

# RESULT OF ELECTION TO THE PUBLIC ACCOUNTS COMMITTEE

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): The following Members being the only candidates nominated for election to the Committee on Public Accounts, I hereby declare them duly elected to be Members of the said Committee:—

Shri A. P. Chatterjee  
Shri K. Damodaran  
Shri M. M. Dharja  
Prof. Shantilal Kothari  
Shri B. S. Mariswamy  
Shri N. R. Muniswamy  
Shri Markeshwar Pande.

3 P.M.

## THE FINANCE BILL, 1968—contd.

श्री एन० के० शंकरालकर (मध्य प्रदेश): माननीय उपाध्यक्ष महोदय, मेरा परम सौभाग्य है कि इस सभा का सदस्य होने का अवसर मुझे मिला है, साथ ही मैं क्षमाप्रार्थी भी हूँ कि जिस दिन सत्र प्रारम्भ हुआ उस दिन मैं यहां उपस्थित नहीं हो सका और केवल कन ही आपकी सेवा में यहां उपस्थित हो पाया हूँ। मैं इन दिनों अहमदाबाद में साबरमती जेल में बन्द था। कारण यह था कि कच्छ की पवित्र भूमि की रज को माथे पर लगाने का मैंने अपराध किया था और उस कारण मुझे वह दंड दिया गया। मैं खाबड़ा की मंगल भूमि में दिनांक 26 को पहुंचा और मैंने उस बांदी ब्रिज के दर्शन किये जहां पर कि प्रोहिबिटरी आर्डर, प्रतिबन्धात्मक आदेश धारा 144 के अन्तर्गत डिस्ट्रिक्ट मैजिस्ट्रेट महोदय ने लगाया था। वह मूल आदेश भी मैं अपने साथ लाया हूँ। अगर श्रीमन् उसको जरा ध्यान से सुनेंगे तो पता चल जायगा कि प्रारम्भिक रूप में ही वह कितना तृप्तिपूर्ण और व्यक्तिगत मूल अधिकारों का कितना हनन करने वाला है। यह स्वयं उससे प्रकट हो जायगा। उस आदेश में बांदी पुल पार करने पर प्रतिबन्ध इसलिये

लगाया गया कि कोई व्यक्ति अथवा व्यक्तियों का समूह जो सीमांकन का कार्य चल रहा है उसके अन्दर कोई बाधा न डाले और दूसरे इसलिये प्रतिबन्ध लगाया गया कि कोई व्यक्ति इस कच्छ समझौते के विरोध में कोई प्रदर्शन करने के लिये उस क्षेत्र से आगे न बढ़े।

मैं एक ही बात श्रीमान से निवेदन करना चाहता हूँ कि बांदी पुल से जहां पर सीमांकन का कार्य हो रहा है वह स्थान 70 किलोमीटर से भी अधिक दूरी पर है और उसके बीच में सेना की चौकी है। तो जब सेना की चौकी है तो किस प्रकार कोई व्यक्ति वहां से, बांदी पुल से, 70 किलोमीटर दूर होने वाले कार्य में रुकावट डाल सकता है। रहा दूसरा प्रश्न, तो हर व्यक्ति को यह अधिकार है कि वह अपना मत इस सम्बन्ध में प्रकट करे कि देश के अन्दर जो नीति अपनाई जा रही है वह सही है या नहीं, शासन जो निर्णय लेता है वह सही है अथवा नहीं। इसके बारे में विचार प्रकट करने का अधिकार हर एक व्यक्ति को संविधान के अन्तर्गत दिया गया है लेकिन इस प्रकार का प्रदर्शन करने के लिये भी अनुमति नहीं और इस प्रकार का प्रतिबन्धात्मक आदेश वहां पर लगाया गया। जो कुछ भी हो केवल प्रतिबन्धात्मक आदेश लागू करने का प्रश्न होता तो मैं समझ सकता था लेकिन जो बन्धु वहां पर अपनी इस इच्छा को प्रकट करने के लिये वहां गये थे उनको उस धारा का उल्लंघन करने के अपराध में जो कुछ भी दंड दिया जा सकता था वह दिया जाता परन्तु देखने में तो यह आता कि वहां पर एक प्रहरी से जानबूझ कर परेशान करने के लिये बाकायदा एक योजना बनाई गई थी। बांदी पुल के ऊपर जो लाइन थी उस लाइन के ऊपर जाने के बाद धारा 144 का उल्लंघन होता था परन्तु उस स्थान के ऊपर सत्याग्रही बन्धुओं को गिरफ्तार नहीं किया जा रहा था, वहां से छः मील जा कर जो ध्रुवना पुल है उस ध्रुवना पुल के पास उनकी गिरफ्तारी की जाती

[ श्री एन० के० शेजवाल्कर ]

थी पहले दिन । मेरी समझ में नहीं आता है कि ला एंड आर्डर की किस तरह से व्यवस्था की जा रही है या कोई आर्बिटरेरी तरीके से, कोई अपने मनमाने ढंग से सारा कुछ किया जा सकता है । सब को विहित ही है कि प्रारम्भ में, 22 तारीख को, तमाम लोगों को पकड़ा गया और पकड़ने के बाद उनको भिन्न भिन्न स्थानों पर छोड़ दिया गया । उसके बाद और जो लोग गये उनको कहीं थोड़ी दूर जा कर गिरफ्तार कर लिया गया और उनको अदालत के सामने पेश किया गया और उनको दंड दिया गया ।

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA):** The Finance Bill is mainly related to taxation measures only. The hon. Member may like to confine himself to taxation proposals. Anyway he may continue speech.

**श्री निरंजन शर्मा (मध्य प्रदेश) :** सुरक्षा में आता है ?

**श्री जगदम्बी प्रसाद यादव :** यह सुरक्षा म आ जाता है, टैक्स ले कर सुरक्षा की व्यवस्था की जाती है ।

**श्री एन० के० शेजवाल्कर :** श्रीमान्, असल में जो सड़क जा रही है, जहां सारी कार्यवाही होती रही, उस सड़क का निर्माण 1965 ई० में उस समय हुआ जब कि पाकिस्तान ने भारत के ऊपर आक्रमण कर दिया था । उस के बाद इस सड़क का निर्माण हुआ है । मेरा निवेदन यह है कि सुरक्षा के लिए यह शासन अपने सदनों से व्यय की स्वीकृति लेती है और अगर उस कार्य के लिये उस ढंग से उसका उपयोग नहीं करती तो मेरी अपनी अस्पष्टता में इस सम्बन्ध में मैं कुछ निवेदन करने का अधिकार रखता हूँ और उसी सम्बन्ध में मैं कह रहा हूँ । ला एंड आर्डर की मिचुएशन को सम्हालने के लिये जो व्यय किया जाता है वह व्यय भी इतने पक्षपातपूर्ण ढंग से किया जाता है कि जिसके

कारण यह खयाल में आता है कि केवल कुछ लोगों को कष्ट पहुंचाने के लिये ही उसका उपयोग है । स्पष्टरूप से यह आरोप था और इसलिये ही मैंने इन नारी बातों का उल्लेख किया था ।

जैना कि मैंने आपसे निवेदन किया कि इस सड़क का नया निर्माण 1965 ई० में और 1965 ई० के बाद हुआ और उसके पूर्व यह स्थिति थी कि भुज से आगे जाने के बाद 70 मील तक तीन हजार आबादी होने के बाद भी कोई आवागमन के साधन नहीं थे । अगर सीमा की सुरक्षा करनी है तो इस प्रकार की कोई व्यवस्था न होना, अपनी सीमा तक रास्ते तक का न होना, कितना हानिकारक है इसका अंदाजा स्वयं हो सकता है । हम देखते हैं कि अभी तक उस रास्ते के आसपास की भूमि बंजर पड़ी हुई है, बंजर कहने का बजाय मैं कहूँ कि पड़त पड़ी हुई है तो मुनासिब होगा । क्यों नहीं सीमा के अन्दर, सीमा के करीब, सीमा के निकट जो अपना क्षेत्र है उस भूमि को किसी को दे कर, पट्टे पर दे कर या किसी प्रकार से दे कर उसको आबाद किया जाय । वे समझते होंगे कि वहां पर कोई पैदावार नहीं होती लेकिन मैं आपसे निवेदन करना चाहता हूँ कि बांदी पुल के पान ही वहां पर मैंने आम के पेड़ भी देखे और उसके अन्दर फल लगे हुये थे । मेरे साथ भिंड के कुछ साथी भी गये थे, उन्होंने बताया कि भूमि इस प्रकार की है कि थोड़ी सी नलकप की व्यवस्था की जाय तो बाकायदा खेती हो सकती है । क्या सीमा के लिये यह जरूरी नहीं है कि सीमा के निकट वाले क्षेत्रों में इस प्रकार से आबादी बसाई जाय ताकि वह स्वयं वहां रहे जिसके कारण शत्रुओं को आने में असुविधा हो, वह आगे नहीं आ सके और हमको समय के ऊपर सुरक्षा करने की सुविधा प्राप्त हो । यदि कम्युनिकेशन के साधन वहां रखने में हमारा आर्थिक नुकसान भी हो तो भी इस प्रकार की स्थिति होना अत्यंत आवश्यक है ।

इस दृष्टि से मैंने श्रीमान से यह निवेदन किया कि यह जो सुरक्षा का प्रश्न है इसके लिये जिस प्रकार से शासन को व्यय करने में ध्यान देना चाहिये उसी प्रकार से वह ध्यान नहीं दिया जा रहा ।

मैं एक और निवेदन करूँगा, यह मैं जानता हूँ कि जेल का प्रकरण या यह मामला कोई अपने केन्द्र से सम्बन्धित नहीं है परन्तु जेल अधिकारियों से पूछने के बाद मुझे पता चला कि एक केन्द्रीय कोड इस प्रकार का बन रहा है, एक केन्द्रीय जेल मैनुअल इस प्रकार का बन रहा है, और उसके कारण मैं समझता हूँ कि यह विषय सदन के सामने मैं साक्षेप में रखूँगा तो उसमें मेरे ख्याल से मैं कोई गलती नहीं करूँगा ।

मैं निवेदन कर रहा था कि जिस प्रकार का नियम बम्बई के मैनुअल में मैंने देखा है—सन् 1956 का मैनुअल है उसमें एक धारा लिखी हुई है कि सत्याग्रह करने वाले बंदी अगर कोई आएंगे तो एक आर्डर और पर्मिट की तरह से उनको समझा जायेगा । स्पष्ट रूप से उसमें लिखा हुआ है । क्या मैं समझूँगा कि आज जिन जेल के अन्दर हम गये जिसमें प्रारम्भ में 1922 में गांधी जी जेल गये थे, उस जेल में इस तरह के खाद्यान्न दिये जाये, इस प्रकार की साधारण व्यवस्था उनके लिये की जाय, यह कहाँ तक उचित है । मैं समझता हूँ उस के बारे में भी शीघ्र से शीघ्र इस प्रकार का जो मैनुअल बनने वाला है वह बन जाय जिससे आगे कोई कठिनाई उत्पन्न नहीं हो ।

मैं आपका बहुत आभारी और कृतज्ञ हूँ कि आपने मुझे कुछ निवेदन करने का समय दिया ।

MISS M. L. MARY NAIDU (Andhra Pradesh): Mr. Vice-Chairman, Sir, I thank you very much for giving me this tiny chance to express my views on the Finance Bill. As there is not

much time, not as much time as is given to opposition Members and to senior Members on this side of the House, it is never given to people like me—I beg to be forgiven if I make use of this little time to concentrate specially on my State.

To start with, the argument given by the hon. Finance Minister regarding the rise in postal rates was that the handling charges were high and he wished the P. & T. Department to be self-sufficient. Very good. Don't we all wish that self-sufficiency is the criterion of Government-functioning, specially in food, clothing and housing for the whole nation? There is no doubt that the Indian economy is going through rigorous strains and stresses, but still the bumper crop of the present year gave the courage to the hon. Finance Minister to face deficit financing. Well, do we allow the lean years to just disappear from our minds just because a bumper crop has appeared before us, or do the sufferings that we underwent make the Government learn to make the bumper crop permanent and reap the benefits thereof in order to help the lean years that are bound to follow? In ancient days a Pharaoh (King) of Egypt once had the same dream for three consecutive nights, and in his dream he saw seven fat lovely lambs roaming round the grasslands and then seven lean and thin lambs appearing on the scene and swallowing these fat lambs. So he was startled and sent for soothsayers all over the country to interpret his dream. Then an Israelite boy came and interpreted the dream saying that the seven fat lambs were seven years of bumper crop and the seven lean lambs denoted the seven drought years to follow, and he suggested that the bumper crop years should be made use of, to store the bumper crop of grains with which to feed the people during the lean years. And that very same boy was appointed to do the job, and history tells us that he did the job well. I ask: Are we going to learn a lesson from this? Just

[Miss M. L. Mary Naidu.]

as my friend, Dr. Anup Singh, said, it has been his experience that there has been an increase in agricultural production because of better seeds, better manure and better irrigation. So let the Government also look out and see that not only the whole country in general, but specially those States which are surplus and which can produce still more are given the chance and help in order to produce more. And my State of Andhra Pradesh comes under this. So coming to Andhra let me bring it to the notice of the Finance Minister—it is a fact that is well known to him—that the outlay proposed for Andhra Pradesh by the Planning Commission for the year 1968-69 is extremely low and marks a sudden steep fall from that of the year preceding. In fact, the outlay has been greatly diminishing even in the last three years. For the year 1965-66 the outlay was Rs. 105 crores and Central assistance was Rs. 68.65 crores. And 1968-69 Central assistance has come down to Rs. 37 crores. Now, due to this progressive reduction there has been a setback in the progress of even continuing schemes. The fact that the largest amount of retrenchment of engineers, namely 2950, has been in Andhra Pradesh is an indication of the damage caused to planned progress of the State. Most of the Central assistance goes to the Nagarjunasagar project, and for power development in the State. Now here I beg of the Finance Minister to permit me to explain these two projects in particular. The Nagarjunasagar project was undertaken in the First Plan and has been going on without yielding any benefits till this year. This slow progress has been due to inadequate funds being given, and also the gradual rise in the cost of materials during this long period. The hon. Finance Minister of course has nothing to do either with inadequate funds or with the rising costs, but I entreat him to understand the difficult position of the State. The State has taken a loan of Rs. 130

crores without any revenue so far. The benefits from this project are purely agricultural production. Andhra Pradesh being a surplus State, the increased food production will benefit the entire country and reduce the drain on foreign exchange. Expediting this project should therefore be the concern of the Centre also and not of the State alone. Similar projects in other States are taken up by the Centre. Therefore I feel sure that the just-minded impartial Finance Minister will see that the extra loan assistance given to speed up the project in the last two years should not be considered as any special concession to Andhra Pradesh and hence should not be deducted from the normal Central assistance. If the deduction is done, then the Government will be nullifying what little acceleration it enabled in the progress of the project.

