear in my mind, that unless there is a popular government functioning in the State on the basis of a clear-cut line-bound programme in the interests of the people there, nothing really can be done which is effective and which West Bengal so desperately needs today.

Sir, during the British rule, nothing has been done, really. Speaking of the State as a whole, some measures were passed, for example, the amendments to the ceiling laws which we endorse at the Parliamentary Consultative Commission on West Bengal. That was undoubtedly a good step because the ceiling there has been fixed on family basis and it has been lowered. Many of the exemptions provided for have now been taken away. But the most important point in this connection is how the ceiling laws are going to be implemented. My fear is this. Unless popular committees are set up in the villages and at appropriate levels and people's cooperation is sought for implementation of the ceiling laws and for distribution of the surplus land, whether such land comes from the government sources or from the landlords, I do not think that the ceiling laws will be duly and properly and faithfully implemented. Popular cooperation, therefore, is very essential necessarily for implementing such legislations as the ceiling law,

It is quite clear that West Bengal's agrarian economy requires to be reorganised on the basis of land to the tiller of the soil, by giving pottas and rights to those who till the land, by smashing up completely and finally concentration of land in the hands of the few jobbers whatever may be their pretext for maintaining such concentration. That should be done. Unless this is done, West Bengal's rural economy cannot be reorganised on a democratic, popular foundation. I think this is very, very important.

Apart from that, there are many projects in West Bengal which are not being carried out. There is definite lapse in implementation of even the projects which are under way. I think all these projects should be given due financial assistance and authorities concerned should be geared up in the proper manner so that these projects are implemented.

In West Bengal many mills and factories are still under closure and large-scale retrenchment is taking place in the State. I think government should adopt a policy of reopening of the factories and mills which have been closed, whatever may be the ground. Let us not go into it. When unemployment is growing in the State space we must see that no factory and no industrial undertaking is under closure and thus left to the tender mercies of the capitalist class. They should not be allowed to behave as they like. If necessary, we should have proper legislation with a view to making the closure illegal and punishable under law. I hope when the new government is formed—it seems a government is going to be formed—it should pay attention to this aspect of the matter as also to the question of land reform. (Tiffin bell rings) I will take a little more time. Now, Sir, this is one aspect of it.

As far as retrenchment is concerned, that also should be banned by law. It should be viewed with serious concern so that the people, the working people, do not suffer. Sir, the industrial population in West Bengal is a very important segment of our population in West Bengal's political and social life. I think the industrial unrest should be solved by meeting the minimum demands, the legitimate demands of the working people and, above all, their trade union rights should be respected. It is unfortunate that some of the legislations proposed at the time of the second U.F. Government could not be carried out because of the reluctance on the part of some Ministers. I think when the new Government is formed, they should immediately undertake these legislations. These legislations should not remain on paper, but they should be taken up for enactment and for implementation.

As far as the problems of Calcutta are concerned, we hear much about it, and it is the fashion with some of our Central leaders sometimes to shed tears for Calcutta, specially when they happen to come to Calcutta. It is a talking point for them when they are in Calcutta. I think Calcutta's problem should be treated as a national problem. It is not only one of the premier cities of our country, but it also occupies a very key position in the economic and industrial set-up of the country. And I think, therefore, that the whole nation and Parliament should pay all due attention to the working problems of

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Calcutta and solve them one by one, and help solve them one by one when the State Government and other local authorities come to tackle them. For that, of course, we need financial assistance. That is, without that it is not possible to tackle the problems of Calcutta. Unfortunately, the city wears a pathetic look in every aspect of the civic life. I think this should be gone into.

In the slums, many people, a million people, live in utter poverty and they live a degraded life. The improvement of living conditions for these millions—more than a million—of people who live in slums of Calcutta should be given the topmost priority and should be treated as a special item in the context of our national planning and in the Fourth and Fifth Five Year Plans. That is how it should be viewed. In Calcutta, poverty is a big problem.

The housing problems are, again, very acute in our city, and I think that the Government should help. The State Government itself should take the initiative. There is the housing problem not only of the extremely poor sections of the community—they must get priority over everybody else—but also of the lower middle class and other sections of the middle class people. Now, Sir, how can you make a programme of Calcutta's house construction? I think some of the places, big houses, of the rich people should be taken over in order to make them over to the people. Sir, we find in Calcutta that on the one hand, people are suffering, on the other hand, mansions are coming up. There is a lot of wastage in building materials and other facilities for housing the rich people. This should be put a stop to.

