

- (v) Notification G.S.R. No. 139, dated the 23rd January, 1964.

[Placed in Library. See No. LT-2497/64 for (i) to (v)].

(i) THE ALL INDIA SERVICES (DEATH-CUM-RETIREMENT BENEFITS) THIRD AMENDMENT RULES, 1963

(ii) THE ALL INDIA SERVICES (DISCIPLINE AND APPEAL) AMENDMENT RULES, 1964

SHRI L. N. MISHRA: Sir, I also beg to lay on the Table a copy each of the 'following Notifications of the Ministry of Home Affairs, under sub-section (2) of section 3 of the All India Services Act, 1951: —

- (i) Notification G.S.R. No. 1736, dated the 29th October, 1963, publishing the All India Services (Death-cum-Retirement Benefits) Third Amendment Rules, 1963.
- (ii) Notification G.S.R. No. 223, dated the 7th February, 1964, publishing the All India Services (Discipline and Appeal) Amendment Rules, 1964.

[Placed in Library. See No. LT-2497/64 for (i) and (ii)-]

ANNUAL REPORT AND ACCOUNTS (1962- 63) OF THE HINDUSTAN INSECTICIDES LIMITED, NEW DELHI AND RELATED PAPERS

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI O. V. ALAGESAN): Sir, I beg to lay on the Table, under sub-section (1) of section 619-A of the Companies Act, 1956, a copy each of the following papers: —

- (i) Ninth Annual Report and Accounts of the Hindustan Insecticides Limited, New Delhi for the year, 1962-63, together with the Auditors' Report on the Accounts.

- Cii) Review by Government on the working of the Company.

[Placed in Library. See No. LT-2498/64 for (i) and (ii).]

ANNOUNCEMENT. RE BUSINESS FOR FRIDAY, 13TH MARCH, 1964.

MR. CHAIRMAN: I have been given to understand that all Parties in the House would like tomorrow to be *m* official day- I have acceded to the request that tomorrow we will not have non-official business, but the discussion on the Budget will continue.

**THE BUDGET (GENERAL), 1964-65—
*continued***

MR. CHAIRMAN: Shri C. D. Pande had not finished his speech last time. He may do so now.

SHRI C. D. PANDE (Uttar Pradesh): Mr. Chairman, last evening when the House adjourned, I was speaking on the different aspects of foreign capital 'functioning in this country, whether that capital be as mere loans or as equity capital or in any other shape. My hon. friend, Shri Ramamurti, was stating that this equity capital in this country makes as much as 20 per cent, profit. I will, at this stage, only say this that this is a wrong approach. He seems to think that he scored a great point over the Finance Minister by saying that so much is being earned by them, especially the equity capital, that they make such huge profits. But my hon. friend seems to have forgotten that this 20 per cent., even if it was there, was not 20 per cent, but only about 13 per cent. He added the commission and also the royalty and thus made it up to about 20 per cent. But he did not refer to the income tax. The income-tax comes to as much as 57½ per cent, *i.e.* corporation tax 50 per cent and dividend tax 7½ per cent. So after you take off this tax, the net profit left is only 12 per cent. Now, anybody who comes here from abroad and risks his money and waits for some return, for about 4 or 5 years, requires some profit. After all, you have to wait, because no company that is inplalfted anywhere makes return, in less than 5 years. During the first

two or three years, there are the usual teething troubles. That is our own experience in the public sector. So I think a profit on equity capital of 12 per cent. or 15 per cent, is not excessive. It is a reasonable profit. Even when we in this country function as entrepreneurs, they calculate on that basis.

Apart from that, should there be so much worry on this account? The Finance Minister will bear me out when I say that between 1955-1960 the foreign capital investment in this country has only been about Rs. 25 crores a year. For one reason or the other they have dwindled. The sources have dried up and Shri T. T. Krishnamachari was telling me that now foreign capital even to the extent of Rs. 10 crores was not coming into this country. Therefore, this foreign capital coming into this country is not in large measure. There is not that much favourable atmosphere in this country to attract that capital. The foreign capital that comes is only 10 or 15 crores of rupees while the volume of our Plans is about ten thousand crores within five years. Do you think that this small percentage would be able to dominate our country? Take the example of many other countries, small countries which have had foreign capital. They are not today dominated by those investing countries. Take the case of Ceylon, take the case of Indonesia, take the case of Burma. These are small countries.

SHRI A. M. TARIQ (Jammu and Kashmir): Why not take the case of Pakistan which is dominated by the foreign countries?

SHRI C. D. PANDE: That is for other reasons. Think of many other small countries, Ceylon, Burma and Indonesia. They were saturated with foreign capital and today even though I do not agree with what Indonesia has done in forfeiting the foreign assets, there is no hindrance in doing away with those investments. Indonesia has shown it. I hope that India

will not do it. India is an honourable country, India is a sober country and people believe in the integrity of India. They come and give us money but I am only saying this for the sake of argument. Take the case of France, under the Marshall Plan; take the case of Germany, Italy and even Great Britain. Are they in any way beholden to the United States because they took money from there? They took the money and paid it back. The economy was regenerated and to that extent they should be grateful, but at the same time I am constrained to note that this country is not showing gratitude to our benefactors.

SHRI LOKANATH MISRA (Orissa): Even Russia has taken something from America.

SHRI C. D. PANDE: Yes, I am thankful for that. I now come to the most burning topic of the day, on which much capital is being made in various quarters, vested interests, and a bogey is created, namely, the concentration of power.

DR. GOPAL SINGH (Nominated): Even China has taken money from Russia.

SHRI C. D. PANDE: The talk is about the concentration of power and concentration of wealth. Both these things are mentioned. I am not in a position to dispute whether there has been concentration of wealth in this country. For the last ten or fifteen years, it is quite true that there has been—and it is bound to happen—concentration of wealth. Those who are in a position to invest are coming forward and if they invest they make some money.

[THE DEPUTY CHAIRMAN in the Chair.]

Therefore, concentration of wealth may be there, but to say that there is concentration of wealth and through wealth in the political arena they are able to dominate or that concentration of wealth leads to political influence in this country is not correct. Our ideology and our leadership is so

[Shri C. D. Pande.]

strong that even those who want, to influence the policies of Government are unable to do so.

SHRI A. M. TARIQ: What does your friend, Mr. John Strachey, say?

SHRI C. D. PANDE: ,I am here, a ..greater authority on Indian affairs than John Strachey.

SHRI A. M. TARIQ: No, no, you are not.

SHRI C. D. PANDE: .I will give you one example. For the last fourteen years, we have been living in a socialistic manner and we have been bringing forward Budgets, not one of them helpful to the capitalist class. Do you think that any Finance Minister, whosoever he might have been, ■was influenced by the wealthy classes? Do you think that Mr. T. T. Krishna-machari, working under the hon. Prime Minister, will make the smallest change just because those people have asked for it, certain interested and wealthy people or the powerful people have asked for it? I tell you that there is not this much of power in the hands of the wealthy people. They have got enough of wealth but not power. This is my experience within 10 years. One Finance Minister said in a private conversation, in which I was present, "If I want a rich man, whoever he may be, to wither away, I shall just close my eyes." Just a matter of closing the eyes will make them wither away. That is quite true. There is no man in this country, however wealthy he may be, who can stand against any Minister here, who can stand against this Government.

SHRI M. EUTHNASWAMY (Madras) : If he opens his eyes?

SHRI C. D. PANDE: Concentration of wealth does not lead to concentration of power. Of course, power *is* in the hands of the Finance Minister, in the hands of the friend who is presiding over the Central Board •of Revenue. There is concentration of power in the hands of the Chair-

man of the State Trading Corporation. There is concentration of power in the hands of the Liife Insurance Corporation.

SHRI A. M. TARIQ: With me, with you also.

SHRI C. D. PANDE: Yes, with this Parliament, but I often feel that if the Ministry is bent upon having its way, we Members cannot exert much influence. We cannot stop them from doing what they want to do. Therefore, to say that this Government will be influenced by the capitalists, because they have got wealth, is an insult to the intelligence of these people, it is an insult to the leaders of this country and it is an insult to the creed that we have accepted. I can tell you from personal experience over the last ten years that not a whit of taxation has been influenced by these people. The other day, in the Indian Chambers of Commerce, so many people, big persons in their own field, big industrialists were there. They may have some wealth, but I tell you that even before one Minister they trembled and they did not make any impact on our minds or on the minds of the Government. I doubt whether Mr. T. T. Krishnamachari has even read what they have said. Nothing will be changed] however strongly they may wish. .I do not, of course, like everything contained in this Budget but this talk of concentration of power is a Communist bogey. They say that we are dominated by them, by the concentration of wealth, that we are hand in glove with them and so on. I do not see any hand or glove.

SHRI A. M. TARIQ: We are at daggers with them.

SHRI C. D. PANDE: Really speaking, there is a cold war—there is no dagger but a mental war—going on.

Having said this, I would now like to deal with two or three things that are in the Budget which, in my opinion, may be very useful for that type of mental war but which are no

more useful and which are not very dignified so far as the country's legis-lation is concerned. Take, for example the provision in the Finance Bill where it is said that in case there is some evasion or default, a case will be instituted. If the offence is proved even technically then the Judge must punish the party—the punishment is mandatory for six months' imprisonment. Now, my hon. friend Mr. Sapru, is here; he is an eminent jurist and has been a Judge also. Even though I belong to the ruling party, I have to say that the tendency now is to so act in cases, where the courts find fault with something, as to take away the power of the court. If the Supreme Court judgment is not favourable, the first reaction is, "why don't you amend the Constitution so that the Supreme Court may not have that power". I hold no brief for any people but to prescribe a minimum punishment of two years, rigorous imprisonment instead of simple imprisonment . . .

SHRI P. N. SAPRU (Uttar Pradesh) : The tendency nowadays is towards deterrent punishment.

SHRI C. D. PANDE: Not that; the tendency is to give a mandate. The Judges, I may tell you, are smarting under a sense of grouse and grievance because they feel that whatever they do, the Government finds a way out. Now, here is a legislation where the executive says to the judiciary that whatever be the magnitude of the offence, a minimum punishment of six months' imprisonment must be there. Now, my hon. friends know that in no case, excepting in the case of adulteration of food, there is that provision.

SHRI K. SANTHANAM (Madras): Evasion of tax is less offensive than that?

SHRI C. D. PANDE: No, that is not the thing. Why don't you repose full confidence in the judiciary? Have we not been, for the last twenty, thirty, forty years, clamouring for "the separation of the executive and

the judiciary in this country? Do you mean to say that when an S. D. O. goes before the Judge, he must be told that this man must be given a minimum sentence of six months' imprisonment?

SHRI NAFISUL HASAN (Uttar Pradesh): He will be punished only when the offence is proved and the legislature determines that punishment.

SHRI C. D. PANDE: The punishment is to be determined by the Judge. Now, the offence is there. Suppose the offence is technically proved. Now, that judge should have a mind of his own to say that this much of offence, calls for this much of punishment.

SHRI SANTOSH KUMAR BASU (West Bengal): May I ask one question in this connection? Is minimum punishment unknown to the Indian Penal Code which has been in existence for more than 100 years?

SHRI C. D. PANDE: Minimum punishment is a rarity rather than a rule. I will tell you it is not desirable in such cases of financial liability.

AN HON. MEMBER: Border cases are there.

SHRI C. D. PANDE: Border cases put the legislation to severe test. For example, there is an assessee who is liable to be taxed, say, to the extent of Rs. 6,000. Now you have given a margin of ten per cent, which means Rs. 600. Suppose there is a genuine case of misunderstanding or misinterpretation and a person misses this Rs. 600 for assessment. Now he is technically guilty of evasion of tax, or of concealment of income. Let us analyse this a little. What is the resultant loss to the exchequer? The resultant loss to the exchequer on Rs. 600 is about Rs. 10 or 12. Whatever he has done, he may have done it in good faith and the whole thing might have been due to a misunderstanding.

[Shri C. D. Pande.] Do you think any man would be foolish enough so as to endanger his liberty for six months for the sake of Rs. 10?

SHRI K. SANTHANAM: Will any court convict a man for anything done in good faith? You have no faith in the courts.

SHRI C. D. PANDE: You have no faith in the courts. Why don't you leave this to the discretion of the courts? The court can easily feel, 'here is a man who has committed a technical error but I am bound hand and foot under the law. I am sorry for the victim.' The offence is proved but the magnitude of the offence is so small that the court may consider that imprisonment till the rising of the court is enough or a fine of Rs. 100 is enough. But now he will have to make a special case to release him. This mandate on the court is therefore not a salutary provision. There might have been cases here and there as Mr. Basu says.

SHRI SANTOSH KUMAR BASU: May I remind Mr. Pande that there is ample power in the hands of the State Governments to release a man even after his conviction if the Government finds that it is a *bona fide* case where such leniency should be shown, and he will be at once released.

SHRI C. D. PANDE: No, no. That means the assessing department will get the man convicted and then say, 'now, release him. This is moonshine'.

SHRI SANTOSH KUMAR BASU: It is quite possible.

SHRI C. D. PANDE: That is not going to happen. My point is clear.

SHRI A. M. TARIQ: I want to draw his attention to one thing.

SHRI C. D. PANDE: I want the time noted, the time taken for all this.

SHRI A. M. TARIQ: I am your friend and I want your record to be made correct, for generations to come. Even-

in the case of people who have been sentenced for clear offences, the Government, the Parliament and the Administration is very generous. Take the case of Mr. Ramakrishna Dal-mia; he is being treated just like a Maharajah.

SHRI C. D. PANDE: I am referring to the question of principle. There is the independence of the judiciary. The point is whether a Judge is competent or not to give whatever punishment he likes in a case where the loss to the exchequer is only very small, where the offence is technically proved, because you are not leaving any power in the hands of the Judge. Is he not competent to say that this man deserves only seven days' imprisonment or only a fine of Rs. 100? Why do you deny that to the Judge? Is he in any way less capable? Has he got any prejudices? Does he not care for the finances of the State as much as anybody else? Is he in any way a bad citizen? I say that the judiciary must be respected. We have been asking for the separation of judiciary from the executive and in this case . . .