Next is the matter of power development. Andhra Pradesh has been, persistently and every year, falling behind the demand. The power *per capita* is practically the lowest in the country, being 30 kilowatt hours, as compared with the all-India average of 70 kilowatt hours. Even today there is a shortage of 400 megawatts. The Chair and the hon. Finance Minister and the House will be interested to know that, in spite of the shortage of power and the absence of adequate transmission lines, extensive rural electrification has been done to assist the farmers in greater food production. In other States like Madras, Bengal, etc., the Central Government has constructed power stations from its own capital and is supplying power to the States. Andhra Pradesh should have been given similar assistance, specially when there are extensive coal fields and possibilities of easy generation to meet the urgent needs of Andhra Pradesh. But it was not done. Why? Is it because it is a Congress Government and so cannot cry aloud? Out of the Central assistance given a large amount was spent in the last two years on

the much needed power sector. So once again I entreat the hon. Finance Minister to view with a just eye and decide that the assistance to the Nagarjunasagar project and the power sector is necessary investment and not a general extra assistance. The extra assistance given to Andhra Pradesh in the two years has been entirely in the loan portion, and the assistance by way of grants to Andhra Pradesh is by far less than those to other States. For example, in 1967 the grant given by the Centre to Andhra Pradesh was Rs. 6 crores as against Rs. 16 crores for Maharashtra, a State of about equal population. I don't ask you to lessen others' grants, but to increase it for the less fortunate.

The effect of financial reduction on the plans of Andhra Pradesh will certainly affect the nation's food production. The State's sources have been severely strained in the last two years. Still the State has done its utmost to raise resources for the plans, and it was very satisfactory during the first four years of the Third Plan. But the severe drought of 1965-66 and later on in the following year because of the Supreme Court's striking down the State's Land Revenue Act, the position was such that the State had to run into a large overdraft for which it had to obtain *ad hoc* Central loans. The repayment of these loans is upsetting the State's resources ever since. I do not think any other State has such misfortunes. Droughts are dealt with by help from the Centre and Central projects. Power from other States cannot be received by Andhra Pradesh and hence the State has to struggle for it self. Next year a sum of Rs. 20 crores will have to be utilised to repay the *ad hoc* Central loan alone. How can they exist and proceed with such an economy? With incomplete and inadequate roads, with incomplete projects and with no industries one can say that the State will soon be the most backward State. Unless the hon. Finance Minister looks into these things more carefully the gap between the progressing and the backward States will be-

come wider rather than narrower and this will lead to discontentment. For the general good, these wounds must be healed and only our Deputy Prime Minister can do it and I trust he will do it.

**SHRI BANKA BEHARY DAS** (Orissa): Mr. Vice-Chairman, Sir. I will confine myself to the fiscal policy of the Government of India in the light of the taxation measures that have been advocated in this Bill, the Finance Bill of 1968. I am not one with the hon. Minister as regards the fiscal measures that underlie this Bill.

I would say that there are three aspects of a fiscal policy. Firstly the taxation structure should be such that the incidence of the taxation is equitably distributed. Secondly the administration of the taxes should be such that it will give the least scope for evasion. Thirdly, before imposing any further or new tax all possible steps should be taken to see that the resources collected through the taxes are properly utilised. If you consider the taxation structure in India in the light of these three criteria that I have mentioned just now you will find that it falls far short of the standard that has been laid down in the various countries of the world. That is why I would again like to urge upon the Finance Minister here that since there has been a lapse of some 13 or 14 years since the last Taxation Enquiry Commission went into these aspects it is high time that a new Taxation Enquiry Commission be established in India to go into the details of the taxation structure in this country. Within these 13 or 14 years great changes have taken place in the country because of our planning. In the course of our planning we have invested some Rs. 20,000 crores in various sectors of our economy, in agriculture, in industry and so on. The result of all this expenditure has been such that the distribution of wealth and income has taken a different shape and the present taxation structure does not cope with this. It cannot deal with the present distribution of wealth and income that has

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come about in our society. That is why I am of the firm opinion that because of the various changes and factors that have come about, a fresh enquiry is necessary. Besides there have been certain reform measures that have taken place in the agricultural sector and there have also been certain measures which have been taken up in the industrial sector. So it is high time that a Taxation Enquiry Commission is set up. This Committee should not only go into the aspects of the Union taxes like the other Taxation Enquiry Committees but it should also go into all these aspects that come within the scope of the State Governments and the local bodies. I say this because after the fourth general elections there have been many changes, besides those that I have already mentioned. There is a clamour in various States that the taxation structure should be reviewed. Some of the States, as you know, Sir, have either abolished land revenue completely or abolished the tax on uneconomic holdings. So all these aspects should be taken into consideration and I am sure the hon. the Finance Minister, in view of the great task that lies ahead, namely, that of implementing the Fourth Plan, will give serious consideration to this aspect of the matter. I know he will say that they have already set up the Finance Commission. But the scope of the Finance Commission is very limited. It will deal only with the question of the division of the Government of India's income from taxes. In this connection to buttress my argument I might say that between the years 1950-51 and 1967-68, if you go into the various aspects of the income from the various taxes you will find that the relation that existed between the direct and the indirect taxes has undergone a great change. Take the case of excise duty. In 1950-51 it was hardly Rs. 67 crores. Now according to the Budget estimate of 1967-68 it

is as much as Rs. 1,194 crores which means more than 18 times the income that we were getting previously. Take the case of the corporation taxes. Though the corporate sector has largely expanded during this period the income which was Rs. 39 crores has gone up only to Rs. 350 crores. I will not say much about the customs duties which accounted for Rs. 157 crores in 1950-51 and which is now Rs. 643 crores, because customs duties to a great extent depend upon the trade policy of the Government of India. So I will not pursue that matter. I would again urge that there is great necessity for this Taxation Enquiry Commission.

Mr. Vice-Chairman, if you go into the aspects of the taxation on some of the goods you will see how the incidence of the taxation has been very heavy on the common man. I will not go into details of many commodities. I will take the case of matches which is a very essential commodity. If you see the proportion of the indirect taxes to the ex-factory prices of some selected commodities you will realise the hardship. In the case of matches the duties and indirect taxes come to 140 per cent of the ex-factory price. That means that the tax element is very great. If a box of matches costs Re. 1/- in the factory, that is to say, if its ex-factory price is Re. 1/- it will be selling in the market because of duties and also that, at Rs. 2.40. Take the case of sugar which is a very essential commodity in this country. The tax element on it is 42 per cent. In the case of cement the tax element is 44 per cent. I am not going into details because the time at my disposal is very short. I give only a few instances to show that it is high time that the taxation structure is reviewed.

Mr. Vice-Chairman, in this taxation measure on the one side we see that the Indian industrialists have been appeased greatly when the Finance Minister declared the abolition of the dividend tax and the reduction of the

super-tax on profits. But we also know that he has imposed higher rates on postal charges and also on railway freights. In this connection I would like to invite the attention of the Finance Minister to the fact that a few years back when the Small Newspapers Enquiry Committee gave its report they said:

"We, therefore, recommend that the postal rate be reduced to one paisa for each single copy weighing up to 50 grammes."

The prevailing rate was two paise. This recommendation was made just to give a filip to the small newspapers in the country. Some two or three years ago they wanted it to be reduced to one paisa. But in this taxation measure announced by the Finance Minister in the course of his Budget speech it has been raised to 5 paise. I am not going into other aspects of the matter because on different occasions I have done it previously. Take the case of postal rates. Again I am going to refer to the Tariff Enquiry Committee. I mean the Postal Tariff Enquiry Committee. Though they have advocated—and it has been accepted by the Finance Minister—that the postal system should pay its way, at the same time the Tariff Enquiry Committee has stated in its Report that its rising expenditure should be scrutinised closely and reduced as far as possible. They have said in their Report that there is enough scope for reduction in the expenditure of the Postal Department so that indirectly it will have its effect on the Budget proposals and the postal rates that are being proposed to be raised may not be required to be raised to the extent they have been raised. Mr. Vice-Chairman, Sir, here also I want to give some suggestions to the Finance Minister.

He knows that as far as calculating income-tax is concerned only the income from non-agricultural sector is taken into account but after spending so much money in the agricultural sector—we take pleasure in saying we

have made a breakthrough in agriculture and knowing fully well that some of the industrialists in this country, rich zamindars, Maharajas and others, have large acres of land in their possession, taking into consideration that sugar mills own large farms, it is high time that we combine the agricultural income and the non-agricultural income together for assessment purposes. I know the consent of the State Governments is required because agriculture is strictly under the State Governments but the Finance Minister who is managing the entire finances of the country and who is also pressurising in other ways, I am sure can take up this issue with them so that a certain percentage of the huge incomes earned by the big landowners of the country can be collected to augment the resources of this country.

I also want to suggest here to have a second look at the commercial tax structure of this country both Central and State. The Finance Minister knows very well that when a few years ago the sales tax on textiles, tobacco and sugar was abolished and an additional excise duty was imposed we get better revenue and the administration of the commercial tax was also to a certain extent lightened. I am sure if more commodities are brought under this system the expenditure that we are having on the administration of the sales tax could be lessened and there will be less scope for evasion.

As far as the administration of the commercial tax is concerned, I want to point out that when the Government wants to buy certain things—and nowadays the Government is spending crores of rupees—under the present system the Government is paying sales tax to individual traders who keep those moneys with them for a pretty long time, for some years sometimes. Sometimes these people evade paying the tax and the Government has to go and start cases against them to realise that money. So it is again high time that the Finance

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Minister consults the Finance Ministers of the States so that these administrative aspects could be taken into consideration. These aspects we took into consideration in the Orissa Taxation Enquiry Committee of which I was a Member and which found that this is a feasible proposition.

Now it is time that urban type property is taxed. I would also say that we should give special attention to the public sector industry where we have invested such huge amount of money which now goes beyond 2,000 crores so that the surplus can be ploughed back into the economy of the country. Here I do not agree with these friends because in the morning when we criticised the public sector undertakings we criticised not for the purpose of abolishing the public sector industries but only to gear them up so that we can have more surplus out of them.

Lastly a word about economy. The Finance Minister last year in his Budget speech said that he was going into this aspect very sincerely but I am sorry to say that the economy aspect of expenditure has not been properly dealt with. I want to point out that the Public Accounts Committee of Parliament during its scrutiny of the work of the Ministries last year pointed out avoidable or infructuous expenditure totalling over Rs. 70 crores. From this you can imagine what scope there is for economy. And the Public Accounts Committee only went into those cases where the Audit Report was available to them whereas we know that besides these there are large fields where infructuous expenditure is being incurred. Even in one year of its examination the Public Accounts Committee has found out expenditure of Rs. 70 crores which could have been avoided easily. From this it can be seen that there is great scope for economy and as long as Government does not give importance to this aspect of economy in its expenditure the Gov-

ernment has no justification for having new taxes

I hope the Finance Minister will take note of all these aspects. A Taxation Enquiry Commission should be set up early to review the entire taxation structure of this country.

Thank you.

SHRI U. N. MAHIDA (Gujarat): Mr. Vice-Chairman, Sir I will restrict my remarks to the financial aspect of irrigation projects as that eventually affects the agricultural production in the country for which everyone of us is very keen. So far most of the major works have been financed from loans and whenever there is a question of loan the question of return of loan always arises. To return these loans and to maintain the works it is necessary to have irrigation revenue, which is now being collected by three different methods, namely, water rates charged to the areas irrigated actually, secondly a sort of cess or compulsory tax whether the area is irrigated or not and thirdly betterment levy. Water rates have a restrictive effect on the expansion of irrigation. If the rates are high irrigation does not expand. Therefore some years ago, device was found to induce irrigators to take advantage of irrigation facilities, which have been created after colossal expenditure. By imposing a sort of cess, Government could induce irrigators, for whom the facilities have been provided, to take advantage of the water resources. Actually in practice the device of cess has not been correctly utilised as there are States in which the cess has not been a cess at all but it has been only a surcharge on the water rates. If the irrigator was paying Rs. 8/- for irrigation of wheat the rates were so devised that he was asked to pay Rs. 2/- more for area irrigated. The whole fundamental concept of the cess therefore fails. Efforts are being made in some places to correct this defect but in many States no progress in the collection has yet been made.