Sir, I need not go into the various other problems. Unemployment has become a staggering problem, calling for a drastic approach, drastic solution and an all-out fight to combat unemployment among the people of West Bengal, including the educated middle class. Sir, this problem lies at the root of many other problems which have arisen in West Bengal's life today. Unfortunately, there is no plan whatsoever worth looking at, which can be taken seriously for solving the problem of unemployment, including unemployment of the educated.

I would ask the Finance Minister and the Government of India to take the problem of unemployment in Calcutta as a special problem and hold consultations between the Centre and the State—the State authorities—with a view to working out a crash programme for tackling unemployment, at different points and at all levels. This is very very important. Unless you do so, we will not be in a position to make any definite change. I am not going into the other aspects of the problem of unemployment, its social and economic aspects. They are well-known.

Finally I come to the problem of administration. The failure of the West Bengal administration would shock any civilised human being. I wish to say so. Take for example, Mr. Hemanta Kumar Basu was murdered in broad daylight in a street of Calcutta. To him reference has been made. Reference has been made also in the President's Address. Is that enough for the President to make a reference to Mr. Basu in his Presidential Address and when there is President's Rule, not to do anything to bring the culprit to book? We do not know what is happening about the investigation. It does seem that in Bengal such men can be murdered and those who commit murders can get away with impunity. Why the investigation is not producing results? In this House last year we raised the question of the murders of 8 or 9 youngmen, whose dead bodies were found in Barasat. What has happened to those cases? The investigation was on but nothing has happened. Many other murders have taken place.

Every day murders are taking place. Important political workers, political leaders are being killed but nothing is happening. I would like to know what is happening to the Investigation Department of the Government of Bengal. What has happened to the Detective Department for which we pay money? What has happened to the Intelligence Branches of the various Ministries of the Government of Bengal? I think West Bengal is still a part of India. If some Intelligence authorities are failing there miserably, is it not the duty of the Central Government to enter into the picture with its own Intelligence Agencies and find out why things have gone wrong, not only by investigating a particular case but also by investigating as to the

manner in which these Intelligence agencies and the CID are functioning in relation to these crimes such as I have referred ?

Only yesterday another ML, Shri Nepal Roy, was shot dead. This is happening every day. Are we not entitled to know how the Government or the Police is behaving and how the investigating machinery is working in such matters ? If you fail to trace or bring a criminal to book you are not entitled to claim that you are running a civilised administration. I can understand sometimes the investigation taking time. I can also understand sometimes difficulties in the way of investigation but it seems to be a rule in West Bengal that nothing is done. Nothing is found and crimes go undetected and unpunished. This is a serious matter. Therefore I say this question deserves attention of the whole nation and I think the Parliament will be failing in its duty if it watches and does not help the Bengal authorities and make it obligatory for them to take action. Why the officers should not be eliminated and removed from high positions if they failed to track down such crimes and the murders of Mr. Basu or similar other crime ? Would you allow, would any civilised country allow such crimes to go undetected? You tell the investigating authorities or those concerned to behave as if nothing has happened. You allow them to go without taking into account their failures before the authority. That is a very serious matter.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Now, you finish.

SHRI BHUPESH GUPTA : Now, about the administration I wish to say one or two things very frankly before I sit down. I know that the Government may be formed and they will deal with it. I do hope that, whatever Ministry may come, it will deal with the administration in a proper way. I am not blaming all the officers, but there are some officers at all levels whose names and particulars we know and everybody knows. I hope they should be dealt with. These are opportunist people, careerists, servitors of certain parties in the hope that by serving those parties and behaving as if they are stooges, they would get promotion, would rise in the ladder of the hierarchy and draw the advantages of their high office. A list of such officers surely is

with the authorities concerned. Those who want to know, know it. For example I will tell you that I know of one DIG in north Calcutta, in a certain area of Baranagar, behaving as a volunteer of a certain political party carrying mortars in stock and preventing others from doing their electoral duties ? Why should he be there ? I should like to know it. I know that their names have been furnished.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You can write to them.

