143 of the Constitution. The consensus of opinion at the meeting was that the Rajya Sabha need not be represented m the reference before the Supreme Court. I hope the House also agrees with this. I shall ask the Secretary to inform the Supreme Court accordingly.

ALLOTMENT OF TIME FOR CONSIDERATION OF THE FINANCE BILL 1964

MR. CHAIRMAN: I have to inform Members that under rule 162(2) of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I have allotted three days for the completion -of all stages involved in the consideration and return of the Finance Bill, 1964, by the Rajya Sabha, including the consideration and passing of amendments, if any, to the Bill.

THE FINANCE BILL 1964

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI) : Sir, I beg to move:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1964-65, as passed by the Lok Sabha, be taken into consideration."

SHRI DAHYABHAI V. PATEL (Gujarat): Sir, I want to raise a point of order. The Appropriation Bill has not been passed by this House. So we do not know exactly what the financial position and what the surpluses of the Government of India are. Under those circumstances, is it proper that we should consider the taxation proposals of the Finance Bill? I feel that the proposal is out of order, Sir.

MR. CHAIRMAN: Have you got anything to say?

SHRI T. T. KRISHNAMACHARI: I don't think, Sir, that it is quite correct. So far as the Indian Parliament is concerned, this question of dichotomy of passing of the Demands and the Finance Bill has never been correctly defined. It is no doubt true that the Demands are first approved and then the Finance Bill comes in. But there is nothing to prevent the Finance Bill coming in. because the Finance Bill is a taxation measure and it does not completely cover all that is needed, because the other things are there already. To my knowledge, Sir—and I have been in and out of this Chamber and the other Chamber since 1948—I have not seen any occasion in which this dichotomy has been brought to the notice of the Legislature here. I am not sure Sir if the British parliamentary practice also prevents anything of this nature. There is the Ways and Means Position and the Finance Bill, and though they are separately treated, I think they do overlap. Even the consideration of the Ways and Means which is done in a committee often overlaps. I cannot say that there is anything constitutionally wrong in the Finance Bill being taken into consideration and passed and then the Appropriations being passed.

MR. CHAIRMAN: Would any other hon. Member like to make any observation?

PROF. M. B. LAL (Uttar Pradesh): Can the Finance Minister quote any instance when the Finance Bill was passed and enacted before the Appropriation Bill was passed?

MR. CHAIRMAN: I do not think it is necessary for him to quote any instance. We are considering whether it is in order or not. Would you like to make any observation, anyone of you?

SHRI MULKA GOVINDA REDDY (Mysore): Sir, there is considerable force' in what Mr. Dahyabhai Patel has raised in. this point of order. Unless and until the Appropriation

[Shri Mulka Govinda Reddy.]

Bill is passed by this House, this House is not competent to discuss the Finance Bill.

SHRI ARJUN ARORA (Uttar Pradesh): Sir, may I point out that both the Appropriation Bill and the Finance Bill are not passed by this House. They are considered and returned. The point of order relates to the passing of a Bill.

PROF. M. B. LAL: May I point out to the Chair that while returning the Bill to the Lok Sabha, it is possible for the Rajya Sabha to make recommendations, to recommend changes in the Appropriation Bill, which may subsequently be accepted by the Lok Sabha?

SHRI DAHYABHAI: V. PATEL: May I just ask one question? Since the Rajya Sabha started, has there been any instance where the Finance Bill has been passed before the Appropriation Bill has been dealt with?

MR. CHAIRMAN: No, but there is such a thing as doing a thing for the first time.

PROF. M. B. LAL: Therefore, Sir, I think we should be very careful lest this should form a precedent for the future.

SHRI T. T. KRISHNAMACHARI: I have to mention, Sir, that there is a question of timing. If the House will forgive me, may I point out that all the processes of the Finance Bill must be completed before the 28th? If the House wants to consider the Appropriation Bill, then the time that would, be available for consideration of the Finance Bill would be considerably shortened. I think, I believe it is a suggestion of the Minister of Parliamentary Affairs that that should not be started and therefore, this Bill might be taken into consideration, putting off the Appropriation Bill. If hon. Members feel strongly about it, Sir, then we may continue the Appropriation Bill and the Finance Bill may be completed in two days.

SHRI DAHYABHAI V. PATEL: May I point out that I requested that this session might be called a little earlier? But the Minister of Parliamentary Affairs gave you wrong advice and said that the session need not be called earlier.

MR. CHAIRMAN: We are mixing up things. There is a point of order about a certain thing. I hold that the consideration of the Finance Bill is in order, and therefore, we proceed with it.

SHRI T. T. KRISHNAMACHARI: Sir, the Finance Bill has been before the country for more than six weeks now. During this time, in the general discussions on the Budget in this House and in the Lok Sabha, Government's economic policies have come in for a full examination. In my replies to these discussions, I have given a broad exposition of these policies, supplementing what I have said in the Budget speech and I have explained how the various tax proposals are the constituents of an integrated scheme of taxation based on the economic objectives outlined in my Budget speech.

Although the scope of the present Finance Bill is rather wide, I would like to point out that its basic structure is a simple one and follows from a central strategy. The Bill seeks to provide incentives for the generation of greater savings in the corporate sector and for making them available •for investment. These aTe followed with specific incentives to direct adequate investments into industries of a high priority from the point of view of our scheme for development. In order to safeguard and improve our balance of payments, certain other incentives have been offered for foreign private investment in the matter of company taxation as well as in the matter of

personal taxation of foreigners working in India. There are several measures for the encouragement of savings in the hands f individuals which ultimately must find their way in investment. Logically, these have been linked with measures to reduce consumption. Certain fiscal devices have been introduced check concentration of wealth and of economic power. To supplement these, an important non-fiscal step has been taken in the appointment of a Monopolies Commission. Tax evasion, which leads to social injustice as between the honest taxpayer and the dishonest evader, is sought to be checked through a variety of other measures. This, in short, Sir, is the anatomy of the Finance Bill.

I now turn to an outline of the major features of the new scheme of taxation. In personal taxation, the attempt has been to evolve a simplified structure, primarily designed to be equitable in its incidence on the lower income groups. Income levels of Rs. 15,000 and below have been relieved of any form of compulsory savings to enable these lower income groups to take home a larger pay packet. The amendment, now a part of the Finance Bill, increases the initial tax-free slab of income for the income range up to Rs. 20.000, by Rs. 200 in the case of a married individual with no child °r a Hindu undivided family with no minor co-parcener, by Rs. 300 for an individual with one child or a Hindu undivided family with one minor co-parcener, and by Rs. 400 for a married individual with more than one child or a Hindu undivided family with more than one minor co-parcener. All these would provide a measure of further relief to these income groups.

The Annuity Deposit Scheme, which is in the new set of measures, is an important instrument for mobilising private savings and it has also been streamlined in certain respects since the presentation of the Budget. Following from my earlier indication, the Annuity Deposit Scheme has been made optional to persons over seventy years of age. In the case of others also, the option exists but the exercise of the option will carry with it an extra tax liability. Incomes such as capital gains or compensation received for loss of employment, etc., which are not in the nature of regular earnings, will not be taken into account for calculating the amount of tha Annuity Deposit. Authors, playwrights, artists, musicians and actors whose income may be large but not even will have the facility of making an additional deposit up to twenty-five per cent, of their income, enabling them to avail themselves o. the benefits of this scheme in a larger measure.

In company taxation, the three main planks of the new structure are general incentives for stimulating investment, specific incentives for priority industries and the measures to induce the diversification of ownership in industry by the encouragement provided for the promotion of smaller companies. The most important of the general incentives are the replacement of the super profits tax by companies (profits) surtax and exemption of inter-corporate dividends from super tax.

In order that the greater savings in the corporate sector that would be generated by these concessions should be increasingly utilised for expansion and growth, a tax has been proposed On companies on the dividends distributed by them. Section 104 companies which were called 23A companies before or Indian companies of certain categories in which the public are not substantially interested who are required to distribute dividends com-pulsorily will not be subjected to this levy of Dividend Tax. Exemptions from this requirement of compulsory distribution of dividends is to be extended to two important categories of such companies so that they may be enable to generate sufficient

[Shrii T. T. Krishnamachari.]

resources for expansion. The two categories of companies which are to be so exempted are Indian companies whose business consists, wholly or mainly, in the manufacture or processing of goods or in mining or the generation or distribution of electricity; and Indian companies, the book value of whose machinery or plant used for the purpose of their business, exclusive of office appliances and road transport vehicles, amounts to or exceeds fifty lakhs of rupees. These changes, it is hoped, will benefit a wide variety of capital intensive industries important for the growth of our economy to build up adequate internal reserves for expansion.

As these are closely controlled companies, the Super Tax on such companies is to be increased from twenty-five to thirty-five per cent. However, in order to encourage the smaller companies in this category, the overall rate of tax on the first two lakhs of rupees of income in the case of Indian companies, wholly or mainly engaged in the manufacture or processing of goods or in mining or the generation or distribution of electricity, and whose total income does not exceed five lakhs of rupees is proposed to be kept at fifty per cent instead of the normal overall rate of sixty per cent. Another change in this field is the proposed amendment to the Income-Tax Act in order to provide that a company in which the Government or the Reserve Bank of India, singly or taken together, hold at least forty per cent, of the share* will be treated as a company in which the public are substantially interested. This change will remove the patent anomaly of such financial corporations being placed on par with closely controlled private limited companies.

Sir, we are not only keen that the incentives provided to the corporate sector should increase the aggregate resources available in that sector but that these resources should flow into investments in those industries which are capital incentive and basic to future growth or which produce goods that substitute imports or goods that represent important exports. With this in mind, the Finance Bill provides a reduction of tax equivalent to ten per cent, of the Income Tax and Super Tax normally payable by companies on any income derived from the generation or distribution of electricity or from the production of one or more articles listed in the Finance Bill. To this list, two important additions have now been proposed. These are in respect of electronic equipment and petro-chemicals which will be of vital importance in the next phase of our development. The entry relating to minerals is also to be expanded.

The section on tax on capital gains other than short-term capital gains arising to non-company assessees is to be recast. The first five thousand rupees of such gains will be wholly exempted from tax. Also, no tax will be chargeable on such capital gains where the assessee's total income does not exceed ten thousand rupees. The minimum amount of tax payable in other cases on capital gains other than short-term capital gains will be fifteen per cent, of the amount of the gains. The tax will be at fifty per cent, of the average rate applicable to the assessee's ordinary income exclusive of such capital gains or any income by way of compensation termination of managing or selling agencies, etc. If, however, the capital gains relate to lands or buildings, the tax would be charged at seventy-five per cent of the average rate. These changes, Sir, will not only simplify and rationalise the scheme of capital gains taxation but render it more equitable in favour of the small and medium classes of investors. In this scheme the issue of bonus shares by companies has been included and would be treated as long-term capital gains.

The other major area, to which I should like to turn, is the question of tax evasion. Evasion of tax not only deprives the exchequer, and therefore society at large, of its legiti-jnate dues, but introduces in the economy a large element of unaccounted money leading to speculation, hoarding, pushing up of prices and a host of other economic maladies. The objective of some of the provisions relating to this problem is that, to a greater degree than hitherto, concealment or understatement of items in order to minimise liability in some of the taxes should involve an added liability with regard to others. Apart from this, a whole variety of other specific measures have been proposed to deal with this problem. Restrictions are to be placed on perquisites and business expenses. Above a certain Mmit, Ihe onus *o** proving that a tax return for a lower income was bona *fide* is proposed to be placed on the assessee. A higher punishment on conviction for tax evasion is to be provided. The powers of the Income Tax authorities in respect of search and seizure are *° be made more effective. Some of the exemptions and deductions previously allowed in the Expenditure Tax are to be withdrawn and in regard to capital gains, the criterion of "fair market value" is being introduced in order to counter evasion of tax through an understatement of sale •prices.

The provisions relating to the disclosure of information contained in tax records to the public constitute an important step is discouraging evasion. Some misgivings, in this House particularly, were expressed at the time of the general debate that these provisions relating to disclosure, while being designed to prevent one kind of abuse should not leid to other abuses. In an amendment approved by the Lok Sabha these misgivings have been substantially met by providing that information will be furnished only if the Commissioner of Income Tax is satisfied that such disclosure would be in the public interest. We have also proposed to amend section 280 of the Income Tax Act, to provide for the punishment of any public servant who makes an unauthorised disclosure of information. With these safeguards, I have every hope that these provisions would serve decisively to inhibit any prospective tax evader.