The next question is about betterment. Fifteen years back the concept of betterment adopted from town planning schemes was taken up for financing irrigation works. Fifteen years have passed but I think very little actual collection of betterment has so far been made. The result is, since sufficient financial return is not coming up, as a result of these irrigation works, there is lack of expansion of irrigation facilities. The expenditure on irrigation work thus gets very much limited. That raises the fundamental question as to what should be the return from irrigation works. It has been the practice of Government for many years that a certain financial test is laid down, namely, five per cent return on the capital. In calculating this financial return only the irrigation revenue, the actual water rate, is taken into account. Lately betterment is also included but so far no betterment has been collected. This raises the fundamental question of the soundness of the system of financing irrigation works on the basis of five per cent return or any specified percentage of return, because it ignores all the advantages that come to the community as indirect benefits of irrigation. The question is important in this way. Unless these advantages which may be intangible are taken specifically into account it will be impossible, later on to justify the financing of irrigation works.

Now, I am stressing this question because today with the Government we have an expert in the Planning Commission. I mean Dr. Gadgil, who had himself studied this question thirty years back. When I happened to be the Deputy Secretary (Irrigation) in the Government of Bombay, a sum of over Rs. 40,000 was spent on the investigation of the indirect benefits of irrigation in assessing benefits from irrigation works, in assessing the financial returns from irrigation works and yet till today no account is being taken of these indirect benefits. The

result is that our assessment of the benefits of irrigation works is not quite sound

Lately, the methods of assessment are now being revised. The financial return may be five per cent or lower. Now, they resort to cost benefit studies or what they call the benefits derived, in terms of money. What is the annual cost per acre? Irrigation works today are costing to the tune of a thousand rupees per acre. The up-to-date figures even exceed Rs. 2,000 per acre. Now, if a return at the rate five per cent on Rs. 1,000 or Rs. 2,000 is to be recovered and if you try to recover it by the irrigation rates, it will be almost impossible in any system of agriculture to collect them by water rates. Other devices will have to be adopted before irrigation finances can be put on a sound basis.

About the question of betterment, while the law requires that betterment must be levied, no effort is being made to collect it. I am not aware of the reasons, but then there also is a contradiction between the present system of irrigation and levy of betterment charge. Betterment is a fixed capital charge which must confer on the man who pays, on the irrigator who pays the permanent right of receiving water. Now, most of the States have the "Optional System" of irrigation. Even though the cultivator or the landowner has paid the betterment tax, there is no guarantee from the Government that the man who has paid the betterment charge will be given his due share of water. It is permissible for the irrigation officer to refuse him irrigation, when he makes the various revisions of sanctions. Now, the betterment tax, if it is to remain on the Statute Book, must be collected. If it is not to be collected, let us devise a method by which the benefits go to people who respect the law. The only course in this matter is this and I am coming to a very fundamental question which must attract the attention not only of irrigation engineers, but also

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revenue officers and finance officers. So long as there is the option system of irrigation, optional both from the point of view of the irrigators and the Government, we will not be achieving the targets of irrigation that we are putting down in the various projects. As it is there are many projects where, in after fifteen years of water being made available, the development of irrigation is sometimes fifty per cent and sometimes thirty per cent. There are exceptions in particular areas where the development has been good, but in the case of quite a large number of projects—I would not like to name the projects here—the expansion of irrigation or development of irrigation has hardly been thirty per cent. Now, these things require examination. In the case of cultivators, who are dying for water, who dig wells 70 feet deep and have pumps and pay costly electricity charges, would they not take advantage of the irrigation facilities provided? They certainly would, if it is easy. While we have created large irrigation systems, we have built large dams and long canals, when we come to the very last steps, where the Bagaitdars can take advantage of it, we have failed in providing a proper distribution system. I had pointed this out many years ago. Essays have been written. I had done that for seven years till one day the late Prime Minister had to write D.Os. to the various Chief Ministers on the question of construction of these irrigation channels. Those which would give real benefits must be taken up. Five years have passed and yet very little progress has been made in the construction of these channels. Now, when we invest a sum of Rs. 1,000 or Rs. 2,000 per acre of irrigation and if those facilities remain unutilised for even two years for want of channels, it is a loss of Rs. 100 or Rs. 200, while the construction of these smaller distribution channels will only cost Rs. 60 to Rs. 70 per acre. Every year this results in an additional loss, by insisting on having these channels

constructed only by the Bagaitdars or the community development project agencies. This device has failed and the State Governments will do well to see that simultaneously with the creation of irrigation facilities by way of dams and canals, these most minor items of irrigation distribution channels are constructed by the Government's agencies. I am speaking from experience and I find that it is not possible for the Bagaitdars in a village with a holding of five acres and three acres to receive their water, if water is to be left at the head of a block of 100 acres. As time is short I will conclude my remarks by saying that 25 to 30 per cent of the water already brought under the irrigation system is unutilised. Secondly, the greater part of this has remained unharnessed for want of channels. (*Time bell rings*). I will take only two minutes more. We are not able to solve our water disputes. Water disputes exist. As early as 1938-40, in the National Planning Committee, I had stressed this large quantities of water are not being utilised because Government have failed to solve the inter-State water disputes. The NPC says:—

“In the absence of any workable law or regulation concerning the division of water over State lines, no one knows what sort of obstruction will arise if the attempt to use the waters of a river were made. Our concept must change . . .”

I leave it at that. The water titles are uncertain and there are no laws, no regulations and we are going to tribunals. Now, what will the tribunals, the courts and the Supreme Court do? They will only resort to the law that exists and the law that exists today has failed to keep pace with technological and hydrological developments with the result, I submit, that tribunals have failed to solve this question. The Supreme Court of America has ruled on this saying that these disputes are not very suitable and in only three cases it has been

able to give a judgment which could be effective and in no case it has been able to lay down any formula or any rule for the distribution of water. Therefore, I submit . . .

**THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA):** It is time to wind up.

**SHRI U. N. MAHIDA:** These are not suitable for legal remedies. I shall revert to the question of law a little later. I submit respectfully to the House that it is a legislative function as distinct from a legal function.

**THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI R. DESAI):** Mr. Vice-Chairman, I have been patiently hearing the debate on the Finance Bill with great attention and have come to this feeling that almost all the remarks offered proceed from the attitude that each Member takes in view of the ideology in which he believes.

[THE DEPUTY CHAIRMAN in the Chair]

That is natural because ultimately all economics flow from the political theory in which one believes. I as a member of the Government am interested in not mere ideology. The Government has also an ideology which has been accepted by the two Houses, the ideology of democratic socialism. But while believing in it, Government has got to have practical considerations before it and has got to be pragmatic in several approaches that it has to make in the solution of the problems facing it especially when they relate to the economic interests of the people as a whole.

It was said by one hon. Member that Government is economically and politically bankrupt. That may be his view, he is entitled to it. But because one uses adjectives lavishly or extravagantly, it does not mean that it explains the truth. I do not see where Government has shown

bankruptcy in any way, and yet those who want constantly to arraign Government for the sake of doing so can do nothing else but indulge in such adjectives. I need not therefore take any time over explaining what it means. But when it was said that we are bankrupt, I am afraid the Member did not realise what he was talking about. There are no doles on which this Government or this country is living. If we are getting any loans from foreign countries, they are loans which have to be returned and which will be returned with interest, and they have been returned so far whenever the return has to be made, whenever it is due. Is it imagined that any country or any individual who has to start from scratch and who has to start with very low resources can ever develop without taking loans. If no loans were necessary, banks would not be necessary. Even international trade would be redundant. The Member therefore did not know what he was talking about. That is all that I can say. If we have taken loans, we have taken them for productive purposes and the loans have not been wasted. The loans have been used for building up assets, industries, in communications or transport, and they are helping the economy of this country to prosper and to gather strength. Against the debts that this Government has incurred there are assets which have increased and which have added to the prosperity of the country, even if it be not to the satisfaction of several people. I would say that it is not even to my satisfaction, but that is not because things have not been done; that is because our expectations or our requirements are very large and the time during which we have worked has not been long enough to achieve the results that we want to achieve. But we have laid down a very strong and sound foundation so that in the few future years we can build up prosperity with greater speed than in the past. There were of course three bad years, or two or three bad years, during which

[Shri Morarji R. Desai].

the economy of this country has suffered a great deal. But that has been so because they were two very bad years in agricultural production, years which have no precedent in the last hundred years.

There was also the heavy burden which this country had to carry as a result of the defence measures it had

sions, one by China and the other by Pakistan. My hon. friends, some of them, do not seem to realise what heavy burdens have been put on the economy of this country and its resources; and yet it is a matter of some satisfaction to those who can understand and who take a reasonable view that as a result of what we have done we have been able to pass through these attacks and have now come to a lesson which they will not forget, for any country outside or our neighbours to attack us with impunity. If they do so, they will learn a lesson which they will not get. But this has happened because it has been possible to raise our defence strength, and it has been possible to do so also because we have been able to make developments in our economic progress. It was therefore astounding that the hon. Member criticised defence and defence expenditure and said that Rs. 1,000 crores are spent on Defence only in administration or so. I do not know whether he has any conception of defence. In defence certainly a lot of expenditure is involved in the maintenance of the Army, that is, the personnel. If that is only administrative expenditure, well, he may do so, but what else does he think defence should consist of? If stores, mean equipment and ammunition are to be considered, then the defence should consist of? Therefore, he does not seem to realise that the defence expenditure of Rs. 1,000 crores in this country is incurred on strengthening defence and maintaining it at a level where this country's independence will be maintained and will

be defended and defended fairly and squarely. But perhaps my hon. friend is not interested in the defence of this country. That is possible with the views that he holds and with the alignment perhaps that he has. That is not a fair way of looking at things. After all I hope and trust that every hon. Member of this House is interested in the defence of this country, in seeing that if there is any attack from outside, we defend ourselves successfully and in a manner where the other person who tries to attack us learns a lesson of his life and does not repeat the folly again.

He also said that police expenditure has increased a great deal.

श्री जगन्मो प्रसाद यादव : माननीय मंत्री जी के पास अणु बम्ब का क्या जवाब है। डिफेंस पर खर्चा हो? कौन नहीं चाहेंगे कि डिफेंस मजबूत हो हम तो चाहते हैं कि डिफेंस पूरा मजबूत हो। चाइना के पास अणु शक्ति है और बाल में भी उसने राकेट छोड़ा है तो उमका जवाब क्या है? माननीय मंत्री जी इसके बारे में क्या कहेंगे?

SHRI MORARJI R. DESAI. The hon. Member does not seem to have any discretion. He cannot expect we now to give him a chance to speak again, and still I thought he was trying to advice me about something. Therefore, I gave way to him. The defence of this country is strong enough and is being made stronger day by day to see that we are able to defend ourselves against any power that comes against us. But we have no desire, and it is not our ideal, it is not our policy to attack anybody or to make aggression on anybody. Therefore, the defence material or the defence strength of our country has one and the sole purpose of defending ourselves and not attacking anybody. When it comes to the question of police, it is forgotten, that we have to keep our police force

also on the border and it is because of the activities of some of the friends of the Member who spoke about this that the police force has also to be strengthened. If peace is not observed and public peace is disturbed, if law is broken and if the life of the average citizen comes into jeopardy it becomes the duty of the Government to see that public peace is secured and that the wrong-doer is punished. This requires certainly an efficient police force. If my friends are interested in having a smaller police force, I would be very happy if they co-operate with the Government in seeing that no laws are broken, that incitement is not made to the people to take the law into their own hands, that properties are not destroyed and that without any provocation hartals are not declared.

4 P.M.

Then, Madam, it was said that there should not be foreign collaboration or that there should be collaboration only where necessary. To those who say that there should be no foreign collaboration, I would only say this that it is not possible to learn anything if one does not learn from those who know unless one knows it oneself. It is not possible for us in this country which has been backward in the matter of scientific knowledge or in the matter of industrial growth to know everything ourselves without learning it from others, and this collaboration is necessary because of that. But some of my friends do not mind collaboration with the Communist countries, they mind collaboration with the democratic countries like the United States, England, Germany and so on. We have collaboration with all of them. We believe in being friendly with all the countries of the world and that is why we are non-aligned. We are non-aligned not in a negative way; we have a positive policy, the policy of not going into any groups or blocks which are formed only in antipathy to each other. We have no antipathy to any-

body. We believe in judging what is right and in also saying what is right in international matters. That being so, we reserve ourselves the right to judge properly and to give our opinion properly. That is the meaning of being non-aligned. That has also resulted in our having friendship with all the countries except some of our neighbours, two of them, who seem to think otherwise and who are trying to attack us. But even with them, we should like to have friendship and we are sure it will be there some time or the other. But it cannot be by means of or by the way of surrender. We are prepared always to discuss and come to agreements. But if they are interested only in frightening us by military force, then it will have to be solved only by military defence. And it is from that point of view that this country's policy is conducted.