SHRI SANTOSH KUMAR BASU: All right; I support it.

SHRI C. D. PANDE: Thank you.

Now, there is another point. I want to take up and that is about secrecy. In this House and in the other House we have been clamouring for making the names of recalcitrant and habitual evaders public. That is a demand from the Congress side also and to that extent we welcome it. But to make everybody's returns a public document, which everybody can go and get, with which his creditors, sellers and buyers may influence his position saying that this man has no status and so on, it does not seem to be desirable. You will be opening the floodgate to blackmail and to bad practices. The profession of law may gain but the professional crooks and blackmailers will prosper.

SHRI LOKANATH MISRA: That is what the ruling party wants.

SHRI C. D. PANDE: When I say something irrespective of party affiliations, why do you take a partisan view? I belong to the Congress Party and I am only submitting that if we . . .

SHRI ARJUN ARORA (Uttar Pradesh): Don't you concede that the moneyed people in the country are today indulging in a vulgar display of their wealth?

SHRI C. D. PANDE: What I am telling is, if there are men who are habitual evaders, and if there is definite information that a particular person has evaded there should be a procedure by which the information should be made available to the public; but it should not be open just like the electoral roll for anyone to go and see and write some articles or . .

SHRI K. SANTHANAM: Why should a man be ashamed of making his assessment of income-tax public?

SHRI C. D. PANDE: Were you not in favour of making the list available only to such people . . .

SHRI K. SANTHANAM: I want the list to be made available to the whole country and to the whole world.

SHRI C. D. PANDE: Anyhow, that may be your opinion.

As far as the incentive to capital is concerned, I have nothing to say except that it is the responsibility of the Finance Minister. He is one of the leaders of the country and it is in his interest and in the interest of the country that the industry should prosper. After all, if industries do not prosper, we also suffer. Therefore, anything that he does to foster greater growth of industry will be not only in the interest of the people who are engaged in trade and industry, but all the people in the country. It will give more employment; it will give

more revenue to the State. Therefore whatever may be the political or ideological view, there must be this view that wealth in the country should grow more and more and the people may prosper so that if socialism is achieved people will have more wealth to socialise than poverty.

SHRI S. K. LIMA YE (Maharashtra): Madam, at the very outset I would plead to be excused if I appear a little rambling in my approach to and treatment of the Budget which is for consideration before the House. Mr. Krishnamachari, the Finance Minister, is very much piqued as far as the authorship of the Budget is concerned. In his reply to the general discussion on the Budget in the other House he said that the Budget was a sort of an outcome of the collective effort of the Government. There need not be anything exceptionable when he states this, but all the same I must say that even the Government and the Party which the Government represents is composed of various social forces and those forces do act on the policy of the Government through various persons who represent the various forces that compose the Party. So ultimately there is going to be a certain imprint of the person who would be responsible to handle a particular subject. In this case, Mr. Krishnamachari is responsible for handling the Finance Ministry. He is responsible for presenting the Budget. Last time, after the second general elections were over, he had taken over the Finance Ministry. Due to some mishap in which he was concerned, he had to leave the Finance Ministry. He had then given a howl that the man-eaters were on the prowl and he had been hounded out. Now, this time, after Mr. Morarji Desai had resigned from the Finance Ministry he took over charge. Since then and before presenting the Budget, for the last six months certain statements that he had made had possibly restored him in certain circles. Possibly it seems he has carried out a sort of bewitching operation in calming down those very

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interests whom he had styled as man-eaters. I would quote from, what I should say a sort of organ of the vested interests in India, the "Commerce". Breaking the usual tradition, he had presented the Economic Review earlier and "Commerce" of 29-2-1964 commenting on it said in its editorial:

"Mr. Krishnamachari, a man of ideas and action. That is how Mr. Krishnamachari, the Union Minister of Finance, has come to be known in the mercantile world. Not always has this quality of his been an advantage to him. There were occasions in the not too distant past when he had acted as a bull in a China shop. Fortunately, he has been working in an exemplary manner since his return to the Cabinet after his self-imposed five-year exile."

He has thus reassured the vested interests in India. The vested interests or the organ of theirs, which thought his past actions as actions of a bull in a China shop, feel that his performance during the last six months was exemplary. So, I plead that the Budget and the philosophy behind his Budget has the imprint of Mr. Krishnamachari, a person who is found to be exemplary in his performance during the past six months, and his philosophy has nothing to do with socialism. One can say and there is a very apt phrase which can be used to describe his attitude. There is a naked lack of hypocrisy. He is not at all hypocritical about his views. I must concede that he is concerned with the economic growth of the country. At the same time, by conviction he does not seem to be at all socialistic. If anything, he is pre-occupied with the economic growth of the country and he has a certain approach as regards securing the economic growth of the country.

A certain indication was given in the very Economic Review which was presented eight days before the pre-Budget. From it certain

guesses were made and he did not keep anybody in doubt as regards the measures, as regards the proposals that he may be making in his coming Budget. He had given an interview to the "Economist" wherein he had made a special appeal to the foreign investors. In the interview he says: "In the first place, the demand is being raised, by _____",—he is talking about nationalisation and he wants to assure the foreign vested interests that they need not fear because of the raising of this particular slogan of nationalisation of banks. He says:—

"In the first place, the demand is being raised by a very small section and I do not think we need really bother about it. Secondly, the demand is being linked to such aims as curtailing inflation and effecting redistribution of wealth, both completely *non-sequitur*. No one has told me of how either aim is to be furthered by takeover of the banks, unless one assumes that the depositors' money will be taken away and parcelled out among sundry others."

Before commenting on 'this, I shall quote him more from the same interview:

"I do not accept that the tax structure is inhibitory. There are built in advantages in the Indian system. There is tax-holiday, development rebate, aⁿ assured market—the totality of it put together is considerable. I am hopeful that my appeal to the foreign entrepreneur to come to India will find an echo."

These are certain built-in features of our Indian economy, and these features he had emphasised in that very interview. He expects that there will be a responsive echo from foreign interests.

Now, when he is talking about nationalisation, I think he is rather underestimating the intelligence of the people who are making the

dermoid for nationalisation. I do not think that any of those, who are making the demand for nationalisation, is demanding the distribution of the resources of the banks among the people. The nationalisation of banks is, as a matter of fact, to direct the national resources into proper channels. In his speech, he has said on page 10:

"What is really disturbing is, that despite diffused ownership, control is concentrated in a relatively few people. We have recently taken some major steps to weaken this stranglehold."

Before that on page 8, in para 16, he says:

"One of the weaknesses in our economy has been that a high proportion of the community's savings is being diverted towards industries of low priority, towards quick speculative gains through purchase and sale of urban housing and the hoarding of commodities in short supply in a manner which tends to push up their prices."

Now, these statements should be taken together. When we are demanding nationalisation of banks, it is a very large section that is demanding it; it is not a small section. The various Pradesh Congress Committees, even the State Governments, are making a demand for the nationalisation of banks and the State taking-over the import and export trade and the bulk trade inside the country. So, the demand is not confined to a very small section. It may be the estimate of the Finance Minister that it is confined to a very few people. But this is being demanded by a majority of the people, I should say. The Finance Minister cannot afford to forget that some lakhs of people had signed a petition which was submitted last September to the House of the People. One of the demands contained in the petition was that banks should be nationalised. There were other demands too—takeover of the

export-impot trade and the wholesale trade and the nationalisation of the oil industry etc. I will now say immediately that nationalisation of the oil industry has not found that popularity as the two other demands have found even among the Congress workers. So, when he is assuring the foreign investors to come to India because there is an assured market and there is a tax holiday, I would add that the foreign investors will also have to remember that there is that built-in feature of the Indian polity that the people, a very large section fit the people, the majority of the people, are for nationalisation of and the State takeover of the export and import trade and of the bulk trade in the country. In regard to this inducement that he is offering to the foreign investors and the appeal he is making to them, I would read out a portion of the speech that Pandit Jawaharlal Nehru had made to the Standing Committee of the National Development Council in 1956. The speech was delivered on 7th January, 1956. In that speech Pandit Nehru says:

"Another aspect connected with the private sector is the association of foreign capital with it. I am not against foreign capital coming in. But when foreign capital comes in, it produces a certain effect. When the State borrows on its own terms, and gives aid to the private sector, we know where we stand. If foreign capital is associated with the private sector through the agency of the Indian capital, it may play a greater part. I am not saying that foreign capital should be kept out, but it is right that we should be

ure of the complications arise."

It is a very clear sort of directive that if foreign capital were to be admitted, it should be on the account of the Government and there should not be essentially a direct collaboration between foreign capital and private capital because such collaboration would lead to certain complications

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Here is a pamphlet which has been issued by the Government of India, Planning Commission. This has been prepared by Shri Tarlok Singh with the help of the various Ministries and the Planning Commission itself. This was published in October 1963. The title of the pamphlet is "The Planning Process". It says on page 17:

"A basic objective is to create the conditions in which dependence on external assistance will disappear as early as possible. A very large, expansion of exports is essential for this purpose. In the transitional period, however, the development effort entails a large increase in import requirements, both for specialised capital equipment and for raw materials and components, for which it will be difficult to pay from export earnings. In this situation, external assistance has an important contribution to make to the economic development of the country."

Earlier the pamphlet states—I am not reading out of context:

"Given such continuity, growth itself becomes self-sustaining. That is to say, once on foreign resources gradually disappears and the under-developed society acquires resources in skill, the infra-structure and the technical capacity to move into the future on its own strength. This brings greater stability to the developing society and opens up new possibilities of international exchange."

Up till now it was always stated that it was better that we stopped taking even aid; leave aside accepting investments, even aid we must stop taking but rather we must trade. As a matter of fact, on the 23rd March, 1964, a conference is being held at Geneva where all such problems will be discussed. So, the emphasis is not on foreign investment, not on foreign aid, but rather we would depend on

development of trade. And particularly it has to be remembered, most of the developing countries together are making such a demand. The U.N. has called this conference for trade and development. The developing countries are pointing out that the prices of the primary products which these countries mostly produce are going down in the world market, whereas the prices of the manufactured goods are going up. So the developing countries are at a disadvantage and hence, certain rules and norms will have to be laid down. As a matter of fact, we are also holding that there must not be aid, that there must not be investments, but that there must be greater trade, and for trade certain conditions will have to be created. At the time of the launching of the Third Plan, it was stated that after studying the failures and successes of the first two Plans, it should be our effort to see that in the Third Plan we have a self-reliant and self-generating economy. Not that we shall not be required to rely on others for the technical "know how" even—and we are creating conditions for having our own "know how" and developing it. So, after studying the successes and failures of the first two Plans, we had come to the conclusion that when we launched the Third Plan, we must so organise it, we must so direct it that ultimately our economy became self-reliant and self-generating.

So, Madam, when I was just touching these various points, I was reminded that many of us are preoccupied with the notion that we are continuously following certain principles, and we are, as a matter of fact, promoting our economy and even our political life according to those principles. When the Economic Review was published eight days before the presentation of the Budget, in the introductory part of it, it was stated that it should serve as a sort of backdrop so that we can have a sort of a picture as regards the economic situation in our country. At the same time, we were provided with an

opportunity for a discussion on the Mid-term Appraisal of the Plan. So, a lot of literature is now available. Just as we have this, backdrop just to understand 'the particular policies that will be pursued and the measures that will be taken and why we are taking those measures, so also I wish that the House has a little peep into the past too. A little curtain-raising I would like to do. I am not going into the very distant past, but I will mention that in 1943, when we were in the thick of the struggle against British imperialism and the national leadership had come to the conclusion that it was a "sinking bank", then the eminent economist, Mr. C. N. Vakil, had written a pamphlet called "The Falling Rupee". There he was arguing that our rupee must be delinked with the sterling because British imperialism was a sinking bank.

Before I proceed further, I would state that Mr. C. N. Vakil then had been a person with a national stature and he was very much acclaimed. He had put up also certain political formulations. But Mr. C. N. Vakil had hardly written these things and there was a change in the world situation, and Mr. G. D. Birla went on writing a series of articles in 'The Hindustan Times' regarding these sterling balances. Sometime, after he had written these articles on the sterling reserves, certain eminent industrialists of India gathered together and they framed the so-called Bombay Plan. In that Bombay Plan they gave certain priorities. Lately, Pandit Nehru had occasion to refer to this Bombay Plan when he was faced with criticism and opposition from big business, from the big industrialists over the order of priorities that were fixed later in the Second and Third Plans. Then the framers of Bombay Plan contemplated taking advantage of these sterling reserves. When the Bombay Plan was put up, the then Government of India, *i.e.*, the British Government, had to have a special department for planning and development and that Planning and

Development Department took note of the fact that there was a growing demand in the country for a planned development of the country. In 1937-38, under the chairmanship of Pandit Jawaharlal Nehru, there was already a National Planning Committee. The British Government evolved a programme of development and rehabilitation. And when we talk of the First Five Year Plan, I might point out that the First Five Year Plan was not in that way a Five Year Plan. We were rather tied down to the policies that were already formulated by British Government and this was owned by Pandit Jawaharlal Nehru when he was talking in Parliament. He spoke on the 13th December, 1952:

"We started in plan with certain limitations because we had to accept the existing conditions. We could not start from a scratch. Our resources were already tied up in things that had been started earlier. Therefore, we had to utilise the balance of the resources as best as we could."

So, the First Five Year Plan was not in that way a Plan as we understand a plan. It was really in 1956 when we introduced the Second Five Year Plan that we had certain principles for 'the formulation of the Plan and those principles were, as 'The Planning Process' says, the development of the basic industry, the complete release of agricultural productive forces and then certain social objectives, which were to be kept in view. According to these principles, we were to proceed and for the first three years of the Second Five Year Plan, we did proceed according to these principles in a way. But already we were coming up against certain difficulties, particularly in the matter of foreign exchange resources. Since 1959, we have been coming across these difficulties. But the basic reason for coming across these difficulties was that we failed in releasing fully the productive forces of our own country. If they were to be fully released, radical agrarian reforms were neces-

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sary. And in 1SJ5&, when the Congress met at Nagpur, they talked about co-operation but at the same time the leadership of the Congress was repeatedly saying that agrarian reforms must first be brought about. And the content of the agrarian reforms was to be that the land was to go to the actual tiller.

