

SHRI CHANDRA SHEKHAR (Uttar Pradesh): And it is very important.

MR. CHAIRMAN: They take some time because they take you seriously.

SHRI A. B. VAJPAYEE: In that case they should come to the House and say that they are making enquiries. Instead they keep quite. They do not take us seriously.

MR. CHAIRMAN: I assure you that they take you quite seriously. Perhaps the delay is due to the fact that they take you seriously.

SHRI LOKANATH MISRA (Orissa): Ashoka Hotel is not so far away that to collect any information it should<sup>1</sup> take four, five or six days or a week. The information could be got on the telephone.

THE APPROPRTATION (No. 2) BILL,  
1964—continued

SHRI M. N. GOVINDAN NAIR (Kerala): The other day, while replying to the Finance Bill the Finance Minister warned this House of a growing danger to democracy in this country at the hands of monopolists in whose hands wealth is concentrated. He told us how democra-y is being stifled by purchasing votes and bribing the people in positions of power. I congratulate him for this frank admission. I feel that he was forced to make this statement because he is yet to sot out of the shock which his party got during the recent Rajya Sabha election. What he said about purchase and sale of votes was further testified in Kerala, in Bihar and in Punjab. In this case it is not the ordinary voters who are purchased. For the Rajya Sabha election it is the Assembly Members who have to vote. They are the voters.

SHRI A. B. VAJPAYEE (Uttar Pradesh): But they got a high price.

SHRI M. N. GOVINDAN NAIR: In my State, Kerala, there were two Congress candidates an^ there were enough votes to support the two candidates. They had 65 votes. Only 32 votes were necessary to return the candidates. But a businessmen decided to enter the field and seven out of the ten votes of Congress went to the businessman. And when he was questioned by the press men as to how he managed it, he said plainly that it was a business secret which could not be revealed. Then again, in Bihar you know our old colleague, Shri Yajee, was defeated.

AN HON. MEMBER: We are mis-ing him very much.

SHRI A. B. VAJPAYEE: Of all, the Communist Party.

SHRI M. N. GOVINDAN NAIR: Of course. Even though he was always opposing us his presence here wa3 quite welcome.

SHRI A. B. VAJPAYEE; I agree.

[THE DEPUTY CHAIRMAN in the Chair]

SHRI M. N. GOVINDAN NAIR: But unfortunately he lost because votes were purchased. *An<sub>a</sub>* it was even mentioned in the State Assembly that 32 votes were purchased. It was even complained by a certain Member that although he paid money for 60 votes he got only 30 votes.

AN HON. MEMBER: Punjab.

SHRI M. N. GOVINDAN NAIR: In Punjab the situation is not different. So what I mean to say is that it is not a question of purchasing votes from the ordinary voter. It has come to a state when Members of Assemblies can be bought like cattle. That is the stage to which we have come.

SHRI LOKANATH MISRA (Orissa): Because they had themselves purchased the votes.

SHRI M. N. GOVINDAN NAIR: And now the industrialists and monopolists in this country have decided to come directly into the public life. At the last meeting of the F.I.C.C.I. that is, the Federation of Indian Chamber of Commerce and Industry, the entire discussion about the thing was reported in the press. Both the mover and the seconder of the resolution, Mr. Tulsidas Kilachand and Mr. Kir-lokar, had said that this was the urgent need and they wanted the business community to play a more direct and active role in the public life.

This question was discussed in the entire discussion. It is clear from the report that they were opposed to the Government policy and in order to oppose it this time they decided to directly enter into the political life. Then, even in that meeting there was a Congress representative—if I remember it correctly—Shri Kamalayan Bajaj who argued as to why they wanted to interfere in politics directly; After all they are there to represent their interests, he said. So he asked them to choose between the Congressmen who would stand by them and oppose the 'Communist ideology or stand by themselves. In the earlier case they should support the Congress with funds instead of the businessmen themselves coming into the picture directly.

I am pointing out these factors just to show the great threat that is before our country at the hands of these people in whom wealth has already concentrated

SHRI M. S. OREROI (Bihar): What happened later.

SHRI M. N. GOVINDAN NAIR: I need not make any reference to what happened during the last election. I was only referring to the recent events. And why do you bother because everybody knows about that? Here I was only referring to the recent events. So while the Finance

Minister comes here and makes a statement about this danger to democracy, etc. while he speaks on the Finance Bill, he conveniently forgets that he has still to take effective steps to curb the growth of monopoly in this country. He wanted us to believe that the steps that he has taken, that the estate duty, wealth tax the expenditure tax, all these things put together will create a situation whereby concentration of wealth in the hands of a few will end. Well, I cannot agree with this. All these duties and taxes may help to curb the deadly hand of feudalism, but it will never help to check the growth of monopoly concerns. Take the example of other countries. He himself has stated in his speech that the estate duty in the U.K. the U.S.A. and other countries is not very much lower than ours. So if the introduction of estate duty, 85 per cent, or somewhere near that percentage, if it cannot check the growth of monopoly in those countries, how can we expect that the estate duty will check the growth of monopolies here?

Secondly, about the Expenditure tax. Well, anybody who goes to Bombay or Calcutta or even to Delhi here will know that none of these industrialists have the houses in their names. Multi-storeyed buildings, air-conditioned, with all the paraphernalia, which may even be the envy of the Mogul Emperors, such buildings, these go in the name of the companies but are in possession of the big industrialists and completely enjoyed by them. And as far as this Expenditure tax, etc. are concerned, they know how to manipulate and see that the money does not go out of their hands. So neither the Expenditure tax nor the Wealth tax nor any of these taxes is going to hamper or check the growth of monopolies in this country. Now, Madam, you should also know how these monopolists operate in this country, how they subvert and defeat the policies of the Government. It is not only by purchasing M.L.As. and M.Ps. they

[Shri M. N. Govindan Nair.] have certain methods by which, even before Parliament or any other here comes to know all these things, they get the needful done. I will quote one example of today. While our hon. friend, Shri Murahari, asked a question of the Finance Minister whether during the investigation of the Bird & Co., case any letter as fallen into the hands of the Government . . . .

SHOT MULKA GOVINDA REDDY (Mysore): The Minister is not listening to you.

SHRI M. N. GOVINDAN NAIR: He will listen. Now I understand that the customs officers seized a letter from Bird & Co., which clearly gives an indication, or relates the modus *Operandi* of this company.

SHRI G. MURAHARI (Uttar Pradesh); Please read out that letter.

SHRI M. N. GOVINDAN NAIR: Yes. Now this letter is from the London office of Bird & Co. This letter relates how they are represented here, who is their representative here, he is a very prominent person, very much connected with high people, people in-high positions. It is none other than Shri A. K. Chanda. (*Interruptions*). You know he is a very respect&ble person; he has contacts every where and he is the man who represents them in Delhi. And this Chanda, when he visited London, had a talk with the officials of Bird & Co., there, With Mr. Alan, and then Mr. Alan intimates to the people here what took place there, discussions, etc., by which they will be able to act here:

"I had Ashok" (Ashok Kumar Chanda) "along to the club for lunch. \* \* \* We had a good lunch at the club and Ashok met quite a few of his old friends, and over brandy and coffee I had him to myself for ten minutes or so. Just a few jottings on our conversations" . . . .