If foreign collaboration is there, it is there to benefit the economic progress of this country and we have benefited by it. Is it argued that if we have collaboration with other people it can be on philanthropic terms. That cannot be, it has to be to the advantage of both. And I have no doubt that if anybody examines all the collaborations that we have had with other countries, it will be admitted that we have profited by the collaborations that we have made. It is possible that there may be some loopholes in some places or some lapses in some places; there may be some inefficiency. But who can claim complete efficiency? And we cannot forget that in this country we are now getting more and more efficient day by day. But we started with a great deal of inefficiency, with great deal of irresponsibility and with a great deal of want of application to work. That was because we were in that helpless condition of dependence, under the rule of a foreign country. That brought in all these infirmities to us. And can these infirmities go away within a short

[Shri Morarji R. Desai]

time? It will require some time before we become completely efficient and we become completely charged with a sense of responsibility and an intense feeling for the country to the extent that we will think of the country above all personal benefits or sectional or regional benefits. This **requires time**. And if we progress towards that goal and we work with that view, it is possible that some lapses may be found here and there which it should be our purpose to overcome and see that we acquire all this efficiency in the quickest time possible. But the way to do it is not to malign each other but to co-operate with each other pointing out where the lapses are and showing how those lapses can be made up. There are bound to be differences of views, there are bound to be differences of ideologies. I can have no quarrel about them. But just some respects one's own beliefs and views, one should also respect other's beliefs and views and this is **now** I am trying to look at what has been said in this House and the advice that has been offered to me and to the Government.

It was said that we are not taking complete steps to mobilise resources. But this was merely a statement made but no ways were shown how the resources have to be mobilised or in which manner the hon. Member wanted them to be mobilised. In this connection, the question of direct and indirect taxes were referred to. It is true that indirect taxes are being levied at a higher proportion than the direct taxes in this country. But in a country which is poor, what else can happen? It is therefore that I do not accept the suggestion made that we should raise the tax exemption limit from Rs. 4,000 to Rs. 6,000 or something even more. It is forgotten that the tax exemption limit is the highest in this country, it is higher than the lowest taxable limit in other countries, it is nine times of our *per capita* income, elsewhere it

is not more than twice or thrice the *per capita* income, even less than that or equal to the *per capita* income . . .

SHRI AKBAR ALI KHAN (Andhra Pradesh): Our *per capita* income is not more.

SHRI MORARJI R. DESAI: Where do I say 'No' to that? But what do we want in this country. Who are to pay? Should those whose incomes are rising pay or should those whose incomes are below should pay? If we do not want to have indirect taxes and we should be out of them some day, then we must have more and more people in the income-tax net. Today we have half a per cent in the income tax net. We have, in a population of 50 crores—55 crores now—only 25 lakhs of income-tax assesseees. Now what does it mean? It is only half a per cent. If I am asked to lower it, one-quarter per cent will go away. Then what will remain? We should like to have 30 per cent in the income-tax limit and if we can do that in the population, then indirect taxes can certainly still be lowered down. But unless that happens, how are we to get our resources?

Still one argument would be to take all the money from those who are getting above a certain income completely. If that were a practical proposition, I should not be averse to it. But why should anybody earn anything if you take away 100 per cent of a certain income? That means, he will not work beyond that earning limit. That means, so much less economic progress will take place in this country. But we are taking as much as we can consistently with the necessities of development in this country. From a lakh of rupees of extra income above Rs. one lakh we are taking away Rs. 77,000. A person who has an income of Rs. 20 lakhs per year would hardly be left with Rs. 4 lakhs per year. We take away about Rs. 16 lakhs from him. If we take away

more, then he will not earn Rs. 20 lakhs and that much income also will not come to the Government and more production will not be there.

It was said that we should have a production-oriented economy. I agree entirely. We are having a production-oriented economy. But then it is said that we must pay attention only to the worker and to nobody else. Would there be a worker if there were no capital in it, if there were no technicians in it? I have no doubt that all these interests have got to be co-ordinated and treated properly. Therefore, it is not lopsided development that we can make. Whereas the interest of the worker has to be properly safeguarded it is also to be seen that proper capital is forthcoming for engaging the worker and the proper technicians. It is also to be seen that managerial capacity is also developed; otherwise no industry or no management can take place properly.

I was even asked whether it is possible to export more. Do we want to develop more or do we not want to develop more? Do we want to increase our resources or do we not want to increase our resources should be rather the question. If we want to develop our resources and become more prosperous and banish the poverty which is besieging the country, then we will have to increase our industry, we will have to make our agriculture much stronger than what it is. And if all that is to be done, then we will have certainly to export more in order that we can import through our exports whatever we want because we do not have those things to feed our industries more and more. We have got to import machinery. We have got to import raw materials which we do not have and we have also to import component parts which we do not at present manufacture. We are going towards the goal where we will become self-sufficient in all these matters. But before we can do that we will have to import many of these things. We are doing it by taking foreign debts.

We are doing it from exports. Then we have to pay our loans. That also we can pay through exports; otherwise how else are we to pay in foreign exchange? That being so, we have got to increase our exports.

It is no use saying that we do not have the capacity to export. That means we have no capacity to develop. I do not understand why such a feeling is there in any hon'ble Member. We are not confining ourselves to traditional exports. But traditional exports also are being maintained and even increased to some extent. We are also now exporting manufactured goods. And more and more of it we can export, we have no doubt about it. As skills grow, as cost lessens and as more and more production is made, we can certainly stand in competition with other people and sell more and more goods. Recently we were able to sell wagons to a country in competition with very advanced countries. That we could do because we were able to give our tender which was very competitive and it was to the advantage of the country which purchased from us. This shows the advance that we have made. But it is constantly said that we are failing in our industries or in our enterprises.

It is constantly said here that the public sector enterprises are a liability. I do not say that everything is right with the public sector enterprises. I would not say that they do not require improvement. They do require a lot of improvement and that improvement is being made. I have said in this House and in the other House that we are engaged in the task of examining the management of the public sector factories, the policies governing them, to see that we come to conclusions which will enable us to make the public sector factories far more efficient than what they are today. But when it is said it is also to be remembered that these are all new ventures for us. Even how to govern is new for us because until we became free we had no hand in the Government or in the

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 running of the Government of this country for a few centuries. And that has to be made up. And that can be made up only by experience. If we are not prepared to make mistakes and learn from them, we can never learn. Therefore, whereas mistakes are to be pointed out and pointed out properly and frankly, one should also take into account the fact that we have got to progress by learning from the mistakes and not to say that we are making only mistakes all the while.

It is no use being complacent. There I agree. When it was said that we have got to concentrate on scientific research and education, I agree entirely. But it is also to be seen and understood that in all these matters more expenditure is not going to give us complete research. We must have more dedicated and trained people to do this kind of thing, and as time goes on more and more people will become available. More expenditure of money cannot give us everything.

Education is a so expanding and expanding fast enough. But if we look at the quality of education that we impart and go on only in the direction of expending money, I am afraid that kind of expanded education might even do us more harm than good. Therefore, all these factors have got to be taken into consideration. If Russia and the U.S.A. are spending more on these items, they have done so after a lot of development, and not to start with. This has got to be done gradually and more and more. And that we are doing. It was admitted by the hon'ble Member that this is our policy. We have done a great deal of work. We have to do more work I agree. But if we do not recognise what we have done and if we do not take hope from what we have done and if we merely go on concentrating on the mistakes that are made and condemning ourselves constantly, we will lose the capacity of going on further increasing our capacity. It is only from that point of view that I

am requesting my hon. friends to have a proportion in the matter of condemning and also in the matter of appreciation. This is what I am pleading for.

In the matter of education and scientific research it is the Universities which will have to pay more and more attention to it. If the Universities do not do that, well, it will be a sorry day for us. But I am quite sure that the Universities also, as they are developing will be acquiring more and more correct attitudes in this matter and we have all to be helpful in this matter and they have to be helpful to all of us in the progress of this country.

It was said that agriculture requires more attention. In the matter of agriculture it is said that we have not paid sufficient attention in this country in the past and that we are doing it only during the last three or four years. In the matter of irrigation also it was said that we are not taking any lessons. I am afraid both these views are perhaps taken as correct but not substantially correct.

We have been attending to agriculture from the very beginning, ever since we achieved our freedom. From the very first Plan, we have been attending to agriculture. When my hon. friend cited his own example of production at his farm of 20 acres, did he realise that he has come to a production of 450 maunds in 20 acres only in the year 1967-68 and only as late as 1961-62 or later than that, he was producing only 180 maunds? Now he is one of the most educated persons. And if this is what he did, what does he expect the 60 million agriculturists in this country to do? Would they not require some time to learn this? Would they not require more time to understand it? That is how time has been taken. Government have been trying to give them facilities, Government have been trying to explain to them, but ultimately it is they who have to do it, not the Government itself. We have gone on spending more and more money on

cooperatives. We have been giving them more and more loans, which can be realised from the fact that where-as 18 years ago, only Rs. 5 crores were given to the co-operatives by the Reserve Bank, to-day they are giving more than Rs. 260 crores. This is how it has advanced. And yet this is not taken notice of.

In regard to the question of banks also, a lot is said about commercial banks not helping agriculture. But we forget that it has been our policy and the policy of agriculturists also to see that commercial banks should have nothing to do with agriculture, that they should be helped only by the co-operative banks and co-operative movements, and that is why we set this apart for the co-operative movement. We have come now to a stage where both have got to be utilised for seeing that agriculture is helped in a larger way and in a continuously larger way. It is, therefore, that we have re-oriented our policy now and are trying to see that more and more money is made available to agriculture for purposes of development.

Only a few years ago—only about six or seven years ago—fertilisers did not attract many agriculturists. That was because it was a new thing to many people here and when they used them in the first instance indiscriminately in some parts, it had very bad results which also discouraged some people. But as time went on, they began realising that fertilisers are a good thing and now there is a larger and larger demand and better and better use of them, to the extent that in the last two years we have gone on doubling our imports of fertilisers. Not only that, we are also concentrating now on having factories in this country for fertilisers which will give us enough fertilisers and which will not put us in the necessity of importing from outside 1970-71 or 1971-72. This is the manner in which we have been attending to agriculture.

In the matter of irrigation also, for a backward country like this, irrigation is expanding with the resources that we have not only in money but also in men. Ultimately it requires many engineers. It requires a lot of technical persons. It requires a lot of material, i.e. machines, to see that canals are put up more quickly. Now all this requires progressively more and more attention to it, and that is what is being done. We are advancing in the field of irrigation. It is not as if minor irrigation is not being attended to. Minor irrigation also is being attended to. But what was the condition here a few years ago? Even at the Second Five-Year Plan, there were agriculturists in some parts of this country where they would not use any water given from the tubewells unless it was given free. They did not realise what it meant. And for some time, some people had to be tempted by giving water at a very low rate. Now that does not become economical. But ultimately it was an investment to see that they were encouraged to do it. Once they realised the benefits from irrigation, they began to pay more and more because it pays them more. Whatever may be the rates in irrigation charged to the agriculturist, ultimately it is paying him 10 or 20 times more according to the crop which he grows. Therefore, it is not a matter where one can say that we are not attending to it. But the point is we have to enthruse the agriculturists in using all these things. And that takes time. Therefore, I would only hope that friends like my friend here who are now making good advances in agricultural production, will help their neighbours and the other people round about by telling them of their own examples so that they can take to these new methods more readily and more eagerly.

I would now come to the criticism as regards the Bill itself. There is not much to be said because the criticism is not as severe as generally it is. Most of the provisions have been almost welcomed in many quarters. They have, of course, been criticised

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in some quarters, especially in those quarters where anything done by this Government has to be criticised. Now taking the question of penalties which have been provided against concealment or evasion of taxes, when people say that these penalties will be misused and there is a danger of people being harassed, I am afraid it is not recognised that unless deterrent penalties are levied, it is not possible to check this evil of concealment or evasion of taxes. Even then, I cannot say that there will be absolutely no concealment or evasion. But it will be reduced to a minimum. Every country has a little of concealment or evasion. But in this country, it is in a large proportion and this is recognised. One has, therefore, to consider how best one can discourage it. It is easy to say that one must detect all these cases. But who are interested in disclosing all those people who are interested in evasion or concealment? Many a time I find that people are being defended when they require to be exposed. The task of Government, therefore, becomes a bit difficult. And yet, Government have to find a remedy. Considering all these matters, I came to the conclusion that a penalty has to be levied which will make it deterrent for the person to conceal or evade. If a person conceals wealth to an extent of Rs. 50,000 or Rs. 1 lakh and if the penalty levied is equal only to the tax that he is concealing, it will mean that the fine or penalty will be only Rs. 1,000 or Rs. 2,000 and this man can take the risk in order to save money if the penalty is so small as it has been so far. But if the penalty for saving a tax of Rs. 1,000 would be equal to the wealth concealed, which will be about Rs. 50,000 or Rs. 1 lakh, then he will not be prepared to lose a lakh of rupees in order to save a thousand rupees. The risk is too great and, therefore, it will not be done.