Now, various agrarian legislations have been enacted but if we study their effect to see whether ultimately the actual tiller has been benefited or not, we will find that concentration of land has not ceased. This concentration of land in the hands of a few is not like the concentration that we find in industries. In industry the concentration is in a different matter, it is concentration of resources. When there is concentration of land, it is not that a person who has a very big holding is in a position to utilise it fully. He does not have the resources to bring the land he owns under optimum cultivation. Such concentration of land becomes hazardous and harmful to the very health of the economy of the country. Our contention is, and it is a sort of unanimous understanding, that we have got tremendous human power resources. The biggest asset that we have is 'these human power resources in the countryside and if those were to be utilised, we shall have to have the agrarian reforms. That is, the land must be handed over to the small tillers.

There were studies carried out wherein we could find—il am not putting forward any thesis—that the smaller the holding, the bigger the output in the situation Or the conditions obtaining in India. The studies confirm this. There is a study by Prof. Desai and Prof. Driver. They have studied some four districts in Maharashtra by the sample survey method and they have found that the smaller the holding, the bigger the output per acre. As you go up, the yield diminishes. According to the concept of an economic holding in

Maharashtra such a one is supposed to be of sixteen standard acres. But as you went up, beyond ^{such} a holding, the per acre production went down and as you went down, 'the per acre production went up. They offered an analysis and that analysis showed that in the smaller holdings, the cultivator had put in more labour days, had put in more labour hours and had put in more cattle, and he could thus concentrate his resources for bettering his patch of land. And even though the land did not belong to the highest category, the land value had gone up. They came to the conclusion that as you find the scale of holdings becoming smaller, you find production going up and *vice versa*. In certain medium-siz_e holdings, per acre production remains stationary. This is a feature particular to dry farming areas.

So, now when we are talking of resources, we have not released, as we have decided upon, fully the agricultural productive forces. We are finding today that agricultural production has come to a point where it 1 P.M. has stagnated. For the last three years we are arguing that because of bad weather and other vagaries of nature, we are not crossing the point which we had reached some three years back. If you will please study the records in the different States, you will find that genuine land reforms have been carried out but most of our labour resources lay waste. They had to be utilised and so, when the issue of growth has to be tackled, I think, the issue of growth will have to be tackled from this agrarian angle.

Now, it is argued that agricultural production must go up, so that the agrarian prices can be brought down. But while tackling this issue, we are reserving certain districts, some eighty districts, for the package programme. We are going to select these from the area where you have an assured rainfall, or where you have got irrigation facilities. So now, apart from the

social complications that such a step may lead to—these areas are going to be treated in a preferential manner—this is not reaching to tackle the basic problem. The basic problem is that so much labour power, which is laid waste, will have to be brought into utilisation, and that cannot be brought into utilisation unless the tillers feel that they are the owners of the small parcels of land. When they will have that feeling that they will be led to put in full labour and maximise the productivity of the land, when once they get they feel 'that the benefits of the increase,^ productivity are theirs by right, they will turn for finding out better form,., of organisation of production.

They can be led to organise producers' co-operatives and the like. Today's co-operatives, wherever these co-operatives are, are generally dominated by the richer sections in the rural areas, and you will find that in these co-operatives too there is a class fight going on, small holder, fighting with the big holders. And when the co-operatives have to employ workers, the workers have to fight with those co-operatives or the managers of the co-operatives.

We are faced with a difficult situation, as the Mid-term Appraisal of the Third Plan reveals that we have got a stagnated economy on the industrial front as well as on the agrarian front. There is stagnation on the industrial front too, though in certain industries the index is going up. We are not going at the speed at which we ought to go in the industrial sector, and therefore, we are asking the foreign investors to come in. It is not that we need the foreign investors to come in. As a matter of fact, they are going to increase the complications, the political and economic complications. We have to develop the basic industries to strengthen our economic independence. We started our Second Five Year Plan with the object to strengthen our economic independence, thereby to strengthen our political freedom and to release the productive

forces of the country, particularly on the agrarian front, we were also to achieve certain social objectives.

Now, this is the theme of growth; the Finance Minister says that his also is the theme of growth. I quite agree that his also is the theme of growth. But the theme of growth must be related to the three basic things, strengthening of economic independence, full release of our productive forces in the rural sector, and certain social objectives.

Now, the way in which, rather the philosophy on which today's Budget has been based is not going to lead to such growth. As a matter of fact, we shall be getting unnecessarily further entangled when we are trying to extricate ourselves from complications or entanglements with the foreign interests. We know, many countries have achieved independence, have secured freedom, still we do not deny that there is a force, a social force, a world social force which is called neo-colonialism. We are not blind to that. Even the Congress leadership, I think, will agree—and they will have to—that when they last went to Belgrade for the conference of non-aligned nations, even there this issue of neo-colonialism was raised, rather it was emphasised more than the issue of peace. They said: "Peace; all right, we shall have peace. But what about this neo-colonialism? What about this imperialism?"¹ And therefore our effort must be not to get entangled again. Once we are making effort to extricate ourselves from the imperialist entanglements, our policy must not be one which would lead us to get entangled into this neo-colonialism, enmeshed into the net of the neo-colonialists, I should say. Therefore I would appeal, not that I would appeal because there are appeals and appeals. As a matter of fact, outside, we are finding that millions are moving, moving amongst them are Congress people too. In the Congress organis voices are raised—I would say that

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There are some soothsayers in the Congress organisation, and they are saying, they are cautioning the Congress leadership, those who are entrusted with the direction of the policy of the Congress, that we are reaching a sort of critical period.

Before the Economic Review was offered, there were various steps which the Congress leadership had taken on its organisational front. Take the Kamaraj Plan. This Kamaraj Plan means an admission that certain things are developing in the country which need some radical treatment. We must go to the people. The people are getting more sensitive to the wrongs and they are clamouring for a radical change in the total social structure. Today, when we read the newspapers, and particularly this time we find that the Federation of Indian Chambers of Commerce and Industry people met and they had a very amusing discussion between themselves and they said that they must have a proper image before the people, and their worry was that they were not so much in the politics. They say that they must get into politics, and when they say they must get into politics they, try to analyse the policies of the Congress and they feel that politics is intervening too much in the determination of the Congress policy. The politics, as they find it, is the demands that the popular forces are raising. The Congress, will-nilly had to accede to some of these demands. They advocate a pragmatic approach and they think that such an approach will lead the Congress to certain other course, but because of the politics Congress is being compelled to adopt a course which, as a matter of fact, many belonging to Congress do not like to pursue.

So, now in this country voices are being raised. Only yesterday a past letter written by Mahatma Gandhi to Sir Malcolm Hailey has been published. It is in respect of a dispute, a rent dispute in U.P. in 1931. And therein Gandhiji has said that during

the last twelve months the people have become sensitive to wrongs. And so it is up to the Government to understand this and shape their policies. Similarly now, after the presentation of the last Budget, the Budget of 1963-64, people are becoming more and more sensitive; they are marching; they have decided that the policies ought to be changed and they are determined to get the policies changed.

I might remind the Congress Benches, the Congress Party of a resolution passed by the Working Committee of that organisation in 1959 when they were faced with the issue of dethroning the constitutionally-established Ministry in Kerala. It said that it is in the rights of the people to dislodge a Ministry even though it could not be constitutionally dislodged. And they confirmed this very good principle, I should say, by practice. But they practised it by making an alliance with the reactionary forces like the Catholic Church, the Muslim League and certain communal organisations in Kerala. Now, when they passed this resolution that the people had a right, that it will be within their rights to see that they bring about a fall of the Government if that Government did not pursue policies which are in consonance with the aspirations of the people, then the Samyukta Maharashtra Samiti of Maharashtra gave a warning, issued an ultimatum to the Government saying that unless this bilingual State—then it was bilingual—was bifurcated, Maharashtra people shall have to go into action, and the ultimatum did work.

Similarly, now since the presentation of the last Budget the people are moving, and moving very fast, and making certain radical demands. If the demands are not heeded, if the people are not listened to, they are not going to sit quiet in spite of what the Home Minister, Shri Nanda, had said. Even the Congress people in my own State, Maharashtra say, for instance, at Poona, the various Mandal Congress Committee came together and

decided on having a *morcha* against the rising prices. The President of the Maharashtra Pradesh Congress Committee, Mr. Patil, has lately to call a conference of trade union activists in the sugar industry and he is demanding that there should be a second sugar wage board. I am giving these illustrations to show that even the Congress workers if they are to remain safe with the people must move with the people. The Maharashtra Congress Committee is being compelled to do so. Maybe it is on its own or under compulsion but the Congressmen are also doing such things.

Therefore, before concluding I would say, see the writing on the wall, as one would put it, and the writing on the wall is that you will have to radically change your economic policies, your political policies, your social policies. Ultimately politics is nothing but a concentrated expression of economics, and the question of the people is: Whose economics are you going to pursue, whether you are going to pursue the economics of the vested interests, the economics of calling the foreign investor which is disastrous, or the economics of the people who are demanding that their productive forces must be fully utilised? They want land, they want employment. It is an illusion if we think that there is great pressure on land. It is not so. As a matter of fact, in the villages so much labour power is lying waste. That power has to be fully utilised. Those who have land are not in a position to utilise that labour power. And unless we restore land to this big section of the society by bringing about radical agrarian legislation we are not going to get out of the woods.

So, Madam, this is a general discussion. Things will be moving. Last time the then Finance Minister, Shri Morarji Desai, had said, that C.D.S. will stay. Whenever he takes a decision he feels that that decision was permanent. But the permanent decision of Shri Morarji Desai had to be

changed. The very Congress Government had to change it. They had to bifurcate Maharashtra. They had to withdraw the C.D.S. It was demanded of the Government that it should be withdrawn and it had to be withdrawn. Similarly, the people now are demanding that there must be a radical change in the economic, political and social policies of the Government, and unless the Government turns its face towards the people; and in view of the principle enunciated by the highest body of the Congress organisation that it is within the rights of the people to bring down or ask the Government to come down, without taking recourse to constitutional means of voting in fresh elections, the people are sure to make a demand that the Government must abdicate. Thank you.

THE DEPUTY CHAIRMAN: Mr. K. K. Shah, would you like to begin now? I think you better begin at 2.30.

SHRI K. K. SHAH (Maharashtra): Very well.

THE DEPUTY CHAIRMAN: Mr. Shah will speak at 2.30.

The House stands adjourned till 2.30.

The House then adjourned for lunch at twenty-seven minutes past one of the clock.

The House reassembled after lunch at half-past two of the clock, THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.

SHRI K. K. SHAH: Mr. Vice-Chairman, I think it will be wrong to stamp the Budget as either being too much on the left or not in tune with the Bhubaneswar Resolution. It must be admitted that this is a very carefully thought out presentation of an approach to specific issues which were raised at Bhubaneswar. It therefore demands very serious attention.

Let us see what it aims at. In para 12 of his speech, the Finance Minister

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has been unequivocal in stating that the budgetary outturn for the current year bears testimony to our determination to strengthen our defences without slackening our developmental efforts or without resorting to unbridled deficit financing. It must be conceded that every effort is made to provide funds to strengthen our defences. The only question that **need*** examination is whether effort has been made to see that our developments are not slackening. Though the speech of the Finance Minister does not refer to the Bhubaneswar Resolution, he is aware that the Bhubaneswar Resolution has raised certain hopes and it is his duty to make an effort to realise those aspirations. The Budget, by and large, has resorted to very high income-tax, wealth tax, high capital gains tax, gift-tax, expenditure-tax and estate duty. Leaving aside the estate duty, expenditure-tax, gift tax and even the capital gains tax, the high income-tax and the wealth-tax they are impartially examined, it must convince everyone or even the worst critic that the wealth-tax and the income-tax, between themselves, make the high-income group pay more than what they are earning. I am making this statement with full responsibility because I wish to point out this to those who have been talking of socialism. Take the high income group man having a capital asset of Rs. 2,000. I am only taking some amount so that it will give an idea of what it means. At the rate of 1½ per cent., which is the normal yield expected, his income will be Rs. 150. On Rs. 150, he will pay Rs. 126 at the higher level by way of income-tax and super tax and on Rs. 2,000 he will pay Rs. 50 as wealth-tax at the higher level. The total payment that the higher income group will be called upon to make will be Rs. 126 plus Rs. 50, that is Rs. 176 whereas even if the yield is calculated at 7½ per cent, his income will be Rs. 150. Therefore these two taxes make him minus by Rs. 26.

I am sorry my friend, Mr. Bhupesh Gupta, is not here. When I was speaking on the last Budget, when he was criticising, I offered him a suggestion: 'Was he prepared for putting a ceiling on income?' When you put a ceiling on income, you cannot levy any tax so far as the ceiling is concerned. Even if you put a ceiling on income, the man in that income group will be entitled to save Rs. 35,000 if that is the ceiling. If Rs. 30,000 is the ceiling, he will be able to save Rs. 30,000. The form of taxation that we have accepted makes him minus. Can I request friends who believe in socialism that even in the socialist countries, unless incentive is provided, the income does not go up? The capital base is not formed. It has been learnt by Russia at a very heavy cost.

SHRI ARJUN ARORA: You presume complete elimination of tax evasion which according to the Finance Minister is not the case here.

SHRI K. K. SHAH: The argument in favour of tax evasion is not a substitute either for incentive or calculation of income. What about the honest men? Are they entitled to some consideration or not?

SHRI ARJUN ARORA: Unfortunately they are very few.