SHRI A. B. VAJPAYEE: Madam, how are we to know whether the letter is genuine or not? Is the hon. Member in a position to produce . . . .

THE DEPUTY CHAIRMAN: I thought he was giving extracts. Are you reading a letter?

SHRI G. MURAHARI; The Minister is carrying on a conversation.

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI) : If I am suppose^ to reply to the hon. Member, I cannot understand what the hon. Member is saying.

SHRI A. B. VAJPAYEE: May I know whether the hon. Member is in a position to produce . . . .

SHRI M. N. GOVINDAN NAIR: I am prepared to place the letter on the Table of the House.

SHRI A. B. VAJPAYEE: The letter in original, not a copy of the letter.

SHRI M. N. GOVINDAN NAIR, I am not Mr. A. K. Chanda or somebody connected with Mr. A. K. Chanda, nor the customs officer. How can I challenge the Government to deny? Here is the r.umber, date, everything of the letter.

THE DEPUTY CHAIRMAN/ But how do you . . . .

SHRI AKBAR ALI KHAN (Andhra Pradesh); On a point of order; I think it is not fair; we have to follow certain parliamentary rules, (*Interruptions*). I would submit that no letter, unless permitted by the Chair, can be read or put before the House, and that letter should be the original, not a copy of it. Otherwise it would be very unfair. It may be that there may be a genuine letter, but it is also possible that there may be bogus letters. So I would plead, Madam, that this should not be allowed because, after all, thi<sub>s</sub> is a sacred place which has to be respected and hono-ared by all of us.

SHRI CHANDRA SHEKHAR (Uttar Pradesh): I have to make a submission. I have every regard for the opinion of my hon. friend, Mr. Akbar Ali, but in the past, many a time, in this House, confidential files of the Government of India have been quoted, and when it was questioned, there was the ruling of the Chair . . . (*Interruptions*). It should not be. Many a time Shri Bhupesh Gupta quoted confidential files—their numbers—and he challenged the Home Ministry to say that it was wrong, that the contents quoted were untrue, but it was never questioned, the right to quote a file or a secret document even of the Government of India. So why should Mr. Govindan Nair be not allowed to quote a secret letter of Bird & Co.? I do not see any reason.

SHRI A. B. VAJPAYEE: Madam, if they quote secret files of the Government, the Ministers are there to contradict. But Mr. A. K. Chanda is not present in the House, and when the genuineness of the letter has been questioned, the hon. Member should be in a position to say that he is in possession of the letter in original and he is prepared to place it on the Table of the House.

SHRI CHANDRA SHEKHAR: Who is to challenge on behalf of Mr. A. K. Chanda, and Bird & Co.? I think Mr. Vajpayee does not represent Mr. A. K. Chanda or Bird & Co.

SHRI C. D. PANDE" (Uttar Pradesh): Mr. Chanda is not here to contradict it.

THE DEPUTY CHAIRMAN: Mr. Govindan Nair, do you say you have the letter in your possession? We do not know from whom it is, what the contents are, whether it is a carbon copy or the original. Therefore you can give the gist of the letter, but you cannot read the letter . . .

SHRI M. N. GOVINDAN NAIR: All right, Madam; I am not reading the letter, but in the contents of this letter the Finance Minister himself is involved, and it should be clarified.

SHRI C. D. PANDE: How does he say 'Finance Minister' is involved. I want to know how is he involved.

SHRI M. N. GOVINDAN NAIR: I am not reading the letter but in that letter it is stated that he arranged the interview between Shri T. T. Krishna-machari and Shri Pran Prasad—somebody in Bird & Co.—that there they discussed and that Shri T. T. Krishnamachari agreed to increase the price of coal. That is one point. Another point . . .

SHRI T. T. KRISHNAMACHARI: I could not catch what the hon. Member said. What did I agree to?

SHRI M. N. GOVINDAN NAIR: I am not permitted to read out this letter, but in this letter written by the office from London to the office here of Bird & Co., here in Calcutta, one Mr. Alan, the general manager or somebody, writes to one Mr. Walter Michelmores at Calcutta that as a result of the conversation between Mr. A. K. Chanda and Mr. Alan the following things have come out. And one thing is that Pran Prasad had discussions with Mr. T. T. Krishnamachari and they had agreed to increase the price. I am not reading. It says that he is pleased with the representation.

SHRI T. T. KRISHNAMACHARI: Price of what?

SHRI M. N. GOVINDAN NAIR: Price of coal. It was done not as Finance Minister, but he says that Mr. T. T. Krishnamachari has the ear of the Prime Minister and he is prepared to over-ride the other Cabinet Ministers and so on. I do not say that he is doing it. But this is the information which is said to be conveyed to Mr. Allen. Then there is also this thing about Jessops, Mundhra and so on. This letter was seized by the Customs Authorities when they searched the office of Bird & Co. here and that is why Mr. G. Murahari during the Question Hour today, asked whether Government had come into possession of any such letter.

SHRI G. MURAHARI: It is wrng information.

AN HON. MEMBER: How can you know what letters have come?

SHRI M. N. GOVINDAN NAIR: There are two letters. One of them is by Pran Prasad to Ashok. Anyway, this meeting of Ministers by all these people, arranged in their offices and all that, is not a very happy thing. He says that he has done it this time for the person and he would seem to say: "Don't ask me to do the same thing a second time." There is another letter by Ashok.

Now, these things I am pointing out to show that there is the P. and T. Department which censors these letters. I do not know who has sent it, but we get innumerable letters. I do not want a denial of the letter by the Finance Minister just now. He should enquire. I am prepared to place it at his disposal, at the disposal of the Finance Minister so that he may make enquiries and find out whether such a totter was found by the Customs Office; if so let him come and explain to the House how such a letter was found and all that, What I am interested to show in this context is how these big monopolists are interfering in everything, how they are influencing the Ministers, how they are trying to over-ride other Ministers with the help of certain Ministers. All these things are crystal clear from this letter.

THE DEPUTY CHAIRMAN: Have you got more letters? You have to finish at 12.45.