Then it can certainly be argued that this leaves large powers with the in-

come-tax officers. May I say, Madam, that no income-tax officer has the authority to levy a penalty of more than Rs. 1,000? It then goes to the Assistant Commissioner of Income-tax and then also it is liable to appeal to tribunals and even courts. Therefore, it is not as if these powers are absolute. Powers have to be given to officers. Who else is going to exercise them? But, as I said, the income-tax officer by himself will not be able to levy large penalties as is imagined here. We have also provided that in the matter of wealth tax, the assessee can take the help of valuers who will be certified or approved by Government, and if they have taken the help of the valuers and the valuers have certified a value, he will not then be liable to any penalty for concealment, even if the officer differs from it. There is also no penalty in cases where the assessee can prove that he had not deliberately evaded or deliberately concealed it. These are the safeguards which are good enough for all these people, I have no doubt. Government is also going to provide a Department of Valuation and when it is set up, in the case of those assessees who get their assets valued by these people, their valuation will be accepted. There will be no question then of any challenge to the valuation given in assessments. Therefore these safeguards ought to satisfy my hon. friends as regards the least chance of these powers being misused. If there is misuse anywhere and if Government are informed about it and are convinced about it, Government will not fail to punish the officers who are responsible for any such harassments.

I was asked why the spouse allowance has been removed. Now what justification is there for giving an allowance to a spouse when both the spouses are earning? Who requires help? Only one was getting before. Now neither will be getting. That is the impartiality that I have indulged in. They are actually not in need of it. When both are earning, where is

the question of giving any allowance to them? Who requires to be maintained by whom? Therefore this demand I am afraid is not justifiable, the demand of restoring this allowance.

SHRI AKBAR ALI KHAN: It will discourage both to earn.

SHRI MORARJI R. DESAI: I think they will earn more to pay more. I believe this was the criticism relating to direct taxes.

About indirect taxes, the postal rates had come in for criticism but that was before. Today there was mention only by one or two hon. Members. I am happy that they are getting reconciled to the increased rates. It is the unpleasant duty of the Finance Minister to do right things even when he is criticised. The postal machinery is not meant for earning profits but it is certainly also not meant to run at losses. Therefore it has to make up its own expenditure. If it was suffering from a continuous annual loss of Rs. 25 crores, I had to consider how best to make it up and it is therefore that the rates have been raised. Even after raising the rates, the post-cards are not going to give any profit. If at all, there will be a little loss.

SHRI LOKANATH MISRA (Orissa): But better management could have given you a saving.

SHRI MORARJI R. DESAI: That will be considered and if my hon. friends help me by seeing that the postmen and other people work better and not go on strikes and if we can bring in this efficiency, if I can help it, I will certainly reduce them. I am not interested in getting continuing profits out of them. But I am quite sure that when it comes to the other position, they will want me to pay them more and not to ask them to take less. This is how things

are actually done. That is why the difficulty comes in.

The question of small newspapers was referred to and the recommendation of a Committee appointed some time back was also quoted. Well, it was easy for the Committee to say that because it is not they who have to give the money, it is the Government which has to give the money. Yet I would like my hon. friends to consider one thing. We all believe in the independence of the Press and yet how is it justifiable to argue that the Government should subsidise the Press? Carrying their papers at a loss by the Government is subsidising the Press.

SHRI BANKA BEHARY DAS: It is only for the weaker sections of the society.

SHRI MORARJI R. DESAI: If the Press is to be called a weaker section, then it will not be an independent Press. No weak person can ever call himself independent.

SHRI BANKA BEHARY DAS: Then only monopolies will thrive.

SHRI MORARJI R. DESAI: It is not the monopolies who are strong. The monopolies are the weakest people because they are afraid at every step. I therefore do not think the monopolies should be there at all. I am not in favour of monopolies at all because not only they are weak but they make others also weak on account of their weakness. Therefore they should not be there. It is the smaller man who is strong and who is more independent. That is how the world goes on.

SHRI A. P. CHATTERJEE (West Bengal): This is rather too much, the smaller man becoming strong and independent.

SHRI MORARJI R. DESAI: Well, my hon. friend is small. He has no money and there is no person who is stronger than him. As an example here is another man who, according to Mr. Chatterjee, is a stronger man.

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whom he might call a monopolist, though he is not. But he is not able to speak as strongly as my friend over there speaks. I do not require any demonstration. He is able to abuse everybody but when somebody else points out to him, then he gets angry. Is this the way to look at things? When I say monopolies are weak, I do not mean they are weak in money. I only say they are weak in spirit.

SHRI ARJUN ARORA (Uttar Pradesh): Give them some spirit.

SHRI MORARJI R. DESAI: That is all that I say. I did not mean anything else.

SHRI SUNDAR SINGH BHAN-DARI (Rajasthan): Do you intend to help the newspapers spiritually? This is a question of postal rates, not spiritual sermons.

SHRI MORARJI R. DESAI: It is not a sermon I am giving. If this is a sermon, then how many sermons have I received? Can I not even reply to the sermons received? If I do that, why should you bother about it? You bother about it because you cannot reply to me, because you have no arguments to make. It is not want of sympathy at all. I have all the sympathy for these people, not sympathy, sympathy is a bad word, because sympathy means a kind of patronisation. I am not in favour of patronisation. I consider them more important than myself and it is the duty of the Government to help them in any way which is legitimate and which also gives them strength and not weakens them.

SHRI SUNDAR SINGH BHAN-DARI: Is it not one of the ways?

SHRI MORARJI R. DESAI: This is not one of the ways. That is why I am saying if it had been one of the ways, I would certainly have considered it. It is therefore that I am not doing it. One may differ; I do not object to that. But if there is any

difference of opinion, why do not my hon. friends think that I am as capable of thinking as they are, capable of honest thinking? This is all that I plead with them. I am not asking them for anything more.

SHRI A. P. CHATTERJEE: The Finance Minister protests too much.

SHRI MORARJI R. DESAI: I am not protesting. My hon. friend is going on protesting all the while. Why have I to protest? He can say what he likes. It does not matter to me at all. Why should it matter to me? I will certainly take what he says with proper consideration. If I profit by it, I will be grateful to him but if he says something which is useless, well, I will put it in the waste paper basket. Therefore, Madam, let my hon. friend not think that I do not consider him important. I consider him important. But he does not consider anybody important. But importance only has a relevance and has a sense of proportion which I hope the hon. Member has. Thank you.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1968-69, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE DEPUTY CHAIRMAN: We shall now take up the clause by clause consideration of the Bill.

*Clauses 2 to 4 were added to the Bill.*

*Clause 5—Insertion of new sections 35B and 35C—Export markets development allowance.*

SHRI M. K. MOHTA: I beg to move:

1. "That the Rajya Sabha recommends to the Lok Sabha that the

following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 5, line 11, after the words 'any company' the words 'individual, firm or Hindu undivided family' be inserted."

2. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 5, lines 11 to 15, the words 'is engaged in the manufacture or processing of any article or thing which is made from, or uses in such manufacture or processing as raw material, any product of agriculture, animal husbandary, or dairy or poultry farming, and' be deleted."

*The questions were proposed.*

SHRI M. K. MOHTA: Clause 5 relates to agricultural development allowance which has been given to corporations and companies. My two amendments relate to two aspects. One is that the allowance should also be given to individuals, firms and Hindu undivided families because there seems to be no justification to allow only to the companies and deny it to the others.

As regards the second aspect, may I point out that the expenditure has been considered desirable and the companies that will be making them will be doing so from two considerations. One would be a selfish consideration because they will be indirectly interested in the development of agriculture. The other important consideration would be philanthropic. From this angle it seems that the allowance should be available to all sorts of companies who may not come under the qualifications laid down under the provision. That is

why I have said that it may be available to all sorts of companies.

SHRI MORARJI R. DESAI: The Member does not seem to have understood the purpose of this clause. The purpose is to make allowance for taxation to those companies which are engaged in agro-based industries and which provide inputs or extension services to the farmers for their use free of charge. It is not for selling them. It is only when they utilise these for some schemes to have an advancement in agricultural production in some areas where they give these free of charge, then only, this will be given, not otherwise. I do not want the other people, the individuals, to get this concession when they use it for their own farms. That would be more selfish. Of course it will ultimately benefit them because more and more things will be used and therefore more and more production will be made.

SHRI M. K. MOHTA: Madam, I beg leave of the House to withdraw my amendments.

\*Amendment Nos. 1 and 2 were, by leave, withdrawn.

THE DEPUTY CHAIRMAN: The question is:

"That clause 5 stand part of the Bill."

*The motion was adopted.*

*Clause 5 was added to the Bill.*

*Clause 6 was added to the Bill.*

Clause 7—Insertion of new section 40 A.—Expenses or payments not deductible in certain circumstances.

SHRI M. K. MOHTA: I beg to move.

3. "That the Rajya Sabha recommends to the Lok Sabha that the

\* For text of the amendments vide col. 1541 *supra*.

[Shri M. K. Mohta]

following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 7, line 43, for the words 'not allowed as a deduction' the words 'be liable to be disallowed as a deduction of the said cash payment' be substituted."

4. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 7, after line 43, the following proviso be inserted, namely:

'Provided that the previous approval of the Inspecting Assistant Commissioner shall be essential for making such disallowances.'

5. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 8, line 1, after the word 'Provided' the word 'further' be inserted."

*The questions were proposed.*

SHRI M. K. MOHTA: This clause relates to disallowances for payments otherwise than by crossed cheques. Here we have a very unusual situation on our hands. The assessee may be able to name the recipient. He may be able to produce the recipient before the I.T.O. The money received by him may be recorded in his books and the recipient may be a taxpayer and even then the I.T.O. shall have to disallow it if the payment is made in cash. This does not seem to be fair. So I feel that a discretion should be there in the hands of the taxing officer. In deserving cases the disallowance may not be made. I have also pleaded in my

amendment that the previous approval of the inspecting Assistant Commissioner shall be essential for this.

SHRI LOKANATH MISRA: If it were only confined to businessmen and companies I would have had absolutely no objection to these payments by cheques. About a fortnight back it so happened that when I submitted the Bill to the Rajya Sabha and the money due to me was more than Rs. 1000 it was given in the shape of an account payee cheque. I did not have any account in a bank, I had never an account and so I was obliged to go to a bank and open an account. How was it that the Finance Minister thought that there could be any clandestine transaction between the Secretariat of the Rajya Sabha and a Member in taking his legitimate dues in the shape of either DA or Salary? Why should that be operative here in the Rajya Sabha and Lok Sabha? I do not know the reason. It may be that film producers may pay in lakhs and that would always be in currency notes, whatever may be in the statute books, because the payment that will be entered in the contract would be definitely in cheques and the black money would be in black money. So the ultimate result would be that payments of lakhs of rupees would be in black money and only amounts of Rs. 5000 or Rs. 10,000 would be shown in contracts while Members of Rajya Sabha or Lok Sabha would be harassed unnecessarily.

SHRI MORARJI R. DESAI: I do not understand why my friend, in his enthusiasm, is making a point and bringing this here? I do not think the Secretariat of the Rajya Sabha or Lok Sabha is concerned with this in making that payment.

SHRI LOKANATH MISRA: They were asked by your Ministry, I am told.

SHRI MORARJI R. DESAI: In telling that payments for Rs. 1000 and above must be in cheque, that cannot be at any rate under this. This is

for Rs. 2500 and above. This is a point which will be disallowed only for income-tax deduction if it is not paid for Rs. 2500 by cheque. That is all.

SHRI LOKANATH MISRA: Why should there be such a provision for the Rajya Sabha Secretariat that anybody who is paid more than Rs. 1,000 . . . .

SHRI MORARJI R. DESAI: I have no authority over the Rajya Sabha.

SHRI LOKANATH MISRA: It is a wrong statement.

THE DEPUTY CHAIRMAN: I am told that anyone receiving Rs. 1000 and more must be paid by cheque.

SHRI LOKANATH MISRA: Who has directed that?

THE DEPUTY CHAIRMAN: The Finance Ministry.

SHRI MORARJI R. DESAI: There is no such provision. This must have been made by the Rajya Sabha or the Lok Sabha. Why is it made? I do not know about it.

SHRI LOKANATH MISRA: See how the Government functions.

SHRI MORARJI R. DESAI: It is not under this.

THE DEPUTY CHAIRMAN: It is a circular that was sent round from the Finance Ministry.

SHRI MORARJI R. DESAI: I will try to see the circular.

THE DEPUTY CHAIRMAN: I am told the salaries should be paid in cheque . . .

SHRI MORARJI R. DESAI: It may be because the Members may not be giving receipts quickly. That is a different thing altogether. It has no relation to this. I only say that it has not any relation to this Bill. If this is how my friend understand, I am very sorry. In order to make a

hit one should make a better remark and not this kind of remark. It has no relation to this. If the hon. Member does not believe in banks, who is going to believe?

THE DEPUTY CHAIRMAN: Are you withdrawing your amendments, Mr. Mohta?

SHRI M. K. MOHTA: He has not replied to my points.

SHRI MORARJI R. DESAI: I have said that any company that wants to make these payments in cheques will have to make these arrangements with them. If some agreements are made that payments will be made in cheques, why should it be difficult for them? Where they have to do anything in the rural areas and where payments have to be made, we are going to resolve these difficulties by means of rules which will be published and which can be criticised or amended by the two Houses.