I have touched on the important features of the new scheme of taxation and have tried to explain how they form part of an integrated scheme. Before I leave the subject of direct taxes, I should like to mention one or *two* other significant measures The first is the concession that I have announced in the Lok Sabha for providing an additional depreciation allowance for a third shift working of plant and machinery at 50 per cent of the normal rate of depreciation. In the Budget speech, I have referred to the fact that sometimes, in the race for making new starts, sufficient attention is not given to the fullest, exploitation of the facilities already created. From the point of view of the full utilisation of existing industrial capacity, this concession is a major incentive that We have now offered and I hope that industry will respond by stepping up the utilisation factor.

In respect of estate duty, an apprehension was voiced in Parliament that the substantially higher levy in the Bill may, in some cases, have the effect of taking away, as duty and taxes, the full value of the estate. I have, therefore, proposed to mitigate the levy somewhat by allowing the full amount of the probate duty to be deducted from the estate duty payable instead of one-half of it allowed under the provision as originally framed.

I now turn to indirect taxes. To repeat what I have said earlier in this House and in the Lok Sabha considerations of revenue, the need to

[Shrj *T.* T. Krishnamachari.]

conserve foreign exchange by restraining demand on imported articles though they may be articles of mass consumption, and most important of all, the fact that any reduction in duty is not likely to be passes on to the consumer, have all made it impossible for me to announce any substantial concession in the field of excise duties. Some reliefs and changes, taking into account the representations that I have received have, however, been notified and these relate, mainly to textiles. The total exemption on yarn in the form of hanks has been extended further to new French counts below 29. The duty on such yarn of 29 counts but below 34 has been halved. A concession of one-fifth of the special excise duty payable on sized yarn is being given to independent sizing units. Relief is being given in respect of the existing compounded rates for fine and superfine fabrics payable by small powerlooms by re-fixing it at one-third! of the present figure. The effective rate of duty on industrial rayon yarns (mainly tyre cords) is being reduced from R.S. 4 to Rs. 2.67 per kilogram. The other adjustments in excise duties are of a relatively minor character.

Sir, this House is now in a position not only to consider the finance Bill in its final shape but also to look at it in the cumulative light of all the discussions that have taken place on the Bill in Parliament and outside. The canvas of the present tax proposals is admittedly wide and, perhaps, I have been somewhat ambitious in trying to cover such a wide front within the compass of a single year's Budget. This, however, does not make these proposals or their likely effect difficult to assess for they are all related integrally to a simple and easily understood strategy geared to the needs of our economic situation as it exists today.

During the last eight months or so in which I have been in charge of the Finance Ministry, I have been continually formulating measures on various fronts of economic policy to promote growth with a more determined enforcement of social justice. The proposals in the current Budget represent, in one sense, tne culmination of our efforts in this direction during the last few months In another aspect they are also the beginning, may 1 say, of a reform in taxation that is, essentially, of a long-term character. A very heavy burden has been cast on our resources by trie needs of defence and of rehabilitation and financially this burden will continue to weigh with us for many more years ahead. We must bear it adequately and also proceed with our cherished aim of rapid economic growth. This can only be achieved if both income and savings, whether among individuals or in the corporate sector or with Government are stepped up and used in productive investments that assure us long-term growth. This again cannot be done without a measure of sacrifice all round but the sacrifice must be equitably borne. The Bill before the House is only an ancillary or a handmaiden of an economic policy that seeks to serve this central objective.

My appeal, therefore, Sir, to this House is that the present proposals should be understood from this broad standpoint. If they are so understood, I have every confidence that the House will accept and support them in their entirety.

Sir, I move.

The question was proposed.

SHRI DAHYABHAI V. PATEL: Mr. Chairman, Sir, I do not wish to repeat what I had said in this House when the Budget was introduced, because I feel in spite of the long debate that has taken place in the other House there is no material change in the taxation proposals of the Finance Minister. He

has said that the proposals were framed with a view to stimulating investment. May I point out that the precipitous fall in stock prices in the markets of Tn^ia shows how much investment has been stimulated by these Budget proposals? As there was a precipitous fall immediately after the Budget was passed, perhaps there was a lingering hope in certain quarters that the Finance Minister would reconsider, would relent, and the tExa-tion proposals would give a little more relief but, Sir, I fail to see any relief to the people. And when I tall: of people I do not mean people who in-Test money; I mean people who work from day to day, from month to month, from year to year, to make their living and I find there is no relief from the spiral of rising taxation that we have been experiencing all these years, particularly after the Third Plan was taken in hand. H is said that ten per cent of our people at least are living in semi-starvation. I do not see any relief in this Budget for such people.

SHRI A. D. MANI (Madhya Pradesh) : It is more than 10 per cent.

SHRI DAHYABHAI V. PATEL: That is my feeling also. That is why I raid, 'it is said'. My own feeling is that the figure is very much higher.

SHRI G. RAMACHANDRAN (Nominated) : Where did you get this percentage?

SHRI DAHYABHAI V. PATEL: I said, 'it is said'. I did not quote from anything.

SHRI G. RAMACHANDRAN: So it is not based on any calculation?

SHRI DAHYABHAI V. PATEL: No, I have no calculation. My estimate is that it is about 35 or 40 per cent of people who are living in such conditions. I have not the means; I have not made a proper study. My estimate is based on what I see and whal I observe when I move about and I do quite a lot of moving about among the people. And my estimate is that the figure is very much higher.

We are a poor country with a lot of people living in poverty. To those people who live in poverty relief in the prices of the essentials of life like kerosene, matches, vanaspati, etc. would mean a great deal. I am sorry I do not see anything about these in the proposals. The taxation proposals are supposed to be related to the Plan. That was why the predecessor of the present Finance Minister said when he introduced his Budget that taxation would have to be stepped up in addition to the reason of the emergency. Under his regime the taxation was increased by Rs. *900* crores. What the present Finance Minister has done is to raise it to Rs. 2,000 crores. What the burden of this will be on the country, on the common people, we will realise in the course of the next few months. The taxation is based on an assumed economic growth of 5 per cent, 6 per cent and 7 per cent. I am sorry to say that no account is taken of the failure of the Plan to raise economic growth which actually is 3 per cent, 2J per cent and two per cent. The economic growth is falling short of expectations every year. That, to my mind, is a result directly of the precipitous increase in taxation. How is the further steep taxation going to give us any relief or to give us economic growth? While economic growth was expected to come up to 10 per cent, it has come up to only five per cent. The corporate sector will be paying about Rs. 15 crores, but the other sector, the private sector, or if I may say the individuals, will be paying very much more. How do we get relief for this? How is he going to help us? This would be the basis why the proposals of the Finance Minister are not acceptable to us.

In the new Finance Bill it is sought to compel assessees to file returns to the extent of 90 per cent of their income and to pay tax as may be com-

[Shri Dahyabhai V. Patel.] puted within a period of thirty days after the submission of returns. While this may be wholesome and good from the point of view of the Department, it is not realised that undue hardship is caused to the average public or to the average tax-payer leading to the many ills and evils that have come into existence with the geometrical progression of increase in taxation. With such an obligation on the assessees, the relevant question may be asked for the benefit of the oublic of India; What is the average time taken for completion of assessment of individuals? What penalties, if any, are imposed on officers who do not and cannot complete assessments of individuals or corporations within a period of, say, three months after the submission of returns? Why should individual assessments be kept pending for orders for unduly long periods to suit the convenience of officers? Is it not a fact that refund orders are not issued simultaneously with the completion of assessments and quite often are delayed for more than six to eight weeks? Is this not a great hardship? Would this not result in persons having to close down their business when they have to lock up large sums of money by way of assessment and the refunds that they have to get are not settled or are delayed? Is it not a fact that refund orders issued are returned unpaid even after ten or twelve days by the Treasury or the State Bank on account of no instructions being issued to the Treasury or the State Bank by the Department? Is it not a fact that very often refund orders contain several mistakes which cause charges to be paid to the State Bank or the collecting bank by the assessee for no fault of his? What steps are proposed to be taken to remedy these hardships and difficulties in regard to the assessments? Would it not facilitate claims and check many of the evils if by statute it is laid down that ordinarily assessment orders must be passed and assessments must be completed within a period of six months after the submission of returns? I mention all these details because the Finance Minister has said that he has tried to simplify the taxation proposals and give relief.

[THE DEPUTY CHAIRMAN in the Chair]

Well, I am trying to bring out what type of relief we are in for.

I would also draw your attention to a feature of the borrowing programme of the Government. It would be interesting to find out the breakup of the various borrowings done by the Central Government during the last three to five years. In that context the following relevant issues need to be carefully examined, namely, total subscription amounts in terms of percentage of total subscription by the LIC, by the Reserve Bank of India, by the commercial banks of India, by the Employees Provident Fund Organisation, joint stock companies, public trusts and individuals separately. This will reveal how the investment is being squeezed out from the hands of individuals and is being gradually passed on to corporations, particularly State-owned corporations and large banks. It is almost certain that contributions from individuals to these loans would be a small, microscopic part of the whole. This indicates lack of faith and attractiveness for the investors and members of the general public and the unrealistic and artificially low rates paid on certain borrowing programmes of Government. The very narrow and restricted market in Government securities developed as a consequence of the withdrawal of several life insurance companies, and the gilt-edged market after the nationalisation of insurance would bring out some very useful material for study and for information of the people.

The Finance Minister has said that in the matter of publicity of names of assessees, it is the Commissioner's voice that is going to be final. He has also mentioned that any unauthorised

publication will be dealt with seriously. Therefore, I would ask the Finance Minister and I say this with my two years' experience in the Public Accounts Committee whether the Government has really dealt w:th anybody seriously. Has he ever fixed responsibility for failure on anybody? It may not be a necessary disclosure but an unauthorised disclosure. Has it been ever fixed? In how many cases the PAC has made complaints and in how many cases punishment has been given? Will this not be a repetition of this?

Therefore, I consider the Budget disappointing, particularly more so when it comes from a person who is known to be a very clear financier, a person who understands finance and who has a reputation of being a financier not only in this country but also outside. Madam, I will not dilate because there are other friends on my side who want to speak. So, I will rest content with this.

SHRI N. M. ANWAR (Madras): Madam Deputy Chairman, I rise in support of the Finance Bill, 1964. I am happy that in his maiden speech as the Leader of the Opposition, my esteemed friend, Mr, Dahyabhai Patel . . .

SHRI DAHYABHAI V. PATEL: Is he discussing Dahyabhai Patel?

SHRI N. M. ANWAR: . . , really felt compelled that he should make his speech as short as it should ever be. That in itself is a glowing tribute that this gentleman, who otherwise is very hard on the Government, on every measure, on our policies, should not have found so many arguments to level his charge against the Finance Bill. But believe me, Madam, when I listened to the Finance Minister that this time he had not only to provide for incentives and development but also he had to find resources for refugee rehabilitation, I was touched to the quick. In a sense, I myself am a refugee. I do not know wherefrom I came and I do not know where I will *go.* All I know, Madam, is that I struggled out of my own mother's womb, and I must really feel that so long as I live on this terra *firma* I am a refugee, and I would wish that this country which owes a lot for its spiritual heritage since ages to those great savants and sages, saints and seers, becomes a refugees' paradise. We have got to go all out in providing relief and rehabilitation for those refugees that are coming from across the borders. The heart of the nation goes out to them. But then, Madam, I must really ask what really is the source of the agony through which the nation is passing. I know that the Finance Minister, after listening to the Budget debates in this House and the other House, has provided for ever so many reliefs and incentives, and particularly for the low income groups he has provided a considerable relief. Nevertheless, Madam, I am rather looking into a problem of the greatest magnitude which is now challenging the statesmanship of this country. Why are we caUed upto to waste so much of our nation's exchequer for defence and for rehabilitation? Madam, that is really what now impels me to go into some of the fundamental problems of our national policy.

I am happy, Madam, that Sheikh Abdullah has been released. I consider that release as a master stroke *o&* statesmanship, and I expect this to be an "open sesame" for many good things that will flow, that will build up Tndo-Pakistan goodwill, and from out of it I see that in the years ahead quite a considerable burden that is now placed upon the national exchequer will not become necessary but that nearly all the resources that the nation will have to find will be earmarked for development for the economic prosperity of the nation.

