

सरदार रघुबीर सिंह पंजहजारी : अभी
अभी पता लगा है . . .

MR. CHAIRMAN : No, no. Mr. Dharia.

RE ACUTE SHORTAGE OF LIGHT DIESEL OIL IN MAHARASHTRA

SHRI M. M. DHARIA (Maharashtra) : With your kind permission, may I draw the attention of the Government to a very serious matter in the State of Maharashtra ? Once a calling attention notice regarding the acute shortage of light diesel oil and crude oil was discussed in this House and the hon. Minister of Petroleum and Chemicals had assured us that there would not be any shortage or acute shortage of diesel oil or crude oil so far as agricultural production was concerned. I have received a telegram from the Vice-Chairman of our Maharashtra Pradesh Congress Committee as follows :—

"Acute shortage of crude oil Stop
All crop on this side affected Oil
engines stopped crop drying Pray
immediate crude oil supply."

The shortage is absolutely acute and may I request, through you, the Government immediately to look into this matter ? I have given a calling attention notice and may I request you to hand it over to the Government and also accept it ?

THE BUDGET (GENERAL), 1966- 67—GENERAL DISCUSSION

SHRI DAHYABHAI V. PATEL (Gujarat) : Sir, the country heaved a sigh of relief on the 1st of January this year when the late Prime Minister Lal Bahadur Shastri relieved . . .

SHRI ARJUN ARORA (Uttar Pradesh) : Not the country, but only a few individuals.

SHRI DAHYABHAI V. PATEL :
. . . . the predecessor of the present

Finance Minister, of his office. Sir, need I add anything more to what we have had for twenty minutes about what had happened in his regime ? But does the death of Shastriji mean that we are reverting to the old policies ?

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.]

In admitting the failure of the old policies, both politically and otherwise in the fiscal policies, one hoped that there would be a change, but I am wondering whether this change is going to remain or not. One bold step was taken to decontrol cement and that has proved how wrong the Government's policy was in this matter. Similarly, equally strong is the case for the decontrol of sugar and, if I may say so, cloth. Is Government going to persist in these policies and go on heaping on us more and more taxation, just because they want to follow ill-advised policies ?

As has become customary for Finance Ministers in recent years, the new Finance Minister too has expressed sentiments and spelled out objections, which are unexceptionable when viewed against the changing phase of our economy. It is only when it comes to be translated into actual executive measures that one finds contradictory trends. Everyone in the country would agree with the Finance Minister—and I quote the Finance Minister—that "the Budget has to be production-oriented, creating a better psychological climate for a greater regard to savings and efficiency all round". And I quote again : "every effort has to be made to restrain Government expenditure." There is also a common measure of agreement that "more and more, the possibility of raising additional internal resources will depend on the growth and dynamism of the Indian economy itself" and that, therefore, "it is of paramount importance to improve the performance of the economy by raising productivity both in agriculture and industry". He has also recognised that "growth of private industry must depend more and more on the

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equity participation of a growing number of people from different strata of society", and that "the revival of the capital market and a greater flow of private savings to industry in the form of equity investment are desirable in the larger social interest". He, therefore, attaches importance to strengthening and maintaining the confidence of the private sector as also to the more efficient working and management of the country's growing family of public enterprises. Thus in short, a rising level of productivity both in agriculture and industry, greater efficiency, restraints in Government expenditure, higher savings, revival of the capital market, more widespread equity participation and the strengthening and maintenance of the private sector are the salient points stressed by him in part A of his Budget Speech. But a number of his proposals come into conflict with these desired ends.

No doubt he has tried to give some concessions to the individual assesseees and the corporate sector which are welcome. These have, however, been more than negated by his proposal to levy a flat special surcharge of 10 per cent of the amount of income-tax and surcharge in respect of earned income and unearned income, payable by all non-corporate assesseees, and to increase the general rates of tax on corporate incomes by approximately 10 per cent. The former will bring an additional revenue of Rs. 25.6 crores and the latter about Rs. 36 crores. To this must be added the additional excise duty on sugar which is expected to yield as much as Rs. 22 crores. These three items alone make a serious inroad in the savings of the community in as much as Rs. 84 crores would have been syphoned away to the Government exchequer. The total new imposts of Rs. 101.51 crores, coming as they do after the heavy burden of taxation imposed last year which brings additional revenues to the Government of about Rs. 279 crores on an annual basis, is indeed back-breaking. It is ironical that while on the one hand the Finance Minister speaks of higher savings and

better investment climate, on the other hand he comes forward with such heavy demands. It is not understood how in these circumstances the capital market can be revived and industry's need of capital requirements met.

The present budget, it must be remembered, of the Finance Minister is the fourth one since February, 1965. On 17th February 1965, the so-called 'little budget' was announced. It was followed by the yearly budget and again by a supplementary budget on the 19th August, 1965—like all the earlier budgets more taxes, more Government wasteful spending, more printing of paper money, more inflation. The measures taken last year added up to a sizeable tax effort of over Rs. 180 crores. The budget for 1966-67 imposes additional levies to the extent of another Rs. 120 crores which work themselves out to over Rs. 146 crores in the year. If the Railway budget for 1966-67 is also taken into account, the incidence will be over Rs. 164 crores. At a time when the national income is showing a downward trend, there is an inroad of nearly Rs. 345 crores into the savings of the community.

One serious matter of concern to which I would like to draw attention of the House is that in the successive budgets from 1961 onwards and perhaps early there is always an under-estimate of receipts of the Government of India. The figures from the explanatory memorandum for the last five years show that there is always an under-estimate of the order of a crore and over every year. If there was a reasonably correct estimate, perhaps some of the taxation measures embarked upon would not be necessary.

The Central Government budget ought to become an important instrument for developing the economy instead of levying burdensome imposts on the people and the corporate sector.

Capital for industry, whether it is for maintenance or for expansion or for establishment of new units, comes from its own savings which are ploughed back or from individual savings which finance equity raisings or from borrow-

ings and loans. The high burden of taxation on the corporate sector which varies between 63 and 70 per cent in India against the maximum of about 54 per cent in other countries does not leave enough savings in the hands of the companies for purposes of ploughing back. In the U.K. under the latest proposals it is likely to be only somewhere between 35 per cent and 40 per cent. The additional 10 per cent increase in tax on corporate incomes will deplete their savings further. So far as individuals are concerned, the income-tax assessee in India has to bear a very heavy quantum of taxation. We are often described as the highest taxed nation. On certain reaches of income he pays more than what he earns. This will be disincentive to saving and will divest him of his capital. The new additional flat surcharge of 10 per cent of the amount of income-tax proposed to be levied in the new Budget will make his position still worse. Over and above this, there will be the burden of new excise duties. The high punitive rates of taxation have to be borne by that class of income-tax assessee who of receipts of the Government of India, generally save and invest in equity shares of companies. Now if the capacity of this class of people to save and invest is to be impaired further, it is not understood how and from where the money will flow into equity shares.

Already a declining trend in revenue receipts under the head of Income and Corporation taxes has commenced. In the current financial year 1965-66, the Income and Corporation taxes have shown a short-fall of the order of Rs. 75 crores. This was inevitable because the law of Diminishing Returns in the face of ever-mounting taxation was bound to become operative. The Government of India, unlike other industrially advanced countries like the United States, West Germany, Japan, Canada and also developing countries like Brazil, Malaya, etc. have failed to realise that rising rates of taxation inhibit both the growth rate of the economy as also the revenue receipts of the State, and contrarilywise a reduction in taxation rates gives a boost to the economy and steps up revenue receipts. Unfortunately, extraneous considerations have pre-

vailed to the detriment of the country's economy as a whole. We seem to attach importance to wrong priorities. Distribution before production appears to be the more acceptable theme with the result that we have been distributing poverty all round instead of prosperity which should be the true aim of a welfare society. Little regard in actual practice is paid to the concept of a rising standard of living for the mass of the people though it is loudly professed in our policy statements. Against the prevailing dismal conditions of living of the common man, it rather sounds academic to speak of restraint on consumption and of tightening the belt further. The belt is already tightened to the last hole for the mass of the people who lead a sub-standard life. If it were not so, measures like imposition of an additional excise duty on sugar, cloth, etc. would not have been thought of. Also, it has to be realised that a production-oriented budget has no meaning when a curb is placed on consumption. Consumption and production are inter-related and one cannot go without the other. It is only a rising level of consumption—in India it means only essential articles—which can sustain higher production.

It may be argued that in view of the rising demand of the State there is no alternative but to raise the level of taxation. This oft-repeated argument is not at all convincing especially when no serious efforts are made to effect the necessary economies in governmental expenditure. It is realised that at the present junction, defence requirements cannot be curtailed and no one would make a suggestion to that effect. But there are certain types of governmental expenditure which could be reduced. It was reported some time back that directive had been issued to the various Ministries and Departments to effect a cut of 10 per cent in their expenditure. This could easily have brought about a saving of about Rs. 100 crores. In the course of the last 15 years the expenditure of the Union and the State Governments has increased by as much as 500 per cent. This is a colossal increase. State Governments have year after year been resorting to unauthorised

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overdrafts on the Reserve Bank. The Finance Ministers in previous years have recognised this weakness in the financial position and yet nothing is being done to stop these overdrafts. Often we have heard of the need to impose a greater measure of discipline on the States with regard to their spending habits, with what results we do not know. The tax-payer has a right to demand that before he is called upon to pay more taxes, the State Governments should be disciplined to live within their means and that the Union Government too should enforce strict economy in their administrative expenses and plug all avenues of wasteful expenditure.

What is needed is a radical change in the framing of the Union and State Budgets. Instead of the Government first fixing their targets of expenditure and then starting to find resources to finance them, it should be the endeavour of the Government to first assess what their income is going to be and to cut their coat according to the cloth. A nation with limited means cannot afford to do this unless it wants to run into insolvency. As the Finance Minister has stated—I quote him :—

“The developments during the current year are a matter of concern and call for a greater degree of realism in budget-making as well as greater sense of determination in restraining expenditures, whether revenue or capital, whether Plan or non-Plan, whether by the Centre or by the States.”

This realism, however, does not appear to be the guiding factor in the budget-making this year, as, otherwise, we would not have seen much a heavy load of taxation imposed on the tax-payer. What is needed now is that we should first know our financial resources and then frame a budget to match it and not the other way round.

The Finance Minister has spoken of the role of foreign capital in our industrial effort. He has stated—I am quoting him :—

“With the best will in the world and the utmost effort we are capable of, we still cannot dispense with foreign aid in the near future.”

The flow of foreign aid both on the Government-to-Government level and on the basis of participation of foreign private equity capital will depend on our realistic fiscal policies and our ability to find matching rupee capital. Participation of foreign equity capital particularly will depend on how well the investment climate is built in the country. There is a great demand for foreign equity capital in all the developing countries as well as developed countries of the world and there is a keen competition among the receiving countries to secure it. It, therefore, flows to those countries who offer the best investment climate. In a capital hungry world we have to offer attractive terms of foreign private equity capital. Incentives to foreign equity capital alone will not serve the purpose because it has to be met with a matching rupee capital which can be available only when there is an encouraging climate for investment purposes. The inflationary aspect of the Budget proposals cannot also be ignored. In the present scarcity conditions of the market, the tax incidence, particularly of excise duties, will be passed on to the consumers. The general price level in the country has shown a significant increase of 7.6 per cent during the 12 months ending January, 1966. In 1964, it had risen by 17.2 per cent. A rise of 24.8 per cent in the course of two years has already made a serious dent in the real income of the people. A further rise consequent upon the imposition of fresh levies under the new Budget proposals this year will make life really difficult for the ordinary wage-earner.

The Budget does have certain welcome features such as the abolition of the bonus tax payable by domestic companies, limitation of the dividend tax to dividends paid in excess of 10 per cent, the abolition of the notional capital gains tax on bonus issues in the hands of the shareholders (which will now be charged only when the capital

gains are actually realised), the abolition of the expenditure tax, the raising of the exemption limit of total incomes not chargeable to tax in case of personal taxation, the inclusion of the tea industry in the list of industries eligible for higher development rebate, etc., etc. But these reliefs have been more than off-set by the imposition of the surcharges both on personal and corporate incomes and by the enhancement of the excise duties levied on certain articles of common consumption. The raising of the rates of Estate Duty on certain intermediate slabs has further accentuated the situation.

I will now refer briefly to some of the proposals of the Finance Minister. The increase in excise duty on crystal sugar from Rs. 28.65 to Rs. 37 per quintal, which will bring an additional revenue of Rs. 21.93 crores, will cause hardship to the consumer as well as to the industry. The current rate of duty is already very high and its enhancement will curtail the consumption of the commodity. The sugar factories are having large stocks of sugar for which they have been finding it difficult to raise the necessary finance. As a result of curtailment in consumption, the stocks will increase further and the difficulties of the factories in regard to finance will further be aggravated.

The consumer on the other hand will have to bear an avoidable burden on his household budget. The disparity in excise duty between white sugar and khandsari, which will now increase, will dislocate production in factories and cause hardship to cane growers also.

The increase in excise duty on diesel oil by Rs. 60 per kilolitre, which raises an additional yield of Rs. 5.35 crores, will add to the cost of road transport and industrial concerns using oil-fired furnace units. At the same time, it will hurt the cultivators using diesel oil for running their pumps for lift irrigation.

The increase in excise duty on certain varieties of cotton yarn and cotton fabrics, expected to yield Rs. 7.23 crores

and Rs. 6.3 crores respectively, and on rayon and synthetic yarns, expected to yield Rs. 50 lakhs, will also add to the cost of living of the middle income groups. More and more people have started using these finer types of cotton and rayon fabrics because they are more lasting and are easily washable at home. This is, therefore, an unnecessary addition to their burden.

In the matter of personal tax, the levy of flat special surcharge of 10 per cent. of the amount of income-tax and surcharge in respect of earned and unearned income which is expected to yield Rs. 25.6 crores, is a very heavy burden and will cause great hardship to the assesses. This will deplete their savings and erode their living standards. It will affect savings and consequently investment in equity share-holdings. Capital formation will thus receive a setback and thereby retard the pace of industrial development.

The increase in the rates of estate duty on certain intermediate slabs is another objectionable feature of the Budget. The proposal to treat gifts made within two years of death—at present the period is one year—as part of the estate is also not justifiable. In fact, the rates of estate duty at present are expropriatory and there is a justified demand for their revision.

The proposal to charge capital gains tax from share-holders on bonus shares only when the capital gains are actually realised and not on notional capital gains is welcome. But even then this tax is not justifiable. Bonus shares are issued from reserves on which the company has already paid the tax. To charge the tax again at the hands of the share-holders tantamounts to double taxation.

The proposal to raise the exemption limit for annuity deposits from Rs. 15,000 to Rs. 25,000 is just an eye wash. The whole scheme is most vexatious and should never have been put on the Statute Book. It is avoidable and unnecessary harassment.

The proposal to increase the general rates of tax on corporate in-

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comes by approximately 10 per cent. will deplete the savings of the companies and leave little with them for purposes of ploughing back. This will go against the objective of accelerating the pace of industrial development. Already, Indian companies as compared to their counterparts in other countries have to bear a much heavier burden of taxation.

In this connection I would like to draw the attention of the House to the recent statement of Shri G. L. Mehta, Chairman of the Industrial Credit and Investment Corporation. Addressing a press conference he reviewed the economic situation and said :—

“The stagnation in the capital market had led the ICICI to take up in several cases amounts exceeding 90% of the shares underwritten by it. The stagnation had also tended to slow down execution of projects, causing an adverse effect on production.”