SHRI M. N. GOVINDAN NAIR: My complaint against the Finance Minister is not only that he has not taken steps to curb these monopolists, bv.t the steps that he has taken are encouraging the growth of monopolies. I raised the point the other day

while moving a Privilege Motion, but it was rejected. I had pointed out how one organisation which has to exert some kind of control over these monopolies, over this monopolistic sector, I mean the Company Law Administration, has been mishandled by our Finance Minister. Madam, you will kindly permit me some five to ten minutes more, because this Company Law Administration has a history behind it, and I have to refer to it. When Parliament decided to discuss the question of amending the Company Law itself, it was felt that the administration of the Company Law was much more important than the filling up of gaps or having changes to correct the inadequacies in the law itself. Sa in 1950 when this question was considered by the Government, the Company Law Committee was formed; with Shri Bhabha as chairman. The two points referred to that committee were—(i) What are the changes to be brought about in the Company law itself, and (ii) How is the administration of Company Law to be managed. That committee recommended that a statutory cffm-mission with wide powers to deal with not only Company Law, but also with the related subjects like stock exchange, capital issue, financial corporations, should be there, that all these things should come within the purview of this commit sion. And this commission should be a statutory commission. That was the recommendation of the Company Law Committee. But when the former Finance Minister, Shri C. D. Deshmukh, moved for amendment of the Company Law before Parliament, he said that the administration of Company Law was very much related to the economic policy pursued by the Government, and as such he did not want a statutory commission. He said he should have a very strong department of the Government under the Finance Ministry, to supervise the working of Company Law. When this Company Law Administration was first formed it was not only Company Law that was entrusted to it, but the control of capital iseyie,

stock exchanges, the control of finance corporations, all these things were left in the hands of this Company Law Administration. But unfortunately when Shri Deshmukh resigned and Shri T. T. Krishnamachari took charge, one of the first reforms which he introduced was to divest this Company Law Administration of all other responsibilities like control of capital issue, stock exchange, etc. and to transfer the whole of the Company Law Administration to the Ministry of Commerce and Industry, I think that was the Ministry. And then the Mundhra affair, the Vivian Bose Report and all these things came and the Vivian Bose Commission also had to say something about this Company Law Administration. It said that unless there was an effective organisation or department to control these manifold activities, it would not be possible to curb malpractices. We have been given examples. The Vivian Bose Commission has come out with the instance of Shri Jain. The control of capital issues should cover the whole country, but it permits the man to start new companies. So unless there is one body that controls all these things, you will not be able to check malpractices or even to curb the growth of these monopolies. Now, what has he done? He had to recognise, when he took over the Finance portfolio, because of the developments that had taken place during these years, that the Company Law Administration must be strengthened by bringing under its jurisdiction related subjects like stock exchange, control of capital issues, financial corporations, etc., and he promised this House that he was going to form a Commission composed of prominent, even judicial, men. He also promised to clothe this Commission with this authority but unfortunately what has come out as a Commission is nothing but one gentleman. He removed one gentleman and put in another in his place. He says that judicious mind is not found in India. How can he get where there is so much dearth of judicial minds? What I am pointing out is that this shows

callous indifference about the working of this Company Law Administration, an Administration which may at least to some extent be a check to their malpractices. Madam, even though this point was raised the other day, even though the Minister was present when this question was raised, he did not open his mouth. He is a very clever person and I thought that his silence meant that by the time we met again in this Session, he would defeat me by making amends, that is, by bringing all these related subjects under the jurisdiction of the Company Law Administration and by appointing new members to the Commission by which they may shoulder all these responsibilities properly. I am not only disappointed but the man whom he has chosen instead of the one whom he sent out—excuse me for saying this—the first time he went to Calcutta—I read this in the newspapers—was a guest of honour of the biggest industrial house, I mean the Birlas. I do not say this to unnecessarily spite him but all these are indications to show how a man will behave. So, my complaint is that he has completely bungled in the affairs of the Company Law Administration, and at least this much he should do now. He must change all this and he must strengthen the Company Law Administration by putting in it proper persons and also by bringing within its jurisdiction the other related subjects.

Thank you.

SHRI T. T. KRISHNAMACHARI: Madam Deputy Chairman, I am afraid of a certain disability under which I function undoubtedly because of my own seeking having interpolated the Finance Bill in between the discussions on the Appropriation Bill. There has been a considerable degree of overlapping in the matter of discussion of Governmental activities in the discussion of both these Bills. Quite a part of what has been discussed on the Appropriation Bill has also been discussed on the Finance Bill. I shall-

[Shri T. T. Krishnamachari.] try to skip over those subjects which have been dicussed on the Finance Bill to which I have attempted to reply, and if by any chance I do not provide a reply to some of the specific points of Governmental activities raised by hon. Members, they will understand that it is because that I have not got the time to cover the entire ground.

Madam, the last speaker, I thought, had in his speech before this entered into a truce with bad language. Unfortunately my hopes were belied. Much of what he said today I have not been able to follow because my ears are not trained to articulation of his type and also he addressed some other corner of the House rather than the Chair. He made certain specific personal allegations . . .

SHRI M. N. GOVINDAN NAIR: You were also talking with somebody. You were not listening. In spite of reminders from other Members of the House, you were not listening and now you say . . .

SHRI T. T. KRISHNAMACHARI: "It Is very difficult for me perhaps to follow the intonation of a person from Kerala. I suppose it is also equal difficult for him to follow the intonation of a person from Tamilnad.

THE DEPUTY CHAIRMAN: Eut you are neighbours.

SHRI T. T. KRISHNAMACHARI: Yes, it is true but I have often heard Keralites complaining that the Tamil-ians say oil for oil. So, I suppose . . .

SHRI M. N. GOVINDAN NAIR: That you understand?

SHRI T. T. KRISHNAMACHARI: This difficulty I understand . . .

SHRI M. N. GOVINDAN NAIR: You will n'ot understand things which are not convenient to you.

SHRI T. T. KRISHNAMACHARI: My friend has an intelligent party behind or a section of the party and they have means of getting information from secret files, interrupting postal communications and various other methods which unfortunately probably even the Government cannot do fully because they do it through the DIB while the Communist Party does it through its own channels. Therefore, they have quite a lot of information with them, some perhaps true, some partly true, most of it totaily untrue. My hon. friend was reading from an alleged letter from a person whose name is a common one Allen is a common name. I do not know which Allen it is. I do not know of any Allen in Bird & Co. because I do not know everybody in that concern.

SHRI M. N. GOVINDAN NAIR: I am prepared to hand over that letter to you and you can see whether it is...

SHRI T. T. KRISHNAMACHARI: The hon. Member seems to think that my interest is so wide as to cover the prying of the Communist Party of India into other peoples' correspondence. It does not. I am not interested in my friends letters any more than I am interested in what the hon. Member has said today accepting to say that I have met Mr. Pran Prasad. He is an extraordinary young man, a man of great capacity, striking and I think but for the fact that the firm had come under cloud we probably would have employed him ourselves in the public sector. I met him only once. He came at my request. I was present in the meeting of the Indian Mining Association. He knew a lot about coal handling about which I wanted to learn. It was at the time when I was doing co-ordination, long ago. nearly a year and three quarters back. I think I was greatly impressed by him and greatly profited by the talk that I had with him in regard to handling of coal and in regard to the loading of coal. The question of prices, I dq not think, was discussed. I was not in a position to discuss

anything about prices. Subsequently, yes, we have decided about prices now and my colleague who is sitting to my right took me into his confidence and we decided the final issue. That is all about Mr. Pran Prasad. I do not know about what Mr. Ashok Chanda has written to him or somebody has written to him. It is not a matter about which I am concerned but one thing hon. Member makes a mistake about the Company Law Administration is this. We have not yet come to a time when we make policy decisions on the basis of the views of certain sections of certain parties who are no\*, with us. How the Company Law Administration is to be run, what it should do, whether it should have control of capital issues under it or not, whether it should control the financial corporations or not are matters of policy about which Government is

concerned. In fact I do not 1 P.M. think I would ever ask the

Company Law Administration to handle capital issues control. It is essentially a thing which the Economic Affairs Ministry does. It is a vital matter in regard to monetary control which the Economic Affairs Ministry cannot give up to any independent or even semi-independent organisation. May be, the hon. Member feels that I should take his advice. I am afraid I am not in a position to take his advice much as I value his intelligence and the intelligence behind that advice. To say that there is a sinister plot in all that sort of thing—it is all meaningless. At the present moment it is like this. I have not made a promise to the House and gone back on it. The House passed the Bill amending the Company Law to create a Company Law Board and to the; extent the house has given us powers I have indicated to the House that these things have been carried out. How we should run the Company Law Administration, how we should deal with particular matters are undoubtedly the responsibility of the Government of the day. I should stop with those remarks. I have nothing more

to add to the criticisms of the hon. Member opposite.