Madam, I know that we have got to face today very anxious moments, and

[Shri N. M. Anwar.] particularly during this week we expect certain very important events which will very well mark the future course of our history. But I am reminded of one very important statement that the Prime Minister of India had made several years ago when he was in Turkey. "When the Press Conference asked him to enumerate the problems of India, pat came his reply: "I have 450 million problems in my country". Presumably he must have been overwhelmed with the magnitude of the problems that the 450 millions of India presented. Madam, let me tell you one thing, and when I speak on this issue, I speak with courage, conviction and candour and I have got to discharge my duty not only to the ruling Party to which I have the honour to belong, not only to my community but also to my country because I feel that truth must be told and must be told with the utmost candour. I know that the heart of the nation goes out to all the 400 millions of this country. We have got in our country that minority of 50 million Muslims of India, and these 80 millions are really 50 million problems that challenge the statesmanship of this country.

AN How. MEMBER: I do not think so.

®HM N. M. ANWAR: I have got to give here a very revealing account of what this problem is going to be for the future of our subcontinent. Madam, I feel that it is going to be the solution of this problem which will hold the key to the solution of the problems of our sub-continent of India and Pakistan. Pardon me, Madam, when I say this. The other day 1 was pained when there was in this House an observation made by the leader of the Jan Sangh group, my good and esteemed friend, Mr. A. B. Vajpayee, for whose intellect I have got the greatest respect. He said that there are forces in this country, parties and personalities, who agitate that Kashmir should belong to Pakistan. Believe me, Madam, never did I even in my wildest dreams come across anybody in this country much less any party in this country, which ever agitated that Kashmir should go to Pakistan. ,1 do not know to whom he was referring. On the contrary let me say this that there are individuals held in the highest esteem by this nation as leaders of different political parties, such as Rajaji for whose intellect I have got the greatest admiration, who has pleaded for an independent Kashmir, and there are many other leading lights of India such as Mr. J. P. Narayan, who have also pleaded for an independent Kashmir. But, believe me, Madam, it redounds to the glory of the Muslim community of India—50 millions or 60 millions, whatever that number— and that organisation, the Indian Union Muslim League which has quite often interpreted the mind and soul of the Muslim community in this country, it stands to the redounding glory of that party that every time it has passed a resolution on Kashmir, it has passed it saying that Kashmir bolongs to India, and it has repeated it ad *nauseum.*

SHRI G. RAMACHANDRAN: I only want an elucidation. You said that 55 million Muslims are 50 million problems. How do you say that?

SHRI N. M. ANWAR; I am coming to that.

PROP. M. B. LAL: It is an insult to Muslims of India.

SHRI N. M. ANWAR: If only my hon. friends hold their soul in patience, I shall reveal to them presently what I meant by that observation. It was not m_v observation. When the Prime Minister of India said that there are 450 million problems in proportion to the numbers in this country, .1 only meant that the heart of India goes all out to the 400 millions of India; but as there are 50 million Muslims in India, even though

we have got the heart, I wonder whe ther we have got the eyes to see and the ears to hear the problems of the Muslim community. Now I have got to put forth that point of view. The Muslim community has been time and again claiming that Kashmir should belong to India, and yet Mr. Vajpiyee has made that observation and it passes my comprehension as to who it is in this country who wants that Kashmir should belong to Pakistan. On the contrary I may say, and I have pleaded with all m_y vigour in this House recently, that article 370 which guarantees special status for Kashmir must be there and the special status must be guaranteed as a solution for the problem that we now face in Kashmir. Madam, I welcome the release of Sheikh Abdullah. I con sider it as an act of wisdom, as an act of faith, faith because Sheikh Abdullah placed his faith in India and it was he who brought Kashmir on the side of India even against his own community in Pakistan. And to say that he is going to take Kashrrir to Pakistan—I can never understand that. It is against all canons of com-monsense to say that Sheikh Abdullah, Sher-i-Kashmir, is going to take Kashmir out of India. On the con trary, Madam, I visualise a great future for the Sher-i-Kashmir. Not only he will be the architect of the destiny of Kashmir but he is going to be very soon the architect of destiny that will bring India and Pakistan closer together under a common bond of friendship and goodwill. And let us therefore pray that that meeting will come off very soon between the Prime Minister of India and the Sher-i-Kashmir. This hero of the masses of Kashmir, this greatest liberator of Kashmir let him . . .

AN HON. MEMBER: What about his utterances?

SHRI N. M. ANWAR: As for his utterances, we must have the patience to read between the lines. We should not complicate . . .

(Interruptions)

SHRI LOKANATH MIiSRA (Orissa): Mr. Anwar say_3 that we should read between the lines. Does he mean to say that he is a greater hero than Mr. Sadiq?

SHRI N. M. ANWAR; Certainly. Where is the comparison. Madam? I tell you, Sheikh Abdullah is bringing a lesson to the Hindu community of India that if you want to look for the real leadership of the Muslim India, do not go to the show boys and the charity boys. They are going to be not assets, but liabilities of the Hindu society.

(Interruptions)

AN HON. MEMBER: Who are the show boys?

SHRI N. M. ANWAR: The show boys and the charity boys are those who by flattering the powers that be get into good positions to betray both the Hindu and the Muslim communities instead of bringing their relations closer together. I therefore want, Madam, that while we say that Sheikh Abdullah is going to be here in the Capital, I look forward to the greatest mission that will bring in an era of goodwill between India and Pakistan. He holds the key to the situation, the Open Sesame. Why? It was in Kashmir, despite the provocation from Pakistan and despite the provocation from the communal forces within the State, where they have preserved the Himalayan heights of secularism and of Islam. It has given the most glorious example of how Islam should be towards the minorities, and that is an object lesson for Pakistan, and it has given the most wounderful and eloquent testimony to secularism which is an object lesson to India, as to how an 85 per cent. Muslim majority has admitted into its confidence and goodwill a 15 per cent, minority of different communities, Hindus, Christians, Sikhs and Buddhists, into positions sometimes as much as 40, 50 and 60

[Shri N. M. Anwar.] per cent, in the services, in the Legislature and in the key positions that that State has to offer. And that was wonderfully demonstrated by the -solidarity that all the different communities had during their zero hour of that sacred relic affair; when that was lost, all the communities rallied forth to find out that sacred relic. And what a glowing tribute it is to the genius of the Kashmiris for having provided this island of communal harmony between India where unfortunately Muslims have been victimised at many centres and in Pakistan where they have exterminated the Hindus and the Christians which is a disgrace to Islam. *(Interruptions)* I tell you exactly, in India and in Pakistan we need this lesson. Of what use is this Finance Bill, of what use is this Government—I ask,—if there is not that assurance and guarantee of security for the person and property of the individuals? After all . . .

(Interruptions)

.SHRI D. THENGARI (Uttar Pradesh) : Recently Sheikh Abdiullah has said that if the people of Kashmir wish, nobody can prevent them from going over to Pakistan. With this utterance in the background, how can you reconcile your statement to this position?

SHRI N. M. ANWAR: Madam, the two great Kashmiris are going to meet soon. They know each other's mind and outlook much infinitely better than we here do. But ask . . .

SHRI D. THENGARI: He has not given the answer to me.

SHRI N. M. ANWAR: The Sher-i-Kashmir is there in the midst . .

SHRI D. THENGARI; I want a straight answer.

SHRI N. M. ANWAR: I know that a straight answer can only be given by the Sher-i-Kashmir, not by me. I am not his conscience-keeper but I am a student who has followed very closely the g-'eat achievements which he has brought about in Kashmir.

SHRI D. THENGARI: How can you reconcile your position in your mind? I want your answer, not Sheikh Abdulla's.

SHRI N. M. ANWAR: I can not understand how my friend can ever say this when I gave the example, even as against that charge of Mr. Atal Behari Vajpayee, that the Indian Union's Muslim League representing here has given that wonderful proof that Kashmir should and must belong to India.

SHRI D. THENGARI: My question pertains to Sheikh Abdullah's remark. Can you reconcile your position to his remark?

SHRI N. M. ANWAR: Madam, I visualise for Sheikh Abdullah a greater position than what he ever can hope to occupy in Kashmir. In the subcontinent, he is going to be the architect of Hindu-Muslim unity, he is going to bring the two countries together and bring them into a confederation which is the hope, the fifty million Muslims of India are going to force the people. I tell you this, Madam. The Muslims of India are going to be the saviours of the situation, the Muslims of India are going to be the greatest friend= of goodwill bctwppn these two countries.

SHRI A. D. MANT: May T put a question, Madam? I do not want the statement to go unchallenged. My hon. friend, Mr. Anwar, said that the Indian Muslim League represents the Muslim minority in this country. Am I to understand that the Congress does not represent the Muslim minority?

SHRI N. M. ANWAR: Mr. A. D. Mani always walks into my parlour. I only wish that he had not raised this question but nevertheless for his edification, I must say . .

THE DEPUTY CRAJRMAN: Are you sure it is not the other way round this time?

SHRI N. M. ANWAR: Under the present system of joint electorate, the Hindu society has no opportunity to get to know the real mind of the Muslim community because most of the Muslims whom they have adopted in the secular state have naturally got to be considered as the show boy *i* of the majority community.

SEVERAL, HON. MEMBERS: No, no.

(*Interruptions)*

PROF. M. B. LAL: May I know whether in the opinion of the hon. speaker, the Muslims in the Congress are the show boys of the majority community?

SHRI N. M. ANWAR: .1 must have to accept it to a certain degree that many of u_s have unfortunately proved to be the liabilities of the party to which we belong. 1 tell you, Madam . . .

(Interruptions)

SHRI EBRAHIM SULATMAN SAIT (Kerala): What about you?

(Interruptions)

THE DEPUTY CHAIRMAN: Order, order. Mr. Anwar is speaking.

SHRI N. M. ANWAR: There is no political party of the Muslim community in this country excepting the Muslim League and that is the party which has returned a few representatives to Parliament.

PROF. M. B. LAL: The show boy . . .

SHRI EBRAHIM SULAIMAN SAIT: In that case, why can't you join us?

PROF. M. B. LAL: Show boys cannot do so, how can he join?

SHRI N. M. ANWAR: I am looking to the day when the members of the Muslim League are going to be the mightiest ally of the secular forces in this country and by love and goodwill I am going to win them over to strengthen the cause of secularism in (his country. It is through love it is not through hate campaign, that I look to anybody. On the contrary, Madam, I think that it calls for greater statesmanship to convert an enemy into a friend. Any devi] can turn a friend into an enemy. But I am looking ahead for the future of this entire sub-continent because what oains me is the observation that the Finance Minister made 1hat so much of these resources would have to be earmarked for defence and for rehabilitation. All our programmes of defence, of development and of rehabilitation, will be shipwrecked on the rock of Indo-Pakistan ill-will.

That is exactly what I warn my countrymen against. And I tell you this, you should try to understand the problem of the fifty nvllion Muslims of India, you should take them into confidence. If the refugees are coming from East Pakistan, we go all out to see that the national exchequer is placed at their disposal. But Muslims have been murdered and massacred in certain centres unfortunately for no fault of theiers. I have myself gone through many areas where communal violence has broken out. in West Bengal, in Bihar, in Madhya Pradesh and also in certain centres of the South in the years gone by. But What do I say? If the Muslims happen *to* be at fault, certainly haul them up before the courts of law and try to punish them as fully as the law can permit but then, for no fault of theirs, but for the accident that they owe allegience to a religion different from yours, you victimise . . .

THE DEPUTY CHAIRMAN: Mr. Anwar, you have five minutes more. You may use them after 2-30.

The House stands adjourned till 2-30 P.M.

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

The House reassembled after lunch at half-past two of the clock, THE DEPUTY-CHAIRMAN in the Chair.

THE DEPUTY CHAIRMAN: Mr. Anwar, you have only five minutes more . . .

SHRI N. M. ANWAR: I will finish, Madam. One observation which I would like to make on the Finance Bill is that there is a general accusation that ours is the most heavily taxed country in the world. But, Madam, I must also bring this to the notice of the Government and the House that possibly ours is the only country where we hav$_e$ got the largest measure of tax evasion. It is really a very sad commentary on our national character, Madam, that unfortunately ever so many economists have also to give expression, according to their own estimates, that we have got accumulations of black money running into several thousand crores. Thi$_s$ disease has entered our society and has overtaken our economy to such a considerable degree that we feel quite often ashmed to say that ours is really the heaviest taxed country in the world. Madam, I feel that this matter of black money has got to b$_e$ tackled on the basis of war footing. It was very good of the hon. Finance Minister to have taken cognizance of the black money in this country. I am very sorry, Madam, that drastic steps have not yet been taken to trace out this bla"k money, to bring it out of the hoards.