The proposal simultaneously to increase the effective rates of the basic corporate tax on companies runs contrary to the desire of the Finance Minister to encourage investment, both domestic and foreign. Under his proposals, for public companies with an income of less than Rs. 25,000, the basic rate of tax is to go up from 42½ per cent. to 45 per cent.

The proposal to reduce the rate of companies surtax by 5 per cent. is a half-hearted measure. The surtax penalises efficiency and higher productivity because only efficiently-managed concerns are able to earn higher profits. This tax has to a very large extent, been responsible for creating an adverse investment in the country.

The proposal to levy the dividend tax only on that part of the equity dividend declared or distributed which is in excess of 10 per cent. of the paid-up equity capital is welcome but it would have been in keeping with the desire of the Finance Minister to build up a better investment climate if this tax were to be completely abolished. Such an abolition would not have caused any

serious loss of revenue to the Government. Besides, it is not understood why the 10 per cent. exemption limit should be calculated on the paid-up capital basis and not related to paid-up capital plus reserves.

Sir, if the Government are really serious to revitalise the pace of economic development in the country, they should introduce comprehensive measures of economy in all the departments under their control both at the Union and the State level.

If one were to look at the Explanatory Memorandum, about which much criticism has been made in this House, one would find a good deal of expenditure unproductive. In this House, Sir, we have drawn attention of the Government several times to the expenditure whose productive value is very little. The utility of it is giving employment to their proteges and building up an election machinery for the Congress Party. The Finance Minister should take note of this and put the Budget into proper shape honestly.

Both in personal and corporate taxes, the collection machinery of the Government should be streamlined so as to ensure speedier completion of assessments and better collection of revenue. If only the Government did this one thing, there would not have been any necessity to impose new taxes this year. Both the personal and the corporate taxes should be brought down to a reasonable level. This alone will create confidence in the capital market which is so necessary for our country and revitalise the entire economy of the country.

As in other countries, like Japan and Sweden, there should be a ceiling fixed under the law beyond which the taxation rates should not exceed.

Government should allow the generous creation of tax-free reserves as investment incentives. This is being done by some developing countries like Greece and Spain. Some such concessions would help to bring out capital.

The list of items entitled to tax credit certificates should be widened and the rates of credit enhanced with elimination of elaborate administration procedures which cause delay. Experience has shown, says a noted economist that was brought out in the Economic and Scientific Research Foundation recently—that in a number of countries, companies' appropriation of national output reaches 22-25 per cent. of the gross national product which adversely affects the output. Inflation sets in. In India taxation has grown only at the rate of 15 per cent. while the rate of increase in the gross national products is only 3.3 per cent. per year. Thus taxation has been increasing more than four times as fast as the total national output. This growth in taxation has reached such a level which is precariously close to the limit mentioned. The high rate of Government spending has not led to the high rate of economic growth. In fact, the Indian growth is rated among the lowest in Asia. Therefore, Sir, the Finance Minister should give a new look, and I hope that before the Budget is passed, he will have something up his sleeve, as they generally do—particularly this year is the year before the elections—certain concessions will be allowed. But this is not a thing . . .

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Will you take long?

SHRI DAHYABHAI V. PATEL : I will wind up in a few minutes. This by itself is not going to solve the problem of the economy of the country. Inducement of confidence is not going to be achieved by giving a few concessions here—one concession here and one concession there. What is necessary is a drastic revision of the policy, just as progressive countries have done by drastic reduction in taxes. I would have expected the new Finance Minister to bring in a new look to the Finance Ministry and impose drastic reduction in the taxes. A reduction in taxes itself will give a fillip to the economy. It will result in better conditions in the country.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Finance Minister, he expects you to look into the Budget again.

SHRI DAHYABHAI V. PATEL : I do not think he will have time. Anyway I voice this feeling because to my mind this is the feeling of the people all over and I would like the Finance Minister to look into the Budget proposals and see where a cut is possible. I am sure if he tries seriously, no additional levy would be necessary. On the contrary in the levies that have been made particularly in the last two years, some relief should be given and they should be lowered.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : The House stands adjourned till 2.30.

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

The House reassembled after lunch at half-past two of the clock, The VICE-CHAIRMAN (SHRI M. RUTHNASWAMY) in the Chair.

SHRI K. K. SHAH (Maharashtra) : Mr. Vice-Chairman, Sir, in a backward economy, especially when it has been subjected to pressures of external aggression and rising population, budget making is a very difficult task. This task becomes sharper if there is scarcity of essential commodities. In spite of these handicaps, by 1962 we had reached a stage of take-off. Unluckily the Chinese aggression gave us a rude shock and the period of take-off has been prolonged. Not only it gave a rude shock, but the tempo of capital formation received a jolt from which even now we have not been able to recover. It was by then understood that we would be able to utilise the installed capacity to the maximum extent possible. Valuable foreign exchange which was necessary to utilise this capacity had to be diverted to defence purposes. People might say : 'Why are you worried if the share market has slumped or gone down?' I am not enamoured of the share market but it is a barometer which indicates the

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health of a country. The capital market had gone down to such an extent that when there was a subscription for a new concern, not only it was oversubscribed but four times or ten times of the capital was available. After 1962 we reached a stage where for those who had invested in 1958, 1959, 1960, 1961 and 1962 not only their prices went down to an extent where their capital became fifty per cent of the original investment but also, since the incentive to save and invest in capital formation disappeared to the extent that not only no dividend was available but as I said, even capital investment went down. The result was that the diversion of savings of the middle classes of people went to hoarding of essential commodities. If one were to search for reasons about the prices shooting up, one must realise that whatever little saving is available so far as the middle classes and lower classes and especially the agriculturists are concerned, it was in those days utilised for purchasing of shares of new concerns. If anybody has a doubt, let him scan the list of subscribers in those days and he will be satisfied that it is so. Now what the Finance Minister is called upon today is to face this situation. The investments already made do not yield a return of 5 or 6 per cent, which is the maximum. This is on account of the fact partially that the raw materials which are necessary for optimum product cannot be imported and therefore partial capacity is utilised. Not only this, but in the market today, may be on account of the credit squeeze but it is not only on account of that and the reasons have been stated by the Finance Minister in his very able speech, but in the official market no money is available at less than 12 per cent. In the unofficial market money is available at 18 to 20 per cent. We are facing a curious phenomenon where in spite of the credit squeeze, in spite of the high rate of interest in the official market, prices are shooting up. Therefore if anybody is arguing that the prices are shooting up because there is the scarcity of essential commodities, he is wrong. In no country it has happened that when the rate of

interest is so high, when the credit squeeze is so tight, the prices continued to rise. It is this very difficult state of affairs that the Finance Minister is called upon to face. Let us scan the horizon to see where the capital can be found. The taxes so far as the rich are concerned—and I have no quarrel with that but at the higher level—the taxes are where they were and to-day they are still more—at 80 to 89 per cent, in addition to what is known as the Wealth Tax and if the Wealth Tax and the highest Income-tax are taken together, so far as the official calculation is concerned, a man earning Rs. 100 at the highest level—I must make it clear that I do not hold any brief for them but it is a fact which has to be faced—pays 115 to 127 per cent, and in some cases 130 per cent. Now to expect here any capital formation at this level is asking for moonshine, nothing else. If rich men cannot find capital for new enterprise, if common men have no incentives to save and invest in new enterprises, where are we to find the capital? The credit squeeze makes it impossible to find money. The high rate of interest makes it impossible for anybody to borrow and put up an industry. The only way is therefore this and I must say that by performing a difficult task the Finance Minister has been able to reverse the process. He has been able to come before this House and the Lok Sabha and say: 'Well, I will remove what is known as surcharge on Dividends Tax so far as the Corporate sector is concerned' and he has been able to remove the tax on what is known as bonus shares. It may be argued that these are small concessions but they are not small concessions so far as capital formation is concerned. My friend Mr. Dahyabhai Patel was arguing: 'You have introduced what is known as Capital Gains Tax on bonus shares when they are sold. And you are charging, you are taking double tax in the sense that the reserves have been built up.' But may I point out to Dahyabhai that the reserves have been built up after the tax is paid? And it is correct that the Dividends are also paid after the tax is paid, and the same dividends are taxable in the hands of anybody. Therefore, if the reserves should have gone in the form of dividends, they would

have become taxable in the same way as bonus shares; they are nothing else but a higher dividend in a different form except when sold. The Finance Minister, instead of taxing the bonus share now, says he will hold on. Therefore it will not be thrown on the market and the market will not be depressed, the restraint being that if you sell today, then you will be liable to pay the Capital Gains tax, but if you hold on to them, you will not be liable to pay the Capital Gains tax. Now this is a very wise device that the Finance Minister has invented. Now this will revive the capital market. The only difficulty is this. I wish the Finance Minister had taken courage, sufficient courage. I know what he has been doing is to find some capital, some money to finance capital investments out of revenue expenditure. Now there are friends who have been finding fault with it. I have been reading the newspapers, and the experts' opinion that it is wrong to find money for capital investments from revenue expenditure. I do not think it is so, not in a backward economy. In an economy of affluence it may be true that so far as capital investment is concerned, you cannot find money from revenue expenditure. But not so in a backward economy and there what you do is to borrow, and after borrowing, if your returns are not a little more than the interest that you pay, if your returns are not even equal to the interest that you pay, you will go bankrupt. Now this has to be made up by finding money from revenue expenditure, so that you may not face such a situation. I mean this cannot be done to the extent of drying up sources of capital formation. I see it will be possible because that will be the logical conclusion of what the Finance Minister has done. But so far as the 10 per cent. addition of corporate taxes is concerned, it will undo every attempt that the Finance Minister is making. I hope and pray that in the excellent Budget that he has framed in the most difficult situation let us reap the harvest of that Budget. I am not pleading for the rich man. If anybody thinks that I am pleading for the rich man, no. It is the common man; a common man, who is investing in five shares or two shares, let him get 12 per cent. But when the 12 per cent goes into the hands of the rich man, he pays 89 per cent. in Income-tax, Super tax, Surcharge and, on the top of it all, he will pay Wealth-tax. Even on the shares he is getting dividends but from them he will pay 89 per cent tax. He will have to pay Wealth tax also at 1/2 per cent. Therefore, those who are wedded to socialistic economy need not be worried that by permitting corporations to pay higher dividend, concentration of economic power in the hands of the rich will take place. There is no chance of concentration of economic power except on paper. My friends who have been worrying about some figures that have been now shown about concentration of economic power forget that it is on paper. If the prices of shares go up, then the man who fills in the Form pays Wealth-tax on—let us take a figure—Rs. two crores. Next year again, because the prices go high, he pays Wealth-tax on the appreciated figure of Rs. two and a half crores. Now there is no concentration of economic power; it is the appreciation of so-called capital which when the slump period comes, will have fallen in value. But in the earlier periods he will have paid the higher Wealth-tax on the basis that the share prices were higher, and when they go down, he is not able to get it back. I will give you an example without naming anybody. A rich man sold a land for a crore and fourteen lakhs of rupees. I am giving you the exact figures before Income-tax deductions. Now in 1952 its price was Rs. twenty lakhs, and he was paying Wealth-tax on the book value of Rs. twenty lakhs, and he was continuing to pay on the basis of the same book value for all the years up to 1964. Now he sold it in 1964 for one crore and fourteen lakhs of rupees, so that on the additional Rs. ninety-four lakhs he has to pay 50 per cent. as Capital Gains tax. Now the income-tax authorities said, "No, the land value appreciated by stages. Therefore you pay Wealth-tax in 1963 on Rs. one crore, in 1962 on Rs. ninety lakhs, in 1961, on Rs. eighty lakhs, and so on." Now you forget that when you take Capital Gains tax,

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you are a partner in that business, in that capital appreciation. If the land was sold in 1958 and if it would have appreciated by Rs. twelve lakhs, Government would have taken away Rs. six lakhs as Capital Gains tax, and he would have paid Wealth-tax on Rs. six lakhs, not on Rs. twelve lakhs. But that is not so. He goes on paying Wealth-tax on the appreciated value, and in addition pays Capital Gains tax, which in a period of twelve years leaves nothing. Therefore it is my earnest appeal to my friends, and I have no quarrel with their method of thinking, because those who can pay, must pay, and if they do not pay, and if this state of affairs continues—they will forgive me if I use a little stronger word—then they may be obliged to face a situation where nothing may be left to them. Therefore they must be willing to pay, but if it affects capital formation, then “No”, so long as you are not going the whole hog with any dictum. If capital formation does not take place, this country will face a situation where, in a very rising spiral of population, if you do not find employment for people, I do not know what will happen to this country. Therefore, when I plead for removal of this surcharge of ten per cent on the corporate sector, I am pleading for the common man, so that he will then find an incentive again, so that his Rs. 100, which has become Rs. 50 now, may become again Rs. 150, which will be to his advantage. If he gets a dividend of 16 per cent or 18 per cent—today he gets in the official market, say, 12 per cent.—if he sees he can get, say, 18 per cent in a new industry, he would like to invest in that new industry, otherwise he may not. Therefore, so far as this aspect is concerned, it cannot be said by anybody in this country that the Finance Minister has not made an attempt, or has had no courage to reverse the trend of economy in this country. It may be said that we have given them concessions and depreciation, and so on, a number of things, which are available for five years. Now to that also I may say that sometimes uninformed criticism, which is to a large extent visible outside this House, is very dangerous.

SHRI C. D. PANDE (Uttar Pradesh) : Even in this House.

SHRI K. K. SHAH : No, I won't say that. I have great respect for the Members of this House, and I take it that everybody, who speaks in this House, studies the subject and speaks and also does appreciate every good argument made in this House. But they don't realise that every new concern that comes into existence borrows heavily. Forty per cent of the total investment in the company is borrowed capital.

SHRI R. K. BHUWALKA (West Bengal) : More than forty per cent.

SHRI K. K. SHAH : There are some unlucky people who have to borrow more than forty per cent, and instalments start beginning from the day production starts, or one year after production. Now all this depreciation and other things are eaten up by these instalments. Therefore, if everybody thinks that this five-year period is utilised for the purpose of capital formation, he is wrong. There is another development, Sir, and when I refer to this I do not mean to cast any aspersion on anybody. In fact I have the highest regard for the Commerce Minister and I think one of the most difficult tasks has been performed by him during the last few years. He deserves the encomiums not only of this House but of the entire nation. But see the peculiar development which is taking place. Today the pound is officially quoted in the market at Rs. 31. What happens? This pound is purchased at Rs. 31 and it is brought back under the National Defence Remittance Scheme. Under the National Defence Remittance Scheme the person gets 60 per cent of import entitlement and on this he gets appreciation. So there is Rs. 13 plus Rs. 8 which comes to Rs. 21 and then another probably Rs. 9 or Rs. 10 or Rs. 12 and so he makes up more than Rs. 31. But what happens? So far as the foreigner is concerned the pound which could give him a value of only Rs. 13 is utilised for Rs. 31. To that extent this country's resources are wasted. In other words, the value of the pound has appreciated and the value of the rupee has depreciated. How long are you going to face this state of affairs? There is

no other alternative. I do understand, so far as the Commerce Minister is concerned, because when the country is short of foreign exchange, when our factories are not working and when the maximum utilisation of your investment is not possible, when prices are rising, the only alternative is to find raw materials and to find them by paying double the price if necessary. But this state of affairs cannot continue for a long time. What happens? It is true that in other countries the export market is subsidised to the extent of 40 per cent or 50 per cent, but not beyond that. But here an article which is available in this country for only Rs. 15 is being sold at Rs. 5 outside. Of course, I do not find fault with that, because there is no alternative. But if you are obliged to sell it for Rs. 5 it means that your rupee has depreciated. At this stage I want to point out to all those who have been crying about depreciation that they are forgetting that the rupee is being depreciated. When the rupee is depreciated then your debt will rise even three times. If the depreciation is 50 per cent then the debt will rise two times and if the depreciation is 40 per cent then proportionately the debt also will go up. You will have to pay higher interest charges and that can only be paid by exporting the scarce commodities available in the country. They are raising these slogans at this time as short-term measures. But before we do that, let us realise where we stand. If we understand where we are today, in what a critical position we are, then we will agree with every word of the Finance Minister. My hon. friend Shri Dahyabhai Patel was harping on them saying that they were very nice and sound words, that very fine and sound matters have been suggested and every beautiful approach and very beautiful words have been used but in the end there was nothing. But I say that is not so, if you remember that one of the most difficult tasks has been given to him, I do not think anybody has ever been called upon to face such a task in this country as the present Finance Minister. We have reached a stage when we have to ensure the future.