THE DEPUTY CHAIRMAN: It is one o'clock now. You can continue at 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.

SHRI T. T. KRISHNAMACHARI: Madam, before the House adjourned for lunch, I referred to some of the remarks made by the hon. Member from Kerala.

Several hon. Members, particularly Mr. Mani and many others, have spoken about matters concerning external affairs. I believe that my colleague, Shrimati Lakshmi Menon, has provided the answers to most of them; at any rate, has sought to dispel some of the doubts in the minds of the hon. Members in regard to the conduct of the External Affairs Ministry pertaining to the problem of the refugees from East Pakistan, the working of the Atomic Energy Commission and the external publicity conducted by the External Affairs Ministry.

Hon. Members also made a reference to the Kashmir problem and the nuances pertaining to it. I would like to draw the attention of the hon. Members to the answers provided by my colleague, Shri Lai Bahadur Shastri, on the 27th of April to many problems pertaining to Kashmir. Hon. Members may not be quite satisfied if I make no reference to Kashmir while replying to this debate. I think many of us in trying to do good by raising the problem so as to focus the attention of the Government to it forget the fact that the basic issue regarding Kashmir is one which admits of no doubt so far as the Government of India is concerned, that before the Indian Army intervened in the troubles in Kashmir arising out of our

[Shri T. T. Krishnamachari] neighbour's actions. Kashmir had fully acceded to the Indian Government, the Dominion Indian Government as it was then, and nobody doubts, not even people who perhaps raised doubts about Kashmir's status, not even do they doubt about the legality of the accession of the Kashmir Ruler to the Indian Dominion. But the problem was then taken to the forum of the United Nations. We had always maintained our stand about this question of Kashmir's accession to India being not only legal but a fact.

To go back to what happened in 1948, it would be impossible for a country like India not to use its armies—to use the words of Sheikh Abdullah—to shed the blood of the sons of the Indian nation, be they Hindus, Sikhs, Muslims in defence of the Kashmir Valley, if it had not been for the fact that those people who shed their blood, who received injuries as a result of that campaign did so in the full belief that they were fighting for their motherland. That admits of no question. I think I can perhaps quote Sheikh Abdullah's words for it. But the problem has been kept alive, not because of our choice but because the nations of the world wanted to keep the problem of Kashmir alive in the forum of the United Nations. They had passed a resolution saying that the wishes of the people should be ascertained. Whatever might be the present interpretation of the position of the Constituent Assembly of Kashmir, it is quite clear that the Constituent Assembly was elected by the free choice of the Kashmiri people and they had accepted the fact of their accession to the Indian Union; they had accepted the fact that Kashmir found a place in the Indian Constitution. That Article 370 about which we hear a lot finds a place in the midst of the miscellaneous and transitory provisions of the Constitution. So, what happened in 1948 in the United Nations can have a bearing only in relation to what has happened subsequently. During these

fifteen years odd, Kashmir has conducted itself as part of the Indian Union. It is because of that the plan in regard to the economic development of Kashmir has been treated as an integral part of the Indian Plan. It is because of that that the Indian Army continued to keep a vigil on that border of Kashmir Valley which was exposed formerly to enemy attack. But latterly we had the spectacle of China coming into the picture with the occupation by the Chinese not only of that portion called Aksai Chin but even areas west of it. It is a matter of common knowledge that in October-November, 1962, hundreds of Indians have died, shed their blood, in a heroic manner in defending Ladakh. The stories of heroism of the Indian Army in Ladakh more than compensate whatever happened to the Indian Army in NEFA, forty and fifty people in each post fighting waves of Chinese, attacking them, sending two people to carry the message of the extinction of the posts. All of them died. Sometimes I suppose the historian will record this glorious episode in the life of the Indian Army. Life was a matter of no consequence to them but what mattered was only the honour of the nation. We have spent tens of crores of rupees in Ladakh. Roads have been laid, airfields have been built, defences have been strengthened. At what cost? I<sup>1</sup> would like, Madam, at this moment to acknowledge with gratitude the help rendered by the United States of America through squadrons of C130s, sometimes two or three, each carrying 20 to 25 tons each, each carrying petrol, diesel oil, coal-tar and carrying cement, for the purpose of laying that wonderful air-field that we have today at Leh, and many other defences besides. They have done it at great cost because we could not carry anything through the road from Srinagar because the road was blocked and because the road could not carry all the traffic that we wanted to carry. When we remind the Americans of our gratitude to them for this purpose, we also remind them that they have accepted the fact that

India had a responsibility to defend Ladakh. For what? We may be fools, we may be people who are full of pride sometimes, foolish pride, but we are not that much of fools to go and defend an arid area, thinly populated, with no strategic importance excepting as something which is an overlay on the Kashmir Valley. If we do not have the responsibility at maintaining the integrity of the Kashmir Valley as part of the Indian Union, I think we would have been foolish to extend our activities into Ladakh and it will still be so. And therefore today if anybody in the world asks us, "Have you any claim? Has Kashmir any claim on you?" we have merely to tell them, "look at the facts of history. The facts of history lay a claim, lay an obligation on the part of India to defend Kashmir and Ladakh. You should realise that only the facts of history have compelled India to shed blood, the blood of our young Indians, because Kashmir is a part of India." Therefore whether we go to the United Nations or whether we speak at the conference table elsewhere with Pakistan one cannot obliterate from one's mind these facts of history, these facts of sacrifice which one does not make just for the fun of it, not even for purposes of mere territorial aggrandisement, just for the fun of thinking that you have got so many thousands of square miles of arid territory in Ladakh. But for the fact that Kashmir is an integral part of India there would be no obligation on our part to defend Ladakh. It will be a crime to waste the lives of our people, to waste the moneys of the taxpayers in India but for the fact that if we allow the Chinese to occupy Ladakh the integrity of the valley will be a matter of a few hours and nothing more. So on these basic issues there can be no difference of opinion amongst any Indians. It is not a question of one member of the Cabinet feeling one way and another member feeling in another way. Maybe, outside the Cabinet they can feel that way. I suppose they can support this person or support that person. People