Madam, the other day I was having discussions with ever so many economists and I was a little flabbergasted to hear from them that this concealment of income which has been going on for years and years, right with the growth of our development economy, really has brought much of disgrace to this country and that we have got to go with a beggar's bowl to so many countries in the name of development when our nationals conceal much of their earnings from the national exchequer. Of course, many drastic measures have been suggested but it is not my purpose, particularly within the limited time that I have got before me, to suggest ways and means how best to attract the black money. Suggestions even so drastic as demonetisation of our currency of certain denomination have been made, but it is a matter which should come before a body of experts who should go into this question *de novo* andi suggest ways and means to the Government how best we can root out this menace from our national character.

Yet another observation which I would like to make on this Finance Bill, I am very happy to say, is that the hon. Ministry of Finance has now got in one of these amendments incorporated in this Finance Bill an effective measure of meeting tax evasion in the future. I believe when the call on the national exchequer has become so stupendous now, we should have to give our support and tremendous support to the Government in trying to see that tax evasion is reduced to the minimum. But at the same time there is the problem of accumulated arrears of income tax which remain to be completely wiped out. In this matter, Madam, let me say that the Government must know that quite a lot of these arrears are irrecoverable for reasons most obvious to the income tax authorities. I would rather wish that the Finance Minister issues directives to see that all these arrears are recovered and such of those

arrears which cannot be recovered, for very many obvious reasons such as some of the assessees having become insolvent in the course of these years, rather than let them accumulate in the books of accounts, let them be wiped out, written off on proper investigations of the position of the assessees.

Madam, only one point more and I have done. I am very happy tiat there are some measures in this Finance Bill which are going to ensure social justice but there is a most agonizing problem that is challenging the statesmanship of this country that while there is the growth of our development economy through the first, second and now the third Five Year Plan—now the Finance Minister is even suggesting that the Fourth Five Year Plan will require resources to the tune of Rs. 20,000 crores— unfortunately there is a growing disparity between the skyscrapers of property and the dungeon holes of poverty that we see in our country today. While the production is on the rise though not in the measure as it should be, the national income has grown though not quite so considerably as we estimated, but in the distribution of this national income we have got some of the most colossal problems which are threatening the very future of our society. With these words I am reminded of George Bernard Shaw—let me close. It was he who said in a most classic observation. "What is crime? A murder here or a bestiality there. Only fools fear crimes. We only fear poverty, the mother of crimes." And that is the biggest challenge that, faces our country today. I am very hopeful that our Finance Minister will bring the accumulated treasures of his mature wisdom to bear upon the problems of finance and economy on this acute problem of poverty and the concentration of wealth in the hands of a few on which we have no political controversy as between the Communist Party and the Congress. Let us see that this poverty is obliterated, the soonest the best. Thank you.

SHRI K. DAMODARAN (Kerala): Madam, I would like to make a few observations on some of the new and important proposals made in the Finance Bill. I wish to look at the Finance Bill in the light of the directives of our Constitution. The Constitution demands that the State should direct its policy towards securing:—

(a) that the citizens, men and women equally, have the right to an adequate means of livelihood;

(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;

etc. etc. These directive principles, Madam, were considered to be fundamental in the governance of the country and the States were enjoined to apply them in making the laws.

Madam, does the Finance Bill adhere to these principles, or does it go against them? I feel that the new proposals taken as a whole, if implemented, will result in the further concentration of wealth and means of production to the common detriment.

It is true that some relief is given to the lower income groups in the form of a marginal reduction in income-tax, a small reduction in excise duties on hondloom and powerloom products. These concessions are, however, so meagre that they appear as a cover for the big concessions given to big business, concessions which are euphemistically called incentives for savings and stimulation for investment. Alterations in estate duties, changes in taxes on long-term capital gains, additional depreciation allowance for a third shift, further

[Shri K. Damodaran.] development rebate to imported second-hand machinery, extension of the ten per cent, rebate in tax to electronics, petrochemicals, additional concessions to priority industries, the replacement of the super profits tax by the companies' profits, surtax which will admittedly have a lower incidence, the exemption of inter-corporate dividends from supertax etc. etc. all these taken together will lead in my opinion to further concentration of economic power in the hands of a few monopolists.

In the name of giving selective support to important industries, the private sector is allowed to strengthen its grip even on our basic industries such as iron and steel, coal, fertilizers, etc. which should have been in the public sector according to a correct interpretation of the Industrial Policy Resolution. Is there any justification for such concessions to big business, to the richer section of the society, especially at a time when our Defence and development expenditure is mounting, when Sheikh Abdullah has raised the slogan of an independent Kashmir, when Pakistan, China and the West- | ern imperialists are conspiring against the very sovereignty of our country? Is there any justification for such concessions, when the plight of the common man is just deteriorating? 1 am afraid that such concessions will only serve to create an apathy and cynicism in the minds of the common people. The concessions given to the corporate sector are supposed to help build up the country's resources but can we equate big business to the country? I admit that material incentives are necessary for the development of the country, for the development of the industries; but incentives to whom? Incentives to the profit-makers, to those who have already amassed immense wealth, to those who have already been benefited by the innumerable concessions and privileges, by the rise in the prices, by tax evasion, to those who concentrate in their hands vast resources of the country, or to those who actually produce the vast resources of our country? No incentives are given to the people who produce and enhance the re sources of our country, no incentives to the workers, no incentives to the teachers, to the peasants, to the Government employees who are hit by the ever-rising prices and ever-increasing taxes, no rise in the D.A., no rise in the wages to meet the rising cost of living, no adequate re lief in the duties of essential articles like kerosene, sugar, tobacco, etc, no measures to redress the legitimate grievances of vast masses of our people, but generous incentives to those who enrich themselves by robbing the people and the country. It is claimed that these concessions to big business are in consonance with the basic objectives of our Bud get, namely, growth and social justice. The concessions to big busi ness will certainly contribute to the growth of monopolies but not to the growth of our econom; . ie I think basically the growth of the country's economy is connected with the rise in the purchasing power of the people. Can anybody say that the purchasing power of the people is sing[9] The lopsided financial policies of our Government I feel, nave helped the monopolists to concentrate more and more wealth in their own hands and at the same time a worsening of the conditions of the people generally. The disparities in income, the gap between the and the poor, have certainly grown to an unprecedented extent. Is this the growth you want? Is this the growth envisaged by the Plann-' ing Commission? Whenever the Government gives some concession to big business, it is sought to be justified by saying that it will promote industrial expansion. Will these new concessions actually promote industrial expansion? It i_s very doubtful, because whatever the concessions, it is not the Finance Minister of this country but the magnates of the industries, the owners of the means of production that will finally decide

wneuier mere snoutd be any expansion or not. It is not left to the hands of the Government. It can be seen that in spite of the many concessions already allowed during the last lew years, many industries are to-day working below capacity. How is it? It is naive to think that fuller utilisation of the capacity can be achieved by such measures as additional depreciation allowance for a third shift. I am also unable to understand how an exemption from the requirement of compulsory distribution of dividends will automatically increase investment. Concessions are given not only to Indian big business but to foreign monopolies also. In the name of creating better climate various measures are being adopted to placate foreign capital. The delegation of foreign businessmen that recently visited our country stated that almost every demand put forward by them was conceded, so much so that they are now permitted even to meddle with our basic industries like fertilisers.

After doing everything to nurture and strengthen monopolies the Finance Minister has come forward to appoint a Monopoly Commission as if the existence of monopolies is not yet very clear. Facts have already been collected under the auspices of the Government themselves, by the various Departments, by the Company Law Administration, etc. There are excellent reports and documents prepared by Hazari, Nigam, Jo:shi and Chaudhri. The facts are staggering. Here is *one,* for example. According to Nigam and Joshi, a large part of production in some of the most important industries is concentrated in the hands of a few giant concerns. For instance 9 out of a total of 132 units in iron and steel account for 85.6 per cent, of total production in the industry, 34 out of 1326 units in general and electrical engineering; control 32*5 per cent, of production, 10 out of 330 units in chemicals control 32.3 per cent., 3 out of 74 units in bicycles 51-2 per cent., 1 out 'of 21 units in sewing machines 87:1 per cent etc.

Here is another figure. According to the findings of the Mahalanobis Committee, in 1951, ten giant groups of industries in India controlled 876 companies with a total share capital of Rs. 202 crores. By 1958 the number of companies under their control increased to 929 with a total share capital of Rs. 292 crores. Thus, 25 per cent, of the entire non-governn share-capital in the country is controlled by 10 big families. Of course these figures relate to 1958 or 1959 but since then, has this tendency gone down or up? There are the latest figures to show that the tendency is growing and not diminishing. Therefore, what is needed is not just to appoint a Monopoly Commission. I am not against the appointment of a Monopoly Commission. Of course that Commission also can have gome work but even to-day we have enough facts and what is needed to-day is to take drastic measures to counteract the growth of monopolies. This can be done not by giving further conces-*ions to big business and the private sector but by taking bold measures to nationalize our banks, our export-import trade, oil, etc. Unless such measures are taken, I am afraid our economy will have to meet with further difficulties in times to come. I do not know whether any changes can be made at this hour when already the Bill has been passed by the Lok Sabha but still if the Finance Minister wants, he can do something in the matter to give more relief to the poor and to give at least less relief to big business. That is all that I have to say to-day.

SHRI P. N. SAPRU (Uttar Pradesh): Madam Deputy Chairman, the Finance Minister has put forward proposals before us which have to be looked at from many angles. They have been subjected to many criticisms and they have received, in the

[Sfcri P. N. Sapru.] shape they have come before lis, a large measure of support in the other place.

Now, in order to take a correct view, it is necessary for us to remember that the Finance Minister had a difficult task in the sense that he had to frame his proposals in such a manner as would enable him not only to produce the revenues that we need for our expenditure but also assist the task of the growth of our industrial and agricultural production; he had keep the incentives alive. On a careful review of his proposals the conclusion to which one is driven is that they are not likely to discourage production and that they can be said to ensure that they will enable the people to get the fruits of their labour.

Now, may I say, before I start discussing the proposals, a word or two about the Monopolies Commission which the Finance Minister is proposing to set up? I may say that I am wholeheartedly in favour of the appointment of the Monopolies Commission. The Mahalanobis Report, which shall never 'be officially published, shows that there is maldistribution of our national income. Our national income has gone up but the classes, whom We would not have liked to benefit by this increase, have benefited by the rise in our national income. So far as the middle classes are concerned or the lower middle classes are concerned or the working classes are concerned, their income has not very much gone up. And reasons have been discovered as to why this is so, and it was desirable and necessary that a high-powered commission should go into this question. The Commission will be presided over by an eminent judge who has also had a good background in economics, because I think he got a first class in economics at Cambridge. And then he will have four or five experts to help him. But I would have liked the association of some public men; I would have liked some Members of Parliament to be associated with this Commission; it is desirable also to take non-official opinion into consideration. The expert has no doubt a very useful role to play, but the non-official, who brings to bear upon his work a sound common sense, should not altogether be ignored.

Capital, Madam Deputy Chairman, is the result of savings—that we were taught as an elementary proposition in our economics, and I do not think that, heavy as no doubt the taxation is, it will discourage savings. The question is whether it will prevent profiteering and tax-evasion. As far as I can see, the proposals are so framed as to make profiteering and tax evasion more difficult, and I must add that I cannot honestly blame the Finance Minister for not having been able to devise a scheme of taxation which will achieve all the miracles that one expects from our taxation policy. It must be remembered that the Finance Minister has to work a system of mixed economy; he has to function not in a totalitarian but in a democratic State. The goal which we have put before ourselves is not that of totalitarian socialism but of democratic socialism; that is to say, socialism to be achieved by the democratic process. The democratic process is a somewhat slow process and therefore we have to reconcile ourselves to what the Fabians would have called "the inevitability of gradual-ness". The inevitability of gradual-ness must not however imply inaction, and I do not think, taking a fair view of the proposals as a whole, it can be said that there is any inactivity on our part in moving towards the goal of a welfare State or a socialist society. Necessarily our emphasis, as we progress along the road to democratic socialism, will have to be on the public sector. 1 am myself a believer in an expansion of •the public sector. But as long as we have a private sector, we cannot ignore it altogether. The question however is whether the needs of our economy do not require that the banking system should be nationalised. As it is, we have many controls over our

banking system. The Reserve Bank exercises vast powers of control over our banking system, and while my inclinations are in favour of a system which does not give power to four or five or six families to exploit the industrial wealth of this country, 1 am not prepared to say that the Finance Minister is wrong in not nationalising the banks immediately. Now I have said that nationalisation is desirable, but we must remember that it is only a means to an end, and not the end itself. Three or four years back there was a controversy in the British Labour Party about article IV of their Labour Party's constitution, and I think Mr. Gaitskell took a very decided stand on this question, snd I should also think that we should profit by familiarising ourselves with the pros and cons of nationalisation as visualised by the British 3 P.M. Labour Party. Let me congratulate the Finance Minister for having done away with a most ugly thing. The Compulsory Deposit Scheme was a very wrong scheme. It was, in my opinion, a vicious scheme. It was a scheme which was bound to hurt and injure the small man, and I am glad that the Finance Minister has done away with the Compulsory Deposit Scheme The Compulsory Deposit Scheme was unfair to the lower middle-class. It was unfair to the people of the low-income groups. It imposed on them a burden which they could not bear.