SHRI CHANDRA SHEKHAR (Uttar Pradesh) : How can you be sure of it?

SHRI K. K. SHAH : You can be sure about the future by what you do today. What he is doing today is he is ensuring the future. Therefore, you will not find so much difficulty if you take the entire situation into consideration.

SHRI CHANDRA SHEKHAR : Mr. K. K. Shah is pleading the case even better than Mr. Patel himself.

SHRI K. K. SHAH : I do not cease to be a socialist . . .

SHRI CHANDRA SHEKHAR : No, no.

SHRI K. K. SHAH : . . . because I do not use the same words.

SHRI CHANDRA SHEKHAR : You are a confirmed socialist and that is why I compliment you.

SHRI K. K. SHAH : There is the other aspect that will completely satisfy my friends who feel that money has been found from revenue expenditure to finance capital assets. Today we are facing a situation where repayment of debts has started, where interest charges have mounted up. Now they have got to be met. If you do not meet them then your debt will go on rising. And if they have to be met the only way you can meet them is by increasing production. There is no other alternative. And for the purpose of increasing production the only way open is to have raw materials and to export more and more, more than what we have been doing so far.

Here I want to point out to the hon. Finance Minister that there are applications pending for five years. If they had been accepted some five years before, a lot of foreign exchange would have been saved. On the contrary if you scan the list—I do not want to take the name of anybody—you will find applications which cost foreign exchange were taken up as against applications which would not have cost foreign exchange. Of course there might have been some better arguments, because everything has a second side. But you will find that those applications which call for foreign exchange have

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been accepted against applications which did not call for foreign exchange. This is a state of affairs which must be set right.

There are cases where by importing crude things and having finished products in this country you can save 30 to 40 per cent. May I know why we have been going on importing things and giving preference to those things which do not save any foreign exchange?

The Finance Minister, therefore, has emphasised maximum return on large government investments. I must also draw the attention of the House to a number of schemes which would have saved foreign exchange. They should be expedited. His clearcut policy statement about maximum output in the shortest possible time on the investment already made and the restriction of expenditure whether revenue or capital, Plan expenditure or non-Plan expenditure, whether by the Centre or by the States, is the only approach in the present circumstances. May I here point out that you are financing the States to the extent of Rs. 110 crores for revenue expenditure and not for capital expenditure? I do not understand how out of the money which is so very scarce and which is hard earned by the people and which the people find it difficult to pay, you should pay Rs. 110 crores to the States to meet their revenue expenditure. This certainly is not a state of affairs which can be tolerated and I would beg of the Finance Minister to tell the States that they should cut down their revenue expenditure. The same must apply to the Central Government. The Central Government's revenue expenditure is also exorbitant. Big buildings are coming up. There is one coming up in front of No. 8, Rajendra Prasad Road. You can go and see. Why such a big building is being put up I do not know. I do not think government employment is the solution for meeting the problem of unemployment in this country.

Sir, I have a suggestion to make and I hope my socialist friends would not laugh at me. If you want socialism to

succeed, without meaning any disrespect to anybody I would say you must have complete cooperation of all concerned. No socialism can succeed without controls and controls cannot succeed unless you enlist the cooperation of the Administration to the fullest extent possible. You have to create the psychology in which they will fall in line with you. I do not find fault with anybody. The fault may lie with us. But it must be admitted that we do not have the necessary cooperation. Either we have not been able to inspire them or our point of view has not been understood.

DR. M. M. S. SIDDHU (Uttar Pradesh) : Maybe the Government itself has no faith in controls.

SHRI K. K. SHAH : I may tell my hon. friend Dr. Siddhu that I am only arguing an academic point of view which leads to another argument. If this is not possible and if you have accepted mixed economy in this country, then I ft all controls. The 3 P M sooner you do it the better it will be because then you can allow the new entrepreneur to find his own foreign exchange for the raw materials. You should reserve certain items of materials for export to meet the requirements of the public undertakings, to meet the requirements of Defence and to meet the requirements of Government expenditure so far as the Embassies and others are concerned. Sir, there is another novel suggestion that I would like to make. We have been worried about the money in the black market. There is a lot of money in the black market. You find out the means of taking it out. I have a suggestion to make. Today a car is sold for a lakh of rupees after use for a year, the car which would cost Rs. 4,000 in America. A rich man pays eighty thousand rupees or a lakh of rupees. If I had forty crores of rupees and if I could purchase one lakh cars thousands of crores can be withdrawn. You buy the car for four thousand rupees in America and you bring it here. If a man wants to purchase it for a lakh of rupees, you should not ask for accounts and you do

not ask for accounts. The entire sum of ninety-six thousand rupees will come from the black market and the man will be happy because his son is getting married and he insists on a Chevrolet. He cannot afford to displease his son because the son knows that there is money in the house.

SHRIMATI TARA RAMCHANDRA SATHE (Maharashtra) : Will he not sell the car to somebody else at higher price ?

SHRI K. K. SHAH : Let him sell it. You have got nine-six thousand rupees. The hon. Member must know that I am interested in Government getting the money. I am not interested in somebody else.

DR. M. M. S. SIDDHU : But the process will go on. They will buy more and more and Government will go on importing more and more.

SHRI K. K. SHAH : I think my hon. friend understands it. This cannot recur again and again. If he buys from Government for a lakh of rupees and if he is able to sell it for a lakh and ten thousand rupees and if Government gets ninety-six thousand rupees in the bargain . . .

DR. M. M. S. SIDDHU : But the man will be able to make more lakhs within a year. He will ask for more cars and you will be importing them.

SHRI K. K. SHAH : But have you been able to prevent him from accumulating more lakhs ? I am facing facts.

THE VICE-CHAIRMAN (SHRI M. RUTHNASWAMY) : This debate within the debate might be shortened.

SHRI K. K. SHAH : I am sorry, Sir. The Finance Minister has wisely admitted that the difficulties are mainly due to inadequate industrial performance of our economy, sluggishness of the capital market, pressure of balance of payments, rise in prices of essential commodities, etc. Every attempt has been made in the Budget with a view to reversing this adverse trend. The fact that during the second half of the current fiscal year production is expected

to increase only by five per cent. is a cause for grave anxiety and everything should be done to see that it is more than ten per cent. This can only be done by releasing credits and giving top priority to raw materials for maximum production. It is time that new industries are not allowed to come up till the capacity that has been installed is utilised to the maximum possible extent.

Sir, there are some heavy imposts. I do not say they are not. There are, for example, imposts of Rs. 22 crores on sugar and—Rs. 6 crores on diesel oil. These are difficult things. I do admit, but by and large sugar is used much, to a greater extent, by the richer man. If you want to tax him some way or the other then the poor man, even though you may not like to tax him, does come in and there is no method of saving him but as against this look at the other taxes that are being collected by the State. There is his surcharge of ten per cent. I wish it could be avoided for the purpose of capital formation because a man does not save much. I have no doubt that he must be saving in the black market because higher taxes will lead to black market but until we are able to find out some method of taking from the black market we must have this method of taxation. Then there is the Corporation tax of Rs. 24 crores. It is true that the common man will also bear the surcharge but there is no method of saving him. I am talking of a common man whose income is five hundred rupees and less.

SHRI DEOKINANDAN NARAYAN (Maharashtra) : How many are there in India who are getting this much ? I think seventy to eighty per cent. of the people are not getting even fifty rupees a month.

SHRI K. K. SHAH : Compared with the burden of indirect taxes, the burden of direct taxes on the rich man, we must admit, is very high. One has, therefore, to admit that this is a very balanced budget excepting for the fact that the sources of capital formation should not have been dried up by

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changes in the basic rates of corporation Tax. I am sure this aspect will receive special attention at the hands of the Finance Minister. If this is done, the Budget of the Finance Minister is the only Budget in the circumstances and though difficult is worth being accepted for the solution of our ills. Our road to prosperity is hard and the Finance Minister has shown the way. Let us stand by him and win our way to prosperity and peace. The Finance Minister's attempts, his determination to reverse these adverse trends, are praiseworthy and deserve our backing. Instead of making it a Party question, let us make it a national question and mostly by our attempts revive the old buoyancy that was visible in 1961 and 1962. Let not China rejoice by saying that she has succeeded in upsetting our economy. A country with lesser vitality would have succumbed but it is fortunate that this country has proved that in spite of undeserved knocks she possesses sufficient vitality and agility to absorb this shock and continue its march towards progress. It is in this noble task that the Finance Minister seeks our cooperation and his arguments are enough to convince us to extend our cooperation. Thank you, Sir.

SHRI CHANDRA SHEKHAR : May I ask one question of Mr. Shah ?

THE VICE-CHAIRMAN (SHRI M. RUTHNASWAMY) : Order, order. It might provoke another speech from him.

PROF. M. B. LAL (Uttar Pradesh) : Sir, Mr. Shah said that the Socialists might laugh at him. We assure him that they do not laugh at him. They simply weep when they come across such advocates of Socialism. I leave him to the mercy of the Members of his own Party. They alone can deal with him if they so choose.

Sir, in my speech on the President's Address I observed that the Address had failed to project socialism as our national objective. My hon. friends,

Prof. Wadia and Prof. Ruthnaswamy, welcomed the omission. Prof. Ruthnaswamy felt that the Congress Party and the Congress Government were moving towards the stand of the Swatantra Party and Prof. Wadia regarded it as the dawn of realism. While I do agree with Prof. Ruthnaswamy that the Congress is slowly moving towards the policies advocated by the Swatantra Party; it is not possible for me to endorse Prof. Wadia's observations. With due respect to him, I must submit that in my opinion socialism is a historical necessity to ensure to the people economic growth free from exploitation and domination, that the profit motive is not so ingrained in human nature as to compel the society to allow capitalists to exploit the economic resources to their advantage at the cost of national good and social justice to the great majority of the working people.

Sir, I would like to submit that human fellowship is rooted in social instincts which are ingrained in human nature. Human good consists in their cultivation and in building a socio-economic order and social culture as may promote their cultivation and induce people to seek their interests in social good. Self-realisation in association with others and through the promotion of social good must be the ideal of good life. Socialism thus does not militate against human nature. Democratic socialist culture can not only provide freedom and happiness to all but also provide them with material facilities and cultural environment for the growth of real human personality.

Sir, with regret I must say that the Government's response to my observations in regard to the omission of socialism in the President's Address was very disappointing. Shri Asoka Mehta, Minister for Planning, simply delivered us a sermon on the merits of mixed economy. He held that only mixed economy could ensure to us multi-party democracy. He seems to have confused democratic socialism with totalitarian communism, the way our great Indian, Shri Rajagopalachari does. Shri Mehta seems also to have forgotten that democratic socialism stands in no way less

than capitalism or mixed economy for multi-party democracy. Sir, he laid considerable stress on the need of our involvement in the process of transformation but he manages to forget that the problem of transformation was essentially a structural problem. Socialists cannot be a party to a process of transformation which is purely quantitative in character and which leads to the strengthening or the establishment of the capitalist system in this country. Transformation, in our opinion, must be both quantitative and qualitative and the qualitative transformation must be of a socialist character. We will have been much obliged if Shri Asoka Mehta had proved to us that the Government was promoting a transformation of socialist character. In my opinion, not to speak of a structural transformation, even a psychological transformation of a socialist nature cannot be had through the process of transformation pursued by this Government. Shri Asoka Mehta's distinguished colleagues in the Planning Commission—I mean Shri Tarlok Singh and Prof. V. K. R. V. Rao—are candid enough to admit it publicly. Both strongly hold that sufficient attention is not paid to the projection and implementation of social objectives and that the country has not moved significantly in the direction of a socialist society or in the achievement of the social objectives laid down in the Plan. Prof. V. K. R. V. Rao has further observed :

“The socialist psychology and attitude does not exist in any positive or concrete form. Nor is any action being taken to inculcate such an attitude. While simultaneously what may be called a capitalist psychology and capitalist attitude to development is not only growing in a significant measure but is also not being discouraged to grow by governmental policies and programmes.”

Sir, in response to a query with regard to the national objectives the Prime Minister told us that she wished to raise the standard of living of the people to provide them education, to promote equitable distribution of essential commodities and to ensure to all

equality of opportunity. She further told us that this might be called socialism or might be given some other Indian name. Sir, before she spoke in the Rajya Sabha, Shri G. D. Birla, had delivered a speech in the Annual General Meeting of the Indian Merchants Chamber. In that speech Shri Birla observed :

“Our slogan is democratic socialism. Now nobody knows what exactly it means. The best interpretation was given by Pandit Jawaharlal Nehru with which I . . . (Here ‘I’ means Shri Birla) . . . entirely agree. It is this that it means more consumer goods to the people, more education, better health, more houses and more of this and more of that. This is all right. Then why not the slogan of a Welfare State because then we will all know where we stand ?”

If we compare these two statements we will notice that our Prime Minister is not so positive about the change in name as Shri G. D. Birla is. All the same the similarity of thought is very obvious. The Prime Minister's concept of socialism . . .

THE VICE-CHAIRMAN (SHRI M. RUTHNASWAMY) : When shall we come to the Budget ?

PROF. M. B. LAL : I am just coming. I feel it is a question whether the Budget should be of a socialist character or of a capitalist character.

SHRI C. D. PANDE : Is a welfare State compatible with socialism or not ?

PROF. M. B. LAL : I shall come to that also.

Now, the Prime Minister's concept of socialism may be endorsed by Shri Birla as correct and right but it is not going to be approved as correct by socialist thinkers, nor is it going to be endorsed as right and adequate by those who stand for the establishment of a socio-economic order of a socialist character.

My friend, Mr. C. D. Pande, wishes to know whether social welfare is consistent with socialism. I will only say

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that social welfare is consistent with socialism but socialism is something more than social welfare. Sir, If I remember correctly, in 1951 the Indian National Congress at its Nasik session under the leadership of Pandit Nehru tried to accept social welfare as its objective and defined social welfare in terms of social security and social justice to workers also. But as this Congress definition of 'social welfare' was not acceptable to Indian capitalists including Shri G. D. Birla, at the Bangalore session of the All India Congress Committee the words 'social welfare' were dropped as a hot potato and the ill-defined concept of co-operative commonwealth remained as the objective of the Congress. A careful study of the Budget would lead us to conclude that not only socialism and social security but also social welfare is not receiving due attention. There is considerable shortfall in social welfare programmes. Though certain amounts are provided in the Budget not a word is said about the desirability of speeding up the programmes of social welfare. Coming to the Budget, I may point out that in his Budget Speech the Finance Minister observes :

"The Budget of the Government of India is a major instrument for implementing our plans and policies. It has to be framed, therefore, in response to current economic trends as well as the long-term requirements of the economy."