who have really no responsibility for carrying on the Government of the day might give good advice. I do not know, Madam, if I have the habit of repeating trite sayings. Hon. Members know the story of the miller's son and the ass. Many people advised the miller and his son how to treat the ass with the net result that the ass was thrown into the river. Many people who advise us from outside on Kashmir are in the same position of the public who told the miller and his son how to treat the ass, whether to ride it or to carry it, whether the father is to ride it or the son is to ride it. This advice, gratuitous, well-intentioned, undoubtedly well-meant and from people responsible, comes to us at a time when we are doing all that we can to preserve the integrity of this nation and when we are having threats from all sides, from the east, from the north and from the west and also in the enclaves surrounding India. Therefore, there can be no question, Madam—I repeat it—of the Government having any second thoughts about Kashmir. But you might ask, why is the Prime Minister speaking to Mr. Abdullah? Somebody asked, why was Mr. Abdullah released? I ask, why not? In fact, Madam, as an Indian, as one who wanted liberty for this country, as one who had something to do with the framing of the Bill of Rights in the Constitution, it offends my conscience to find anybody being incarcerated, even the Communist friends. I do not like it. They may do wrong; let us take them before a court. If we cannot find all the secrets about them as they find our secrets, well, it is our fault. Unless exigencies demand, largely because of our inability to circumvent a situation that might arise, there is no justification for anybody being kept in prison without trial. I have always felt not now; and I am not a great friend of Mr. Abdullah but I know him—that nobody should be kept in prison for a long time. I don't mind admitting to you that I have often mentioned it to my Prime Minister and I was one of those people who was

[Shri T. T. Krishnamachari.]

happy he was released. But you might say, he is a problem. Yes; many things are a problem. Life is a problem; living is a problem. Coming to Parliament is a problem. When you are a Minister, that itself is a problem and when you are not a Minister, that is a different kind of problem.

AN. HON. MEMBER: More difficult problem.

SHRI T. T. KRISHNAMACHARI: Therefore problems are there and they have to be faced. I think hon. Members are not right, not even charitable, when they say that a colleague of ourselves who himself has contributed materially to fighting for freedom should be kept in prison continuously and be denied his rights. What he would do, we do not know. He might embarrass us. Many embarrass us. Does not my friend, Mr. Govindan Nair, embarrass us? He puts in embarrassing letters, some of them genuine, some of them not quite so. Even if I were the Home Minister, I won't say, 'Mr. Govindan Nair is embarrassing me; therefore he should go to prison.' The whole idea of democracy is to seek embarrassment. If you do not allow dissent in democracy, democracy has no place at all. So I am rather surprised that liberal-minded persons like my friend, Mr. Mani, should say, 'Why was Mr. Abdullah released? Can't you keep him in prison for some more time? What will happen now?' If you ask me as a person, as an individual, not as a Minister, not even as a member of the Congress Party, I will say it is wrong to keep anybody in prison for a long time. Maybe you keep a person for six months under house arrest so that the temporary aberration of his mind might ease. Give him a chance. I am perfectly hopeful that one of these days Mr. Govindan Nair might be with us here. We would welcome him. Well, the

process might change. Are not things changing? Is not Russia changing? Things do change and there is nothing, wrong in change. So I object as an individual to this question that is being raised—why was Mr. Abdullah released, who released him, was the Government a party to it? Certainly, the Central Government was a party to it. Who timed it? It is timed by the local Government, a Government which has got complete power over law and order. Is it not a recognition of the fact that the behaviour of the Kashmir Government is on all fours with the behaviour of the Government of every Indian State? Indian State Governments, with all apologies to my friends and colleagues, the Chief Ministers, sometimes do not play ball. Well, we might feel offended; we might feel incommoded but we do nothing about it. Therefore there is nothing new in this problem of our having to deal with Mr. Abdullah, of having to deal with the local problems of the Kashmir State which ultimately have to be solved 'by the elected people of the Kashmir State themselves. We cannot force a Government on them. We can do it temporarily if you like but even that is wrong. So in the talks that we will have with Sheikh Abdullah one need not presume, one need not assume, need not even suspect, that the fundamentals would be gone into because the 'fundamentals have been decided. The nuances of it may be a matter for discussion—whether Mr. Abdullah would help in the stabilisation of the Government in Kashmir, would help in defending Kashmir when the time comes, when it is faced—it might be faced at any time— even with an attack from both sides perhaps; God forbid it These, I hope, will 'be answered in the affirmative. Let us not go into the question of fundamentals which is not called for. So far as other differences are concerned, they are bound to arise. Are not we having troubles with the States? We are having them every day. We settle them sometimes well, sometimes indifferently and sometimes not at all. This is a problem

which any federal Government has to face. I think, Madam, I -will leave it at that.

Some reference was made to defence. One was I think in regard to air violations. Well, the question of air violations is something which is inevitable when there is no rigid boundary. It is not possible for any airman unless he is going to steer clear about ten to twelve miles; even that is not possible for the reason of these jet planes being so fast any plane with a capacity of Mach II with twice the speed of sound cannot even determine a matter of eight to ten miles. As was mentioned in the other House by the Prime Minister, while the air violations of Pakistan in regard to India might be more in number we are also not free from blame for the mere reason that it is not always possible to keep to your own side of the border.

Questions have been asked, why are you doing nothing to put them down? With the border that we have in India beginning from Tharparkar right up to Kashmir, north of Kashmir, all along the line and on the west where there is an enclave—which East Pakistan is really in this Indian sub-continent—it is very difficult for us to say that we will ever have ground to air missiles or we will have planes and aerodromes all along the line to prevent any kind of air violation.

It is a known fact that the amount of money that we are spending on defence in relation to the size of the country is small, but in relation to the size of our own national income is large. Augmentation of it has got to be done very carefully. We have to choose better weapons and better planes, but we cannot increase the number and the size of the Air Force to any considerable extent. In fact, one of the reasons why we have flying accident? and about which somebody asked is largely due to the fact that the IAF has to do a lot more of flying hours since the emergency began than it had to do before. That

is one of the reasons why accidents occur. Of course, there is always the human element which fails.