The substitute, however, that the Finance Minister has discoverec for the C.D.S. is the Annuity Deposit Scheme. This will apply only to those who have an income of over Rs. 15,000 a year and I suppose only to those who are less than 70 years of age. I am seventy and, therefore, it does not apply to me. I do not wish to go into all the complications of this scheme. I do not think this deposit which will be at different rates; for different classes of assessees—and it is is repayable in ten equated nstal-ments—is unfair to the classes iffect-ed by it. Rs. 15,000 a year is a fair income to have even in these days of high prices, for a person in this country. It is not a burden, because after all, he will get it back with interest in ten equated instalments. To impose a burden of this type is, in my opinion, not at all unfair. It is socially just. It is morally just to have an Annuity Deposit Scheme. After all, one of the aims of our policy should be to reduce the disparities in our incomes. These disparities are shocking to our social conscience. The disparities in this country are greater than in any other country and this is something which we should bear in mind. Persons with income* of Rs. 15,000 a year should not find it difficult to bear the burden of this Annuity Deposit. After all, they will get back their money one day and this does not appear to be unjust.

{.Time bell rings.)

I am sorry I may have to take some five minutes more. I do not know how long Mr. Anwar took. I am not going to take as long as Mr. Anwar, I can assure you.

The Finance Minister has proposed several steps to check evasion of tax payment. There is this tax evasion and about that there can be no doubt. I think, however, that the period of one month for depositing the amount that the assessee is liable to pay, if there was failure to do so, was insufficient and I am glad that that period has been increased. Evasion has to be tackled. If evasion continues, the honest man suffers. 1 do not see any valid objection to the burden of proof having been placed on the person evading the tax. He should prove that there was bona *fide* mistake on his part in submitting his return. The person who is found in possession of a stolen property, immediately after the stolen goods have been discovered, has the burden cast on him of proving that he came into possession of them by honest methods.

[Shri P. N. Sapru.]

I am, however, somewhat doubtful about the proposal to do awaji with. the secrecy provisions in the Income-tax Act. There is a personal matter involved in it. I do not like people to pry into my personal affairs. I do not like them to know what my income is and I think most people would not like others to know what their incomes are. This may he misused by the persons concerned. Some concessions, however, have been made in this respect and I recognise that the Finance Minister has taken note of the criticisms which were made with regard to this proposal.

I think that the time has come when we should think whether it is not possible for us to give some concession in the matter of taxation to persons having two or three children and aged parents to support. I do not know whether it is not possible for us to have a scheme whereby the bachelor will be taxed more heavily than the married man with two, three or four children.

MINISTER OF REHABILITATION (SHRI MAHABIR TYAGI) : I hope widower,; would be deemed to be married.

SHRI P. N. SAPRU: Widowers would be deemed to be married if they have children.

We need foreign technical advice and I am free to confess that I am not opposed to some concessions and exemptions from taxation with regard to foreign teachers and professors coming to India on any programmes, for technical assistance. We need these foreign teachers and professors and I am glad that these concessions have been made.

The Capital Gains Tax has been made more rational and I agree with the Finance Minister's proposals with regard to it. There has been some concession given to bonus shares and I think in the interest of industrial development perhaps it was necessary to do so.

I welcome the reintroduction of the Wealth Tax. I think it is time that a person should be prepared to pay tax to the community for having the privilege of accumulating wealth. The Wealth Tax is one of the justest taxes that we can conceive of.

I am also glad that the Finance Minister has reintroduced the Expenditure Tax in a new form. I was rather sorry last year when the Expenditure Tax was done away, with and no substantial reasons were given for doing away with it. No fair trial has been given to it. It is monstrous that people should spend lavishly in a poverty-stricken country like India.

I am also glad that the incidence of Estate Duty has been raised and 85 per cent, is to be the total limit, on a capital of Rs. 20 lakhs. A sum of Rs. 20 lakhs is a lot in this country. In Britain Rs. 20 lakhs may not be considered as large as in this country; but the value of money in Britain is not the same as the value of money in this country. I have suggested in some speeches of mine tihat we should take, with regard to this inheritance business certain steps, or we should so devise our financial structure as to enable the estates to be wound up in two or three generations. As a matter of fact, I am not a believer in the institution of inheritance. John Stuart Mill in his autobiography says that towards the end of his life he came to the conclusion that of all taxes, the inheritance tax was the just. He was of the view that the system of inheritance was not a desirable system and I think, if we are dreaming of a socialist society, one of the things we must aim at is to do away with this svstem of inheritance which leads people to lead indolent and parasitical life.

1 coma now to indirect taxation. Generally speaking, I am not inclined to favour indirect taxation. I wish it had been possible for the Finance Minister to lower the indirect taxation, and I should have liked him to lower I know that in some respects he has lowered taxation, for example, it has been reduced in respect of gramophone records of gramaphone records have been exempted from taxation but I should have liked him to reduce the tax or do away with the *a* kerosene oil. There should been a more drastic revision of the import and export duties on articles of *common* consumption ny which is hard hit by the prices. One of the dangers which we have to guard ourselves against is inflation, level is going up. The in-.i umber does not give a correct of what the prices actually are iii the market. We have opened a or of fair price shops bat they t be availed of by the entire unity. There must be some of price control. Our agricultural production has not been high as we had hoped it would be. have not been able to reach our tai-get in agriculture. There is shortage of food. It may be that this shortage is due to blaekmarketing but we should be prepared to take steps to get over the difficulties created by this shortage. The poor man should be able to have decent food. Ar undernourished people can never supply the country with the material for a strong, healthy and virile nation. While, on the whole, the proposals are well conceived, they do not pretend—I do not think that this is the claim that the Finance Minister will put forward— 1o usher in socialism. The Utopit is somewhat yet far off but I do not thitik that the Finance Minister can be justly blamed for adopting a cautious attitude in regard to tihese taxation matters. I think the proposals are consistent with the Directive Principles of State Policy and I do not wish to say anything on the question of China or Kashmir. I greatly deplore that we have these two big issues on our hand. I wish it were possible for these issues to be settled. Of course, firmness has to be combined with reasonableness and I am not a believer in the big liplomaey. i think that our effort should be to take as many people as we can along with us and we have to recognise that China is an important country in Asia. We cannot, of course, *mcept* the Chinese terms but we have olombo Proposals and we are hoping that China will see the light of od that with the aid and help of I'.ombo Powers we may be able to arrive at some settlement with China and break this unholy alliance between Pakistan and China

Madam, I am glad that Sheikh ;ah has been released. He has been making speeches but after all we expect that a man who had been under detention for ten years would talk as he has been doing but there is no reason to feel despondent about the ! of Kashmir. We should trust 1 ime Minister in this matter. He is a big-hearted man, he can take large views of questions, he can see things in their 'proper perspective and, there- [think with Mr. Sadiq in the ssddle and the Prime Minister at the helm of affah-s, there is no reason to feel nervous about the release of :h Abdullah which was overdue.

I thank you very much for giving me this opportunity to speak on the ice Bill.

PROF. A. R. WAD1A (Nominated): Madam Deputy Chairman, under our CoijStitution a debate on the Finance Bill has a sense of unreality because we are conscious of the limitations under which we discuss the proposals of the Finance Minister, but I do re-cognise that the debate has got its utility inasmuch as it enablae u_s to ventilate our opinions for whatever they are worth, our grievances and to ent the public opinion, on matters concerning the Budget and the economic policy of the Government, There is not the slightest doubt that very heavy taxation has to be ad under the conditions in which

[Prof. A. R. Wadia.] our country lives. There are the requirements of Defence and there are the requirements of development. When I spoke on the Budget some weeks ago, I fully appreciated the excellent objectives that the Finance Minister had in mind, for example, giving some relief to the lower income groups, giving to others a certain incentive and initiative. I appreciated his reference to the importance of the private sector but on the whole I find that the concrete proposals that he has made are not quite consistent with the objectives that he has in mind. I find that while he has been very careful about safeguarding the rights of <he public against any misbehaviour on the part of the private sector—and I think it is the duty of the Government to protect the public against unscrupulous entrepreneurs or unscrupulous speculators—I wish the Government were equally alive to its duty in seeing to it that the public sector undertakings are as free from faults as possible. Unfortunately, this has not been the case. Just this morning, at the inauguration of the meeting of the All India Manufacturers' Organisation, its President, Mr. Prabhu Mehta said in his speech:

"The Reports of the Estimates Committee and Audit Reports have revealed various deficiencies, lapses, irregularities, over-staffing, wastes, etc. in the working of public sector undertakings. I do not want to go into them but I would like to point out that there is no use in merely extending the public sector's activities without deriving proper return from such investments already made at great cost to the country."

I think, Madam, there is a good deal to be said in justification of this remark. In the beginning, our Government had a certain definite bias in favour of public sector. It is all very natural to imagine that all the profits which go to the private sector can be easily mopped up by the Government but in actual experience it has not been found so. We find that a very huge amount has been invested in public undertakings— Rs. 1294.11 crores—and a large number of public undertakings have not been abie to give a good account of themselves. We find that 34 companies showed a profit of Rs. 18.66 crores before providing for taxation but we are not sure what the profits will be after providing for taxation. Twelve companies showed a definite loss of Rs. 31.02 crores. This implies that on the whole the public companies showed a loss of Rs. 12.38 crores in 1962-63 as against a loss of Rs. 10.60 crores in the preceding year. Now, this is something which requires a little bit of thinking. I am glad that the Finance Minister has so far been resisting the demand for nationalisation of banks and I am also glad that even Mr. Sapru in spite of his partiality for public undertakings has not permitted himself to say anything in favour of nationalisation of banks. There are certain distinct advantages in the private sector which a Government-managed undertaking faiis to satisfy. As I have again and again pointed out, the cost of Government management always rises and unfortunately the Government business undertakings have been entrusted to people who are not fundamentally businessmen but to people who are administrators and they are not able to give a good account of themselves. I have said on more than one occasion that if the business concerns of the Government are to be managed successfully, there will have to be a special cadre of business people recruited for this purpose; they should not be left to mere administrators. All this implies the necessity for a fresh outlook on the whole system of taxation. We have had experience of the last ten years outside India and within India. Outside India we find that the most prosperous countries in the world are the United States, Britain, West Germany, France and Japan. Some of them were very badly beaten and came off very badly economically at the end of the second world war, but today

they are in a position of having revived their economy and they have been in a position to lend money to other countries including India which implies certainly a very high standard of economic achievement. On the other hand, we have got the Communist countries which claim to carry on all business in the name of the society but they have not been able to provide as much comfort or as much happiness for their own peoples. We know that both Russia and China have had deficiencies on the agricultural side and they have had to import food from other prosperous countries.

SHRI P. N. SAPRU: But Russia has conquered space.

PROF. A. R. WADIA: I think this experience should make us raise the question whether given the human nature as it is, given proper incentives and given proper control over private undertakings, the private economy is not able to produce better results. Russia may have conquered the skies and we cannot but admire Russia for that but she has still to provide the basic needs of her own people.

Now, a good deal is talked about socialism. Socialism has not got any one definition which is universally accepted by all.

PROF. M. B. LAL: Won't yon accept Mr. T T Krishnamachari's definition?