In framing his Budget, the Finance Minister claims to have been guided by two considerations. He says :

"First and foremost, the Budget has to be production oriented, creating a better psychological climate for a greater regard to savings and efficiency all round. Secondly, while investments in progress have to be completed as speedily as possible in the interest of better performance of the economy and while the claims of national security have to be met every effort has to be made to restrain Government expenditure, particularly

on general administration and on new schemes of development with a long gestation period."

This production-oriented Budget, I beg to submit, fails to take note of the need for an equitable distribution of the national income, for the liquidation of the stranglehold of monopoly capitalism, for the structural transformation of a socialist character, for the reorganisation of the public sector on socialist lines, for the cultivation of a socialist psychology and attitude in this country. The Finance Minister ignores all these problems. He simply lays stress on the paramount importance to improve the performance of the economy by raising productivity both in agriculture and industry.

In the Economic Survey, it is pointed out :

"The Budget for 1965-66 included a number of provisions designed to stimulate production, investment and savings. The excise duties were lowered on certain products whose output could be expanded in response to higher demand. The lists of priority industries entitled to concessional treatment for direct tax purposes were enlarged and rationalised. Schemes for the grant of tax credit certificates on increase in corporate income and on additional production in certain industries subject to excise duties were announced in order to secure larger output, not only through the establishment of additional capacity but, more important, from the efficient use of existing capacity."

I think it would have been better if the Finance Minister had also mentioned that the Budget for 1964-65 also offered a bouquet of fiscal concessions to Indian industrialists, with a view to stimulating production and savings. The Economic Survey also notes that profitability of industry has been maintained that a great many companies had, as a matter of fact, higher net profit after tax than last year and that the rise in prices of manufactured goods was at least partly due to an attempt to provide incentives to additional production. All the same,

while industrial production increased by 8.5 per cent in 1963-64, it increased by 7 per cent in 1964-65 and the rate of increase is likely to be lower in 1965-66. The fiscal concessions which were extended to Indian industrialists, failed to make them more active and failed to stimulate production.

The capital market, it is pointed out by the Finance Minister, remained sluggish, suffered from considerable malaise. Equity prices continued to decline. The causes thereof need to be thoroughly enquired into. No cogent explanation is given in the Economic Survey. While capitalists feel that the capital market would never gain buoyancy, unless further fiscal concessions are granted to the corporate sector, socialists tend to hold the cussedness and the stranglehold of monopoly capitalism to be mainly responsible for the sluggishness of the capital market. Shri G. D. Birla in his speech, points out that at best the Indian industrialist is a good businessman—a commercial man—but he is not an industrialist. I may say that he should have added that a great many of them are no better than stock brokers, who trade in the shares of their own concerns and are ever prepared to manipulate the stock exchange markets of these shares with a view to earning large profits at the cost of small shareholders. The Finance Minister, without assigning any reason for the sluggishness of the capital market, extends to Indian industrialists some other fiscal concessions—which were upheld to be just and proper by the great socialist of the Congress Party, I mean Mr. Shah.

The Finance Minister further observes :—

"The revival of the capital market and a greater flow of private savings to industry in the form of equity investment are desirable in the larger social interest. A democratic society desiring rapid development both in the public and in the private sector but averse to concentration of wealth and economic power has all the more reason to make investments in the private sector as widespread as possible. Growth of private industry in such circumstances must depend more

and more on the equity participation of a growing number of people drawn from different strata of society. More widespread equity participation would also facilitate stricter control on management in the private sector."

The stranglehold of monopoly capitalism does not permit equity participation of a growing number of people drawn from different strata of society and no attempt is being made to break this stranglehold.

The managing agency system, which is an instrument for the concentration of economic power and the exploitation of the small shareholder, is allowed to continue. For want of a firm decision in the matter, managing agencies are allowed extension from year to year. In the meantime, managing agents are strengthening their position in the directorates of their concerns and making such alternative arrangements which are more exploitative than the managing agency system itself. The House knows that under the managing agency system, managing agents are allowed a share in profits at certain slab rates, which are in no case to exceed 10 per cent. But attempt is being made to do away with the slab system and ensure a ten per cent profit, irrespective of the amount of profit.

I will give you an example. The general meeting of the Rampur Distillery and Chemical Company Limited was required to resolve that :

"Subject to the approval of the Central Government, the managing directors, shall be paid a total remuneration of 10% of the net profits of the company each year to be shared amongst themselves in such proportion as decided by the directors of the company from time to time, . . ."

"

"Provided that the remuneration of any one of the said officers shall not exceed 5 per cent of the net profit, and provided further that each of them shall be entitled to such minimum annual remuneration not exceeding Rs. 50,000 which may be decided by the Board and paid in equal monthly instalments."

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It may further be added that besides such share in profits and annual remuneration these Managing Directors and Managers are allowed to enjoy perquisites amounting to thousands of rupees a month in various forms. Small shareholders are not in a position to stop this exploitation of big capitalists who have monopolised all key positions in industrial concerns. It is true that a great many shareholders are apathetic, take no interest in the proceedings of the company. But I beg to submit that when a shareholder tends to take interest in the affairs of a company and his interest tends in any way to militate against the manipulations of the capitalists, he is not properly treated. He is shabbily treated either by the Manager or by his minions.

I would give one example of Rampur in this connection also. When a small shareholder, who is a Congressman and wears a Gandhi cap and who is much interested in the development of private industrial enterprises with due protection of the interests of small shareholders approached an employee of the Raza Textiles Limited, Rampur, to lodge some shares for transfer into his own name, another employee of the company for no reason whatever hurled on him clumsy and abusive remarks saying :

“यह बनिया कौम भी बड़ी चार सौ बीस है और यह गांधी टोपी कहाँ से आ गई।

Sir, have we no reason to weep on these remarks ?

This story, when it was told to me, reminded me of the days when the minions of the British imperialism could deride Gandhi cap with some impunity. I do not know if the Government composed of Ministers who wear Gandhi caps will allow Gandhi cap to be treated with contempt and derision by the minions of Indian capitalists. I may point out that when the shareholder concerned approached the manager with the complaint against the clerk, the manager did not offer an apology; he simply offered an apologia on behalf of the clerk and wished him to be excused.

I have no doubt in my mind that the malaise of the capital market will not be removed unless the small shareholders are required to be treated with due courtesy, their interests are duly protected from exploitative machinations of big shareholders, stranglehold of monopoly capitalism is removed, and industrialists are made to behave as honest industrialists and to be satisfied with reasonable profits and remunerations. So long as they continue to be afflicted with the desire of high profiteering and monopolistic control over industries and so long as nepotism continues to prevail in the appointment of high executives in industries, private sector industries could not make much headway and the malaise would continue to persist.

Sir, much is made of the quantitative growth of the public sector and of the economic growth in the last fifteen years of the plan period. But as is pointed out by Prof. V. K. R. V. Rao, a member of the Planning Commission, economic growth has been much less than contemplated. Almost all sectors of economy suffer from shortfalls, miscalculations and mismanagement. I feel that in this respect the Third Plan has beaten hollow the first two Plans. The average annual production of foodgrains during the Third Plan period is not likely to exceed the production in the last year of the Second Plan period, and the last years' production of the Third Plan will be about 12 million tonnes less than that of the last year of the Second Plan period. In its mid-term appraisal of the Third Plan, the Planning Commission reported shortfalls in certain crucial sectors of large-scale industries. In the last two years the shortfall has not appreciably lessened. Prices which were promised to be stabilised remained relatively stable during the first two years of the Third Plan alone. The wholesale prices increased by 9 per cent in 1963-64 and by 8.7 per cent in 1964-65. During the first nine months of 1965-66 the increase in prices was a little lower than in the first nine months of the previous year. But as there was some decrease in the last three months of 1964-65 and there was no corresponding decrease in the last three months of 1965-66, the net in-

crease in wholesale prices is higher in 1965-66 than in 1964-65. It is admitted in the Economic Survey that as a result of control on movements there is a wide disparity in prices of foodgrains as between surplus and deficit areas. Sir, unemployment is steadily mounting at the rate of about one million per year. It has increased, according to Government calculations, from 8 million to 12 million during the Third Plan period. Unemployment among the educated has also increased by at least 50 per cent during the Third Plan period. Deficit financing which was promised to be controlled continues to exercise inflationary pressure on prices. The increase in *per capita* income during the Third Plan period is only marginal in character, and due to growing unemployment and under-employment and due to constant increase in prices the common man's sufferings have considerably increased. Big industrialists and big farmers are the chief beneficiaries of high prices. Profiteering, instead of being controlled, is encouraged on the plea of the necessity of increased production or, according to Mr. Asoka Mehta, the compulsions of backward economy. The balance of payment situation has further deteriorated. During the first three years of the Third Plan exports increased at a rate which was higher than the rate of increase in production and it seemed that our exports had passed the stage of stagnancy, had begun to increase at a rate higher than the rate of increase of the world trade. But in 1964 exports increased only by Rs. 15 crores and in 1965 exports declined by more than Rs. 2 crores. So our exports are again faced with stagnancy, even recession in some important markets and sectors. Imports, on the other hand, have continued to increase and are likely to be higher in future because it has begun to be held by the authorities, as reported by the Finance Minister in his speech, that :

"It would be self-defeating to intensify or even to maintain the present severity of our import restrictions".

He further says that :

"It is only on the basis of a more liberal import policy that we can hope to give fresh momentum to indus-

trial production and greater regard for efficiency all round in the immediate future."

Sir, due to a wide gap between imports and exports, our foreign exchange reserves have considerably depleted. They are dangerously low and are largely sustained by heavy borrowing from the International Monetary Fund.

We have reason to be proud of the achievement of our Armed Forces against Pakistan but let us remember that in the economic sphere Pakistan has marched ahead of us.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI L. N. MISHRA) : Question.

PROF. M. B. LAL : According to the UN Economic Survey of Asia, while India records economic growth at the rate of 3.3 per cent annually, Pakistan records economic growth at the rate of 4.4 per cent. While some years ago 100 Indian rupees fetched 130 Pakistani rupees in the international market, today 116 Indian rupees are equal to 100 Pakistani rupees in the world market. So our currency is considerably depreciated in the world market, whether we allow our rupee to be devalued officially or not.

Sir, much is talked about the growth of the public sector. But as is pointed out by Prof. Robson, it is not functioning as an instrument of democratic socialism. In fact, it is not functioning even as a countervailing force. It is, by and large, used as an aid to private enterprise and has been helpful in promoting the concentration of economic power in the private sector. It is surcharged with the spirit of bureaucracy and an attempt is made to infuse it with capitalist psychology and capitalist standards instead of inducing the capitalists to be imbued with motives of social service, the public sector is being increasingly propelled by capitalist motive and is trying to compete with the private sector in profiteering. Prof. Robson has rightly pointed out that the way the public sector is being managed in India, it cannot be an instrument of democratic socialism. Prof. V. K. R. V.

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Rao, a member of the Planning Commission, also observes :

"The public sector enterprise cannot claim that their workers have a greater attitude of identification with their work than is the case with the private sector enterprises nor can they claim that they have succeeded in releasing the initiative and energies of their workers and made use of their talents in effecting improvements in the working of these enterprises or bringing about any significant increase in the efficiency of their operation".

He maintains that :

"The public sector enterprise is just an employer as is the case in the private sector. The worker feels neither a special obligation nor a special sense of pride nor a unique feeling of identification with his work, as should be expected in a socialist society, of which public sector enterprises are presumably the most important instruments. At the same time, the public sector enterprises are subject to all the bureaucratic delays and difficulties inherent in a huge governmental machinery with the result that the private sector enterprises are able, from time to time and not entirely without reason, to claim that their managerial and entrepreneurial efficiency is greater. If we want to plan for a socialist society and want to use the extension of the public sector as an instrument for this purpose, then it is not enough merely to have a large public sector. It seems more important to determine ways and means of, on the one hand, improving the managerial and entrepreneurial efficiency of the public sector enterprises and, on the other, establishing in these enterprises a psychological climate that will give the workers engaged therein a sense of participation and identification which gives them the feeling of socialist ownership".

I feel that it would have been better if Prof. Rao had also added that these public sector enterprises should be organised as semi-autonomous corporations

and should be imbued with socialist psychology and social service motivation.

In the end, I would like to say a few words with regard to some fiscal proposals. The Finance Minister proposes to increase the excise duty on a few commodities, not merely for raising revenues but also for restraining consumption where this can be done without too much hardship and increasing exportable surpluses. Sir, it is not possible for me to deal with all the cases where excise duties are proposed to be increased. But I will take the case only of sugar. The Finance Minister proposes to raise the excise duty on crystal sugar from Rs. 28.65 to Rs. 37 per quintal. Correspondingly, the duty on khandsari is also proposed to be raised. Taken together, these new taxes are estimated to bring an additional revenue of Rs. 21.93 crores. The Finance Minister feels that assuming the duty is passed on fully to the consumer, the incidence will be only 8 or 9 paise per kilogram of crystal sugar and hopes that, as supply is expected to be adequate to meet the demand there is some prospect that the whole of the duty may not be passed on to the consumer.

I beg to submit that the Finance Minister's thinking suffers from confusion. If this excise duty on sugar is increased with a view to restraining consumption, I do not see how this duty would serve that purpose, unless it is effective in restricting consumption, unless it is effective in causing further restrictions on the use of sugar by the consumers. Sir, I beg to submit that sugar is already overtaxed. The excise duty on sugar is almost equal to the price of sugar-cane used in producing sugar. While the production of sugar is increasing, prices are increasing higher and higher and its availability is becoming more and more difficult. In fact, the sugar policy of the Government is causing considerable socioeconomic tensions, it has caused many a movement and agitation in the country and it has led many of us to be the guests of the Government in jails. I feel it needs to be considerably rationalised and the excise duty on sugar,

instead of being increased, needs to be lowered. In fact, the export policy in regard to sugar also needs to be revised in the light of the international market. It is pointed out in a brochure that export of sugar two or three years ago was a profitable proposition when the prices of sugar in the international market were quoted well above £ 100 per ton. At the present time the price of sugar in the international market has fallen to about £ 20 per ton which has made the export of sugar a very unremunerative proposition. It is stated in that brochure that during the last year, India's exports of sugar have been heavily subsidised, with the result that the subsidisation charges have caused the Exchequer well over Rs. 50 crores while the actual export earnings were below Rs. 13 crores. The brochure from which I am quoting is not a report produced by the Government but is a booklet prepared by an economist. I hope the observations are correct. Anyhow, these observations need to be looked into by the Government.

Sr, I am definitely opposed to the abolition of the Expenditure Tax and the proposed modification in the Gift Tax. What are we doing with the Expenditure Tax? A Minister assumes the charge of the Finance Department and imposes the Expenditure Tax. He leaves the office and the Expenditure Tax is abolished. He again assumed the charge and the Expenditure Tax is imposed. It seems as if the fiscal policy of the Government is not decided upon by the Cabinet but it is dependent upon the whim of a particular person. So again it is proposed to be abolished when that person, and along with him his whim, is removed from the Ministry of Finance. The Expenditure Tax I beg to submit, Sir, is proposed to be abolished for "administrative reasons" though it is recognised that "on purely economic grounds, it would be a very sound principle to replace the income tax increasingly by a tax on expenditure so that the maximum incentive is provided for savings". Sr, I feel convinced that some sort of ceiling on expenditure is very necessary. If the Expenditure Tax has failed to be a sound ad-

ministrative proposition, some other direct restraint should be imposed. The rich cannot be allowed to squander economic resources of the country on wasteful expenditure and set a bad example for others.