THE DEPUTY CHAIRMAN: The question is:

3. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 7, line 43, for the words 'not be allowed as a deduction' the words 'be liable to be disallowed as a deduction of the said cash payment' be substituted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

4. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

"That at page 7, after line 43 the following proviso be inserted, namely:

[Deputy Chairman]

'Provided that the previous approval of the Inspecting Assistant Commissioner shall be essential for making such disallowance.'

*The motion was negatived*

THE DEPUTY CHAIRMAN: The question is:

5. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:

'That at page 8, line 1, after the word 'Provided' the word 'further' be inserted.'

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

"That clause 7 stands part of the Bill."

*The motion was adopted.*

*Clause 7 was added to the Bill.*

*Clauses 8 to 10 were added to the Bill.*

Clause 11—Insertion of new section 141A

SHRI J. P. YADAV: Madam, I move the following amendment:

16. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

'That at page 9, line 9, after the words 'proceed to make' the words 'within one month of submission of the return' be inserted.'

उपसभापति महोदय मेरा एक विरोध है यहाँ पर कि मैंने जो संशोधन इसमें उपस्थित किया था वह हिन्दी में किया था लेकिन मेरा संशोधन हिन्दी में नहीं रख कर अंग्रेजी में दिया गया है।

मेरा दूसरा विरोध यहाँ पर यह है कि जो प्रस्तुत विधेयक है, उस विधेयक की हिन्दी प्रति उपलब्ध नहीं करायी जाती है। मैंने जब बार बार कहा भी तो वह हिन्दी प्रति मुझे मिली, जो लोक सभा में पुरःस्थापित की गई है, वह नहीं मिली जो लोक सभा में पारित की गयी है। इसलिए बहुत सी कठिनाइयाँ हुईं। उसके बावजूद भी मैंने हिन्दी में संशोधन प्रस्तुत किया और वह संशोधन भी मुझे अंग्रेजी में मिला है। अगर आप चाहे, मौखिक रूप से कहने की मुझे इजाजत हो, तो मैं उसको यहाँ पर हिन्दी में रखना चाहता हूँ कि जहाँ यह दिया हुआ है कि "निर्धारित का नियमित निर्धारण होने में विलम्ब की सम्भावना हो तो विवरणी, लेखाओं और दस्तावेजों के आधार पर निर्धारित को प्रतिदेय धन-गणिका अन्तिम निर्धारण संक्षिप्त रीति से करने को अग्रसर हो सकेगा" इसमें "अग्रसर हो सकेगा" शब्दों के बाद "विवरणी प्रस्तुत करने के एक महीने के भीतर" शब्द जोड़े जायें।

मैं यह प्रस्ताव करते हुए यह चाहता हूँ कि वित्त मंत्री महोदय इस साधारण सी चीज को स्वीकार कर लेंगे, जिससे कि जल्दी से जल्दी असेसमेंट हो सके और उसमें गड़बड़ी नहीं हो, उसके लिये अगर एक महीने के भीतर असेसमेंट हो जाता तो अच्छा रहता। मैं समझता हूँ इसमें विशेष वादविवाद की जरूरत नहीं है और मैं चाहूँगा इसमें ऐसी व्यवस्था हो जाय, जिससे असेसमेंट जल्दी हो जाय।

*The questions were proposed.*

श्री मोरार जी शारदा देसाई : मुझे असेसमेंट जल्दी करने की इच्छा है और इसीलिये नियम बनाते जाते हैं। इसीलिये किसी एक असेसमेंट को एक महीने में कर देना उसका कोई मतलब ही नहीं है। सब असेसमेंट जल्दी ही होंगे। 4 साल से घटा कर दो साल कर दिया है मैक्सिमम मर्यादा में उसको भी घटाना है मगर इसके सिवाय

भी माम तोर पर हर एक असेसमेन्ट जल्दी हो, सब रिटर्नस हों, वह मान लिये जायं और फिर कुछ रिटर्नों की जाँच की जाय, इस तरह की व्यवस्था कर दी है। इसलिये इसकी जरूरत नहीं है। इसलिये मैं इसका विरोध करता हूँ।

THE DEPUTY CHAIRMAN: The question is:

16. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 9, line 9, after the words 'proceed to make', the words 'within one month of submission of the return' be inserted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

"That clause 11 stand part of the Bill."

*The motion was adopted.*

*Clause 11 was added to the Bill.*

*Clauses 12 to 18 were added to the Bill.*

*Clause 19—Amendment of section 271*

SHRI M. K. MOHTA: Madam, I move the following amendments:—

6. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 12, line 39, the words 'which shall not be less than, but' be deleted."

7. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, line 2, after the word 'furnished' the words 'deliberately and with mala fide intentions' be inserted."

SHRI J. P. YADAV: Madam, I move the following amendments:—

17. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 12, line 40, for the word 'income' the word 'income-tax' be substituted."

18. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, line 1, for the words 'of which the particulars have been' the words 'of the income the particulars of which have been deliberately' be substituted."

*The questions were proposed.*

SHRI M. K. MOHTA: Madam, clause 19 relates to penalty for concealed income. My submission is that there is no case for providing for a minimum penalty of 100 per cent of the income that is deemed to be concealed. There may be cases where the Income-tax Department may justifiably feel, considering the facts and circumstances of a case, that a much lower penalty would serve the ends of justice. But here, only a mathematical formula is sought to be applied to find out whether concealment has taken place or not. Now, there may be several cases of differences of opinion between an assessee and the Income-tax authorities and in such cases, if the assessee is unfortunate enough to have his assessment

[Shri M. K. Mohta]

made at a figure which is so much per cent higher than the return submitted by him, then he will be subjected to a great penalty which would be unjust and unfair. That is why I have proposed in my amendment that discretion should be left in the hands of the Income-tax Department about fixing a penalty. Of course the maximum limit of 200 per cent of income remains there. My only submission is that the minimum penalty may be dropped. My second submission is that unless the concealment is proved to be deliberate and with *mala fide* intentions, the penalty may not be there.

**श्री जगदम्बी प्रसाद यादव :** मेरा सशोधन इस प्रकार है कि एक तो जो देय धन है आय कर की उसको आय कर में परिवर्तन करने का और दूसरा है वह आय-कर जिसकी विशिष्टियां जान-बूझकर छिपाई गई हैं। मेरे कहने का तात्पर्य यह है कि जो दंड निर्धारण हमारे वक्त मंत्री महोदय ने किया है वह दुनिया के किसी भी कानून में इस तरह की प्रक्रिया में नहीं है और जब मैं डिबेट में भाग ले रहा था उस समय भी मैंने वित्त मंत्री का ध्यान आकर्षित किया था कि आपने जो इस आय-कर में और सम्पत्ति-कर में दंड नीति निहित की है उस की आप विवेचना करके देखेंगे तो आपको लगेगा कि आय कर में यह 1800 प्रति शत अधिक है और सम्पत्ति कर में 40,000 प्रतिशत से भी अधिक पड़ता है। एक उदाहरण ले लें, जहाँ पर कि आय कर 50,000 का हिसाब लगाया है। 50,000 की सम्पत्ति की आय अगर उसने छिपाई है तो उस पर कम से कम 50,000 के और अधिक से अधिक एक लाख कर लिया जायगा। 50 हजार कर तो उसकी छिपाई सम्पत्ति पर ले लिया जाएगा और बाकी 50 हजार के लिये क्या किया जायगा ?

**श्री मोरारजी आर० देसाई :** माननीय सदस्य यह जानते हैं कि 50,000 की आमदनी पर टैक्स होगा। पन्चीस हजार से कम पर नहीं।

**श्री जगदम्बी प्रसाद यादव :** नहीं, जो आय-कर होगा उसके लिये उनका दंड करने तो शायद स्वाभाविक होता लेकिन जो सम्पत्ति है उस पर आपने कम से कम 100 गुना रखा है और अधिक से अधिक दो सौ गुना रखा है।

दूसरा यह है कि अगर आप देखें तो यह तो कोई जस्टिफिकेशन नहीं होना चाहिये कि अगर कोई निर्दोष हो और उसने कोई जान बूझ कर वह गलत हिसाब नहीं किया है, न जान बूझ कर छिपाया है बल्कि गलत हिसाब अनजाने में वह प्रस्तुत करता है तो सजा उसके अनुसार होनी चाहिए। अगर जान बूझ कर उसने ऐसा किया है तो उसकी सजा उस ढंग से होनी चाहिये। मैं यह नहीं कहता कि जो कर वंचना करते हैं उनको किसी तरह से छोड़ा जाय, लेकिन जो कर वंचना करने वाले लोग होते हैं वह ऐसे होते हैं कि आय-कर के अधिकारियों को भी कर वंचना में समेट लेते हैं। जैसे कि मैं उदाहरण देना चाहता हूँ। नोटिसेज जो जाते हैं उन नोटिसेज को पारित करने वाले जो अधिकारी होते हैं, छोटे से लेकर बड़े तक, उन पर कुछ रुपये खर्च किये जाते हैं। जहाँ पर करोड़ों रुपयों का, उपाध्यक्ष महोदया, बकाया रहता है वहाँ पर देखते हैं माल-भर में कितना इन्टरेस्ट आयेंगा; अगर 10 लाख या 20 लाख रु० इन्टरेस्ट आता है तो वह एक आध लाख रुपया उन अधिकारियों पर खर्च कर देते हैं। वह रुपया चला जाता है और यही कारण है कि इतना ज्यादा बकाया पड़ा है। आपने उद्देश्य में तो कहा भी है कि हम इस कानून को सरल कर रहे हैं लेकिन जब वस्तु-स्थिति देखते हैं तो यह कानून उतना सरल नहीं है बल्कि इस ढंग का बन गया है, जिसे स्वाभाविक रूप में पारित करना असम्भव है। लगता है कि शायद कर वंचना करने वाले को सहयोग दे रहे हैं।

THE DEPUTY CHAIRMAN: Please be brief.

श्री जगदम्बो प्रसाद यादव : मैं मदन के विचार रखना चाहता हूँ जिससे उचित रूप से काम हो। हम वर वंचना करने वालों से सहूलियत से पैसा वसूल कर सकें, आसानी से वसूल कर सकें, ऐसा प्रयत्न होना चाहिये। अगर ऐसा नहीं कर सके तो जिस कानून को बना कर आप चाहते हैं कि सैकड़ों रुपया जो बकाया है वह वसूल हो तो वह वसूल नहीं हो पाएगा। इसलिए "जान बूझ कर के" यह जो शब्द है कम से कम इनको और जोड़ दें जिसमें आपको भी सहूलियत हो और दूसरों को भी सहूलियत हो

श्री मोरारजी आर० देसाई : मुझे यह मंजूर नहीं है। मैंने पहले कारण बता दिये हैं।

5 P.M.

THE DEPUTY CHAIRMAN: The question is:

6. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 12, line 39, the words 'which shall not be less than, but' be deleted."

The motion was negatived.

THE DEPUTY CHAIRMAN: The question is:

7. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, line 2, after the word 'furnished' the words 'deliberately and with mala fide intentions' be inserted."

The motion was negatived.

THE DEPUTY CHAIRMAN: The question is:

17. "That the Rajya Sabha recommends to the Lok Sabha that the

following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 12, line 40, for the word 'income' the word 'income-tax' be substituted."

The motion was negatived.

THE DEPUTY CHAIRMAN: The question is:

18. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, line 1, for the words 'of which the particulars have been' the words 'of the income the particulars of which have been deliberately' be substituted."

The motion was negatived.

THE DEPUTY CHAIRMAN: The question is:

"That clause 19 stand part of the Bill."

The motion was adopted.

Clause 19 was added to the Bill.

Clause 20 was added to the Bill.

Clause 21—Insertion of new section 276B

THE DEPUTY CHAIRMAN: There are amendments proposed to this clause, amendment No. 8 by Shri Mohta and amendments Nos. 19 and 20 by Shri Yadav.

SHRI M. K. MOHTA: Madam, I beg to move:

8. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in

[Shri M. K. Mohta]

the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, after line 16, the following proviso be inserted, namely:—

'Provided that no person shall be prosecuted under this section without the prior sanction of the Commissioner of Income-tax.'

SHRI J. P. YADAV: I beg to move:

19. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, line 8, for the word 'person' the word 'company' be substituted."

20. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 13, line 11, for the word 'he' the words 'the managing director' be substituted."

*The questions were proposed.*

SHRI MORARJI R. DESAI: What the hon. Member wants in his amendment No. 8 is already provided in the Bill. A prosecution will only be launched with the sanction of the Commissioner of Income-tax.

THE DEPUTY CHAIRMAN: The Finance Minister says that what you seek in your amendment is already there in the Bill. Do you still want to speak? He has already replied without your explaining. Still you want to say something?

SHRI M. K. MOHTA: I would only like to submit that the provision in clause 21 is so very stringent that it proposes a punishment of rigorous

imprisonment. My submission is that without the sanction of a high authority like the Commissioner of Income-tax, it should not be done.

THE DEPUTY CHAIRMAN: It is there already, he says.

Now, Shri Yadav.