PROF. A. R. WADIA: That is only one definition. My own criterion of socialism is not that the Government owns as much as possible but whether a private individual gets all his basic needs satisfied including housing, including food, including ordinary comforts of life. If these needs are satisfied in a country, that country is socialistic in the real sense of the term.

SHHI P. N. SAPRU: That even the British conservatives would say.

PHOF. A. R. WADIA: Mr. Sapru has had his say; now let me have my say. It is from that standpoint that perhaps America and Britain are entitled to be called more socialistic than the so-called socialist countries themselves. Now, let us look at the experience of our own country. We have started these big undertakings and as I have already pointed out, the result has not been very satisfactory. Has not the time come for the Government to have a new look at the taxation policy? We have tried an experiment very honestly with all possible good intentions but apparently we have failed. Is it not time to re-think about our whole taxation policy?

In this connection I am constrained to draw the attention of the hon. Finance Minister to Kaldor's Report which made many peculiar suggestions and most of those suggestions have been accepted by the Finance Minister except the basic suggestion of reducing the income-tax to 45 or 50 per cent. Now, there is a reason for it. When you reduce income-tax there is more saving in the people and that saving can be invested and industries can be started. Unfortunately all the taxes have been introduced as recommended by Kaldor but there is no reduction in the income-tax; on the contrary the income-tax is rising higher.

SHRI T. T. KRISHNAMACHARI: I might point out that the income-tax has been lowered from 89 J per cent including surcharge to 75 and has been receding all along the line.

PROF. A. R. WADIA: I admit that there has been considerable relief to lower income groups; I am not denying that but in the higher income groups there is really a high rate of income-tax. I know of lawyers whose income is so high that tihey practically refuse briefs. They say, 'what is the use of accepting briefs because whatever we earn now will go to the Government?' And the same I thing is being said by doctors. Now,

[Prof. A. R. Wadia] it may be worth encouraging from one standpoint, namely, that the briefs refused by the top barristers, that the practice refused by top doctors, may go to other lawyers, may go to other doctors, but on the other hand the public at large loses the advantage of getting the services of the best lawyers and the best doctors. That is a very great disadvantage and if there is a reduction in income-tax this sort of avoidance of earnings would definitely be lessened.

There is another thing and that is that there is something to be said for selling things at a lower price. Now, take, for example, that wonderful experiment in England of the Wolworth Stores where things could be had at the cheap price of 6d. or a shilling. By selling things at a low price you can increase your income. I have a feeling that by reducing income-tax the Finance Minister will be able to get more money far this reason that there will be less incentive, less desire, on the part of the wealthy to conceal their income. They will be moTe honest and as a result of it the actual yield ef income-tax might be even greater if the income-tax rate is lowered.

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

I also wish that the Government would seriously consider the need for economising. There is no desire to save anywhere in Government Departments. I would not mind if more money were spent on housing because housing is a great necessity for the poor people, even for the middle-class people. But the tremendous amount of money that is spent on very costly tings, on offices. I am afraid, does not make for real economy. There is so much waste in creating new De-rtfflents, new Ministries, though 1 quite appreciate that there might be justification at times for creath new Ministry as has recently happened in the case of the Ministry of Rehabilitation. But I hope that is only a temporary problem. It cannot g° i On eternally. There is sometimes very wasteful competition among Minis tries. Now, take for example, the fact that scholarships were given at tain rate by the University Grants omission. The Ministry of Scienti fic Research also gave scho a higher rate and as a result of it UGC had also to raise their rates. This, of course, was as a result o old and unnatural vivisection of the Education Ministry- I am glad that cause does not exist any e Education Ministry has b "led and that is i logical •dure to take up.

Well, Sir, on the whole my sympathies are with the Finance Minister. dering his responsibilities, he has done his work as well as he could -.pected to do. But my complaint is about his general approach. That requires a certain revision and I do think that the time has come to appoint a new Taxation Enquiry Committee to go into the whole question and see how far the present taxation system is really desirable and is worth 'linuing.

PROF. M. B. LAL: Sir, to be^in with, I must congratulate the Congress Party for the brilliant performance of its first spokesman on the Finance Bill. He spoke very little or almost nothing on the Finance Bill but he did raise and discuss many important problems which deserve our careful ntion. Ma-v we take his spoech as an authoritative exposition of secularism of the Congress Party? It seems to me that he has out-Heroded Herod. Perhaps even the representative of the Muslim League will n'ot *b** prepared to say that 50 million Muslims constitute fifty million problems for India and that all those who do not belong to the Muslim Lea are mere show boys of the majority community. I do not know whether besides that great orator there is any Muslim on the Congress Benches who will be prepared to say that he is only a show boy and not a true representee people of In

SHRI N. M. ANWAR: I said 'some' not all.

PROF. M. B. LAL: I beg to submit that much can be said about S Abdullah's performance but that cannot be said by me at present partly because we are discussing today the Finance Bill and not Sheikh Abdullah and his performance. Much need not be said also because Sheikh Abdullah is very vocal and no commentator is needed to explain his stand or viewpoint. To me Sheikh Abdullah's stand is a challenge to the intelligence and patriotism of the people of India. I do not kn'ow whether the Muslims belonging to the Congress Party would like to be led by their leader, Pandit Nehru, or would like to choose Sheikh Abdullah as their leader. It is, s.gain, for the Muslims belonging to the Congress Party to reply to that question.

Sir, I have great regard for Pi Wadia, who might have been my teacher if I had chosen to join his College when I was a student. I do agree with certain remarks made by him. I do agree that Considerable attention needs to be paid to the improvement in the working of public sector undertakings. I do agree with him that sufficient attention *hv* not been paid to this problem by the Government. The Party to which I belong has constantly stressed the need for the organisation of an Economic Civil Service for managing public sector undertakings. I am sorry that while there was a brief reference to that in the Third Five Year Plan Report, nothing tangible has been , done in this direction by the Congress ' Government and the need was not even felt by the Congress i.n its resolution on demoeracv and socialism. Even though certain nublic sector undertakings are not functioning as well as thev should, I stand committed to the nationalisation of bank*. I fe<=l the Resorve Bank of India and the Sta+e Bank o[f] India are ftmctictarag sufficientlv efficiently at least as "ffi-c'entlv as the Imperial Bank of India, was being administered before it was over by the Government. This ^eads me to believe that it will be Me for the Government to take half a dozen other important banks if the Government so choose. Sir. T need not point out to you that ths Congress Party in its famous Bhu-baneswar resolution did recognise that at present the small entrepreneurs and new concerns are placed under a serious disadvantage io respect of availability of financial resources and that our financial institutions suffer from abuses and malpractices. The Congress hopes, or I should 'say a great majority in the Congress Party hope, that 1hese abuses can be effectively dealt with by stricter Control over the credit system. over the banking system. But I fo[r] on[e] agree with that section of th<= Congress Party which feels that the problem cannot adequately be solved by much more stringent control over financial resources. To break up the financial monopoly of a handful of capitalists, I feel convinced, it is necessary to nationalise important banks and to nationalise general insurance. This will in mv opinion not onh- place at the disposal of the Government vast resources for development nurposes but will also enable it to control credit in naloiil interest invert the entire credit system into a medium *of* economic development.

It is difficult for me, Sir, to agree with P[r]of. Wadia that under the Finance Bill the chief beneficiaries of the proposed reductions in income-tax are assessees at lower levels. A care-udy of the Finance Bill will reveal that 11 per cent, reduction is allowed to those with an income of Rs. 1 lakh or more per year. I feel that in the fiscal history of the world there is hardly any case where there. has been a reduction 'of II per cent. in income-tax in a year when new taxes are also imposed to increase national revenue.

Along with the reduction in income-tax ther° is the abolition of the super profits tax which yielded to the country near about Rs. 36 crores per

[Prof. M. B. Lai] Super profits tax is proposed to be substituted by companies (Profits) surtax, the burden of which will be much lower than that of the super profits tax which it replaces. As is pointed out by the Finance Minister in the booklet known as the "Rationale of the Tax Proposals", under the proposed surtax the exemption limit has been raised to 10 per cent, of the capital base or a sum of Rs. 2 lakhs, whichever is higher, as against 6 per cent, of the capital base or Rs. 1 lakh for the super profits tax, and the incidence of the tax will be only 40 per cent, on the taxable profits as compared with the two-tier system of rates of 50 per cent, up to 4 per cent, and *60* per cent, of the balance of the higher residue of taxable profits under the super profits tax. It is said that the burden under the new Companies (Profits) Surtax which widens the capital base will be more equitable than that of the super profits tax. It is maintained that the widening of the capital base to include debentures and certain forms of loan capital will remove the discrimination inherent in the capital base computation in the super profits tax against younger industrial units which had not built up adequate reserves and against units whose capital base included a large element of loan capital. May I ask the Finance Minister whether these iniquities could not be removed by him by widening the capital b^se under the super profits tax or by some other additional measures? Was it so necessary to abolish the super profits tax to do away with these discriminations and iniquities? I do not think replacement was needed for the purpose. Replacement was intended to offer to the capitalists a bouquet of fiscal blessings.

The Finance Minister further proposes exemptions of super-tax on dividends received by a company from an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India. As a result of this exemption, the total income-tax and super-tax on such dividends will be a uniform 25 per cent, as against varying rates ranging from 25 per cent, to 50 per cent, hitherto paid. Thus tax on inter-company investment is reduced to half in many cases. It is said by the Finance Minister that an important objective of the proposed exemption is to simplify the structure and to remove certain anomalies inherent in the differentiation between companies incorporate on different dates etc. May I again ask the Finance Minister whether the anomalies pointed out by him could not otherwise be removed and whether the simplification of the structure was so necessary as to deprive the Government of the revenue from super-tax 'on intercorporate investment? That the proposed abolition of super-tax on intercorporate investment will extend the control of dominant groups and lead to concentration of economic power can hardly be doubted. The party which is pledged to stand against the concentration of power is hardly justified in abolishing the taxation on inter-corporate investment and thereby promoting concentration of economic power.

It is pointed °ut by the Finance Minister that the possible increase in the concentration of economic power can be dealt with through non-fiscal measures such as the Monopolies Commission and the Company Law regulations. The Monopolies Commission ha$_s$ no doubt been set up. It is required to submit its Report, if I mistake not, by October, 1964. One does not know how much time the Government of India will take in considering the recommendations of the Monopolies Commission. We know how many years the Government of India has taken in considering the Report of the Mahalanobis Committee. And are they really justified in abolishing the super-tax on inter-corporate investment in the hope that the evils that may thereby be granted will be dealt i with by a law that may be passed two

or three years after, on the recommendation of the Monopolies Commission?

Sir, fourteen kinds of industries are offered a rebate of 20 per cent, in the sur-tax and 10 per cent, reduction in income-tax and super-tax. The industries chosen for selective treatment have their own importance and Jiey may mean a certain reduction in taxation to induce the capitalists to invest their capital in these industries. But other spheres of economic development, I beg *to* submit, also require careful attention to ensure to the country a properly balanced development. Agricultural develop™[11]* and agriculture-based industries should have been paid better attention. Along with industries engaged in the produc. tion of fertilisers, tractors and earth-moving machinery, those engaged in producing other agricultural implements also deserve to be favourably treated. The excise duty on sugar, I feel, requires to be lowered. This is demanded by all concerned, industria-lists cultivators and consumers. This is necessary to ensure to the sugar factories and adequate supply of sugar cane without such controls and restrictions on its supply, for the production of *gur,* and *khandsari,* which has been the cause of considerable difficulties this year.

It is proposed in the Finance Bill that the basic exemption limit for the wealth tax be reduced from Rs. 2 lakhs to Rs. 1 lakh for individuals and from Rs. 4 lakhs to Rs. 2 lakhs in the case of Hindu Undivided Families. This change cannot be motivated by revenue considerations because the change will yield to the exchequer only Rs. 20 lakhs more. I do not know, therefore, what the motive is behind this lowering of the exemption limit. The imposition of this tax on persons who own less than Rs. 2 lakhs, in this period of increasingly high prices, I beg to submit, is hardly justi-

fled, and here I beg to differ from my teacher, Mr. P. N. Sapru.

Foreign capital and foreigners are proposed under the Bill to be allowed many fiscal concessions. Foreign capital and foreign technicians no doubt need to be encouraged but I feel convinced that the concessions provided in the Bill are too many, and some *ol* them are definitely discriminatory even against Indian capital. The whole scheme requires to be reconsidered and so revised that we may not be said to be semi-colonial in economic affairs.