SHRI BHUPESH GUPTA : The names have been furnished to the former Chief Minister, to the Government in the past or the Presidential administration saying that these are the officers responsible for partisan behaviour, for dereliction of duty, for disloyalty to their oath of office or whatever they are. Nothing has been done. No action has been taken against them. Some of them have been promoted even. Why should such things happen ? It is very important. I would like officers to be democratically-minded. I would like officers to be progressive-minded. I would like officers to be loyal to the people. I should not like any officer of the Government of West Bengal to function at the behest of this or that party, let it be CPM, CPI, the Congress Party or any party. They have their own place in the administration. Once they become auxiliaries to a political party and behave against other political parties in order to please and propitiate a particular political party, the administration is at an end. Something else begins there. In West Bengal such a thing is happening today and these are the officers. I think it should be dealt with. Who does not know that some of the officers were indulging in smuggling of arms from Pakistan, West Pakistan and providing mortars to certain political parties and their hirelings ? Who does not know some of the officers particularly who are guilty of murders and who are committing murders and they do nothing about it ? On the contrary, they carry on their functions on the orders of such people who should be in the dock to answer charges of murder or violent attacks on other people. These are the things that have happened. Therefore, I say that the administration needs attention and hence I wish to make it very clear. I am told that a Government is coming. I would not ask the Government to be revengeful. I would not ask the Government to adopt

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any vendetta, but I would ask the Government to cleanse the administration of such careerists, such opportunists, such time-servers, such corrupt men, such degenerates, such criminals wearing the badge of an official and acting in the name of the administration. They should be no respectors of such persons. Regardless of which party comes to power, such officers as work for their own personal ends and aggrandisement shall be called to book and they should be asked to explain their conduct and expiate for the crimes they have committed. This is very important. I think Parliament will no more come into the picture that way, when the Government is formed there, but we should watch them, from there. We cannot allow a part of the Indian system to be corrupted in this manner, degraded in this manner, hated and violated in this manner, by a handful of officials seeking personal gains, personal advantages and personal favours. Therefore, I say that this matter should receive serious attention of the nation. I am for full rights for the States and I do not stand for any interference with the authority and functions of the State. They are constituent parts of our Republic. In fact, I should like them to be invested with greater and more powers, but at the same time since we maintain unity in diversity, since we are a part of the whole, I think it is the duty of the nation also to exercise vigilance against such dereliction of duty and treachery to the very fundamental and basic principles of parliamentary democracy. Now, before I sit down, I would like to add one point. The verdict in West Bengal has been no clear verdict. No party received a majority. The people voted for and against certain things, but one thing is quite clear. The people of West Bengal, the majority of them, have voted against the politics of murder, the politics of violence, the politics of harled by one set of political workers against another. We want West Bengal to be restored to the normal ways of a democratic life. They want the normal life of democracy to function and to be restored.

We have to resolve our differences by discussion and debate, by mass movements or mass action no doubt, but not by methods of bomb guns against our political opponents. That is the end of the democratic system. I may have differences with my friends sitting with Jan Sangh or the 8;

cate Congress or the Swatantra Party, but I would never think of resolving my differences with them by using the methods of violence and terror against them, much less physical extermination of the leaders and workers or by attacking them. Therefore, I think if West Bengal is to recapture its past tradition and past glory, it must know how to behave in this matter for eliminating this politics of mutual violence and mutual terror between the political parties.

We have before us the glorious example of our neighbour, East Pakistan, now called Bangla Desh. In the past, in the not very distant past, we used to patronise them and say, "We are democratic, you are not". We thought that we were advanced and they were backward. We thought they were backward and we were forward. That patronising attitude was adopted. I do not blame anybody specially, but functioning in a relatively parliamentary system democracy we thought the people of Pakistan were no good for that. Some of us at least thought so. Today what has happened? Has Mujibur Rahman or the Awami League sought to solve any dispute with any party in East Pakistan by methods of individual terror, by methods of violence, by attacking other political parties? Not at all. On the contrary by taking a stand on democracy and by relying on the people he has united them, the entire people to a man, who today have risen against the military, dictatorial tyranny of massing it-up on them by tanks, bombers, aircraft, Bazookas, machine guns, and the like. Women are coming out of their horns and swarming into the streets of Dacca, Rajmahi, Comilla, Dinajpur and many other places in defiance of death and curfew. Here is a spectacle of mass heroism, mass patriotism, mass courage, mass unity, and here it shows what a great political leadership the people of East Pakistan has evolved before Yahya Khan launched his massive, cowardly, treacherous attack against the entire people. Never you read a report in the newspaper that Mujibur Rahman's party Awami League had indulged in political violence against anybody in Pakistan, against any other political party. Even when Mujibur Rahman's life was threatened at twice in Dacca, you did not see Mujibur Rahman's followers going out for retaliatory action against others. Here is the majesty of great leadership that comes from the people, unites the people, moulds the people into a

common struggle which is today the pride of all progressive mankind. That is the example today we have got. West Bengal, Sir, would do well today to learn from their brothers and sisters in East Pakistan who have shown how to build up a democratic movement, how to unite the entire people by the force of ideas, by the force of policies, and also by giving due expression to the wishes of the common man and the masses. Therefore, we are beholden to the people of East Pakistan, of Bangla Desh, for the great leadership they have given.