Sir, in a speech recently delivered by Mr. G. D. Birla he, instead of standing for austerity, talks of the affluent society, and feels that we have reached a stage when we can increase expenditure and thereby permit increased production. I have my own doubts. I feel that only a handful of the rich are in a position to spend money on comforts and luxuries. A great majority of Indians are not in a position even to satisfy their essential needs, and I have no doubt in my mind that the rich cannot be allowed to squander money on luxuries so long as the needs of the poor remain unsatisfied.

Sir, in my opinion, the sales tax also needs to be considerably rationalised. The sales tax on foodgrains is meaningless when the country is faced with scarcity and the Government is forced to spend hundreds of crores of rupees to procure foodgrains for the people. Surprisingly enough, the Finance Minister, instead of advising the State Governments to rationalise the sales tax, to abolish it at least from foodgrains, proposes increase in inter-State sales tax. Perhaps inter-state sales tax is imposed even on foodgrains. I feel that inter-State sales tax on foodgrains should be withdrawn forthwith. The increase in inter-State sales tax is likely to increase disparity in prices of foodgrains as between surplus and deficit States.

The Finance Minister proposes the exemption limit from income-tax to be raised by Rs. 500. This is an insignificant relief to the lower middle section of the people. The limit should be raised from Rs. 3,000 to Rs. 5,000 though at a certain higher level, only Rs. 3,000 may be exempted from the payment of income-tax. I feel that the prices have risen by 40 per cent. and, therefore, if the exemption limit is raised from Rs. 3,000 to Rs. 5,000, the lower middle class people will be in the same position as they were in 1952-53

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My friend, Mr. C. D. Pande, seemed to feel that if we are promoting a welfare State, or the social welfare of the people, we are doing our duty with regard to socialism also. I do not agree with him. All the same I wish to point out to him that almost all our social welfare schemes are suffering from lack of imagination and proper social outlook, inadequacy of funds and shortfalls in achievements. No worthwhile attempt is being made to see that the poor and the needy receive adequate assistance and benefit from the general development schemes meant for all. It is recognised in different Government reports that their assistance has not percolated to the lowest strata of the society.

In the sphere of education alone targets are exceeded in certain matters. But education continues to suffer from many shortfalls and maladies. We have miserably failed to provide social education in democratic citizenship to the people as well as to provide eight years' universal education to all our children in ages 6-14. This constitutional directive is not likely to be fulfilled even by the end of the 5th Plan or the 6th Plan. There are more illiterates in India today than there were in 1950-51. Secondary education continues to be the weakest link in our educational system. It neither befits students to prosecute higher education properly nor does it enable students to earn their livelihood after the completion of Higher Secondary education course. Nor does it benefit them to play the role of responsible democratic leadership in any social or political sphere in their respective localities. Thus the secondary education fails to fulfil any of the objectives which were recommended by the Mudaliar Secondary Education Commission set up by the Government in 1952. There is considerable waste. Fifty per cent. of those who study in the higher secondary schools get plucked and only half of those who pass take to higher education and then again there is a wastage due to failures in the same proportion and

only a fraction of the persons who started the studies is able to acquire due educational efficiency. The standards of university education and even of technical education are reported to have suffered considerable deterioration. Equality of opportunity is denied to a great majority of the children of India the low standards of education available to the public at large while simultaneously high quality facilities are available to those who are in a position to make substantial payment for taking advantage of this facility. No attempt is made to organise education on democratic lines and to cultivate the sense of democratic discipline among students. Radhakrishnan Commission report recommended that the University educational system should be organised on democratic principles. The report even spelled out in the educational system the fundamental democratic principles laid down in the Preamble of our Constitution. The Mudaliar Secondary Education Commission said that education in citizenship is the primary consideration of education, and all others are of secondary considerations. Anyhow no attempt is made to organise any of these two things. The educational institutions are being increasingly organised on bureaucratic lines. Attempts are also being made to impose discipline through despotic methods. These attempts have not yet been very successful in their limited objective of discipline. They are sure to undermine the very foundations of democracy which can obviously be built on social awareness, self-discipline of democratic character and adequate education to all through common schools.

4 P.M. sponseible democratic leadership in any social or political sphere in their respective localities. Thus the secondary education fails to fulfil any of the objectives which were recommended by the Mudaliar Secondary Education Commission set up by the Government in 1952. There is considerable waste. Fifty per cent. of those who study in the higher secondary schools get plucked and only half of those who pass take to higher education and then again there is a wastage due to failures in the same proportion and

Indian democracy is not only suffering from lack of democratic self-discipline among the youths of the country. It is also suffering from the power intoxication of the ruling party, from internecine intra-party conflicts in many political parties, specially the ruling party, from opportunism of the ruling party and frustration among the opposition parties. The way the State legislatures are functioning it seems as if all concerned—Members, Speakers, Ministers and Governors—have lost faith in

due parliamentary decorum and process. Maladies of casteism, communalism, linguism, regionalism, and the lack of civic spirit and consciousness have vitiated the entire public life. Secularism has failed to have any worthwhile impact on our social consciousness and public life. Consciousness of national unity is able to assert itself in periods of grave crisis. But sectionalism is able to overpower us in normal circumstances. Anti-democratic and anti-national parties are assiduously trying to exploit people's distress for undermining their national consciousness and faith in democracy.

Along with these internal difficulties, Indian democracy is also faced with Chinese threat to our freedom and integrity. Communist China has suffered a great setback. The failure of her strategy in Indonesia, Ghana and Algeria has considerably undermined her prestige in Asia and Africa, so much so that she was compelled to strive for the postponement of the Afro-Asia conference at Algiers and has begun to be derided by some Americans as paper tiger. All the same India cannot afford to suffer from complacency. What she failed to do in Indonesia on account of distance she may try in India. Any political upheaval in India engineered by pro-Peking Communists or other disruptive forces may be taken advantage of by Communist China, may serve her as a pretext for armed intervention in the name of the revolutionary liberation of Indian masses from atrocities and high-handedness and capitalist exploitation. To meet this situation we will have to work hard on various fronts—such as food front, social welfare and social security front, democratic front, ideological front, and diplomatic front—and also to be ever ready for armed conflict which may be forced on us any moment by Communist China in co-operation with, or without the co-operation of, Pakistan. It is our duty to march ahead towards economic development on socialist lines, but at the same time it is our duty to take care of these fronts. We cannot ignore any of them. We will ignore any of them at our own peril. We know what a difficult situation has been created in this country because of

our failure on the food front and I am sure that if we continue to neglect to promoting—social welfare and social security of the great masses of the people, it would not be possible for the people to feel that democracy ensures to them both freedom and happiness and it will not be possible for us in times of crisis to mobilise adequately their support against the machinations of Communist China. We have to improve our ways as democrats also. All those interested in upholding democracy and democratic process have a duty to see that all their activities are imbued with the democratic spirit and are in a form allowed to a democrat under a democratic system. We will have to face Communists on the ideological front also. It is our duty, if we wish to face the situation properly, to point out to our people the salient differences between democracy and Communism. It is our duty to point out to them that while under democracy both happiness and freedom could be had, under communism they may have some better material life, but cannot enjoy the freedom that is enjoyable in a democracy.

THE VICE-CHAIRMAN (SHRI M. RUTHNASWAMY) : When are you coming to the end ? You have taken one hour and five minutes by now.

PROF. M. B. LAL : Just in two minutes, Sir.

We have also to reorientate our diplomacy. Both in 1962 and in 1965 our diplomacy was found wanting in projecting our vital national interests, and many responsible men of the world continue to feel that we were the aggressor, though aggression was committed on us by China in 1962 and by Pakistan in 1965. I beg to submit, Sir, that it is our duty to see that our diplomacy is primarily interested in projecting our own vital national interests before the world, and that our diplomacy is used to secure to India the moral and diplomatic support of the rest of the world.

I need not dilate much on the question of armed preparedness. There is no doubt that up to 1962 we absolutely ignored the problem of the defence of

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the land. We felt that non-alignment by itself would ensure to us peace in the world. Now we have realised that non-alignment may have many virtues but it is not the panacea for our safety. We will have to prepare ourselves for our security, and whatever cost we may have to pay, we will have to be prepared to protect our freedom, our liberty and our Motherland from aggression from all directions.

Sir, this is all that I wish to say. I am very thankful to you for the time that you were good enough to give me.

श्री गुरुदेव गुप्त (मध्य प्रदेश): माननीय उपसभापति जी, प्रस्तुत बजट के द्वारा वित्त मंत्री जी ने कर के ढाँचे को सरल बनाने की चेष्टा की है। यदि शासन कर को पूर्णरूपेण वसूल करना चाहता है तो करदाता एवं आयकर अधिकारी अथवा शासन के मध्य व्याप्त शंका, अविश्वास और आतंक के वातावरण को समाप्त करना होगा। कर का ढाँचा इतना सीधा और सरल होना चाहिये कि साधारण व्यक्ति अथवा व्यापारी अपनी आय का नक्शा स्वयमेव भर कर आयकर अधिकारी के समक्ष प्रस्तुत कर सके। साथ ही साथ आय कर अधिकारी को उस व्यक्ति की आय असेस करते समय यह भावना रखनी चाहिये कि वह देश के एक शुभचित्तक और भद्र भागीदार से व्यवहार कर रहा है जो शासन-तंत्र के चलाने में सहयोग देता है। यद्यपि आज का व्यवहार और बर्ताव ठीक इसके विपरीत है। जहाँ एक ओर आयकर अधिकारी यह मान कर चलता है कि करदाता ने आय का नक्शा दाखिल करने में अवश्यमेव गोलमाल किया होगा, वहाँ केन्द्रीय शासन और वित्त मंत्रालय की भी यह विचारधारा रहती है कि कर कभी पूरा तो आता नहीं, इसलिये वह और ऊँची दर करता जाता है ताकि जितने अंश में कर वसूल हो उतने से ही उसका राजस्व पूरा हो जायगा। यह निर्विवाद है कि कर की दर जितनी अधिक होगी, व्यापारी उतना ही

उससे अमहयोग करेगा और व्यापारी एवं शासन के इस द्वन्द की ओट में भ्रष्टाचार पनपता जा रहा है। केन्द्रीय शासन को इस आत्मघाती नीति का परिण्याग करना चाहिये।

वित्त मंत्री जी अर्थशास्त्री होने के साथ ही कानून के भी पंडित हैं। इस नाते उन्हें इस समस्या का मनोवैज्ञानिक विश्लेषण कर देश में करदाता और शासन के बीच व्याप्त इस विषम मार्किल को समाप्त कर परस्पर सौहार्द्र एवं आत्मविश्वास का वातावरण बनाना चाहिये।

माननीय उपसभापति जी, इस बजट में एक अच्छी बात है कि व्यक्तिगत कर में छूट की सीमा बढ़ा दी गई है। वार्षिकी जमा की छूट की सीमा को भी 15,000 रु० से बढ़ा कर 25,000 रु० कर दिया गया है। इस प्रकार के करनिर्धारण से तमाम छोटे-छोटे मामले समाप्त हो जायेंगे और आयकर अधिकारी को अपेक्षाकृत बड़ी-बड़ी आमदनी वालों से कर वसूल करने की ओर ज्यादा ध्यान देने का समय मिल जायेगा। जहाँ इस करनिर्धारण से साधारण आमदनी वाले वर्ग को कुछ राहत मिलेगी वहाँ शक्कर, खांडमारी, डिजेल तेल और कपड़े के उत्पादन शुल्क में वृद्धि कर दिये जाने से उपभोक्ता का भार बढ़ जायगा। इस उत्पादन शुल्क की वृद्धि से यह सामग्री महंगी हो जायगी तथा आम जनता की कठिनाई कुछ और बढ़ जायगी।

आज साधारणतया सभी वस्तुओं के मूल्य निरन्तर बढ़ रहे हैं। 1963-64 वर्ष में थोक मूल्य 9 प्रतिशत बढ़ा, 1964-65 में 8.7 प्रतिशत बढ़ा और चालू वर्ष के विगत 10 माह में 12.3 प्रतिशत की वृद्धि हुई है। इस वर्ष की 15 जनवरी, 1966 को मूल्य का स्तर 5.6 प्रतिशत ऊँचा था। ऐसी दशा में दैनिक उपभोग में आनेवाली वस्तुओं के मूल्य को और बढ़ने देने में योग देना न्याय-मंगत नहीं कहा जा सकता। इस प्रस्ताव पर पुनर्विचार करना उचित होगा।

माननीय वित्त मंत्री जी ने बारीकी से मसूमे के सूती धागों, कपड़ों, मसैराइज्ड वन सिक्डने वाले और अरगंडी सदृश्य कपड़ों के शुक्लों में वृद्धि की है। धागे के शुल्क में वृद्धि होने से 7.23 करोड़ रुपये तथा कपड़े के शुल्क में वृद्धि होने से 7.3 करोड़ रुपये का अतिरिक्त राजस्व प्राप्त होने का अनुमान है। रेयन व कृत्रिम धागे के शुल्क में भी थोड़ी वृद्धि की गई है जिससे 50 लाख रुपये की प्राप्ति होगी।

माननीय उपसभापति जी, आज रेयन और टेरेलीन का कपड़ा बाजार में खूब चल गया है। यद्यपि इसका अधिकांश कच्चा माल आयातित ही होता है। फिर भी यह हमारी समझ में नहीं आता कि जब हमारे देश में वैदेशिक मुद्रा की इतनी कमी है तब इस प्रकार की लगजरी गुड्स का आयात हम क्यों करते हैं। मेरा सुझाव है कि रेयन ऐंड सिंथेटिक यार्न्स का आयात केवल सुरक्षा की आवश्यकता को छोड़ कर पूर्णतः बन्द कर दिया जाना चाहिये।

आज देश की सुरक्षा एवं विकास की दुहरी समस्या प्रस्त है। यह अत्यन्त चिन्तनीय है कि हमें परिस्थितियों से मजबूर हो कर सुरक्षा के नद में अधिकाधिक व्यय करना पड़ रहा है।

यद्यपि ताशकंद समझौता के पश्चात् पाकिस्तान से यह अपेक्षा की जाती थी कि वह अधिक मौहार्द्रपूर्ण रुख अपनायेगा, किन्तु दुख है कि अभी भी उसकी हठवादिता में कोई कमी नहीं हुई है और सेनाओं की वापसी के तुरन्त बाद ही उसने पुनः वही बेसूरा राग अलापना शुरू कर दिया है। चाहे काश्मीर में घुसरोठिया भेजने का प्रश्न हो, चाहे मिजो हिल्स में विद्रोह भड़काने में सहायता पहुंचाने का, पाकिस्तान हर भारत विरोधी कार्यवाही में अग्रसर रहता है। एक ओर जहां विश्व में आणुविक अस्त्रों के निरस्त्रीकरण करने का प्रयास हो रहा है वहीं पाकिस्तान अणुबम बनाने जा रहा है और

उसने घोषणा की है कि वह अपना पहला अणुबम मन् 1968 में विस्फोट करेगा। पाकिस्तान का यह कदम भारत की सुरक्षा और शान्ति के लिये जबरदस्त खतरा है चूंकि पाकिस्तान पर भरोसा करना खतरों से खाली नहीं है। आज के समाचारपत्र में पाकिस्तान के यून० एम० में ऐमबेसेडर, मिस्टर गुलाम अहमद का जो वक्तव्य छपा है, उससे भी इस बात का आभास होता है कि पाकिस्तान का संरादा भारत के प्रति शांतिपूर्ण व्यवहार करने का नहीं है। उन्होंने अपने भाषण में जो कहा है उसको मैं आपकी अनुमति से यहां थोड़ा सा पढ़ता हूँ :

"The transcript of Mr. Ghulam Ahmed's speech makes it plain that his understanding of the Tashkent agreement was not the same. For instance, describing the origin of the Kashmir issue, he said "to the world's amazement and in defiance of the wishes of the people of Jammu and Kashmir the ruler of that State acceded secretly to India. The natural affinities of the State lay unmistakably with the territories and people of Pakistan. The residents of Kashmir were outraged. Thus began an open revolt in Kashmir against the authority of the ruler."