The indirect tax structure also requires considerable revision. The proposed changes hardly provide any relief to the hard-hit poorer sections of the community. May I remind the House that about three crores of the people of India are unemployed or underemployed even according to the Report of the Planning Commission and that per capita income of great many others is about Rs. 100 or Rs. 110 per year? It is said in the Report of the Scheduled Tribes and Scheduled Areas Commission presided over by Mr. Dhebar that the per capita in»ome of the tribal people in most cases is not more than Rs. 100 per year. Even according to Shri Nanda's calculations, the per capita income of about 27 crores of people is about seven and a half annas per day. The indirect taxes on essential supplies require to be lowered to extend some relief to these unfortunate people.

I do admit that economic growth requires austerity, but austerity on the Part of the rich and the upper middle classes. It cannot be promoted through starvation or semi-starvation of the working people. Essential supplies will have to be provided to them to enable them to play their proper role in the economic development. Workers' productive efficiency cannot be improved so long as they are forced to live in conditions of semi-starva-

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[Prof. M. B. Lai.]

It is really surprising that while the Finance Minister talks much of the need for incentives, he is neither prepared to provide relief to the starving millions working for economic development through the promise of dear-ness allowance commensurate with the rise in prices nor is he prepared to reduce the taxes on essential supplies. Sir, I am sorry to say that like the vagaries of weather 4 P.M. vagaries of fiscal policies of the Congress Government are almost iincalculable. Expenditure tax is imposed, withdrawn and reimpos-ed. Super-Profits Tax is imposed and withdrawn. When it was imposed, it was said to be necessary to discourage profiteering and to mop up Super-Profits Tax. Now when it is withdrawn, the withdrawal is justified as a step to provide necessary incentives to industrialists. While to prevent profiteering is said to be an important objective of the taxation. Superprofits tax is withdrawn. While one year the exemption limit of Wealth Tax is raised higher, the other year it is lowered to the old level. I must submit, Sir, that these changes within two or three years are difficult for us to understand. I feel that while a meteorologist may be able to offer some cogent explanations with regard to vagaries of weather, it will be difficult for economist and finance experts to explain any reason other than personal for these changes in the fiscal policies of the Government. May I hope, Sir, in the end that the Congress Government will try to be .more consistent in its fiscal policy and will try to see that the fiscal policy is co-ordinated with the social objectives which the Congress Party and the Congress Government profess to have? Unless the fiscal policy is tuned with the social objectives, those social objectives cannot be realised, for I feel that along with socialisation necessary fiscal measures will also be necessary to promote the establishment of a socialistic society.

شری اے - ایم - طارق (جموں اور کشمیر) : آپ سبھاپتی جی - میں فائنانس بل پر تقریر کرتے ہوئے اس ایوان کے ممبروں کی توجہ دو تین باتوں کی طرف دلانا چاہتا ہوں - سب سے پہلے آنریبل ممبر مسٹر مکت بہاری لال صاحب نے ابھی یہ فرمایا ہے کہ وہ کانگریس کے مسلمانوں سے یا کانگریس مسلمانوں سے یہ جاننا چاہتے ہیں کہ وہ شیخ عبداللہ کے تو ہیں یا جواہر لال نہرو کے ساتھ ہیں ؟ دوسری بات جو آج اس ایوان میں ہوئی ہے اس کا جواب میں دینا چاہتا ہوں وہ ہے میرے معزز دوست مسٹر انور کی اس بات کا کہ کانگریس میں کچھ مسلمان ایسے ہیں جو شو بوائز ہیں - تیسری بات ، میں مسٹر مدی کی تقریر کی طرف جو کل انہوں نے کی اس ایوان کی توجہ دلاؤں گا - اس کے ساتھ ہی مہاراجہ جےپور کے اسٹیٹمینٹ کی طرف بھی توجہ دلاؤں گا جہاں تک اس چیز کا سوال ہے کہ ہندوستان کے مسلمان شیخ عبداللہ کے ساتھ ہیں یا پنڈت جواہر لال نہرو کے ساتھ ہیں . . .

प्रो० मुकुट बिहारी लाल : कांग्रेस के मुसलमान ।

شری اے - ایم - طارق : کانگریس کے مسلمان بھی ہندوستان کے مسلمان ہیں -

کوئی اکثریت اس حق سے مجھکو محروم نہیں کر سکتی ہے - جو ایک شہری کی حیثیت سے ، ایک ہندوستانی کی حیثیت سے مجھکو حاصل ہے اور میں کسی قیمت پر اس حق سے دست بردار نہیں ہونگا - میں زندہ رہ کر بھی اس حق کی حفاظت کرونگا اور جب ضرورت پڑے اس حق کے لئے میں جان کی بازی لگا دوں گا لیکن اس حق کو کسی قیمت پر نہیں چھوڑونگا - تو یہ سوال پیدا ہی نہیں ہوتا -

میرے دوست انور صاحب نے شاید غصہ میں یا تفریحاً یا بھول میں یا شدت جذبات سے مسٹر ملی کے سوالات سے پریشان ہو کر یہ کہا کہ ہندوستان میں کانگریس کے اندر کچھ مسلمان ہیں جو شو بوائز ہیں - بہر حال میں ان کی اس رائے سے اتفاق نہیں کرتا ہوں لیکن کانگریسی مسلمانوں کے لئے یہ کوئی نئی بات نہیں ہے - آج سے بہت سال پہلے ہم نے یہی الفاظ جناح کے منہہ سے سنے تھے لیکن اگر آج انور صاحب کے منہہ سے بھی سنے تو سوائے اس کے میں کیا کہہ سکتا ہوں -

زاہد تنگ نظر نے مجھے کافر جانا
اور کافر یہ سمجھتا ہے مسلمان ہوں میں-

प्रो० मुकुट बिहारी लाल : जी सब कांग्रेस में नहीं हैं।

شری اے - ایم - طارق : سوشلسٹ پارٹی میں بھی جو مسلمان ہیں وہ ہندوستان کے مسلمان ہیں ، ہندوستانی مسلمان ہیں ، اور ہم سب مسلمان ہندوستانی ہیں اور اکثریت میں ہیں - میں آپ کی اس بات کا بھی جواب دینا چاہتا ہوں - میں سمجھتا ہوں کہ ہندوستان میں اگر واقعی کوئی قوم اکثریت میں ہے تو وہ مسلمان ہے - اور اگر اقلیت میں اس ملک کی کوئی قوم ہے تو ہندو ہے کیوں کہ اس ملک میں میں ہندو کم ، راجپوت کھتری ، کائستھ ، برہمن ، شیڈولڈ کاسٹ ، شیڈولڈ ٹرائبس زیادہ دیکھتا ہوں - اس لحاظ سے ہندو قوم کو اس ملک میں اقلیت سمجھتا ہوں اور مسلمان کو اکثریت سمجھتا ہوں -

یہ سوال ہی پیدا نہیں ہوتا ہے کہ ہندوستان کے کانگریسی مسلمان شیخ عبداللہ کا ساتھ دینگے یا جواہر لال کا - ہندوستان کے کانگریسی مسلمان ساتھ دیں گے ہندوستان کا کیونکہ وہ اس ملک پر اتنا ہی حق رکھتے ہیں جتنا کہ اور کوئی - اور ہندوستانی چاہے اس کا مذہب کچھ ہو - کوئی شخص ، کوئی طاقت ،

میری نظر میں کوئی آدمی نہیں ہے -

شری اے - ایم - طارق : بہر حال ایک چھوٹی سی بات ہے - میں انور صاحب کو اس ایوان میں یہ یقین دلانا چاہتا ہوں اور اس ایوان کے ذریعہ ہندوستان کے ۴۰ کروڑ انسانوں کو بھی کہ کشمیر پاکستان کو نہ جن سنگھ دلا سکتا ہے ، نہ سوتنتر پارٹی دلا سکتی ہے ، نہ شیخ عبداللہ دلا سکتا ہے ، نہ یہ پارلیمنٹ دلا سکتی - ہندوستان کا کوئی فرد اگر یہ سمجھتا ہے صرف اس لئے کہ اس کے ساتھ کچھ طاقت ہے ، یا اپنے کسی خاص مقصد کے لئے ، اپنی سیاسی چال کے لئے کشمیری پاکستان کو دیکھکر اس ملک میں اپنی جڑیں مضبوط کرنا چاہتا ہے ، تو میں سمجھتا ہوں کہ وہ احمقوں کی جنت میں رہتا ہے - کشمیر ہندوستان میں ہے ، کشمیر ہندوستان میں تھا ، ہندوستان میں رہے گا ، لیکن سوال یہ ہے کہ ہمارے پیش نظر مسئلہ کیا ہے - ہمارے سامنے صرف یہ بات ہے کہ شیخ عبداللہ کیا کہتے ہیں ۴۰ لاکھ انسانوں کی قسمت ایک شخص کے کہنے سے بدلی نہیں جا سکتی ہے پھر بھی اس شخص نے پچھلے پندرہ سال میں مختلف موقعوں پر مختلف باتیں کہیں - کشمیر کی تاریخ بہت مختصر ہے میں اس کو بیان کرنے میں اس ایوان

[شری اے - ایم - طارق]

میں انور صاحب سے امید کرونگا کہ انہوں نے جوش میں جو یہ بات کہی ہے تو وہ ایوان سے درخواست کرکے اس بات کو واپس لیں اور مجھے ایوان سے بھی یہ امید ہے کہ ایوان اپنی فراخ دلی کا ثبوت دے کر ان الفاظ کو واپس لینے کی اجازت دیگا -

شری این - ایم - انور : میں آپ کا تہہ دل سے شکر گذار ہوں جس انداز میں آپ نے کہا - [اس سے میں بہت خوش ہوں لیکن ذرا ایک بات میری یہ ہے - بیشک اب کشمیر کے متعلق جب جن سنگھی نے یہ کہا کہ کوئی پارٹی یہاں یہ کہتی ہے کہ ہندوستان کے عوض میں پاکستان کو دے دیا جائے تو میں نے یہ سوال کیا کہ کونسی ایسی پارٹی ہے ہندوستان میں جو یہ چاہتی ہے - بلکہ ہندوستان میں ایک مسلم لیگ جو ہے وہ بھی آج سمجھتی ہے کہ ہم مسلمانوں کی نمائندگی کر رہے ہیں - وہ بھی تو ہمیشہ یہی ریزولیشن پاس کر ہی رہے ہیں کہ کشمیر ہندوستان کا ہے - ہر دفعہ ان کا ریزولیشن یہی رہا تو اس لئے میری سمجھ میں نہیں آتا کہ کونسی پارٹی ہے یا کونسی قوم ہے یا کونسا شخص ہے جو کشمیر کو پاکستان کے حوالہ کرنا چاہتا ہے - ایسا تو

شری اے - ایم - طارق : جی ہاں قوگرا راجپوت - برہمن قوگروں کے ساتھ بھی ناانصافی ہوتی تھی - تو سوال یہ پیدا ہوا کہ صاحب تمام لوگوں کا مسئلہ جب ایک ہے - تمام لوگوں کی اقتصادی زندگی جب ایک ہے اور ریاست کسی اکثریت کے ساتھ جب نا انصافی ہوتی ہے تو کیوں نہ ایک ایسی جماعت بنائی جائے جو تمام لوگوں کے لئے ، تمام شہریوں کے لئے ، انصاف طلب کرے - یہ تحریک کثرت والے سے منظور ہوئی - شیخ صاحب نیشنل کانفرنس کے صدر ہوئے اور اس کے فوراً بعد ایک تحریک چلی جس میں شیخ صاحب گرفتار ہوئے اور دوسرے لوگ بھی گرفتار ہوئے - ۱۹۳۸ع کے بعد ۱۹۴۶ع تک یہ تحریک چلتی رہی اور کشمیر کی نیشنل کانفرنس ہندوستان کی سب سے بڑی نمائندہ جماعت کانگریس کے قریب آگئی - کشمیر کی نیشنل کانفرنس نے ہندوستان کی ریاستوں کی نمائندہ جماعت آل انڈیا اسٹیٹس پیوپلس کانفرنس کی ممبری حاصل کی - شیخ محمد عبداللہ ایک زمانہ میں اس آل انڈیا اسٹیٹس پیوپلس کانفرنس کے لائف صدر تھے اور ۱۹۴۶ع میں صدر ہوئے - جب مرحوم جے نرائن ویاس اس کے سیکریٹری تھے اور جب شیخ محمد عبداللہ جیل میں تھے تو شاید اندور میں پنڈت جواہر کا وقت نہیں لوں گا - کشمیر میں ایک سیاسی تحریک شروع ہوئی ۱۹۳۰ع میں مسلم کانفرنس کے نام سے - اس تحریک کا مقصد اس وقت یہ تھا کہ کشمیر کے مسلمانوں کے ساتھ نوکریوں کے معاملہ میں خاص طور پر ایک قسم کی نا انصافی ہو رہی تھی اس لئے کشمیر کے مسلمان جو اس ریاست میں اکثریت میں تھے ان کو یہ حق دلایا جائے کہ ان کو نوکریوں میں با قاعدہ نمائندگی ملے - یہ تحریک چلتے چلتے ۱۹۳۸ میں ایک قومی شکل اختیار کر گئی - مسلم کانفرنس میں غلام محمد صادق کی صدارت میں اور شیخ محمد عبداللہ، مولانا مسعود اور چودھری غلام عباس جو اس وقت پاکستان میں ہیں اور نام نہاد آزاد کشمیر کا نعرہ لگا رہے ہیں ان کی تحریک تھے ، ان کے ریزولیشن تھے ، مسلم کانفرنس کو نیشنل کانفرنس میں تبدیل کیا گیا - یہ سمجھا گیا کہ ریاست جموں اور کشمیر میں صرف مسلمانوں کے ساتھ نہیں بلکہ ریاست میں غیر مسلموں کے ساتھ بھی نا انصافی ہوتی ہے سوائے ایک ذات کے سوائے ایک چھوٹی سی قوم کے جو مہاراجہ کی ذات سے وابستہ تھی جس کو راج پوت کہا جاتا ہے -