I do hope that when we are admiring our brothers and sisters on the borders, in East Pakistan, when we are all for giving them support and sympathy in their great and glorious struggle for deciding their destiny in their own way, I think it is our bounden duty—and we owe it to our conscience also—that we learn from them and we climb out of the darkness of the politics of murder, fratricidal politics, in West Bengal. And we have to find the way to building up the unity of our people, mobilising our people in the common struggle for democracy, for social progress, for making not only West Bengal great and big, but also making this Republic of ours great and big. Our glory should be the glory of the Republic. We should try to be strong in West Bengal not in a separatist spirit or with a narrow outlook. We want to be strong in West Bengal and solve its problems. We should do so, so that this great Republic of ours, the creation of our martyrs—many have laid down their lives for it—is strong and the image and future of the Republic are built on a solid, mighty foundation. Prosperity of West Bengal mingles with the prosperity of all the States in India. And so once again, am reminded of Tagore's wise counsel that we must seek unity in diversity. Unity should be strengthened, not by putting across fantastic and wrong slogans of colonialism. Sir, no State in India is a colonial State; no State today is a colonial State. We are all States fighting against monopoly capital, against the tyranny and oppression of big money in one degree or the other. All States want that justice should be meted out to them by the Centre. West Bengal certainly desires a fair deal from the Centre. But we do so as a constituent part of this great Republic of ours. We want to strengthen ourselves because we want to strengthen India also, and that is why we ask for greater assistance, for greater help. Therefore, we do not give

quarter to the claptrap, derogatory slogans of colonialism, semi-colonialism and all those kinds of rubbish, and it may be to the advantage of some party. Therefore, I say that we want socialism in India ultimately. But today, Sir, West Bengal certainly deserves a fair deal because its problems are acute and it is crying for assistance and help. And certainly, in some respects, West Bengal also—one may say—is discriminated against. But there are other States also which are discriminated against. But then we must fight to end (his discrimination and fight for justice not only for ourselves but also for other States. Let the West Bengal people not retire into their own shelter. Let them come out champions of the whole of the country today. West Bengal has played that role during the entire history of its existence ever since the freedom struggle developed. Sir, today we leave it to their revolutionary tradition and we must fight for the cause as we fought in the past.

These are some of the suggestions that I have given and I do hope that they would be heeded not only by the authorities concerned but also by the political forces in the country including those in West Bengal.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You talked some sense. That is why I allowed you today.

SHRI DEV DATT PURI (Haryana) : I find it quite impossible to discuss West Bengal today without taking serious note of what is happening right in our backyard in Bangla Desh. There are additional responsibilities to be assumed, not only of West Bengal, by the whole of this country, and that is why I take the opportunity of making a brief mention of what is happening there.

Sir, leaders of the elected majority of the people are being massacred in cold blood under the heel of the tyrant. It goes on remorselessly day and night employing the most brutal weapons, jet aircraft, tanks and even missiles against defenceless people. Sir, the first question that arises, is—and it must be argued over the Chanceries of the world—whether it is a matter of domestic jurisdiction of Pakistan. I would respectfully submit, Sir, that this is no more a matter of domestic

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jurisdiction of Pal is :an than the question of racial discrimination in South Africa or the unilateral declaration of independence for Rhodesia.

Sir, history is replete with instances, some true some false of majorities terrorising minorities. But, there are few parallels in history where a minority is ruthlessly terrorising a duly-elected majority of the people. And, Sir, we have this right in our backyard. Sir, when we compare the leaders of Islamabad with the heads of the States and others that are running the governments of South Africa or Rhodesia, or those who are administering the Portuguese colonies in Africa. Angola, Mozambique, we find that in the case of the rulers of Islamabad there are certain unique features which do not occur even in South Africa.