The other question that was raised in regarding the Defence Budget. I find that my friend, Mr. Ruthnaswamy, is not here. He seemed to indicate that there has been a reduction from Rs. 867 crores to Rs. 808 crores in the revised estimates. I am told that the revised estimates might have to be stepped up by about Rs. 2 to Rs. 3 crores. While there may be a reduction in the capital expenditure, there has been an increase in the revenue expenditure. But cutting down of the Budget is certainly not an indication of the relaxation of our effort. Our effort is going on. It is not something in which the sky is the limit. We are limited by our resources, having an Army which we can maintain without damaging both our Plan effort and the civil expenditure that is necessary. Therefore, we have been having a number of looks in regard to the size of the Army, the size of the Air Force and the type of equipment we have to get for them. In fact, I think that many of our friends think that we are spending far more than we can afford. Probably it is true. In fact, if we can have a smaller standing Army, then the men can do more useful work in productive work. But it cannot be helped in the circumstances that prevail today. I can assure hon. Members that my colleague, the Defence Minister, and many of us who are with him are constantly alive to the fact of keeping our defences up to the scratch, subject to the limitations under which we operate. We have to seek aid from various countries and it has been coming, perhaps not as liberally as we want it. Certainly to some extent we have aid from the United States, aid from the U.K., aid from the U.S.S.R., and aid from a country like Yugoslavia which helps us in regard to our ammunition. It does not always mean—that we do not pay for it. We do pay for it. But supplying of arms

[Shri T. T. Krishnamachari.] even on payment—sometimes in cash and sometimes on a trade plan—is something of a concession because nation do not sell arms easily. The arms trade is strictly controlled by the Government of the country which export^ these arms. I can

assure hon. Members that the Budget as it has been constituted for the defence side this year, I think, would very definitely strengthen our defences, strengthen our air defence. We will have a number of more aerodromes and quite a number of them will be covered by the latest radar equipment. I think my colleague is constantly , trying to see how best he can strengthen the present position by further additions to the Air Force and to the equipment of the Army. Therefore, it is not a question of the . reduction of a small amount. It does not mean that we are reducing the size of the Army. Of course, we are spending a lot of money otherwise. We are spending money on roads. I may tell hon. Members that I have taken away from the Army certain roads which I believe have a long-time civil use. In fact, one road which we were

•thinking of beginning from Bareilly probably will start from Dehra Dun to Amingaon and Gauhati. I have great expectations that this will not only be a strategic road but also a road which will lead to the development of the backward areas of Himachal Pradesh, Uttar Pradesh and North Bihar. It would be our primary concern, simultaneously with' the building of the road under civil auspices, to develop the area round about the places through which the road passes. In fact, as I mentioned the other day, in a poor country like ours we cannot afford to waste even a pie. We have to see that it is being used for the benefit of the people in some manner or other. So, hon. Members may rest assured that, on my part, finance is not putting any undue check on

"the quantum of our Defences. We may perhaps check a little here and there in regard to the manner of ex-

penditure or just asking for that expenditure to be met in such a way that it is ultimately for civilian use.

Well, the hon. friend, Mr. Sri Rama Reddy, like many others, raised the question of imports of foodgrains. Our plan in regard to agricultural production is well-known. In fact, it is a fairly ambitious one. In fact it also suffers from being over-ambitious, because in the third Plan we have a target of 100 million tons of food-grains. I am afraid we will not reach it. The target will have to be much lower. Anyway, our ambitions are fairly high and it is not that we are not doing anything about it. From the point of view of financial outlay on agriculture, hon. Members have told me, both in this House and in the other, that this Budget contains nothing about agriculture, makes no mention about it, but what shall I say about something which finds a place in cold print in the Book of Demands. In 1961-62 our outlay was Rs. 73 crores and that is a supplement to the programmes of the States. In 1962-63 it was Rs. 85 crores. Possibly the expenditure in 1963-64, according to the accounts available to me until 27th April is about Rs. 110 crores. I have budgeted for Rs. 147 crores in the current year. If it is a question of nitrogenous fertilisers, undoubtedly we are short of the target, short of our expectations, but the quantities of fertilisers that are made available to agriculturists or to the extent they could be made available have been progressively increasing. From 2 lakhs of tons in 1960-61 it went up to 4.4 lakh tons in 1963-64. The expectation is 5.3 lakh tons in the current year. Even so, we have to import foodgrains. You can ask a man to fast for a day. It will not do him any harm if he fasts for a day. In the fast for a second day it may not do him any harm. But on the third day he will develop nausea. In the same way, when foodgrains were short here or apparently short and prices went up to as much as Rs. 53 or Rs. 54 the question was asked as to what we were doing about it even

at the time when the price of imported foodgrains sold was considerably less, roughly about 30 per cent less. When the time comes, when we have a shortage, everybody says: Get food from somewhere. All our ideas of self-respect, of self-denying ordinance, of trying to give a chance to the people to produce and waiting for it, all that goes. Therefore, it is something like this. A respectable housewife might say to her husband one day when he does not go out and get money and the children are starving: Go and beg; get something from somewhere. That is what we do, ask the Government to get something. That is the basis behind our trying to get foodgrains from foreign countries. PL 480, whatever fanciful ill-effects it might be having on our economy, whatever people may say about its pumping so much American money into this country—almost from its very beginning—has been of considerable help to us in feeding millions of the urban population in this country. Our difficulty is this. If only people would take to wheat, if they could cut down the consumption of rice, it would be easier to get them fed. Let those hon. Members, even Mr. Sri Rama Reddy persuade the rice-eaters not to demand rice. Demand some <sup>1,3</sup>od by all means. I can assure you that we will get them fed. If only the rice-eaters say that they are going to give up one-fifth of their consumption, our problem in regard to rice is solved. It is not a question of giving up one meal a day. It is probably one meal one night or two nights in a week.

Then I think our problem is solved. But there is an arith-

3 P.M. metical exaggeration; I admit it. But we have come to a time when public opinion must persuade the rice-eating people that they should change to other foods. They should change to subsidiary foods and the quantum of rice they eat should be curtailed. Then the problem of supplying foodgrains will be dealt with adequately.

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Some hon. friends mentioned about the bonus Commission. It is being considered by the Labour Ministry. I will not say anything about it. I have read the report. But the Labour Ministry is examining the matter, examining its effects both on public sector projects and private sector projects, on the economy as a whole. They are also going into the contents of the report and the manner in which it has been reported. I suppose at some time or other they will take a decision. But if merely appointing a Commission and accepting whatever it does is the rule for Government, then we can as well abdicate Government. After all the final say is that of the Government because Government is ultimately responsible for anything that happens in the country.

One particular matter which was mentioned by the hon. Member, Shri Chandra Shekhar, was about something in regard to the Sone Barrage gates. I can assure him that I had the matter examined and I have also seen the letter written by my colleague, Dr. K. L. Rao, to Mr. Chandra Shekhar. I can tell him that the considerations that weighed with the Government in giving the contract were largely because of the foreign participants of this concern being efficient and, secondly, the contract itself being lower than the other tender that was submitted.

I now come to one or two matters concerning my own problems. A question (vas raised about economy in Government expenditure. I think they suggested a Commission—it was made by Mr. Ruthnaswamy. Another hon. Member suggested the setting up of a Cell. We have a Cell in the Finance Ministry called the Special Reorganisation Unit which goes into the work-loads. I admit very frankly that there is much room for reduction in expenditure so far as our budget is concerned. But one must recognise the demands of a welfare State. This morning my

[Shri T. T. Krishnamachari.] colleague, the Minister of Works was replying to a demand for more houses in Delhi. Well, we want everybody who is employed to have a house. My colleague said that I had *been* very foolish and liberal in promising enough funds. It is an admitted fact that the Government apparatus in the matter of human component is increasing in size. I am one of those who believe that there is room for a considerable amount of reduction in the size of the Government apparatus in Delhi. I have no doubt—and I hope that the various officers' association—; would not send protests—that the quantum of work that is being done per man is just less than half a man's work in most places.