श्री जगदम्भ प्रसाद यादव : मेरा निवेदन यह है कि पेज 13, लाइन 8 पर जो शब्द "व्यक्ति" दिया गया है, उसके स्थान पर शब्द "कम्पनी" होना चाहिये। इसी तरह से पेज 13, लाइन 11 पर शब्द "वह" की जगह पर शब्द "प्रबन्ध निर्देशक" होना चाहिये। मैं समझता हूँ कि वित्त मंत्री जी का ध्यान इस ओर होगा और इसी चीज को ध्यान में रख कर जो यहाँ पर छूट गया है, वह व्यक्ति साधारण स्थिति में आता होगा। आज आय-कर और सम्पत्ति-कर पर जहाँ कर लगता है, वहाँ पर इन्डस्ट्रियलिस्ट कम्पनीज आते हैं। इसलिये मेरा वित्त मंत्री जी से अनुरोध होगा कि "व्यक्ति" की जगह पर "कम्पनी" शब्द को रखा जाय और "वह" शब्द की जगह पर "प्रबन्ध निर्देशक" शब्द रखा जाय, तो शायद ज्यादा सुविधाजनक होगा और उन लोगों पर ज्यादा मजत कार्यवाही करने पर सुविधा होगी।

श्री मोरारजी आर० देसाई : परसन में कम्पनी आ जाती है, मगर कम्पनी के अन्दर परसन नहीं आता है।

SHRI M. K. MOHTA: Madam, I beg leave of the House to withdraw my amendment.

*\*Amendment No. 8 was, by leave, withdrawn.*

THE DEPUTY CHAIRMAN: The question is:

19. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in

*\*For text of the amendment, vide cols. 1554-55 supra.*

the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

‘That at page 13, line 8, for the word ‘person’ the word ‘company’ be substituted.’”

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

20. “That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

‘That at page 13, line 11, for the word ‘he’ the words ‘the managing director’ be substituted.’”

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

“That clause 21 stand part of the Bill.”

*The motion was adopted.*

*Clause 21 was added to the Bill.*

*Clauses 22 to 31 were added to the Bill.*

*Clause 32—Amendment of Act 27 of 1957*

SHRI M. K. MOHTA: I beg to move:

9. “That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

‘That at page 16, lines 37-38, the words ‘which shall not be less than, but’ be deleted.’”

*(This amendment also stood in the name of Shri J. P. Yadav)*

10. “That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in

the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

‘That at page 16, after line 41, the following proviso be inserted, namely:—

‘Provided that the said concealment or inaccurate furnishing of particulars has been proved in a High Court to be deliberate and with *mala fide* intentions.’”

SHRI J. P. YADAV: I beg to move:

22. “That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

“That at page 16, line 40, after the words ‘have been’ the word ‘deliberately’ be inserted.”

*The questions were proposed.*

SHRI M. K. MOHTA: My submission in this respect is this. It has been pointed out by the Finance Minister that there will be approved valuers and there will also be a Department of evaluation in the Wealth Tax Department and no penalty will be levied on any assessee if the property is valued by these valuers and that valuation is returned. In such a case it appears that these valuers will become the “Bhagya Vidhatas” of the assesseees because there is no provision for any appeal against the valuation by these valuers. What would happen is that the assessee may be valuing his property at a lakh and the valuer may say, “No, it is two lakhs.” The assessee dare not return any thing less than Rs. 2 lakhs as value of the property for fear of penalty, though in his heart of hearts he would always be feeling that it is most unjust because his property is really worth only a lakh. So my submission is that a minimum penalty need not be provided and the concealment or inaccurate furnishing must be proved to be deliberate and with *mala fide* intention.

श्री जगदम्बो प्रसाद यादव : मैं दोनों को साथ ही ले रहा हूँ। इस सम्बन्ध में मेरा कहना यह है कि न तो मूल रकम कम होगी अगर उनके बाग़ में विशिष्टियाँ जान बूझ कर छिपाई गई हों।

मैं वित्त मंत्री जी से अनुरोध करना चाहता हूँ कि राज्य सभा में आकर कुछ विशेष चिन्तन करने की आवश्यकता पड़ती है और शायद राज्य सभा की महत्ता इस प्रजातन्त्र में इसलिये बची हुई है। नहीं तो, सच्चाई से देखा जाये यह वित्त विधेयक है और लोक सभा द्वारा पारित हो जाने के बाद यह लागू भी हो चुका है। लागू हो जाने के बाद शायद उस पर विवेचन करना सर्वसाधारण के लिए बेकार लगेगा। लेकिन यह यहां पर इसलिये आया है कि ताकि उस पर उचित विचार किया जा सके और अब उचित विचार के नाम पर हम कोई ऐसी व्यवस्था करने जा रहे हैं जिस व्यवस्था में दो तीन बातें बड़ी गम्भीर हैं और उन पर विचार करना अत्यन्त आवश्यक है।

एक विचार तो यह है कि जब कोई सम्पत्ति का विवरण देता है तो उस सम्पत्ति के विवरण देने वाले को फायदा है या नहीं। जो सम्पत्ति की जांच करने वाला है, जो आय-कर अधिकारी है, वह आय-कर अधिकारी उस सारी सम्पत्ति का मूल्यांकन कर सकता है या नहीं कर सकता है। मान लीजिये कि आप किसी को एक सर्टिफिकेट के क्वालिफिकेशन पर आय-कर अधिकारी बहाल कर देते हैं। लेकिन उनको अनुभव नहीं है कि वह सम्पत्ति जो दी गई है उसका मूल्यांकन कि जिस आधार पर और कैसे किया जा सकता है। अनुभव नहीं हुआ किन्तु पढ़े लिखे हो गये, मगर सम्पत्ति का मूल्यांकन नहीं कर सकते।

दूसरी बात यह है कि अगर किसी ने उस सम्पत्ति का ठीक विवेचन और जानकारी दी है, लेकिन यह विवेचना जैसा कि आप चाहते हैं, उस प्रकार की विवेचना नहीं दे सका,

तो इस तरह से वह जान बूझ कर गलती नहीं करता है। मगर आप फिर भी विचार करने से इन्कार करते हैं। अब आपको यहां पर देखना होगा कि वह दरअमल में कर-वंचना करता है या नहीं जब कि उसकी दृष्टि में वह विवेचना ठीक है, गलत नहीं है। इस तरह से जो जान बूझ कर गलती करता है और जो अनजाने में गलती करता है, उन दोनों को आप एक ही लाठी से हांक रहे हैं। उनको आप एक ही दंड दे रहे हैं जो उचित नहीं होगा।

साथ ही साथ यह विचार करे कि उसने एक सम्पत्ति छिपाई है एक लाख की और ब्योरा भी ठीक ठीक नहीं देता है। आप एक लाख के ऊपर कम से कम सजा देते हैं एक लाख के, अगर सम्पत्ति एक लाख की होती है। लेकिन दूसरी सजा आप दो लाख की देते हैं। एक लाख तो आप उसकी सम्पत्ति से ले लीजिये लेकिन दूसरे लाख के लिए आपको उसकी सम्पत्ति खोजनी पड़ेगी। इस तरह से अस्वाभाविक दंड न हो और इस तरह से अस्वाभाविक कानून पारित राज्य सभा न करे। इसलिये मैं वित्त मंत्री जी से अनुरोध करूंगा कि आप जरा देखिये और उसका हिसाब लगाइये कि सचमुच में जो दंड की प्रक्रिया है वह ठीक है। यह दंड की प्रक्रिया कितनी भ्रष्ट है और कितनी अधिक प्रतिशत बढ़ जाती है। यह 40 हजार प्रतिशत गुना अधिक होती है। इसलिये मैं आपसे निवेदन करना चाहता हूँ कि आप इस पर विचार करें। मैं आपसे इस बात में सहयोग करता हूँ जो कर से बचने वाले लोग हैं उनसे वसूल किया जाना चाहिये। लेकिन आपका रास्ता ऐसा न हो जाय जिस रास्ते के कारण बाहर की दुनिया में जग हंसाई हो जाय। मैं एक बार जो बिल यहाँ पर उपस्थित है उस बिल पर दिल्ली बार एसोसियेशन का रेजोल्यूशन पढ़ रहा था। उन रेजोल्यूशन में उन्होंने कहा था कि ऐसा भयावह कानून जिसको देख कर ही एक बार आदमी काँप

उठ सकता है हाई भी विचारवान खाम करके जो ईमानदार है उसके लिये तो यह एक संकट का कारण बनेगा। जहाँ तक संकट का कारण बनेगा जो इसके अधिवक्ता है उनके लिये भी यह एक समस्या का कारण बन रहा है। इसमें इन प्रकार का क्या निराकरण हो सकता है। इसलिये मैं बार बार आपसे आग्रह करूँगा कि इस पर आप विवेचन करें और विवेचना करके कम से कम आप अपने जवाब में यह बतायें कि सचमुच में जिन तरह की भयावह चीज़ें समझी जाती हैं वैसी भयावह नहीं है जिस तरह का इस कानून का इंटरप्रिटेशन हम या बाहर के जगत के लोग कर रहे हैं वैसा सचमुच में यह नहीं है। जिन काम के लिये इसको आप लागू करना चाहते हैं आप चाहते हैं कि सचमुच में कर-वचना सके, आप चाहते हैं कि सही सही वह आपके नामने उपस्थित करें तो बाहर में चाहे वह बार एसोसिएशन हो, चाहे वह दूसरे जो अर्थशास्त्री हैं उन्होंने भी इस तरह का जो विवेचन किया है कि यह बड़ा भयावह है और इस तरह का जो जगत में, दुनिया में और किसी देश में नहीं पाया जाने वाला है उसका भी जवाब इस सदन में आप के द्वारा होना चाहिये, मैं आपसे यही विनम्र आग्रह करूँगा।

**श्री मोरारजी आर० देसाई :** विवेचन पहले मैंने किया हुआ है। बार बार विवेचन करने से दूसरी बात तो कोई होगी ही नहीं। यह बात सही है कि पेनाल्टी सख्त है, लेकिन सख्त पेनाल्टी समझवृत्त कर रोज़ी गई है।

**श्री जगदंबी प्रसाद यादव :** बार बार विवेचन की बात आप कहते हैं, मैं कहता हूँ कि बार-बार विवेचन करना तो आपके लिये अत्यन्त आवश्यक है। मैं आपका भावना के साथ हूँ . . .

THE DEPUTY CHAIRMAN. That will do.

**श्री जगदंबी प्रसाद यादव :** नहीं, नहीं, एक जवाब मेरा अत्यन्त आवश्यक है, मंजूर हो।

मैं एक आग्रह आपसे जरूर करूँगा और बार बार आग्रह करूँगा चूँकि आपकी भावना में है कि इतने कगोड़ रुपया हमारा बकाया है और वह रुपया किसी भी कीमत पर वसूल होना चाहिये। इस भावना के साथ मैं सम्मिलित हूँ, लेकिन इस भावना के साथ मैं सम्मिलित नहीं हूँ कि वसूल करने के फेर में हम ऐसा कदम उठा लें जो वसूल करने से भी भयावह हो जाता है।

मैं इसलिये फिर आपको स्मरण दिलाता चाहता हूँ कि स्वर्ण नियंत्रण कानून के वक्त में भी लोगों ने बार बार आपसे आग्रह किया था और आन्दोलन हर के भी आग्रह किया था फिर भी आपने नहीं माना था, लेकिन अब फिर आप उसमें बदल करने जा रहे हैं। इसीलिये मैं चाहता हूँ कि आप इस पर बार बार विवेचन करें जिससे बाहर और भीतर दोनों को मनोप हो।

**श्री मोरारजी आर० देसाई :** स्वर्ण नियंत्रण की जो बात आपने कही, जो मैं होता तो मैं उसे वापस खींचता ही नहीं। यह भी मैं आपसे कहना चाहता हूँ कि मैं नहीं रहा इसीलिये उसे वापस खींचा गया। ऐसी धमकियों से कोई डरता नहीं है, यह भी आपको समझ लेना चाहिये।

इसमें सवाल तो यही है कि यह भयानक जरूरत है और भयानक रखा ही है, समझ-बूझकर के भयानक रखा है। जब तक भयानक यह बनेगा नहीं तब तक कमीलमेट कभी खत्म नहीं होगा। अगर देशों में ऐसा नहीं है, वह कोई कारण नहीं है। कई चीज़ें और देशों में नहीं हैं, यहाँ हैं, कई चीज़ें यहाँ नहीं हैं, और देशों में हैं, दूसरे देशों पर जाने की क्या जरूरत है, हमारी बुद्धि में जो हमें ठीक लगता है वह करना चाहिये।

इसमें किसी भी निर्दोष अदमी को क्यों प्रबुद्धि की जरूरत है यह मेरी समझ में नहीं आता है। जो कमील करता है उसको सजा होनी चाहिये। मैं तो मानता हूँ कि उसकी साथी सम्पत्ति ले लेनी चाहिये, लेकिन

[ श्री मोरारजी आर० देसाई ]

कांस्टिट्यूशन में मैं यह कर नहीं सकता। इसीलिये जितना बचाया है उतनी ही सम्पत्ति ले ली जायेगी, यह एक यहाँ प्राविजन किया है क्योंकि कांस्टिट्यूशनली ऐसा करना पड़ता है। इससे कम करने के लिये मैं बिल्कुल राजी नहीं हूँ।

श्री जगदम्बी प्रसाद यादव : आपने 'डेलिब्रेट' शब्द का प्रयोग किया है, तो उसको रख दोजिये।

श्री मोरारजी आर० देसाई : 'डेलिब्रेट' से पूरा नहीं होगा।

THE DEPUTY CHAIRMAN: The question is:

9. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 16, lines 37-38, the words 'which shall not be less than, but' be deleted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

10. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 16, after line 41, the following proviso be inserted, namely:—

'Provided that the said concealment or inaccurate furnishing of particulars has been proved in a High Court to be deliberate and with mala fide intentions.'