Sir, in Pakistan it was the President Yahya Khan who took the decision that there shall be elections in Pakistan. The decision to hold the elections was his. The franchise and the conditions of franchise were laid down by him. The constituencies were delimited by him and the conduct of elections was entirely his. And after that what happens ? When the voice of Bangla Desh was expressed in clear, unequivocal and unmistakable terms, he sought, by the tyranny of arms, to silence that voice. I think, Sir, this tyranny has no parallel in South Africa, in Rhodesia or even in the Portuguese colony of Angola and Mozambique. The question arises: whose is the voice of Pakistan? Who is entitled to speak on behalf of Pakistan in an authoritative manner in the Chanceries of the world ? Is it the voice of the party duly elected, the leaders of the majority party, or is it the voice of a man who, in the first instance, seized power by means of a coup, the man whose own claim to the guddi that he is occupying in Islamabad is in serious doubt in its legitimacy even as was that of his predecessor before him. There is no legitimacy in that title. Now after the elections have been held, there is no doubt about the fact as to whose is the voice and in whose voice do the people of Pakistan speak.

Sir, shall we get lost at this time in protocol and diplomatic niceties and avoid to say this and avoid to say that ? I notice with regret that even in the Resolution passed this morn- I

ing we avoided the use of the word Bangla Desh. Sir, East Pakistan ceased to exist about three days ago. I here is no "East Bengal", there is no "East Pakistan" there is only Bangla Desh, and that fact should be recognised by every one in the world even more so by U.I. Sir, it is our duty, our responsibility. If you are going on a road and you see a ch'ld being slaughtered, being knifed, mercilessly by a brute, will you pause to think whether the law of self-defence as laid down by the Indian Penal Code and as it is interpreted by our Court would or would not cover the situation ? Or, would you do the only thing that a human being would do under the circumstances, and that is to take the pistol out and use it ? That is why I say that it is our responsibility, it is the responsibility of Bengal, it is the of responsibility of India, it is the responsibility of the Afro-Asian nations, it is the responsibility of humanity, to see that this kind of butchery that is going on in Bangla Desh is put a stop to immediately. Now, what are the methods we can use ? Shall we give them only medical supplies or shall we give them only solace ? Or shall we make use of the lesson that Pakistan has taught us ? After all, Pakistan has trained guerillas against us. Pakistan has carried out infiltration. Pakistan has tried on several occasions to have armed insurrection against the duly constituted Government of this country. What method we should use, or whether we should pay Pakistan back in its own coin, is for the Government to decide. All that I say here when we discuss Bengal, or when we discuss any other aspect to-day, is, let us not permit the tyrants to silence the voice of Bangla Desh. The conscience of India has been aroused. It is our responsibility to arouse the conscience of the world. Thank you,

SHRI K. R. GANESH : Mr. Vice-Chairman, Sir, only yesterday this House had the opportunity to discuss West Bengal affairs in connection with the continuance of the Proclamation and the general discussion on the Budget of W'st Bengal. I will refer only to one or two points. Shri Bhupesh Gupta mentioned that nothing was done during President's rule. I had tried to answer that yesterday also while summing up the discussion on the Budget. I shall mention once again that during President's rule, two land reforms Acts were passed and nearly 1.13 lakh acres of land were vested in the Stnte. Out of this, in

3,217 acres of vestible agricultural land, eligible cultivators were settled, and 5,011 acres of homestead land were distributed to nearly 60,000 families. I had also mentioned yesterday that an Industri X Reconstruction Corporation - with headquarters at Calcutta to help the entire eastern region had been constituted for financing industries and for helping the sick and closed factories. For financing small and medium industries, a zonal committee of the I.D.B.I. has been set up in Calcutta for expeditious disposal of applications. I had also mentioned that Braithwaite and M/s Cresham and Craven have been taken over by the Central Government to see that consequent unemployment is not brought about.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) You had given these details yesterday.

SHRI K. R. GANESH : Since he has mentioned these things, I thought it necessary to reiterate some of the points. The Government has also given attention to some of the mills which were in a bad way. As far as Greater-Calcutta development is concerned, as was pointed out yesterday, from the commencement of President's rule last year a very high priority has been given by the Government to this question. The original allocation in the Fourth Plan has been increased. And a Central development authority—the CMDA—has been constituted and a total outlay during the Fourth Plan of Rs. 146.10 crores will be used in different sectors for the development of Greater Calcutta. Apart from that, a crash programme for about a million people living in the bustees of Calcutta was decided by the Central Government. For finalising this programme the Government has given a grant of Rs. 8 crores out of which nearly Rs. 1.5 crores have already been spent on this programme. I would also like to mention that this development of Greater Calcutta will also bring about incidental benefits of employment to a large number of people including several hundred engineers and technically qualified people.