SHRI K. K. SHAH: Why do you deny incentives to honest men? Do you want to allow an incentive for the tax evasion? Let us not forget it. Nobody will say that I am not for socialism. At least I have been advocating socialism for long, but let us examine this and let us not run at a speed which will make us stumble. What happens to the unproductive assets? I have told you about income-tax and the wealth tax. What about a man who has a building worth about Rs. 2 lakhs? I will not say about Rs. 50 lakhs because he should pay for Rs. 50 lakhs. From where does he pay wealth-tax on his building? From where does he pay the wealth-tax on his jewellery? I have no quarrel but let us examine what we are doing. I am giving this

argument because I want to plead that in a socialist economy, the corporate sector must be looked after because if the corporate sector is looked after, you are allowing it an incentive for capital formation by the common man. Supposing the dividend was 10 per cent, or 15 per cent., if it goes into the hands of the rich man, you will mop it up by high taxation and the wealth tax. But what about the common man? 50 per cent, of equity capital now goes to the common man who buys 5 or 10 or 15 shares. Why do you grudge money going into his hands? We must not forget that the corporate sector is partly owned by the Government through the L.I.C. and through a number of other channels. It is partly owned by the common man. I am not talking of control and management. I am very happy that the Finance Minister has divided the industrial sector into three compartments—ownership, control and management. The ownership is distributed. It is regarding the control and management where you can fight with the vested interests; but so far as the ownership is concerned, it is divided among Government, vested interests and the common man, and that is why you will find in the Finance Minister's speech that he has taken great pains to see that the corporate sector is preserved—] wish he had not gone too far.

It would have been an ideal Budget from my point of view but for certain things which I beg to point out for his very kind and sympathetic consideration. In addition to what I have pointed out about income-tax and wealth tax, which, so far as the higher income group is concerned, is more than what he is earning, there is the expenditure tax, there is the gift tax. Last time when I was asked by Mr. Bhupesh Gupta from where the high income group paid, I had told him that he was paying from the appreciation of the capital. During the last four or five years, the higher income group has been able to meet

the deficits, so far as income-tax and ! wealth-tax are concerned, from the appreciation in capital because on appreciation of capital he had to pay 25 per cent and out of the savings of 75 per cent which accrued at the end of the four or five years he used to meet the deficit. Thus he has been making up the losses.

Those who are worried about capital appreciation—I may point out that if a share costing Rs. 100 has appreciated to Rs. 450 and if you look upon it as wealth, you are wrong. It is wealth so far as the wealth-tax is concerned. By raising the prices they have been digging their own graves. On Rs. 100 the wealth-tax is Rs. 28, and by raising the share price he now pays Rs. 28 as wealth tax and he goes on paying for five years, which means he has paid Rs. 50 already. When this is sold, this Rs. 50 paid as wealth tax is not deducted. It is paid

- and gone. Therefore, what I wish to plead before the Finance Minister is that this dividend-tax will not achieve the object with which he has levied it. The corporate sector is already subjected to 50 per cent tax on the net income. After 50 per cent you have been good enough to fix a base of 10 per cent return on what is known as capital base, which will include equity capital, preference capital, long-term borrowings and loans and so on. What is left is again subjected to 40 per cent. tax. The argument of the Finance Minister is that it should be used for building up resources rather than allowing it to be frittered away in giving higher dividends. But I venture to point out that there are two sides. It is not only the reserve in the corporate sector which will be able to do so, but the industry. If a number of industries are to be floated, incentive should be given to the common man so that he does not spend the money but saves something and ploughs it back into the corporate sector by way of purchase of shares. How will the common man now come forward to purchase shares if in the market he can get 9 per cent interest?

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Somebody was good enough to point out to me that in the Unit Trust it would be possible for them to pay even 8 to 10 per cent. I very much doubt it, because this Unit Trust will be investing the money in shares and when equity shares are not able to pay 8 per cent, or 10 per cent, how can you give the people interest of 8 per cent, or 10 per cent?

SHRI C. D. PANDE: Appreciation will come to the rescue.

SHRI K. K. SHAH: I am coming to the subject of appreciation.

The expenditure tax will ultimately help to control unnecessary expenditure and the curbs on the corporate sector will also help us to control expenditure, and if to that extent the purchasing power in the higher income groups is lessened, it may help us to hold the prices. There I have no quarrel. Assuming that there is concentration of power, if at all there is—I am talking of the future End not of the past—whatever concentration of economic power may take place, the Finance Minister has provided for its elimination by 85 per cent estate duty. It is a warning that the next generation cannot depend upon hoarded money. When you talk about estate duty of 85 per cent, please do not look upon it as 85 per cent only. I will deal with that just now. It is 85 per cent on what the Government will decide to be the value of the estate. A man with Rs. 4 crores, if he is called upon to pay Rs. 3 crores, he will not have Rs. 3 crores in cash. You don't want him to keep Rs. 3 crores in cash, because in that case there will be no industrialisation in this country. If he goes to realise this Rs. 3 crores from the market, the market will sag. Not only will the market sag but he will not be able to realise it, and in addition he will be liable to capital gains tax. The hon. Finance Minister has not made it clear whether this 85 per cent will be leviable after clean valuation of the estate has taken place. If the clean valuation

has taken place, it means that all the taxes, including the capital gains tax, have been deducted. Then if he tries to unload all that he has, he will not be able to realise even 75 per cent. Therefore, to those who are thinking that concentration of economic power has taken place in the past either by manipulations or by legal technicalities or by undesirable methods, I would say that it has been sufficiently taken care of.

SHRI C. D. PANDE: Fully.

SHRI K. K. SHAH: It has been taken care of more, probably, than what was intended by us. Therefore, what I was pleading—and even at the risk of repetition I would submit it—is that if rapid industrialisation is to take place, incentives have to be held out to the common man to save and not to spend. In fact, that incentive is necessary for the common man, because if he spends less then he helps to control prices also. He will save and he will control expenditure, provided, of course, he finds that somewhere he can get better return and it is desirable to invest his money there. From my point of view, therefore, this dividend tax will discourage saving and will jeopardise

the chances of the corporate sector for drawing capital from the common man. This will be a tax on the ordinary investor. So far as the higher income groups are concerned, the income-tax and the wealth tax are able to take care of them, and the

Government is able to see that it takes back from the man more than he receives. Therefore, this dividend tax can only work to the disadvantage of the middle class. The reduction of the income-tax at the base from 30 per cent to 20 per cent does not help the investor. The man will have to claim refund of 20 per cent instead of 30 per cent.

The argument of the hon. Finance Minister on page 7 of Part B of his Budget Speech, that the reliefs which are being given are intended to strengthen the reserves and augment the capacity of the corporate

sector to develop, by discouraging the dissipation of these additional resources in higher dividends, is from my point of view, self-contradictory. It is not only reserves that augment the capacity of the corporate sector to develop, but it is also the capacity of the corporate sector to attract capital from the common man which provides the base for rapid industrialisation, which reduces the prices and strengthens the corporate sector. This 7-5 per cent dividend tax, instead of augmenting the capacity of the corporate sector, will undermine the confidence of the consumer.

I also fail to understand why it is necessary to make a difference between section 23A companies and other corporate bodies. As I have pointed out if sufficient measures are provided to mop up additional profits from the higher income groups, no such discrimination is necessary. It is also likely to discourage capital formation in the country. In the same way, the imposition on bonus shares is not correct, to say the least, because those reserves from which the bonus shares are issued or built up, have already paid all the taxes.

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI) : Not all, only the corporate tax.

SHRI K. K. SHAH: The corporate tax and 40 per cent, on the excess of 10 per cent on capital base.

SHRI C. D. PANDE: There is also the dividend tax.

SHRI K. K. SHAH: Indeed, the reserve has to be built up from whatever is left after 10% is paid. I am only bringing this to the hon. Minister's notice. He understands everything. My submission is that this removes the chances of capital formation or augmenting the income, because if a rich man gets bonus, it will add to his property and that will be subjected to wealth tax and higher income-tax. Therefore, so far as the . . .

SHRI T. T. KRISHNAMACHARI: A poor man will not pay tax.

SHRI K. K. SHAH: If he is in the higher income group, he will go on paying 2i per cent, and when he cashes it, he will be liable to the capital gains tax. If a middle income group man gets bonus shares, it helps to raise his standard of living. In fact, the bonus shares have a levelling effect. You distribute taxation in such a way that the common man is benefited. The rich man is already looked after properly. If the Finance Minister is of the opinion that the rise in prices may not be arrested and may have to be put up with however unfortunate it might be, it is our duty to see that the chances of those affected by high prices, especially in the lower income group, are not reduced on account of the fiscal measures. He has laid considerable stress on making the most efficient use of the investments already made and has shown eagerness to see that it is utilised to its utmost capacity. That is the crux of the whole thing. My regret is that we have not come out with any concrete proposals to say how he is going to achieve those results.

As far as planning is concerned, I am glad that you have pointed out this, because we go on investing but half of the capacity is lying idle. We go on paying interest on what we have borrowed even from foreign sources and the returns are negligible. If the returns and the savings have not kept pace it is because a lot of idle capacity is there. While issuing licences it was the bounden duty of the licensing department to look after first of all those factories which have come up; and after coping with their demands only, you should have planned further factories. What we are doing is something like this: We allow capacity to remain idle while at the same time plan for further factories, incurring debts, and do not care for returns. On page 12, he promises further incentives for attracting capital but as I have already

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pointed out, Sir, in his anxiety what he has done is to take away the incentives so far as the common man is concerned. If we want to revive the capital market, attune the tax structure to the need of growth and growing economy, we have to point out to the people what cushion for the corporate sector and individual saving has been provided and preserved.

The changes in the Union excise duties also will reduce individual saving. The argument that the advantage of lower duty on articles such as dry fruits, copra, caustic soda, etc., has not been passed on to the consumer and, therefore, the rates of duty should be revived is a sad commentary on the policy of our taxation and its execution. The burden of taxation, especially when the taxes are raised, is passed on to the consumer but if that burden is lowered, the advantage does not reach the consumer. If that is so, we must devise other methods but if he is entitled to some relief, it may be given.

The upgrading of the capital gains tax will reduce chances also of capital formation and will affect the returns of the Government. The wealth tax always goes with the lower incidence of the capital gains tax. It is a wise method for capital formation. If capital appreciates, it attracts very heavy wealth tax and by the time it is realised, it has already been subject to wealth tax for a number of years. Since we are now going to levy fifty per cent, on the higher slab in personal taxation on capital gains, it will amount to forty-three per cent, of the capital gains. This will be in addition to the wealth tax paid over a number of years. This will discourage investment in the corporate sector. In his attempt to translate the Bhubaneswar Resolution, with due apologies, I would say that the Finance Minister has gone beyond and this, therefore,

may defeat the purpose which he has in view. The imposition, as I have said, of eighty-five per cent, of estate duty, without taking into consideration the high incidence of the capital gains tax and bulk unloading, is likely to spell disaster. The minimum that I would request him, so far as estate duty is concerned, is this: Do not force him to unload. It is necessary to give him an option to surrender the properties left by the deceased at the price fixed by the Government after assessing estate duty and this is being done in England. If the price fixed by the Government is fifty thousand rupees or a lakh of rupees, it should be open to the legatee or the successor, to surrender that property for that price to the Government. That is how the manors of the Lords are now in the possession of the Government in Great Britain.

I have three or four more points but as the time is up, I will just mention one point. The minimum punishment of six months will entail untold hardship on the common man. The rich man has legal advisers, the rich man has experts and he will be able to look after himself but as was pointed out by my friend, Mr. Pande, if it is a mistake of Rs. 601 instead of Rs. 599, the man is liable to punishment for a minimum of six months, rigorous imprisonment. May I point out, Sir, as a lawyer who has some experience, that minimum punishment is acknowledgement of failure? It is taking away the discretion from the Judge and appropriating the discretion to yourselves. The provision of a punishment of two years is something which nobody will mind. I can say from experience, and I hope my friends will pardon me, if I assume this—I have been in practice for a very long time—that wherever there is a minimum punishment, there have been more of acquittals. Examine the records of all courts. The conscience of the judge pricks him.

SHRI N. M. LINGAM (Madras): Why do you oppose if there are more of acquittals?

SHRI X. K. SHAH: I do not want more of acquittals. You impose a fine, as much as you like. He is an earning member of the family and there is no other person. Why do you want to discredit him and remove him? If he has hidden wealth, take it away from him. A common man who is earning six thousand rupees a year, if he is taken away and is sentenced to a term of six months, it will mean untold hardship. His family will be deprived of one earning member. The rich man will look after himself. He will not go to jail. It is the ordinary man like you and others who will go to jail.

SOME HON. MEMBERS: No, no.

SHRI T. T. KRISHNAMACHARI: "The remedy is simple. Don't hide anything.

SHRI K. K. SHAH: I have examined this as a lawyer. They may be mistakes. They will not be covered by 'bona fides'. This will open up the flood-gates of corruption. After all, they are the earning members of the Indian family and they should not be subject to a treatment which will make them useless for the rest of their lives.

Sir, I submit that if he would not have resorted to dividend tax, high capital gains tax and bonus tax and would have provided these safeguards, this would have been an ideal budget. It cannot be denied that he has provided arguments for everything that he has done. Nobody can deny that, and I am prepared to say that even his worst critic cannot say that he has not given an argument for everything that he has done. He has thought out and argued everything. Therefore, I plead that if a better argument is advanced, I am sure, he will be prepared to reconsider so that the goal that he has set can be achieved.

Thank you. 34

RSD—5.

3 P.M.

PROF. M. B. LAL (Uttar Pradesh): Sir, when last time I spoke on the Mid-term Appraisal of the Third Five Year Plan, I maintained that the Congress Resolution on democracy and socialism was not a socialist document. It lacks a socialist analysis of Indian economy, fails to deal with any important problem of socialism, does not try to bring into focus any significantly socialist solution of India's social and economic problems. I then maintained that the Congress brand of socialism is an *aid de camp* of capitalism. Therefore, when Mr. Chinai and Mr. K. K. Shah maintain that this Budget is tuned with the Bhubaneswar spirit and propose that it should be brought into greater tune with the Bhubaneswar Resolution through reduction in estate duty and through greater concessions to industrialists, I am not at all surprised.