He went on :

"India renegaded on its pledge to abide by a plebiscite. This is the crux of the Kashmir dispute." * * *

श्री गुरुदेव गुप्त : माननीय उपसभापति जी, जहां पाकिस्तान से हमें खतरा है, वहां चीन का खतरा अभी पूर्ववत् बना हुआ है। अतएव, ऐसी स्थिति में सुरक्षा की मद में जो अधिक राशि रखी गई है वह सर्वथा उचित है। इसका पूर्णरूपेण उपयोग किया जाना आवश्यक है। इन खतरों के बावजूद भी, हमारे प्रधान मंत्री ने नान-एलाइनमेंट की नीति को पुनः दोहराया है जो भारत की शान्ति और सहअस्तित्व की नीति का दिग्दर्शन करती है। प्रधान मंत्री जी का यह कदम सर्वथा उचित एवं प्रशंसनीय है।

[श्री गुरुदेव गुप्त]

सुरक्षा के पश्चात् राष्ट्र की दूसरी प्रमुख समस्या है यहा की कोटि-कोटि जनता के जीवन स्तर के विकास की। देश का कांग्रेसी-शासन प्रतिज्ञाबद्ध है, देश में समाजवादी समाज का निर्माण करने के लिये। किन्तु देश में खाद्यान्न की समस्या आज गम्भीर रूप धारण कर गई है। खाद्यान्न की दिशा में आत्मनिर्भरता प्राप्त करने के लिये यद्यपि शासन प्रयत्नशील है, किन्तु खाद्यान्न के लिये प्राणवत् पानी व खाद के मामले में प्राथमिकता निर्धारित करने में आज भी वह पशोपेश में पड़ जाता है। खाद्यान्न के उत्पादन में वृद्धि करने के लिए हमें आधुनिक प्रणाली को अपनाना होगा तथा इसे प्राथमिकता देने में सर्वोपरि रखना होगा, भले अन्य आवश्यकताएं कुछ पीछे पड़ जायें। अतः इसके लिए आवश्यक है कि देश में छोटे ट्रैक्टर बनाने का कारखाना स्थापित किया जाय। शामन की, 18-20 हार्स पावर के ट्रैक्टर बनाने की योजना है। मध्य प्रदेश शासन ने इसके लिए पूर्ण सहयोग देने का आश्वासन भी दिया। आशा है शासन मध्य प्रदेश में एक कारखाना स्थापित करेगा चूँकि मध्य प्रदेश देश का सबसे बड़ा राज्य है जहाँ की अर्थव्यवस्था पूर्णतः कृषि पर ही अवलम्बित है।

कृषि उत्पादन के लिए खाद का महत्व स्वयंमिद है। खाद के कारखाने के लिये भी भिलाई स्टील प्लांट की उपयोगिता निर्विवाद है। भिलाई की उत्पादन क्षमता 2.5 मिलियन टन की है। इस क्षमता वाले कारखाने में कोक आवेदन गैस पर आधारित एक फर्टिलाइजर फैक्ट्री लगाई जा सकती है। फिर निकट भविष्य में इस प्लांट की क्षमता बढ़ाई जाकर 4.5 मिलियन टन की जाने वाली है। वैसी दशा में यह फर्टिलाइजर फैक्ट्री न केवल आत्मनिर्भर हो जायेगी, बल्कि मुनाफा देने वाली होगी। इस्पात कारखाने की पूरी गैस का उपभोग करके यदि उससे हम खाद बना सकें तो मध्य प्रदेश में पानी की कमी नहीं—खाद और पानी यदि मध्य प्रदेश

को मिल जाय तो मध्य प्रदेश अक्केला ही देश में व्याप्त खाद्यान्न की कमी को पूरा कर सकता है। यह बात हमारे रेलवे मंत्री, श्री एस० वे० पाटिल, ने जयपुर में कांग्रेस के अधिवेशन में भी मध्य प्रदेश की महत्ता पर प्रकाश डालते हुए कही थी। इसलिए इस दिशा में शासन को ध्यान देना चाहिये।

देश में सिंचाई के लिये उपलब्ध 460 मिलियन एकड़ फीट जल में से लगभग 67 मिलियन एकड़ फीट जल मध्य प्रदेश में उपलब्ध है अर्थात् लगभग 15 प्रतिशत, किन्तु फिर भी यह वहाँ की माँगे तीन करोड़ जनता का दुर्भाग्य है कि मध्य प्रदेश में सिंचाई का औसत केवल 6.4 प्रतिशत है जबकि देश का यह औसत 20-25 प्रतिशत है। मध्य प्रदेश को नर्मदा नदी के उद्गम स्थल होने का सौभाग्य प्राप्त है। नर्मदा घाटी परियोजना को यदि सही रूप में कार्यान्वित किया जाय तो यह 2000 मेगावाट सस्ती हाइड्रो इलेक्ट्रिक पावर दे सकती है तथा लगभग 6.5 मिलियन एकड़ क्षेत्र की सिंचाई कर सकती है। इस प्रकार से इस परियोजना के उचित कार्यान्वयन से मध्य प्रदेश की आर्थिक व्यवस्था का कायापलट हो सकता है। इस परियोजना का सर्वेक्षण करने के लिए उड़ीसा के राज्यपाल श्री ए० एन० खोसला की अध्यक्षता में एक कमेटी का गठन हुआ था। इस कमेटी ने अपना प्रतिवेदन केन्द्रीय शासन को सन् 1965 के अंत में दे दिया है किन्तु मध्य प्रदेश शासन द्वारा उस प्रतिवेदन पर हाल ही में विचार करने के पश्चात् जो तथ्य देश के सामने लाए गए हैं वे अत्यन्त निराशापूर्ण हैं। मध्य प्रदेश शासन ने इस समिति के प्रस्तावों को अस्वीकार कर दिया है। विगत 7 मार्च 1966 के 'हिन्दुस्तान टाइम्स' में प्रकाशित मध्य प्रदेश के मुख्य मंत्री के विचार में सदन की जानकारी के लिए उद्धृत कर रहा हूँ—

"The Chief Minister has in his communication told Prime Minister Indira Gandhi that M.P. was not prepared under any circumstances to

allow Gujarat to irrigate more than 18 lakhs acres from the waters of the Narmada (The Khosla Committee has recommended the irrigation of almost 46 lakh acres in Gujarat).

Apart from rejecting the report on its merits, the M.P. Government has also held the Khosla Committee responsible for not acting in close consultation with the State Governments concerned. The Committee it is emphasised, had laid down its basic guidelines without having any joint discussions with the representatives of the States concerned.

The State Government has also alleged that the Khosla Committee ignored, without assigning any reasons and without consulting the State, the projects of upper Narmada, Raghavpur and upper Burhanpur proposed by Madhya Pradesh.

The Chief Minister has drawn the attention of the Prime Minister to what he describes as an unprecedented and extraordinary suggestion of the Khosla Committee that a part of the water storage to be developed within the State by Madhya Pradesh entirely out of its own consolidated fund should, when this storage is most needed by the State in years of low rainfall, be made available to other States.

The Chief Minister has also said in his communication that the Committee had suggested a course which if implemented would go outside the constitutional framework of the country. This has been stated in regard to the Committee's proposal in the Navagam project in Gujarat which foresees the submerging of a large area of Madhya Pradesh and Maharashtra.

It is pointed out that the sites of the proposed dams and power houses of Maheshwar, Haranphal and Jaisindhi will also go under water if the Navagam reservoir level was kept at RL. 500.

The State Government is also dissatisfied with the fact that the Khosla Committee, which was asked by the Union Government to draw up a

master plan for the optimum and integrated development of the Narmada water resources has failed to do so."

माननीय सभापति जी, कैसी विचित्र स्थिति है। इस प्रतिवेदन में कुछ ऐसे सुझाव दिए गए हैं जो मध्य प्रदेश के लिए आत्मघाती हैं। उनके मान लेने का अर्थ संक्षेप में यह होता है कि मध्य प्रदेश न केवल अपनी लाखों एकड़ भूमि में पानी के अभाव में सिंचाई करने से वंचित हो जाय, बल्कि अपनी कई लाख एक्ड़ भूमि भी पानी में डूब जाने दे। अपना स्फुट लगा कर मध्य प्रदेश पानी को इकट्ठा करने के लिए रिजर्वीयर बनाए तथा अवृष्टि अथवा न्यूनवृष्टि के समय जब कि मध्य प्रदेश को स्वयं इस जल के उपयोग की आवश्यकता होगी तब इस पानी को अन्य राज्यों को इस्तेमाल करने दे। अतः हमारा द्वितीय निवेदन है प्रधान मंत्री जी से कि वे इस प्रतिवेदन के कार्यान्वयन को तुरन्त रोकें और मध्य प्रदेश शासन की बात को सुन कर पुनः इस नर्मदा घाटी परियोजना पर निर्णय कराये। मध्य प्रदेश को बड़ी सिंचाई योजनाओं के लिए अधिक राशि चतुर्थ योजना में दी जानी चाहिए।

माननीय उपसभापति जी, अंत में एक बात और कह कर मैं अपना स्थान ग्रहण करूंगा। देश में पाचवे स्टील प्लांट के स्थान के चयन का प्रश्न विचाराधीन है। एंग्लो-अमेरिकन कंसोर्टियम ने इसके लिए विशाखापत्तनम की सिफारिश की है जिसका कि विभिन्न क्षेत्रों में विरोध हुआ है। कुछ माह पूर्व मैंने इसी सदन में बेल्लाडीला एंव विशाखापत्तनम के तुलनात्मक आकड़े देते हुए बताया था कि सुरक्षा की दृष्टि से देखिये, चाहे किरायातशारी या एफीशियेंसी की दृष्टि से, सबसे बेल्लाडीला ही उपयुक्त रहता है।

विशाखापत्तनम में जहाँ कच्चा लोहा बेल्लाडीला से आने से उत्पादन महंगा पड़ेगा वही यह स्थल एक समुद्री बन्दरगाह होने से दुश्मन के लिए निशाना बनाने में भी अधिक

[श्री गुरुदेव गुप्त]

सुगम है। हाल के पाकिस्तानी आक्रमण की दृष्टि से भी विशाखापत्तनम कसौटी पर खरा नहीं उनरा। इसके विपरीत बेलाडीला देश के मध्य भाग में स्थित है जहाँ कच्चा लोहा, कोयला, चूना, डोलामाइट, क्वार्टजाइट, बाक्साइट, पानी, बिजली, जमीन और कामगार सभी समीप में उपलब्ध हैं। इस कारखाने के निर्माण के सम्बन्ध में मध्य प्रदेश शासन को सुझाव था कि वहाँ बेलाडीला से बछेली तक एक रेलवे लाइन खोली जाय। इस रेलवे लाइन के खुल जाने से डा० नागराज राव का, जिन्होंने अपना सर्वेक्षण करके एक रिपोर्ट भारत सरकार के समक्ष पेश की है, कथन था कि इस रेलवे लाइन के खुल जाने से मध्य प्रदेश के इस भाग में जो कि आदिवासियों एवं शरणार्थियों से बसा हुआ है उनके विकास के काफी साधन उपलब्ध हो सकेंगे। उन्होंने अपने इस प्रतिवेदन में बताया था कि यहाँ की क्षमता जो है कुछ फैक्ट्रियों के बारे में वह यह है। सैट्रन पल्प मिल—1 लाख टन, न्यूजट्रिट मिल—60,000 टन, हार्ड वॉर्ड मिल—20,000 टन, कार्मशियल प्लास्टिड कम फ्लश डोर—10 मिलियन स्क्वायर फिट और 60,000 फ्लश डोर, सीमेंट प्लाट—4 लाख टन, ग्लास फैक्ट्री—3,000 टन, इमारती ईंट और खपड़े—30 मिलियन, आर० सी० सी० पाइप्स—300,000 आर० एफ० टी०, स्टोन-वेयर पाइप्स—24,000 टन, स्टोनवेयर क्राकरी—1,500 टन, एसबेस्टस सीमेंट शीट्स पाइप्स व फिटिंग्स—36,000 टन, स्पनिंग मिल्स—25,000 स्पिडिल्स, टैबुलर स्ट्रक्चरल्स एंड स्लाटेड एंगिल्स—6,000 से 7,000 टन, ग्रे आयरन फाउंडरी—20,000 टन, स्टील कास्टिंग्स—2,000 से 3,000 टन तक इस प्रकार इतने उद्योगों की सम्भावनाएँ इस क्षेत्र में हैं।

मेरा वित्त मंत्री जी से एवं उद्योग मंत्री जी से निवेदन है कि स्टील प्लांट को बेलाडीला अथवा विशाखापत्तनम में स्थापित करने के बारे में अपना मत निर्धारित करने में शुद्ध

आर्थिक एवं सुरक्षा का दृष्टिकोण ही अपनायेगे तथा छ करोड़ के इस प्रोजेक्ट को क्षेत्रीयता की भावना का शिकार न बनने देंगे।

अंत में वित्त मंत्री जी को जनता में उत्साह बढ़ाने वाले उस बजट को प्रस्तुत करने के लिये मैं धन्यवाद देता हूँ। वर्तमान कठिन परिस्थिति में इतने थोड़े समय में, मैं समझता हूँ कि यह जो बजट उन्होंने प्रस्तुत किया है वह सर्वथा मराहनीय है।