SHRI A. M. TARIQ (Jammu and Kashmir): Especially Secretaries of Government.

SHRI T. T. KRISHNAMACHARI: Believe me when I say this that I know something about it because I am one of those who work around the Secretariat. I sometimes agree with Mr. Tariq, sometimes I do not. This is one of the instances in which I do not agree with him, because by and large there are a few Secretaries who do not work, I agree; *some* go golfing and others go to parties; but quite the bulk of them work late hours; quite the bulk of the Joint Secretaries and Deputy Secretaries and Under Secretaries work late hours. May I say, Madam, that I feel very guilty when I admit that I have been making my Ministry work late hours almost every month since November? Very often they have worked till nine o'clock in the night and even later, and they have to work a lot more when Parliament is in session because hon. Members ask all kinds of questions and we want all kinds of briefs. Questions may not be answered, they may not be relevant, briefs may not be made use of, but the poor people have to make those briefs. The

real trouble comes not in the upper echelons of Government service but in the lower ones. The lower ones have been organised in the same way as a Tehsil office is organised, because the first man who came to the Secretariat was perhaps a Collector of a district; so he wanted so many peons, so many clerks, so many Upper Division clerks and Lower Division clerks, so many assistants, so many Secretaries, and the pyramidal structure went up. Only the top works, the bottom does not work, and the bottom is a dead weight. That pertains to most organisations and also the public sector enterprises. Our bottom is heavy. If the top is heavy, sometimes we can walk with a stick. If the bottom is heavy, we do not move at all. This may as well be the case with many other Government and even commercial organisations. We always want economy and at the same time we want employment. We want efficiency but nobody should be denied his promotion because the moment any person is denied promotion, then we smell nepotism. "Is it the sister's son of the Minister or the sister's son-in-law of the Secretary?" I am sure that some of the Secretaries have relations here, but I think by and large they do not have. Therefore, when hon. Members ask for economy, we must also be prepared to shoulder part of the responsibility for the consequences of it. Economy would mean some retrenchment. I do not say that they should be thrown out. I am one of those who do not believe in unemployment at all. But they should be employed elsewhere and made to work. I can tell you that if I were to go back to my previous life as a commercial man and if I am going to employ people on the basis of the Government of India, I would go to the insolvent court every month. Now the same thing happens with the Life Insurance Corporation. Hon. Members, perhaps not in this House but in the other House, write and ask me: "What about the field workers?" Field workers must get their pay and commission without earning it. Their commission is not regulated by the

amount or business they get. If the business drops, nobody is responsible. It has come to it that the aid of hon. Members of Parliament is sought by officers of these Corporations. I have got a letter from an hon. Member saying: "I hear that the Class I officers of the Corporation have asked for a revision of their salary scales. What has happened to it?" And we find that one of the Executive Directors of the Corporation comes leading a deputation because the poor man is getting Rs. 2,750 and what can he do with that in these hard times? He wants to use Members of Parliament to see that that Rs. 2,750 is made into Rs. 3,000. Every officer who is a head of the Corporation outside wants to get into the Corporation; that means another Rs. 500 more. Having got in there, he wants to get into the Secretariat because that means another Rs. 500 more. And hon. Members of Parliament sometimes unwittingly do these things—of course they do not know; they think they are doing some good work by bringing this to the notice of the Minister. I can tell you that more than half of my correspondence with hon. Members of Parliament happens to be about the ill-treatment of these subordinates who are being reasonably well paid in Government departments and reasonably under-worked. Therefore, when hon. Members speak of economy in governmental expenditure, I am quite prepared to suggest the appointment of a Committee, but every hon. Member should support the report of that Committee. I am sure that if I could get half a dozen hon. Members from here and another half a dozen from there and ask them to go to one branch of the Secretariat, they will immediately come back with a retrenchment report. We can even put them as a surplus.

SHRI A. M. TARIQ: When we ask for economy we do not mean that there should be retrenchment of the officers. We want to know about the use of the staff car. It has become a white elephant in this country. If we go into the history of the staff car, it

started only in 1942 when there was a war. All the cars were pooled by the British Government for use by their officials, to their private ends. Even today we have got more staff cars than private cars in the Central Government. We are giving concessions. But you put the small clerks ten miles away so that they come on bicycles, but the officers ....

SHRI T. T. KRISHNAMACHARI: The hon. Member's point is unnecessary. But staff cars unfortunately have come to stay with us. Nobody would do without a staff car, and sometimes somebody complains that the staff cars are used by the subordinates. I am afraid I am guilty of it. I make my personal staff work very late. Often times they work until about 10 or 10.30 in the night. And my friend, Mr. Mehr Chand Khanna, has provided them with quarters in Rama-Krishna Puram.

SHRI A. M. TARIQ: That is what we say.

SHRI T. T. KRISHNAMACHARI: And I am afraid I have to send them in my staff car or in my own car. Or when my driver is not there, I have to drive my car and put them down there. Therefore, if the staff cars are used for the purpose of the staff, I think there should be no objection.

SHRI A. M. TARIQ: There is no objection.

SHRI T. T. KRISHNAMACHARI: Well, I quite agree with the point. I think it has to be looked into. I am merely mentioning, I agree with the need for some kind of organisation to look into this increase in expenditure. But they must also recognise the fact that the human element will crop up every now and then and we have to be fairly ruthless about it.

I perfectly agree that nobody should be put out of job. But we must also see that if the public sector projects today cannot work, they can never pay. An hon. Member—I do not know which hon. Member it was opposite—

[Shri T. T. Krishnamachari.] raised this question of public projects not making a profit merely because of the number of people that we engage. My Financial Adviser in regard to public sector projects went to Japan recently and he went there to study the steel industry. He tells me that in an 1.5-million ton factory, the total number of people engaged is 4,240. In fact, when we started the steel projects in India, we thought that about 7,200 people were all that were necessary for a one-million ton plant and we have made 7,500 houses. I am told now that apart from the contractors' staff and the construction staff, the average staff in each factory would be somewhere between 14,000 to 15,000 people. We have fallen into the same pitfall as the private industry like the Tatas which for a three-quarter-million ton plant was engaging 30,000 people. We have been engaging 15,000 people for a one-million ton plant. I am not sure that when we expand we can reduce it. I am perfectly sure that they do not have work. Even in Japan, even for a bigger factory which is one and a half times bigger than ours, they have one-fourth of the component. Of course, we have to learn in this country. We can ask for more wages. I am a man who believes in better wages. A labourer is worth his toil. I would like every wage-earner in this country to earn on the basis of a real wage. And if a man, a labourer, earns Rs. 500 or Rs. 600 or Rs. 700 a month, it is something which you can be proud of. I went to some of these factories. In a wagon factory I found that on piece-rate wages people were getting Rs. 600, whereas the same type of person in the same shop was getting Rs. 200 because there was *no* work. It is worth while getting higher wages but you must also get to work and that is something which you have got to get accustomed to because this increase in wages is going on all round, everywhere, whether it be at the top Secretary level or at the bottom level. And nobody is prepared to do the work for the wage. I am sure that

the House will support me if I ask for a body like the British National Incomes Organisation, something which will look into the national income, wages, consumption and savings. I think it has to be something more scientific but the logical discipline of it must be accepted not only by the people who want it but also by the trade organisations and ultimately by the masses of the country and the Members of Parliament.