I wish, however, to submit that in the Budget speech no attempt is made to correlate the Budget proposals with the social objective of socialism or the socialistic pattern of society. As was admitted by Mr. Chinai, there is no reference whatsoever to socialism in the Finance Minister's Budget speech. In his reply to the general debate on the Budget in the Lok Sabha, an attempt has been made by him to define the goal or the perspective of his Government. Therein he says, "The goal that we have set for ourselves is clear. We shall march towards a free society in which freedom from fear, economic, political and personal, shall be assured, and the things that come in their way from time to time would be pushed out".

[THE DEPUTY CHAIRMAN in the Chair.]

He further says: This is the perspective set before us. Call it by whatever name you like, democratic socialism or mere socialism or any form of it; the word itself has no precise connotation." Madam, I have spent 35 years of my life in

[Prof. M. B. Lai.]

studying and teaching socialism and I must confess that I never came across such a definition of socialism. I, therefore, congratulate the Finance Minister, the spokesman of the Congress Government and of Congress socialism, for his originality and ingenuity in defining socialism. But as a student of socialism, I beg to submit that it is not possible for me to accept this to be a good definition of socialism. I beg to submit, Madam, that this perspective of freedom from fear is not even as explicit as the American concept of Four Freedoms. I therefore hold that by whatever name you may like to call this perspective, this perspective cannot be regarded as a socialist perspective by any objective student of socialism.

Madam, in the Budget speech an attempt has been made to distinguish between ownership, control and management. The concentration of ownership is more or less denied. The management, it is said, is not to be touched. Control is to be so controlled that there may be no monopoly and for that purpose a monopoly commission is to be appointed. Madam, I beg to submit that the number of big private companies owned by seven persons or less is rapidly increasing. It is said that 50 per cent, of the shares are held by half a per cent of the shareholders. There is considerable concentration of investible wealth in banks and therefore it is very difficult for us to deny that there is no concentration of wealth or investible money in a handful of persons. Again, I for one do not know how it is possible for you to deal with the problem of monopolies unless you treat ownership, control and management as an integrated problem. Merely through some control over controls it may not be possible for you to control the monopolies. I think in the United States of America an attempt has been made through anti-Trust laws to control monopolies and to deal with the three problems in an integrated manner. Even there

the attempt has not been so far successful in checking the concentration, of economic power.

In the Budget speech, it is said that though the managing agency system and improvised selling agencies dynastic domination is perpetuated. And yet no attempt is made in the Budget to abolish the managing agency system which, I maintain, is an anachronism even in the capitalist economy. All that is promised is to weaken the managing agency system and the improvised selling agencies through fiscal measures, and I have tried my best to read and re-read the Budget speech to find out whether any definite proposal is made to weaken the managing agency system and, to my regret, I found none.

SHRI K. K. SHAH: May I point out that he has finished the managing agency system. The managing agency has no capital and he is only permitting now 10 per cent, as capital.

PROF. M. B. LAL: I do not know. In the Bhubaneswar Resolution, it is pointed out that speculative gains, illegitimate incomes and other antisocial manipulations of the Big Business have a considerable bearing on the concentration of wealth, growth of disparities and monopolistic trends. It was also said that through their corruptive influences, they were causing large distortions in the economy and were tending to undermine the social and political life of the country and as such were posing a threat to democracy and socialism, I am more or less quoting the important words of the Resolution. I still feel that there is no provision in the Budget to control these speculative gains and illegitimate gains.

In the Bhubaneswar Resolution, there was also a talk of reorientation of the social services. In the Budget speech, there is no mention even of social welfare. Social welfare does not seem to have any impact on the mind and thinking of our present Finance Minister. He has talked of social securities.

It is no doubt said that our efforts to improve the lot of low income groups should be directed towards measures of social security, but in the Budget Speech no specific measure is proposed to be taken in that direction. All that is promised is to devote in the coming year special attention to the task of mobilisation of social security measures for capital formation. It is difficult to believe that when the Congress Party in its Bhubaneswar Resolution urges the Government to take bolder steps in the direction of a programme of social security, the Congress only wishes such securities to be further mobilised as a source of saving for investment. If Mr. K. K. Shah feels that that is the correct interpretation of the Bhubaneswar Resolution, I have no quarrel with him as I am not committed to the Bhubaneswar Resolution.

SHRI T. T. KRISHNAMACHARI: Then, why do you use it?

PROF. M. B. LAL: Madam, the Finance Minister was rightly concerned over the rise in prices, but there is hardly any price policy in the Budget Speech. In his reply to the general discussion in Lok Sabha, he says that a new price policy is in the process of formulation. May I submit, this Congress Government is in power since 1946 or 1947.

SHRI T. T. KRISHNAMACHARI: From 2nd September, 1946.

PROF. M. B. LAL: It is now ■ more than seventeen years and yet it is only in search of a price policy. As pointed out by American experts who prepared a report on the food crisis, our present price policy does not benefit production, does not benefit consumers. It benefits only speculators.

In the Budget Speech, sufficient attention is not paid to agricultural development and to the development of agriculture-based industries. As was pointed out in the Economic Survey for 1963-64, more than 50 per cent, of the index number of industrial production is covered by agriculture-based industries. I do not find

any attention being paid to agriculture-based industries in the Budget Speech. No attention is paid to the inter-relation of agriculture and industrial development in the Budget Speech.

AN HON. MEMBER: Question.

PROF. M. B. LAL: Only it is said that fertilisers are to be produced. But he fails to point out that our target in regard to fertilisers is not going to be fulfilled. And he does not propose any special measures to see that even the targets laid down in the Third Five Year Plan are fulfilled.

Much attention is paid to industrial development and for promoting industrial development, incentives to industrialists are being provided. And Mr. K. K. Shah and Mr. Chinai are not satisfied with the incentives that are provided by our Finance Minister in this direction. I feel even the capitalists are to an extent satisfied. I was in the Parliament Library reading the "Eastern Economist" dated 29th February. Therein it is said:

"The substitutions of the superprofit tax with a far more restrained surtax on companies is a distinct gain the value of which is immensely increased by the extensive preferential treatment granted to a number of selected industries and the consolidation and continuation of various tax advantages accruing to new companies."

That paper, which surely is a paper owned by the capitalists, feels that the Finance Minister has presented to industrialists a bouquet of fiscal blessings with only a few thorns, which, of course, are requested to be removed.

To my utter surprise, while all possible attempts are made to provide incentives to industrialists with a view to promoting industrial development, no attempt is made to provide any incentive to industrial workers. Perhaps our Finance Minister feels that only industrialists need incentives. The industrial workers are made to work on terms on which they are working today. In the Budget

[Prof. M. B. Lai] Speech, it is definitely said that they should not expect any increase in expendable income and they should not expect compensation for increase in the price of agricultural goods. All that is promised to them is social securities mobilised as a means of investment. I beg to submit that this is a poor inducement to producing masses hard hit by increasingly high prices. Starving millions must be assured of meeting their bare necessities before they are expected to do their best for building up our national economy. They need to be fed properly to enable them to render service with necessary efficiency. The Finance Minister does not seem to attach much importance to labour efficiency which is in no way less necessary than efficient management and adequate capital for the economic development of the country.

With regard to taxation, he has propounded a new policy. He maintains that taxation has to be used as "a sensitive and multipurpose tool, to encourage production, to keep a measure of restraint on rising levels of consumption, to ensure that the people get the fruits of their labour, to induce savings and to prevent profiteering so that inherent ills of a scarcity economy are not multiplied." But hardly any new tax proposal can claim to be motivated by a desire to prevent profiteering or to secure to the working people the fruits of their labour, though a great many of them, as I have indicated before, are aimed at inducing savings, investment and good profits.

The expenditure tax may be said to be intended to keep a measure of restraint on the rising level of consumption and I welcome the reimposition of expenditure tax, though my friend, Mr. K. Santhanam, says that it is an unproductive tax. All that I can say is that high expenditure is surely unproductive. The tax itself may or may not be unproductive. But it is not likely to prove an effective curb on wasteful expenditure indulged in by the rich. A ceiling on

expenditure need, to be imposed. So long as the nation is not in a position to provide even bare necessities of life to all, a few cannot be allowed to roll in luxuries. Disparities in standards of living will have to be reduced to induce the working people to be satisfied with simple living and to face cheerfully the hardships of austerity for the sake of economic development.

It is claimed that the proposed re-graded income-tax structure integrating various surcharges will mean a reduction of tax at all levels and that the burden on the incomes at lower grades will be substantially lower than what it is now. But this has been found out to be a travesty of truth. At the level of Rs. 10,000 income there will be an increase of taxation by 5 per cent; at the level of Rs. 15,000 there will be an increase of income-tax by 2.5 per cent, or so; but while at the level of Rs. 20,000 there will be a reduction in income-tax at the rate of 2.4 per cent; on incomes higher than Rs. 1 lakh there will be a reduction in income-tax by 11 per cent. I beg to submit, Madam, that this remodelling of the income-tax structure cannot be regarded as progressive or socialist in character. It is definitely regressive and reactionary in nature.

The Finance Minister has promised to re-examine the impact of the new rate structure of the estate duty, and I am therefore not in a position to say whether the proposed rate would continue or not. If the proposed rate forms part of the new tax structure, I am prepared to admit that it will have a significant impact on certain families, But I do not think that it will have a worthwhile impact on the system of capitalist economy. The rich, who are allowed remission in personal income-tax to the tune of 11 per cent, and great many concessions in corporate taxes, will as a class be the gainer under the new dispensation of the Finance Minister. The lowering of exemption limit for wealth tax will, on the other hand, have some impact on that section of the middle classes who own property and wealth between

Rs. 1 lakh and Rs. 2 lakhs. I was reading the other day a report (j) of the proceedings of a Chamber of Commerce. The industrialists gathered there proposed that the exemption limit must not be lowered and that the middle class people should not be put to extra taxation. The great Congress socialist, Mr. K. K. Shah, on the other hand welcomes this change in the wealth tax as a proper measure for promoting socialism of the Congress brand.

Madam, in short, the new budget cannot claim to be socialist in character. Nor can it be said to be imbued with the spirit of social welfare or social objectives of the Constitution. Nor can the concept of national industrialism, enunciated in the Bhubaneswar Resolution, claim to have exercised any impact on this budget. To stimulate capital formation and to provide new incentives to industrialists with a view to accelerating the speed of industrial development are its main objectives. Remodelling of tax structure in certain directions is its another objective. The revision of the rate structure of estate duty and gifts tax alone seems to be motivated by a social objective of progressive character. The budget proposals promise no relief to the hard-hit poorer and weaker sections of the community. The capitalist class will be the chief beneficiary. It may have to shoulder certain new burdens and may protest against the reimposition of expenditure tax as well as against certain modifications in estate duty, gifts tax and capital gains tax. But despite certain unpleasant thorns, the bouquet of fiscal blessings presented to them by the Finance Minister must infuse capitalists with new confidence and spirit. They could not expect a better budget even from a Government pledged to promote capitalist economy. The economic development is conceived by the Finance Minister the way capitalists would have liked it to be viewed. Development on these lines cannot lead us to democratic socialist order. It can only foster the capitalist system. With regret I have to say that the ruling

party; professions in regard to socialism stand exposed.

SHRI NAFISUL HASAN: Madam Deputy Chairman, the Finance Minister has presented what may be called a socialistic budget. I am glad and happy that he has not been swayed by cheap slogans but has faced the realities of the situation. That the Budget has been criticised with equal vehemence both by my Communist friends and by those belonging to the Swatantra Party is proof positive of the fact that our Finance Minister has adopted a golden mean.

I am very happy to find that he has made sufficient provision for incentives for augmenting production. Production being our first priority, it was absolutely necessary that steps should be taken to encourage production. The question of distribution comes later. If we fail in our attempt to produce, naturally there will be very little available for distribution. Just as he has provided incentives for production, he has also taken steps to see that the profits obtained by production are shared by the State by increasing the taxation.

Quite a large proportion of the amount has been allotted for defence. That is unavoidable in the circumstances in which we are. Although we are not actually fighting a war, there is a state of emergency and in recent times there have been incidents on our border, and quite recently the flirtations which China is having with Pakistan are increasing the danger to our border. It is high time that we must be fully prepared to defend the integrity of our country, and although there is only a slight increase in the defence budget over that of last year, I think the whole country will be prepared to budget any amount our defence requirements need.

While dealing with the question of defence, I may also refer to what

[Shri Nafisul Hasan.] happened in East Pakistan some weeks ago. It is said that the happenings in East Pakistan were due to the theft of the holy relic in Kashmir. I am not able to agree to such an argument because it was never alleged that the theft of the holy relic was committed by any Hindu or that any Hindu had anything to do with that affair. In fact, all the agitation that was conducted by the people of Kashmir showed absolute communal unity; there the Hindus, the Sikhs and the Muslims, all were united in the agitation that was conducted in respect of the theft of the holy relic. The real reason why these happenings took place in East Pakistan, to my mind, will be clear if we look to the history of the Pakistan Government during the last sixteen or seventeen years that Pakistan has been in existence. We find that there has been no stable government at any time and whosoever came to power, always exploited the question of Kashmir in order to conceal his acts of commission and omission and to continue to remain in power. They always tried to excite the people, placing the question of Kashmir before them. All their governments behaved like that. They were aware that the question of Kashmir was to be taken up by the UNO. Therefore, there was a design behind what happened in East Pakistan; they wanted to prove their contention of the two-nation theory and therefore it was the Government and the press in Pakistan which incited the people of East Pakistan to take action against the minorities there. Otherwise, the theft of the holy relic has absolutely nothing to do with those happenings in East Pakistan; this incident was exploited by the leaders of Pakistan themselves.

We are faced with a very serious situation as a result of what happened in East Pakistan. There were repercussions on this side of the border also, and I am very sorry to say that on this side of the border, those persons who indulged in these things, unfortunately, played into the hands

of Pakistan because that is going to strengthen their stand on the two-nation theory. I am ashamed to speak about what happened on this side because it supports the contention that we are not one nation; otherwise, there was no occasion that there should be repercussions on this side of the country to what happened in East Pakistan. There was, however, a difference. There was connivance there on the part of the Government in Pakistan; they were helping; they were inciting. But on this side, I am happy to note, the trouble was nipped practically at the very outset. Military was called out and within two or three days, the whole thing ended. I must, in this connection, pay my humble tribute to our Home Minister for the prompt and strong action that he took in the matter and also to the Chief Minister of West Bengal. As far as I know, our brethren in Calcutta and its suburbs were mostly helping the Muslim minority there and very few people, mostly goondas, were responsible for all that had happened.