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

22. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 16, line 40, after the words 'have been' the word 'deliberately' be inserted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

"That clause 32 stand part of the Bill."

*The motion was adopted.*

*Clause 32 was added to the Bill.*

*Clauses 33 to 37 were added to the Bill.*

*Clause 38—Amendment of Act I of 1944*

SHRI M. K. MOHTA: Madam, I move:

11. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 21, lines 5 to 22 be deleted."

SHRI M. K. MOHTA: Here I have a confession to make. This amendment is in the nature of self-defence because my little boy has given me an ultimatum that unless the duty on confectionery and chocolates is removed he will not talk to me any more.

*The question was proposed.*

SHRI MORARJI R. DESAI: What was that?

THE DEPUTY CHAIRMAN: He has a little boy who has threatened him that unless this tax is removed he will not talk to him.

SHRI MORARJI R. DESAI: I am sure he will begin to talk to him as soon as this is passed.

THE DEPUTY CHAIRMAN: That is a good one. I am sure you are withdrawing your amendment on this assurance.

SHRI M. K. MOHTA: Thank you for the assurance.

*Amendment No. 11 was, by leave, withdrawn.*

THE DEPUTY CHAIRMAN: The question is :

"That clause 38 stand part of the Bill."

*The motion was adopted.*

*Clause 38 was added to the Bill.*

*Clauses 39 to 44 were added to the Bill.*

*The First Schedule and the Second Schedule were added to the Bill.*

#### *The Third Schedule*

SHRI M. K. MOHTA: Madam, I move :

13. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 52, line 29, for the words 'five hundred' the words 'two thousand and five hundred' be substituted."

14. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 52, line 30, for the words 'five hundred' the words 'two thousand and five hundred' be substituted."

15. "That the Rajya Sabha recommends to the Lok Sabha that the

\*For text of the amendment, vide col. 1564 supra.

following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 55, after line 36, the brackets, figures and words '(29) Cotton cloth and cotton yarn' be inserted."

*The questions were proposed.*

SHRI M. K. MOHTA: I am not moving amendment No. 12.

Amendments Nos. 13 and 14 relate to the dividends to the extent of Rs. 500 which have been made tax free. Here may I submit that the incentive given is so minute that it amounts to no incentive at all? An assessee who is already earning an income of Rs. 1000 per month would get a tax relief of Rs. 6 by this provision. For all that he would care this might even be deleted because that would at least give relief in the workload of the tax officers. Therefore my submission is that the limit of tax-free dividends may be increased to Rs. 2500.

Amendment No. 15 relates to the inclusion of cotton cloth and cotton yarn in the list of priority industries. The textile industry is passing through a grave crisis today. According to the Reserve Bank study the profitability of this industry is one of the lowest being 1.2 per cent as against 8.7 per cent for all industries. Cloth is the second most important item of mass consumption and in the interests of the health of the industry, in the interests of modernisation and expansion of the industry, it is necessary that it should be placed on a footing of priority industry.

These are my submissions.

SHRI MORARJI R. DESAI. He wants to raise the limit of tax-free dividends from Rs. 500 to Rs. 2500 which means he wants to favour the

[Shri Morarji R. Desai]

richer people which I do not want. I am against it. About cotton cloth and other things we are trying to find out measures whereby we will see that the difficulties are removed.

THE DEPUTY CHAIRMAN: The question is:

13. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 52, line 29, for the words 'five hundred' the words 'two thousand and five hundred' be substituted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

14. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 52, line 30, for the words 'five hundred' the words 'two thousand and five hundred' be substituted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

15. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1968, as passed by the Lok Sabha, namely:—

"That at page 55, after line 36, the brackets, figures and words '(29) Cotton cloth and cotton yarn' be inserted"

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

"That the Third Schedule stands part of the Bill.

*The motion was adopted.*

*The Third Schedule was added to the Bill.*

*The Fourth Schedule was added to the Bill.*

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

SHRI MORARJI R. DESAI: Madam, I move:

"That the Bill be returned."

DR. B. N. ANTANI (Gujarat): Madam, I have as usual listened to the reply given by the hon. Finance Minister to the criticisms of certain clauses of the Finance Bill. I am sorry I still remain unconvinced as to the need for the further taxation of so many items. To my mind, unless and until the Finance Minister prevails over the Government as a whole to see to the stoppage of wastage in expenditure, in purchases and in other administrative expenditure, I think for him to come before the House with proposals to tax the poor people is simply robbing poor Peter to pay Paul. There are reports after reports of the Public Accounts Committee, the Committee on Public Undertakings, of audit and so many recommendations giving examples of wastage in expenditure amounting to crores. If the Government does not listen to that and goes on taxing poor Peter, I believe it will not be a good administration in the interests of a welfare State and of the poor taxpayers. Take, for instance postal charges. The hon. Finance Minister compared it with give and take and said: "As I earn less and spend more on the staff, what can I do?" I am disappointed with his reply, that a sympathetic, considerate Finance Minister, we are proud to have should have given me this reply. Now, suppose I am frustrated in love

and I want to write some letters to win back the love of the lady. Why does he grudge that sort of consolation?

Another difficulty as a result of the increase in postage is this. In this vast country for communication, etc. postal facilities are so important that even the Government has to pay a little share. I believe it will not be unjustified. Therefore, I would humbly again at the last stage, at the last moment, request the Finance Minister to consider the case for a reduction in postal charges substantially.

Now, in framing the taxation proposals I have been seeing in the direction of the home industry. There is the case of embroidery on cotton piecegoods. Merchants have to purchase cotton piecegoods, after having paid duty, and have embroidery made on it. That is subject to a levy of 25 per cent taxation. This is a growing indigenous industry in India. With great difficulty they have been able to produce and even export and come in line with Japan and Switzerland. These are the cases which the hon. Finance Minister should consider sympathetically *vis-a-vis* reduction in wasteful expenditure. In the examples that have been cited, there is a purchasing mission in London. If these paragraphs are read attentively, he will come in line with my thinking and will consider it sympathetically. Thank you.

**SHRI U. K. LAKSHMANA GOWDA** (Mysore): Madam Deputy Chairman, thank you very much for giving me time for a few minutes at least at this stage to speak on this Bill. I was hoping that I would be getting some time earlier. Now, I will confine myself to one point, since most of the other points have been discussed and disposed of. I find from the Bill and the Budget that the plantation industry has not been given any consideration by the hon Finance Minister.

Talking about coffee and tea I hoped that some consideration for a reduction of excise duty would be given, but this has not been taken into consideration at all. When the excise duty on coffee was stepped up, the argument was that by increasing its price internal consumption would be less and more coffee would be available for exports. Now, we have reached a stage when the export of coffee is bound by the International Coffee Agreement and our export quota is limited. Whatever we do, we would not be in a position to export more than 23,000 tonnes of coffee and then *with regard to what we are selling* to the other communist countries, *viz*, 10,000 to 12,000 tonnes, it is also limited by their rupee earnings in this country. This year there is a possibility of the crop going up to 80,000 or 85,000 tonnes and the question of disposal of coffee in the internal market would arise. If some consideration is given for a reduction in the excise duty there will be possibilities of a bigger sale in the country, so that we could stabilise the industry as such. So much has been earned by way of excise duty and cess on coffee, that it definitely deserves a more favourable consideration.

So far as tea is concerned, the export duty on common teas, which are produced in the South, is quite high and we are facing difficulty in the export market. Some reduction in this would have given us a better position in the export market, when we are facing such severe competition from Ceylon after the devaluation of the pound sterling and the Ceylon rupee.

I will not take much time. When so much has been earned from the plantation States by way of excise duties, foreign exchange, etc. I would request that more Central aid should be made available to the plantations by assisting the States in providing better communication facilities, roads, telephone and electricity, which will help in improving agriculture as well. There is particularly need for improv.

[Shri U. K. Lakshmana Gowda]

ing the housing facilities, for which the one-man committee has recommended a subsidy-cum-Loan scheme for assisting the plantations to complete labour housing. The Central Government should provide sufficient financial assistance to States to implement their scheme.

THE DEPUTY CHAIRMAN: I do not think it is relevant. Just say the relevant things. Now, you may continue.

SHRI U. K. LAKSHMANA GOWDA: Madam, if more assistance from the Centre is available, plantation industry will be able to do better and improve exports from this country. I am only saying that some consideration could have been shown in this Bill by showing some reduction in the excise duty. I earnestly request the hon. Finance Minister to give consideration to it in due course.

THE DEPUTY CHAIRMAN: Please be very brief.

SHRI LOKANATH MISRA: I will be very brief and very revealing at the same time. I would not have taken the time of the House and I would not have bothered you . . .

SHRI GODEY MURAHARI: What are you revealing?

SHRI LOKANATH MISRA: . . . unless I had some very important information to furnish to the House. My information is more important in the context of the Finance Bill and in the context of the higher taxes to which the hon. Finance Minister has resorted. The way in which the expenditure is incurred is revealing. You must be remembering, Madam, that I had once said that No. 7, Jantar Mantar Road, had now become the most important employment exchange. The most important employment exchange in the country is No. 7, Jantar Mantar Road, i.e., the Congress Office. Now, I will read out certain facts for the information of the country and the House through you. The fact is that

somehow, fortunately or unfortunately, fortunately for the country and unfortunately for the Congress, reverses for very important persons in the Congress during the last elections were too many.

THE DEPUTY CHAIRMAN: How is this relevant?

SHRI LOKANATH MISRA: That is very relevant, how our money is being spent. I will explain it to you. I hope the hon. Deputy Prime Minister will have some patience in the matter.

SHRI MORARJI R. DESAI: I have always patience.

SHRI LOKANATH MISRA: Let him not be very impatient. It is the money that you are sanctioning for these posts that these discredited people are holding. Out of the reverses which the important members in the Congress Party faced, how many have been rehabilitated through this employment exchange? This is very important for the country. I am reading out the names. I am not taking much time. I would only read out the names.

SHRI MORARJI R. DESAI: How is it relevant? This is the Third Reading.

SHRI LOKANATH MISRA: It is very relevant. What else is relevant? Firstly, Shri A. M. Thomas . . .

THE LEADER OF THE HOUSE (SHRI JAISUKHLAL HATHI): For a man of Shri Lokanath Misra's stature we did not expect this kind of thing from him on the Finance Bill in the Third Reading.

SHRI LOKANATH MISRA: Let me read out the names. The country will take it at its value:

Shri A. M. Thomas. He is the High Commissioner in Australia.

Shri Raj Bahadur. He is the Ambassador in Nepal—another discredited gentleman during the last election.

Shri Alagesan, who used to be Minister of State here and who was defeated, is now in Ethiopia. He is going to Ethiopia, preparing for Ethiopia.

Shri P. S. Naskar. He is in New Zealand. He is another who got defeated.

Shri Subramaniam. He is heading the aeronautical industry of the country and is having a good time in America.

Shri K. D. Malaviya. He is the Chairman of the Heavy Engineering Corporation. He is heading it.

The answers this morning revealed how our public undertakings are functioning.

Shri Manubhai Shah, another discredited person. He is the Chairman of the Board of Rehabilitation of repatriates from Burma and Ceylon.

Shri Morarka who got defeated in Rajasthan, he heads the Committee which goes into the functioning of the Life Insurance Corporation.

The last one who heads the list is Shri Mahavir Tyagi, who is now heading the Fifth Finance Commission.

श्री निरंजन वर्मा : श्री मैमूना मुलाना भोपाल हैव्ही इलेक्ट्रिकल्स की डायरेक्टर बन गई है ।

SHRI LOKANATH MISRA: There is another addition. This is how the money the Finance Minister raises from the country is spent. This is only for your kind information.

SHRI MORARJI R. DESAI: There had not been a more cheap reference than that of the hon. Member who last spoke. His argument is not that these gentlemen are not fit for the tasks that have been given to them. A defeat in the Lok Sabha election or in an Assembly elections does not

mean that the person is not fit for the task which is given to him. There is no bar to their appointment to these posts. I do not understand what Shri Misra wants to say. He can certainly indulge in these cheap jibes which perhaps he thinks are very intelligent and are giving great credit to his sense of courtesy or proportion of good manners. I have nothing more to say about it.

I would only say this about my hon. friend, Dr. Antani that I am very grateful to him for the kind sentiments that he has for me. But it is not possible for me to do what he asks me to do. It is not possible for me to reduce the taxation, which he wants to be reduced.

The hon. friend who spoke there on coffee and tea was irrelevant because on coffee and tea no extra excise has been levied in this Finance Bill.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

*The motion was adopted.*

#### THE PUBLIC PROVIDENT FUND BILL, 1968

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI R. DESAI): Madam, I beg to move:

"That the Bill to provide for the institution of a provident fund for the general public, as passed by the Lok Sabha, be taken into consideration."

Hon. Members are aware that as part of the Budget proposals for the current year outlined in my Budget speech of the 29th February, 1968, I had indicated that I proposed to introduce a Public Provident Fund Scheme. The existing Provident Funds, that is, the State Provident