धन्यवाद।

SHRI T. CHENGALVAROYAN (Madras) : Mr. Vice-Chairman, I am greatly beholden to you for the opportunity that has been afforded to me for participating in this discussion of the General Budget. It is not a mere conventional complement, Sir, when I say that the hon. Finance Minister has done a remarkable job of presenting a Budget which is neither bombastic nor puerile. In this strangulating situation that has developed since last year, in the face of disaster, disappointment, destruction, defects and drawbacks, in the face of internal weakening of the economy, I am sure, Mr. Vice-Chairman, the hon. Finance Minister could not have presented—as a matter of fact, no other person—a better Budget but nevertheless there have been comments, criticisms and condemnation both in the press and the platform and I have given my very careful thought, study and consideration to those comments and criticisms. Mr. Vice-Chairman, we on this side of the House who have undertaken the historic task of governing this country on progressive lines to a ever widening vista of prosperity must be grateful indeed for such criticisms, wise counsels, but I regret to find, Mr. Vice-Chairman, that the quarters from which such criticism and condemnation emanate are the usual quarters, quarters which are opposed to our Plans, quarters which are opposed to our socialistic advances, quarters which are near the mansions of monopoly and citadels of vested interests. These are the quarters, Mr. Vice-Chairman, which criticise the Budget proposals and in these criticisms I find a common tune, if I may say so

with the greatest respect, the Swatantra tune and I am sure, Mr. Vice-Chairman, that we will be certainly benefited by such criticism because that gives us an opportunity to turn the searchlight inwards and examine within ourselves whether we are false and faulty. I think, Mr. Vice-Chairman, that the Budget as presented is neither false nor faulty and I beg of this House to examine the Budget proposals in the background of the economic scene. The economic scene is indeed distressing and disquieting and we find there is continuing pressure of prices, there is fall in the exports and there is the proverbial shortage of foreign exchange, production has not gained momentum, the wholesale prices have risen by 8.7 per cent, money supply has been substantial but the output has been meagre, the food position has reached a crisis, etc. This indeed is a bleak background in which this Budget is presented but at the same time, Mr. Vice-Chairman, I am able to find in the Budget combating policies and measures which the Finance Minister has undertaken to counter the economic malaise that the situation calls for. In the first place, the Finance Minister has used the fiscal and monetary instrumentality for the purpose of generating sufficient countering strength for all these economic conditions. He has made enough provision for the purpose of invigorating the tempo and the momentum of production. He has introduced selective controls with desirable social objectives for the purpose of equalising opportunities. He has also generated an amount of self-reliance both in agriculture and he has done the important job of keeping the expenditure on Defence and development at a high and commanding level. All these measures, in my respectful submission, would be counteracting enough to the economic condition that has developed. Mr. Vice-Chairman, I beg of this House to note some of the important deviations that the present hon. Finance Minister has done in the whole scheme of tax structure. He has done very well indeed with regard to certain of those deviations. The limit has been raised in regard to the Annuity Deposit Scheme. The Ex-

penditure Tax has been abolished and the Capital Gains Tax and the tax on Bonus Shares have been discontinued. The Dividend Tax has been revised, the Gifts Tax rates have been revised and we see, therefore, Mr. Vice-Chairman, that the Finance Minister has done a remarkable reversing process of some of the Kaldorian pedantry which the previous impositions had. In the background of these economic measures and the exemptions and reliefs that the Finance Minister has given, I beg of this House to consider the taxation proposals. I am very grateful indeed for the thoughtful appreciation and sympathy which the hon. Finance Minister has shown for the middle and lower income groups by raising the exemption limit in respect of Income-Tax. The Surcharge on Income-Tax and the Surtax will undoubtedly be a measure for the purpose of evaluating the strength that our economy must develop. There have been several criticisms about this particular tax imposition. With regard to the Corporate Tax it has always been said and it has been said with some considerable forces and emphasis that this rise in the tax on the corporate public sector will lead to less impetus for saving and investment thereby affecting production. May I most respectfully answer that criticism and allay that misapprehension? The question of the imposition on the corporate sector will have to be considered in the context of the diversification of our industry into priority and non-priority items. In the case of priority industries, they get relief from the heavy taxation burden which has been accumulating and in the case of non-priority industries they may have to bear this burden of ten per cent. Surtax but may I ask the private corporate sector to contemplate a while that when we have given exemptions to it in respect of the Dividend Tax to the tune of ten per cent, that would sufficiently give them an elbow-space for the purpose of investment and greater development?

There has been, Mr. Vice-Chairman, another criticism about the excise duty. No Finance Minister, you know from the plenitude of your experience, would have relied upon excise

[Shri T. Chengalvarayan.]

duty for the purpose of revenue recovery. It is intended more for the purpose of restricting undesirable and excessive consumption and if we analyse the excise duty imposition on various articles and commodities we are given the impression that they will not affect either the economy of production or the satisfaction of consumption.

I may also very respectfully draw the attention of this House to the fiscal and monetary policies that the Budget reveals. The fiscal policy has been calculated for the purpose of getting the highest level of output under the existing circumstances. The policy has always aimed to moderate the aggregate demand to keep in alignment with the aggregate supply. The money supply has been increasing at a faster rate without the corresponding goods and services but in spite of this tendency that we have experienced in the monetary field I must say, Mr. Vice-Chairman, that the provision in the Budget gives sufficient latitude for the purpose of recognition of some of the important credit requirements and the fiscal policy that this Budget enumerates will certainly lend itself for the purpose of giving succour and encouragement to such particular types of industry. I would also say that the fiscal policy embodied in the Budget seeks to deploy flexibility for the purpose of seeing that there is greater utilisation of the existing resources. With all this I submit that the fiscal and monetary policies that are revealed in this Budget will certainly augment our resources to a commanding position.

There is one other point which is rather striking in the Budget proposals, I mean the liberalisation of the import policy. This liberalisation of the import policy is indeed very thoughtful and it is now open to the hon. Finance Minister to lay stress on, what he has rightly called, import maintenance units. Time was when we were putting in an evangelic endeavour for raising import substitutes but in spite of our national efforts in that direction we require certain imports for maintenance and the liberalisation of the import policy that

is revealed in the Budget is very needed and very welcome.

Another point with regard to this import policy is that for all those units which lack productive capacity to increase tempo and which are stagnating, this liberalisation of the import policy has come in very handy.

An important consideration in the Budget is with regard to planning. As I was listening to the debate here and elsewhere and I have been reading criticisms about this budget, I find that it all emanated from one attack, one single attack, one concentrated attack on the endeavour of our planning. I must submit great respect that we plan for the purpose of prosperity and as far as this Plan is concerned as projected in these proposals I must submit that the Budget has been very cautious and if I may say so with great respect, indeed conservative in regard to the provision of outlay for our plan endeavour. The Plan has been divided into important aspects and this being the first year of the Fourth Plan we do not know what the size of the Plan will be, what the strategy of the Plan will be, what the scope of the Plan will be, what the sweep of the Plan will be. Nevertheless we have to lay a good foundation even in the first year of the Fourth Five Year Plan and I submit that the Budget has given that foundation.

There is one point with regard to the Plan strategy. This Budget proposal is very rigorous in allocating the Plan outlay; it has been so sophisticated and the principle of selection has been so much introduced that I am sure that on a very careful examination of the Budget outlay for the purposes of the Plan for the first year of the Fourth Five Year Plan there will be no room for any criticism. Mr. Vice-Chairman, we are accused as being prisoners of the Plan. Yes; we have been prisoners so long now. That has been our badge; that has been our banner always. With great respect I would say that it is far better to be prisoners of the Plan than to be slaves of stagnation and the Budget proposals envisage increased and accelerated pace for the Plan perfor-

mance and to that extent the Budget proposals are very attractive.

Mr. Vice-Chairman, there is one point which is rather peculiar in the present context. The State finances get reflected in the Central Budget. We have to provide nearly Rs. 100 crores for the purpose of financial assistance to the States and but for that our overall deficit would have been only Rs. 65 crores. The reason why we have done this is for the purpose of giving financial cushion to the States and the tax endeavour and efforts of several of our States have been spared because of this financial allocation.

There is one point which is bound to be taken into account and that is the criticism that our expenditure must be very rigorously scrutinised. The Budget proposals reveal a stoic and innate resistance to any extravagance in expenditure. If we look at the items of expenditure are we extravagant? Are we squandering? We have got certain commitments from which we cannot escape. For example, we have to pay certain automatic increases of expenditure on account of decisions already taken; can we ignore it? We have to meet constitutional obligations; can we refuse it? We have to meet debt charges; can we make default? We have to make allocations to the States by virtue of the Finance Commission's recommendations; can we stop it? We have to pay export promotion charges, tax credit payments, etc.; can we refuse them? We have got to meet defence expenditure; can we take the risk? Therefore if examine the whole span of expenditure as revealed in the Budget we will have no hesitation in saying that there is stoic resistance to extravagant expenditure. As a matter of fact it makes us feel that we should not only be watchdogs of expenditure but this Budget makes us feel that we should be bloodhounds of expenditure as well.

I must also state one more point with regard to these Budget proposals about how far it takes us to the different aspects of economics stamina and economic strength. There are very many proposals in the Budget, particularly with regard to provision for the pur-

chase of fertilisers, pesticides, seeds, etc. It is intended for augmenting the fight against the food crisis. In one breath during the food debate the Government is criticised that they have not been sufficiently far-seeing in regard to certain measures for meeting the food crisis and when it comes to the Budget provision instead of being thankful and appreciative of the gallant effort that the Government has made by providing for the purchase of fertilisers, pesticides, seeds and other commodities necessary for increasing agricultural production we cannot again criticise the Government. The Budget is therefore complete in itself.

Mr. Vice-Chairman, one word more and I have done. The whole question of the Budget proposals has to be considered in the context of the developing economic activity. We have to test this Budget how far it is a lever to promote such economic activity; we have to test this Budget how far it can take us further on the road of prosperity and progress; we have to test this Budget how far it has laid a burden on our people. I am one with Prof. Lal when he said that there is room for review of the entire situation. I am sure with the rate of tax which this Budget lays down the buoyancy of tax revenue would be of such an order that very soon we will be in such a comfortable position that the hon. Finance Minister would have sufficient opportunity and occasion to review the entire financial position and I will have no surprise when the Finance Minister will be very comfortable in his assessment of the receipts and also of certain items of expenditure. Mr. Vice-Chairman, on the whole the Budget proposals are a step in the right direction. I am really disappointed as a socialist to feel that there is no socialist flavour or socialist fervour in this Budget but I am not blind enough to feel that this is an occasion when I can usher in socialism. This Budget is a step in the right direction; it takes us in the proper direction and I will conclude by saying :

The wood is dark and deep,
We have promises to keep,
And this Budget takes a leap.

श्री पंडरीनाथ सीतारामजी पाटील
(महाराष्ट्र) : उपमहाध्य महोदय, आगामी वर्ष का जो बजट हमारे सामने प्रस्तुत है उसको देखने से पहले अगर हम पिछले साल यानी 1965-66 के बजट की तरह ध्यान करेंगे तो मालूम होगा कि हमारी आय 2,469 करोड़ रु० की हुई और व्यय 2,183 करोड़ रु० का हुआ. इस प्रकार हमें 293 करोड़ रु० की बचत इस साल में होगी। और इसको देखते हुए अगले साल, यानी आगामी वर्ष की ओर जब हम देखते हैं, तो मालूम होता है, कि 2617 करोड़ रुपये की आमदनी होने वाली है और 2407 करोड़ रुपये का हमारा व्यय होने वाला है। 209 करोड़ रुपये के करीब हमारी अगले साल बचत होगी। इस साल जो हम नये टैक्स लगा रहे हैं उससे 101 करोड़ रुपये की आमदनी होगी। इसी तरह से अगर रेवेन्यू बजट का देखा जाय तो हमारी बचत 310 करोड़ रुपये की दिखाई देती है। तथापि पूंजी बजट द्वारा हमारा इस साल का बजट 117 करोड़ रुपये के घाटे का होने वाला है। इससे ज्यादा आकड़े देकर बोलने की अपेक्षा मैं कारणों पर तथा परिस्थिति विशेष पर बोलूंगा।

हमारा जो घाटे का बजट है और हम इसमें हमेशा घाटा देखते हैं, उसके तीन मुख्य कारण हैं। पहला कारण यह है कि हमारे देश के ऊपर हमारे पड़ोसी देश ने सैनिक आक्रमण किया है जिसकी वजह से हमारा सुरक्षा का खर्चा बढ़ गया है। सुरक्षा के प्रश्न का समाने रख कर हमने इस साल अपने बजट में प्रशासन और शस्त्र उत्पादन के लिए जो ज्यादा पैसा रखा है वह बिल्कुल ही उचित है क्योंकि देश की रक्षा के लिए पूरा बंदोबस्त शासन को करना ही चाहिये और उसके लिए जिस-जिस चीज को जरूरत देश का है उसका उत्पादन अवश्य किया जाना चाहिये। इसलिए सरकार ने इस दिशा में जो कदम

उठाये हैं उनके लिए मैं उसका अभिनन्दन करता हूं।

बजट में घाटे का दूसरा कारण है कि इनकम टैक्स, कम्पम टैक्स, सुपर टैक्स इत्यादि की वसूली बराबर नहीं होती यानी उसमें चोरी होती है। इस पर शासन को प्रभावी प्रबन्ध करना चाहिए। मैं एक किसान आदमी हूं और किसान की दृष्टि से मैं यह बजट देखना चाहता हूं। मैं तो समझता हूं कि किसानों को इस बजट में कोई लाभ होने वाला नहीं है। गैरिकसानों को अवश्य इस बजट से कुछ संतोष होगा क्योंकि 5 हजार रुपया के ऊपर जिनकी आय है उनके ऊपर टैक्स लगता है और उन्हीं को इस बजट में राहत दी गई है। लेकिन गरीब किसान को इस बजट द्वारा कोई राहत नहीं दी गई है। उदाहरणार्थ अगर कोई किसान एक एकड़ खेत जोतता है, उसकी सालाना आमदनी 500 रु०, 700 रु० या ज्यादा से ज्यादा 1000 रुपया है, तो उसको लगान में किसी तरह की माफी नहीं दी गई है। उसको तो 5 रु० एकड़ या 6 रु० एकड़ लगान देना पड़ता है। इस बजट में लगान के ऊपर कोई छूट दिखाई नहीं देती है। जो लोग व्यापारी हैं, कारखाने वाले हैं या दूसरे बड़ी आमदनी वाले हैं, वे इस बजट से खुश हो सकते हैं, लेकिन किसानों को इस बजट से कोई खास खुशी नहीं हो सकती है।

मैंने घाटे के बजट के जो दो कारण बतलाये हैं, उसके बाद तीसरा कारण यह है कि हमारे देश में औद्योगिक और कृषि उत्पादन में गतिराध पैदा हो गया है। यह मैं सबसे बड़ा महत्व का कारण समझता हूं। जब हम अपने देश को देखते हैं तो हम पाते हैं कि हमारे देश में कुछ थोड़े बड़े-बड़े कारखाने खुल गए हैं और उनकी वजह से वस्तुओं की पैदावार भी बढ़ गई है। लेकिन बड़े कारखानों की संख्या इतनी

ज्यादा नहीं है जितनी कि देहातो में घरेलू उद्योगधन्धे हैं या ग्रामोद्योग चलते हैं या चल रहे हैं। अगर हम इन उद्योगों की तरफ देखते हैं तो हमें ग्रामों में ऐसा दिखनाई देता है कि बड़ई, नाई, कुम्हार, मोची, लोहार और वुनकर इत्यादि लाखों इस तरह के कारीगर हैं जो कठिनाई से अपने दिन काट रहे हैं और उनको काम नहीं मिलता है। मशीनों के मुकाबले में वे अपना हस्त-कला का भाल बाजार में मुनाफे पर बेच नहीं सकते हैं और इसलिए वे बेचारे भूखे मर रहे हैं। इस तरह से जितने भी लाखों ग्रामोद्योग गांवों में हैं वे सब डूब रहे हैं। बजट में उनकी उन्नति के साधनों की तरफ कोई ध्यान नहीं दिया गया है और कोई ठोस कदम भी इस दिशा में नहीं उठाया गया है जिसकी वजह से जो लाखों कारीगर गांवों में इन उद्योगों में बैठे हुए हैं उनको कुछ रोटी मिल सके और कुछ उद्योग ही मिल सके। इस तरह की बात उस बजट में नहीं दिखलाई देती है और न ही सरकार की तरफ से कोई नई योजना उन लाखों कारीगरों के लिए ही है।