I agree with Shri Bhupesh Gupta, and I said yesterday also, that the people of West Bengal are to be congratulated for asserting their right in a very difficult situation and for coming out in very large numbers to vote in the mid-term elections when the situation there

was of insecurity and terror. The vote of the people of West Bengal is a vote against the politics of murder, the politics of physical annihilation of workers of political parties; it is a vote for a constitutional and democratic Government; it is a vote for the cause of commitment. And I am quite sure that the new Government that is likely to be formed will conform to these wishes of the people of West Bengal. Thank you.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : The question is—

"That the Bill to provide for the withdrawal of certain sums from and out of the consolidated Fund of the State of West Bengal for the services of a part of the financial year 1971-72, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : We shall now take up the clause by clause consideration of the Bill.

Clauses 2 and 3 and the Schedule were added to the Bill.

Clause 4, the Enacting Formula and the Title were added to the Bill.

SHRI K. R. GANESH : Sir, I move :

"That the Bill be returned."

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : The question is—

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of West Bengal for the services of the financial year 1970-71, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : We shall now take up the clause by clause consideration of the Bill.



Clauses 2 and 3 and the Schedule were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI K. R. GANESH : Sir, I move : "That the Bill be returned."

The question was put and the motion was adopted.

### THE FINANCE BILL, 1971

THE MINISTER OF FINANCE (SHRI Y. B. CHAVANI) : Sir, I beg to move :-

"That the Bill to continue for the financial year 1971-72 the existing rates of income-tax with certain modifications and to provide for the continuance of the provisions relating to special and regulatory duties of customs and excise and of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year, as passed by the Lok Sabha, be taken into consideration."

Sir, as mentioned in the statement of Objects and Reasons, this short Bill merely seeks to continue the existing tax structure for the financial year 1971-72, subject to certain modifications in relation to income-tax. While I do not wish to take the time of the House in discussing details of the tax rates, I would like to explain the modifications which have been proposed in relation to income-tax. They are essentially of consequential nature.

As honourable Members are aware, we have, during the past four years, been following the principle of applying changes in tax rates prospectively to current incomes instead of incomes of the past year. In conformity with this convention, the increases which were made under the Finance Act, 1970 in the rates of tax on personal incomes over Rs. 40,000 and in the exemption limit were made applicable to incomes of the financial year 1970-71 on which advance tax was payable during that financial year or from which tax was to be

deducted at source during that year. The incomes of the financial year 1970-71 will fall due for assessment in the assessment year 1971-72. Accordingly, the same rates are being prescribed now for the purpose of assessments for the assessment year 1971-72. As I had explained in my Budget speech, the Bill contains no new tax proposals. Accordingly, the rates for payment of advance tax during the financial year 1971-72 and for deduction of tax at source from salaries during the financial year will also be the same as the rates applicable to last year's incomes.

Under the Finance Act, 1970, the Income-Tax Act was amended so as to counter avoidance of tax through the device of discretionary trusts. Under the new provisions, discretionary trusts will be subjected to tax on their income, commencing from the assessment year 1971-72, at the flat rate of 65 percent or at the rate applicable if the income belonged to an association of persons where this happens to be higher. In order to make this provision fully effective, the Finance Bill contains a provision to the effect that where tax is to be charged on the income of a discretionary trust at the flat rate of 65 per cent, under the relevant provision of the Income-Tax Act, that will be the rate of tax to be charged on such income. Further, for payment of advance tax during 1971-72, also such advance tax will be calculated at the rate of 65 per cent on the income of a discretionary trust where this rate is applicable.

The Taxation Laws (Amendment) Act, 1970 which was passed by Parliament in the Winter Session and was enacted into law, also amended the Income-Tax Act in several respects. One of these amendments, which is relevant, for the present purpose, related to the provision existing in the Income-Tax Act for a long time under which an unregistered firm may be assessed as a registered firm and the partners charged to tax in respect of their shares in the income of the firm, where this course is beneficial to the revenue. Prior to the aforesaid amendment, no tax was to be charged on the firm itself but the partners were to be charged to tax on their shares in the income of the firm. Under the amendment, the firm itself is to be subjected to the tax leviable on registered firms as such and further, the partners are to be subjected to tax on their respective shares in the income of the firm.