But there is one thing which, I think, I must bring to the notice of this House and that is that everyone of us, whether belonging to the majority or the minority community, must assert himself. That is what is wanted on this side. We must see that nothing of this sort happens on this side; let Pakistan do whatever it likes. They claim that they are the champions of the minorities here; they claim that theirs is an Islamic State. But their actions are absolutely un-Islamic. No person in the world can forgive them. And if they had the least anxiety about the Muslims in this country, their actions would have been different. It is they who are responsible for the trouble in which the minorities here sometimes find themselves. We must tell them: 'Please take your hands off us. We are quite happy where we are. We have confidence in our brethren here. If you have any sympathy with us, I please try to keep your own minority-

ties satisfied. That is all we ask you to do.

I was surprised to hear about some thought Or some consideration being paid to the question of exchange of population. I am glad that the Government dismissed it without any hesitation. To my mind, the mere thought of exchange of population is a negation of our secularism. The Muslims are as much citizens of this country as our Hindu brethren are; we are not chattels. "We refuse to be treated as such. We can never agree to any government or any person deciding that we should go to Pakistan in exchange for some persons who are coming from there. I must make it clear.

I will just mention one or two points and finish. We are at present facing high prices in the country, particularly of foodgrains. The common man is affected very hard by that. There is talk of controls. I fully remember the occasion when controls were introduced last time. In order that controls may be successful, we must have an efficient and honest administration before controls are imposed. I hope sufficient consideration will be paid to this aspect of the question. We will need a staff to enforce the controls; it being a temporary affair the staff will have to be a temporary one. As compared to the permanent staff who have a stake in the services. I think the temporary staff will be the least reliable to handle such important things as controls.

There is talk of corruption and blackmarketing also. I think our duty is to take the public with us, to educate them, not only by word but by examples. From what I have been seeing, I think no attention has been paid to this aspect. We feel no hesitation to accept invitations from those who have been indulging in blackmarketing and getting money out of corruption. There must be a social awakening. We must show by our conduct and teach the public not to respect those persons on account merely of the fact that they are rich, and unless we do it, it will not be

possible for any Government to end all these vices.

Thank you, Madam.

Sum RAMGOPAL GUPTA (Uttar Pradesh): Madam Deputy Chairman, the Budget proposal? for the year 1964-65 are paradoxical indeed. We on this side of the House are glad to see that Members of the ruling party are as critical of the proposals as we have been. Perhaps they are seeing the writing on the wall and are realising now though belated, the groanings and the sufferings of the people who are being crushed between high taxation and spiralling rise in prices. It is indeed a matter of courage that they have come out as critically as perhaps we could not be, because we would be labelled, at least my class would be labelled 'vested interests'.

PROF. M. B. LAL: They are socialists.

SHRI RAMGOPAL GUPTA: I am not afraid to say that if the fiscal policies and other policies continue unabated and the moneys realised from taxation are spent recklessly, we are heading towards doom. Our situation is fraught with serious consequences, and if the goodwill that is shown by the Government in words more than in kind are shown in kind, we can save the situation.

We are facing two enemies on our borders. Pakistan is spoiling for trouble, and we know what China did to us. Under these circumstances, the best thing for us to do is to keep a happy and contented common man who is ultimately the person who contributes towards the expenses of the Government, of the State, and who also fights on the battlefield.

While it is not possible to practically throw light on many important matters of the Budget in such a short time, I think I will be failing in my duty if I do not point out some salient points. First I will come to the indebtedness position of our country. There appears to be no ceiling to the indebtedness of the country. Debts raised inside of India on 31st March,

[Shri Ramgopal Gupta.] 1965, shall amount to Rs. 5069 crores as against Rs. 4780 crores on 31st March, 1964. Then, this year the increase will be approximately Rs. 285 crores, and per *capita* it comes to approximately Rs. 6-3. Total debts raised inside and outside India on the same date shall be to the tune of Rs. 7507-83 crores, and this will come to approximately Rs. 166-8 per capita. And this is not the end of it. There are then the debts raised by the States and the States are going to raise another Rs. 705 crores, and this will put the indebtedness at approximately Rs. 200 per capita, whether minor or major.

Added to the burden of debt are the burdens of taxation. According to the Budget for 1964-65, out of an estimated income of Rs. 1836 crores, the income from actual taxation amounts to Rs. 1360-25 crores, and this works out to Rs. 30-7 *per capita*. And the taxes levied in the States over and above the Central taxes will amount to Rs. 705 crores, making a total of about Rs. 2100 crores. Thus the *per capita* taxation in the country will be approximately Rs. 49. It may be argued by the Treasury Benches that all the burden of taxation is not on the common man. May I submit that, apart from other facts, at least two main items of Central taxes inevitably fall on each and every person. These two items are customs and excise. The total income of the Government of India in 1964-65 will be Rs. 989 crore, from these heads, and this works out to Rs. 22. Now, State taxes are not levied on any specific income group; they are distributed equally on all, and the impact of this will make the total for the common man Rs. 40 per head. It would be illogical to say that it is not a heavy burden on the people who are finding it extremely difficult to keep their body and soul together, because of the Government's failure to check the abnormal rise in prices of essential commodities and articles of daily use.

Coming to the rise in prices, the bureaucracy has its own way of calculating this rise. They have calculated that between March 1963 and January 1964 the rise in prices of commodities is to the tune of 7.5 per cent. Well, I do not know how these figures have been arrived at or this percentage has been worked out. Having found the figures from the market I can say with all confidence that this is absolutely a travesty of facts. The rise has been as under. These figures have been collected from the Kanpur—Lucknow—Allahabad—Varanasi region of Uttar Pradesh. Wheat is selling there at 1 seer 6 chataks to a rupee as against 2 seers and 4 chataks some months back. Ordinary rice is being sold at 1 seer 6 chataks as against 1 seer 12 chataks and in many places you get only 1 seer 10 chataks to a rupee. Arhar Dal has come down from 1 seer 6 chataks to 14 chataks only, while gram has come down to 1 seer 12 chataks from 2 seers 13 chataks. Well, Madam, these are the figures.

Madam, we know the sorry state of affairs in sugar distribution. Mistakes and mistakes have been made and today, in the open market, sugar is sold at Rs. 1-10 as per kilo whereas the controlled price of sugar is about Rs. 1-3 as.

SHRI LOKANATH MISRA: Probably the bureaucracy collects the rates at which the Ministers are supplied.

SHRI RAMGOPAL GUPTA: May be that these figures are obtaining in Delhi under the shadow of the Central Government. The common man is exasperated at the inefficiency of the Government in providing even the ordinary requirements of life at reasonable rates. Granting of dearness allowance will not make any big difference to the wage earner because if the price rises by about 100 per cent, and the dearness allowance rises only by 10 per cent, or 15 per cent., he is still short by 80 per cent. or 75 per cent, in his total earnings. I am afraid the situation is fraught with serious danger*;

Coming to national income, Madam, I think it is high time that we faced the facts as they are. In 1962-63, our *per capita* income was estimated at Rs. 294.7 at the 1948-49 base. This did not represent our actual national income. It included Rs. 1,020 crores spent on Government administration which is about 7 per cent, of the total national income. According to sound economics, only evaluation of production is calculated for purposes of national income, but our Government treats the salaries paid to its servants as production. Services rendered are actually included in the value of goods produced. I may be permitted to point out, Madam, that at the current or existing rate of prices, the national income is not going up; it is in fact going down. Last year, I had calculated it to be not more than Rs. 271 on the 1948-49 index. In view of the soaring prices, I am not prepared to place it at more than Rs. 260 at present. Out of Rs. 150, the common man has to pay Rs. 48. towards taxes, that is, approximately 17 per cent. If interest on debt and other liabilities of the people of the country are calculated, this income should be reduced at least by 40 per cent.

The Budget proposals also contain certain radical measures in the nature of a substantial increase in the rate of estate duty, capital gains tax and gift tax and reduction in the base for wealth tax. These measures would inevitably result in the erosion of the capital base and thus retard the process of economic development.

The reintroduction of the expenditure tax does not seem to have any logical basis. It is indeed amazing that this tax has been reintroduced in spite of the fact that it did not bear any fruit in the past when it was discarded. The Compulsory Deposit Scheme was introduced during the period of emergency. To convert it into any annuity, payable in ten yearly instalments, does not stand to reason. I think the people are being hoaxed into wrong situations. It is in this guise

no more an emergency measure. It is being made into a permanent feature now which is against the very spirit of the Scheme when it was enunciated by the then Finance Minister, Shri Morarji Desai. It will never, for the matter of that, be helpful to the depositor. A compulsory insurance scheme, where immediate claim after death is payable, would be more welcome to a middle class salaried man than the money payable to the dependant on the expiry of ten years.

It is common knowledge that a large number of people taking insurance policies belong to the class whose income exceeds Rs. 15,000 per year. The introduction of Annuity Deposit Scheme would certainly come in the way of the people concerned to take life insurance policies. This would not only create a sense of insecurity in the minds of the dependants of these people but also retard the progress of Life Insurance Corporation which happens to be a monopoly department of the Government. In effect the Annuity Deposit Scheme would do a great deal of harm to the depositors and at the same time it would not be very much beneficial to the Government. In order to ensure the continuous progress of the life insurance scheme, the amount of the premium paid on life insurance policies should be adjusted against the annuity deposits payable by the persons concerned. This would ensure continuous flow of money to the public exchequer by means of life insurance premia and at the same time provide security to the dependants of the people concerned.

Madam, next I come to the civil expenditure. The other day the Finance Minister, Shri Krishnamaehari, explained the steep increase of Rs. 191 crores in civil expenditure. He has explained the increase of Rs. 62 crores on account of substantial items matched by a corresponding increase in revenue receipts. That means that whatever revenue receipts are being received under this head are being spent on revenue expenditure. Then,

there is an. increase of Rs. 53 crores on account of grants to States and Rs. 36 crores for servicing of public debt. I appreciate that public debts have got to be serviced, otherwise our very stature as a paying country will suffer. I also welcome the increase of Rs. 10 crores to cover payment of increased dearness allowance to low-paid employees, and Rs. 18 crores as grants to States for social benefits. But I am not convince^ about the sums of Rs. 53 crores and Rs. 62 crores.

4 P.M.

I still feel that under the careful pruning by Shri T. T. Krishnamachari this steep rise in expenditure could have been appreciably curtailed. Naturally if the people pay taxes, they have a right to demand that the money is spent well and is not fettered away in schemes and in projects which are not fruitful. The Government is very anxious and rightly so, to realise the arrears of Income-tax even by coercion from the defaulters. Yet it is helping the States by giving them a long rope by not realising its dues from the States and sanctioning them still more loans. The arrears of unrealised loans from the State Governments today stand at Rs. 3,000 crores and this represents a very high amount in the total Budget of the country. It would immensely improve, I maintain, our ways and means position if this sum was realised.

Much has been made out of the little reliefs given to the common man in the shape of some reduced taxation and things like that. Yet what is its implication? There is practically no gain to him. In the present context of things, when the prices are high and a person cannot maintain his standard of life properly. . . .

SHRI LOKANATH M. ISRA: On a point of order. During the Budget discussion we expect either the Finance Minister or the Deputy Finance Minister to be present here. I want your ruling on this.

AN HON. MEMBER: There is a Minister . .

THE DEPUTY CHAIRMAN: The Deputy Finance Minister was here. I think she has gone out for a few minutes. The other day I had said that somebody from the Finance Ministry should be here also. There she has come.

SHRI RAMGOPAL GUPTA: We did anticipate that in his wisdom the Finance Minister will consider the problem of the common man and reduce . .

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI TARKESHWARI SINHA): Madam, I just went to receive a telephone call.

THE DEPUTY CHAIRMAN: I thought so. That is what I said that you would be back again.

SHRI RAMGOPAL GUPTA: I thought the Finance Minister will reduce the burden on the common man and at least the base for income-tax could have been raised to Rs. 6,000 after which taxes should have been levied. It seems that the Government at present is not interested in alleviating the sufferings of the people but only in collecting taxes and paying the salaries to its staff. Much of our money is being frittered away in the name of social welfare and social security services but no step is being taken to enquire from the States what they are doing with the money that is allotted to them. The Mid-Term Appraisal of the Third Plan indicates that out of the provision of Rs. 103.30 lakhs under Social Welfare Programme for all the States to be spent during the three years up to 1963-64, the actual expenditure is anticipated to be only Rs. 14.10 lakhs by 31st March, 1964. It is understood that the Working Group of the Social Welfare Unit has prepared a Budget of approximately Rs. 205.92 lakhs for the Fourth Five Year Plan, but a mid-term appraisal of the situation would indicate that the money allotted to the States has been diverted to other purposes and not utilised for the purpose for which it was given to them. To quote in-

stances, Rs. 31-32 lakhs were allotted to Andhra. It spent only Rs. 1-33 lakhs in the first two years of the Third Plan. Gujarat spent only 97,000 out of Rs. 17.74 lakhs allotted to it. Kerala spent only Rs. 60,000 out of an allotment of Rs. 15.34 lakhs. Not a single pie was spent by Madhya Pradesh and Madras out of their allotments of Rs. 17.60 and Rs. 15 lakhs respectively.

SHRI AKBAR ALI KHAN (Andhra Pradesh): For what it was allotted to Andhra?