Mr. Ruthnaswamy, of course, said something about capital outlay in the Finance Ministry. He enquired about the provision of Rs. 178 crores for capital outlay in the Finance Ministry. How could the Finance Ministry have any capital outlay because it has no assets of its own, it has no body of its own? The major portion of the provision was Rs. 173 crores, the transfer of the loans received from the Government of the United States under *PIASQ*. That accounts for the majority of it. It is only a sort of book transaction. I would not go further into it as I do not think that he wants to be enlightened about this matter.

Of course, some hon. Members mentioned about our budgeting being imprecise. Well, I can say that in regard to the estimates originally made, naturally we came down. But as I said at the time of the Budget, the revised estimates showed a gap of Rs. 135 crores. As I said, my exercise on the 27th April reveals that it has gone up by Rs. 6 crores, to Rs. 141 crores. At any rate, so far as the revised estimates are concerned, we were able to assess them reasonably correctly. In regard to our underestimating revenue, I do accept that it looks like that because Rs. 450 crores was the amount that was expected from direct taxes but actually it is Rs. 521 crores. I think the later assessment shows it at Rs. 524 crores. But that is collection, that is the drive for collection. Even then, we find that the arrears are there but the total amount of tax due goes up. Madam, I left a chit behind me in

my house. I wanted to tell the hon. i Members that the total number of assesseees is 1\*6 millions, it has gone up from 1-3 millions to 1\*6 millions. The number of assesseees goes up, your collection goes up. Arrears certainly do remain. As I said, some part of the arrears are, of course, written off. Arrears of those who have gone to Pakistan might have to be written off. Somebody objected to writing off or compounding. While I agree that there is a smell about it, I think that no revenue official would ever accept the position that there should be no compounding because a Revenue Collector is primarily a man who wants to collect his money and he does not want to lose it. And sometimes it happens that the resources are not there. It is 'better to collect some money so that the man may carry on his business. Other friends can help him. I know of a number of cases. I remember—that was when I was Finance Minister during 1956-58—that I put up to the Cabinet about 13 instances. I mentioned the names. I got their sanction for writing them off. In every case, I was able to get a little more because some people started earning. They have got it. So, the Revenue Collector is primarily a man who keeps his eye on the collection and if he thinks that he is going to lose something, he may go to the court on a minor point of law. But then we lose the interest, the property deteriorates, the man vanishes, his business goes. Quick collection is one of the things that are necessary. Therefore, the Revenue Collector must have the power to compound. We are trying to devise some method by which some abuses can be eliminated. We have a Direct Taxes Board. We have a Chairman of the Indirect Taxes Board. I have an Additional Secretary in the Ministry. I have told them, in all medium-sized cases, you sit as a Board, three of them. For bigger things, bring in the three Secretaries in the Ministry, I said. If it is something very big, bring in a Cabinet Secretary, so that the committee of officials can take a decision and then

send it on to the Minister, if need be. So, we had to do the compounding. So, all that I can do is to devise a method by which abuses can be prevented even in an individual industry by making them work in groups. That is the only safety Government can devise and nothing else.

As I have said, this year my budgeting has been very tight and in fact, if there is escalation, it would certainly be upward rather than downward. I have made very little provision for refugee rehabilitation and therefore I had to call a number of people this morning and tell them that I would like them to keep an eye on expenditure and see that each one cuts down six or seven percent of his expenditure so that I can have something without causing inflation for this refugee rehabilitation.

Shri Abdul Samad mentioned something about the working of the public sector enterprises. Well. I have already dealt with this matter. The public sector has come to stay. There is no point in finding fault with the public sector enterprises and saying, well, probably this might be a means of elimination of these enterprises. They have come to stay and they are bound to increase. I agree that it needs very careful watching. Hon. Members referred to steel. I do not say everything has been happy with regard to steel. Nor do I want the House or anybody in the public to give me credit. But I can certainly say this that in 1955 the question of expansion of steel, of three new projects in the public sector and expansion of the two projects in the private sector was taken almost because of indiscretion on my part. I sent in my resignation because they did not accept my target of steel. I was perhaps foolish, but in the sequel I was wise. It might have taken more time. My intention was that they should all be producing by 1959. Many of them had started production only in 1962 or 1963. But still we have 6 million tons to do. Well, I was indiscreet. I am glad I was almost

*Ibim* T. T. Unshnamachan.] childish in my insistence that this target of mine should be accepted. I wish, I had imposed targets of similar category in regard to other industries. And, therefore, it is a good thing. Everybody said that India was foolish. I think we were wise. Some tim<sub>e</sub> the courage that follows foolishness pays dividends, and I am not ashamed of the working of the steel projects in the public sector. They have all potentialities for increase. They may not increase as fast as we want them or as our demands need. But, nevertheless, they are increasing. They are bound to increase because the potentiality is there. We have trained men. You might find fault with my colleague. But he is not responsible because he came only last year. We have perhaps got 50 per cent, more technical men in each steel factory than are needed. We have been on the saie side. We have probably got 50 per cent, more trained artisans. In the Bhopal Heavy Electricals I found that we did have 50 per cent, more train-  
ed artisans. They could be made use of. They will he available for expansion. Though initially all the investment tooks unwise, J think in the sequel it would not be unwise. Regardless of the fact that we have differences of parties here, I think as a nation we should be proud of the fact that we have pushed through a large number of public sector enterprises which have assumed proportions, which are bound to grow. Initially we have to bear losses or we have to pay, pay for our lack of knowledge, for our lack of technical know-how, for our lack of experience in the administration of business undertakings but we learn. After all, we did not come to the House straightway. We spent time in the Legislative Assembly in the British days. So apprenticeship is something which is necessary for you to make public sector enterpriste successful.

Madam, I have more or less exhausted the Budget to the extent that we have taken note of the complaints

by the hon. Members and I do hope that they will pass the Appropriation Bill without damage to their own conscience, giving the Government money which will be wisely spent.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India, for the services of the financial year 1964-65, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE DEPUTY CHAIRMAN; Wo shall now take up the clause by clause consideration of the Bill.

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

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

SHRI T. T. KRISHNAMACHARI: Madam, I move:

"That the Bill be returned."

*The question was put and the motion was adopted.*

THE COMPANIES (PROFITS) SURTAX BILL, 1964

THE M'NISTER OF PLANNING (SHRI B. R. BHAGAT): Madam, I beg to move:

•That the Bill to impose a special tax on the profits of certain cam-panies, as passed by the Lok Sabha, be taken into consideration."

In the Budget Speech the Finance Minister had briefly explained the considerations that weighed with the Government in deciding to discontinue the Super Profits Tax and to replace it by a tax that would have a generally lower and more equitable incidence and at the same time, would be fully consistent with the objectives in