अब मैं कृषि उद्योग की तरफ आता हूँ। यह उद्योग हमारे देश में सबसे बड़ा है। इस एग्रिकल्चर इंडस्ट्री से करीब 70 प्रतिशत लोग अपना निर्वाह इस देश में करते हैं। जो लोग यह उद्योग करते हैं वे देहातों में रहते हैं और जब हम उनकी तरफ देखते हैं तो हमें ऐसा पता चलता है कि देश में जो पहली पंचवर्षीय योजना बनी, दूसरी पंचवर्षीय योजना बनी, तीसरी इस साल खत्म हो गई है, उससे किसानों को यह आशा बंध गई थी कि इससे कुछ न कुछ नया रास्ता उन्हें देखने को मिलेगा। लेकिन सोचने की बात यह है कि कृषि का उत्पादन बढ़ने की बात तो छोट दीजिये। उत्तरोत्तर घट रहा है। दूसरी पंचवर्षीय योजना के अंत में करीब साढ़े आठ करोड़ टन अनाज की पैदावार हुई थी और तीसरी

पंचवर्षीय योजना के अंत तक 10 करोड़ टन अनाज की पैदावार होगी, ऐसा आयोग का ख्याल था। लेकिन प्रत्यक्ष रूप से जो हम देखते हैं वह यह है कि 10 करोड़ के बजाय हमारे यहाँ साढ़े सात करोड़ टन ही अनाज का उत्पादन हुआ। इससे हमें यह सोचना चाहिये, हमारे योजना आयोग को यह सोचना चाहिये कि उनकी कृषि उत्पादन की दिशा में जो गाड़ी चल रही है, वह गाड़ी सामने नहीं जा रही है बल्कि पीछे की ओर जा रही है, उसकी तरफ उन्हें अवश्य देखना चाहिये।

मेरे ख्याल में तो कृषि उत्पादन में बढ़ो-तरी न होने का असली कारण यह है कि योजना आयोग में कृषि जानने वाले लोग नहीं हैं। जो लोग शहरों में रहते हैं, बड़े-बड़े पदवी लिये बैठे हैं, अपने को बड़ा विद्वान समझते हैं, यह नहीं जानते हैं कि कौन-सी चीज कब पैदा होती है और किस जमीन पर पैदा होती है, इस तरह का ज्ञान न होते हुए भी वे हमारी योजनाओं को बनाते हैं। इसका परिणाम उल्टा होता है और हमारा उत्पादन बढ़ने के बजाय घटता है। ऐसी दशा में हमको यह सोचना चाहिये, हमारे योजना आयोग को सोचना चाहिये, हमारी सरकार को इस तरफ देखना चाहिये कि वह इस मामले में एक नया कृषि कमिशन बैठाये जिसमें असली किसानों के रिप्रेजेंटेटिव हों। अगर किसानों की राय से चौथी पंचवर्षीय योजना में कुछ सुधार किया जा सके तो हमारे देश में कुछ अनाज उत्पादन बढ़ने की आशा है। जब किसान, कानारा बोलने में खेती में अनाज का उत्पादन बढ़ने वाला नहीं है। इसके लिए तो प्रत्यक्ष रूप से किसानों को प्रोत्साहन देना होगा और उनकी हर तरह से मदद करनी होगी। जिस तरह से हम जवानों को रण में लड़ने के लिए हर तरह के उन्नत हथियार देते हैं उसी तरह से किसानों की भी हर तरह के उन्नत साधनों से मदद करनी होगी।

[श्री पंढरीनाथ सीतारामजी पाटील]

किसान खुद हल चलायेगा, खेत में जा कर वह अपना पसीना बहायेगा, वह खुद कष्ट, श्रम करेगा तब खेती में अनाज बढ़ने वाला है, उत्पादन बढ़ने वाला है। खाली लेक्चरों से और नारे लगाने से उत्पादन बढ़ने वाला नहीं है। इस सिलसिले में मैं एक मिसाल आपके सामने रखता हूँ। जयपुर के कांग्रेस सेशन में मैंने यह सुना कि 40 हजार ट्रैक्टर हमारे देश में हैं जिनमें से 20 हजार ट्रैक्टरों के पाटर्स नहीं हैं और वे बन्द पड़े हुए हैं। इसकी तरफ किसी का ध्यान नहीं है। हमारा कृषि विभाग क्या कर रहा है? कैसे वह अनाज की ज्यादा पैदावार करने वाला है, कुछ समझ में नहीं आता। हम जब कृषि मंत्री का भाषण सुनते हैं तो ऐसा मालूम होता है कि अगले साल हमारा कृषि का उत्पादन ज्यादा बढ़ने वाला है और पांच साल के अन्दर हम अनाज के बारे में अपने पैरों पर खड़े होने वाले हैं, लेकिन यह कैसे होगा, यह समझ में नहीं आता जब कि इतने ट्रैक्टर हमारे यहां बन्द पड़े हुए हैं। फिर बड़े-बड़े ट्रैक्टर छोटे और गरीब किसान मोल ले नहीं सकते और मुफ्त में या थोड़े किराये पर ऐसे ट्रैक्टर गरीब किसानों को मिलते ही नहीं हैं। इसलिये मेरी राय में देश में जो टेरलीन बनाने के, नायलोन बनाने के या मोटर साइकल बनाने के कारखाने बन रहे हैं, उनके बजाय छोटे ट्रैक्टर बनाने के, खेती के हल्के औजार बनाने के कारखाने सरकार या तो खुद खोले या कम्पनियों को कारखाने लगाने का लाइसेंस दे और उसके लिये जो कर्जा दे उसका ब्याज कुछ कम ले। इस तरह से अगर कारखाने खुलेंगे तो किसानों को खेती के औजार मिलेंगे और उन औजारों के जरिये अपनी खेती में काम करेंगे और अनाज का उत्पादन बढ़ायेंगे।

दूसरी बात यह है कि किसानों को जो सबसे बड़ी दिक्कत है जिससे हमारे देश का उत्पादन बढ़ नहीं रहा है, वह दिक्कत,

वह अड़चन, वह कठिनाई यह है कि किसानों को जमीन में डालने के लिये खाद नहीं मिलता है। आप सोचिये कि भैंस से अगर अच्छा दूध लेना है, तो उसको दाना खिलाना चाहिये। उसको अगर हम पूरी खुराक नहीं खिलायेंगे तो वह अधिक दूध नहीं दे सकती। इसी प्रकार अगर मुर्गी से हमें अच्छा और बड़ा अंडा चाहिये, तो मुर्गी को हमें दाना खिलाना चाहिये, तब वह बड़ा अंडा देगी। जब तक उसका पेट नहीं भरेगा, तब तक वह बड़ा अंडा नहीं दे सकती है और बिना खुराक के भैंस भी दूध नहीं दे सकती है। इसी तरह से जब तक किसान अपनी खेती में खाद नहीं डालेगा तब तक किसानों की खेती बड़े पैमाने पर अनाज की फसल देने वाली नहीं होगी। तो इस बात की तरफ हमारी सरकार को ध्यान देना चाहिये। जैसा कि अभी हमने सुना है कि बाहर के देशों की कम्पनियों को, यानी अमेरिका की कम्पनियों को यहां रासायनिक खाद का कारखाना लगाने की इजाजत दी जा रही है, यह सुन कर हमें बहुत अफसोस हुआ। हमें आज पी० एल० 480 कानून के अधीन अमेरिका का अनाज खा रहे हैं, कल हमको अमेरिका की कम्पनियों से खाद भी लेना पड़ेगा। हम यह भी सुन रहे हैं कि उन कम्पनियों को बिल्कुल खुद-मुहत्तार करना पड़ रहा है। वे किसी भी रेट पर और किसी भी डीलर को अपना खाद बेच सकती हैं। यह एक अजीब बात है कि हमारे देश में कारखाने खुलें और हमारे देश की सरकार को ही यह अधिकार न हो कि वह खाद की कीमतें तय करे या यह कहे कि खाद फलों डीलर को दो और फलों डीलर को न दो। यदि हमारे देश की सरकार को इतना भी अधिकार न हो, तो फिर यह बात हमारे देश के लिए कलंक है।

पराये देश की सरकार भी ऐसा नहीं बोलती है जैसा कि वहां की यहां की गैर-

सरकारी कम्पनिया बोल रही हैं। वे कम्पनियां हमारे यहां अपना कारोबार चलायें और सरकार का हस्तक्षेप करने का भी अख्तियार न हो, यह बड़े आश्चर्य की बात है। ऐसा नहीं होना चाहिये। मैं तो कहूंगा कि हमारे कृषि मंत्रालय का सरकार के खुद के पैसे में ऐसे खाद के कारखाने खोलने चाहियें। मुना यह जाता है कि हमारे पास इतना पैसा नहीं है। ठीक है, पैसा हमारे देश में नहीं है, लेकिन आज तक जब पैसा देश में नहीं था तो किसी दूसरे देश से कर्जा लेने से क्या कभी किसी ने हमारी सरकार को रोका है। हमारी सरकार का तो यह काम ही है कि जब पैसा न रहे तो वह दूसरे देशों से कर्जा ले ले और अभी तक हमारी सरकार काफी कर्जदार हो ही चुकी है, फिर यह खाद के कारखाने बनाने के लिये दूसरे देशों से कर्जा लेने में क्या दिक्कत है? जहां से भी कर्जा मिले, सरकार को वहां से पैसा ले करके खाद के कारखाने खोलने चाहियें।

उपसभाध्यक्ष महोदय, हमारे यहां अनाज का उत्पादन इतना कम है कि दुनिया की तुलना में, दूसरे देशों की तुलना में, देखा जाय तो हमको और आप सबको आश्चर्य होगा कि हमारे देश में प्रति हैक्टर औसतन 800 किलोग्राम अनाज पैदा होता है। हमारा देश कृषिप्रधान देश है, लेकिन इंग्लैंड जैसे देश में, जिसको हम मजाक में कहते थे कि वह कोयले का देश है, उस कोयले के देश में जो अनाज पैदा होता है, जो गेहूं वहां पैदा होता है, वह प्रति हैक्टर औसतन चार हजार किलोग्राम से ज्यादा पैदा होता है। इसी तरह से पश्चिमी देशों में हमारे देश के मुकाबिले में कई गुना ज्यादा अनाज की पैदावार होती है। इसके बारे में हमें सोचना चाहिये।

यह कहना ठीक नहीं है कि हमारे यहां किसान ज्यादा उत्पादन करना नहीं जानता। उसको आप सारे साधन दीजिये, साधन देने

के बाद वह दुनिया में किसी से भी पीछे नहीं रहेगा। खाद के साथ-साथ आज उसको पानी की आवश्यकता है, इरीगेशन की आवश्यकता है। आप उसको पानी दीजिये, अच्छा मुद्रग बीज उसको दीजिये, आधुनिक औजार उसको दीजिये, आप उससे देहांत में कम्पोस्ट खाद पैदा करवाइये और अगर वह कम पड़ती हो, तो उसको रासायनिक खाद दीजिये, कीटनाशक दवायें उसको प्राप्त करवा दीजिये, उसको खेती में लगाने के लिये जितनी पूंजी की आवश्यकता होती है, उतना पैसा उसके हाथ में दे दीजिये तभी देश खाद्योत्पादन में आत्मनिर्भर हो सकता है। हमने दूसरी पंचवर्षीय योजना में साढ़े आठ करोड़ टन अनाज पैदा किया और तीसरी पंच-वार्षिक योजना में हमने साढ़े सात करोड़ टन अनाज पैदा किया और इस प्रकार हमारी पैदावार की गाड़ी पीछे चली गई। इसलिये जो साधन अभी मैंने बताये, वे हमारे किसानों को शासन द्वारा दिये जायें और फिर कम से कम दोगुना और चौगुना अनाज हमारे देश में हमारे यहां के किसान जरूर पैदा करेंगे, इसमें हमें कोई शक नहीं है।

तीसरी चीज यह है कि आज हमारे देश में किसान का शोषण हो रहा है और शोषण होने की वजह से दरिद्र किसान अपनी खेती में पैसा नहीं लगा सकता है। आज बाजार में उसका व्यापारी शोषण करते हैं। अगर उसको सरकार की तरफ से कोई छोटीसी चीज मिलनी हो, कोई नक़्क़ाबी या मदद मिलनी हो, इरीगेशन का पानी, रासायनिक खाद या उलेक्ट्रिक मोटर इत्यादि के लिये कोई कर्जा शासन से मिलने वाला हो, तो उसमें बहुत घूमखोरी चलती है। इस प्रकार किसानों को सारी चीजें महंगी पड़ती हैं क्योंकि उसका हर जगह शोषण हो रहा है। आज जो उसकी खुद की उत्पादित चीजें हैं, उनका उचित मूल्य उसको नहीं मिल रहा है।

[श्री पंढरीनाथ सीतारामजी पाटील]

इसीलिये वह बेचारा गरीब है, दगिद्र है। आज वह न्याय चाहता है। सामाजिक न्याय वह चाहता है और किसानों को सामाजिक न्याय नहीं मिलेगा जब उसकी पैदावार की चीजों की कीमतें उसका उत्पादन खर्चा और सधारण श्रेणी का जीवन बिताने के लिये उसे जितने दामों की जरूरत हो, उतना उसको मिले तथा उसकी पैदावार की चीजों के दामों में वगैर खेती की पैदावार की वस्तुओं में शान्त को सतुलन लाना चाहिये, जो कि आज नहीं है। इतना करने से ही किसान को सामाजिक न्याय मिलेगा। किसान को अगर न्याय मिल गया और उपरोक्त साधन उसको दे दिये जाय तो निस्संदेह हमारे देश का उत्पादन बढ़ जायेगा।

अन्त में मैं यह कहना हू कि हमारे देश ने जनतंत्र अपनाया है। देश को समाजवाद की ओर अग्रसर कर रहे हैं, ऐसा हमारा दावा है लेकिन किसानों को देहातियों को वही समाजवाद का नक्शा नहीं दीखता। उनको समाजवाद कोसों दूर दीखता है। हम उनको कहते हैं कि समाजवाद की तरफ तुमको ले जा रहे हैं, आम चुनाव में हमारी पार्टी को चुन कर दो, हमको वोट दो, हम कांग्रेस वाले तुमको समाजवाद लाकर देंगे। हम कितने दिन उनको ऐसा कहते रहेंगे। समाजवाद की तरफ हम मचमुच नहीं जायेंगे तो दूसरी पार्टी के लोग

उनको बता देंगे कि वे कांग्रेसी लोग जो तुम्हारे सामने समाजवाद का नारा लगाते हैं वह समाजवाद नहीं लाने वाले हैं। किसानों का, आम जनता का जो विश्वास हमारी कांग्रेस सरकार के ऊपर है, कांग्रेस पार्टी के ऊपर है, बहुत दिन तक हम उस विश्वास के पात्र नहीं रहेंगे।

दूसरे हमें किसी भी नागजी की परवाह नहीं करनी चाहिए। केपिटलिस्ट नाराज हो जाएंगे या फला देश नाराज हो जायगा। ऐसा सोचने में हमें अपना समय नहीं खोना चाहिये। हमारी समाजवाद से भले ही कोई देश नाराज हो, राजी रहे, कुछ मुट्ठी भर केपिटलिस्ट लोग राजी रहे, नागज रहें, हमें आम पब्लिक के मुख, उनका सर्वोपयोगी विकास और उनकी भलाई की तरफ देखना चाहिए। अगर ऐसा करेंगे तो हमारा जनतंत्र मजबूत रहेगा। देश सुखी होगा और जो हर माल हमारे शान्त को धन चाहिए काम चलाने के लिए, शान्त चलाने के लिए वह आसानी से मिल सकेगा। इतना कह कर मैं इजाजत लेता हू।

THE VICE-CHAIRMAN (SHRI M. RUTHNASWAMY): The House will now adjourn and meet again tomorrow at 11 00 A M

The House then adjourned at ten minutes past five of the clock till eleven of the Clock on Thursday, the 17th March, 1966