SHRI RAMGOPAL GUPTA: For social welfare. Maharashtra spent Rs. 45,000 only out of Rs. 21 lakhs. Orissa spent Rs. 75,000 out of Rs. 10 lakhs. Punjab spent Rs. 1.62 lakhs out of Rs. 15 lakhs. Rajasthan spent Rs. 45,000 out of Rs. 13.60 lakhs and Uttar Pradesh spent only Rs. 2.46 lakhs out of a total allotment of Rs. 44.70 lakhs. This state of affairs clearly reveals the utter incapacity of the State Governments to give effect to the much-publicised plans of Social Welfare, for which the Central Government collects money at the cost of the common man's family budget. My submission is that in spite of several national calamities which we have faced during the last two years, in spite of the failure of the Government to control the rising prices, in spite of the fact that everybody in this country is getting poorer and poorer day by day, the Government has failed to put any effective control on the wastage of expenses and on the misuse of allotted money. It is guilty of mismanaging the financial and economic affairs of the country, and unless it is made to feel that wasteful expenditure and inefficient administration are not going to be tolerated, there would be no end to the hardship to the common man. It is indeed a very sorry and sad state of affairs that the sum of Rs. 103 crores allotted to Defence, after the setback we had on the northern frontiers, were not utilised last year. There can be no possible explanation in the face of the gravity, in the face of the situation as it is obtaining in the

country and when we are beset on all sides by enemies, if this big sum is not utilised, it will create a big dent in the total defence efforts of the country, and I feel that hon. Members will agree with me that it is a very sorry state of affairs in the overall set-up of the Defence Department of this country.

We have demonstrated to the Government and to the world outside that in the face of danger, we were one people and if ever a situation arises, which we may have to face at any time, it will again be demonstrated by the people in this country that they are one people, but certainly they deserve a better treatment at the hands of the Government in which it had reposed confidence and has entrusted its destinies to it, and let posterity not say that the Government failed the people at the time of its crisis and at the hour of its difficulties. Thank you.

श्रीमती शाहदा भागंब (राजस्थान) :

माननीया उपसभापति महोदया, वित्त मंत्री जी ने जो बजट हमारी संसद में उपस्थित किया है वह मेरी समझ में समाजवादी आधार पर है। इसके जो आंकड़े हैं उस पर मैं डिटेल में जाना नहीं चाहती क्योंकि रुपया किस में ज्यादा दिया है किस में कम दिया है, यह मैं बहुत बड़ी बात नहीं मानती हूं। मैं बहुत बड़ी बात यह मानती हूं कि उसका उपयोग देश के आर्थिक उत्थान के लिए सही होता है या नहीं।

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.]

देश में, आपको मालूम है कि तीन बड़ी भारी बीमारियां फैल रही हैं—गरीबी, महंगाई और भ्रष्टाचार। ये तीन बीमारियां जब तक नहीं जाती हैं तब तक चाहे आप घाटे का बजट बनाएं, चाहे आप बड़े बड़े आंकड़े बनाएं, चाहे आप कितने ही टैक्स लगाएं या कम करें, देश का उत्थान होने वाला नहीं। इसलिए मेरी विनय यह है कि बजट के आंकड़ों पर न जाकर उनके उद्देश्यों पर विचार करें

[श्रीमती शारदा भार्गव]

कि उद्देश्य की पूर्ति होती है या नहीं। मैं समझती हूँ कि देश की इन तीन बीमारियों को दूर करने की जड़मूल औषधि दो ही हैं, एक तो शिक्षाक्षेत्र में नैतिक उन्नति और दूसरे जनसंख्या की बढ़ोतरी में कमी। ये दो चीजें ऐसी हैं जिन पर अगर हम कसेट्टे करें तो मैं समझती हूँ कि ये तीन बीमारियाँ हमारे देश से जा सकती हैं।

सब से पहले मैं धन्यवाद दूँ, चाहे शिक्षा मंत्री को, चाहे वित्त मंत्री को, कि स्कूल पर स्कूल खुल रहे हैं, कालेज पर कालेज खुल रहे हैं, यूनीवर्सिटी पर यूनीवर्सिटियाँ बन रही हैं। मगर क्या हम यह कह सकते हैं कि ये सब स्कूल, कालेज और यूनीवर्सिटियाँ जिस काम के लिये बनी हैं उस उद्देश्य की पूर्ति हो रही है। मैं मानती हूँ कि शिक्षा में हम केवल पढ़ना लिखना सिखा रहे हैं। मैं यह भी मानती हूँ कि डिग्री होल्डर्स दिन पर दिन बढ़ते जा रहे हैं। पर मुझे अफसोस के साथ कहना पड़ता है कि यूनीवर्सिटियों की हालत, सब का तो मुझे मालूम नहीं, लेकिन कुछ यूनीवर्सिटियों में अगर आप देखें तो आपको आश्चर्य होगा कि वहाँ शिक्षा का कार्य किस प्रकार हो रहा है। मैं आपको बताती हूँ कि मैं अपने नए शिक्षा मंत्री जी बहुत सहमत हूँ और उन्होंने जो एक नया कदम बढ़ाने की कोशिश की है वह यह है कि शिक्षा को कान्क्रेट सबजेक्ट बना दिया जाय। मैंने एक दिन उनसे पूछा कि कान्क्रेट सबजेक्ट से आपका क्या मतलब है? मुझे ऐसा समझ पड़ा कि सभी क्षेत्र में स्टेड्स का भी हाथ रहेगा और केन्द्र का भी रहेगा। मैं आपको एक सुझाव देना चाहती हूँ और वह यह है कि इसका कान्क्रेट सबजेक्ट बनाकर उनका होरीजेंटल डिबीजेंट कर देना चाहिए। यानी शिक्षा को दो भागों में विभाजित कर देना चाहिए, एक तो सेकिन्डरी एजुकेशन और दूसरा हायर एजुकेशन। सेकिन्डरी एजुकेशन स्टेड्स को दे देना चाहिए इसमें स्टेड्स ही

सारा रुपया खर्च करें और उसमें कन्सेंट्रेट करके उनकी उन्नति का प्रयत्न करें। मैं यह भी मानती हूँ कि अगर सेकिन्डरी एजुकेशन के बारे में केन्द्र हस्तक्षेप नहीं करेगा तो भी काम चल जाएगा। मगर जहाँ तक हायर तथा यूनीवर्सिटी एजुकेशन की बात है, मेरा सुझाव यह है कि स्टेड्स के हाथ में इसका बिल-कुल कन्ट्रोल नहीं होना चाहिए क्योंकि स्टेड्स के हाथ में कन्ट्रोल होने से यूनीवर्सिटीज में राजनीति बढ़ती चली जा रही है। अतएव केन्द्र को हायर शिक्षा तथा यूनीवर्सिटीज को पूरी तरह से अपने कन्ट्रोल में ले लेना चाहिए और हायर एजुकेशन एवं यूनीवर्सिटी स्टेज तक की शिक्षा के बारे में एक नेशनल प्रणाली बनानी चाहिए ताकि एक स्टेड से दूसरे स्टेड में विद्यार्थी तथा अध्यापक जावें तो उन्हें कोई दिक्कत न पड़े।

شری این - ایم - انور (مدراس) :

کہا آپ الیمینٹری ایجوکیشن کو بھی نیشنل لیول پر لانا چاہتی ہیں - ؟

†[श्री एन० एम० अनवर (मद्रास) :

क्या आप एलीमेंटरी एजुकेशन को भी नेशनल लेवल पर लाना चाहती हैं?]

श्रीमती शारदा भार्गव : सेकिन्डरी तक शिक्षा स्टेड्स में चली जाय मगर हायर सेकिन्डरी एजुकेशन को बिल्कुल स्टेड्स के हाथ में नहीं रहने देना चाहिए। अभी भी ज्यादा रुपया इस उच्च शिक्षा के लिए सेंटर से ही मिलता है मगर सेंटर का प्रबन्ध में कोई हाथ नहीं होता है। मुझे कुछ ऐसा ख्याल है कि ६-७ महीने हुए जब मैंने एक प्रश्न पूछा था। यह हमारे पुराने शिक्षा मंत्री जी से राज्य सभा में पूछा गया था कुछ यूनीवर्सिटीज के बारे में, तब उन्होंने सीधा सा जवाब दे दिया था कि इसमें हमारा कोई अधिकार नहीं है। मगर मैं आप से यह निवेदन करना चाहती हूँ कि इसे कान्क्रेट सबजेक्ट बनाने के बावजूद भी अगर केन्द्र हायर एजुकेशन को पूरी तरह से अपने

हाथ में नहीं लेगा तो उसका भविष्य मुझे अच्छा नहीं दिखाई देता है। मैं यह बात अपने अनुभव से कह सकती हूँ। राजस्थान यूनिवर्सिटी को बने हुए करीब १६-१७ साल हुए हैं और मैं उसकी प्रारम्भ से ही सिनेट की सदस्य रही हूँ। मैं सन् १९५२ से यानी १३-१४ साल से उसकी सिन्डिकेट अर्थात् कार्यकारिणी की सदस्य हूँ। मैं देखती आ रही हूँ और मुझे बड़ा अफसोस होता है, आप भी सुनेंगे तो दांतों तले उंगली दबायेंगे कि कुछ वर्षों से किन तरह का वातावरण वहाँ पर है और किस तरह से वहाँ पर टीचर्स भयभीत हैं। इनका कारण मैं आपको बतलाना चाहती हूँ। १२ वर्ष तक जो पहले वाइस चान्सलर थे वे एजुकेशनलिस्ट थे, शिक्षा को समझते थे अतः काम सुचारु रूप से चला। मगर चार वर्ष से जो वाइस चान्सलर आए हैं वे शिक्षा को बिल्कुल ही नहीं समझते हैं वह राजनीतिज्ञ रहे हैं डिप्लोमेट रहे हैं और उन्होंने यूनिवर्सिटी में भी पूरी तरह से राजनीति फैला दी है, ग्रुप पैदा कर दिए हैं।

उपसभाध्यक्ष (श्री अकबर अली खान) : आपको यह मामला राजस्थान असेम्बली में उठाना चाहिए था।

श्रीमती शारदा भार्गव : मगर मैं कांफरेन्स सबजेक्ट के बारे में कह रही हूँ। मेरी इस बारे में शिक्षा मंत्री जी से बातचीत हुई थी और उन्होंने कहा कि अगर डिपेल में आप बतलायेंगे तो मैं कुछ कर सकूंगा और इस एज्योरेंस पर मैं यह बात वहाँ पर कह रही हूँ।

उपसभाध्यक्ष (श्री अकबर अली खान) : आप उनको लिखकर क्यों नहीं भेजते ?

श्रीमती शारदा भार्गव : अगर वे मेरे लिख कर देने से कुछ कर सकते हैं तो यहाँ पर मेरे कहने पर भी कर सकते हैं। उन्होंने कहा था कि अगर आप इसके बारे में बतलायेंगे तो मैं कुछ कर सकूंगा, इसीलिए मैं यह बात यहाँ

पर कह रही हूँ। अगर लिखकर भेजने से कुछ हो सकता है तो वहाँ यहाँ पर बताने पर भी हो सकता है। राजस्थान में यूनिवर्सिटी में जिस तरह की पोलिटिक्स चल रही है वह मैं आपको बतलाना चाहती हूँ। मैं यह कह रही थी कि वहाँ पर इस समय जो वातावरण है उससे शिक्षा बिल्कुल खत्म हो चुकी है और वहाँ पर ग्रुप्स बन रहे हैं। जब से नए वाइस चान्सलर आये हैं तब से वहाँ पर ग्रुप्स शुरू हो गये हैं, आते ही उन्होंने यूनिवर्सिटी ऐक्ट को ताक में उठाकर रख दिया है तथा मनमानी करना शुरू कर दिया है। राजस्थान यूनिवर्सिटी ऐक्ट के अनुसार सिन्डिकेट यानी कार्यकारिणी ही यूनिवर्सिटी की सावरन आथारिटी है और उसको ही सब एप्पाइन्टमेंट करने का अधिकार है। मैं आपको बतलाना चाहती हूँ कि दो वर्ष तक सिन्डिकेट वाइस चान्सलर साहब को मनमानी कार्यवाहियों का विरोध करने के बाद भी उनकी बात मानती रही मगर दो वर्ष बाद तो उन्होंने बहुत से सौनियर प्रोफेसरों की नियुक्ति भी अपने आप करना शुरू कर दिया। तो सिन्डिकेट इनकी इस हाई हेंडनेस को बर्दाश्त नहीं कर सकी। मैं आपको पढ़ कर सुनाती हूँ कि यूनिवर्सिटी ऐक्ट के अनुसार प्रोफेसरों का सेलैक्शन कैसे होता है। ऐक्ट में लिखा है :-

"No person shall be appointed as a university teacher except on the recommendation of a Committee of Selection constituted for the purpose.

The Selection Committee shall consist of the following members:

The Vice-Chancellor—Chairman, The Dean of the Faculty concerned, One Member of the Syndicate selected by the Syndicate, Two persons possessing special knowledge of the subject concerned, appointed by the Chancellor on the recommendation of the Syndicate".

[श्रीमती शारदा भार्गव]

यह जो नये वाइस चान्सलर आये हैं उन्होंने कुछ लोगों को वादा कर दिया था कि हम आपको प्रोफेसर बनायेंगे। शायद उन्होंने सोचा होगा कि अगर सिन्डीकेट एक्सपर्ट के नाम रिकमेन्ड होकर आये तो पता नहीं कौन से नाम रिकमेन्ड हो जायें और उन के आदमियों को वह एक्सपर्ट स्लेक्ट करें या नहीं।

SHRI P. N. SAPRU: On a point to order. The hon. Lady Member is speaking with special reference to some State matter. Are we concerned with State matters here?

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You are right, Mr. Sapru. I have already pointed it out.

SHRIMATI SHARDA BHARGAVA: YOU have pointed it out, Sir, but I am still maintaining that when the money comes from the Centre, we the Parliament and the Central Government should have some check on these matters.

SHRI P. N. SAPRU: But only in a general way can these be referred to.

SHRIMATI SHARDA BHARGAVA: But during the Budget discussions, I think we can say if there is any difficulty anywhere.

SHRI P. N. SAPRU: It is not open to us in any way to do much.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You may not go into the details.

SHRIMATI SHARDA BHARGAVA: No, I am not going into details. If I were to go into details, I could speak for five hours.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You have only fifteen minutes and that is why I am telling you. Of course, you can dispose of that time as you like.