شری این - ایم - انور : قوگرا -

[شری اے - ایم - طارق]

کیا - جہاں تک مجھے یاد ہے شیخ محمد عبداللہ کے وکیلوں کی فہرست میں پنڈت جواہر لال نہرو کا بھی نام تھا اور کانگریس نے اپنی طرف سے مرحوم مسٹر آصف علی کو رکھا تھا - ہندوستان کی قسمت کا جس وقت فیصلہ ہوا اس وقت کشمیر کے بہت سے راہ نما قید میں تھے - میں مختصر الفاظ میں یہ مسئلہ آپ کے سامنے رکھنا چاہتا ہوں - شیخ محمد عبداللہ کی رہائی ہوئی اور اس کے ساتھ ان کے بہت سے ساتھی جو قید خانوں میں تھے چھوڑ دئیے گئے - اس وقت سوال یہ تھا کہ ہندوستان کی ریاستوں کے راجا کیا فیصلہ کرتے ہیں کیوں کہ فیصلہ کی دو ہی صورتیں تھیں کہ ہندوستان میں جائیں جغرافیائی حالات کے مد نظر یا پاکستان میں جائیں - مرحوم مسٹر جناح نے ایک اور بات پیش کی کہ ہندوستان کے راجہ چاہے پاکستان جا سکتے ہیں چاہے ہندوستان میں جا سکتے ہیں چاہے آزاد رہ سکتے ہیں - کانگریس نے اس بات کی مخالفت کی اور صرف اس بات کی مخالفت نہیں کی بلکہ اس بات کی بھی مخالفت کی کہ ہندوستان کی ریاستوں کی قسمت کا فیصلہ صرف راجہ مہاراجہ نہیں کر سکتے ہیں بلکہ وہاں کی جنتا بھی کر سکتی ہے لیکن برطانوی حکومت نے اس حق

لال نہرو نے آل انڈیا اسٹیٹس پیوپلس کانفرنس صدارت کی تھی لیکن کرسی پر شیخ عبداللہ کا فوٹو رکھا گیا تھا - ۱۹۴۲ء میں جب ہندوستان میں ایک عظیم تحریک شروع ہوئی کہ ہندوستان چھوڑو تو اس کا اثر کشمیریوں پر بھی پڑا اور وہاں کے کشمیریوں نے راجہ سے کہا کہ تم بھی کشمیر چھوڑ دو کیوں کہ ایک لحاظ سے کشمیر کی ریاست ہندوستان کی دوسری ریاستوں سے تھوڑے مختلف تھی - آج سے سوا سو سال پہلے گلاب کو ۷۵ لاکھ روپیہ میں خریدا گیا تھا بیعنامہ امرتسر کے تحت - کشمیر کے لوگوں نے اس بیع نامہ کو چیلنج کیا اور ہم نے ایک تحریک چلائی - اس بیعنامہ کو ختم کرنے کی - اس اس تحریک کے بعد کشمیر کے لوگوں کو ایک سے بڑھ کر ایک تحریک کا مقابلہ کرنا پڑا - جس وقت ہم اپنی تحریک چلا رہے تھے اس وقت ہندوستان میں ہندوستان کی قسمت کا فیصلہ ہو رہا تھا - شیخ محمد عبداللہ اچانک گرفتار ہوئے لیکن پنڈت جواہر لال نہرو نے ہندوستان کی قسمت کے فیصلہ کو یک طرف رکھکر خود کو کوہالہ کے پل پر گرفتاری کے لئے پیش کیا - شیخ محمد عبداللہ کو سزا ہوئی اور شیخ محمد عبداللہ کے فیصلہ کا انتظام اسٹیٹس پیوپلس کانفرنس نے کیا - جواہر لال نہرو نے

سے تمام راجاؤں مہاراجاؤں کو پیش کیا - انسٹرومنٹ آف ایکسیشن پر دی پارلیمنٹ ایکٹ کے تحت بنایا گیا تھا - یہ اور بات ہے کہ لارڈ ماؤنٹ بیٹن وائسرائے کے بعد گورنر جنرل ہو گئے تھے اور انہوں نے ہندوستان کی نمائندگی کی - تو گورنر جنرل نے کشمیر کے الحاق کو تسلیم کیا اور ہندوستان کی فوجیں وہاں گئیں - اس وقت پنڈت جواہر لال نہرو نے یہ کہا کہ کشمیر کا الحاق ہندوستان سے ہوا ہے لیکن ہم اس کی تصدیق کشمیر کے لوگوں سے کرائیں گے - حکومت ہندوستان پر یا پنڈت جواہر لال نہرو پر کوئی پابندی نہیں تھی - یہ پنڈت جواہر لال نہرو کی فیاضی تھی، کسی شخص کی فیاض تھی یا کسی ملک کی وسیع القلبی تھی - آپ اس کو قانون کی شکل نہیں دے سکتے ہیں -

خود شیخ محمد عبداللہ نے اس بات کا اظہار کیا تھا - جس میں انہوں نے یہ کہا ہے کہ یہ جو شرط ہے یہ جو بات پنڈت جواہر لال نہرو نے کہی ہے یہ ان کی وسیع القلبی ہے، یہ ہندوستان کے لئے کوئی ضروری بات نہیں تھی لیکن چونکہ انہوں نے کہا ہے لہذا اس کی تعمیل ہونی چاہئے - حملہ کے دوران ہم نے اقوام متحدہ سے اپیل کی کہ پاکستان حملہ آور کشمیر سے نکل جائے - ایک چھوٹی سی بات تھی جو میں نے آپ کے سامنے رکھی -

کو تسلیم نہیں کیا - انہوں نے کہا کہ ہم یہ حق، یہ ساورنٹی راجاؤں کو واپس دے رہے ہیں - بہت سے راجاؤں نے، بہت سے مہاراجاؤں نے، بہت سے نوابوں نے، اپنے جغرافیائی حالات کے پیش نظر پاکستان چن لیا، بہتوں نے ہندوستان چن لیا - کشمیر کے مہاراجہ جو شاید اس وجہ سے کہ ان کی پنڈت جی سے تھوڑی سی ان بن ہو گئی تھی اور جو شرم کے مارے یا خوف کے مارے فیصلہ کرنے سے گھبرائے - انہوں نے پاکستان سے بھی ایک عارضی معاہدہ کیا اور ہندوستان سے بھی - اس معاہدے کی سیاہی ابھی ختم بھی نہیں ہوئی تھی کہ پاکستان نے کشمیر پر حملہ کیا - کشمیر نے عوام نے ان کا مقابلہ کیا کیونکہ اس حملہ کے دوران کشمیر میں کوئی حکومت نہیں تھی اور ہندوستان کی فوج بھی نہیں تھی - مہاراجہ کو یہ طلب ہوئی کہ ہم ہندوستان سے مدد مانگیں - ہم نے ہندوستان سے مدد مانگی، ہندوستان کو، ہماری مدد کرنے میں مشکل تھی - کیوں کہ ایک ایسی ریاست میں اپنی طور پر وہ اپنی فوجیں نہیں بھیج سکتا تھا جس کا الحاق ہندوستان سے نہ ہو - لارڈ ماؤنٹ بیٹن اس وقت ہندوستان کے نمائندہ نہیں تھے - وہ آزادی سے پہلے یہاں برطانوی حکومت کی نمائندگی کرتے تھے اور وائسرائے تھے - انسٹرومنٹ آف ایکسیشن لارڈ ماؤنٹ بیٹن نے ایک وائسرائے کی حیثیت

[شری اے - ایم - طارق]

اس کے بعد کشمیر میں مختلف حالات پیدا ہوئے - کشمیر کی حالت میں کچھ غیر ملکی طاقتوں کو بڑی دل چسپی ہوئی - ان غیر ملکی طاقتوں کی دل چسپی سے کشمیر کے وہ نمائندے کے دماغ ایک حد تک پھر گئے - میں شیر کشمیر شیخ محمد عبداللہ کا احترام کرتا ہوں - جہاں تک اس بات کا تعلق ہے کہ انہوں نے کشمیر کے لوگوں کی وہ نمائندگی اس میں کوئی دو رائے نہیں ہیں؟ جہاں تک اس بات کا تعلق ہے کہ وہ بہت بڑے آدمی ہیں اس میں بھی کوئی دو رائے نہیں ہیں - لیکن یہ کیا ضروری ہے کہ بڑے لیڈر یا بڑے آدمی کبھی غلطی نہیں کر سکتے ہیں - غلطی کر سکتے ہیں؟ غلطیاں ہوئی ہیں - میں اس احترام کے ساتھ جو مجھے شیخ صاحب کی ذات سے ہے یا شیخ صاحب کی ذات سے ہونا چاہئے اس بات سے انکار نہیں کرتا ہوں کہ شیخ صاحب نے غلطی کی - کس وجہ سے کی یہ شیخ صاحب خود جانتے ہیں - شیخ صاحب آج یہ کہتے ہیں کہ ہندوستان سے کشمیر کا الحاق نہیں ہوا ہے، ہندوستان سے کشمیریوں نے الحاق نہیں کیا ہے - میں انتہائی ادب سے شیخ صاحب سے یہ پوچھوں گا کہ اگر کشمیر کا الحاق ہندوستان سے نہیں ہوا تھا تو شیخ محمد عبداللہ نے ہندوستان کی کنسٹی ٹیونٹ اسمبلی میں ۱۶ جون ۱۹۴۹ع کو حلف کیوں لیا -

उपाध्यक्ष (श्री महावीर प्रसाद भार्गव): तारिक साहब, २० मिनट हो गये हैं।

شری اے - ایم - طارق : میں تھوڑا سا وقت آپ کا ضرور لوں گا -

PROF. M. B. LAL: Let him finish his speech.

شری اے - ایم - طارق : انہوں نے ۱۹۴۹ ع میں ۱۶ جون کو حلف لیا اس آئین ساز اسمبلی میں جو ہندوستان کی قسمت کا فیصلہ کر رہی تھی کنسٹی ٹیونٹ اسمبلی کی قیمت میں یہ لکھا ہوا ہے : -

"The Constituent Assembly of India met in the Constitution Hall, New Delhi, at Eight of the Clock, Mr. President (the Honourable Dr. Rajendra Prasad) in the Chair.

TAKING THE PLEDGE AND SIGNING THE REGISTER

The following Members took the pledge and signed the Register: —

(1) Sheikh Mohd. Abdullah
(2) Mirza Mohd. Afzal Beg
(3) Maulana Mohd, Sayeed Masoodi
(4) Shri Moti Ram Bagda (Kashmir)

MR. PRESIDENT: I am sure the House will join me in extending a cordial welcome to Sheikh Mohd. Abdullah and the three other Members who have joined the Aessembly today and are going to take their seats for the first time. This brings to the Assembly now the full complement of