SHRIMATI SHARDA BHARGAVA: All right. I will be brief.

PROP. M. B. LAL: She is trying to prove the case for putting Education in the Concurrent List.

श्रीमती शारदा भार्गव : तो मैं यह कह रही थी कि हमारे वाइस चान्सलर महोदय ने ऐक्ट के विरुद्ध अपने आप एक्सपर्ट एपॉइन्ट करके और अपने आप सिन्डीकेट के मेम्बरों को नामिनेट कर के जिनका चर्चा उनका सलैक्शन किया। मैं यह बात बहुत शॉर्ट में कहूँगी। जब सिन्डीकेट में मामला आया तो सिन्डीकेट के मेम्बर तैयार नहीं हुए कि इस प्रकार अवैधानिक तरीके से प्राध्यापक की नियुक्ति की जाय नतीजा यह हुआ कि सिन्डीकेट ने कुछ मेम्बरों की एक स्कूटिनी कमेटी बनाकर जांच करवाई और उस जांच के अनुसार कुछ प्रोफेसरों की तो नियुक्ति कर दी और बाकी नामों का सलैक्शन कमेटी को पुनर्विचार के लिये वापस भेज दिया। इस पर वाइस चान्सलर साहब नाराज हो कर दिल्ली आये और दिल्ली में सेन्टर के मिनिस्टर अववा अन्य विशिष्ट व्यक्तियों से, जिनके साथ उन क बहुत पुराने तालुकात थे कुछ वायर पुलिंग कराकर राजस्थान सरकार पर जोर माला कि यूनिवर्सिटी ऐक्ट अमेन्ड होना चाहिये क्योंकि सिन्डीकेट का तथा उनका एग्जीमेट नहीं होता। फलतः बहुत जल्दी में राजस्थान असेम्बली द्वारा ऐक्ट में अमेन्डमेंट कर दिया गया जिस के द्वारा सिन्डीकेट का फारमेशन ही बदल दिया गया, इसमें बहुमत नामिनेटेड मेम्बरों का हो, ऐसा अमेन्डमेंट बिल में शामिल रख दिया गया।

उपसभाध्यक्ष (श्री अकबर अली खान) : यह कब हुआ ?

श्रीमती शारदा भार्गव : यह १९६२ में हुआ।

उपसभाध्यक्ष (श्री अकबर अली खान) : तो यह दो साल पहले की बात है और आप अब कह रहे हैं।

श्रीमती शारदा भार्गव : आप कृपा करके मेरी बात सुनिये कि अब वहां पर क्या हो रहा है । ऐक्ट में संशोधन करने के बाद भी उन्होंने उस अमेन्डमेंट ऐक्ट के अनुसार सिन्डीकेट को नहीं बनाया बल्कि जल्दी से एक एंड हाक नामीनेटेड सिन्डीकेट बना दी क्योंकि वाइस चान्सलर साहब का पहला टर्म खत्म हो रहा था और पुराने ऐक्ट के अनुसार सिन्डीकेट को ही उन्हें दूसरा टर्म देने का अधिकार था । ऐक्ट में वाइस चान्सलर के नामीनेशन का तरीका भी बदल दिया और उन्हें दूसरा टर्म देने के लिए एक सिलेक्शन कमेटी बन गई क्योंकि उन्हें मालूम था कि यह सिन्डीकेट इनके काम के कारण इनको दूसरा टर्म नहीं देगा । इस तरह से सिलेक्शन कमेटी बनाकर के उसके द्वारा उनकी दुबारा नियुक्ति कर दी गई ।

इसके बाद एक रजिस्टर्ड ग्रेजुएट ने इन प्रबंधनिक कार्यवाहियों को चुनौती दी और कोर्ट में जाकर प्रार्थना की कि सिलेक्शन आफ वाइस चान्सलर और सिन्डीकेट का जो गठन हुआ है वह इल्लीगल डिक्लेयर कर दिया जाय । मंसिफ मजिस्ट्रेट कोर्ट में फैसला हुआ कि ये इल्लीगल है । इसके बाद डिस्ट्रिक्ट कोर्ट में यूनिवर्सिटी ने अपील की और उस में भी यही निर्णय हुआ कि यह बातें इल्लीगल हुई हैं । वाइस चान्सलर का जो एपाइन्टमेंट हुआ है वह इल्लीगल हुआ है और सिन्डीकेट का जो गठन हुआ है वह इल्लीगल हुआ है । जब दोनों कोर्टों से इस तरह का फैसला हुआ तो वाइस चान्सलर ने अपनी कौशिश करके एक आर्डिनेन्स जो पहले से ही तैयार करवा रखा था उसको फौरन लागू करवा दिया और इस तरह आर्डिनेन्स द्वारा वाइस चान्सलर की नियुक्ति तथा इल्लीगल सिन्डीकेट की कार्यवाही सब वैलीडेट हो गई । अब राजस्थान असेम्बली में वैलिडेटिंग बिल ऐक्ट के रूप में

स्वीकार होने के लिए पेश हुआ है । तो मैं आप से यह कहना चाहती हूँ कि मैं रजिस्टर्ड ग्रेजुएट से चुनी हुई, मिनेट तथा सिन्डीकेट की एक सदस्या हूँ और मैं जानती हूँ कि वहां पर कितने लोगों के साथ अन्याय हुआ है । आखिर वे बेचारे कहां जाय । अब इल्लीगल कार्यवाहियां सब वैलीडेट हो जायेंगी । जिन जिन को जिम जिस के ऊपर नियुक्त करना था वह कर दिया गया, जिनको प्रमोशन देना था उन्हें दे दिया गया । जिन्हें सजा देनी थी यानी जो खुशामद नहीं कर सकते थे, उन बेचारों को नीचे कर दिया गया, सब कुछ कर दिया और अब ये सब वैलीडेट हो जायेगा । यह कहां तक सहनीय हो सकता है ?

बताइये, जहां पर इस तरह का आतंक फैला हुआ हो, जहां प्रोफेसर्स न पढ़ा सकते हैं और न कुछ कर सकते हैं सिवाय इसके कि खुशामद करें और वहां यही एक काम उनकी पास रह गया हो, वहां क्या आप समझते हैं कि शिक्षा का स्तर ऊंचा हो सकता है । जैसा कि वर्तमान एजुकेशन मिनिस्टर साहब ने मुझे कहा कि "आप सब बतायें", तो मैं उन्हें और भी डिटेल् में बनाने के लिये तैयार हूँ । यहां तो अभी मैं ने शोर्ट में ही कहा है । लेकिन कम से कम वे मुझे बतायें कि वे इस संबंध में क्या करना चाहते हैं । क्या वे टीचर्स के साथ खिलवाड़ होने देना चाहते हैं या उनका कैरियर समाप्त करना चाहते हैं या विद्यार्थियों को यह सिखाना चाहते हैं कि जो उनकी मर्जी आये, वह करें, जबकि यूनीवर्सिटी का हैड एक आर्टिकेले की तरह जो मर्जी आये, करता रहे, और वहां पर जैसे कि पुलिस चल हो ? मैं समझती हूँ कि वहां यूनीवर्सिटी का न होना अच्छा है बनिश्चय इसके कि इस तरह के वातावरण में यूनीवर्सिटी रहे ।

[श्रीमती शारदा भार्गव]

अतः यदि शिक्षा को कान्फरेन्ट लिस्ट में नहीं लिया गया और कालेज एजुकेशन और हायर एजुकेशन सेंटर के अंतर्गत अगर नहीं आई तो स्टेट्स में जिस तरह की राजनीति है उसके अनुसार तो जो हमारा सारा पब्लिक जनरेशन है यानी हमारे विद्यार्थी जो आगे के नागरिक बनने वाले हैं वे यही सीखेंगे कि अपने अपने रूप बतायें, पढ़ें नहीं और पेपर्स तलाश करें। इसके अतिरिक्त अधिकतर भारत के विश्वविद्यालयों में बहुत से विद्यार्थी इसी तलाश में रहते हैं कि कौन पेपर सेंटर है, क्या पेपर है और इस तरह से सब डिग्री प्राप्त करना चाहते हैं। पढ़ाई का वातावरण कम होता जा रहा है इस पर आपको सोचना चाहिये। मैं आपसे कहूंगी कि आप रुपया चाहे जितना यूनीवर्सिटीज पर व्यय करें, उससे कुछ होने वाला नहीं है। जब शिक्षा में नैतिक सुधार होगा तभी देश का कल्याण हो सकता है। रुपया आप कम दें, या ज्यादा दें, उससे कुछ होने वाला नहीं है। यह तो मैं ने बहुत संक्षेप में शिक्षा के बारे में बताया।

दूसरी बात जो मैं कहना चाहती हूँ वह जनसंख्या की बढ़ोतरी के बारे में है
(Time bell ring)

आपने घंटी बजा दी, कोई बात नहीं है। मैं जनसंख्या की बढ़ोतरी के बारे में कह रही थी। महंगाई दिन पर दिन बढ़ रही है। हमारे यहां पर उद्योग धंधे बढ़ रहे हैं और सब चीजों में तरक्की हो रही है, मगर यह तरक्की होने के बावजूद, जनसंख्या में बढ़ोतरी होने के कारण रोज महंगाई बढ़ती जाती है। इसलिये मेरा सुझाव यह है कि फेमिली प्लानिंग के लिए कोई कानून होना चाहिये ताकि सचमुच में यह जो हम प्लानिंग करते हैं उसको हम थोड़ा जोर दे कर के कार्यान्वित कर सकें और जब हम ऐसा करेंगे तभी जनसंख्या

की बढ़ोतरी में कमी होगी, वरना यदि हमारी जनसंख्या दिन पर दिन बढ़ती रही और उसके अनुसार हमारी पैदावार नहीं बढ़ पाई तो फिर हमारे देश में गरीबी और भुखमरी मिटने वाली नहीं है चाहे आप जितना बड़ा बजट बनायें और चाहे जितनी आप टैक्स लगायें।

प्रो० मुकुट बिहारी लाल : माननीय सदस्या की बात से तो ऐसा पता लगता है कि राजस्वान विश्वविद्यालय के नियमों में जो परिवर्तन हुआ है उस में केन्द्र के शिक्षा मंत्री का भी हाथ था। अगर यह बात सच है तब शिक्षा को कान्फरेन्ट सब्जेक्ट बना देने से यह कठिनाई कैसे दूर हो जायेगी, यह मेरी समझ में नहीं आता।

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Professor Saheb, that Minister is not here. So, it is not right for us to say anything about the Minister.

PROF. M. B. LAL: I am only saying this . . .

SHRI A. M. TARIQ: The Central Education Minister?

PROF. M. B. LAL: That is what she says.

SHRI A. M. TARIQ: Does he mean the present Central Minister for Education or the ex-Minister?

SHRIMATI SHARDA BHARGAVA: I am not referring to the present Minister.

प्रो० मुकुट बिहारी लाल : मैं आपसे अर्ज करना चाहता हूँ कि सवाल प्रेजेंट और पास्ट एजुकेशन मिनिस्टर का नहीं है। सवाल यूनिवर्स एजुकेशन मिनिस्टर का है।

SHRIMATI SHARDA BHARGAVA: If it is a question of . . .

(Shri A. M. Tariq stood up)

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Shrimati Bhar-gava is on her legs.

SHRI A. M. TARIQ: Before she explains her position, I would like to say that if it is a question of the ex-Education Minister who unfortunately himself has become a Vice-Chancellor, we cannot discuss the question but if it is a question of the present Education Minister, we can discuss this.

SHRI.MATI SHARDA BHARGAVA: He has not yet become the Vice-Chancellor.

मैं माननीय सदस्य के प्रश्न का जवाब देना चाहती हूँ और वह यह है कि अगर मंडल मिनिसटर का थोड़ा हाथ है तो भी राज-स्थान की असेम्बली में बिल पान हुआ है एक व्यक्ति को वाइसचान्सलर का दूसरा टर्म देने के लिये। जब आप सभी यूनीवर्सिटियों को कान्फेरेंट लिस्ट में लेकर के हायर एजुकेशन की ग्युपानिविलिटी सेंटर पर ले लेंगे तब ऐसा नहीं होगा कि एक यूनीवर्सिटी के एक व्यक्ति के लिये ऐसा किया जाय। बिल का पास होना, कोर्ट में डिमिशन होना और फिर उसको वैलिडेट करना, यह सब स्टेट में हुआ है, सेंटर में नहीं हुआ है। और न ऐसा मंडल गवर्नमेंट या पार्लियामेंट होने ही देगी। यह मेरा दृढ़ मन है।

SHRI SANTOSH KUMAR BASU: Mr. Vice-Chairman, on the last day and almost at the last moment of my attendance in this august Assembly, I welcome this opportunity of making a few general observations on the Budget proposals which have been placed before us.

The Finance Minister, to my mind, has produced a Budget which is based on sound economic principles and a clear conception of the needs of our expanding¹ economy against the dark background of our defence requirements. He has drawn the attention of 34 RSD—6

the House to the painful necessity of making large provisions in our defence Budget. He has also recalled that for security reasons Parliament voted the necessary funds in the current year's Budget without asking for the usual details. The Defence Estimates, now placed before this House, have disclosed a major shortfall in capital expenditure to the tune of forty-three crores of rupees mainly due to less expenditure on capital works and on the establishment of new factories. There might have been good reasons for such non-performance, but the very heavy taxation proposals in the current year's Budget must have been largely influenced by these estimates of capital expenditure which did not ultimately materialise. The Defence Ministry should have been careful about such overbudgeting particularly when Parliament voted blindfold with regard to the details of Defence expenditure.

A welcome change has been introduced in the present Budget owing to the decision to disclose details which would enable Parliament to scrutinise more fully the expenditure that is estimated. The other shortfalls relate to Hindustan Steel—nineteen crores of rupees, Atomic Energy establishment—eleven crores of rupees, and food purchases amounting to fourteen crores of rupees. Thus, the savings on these heads have been an advantage in framing the present Budget but the last year's Budget none the less suffered from faulty budgeting due to lack of sufficient foresight on the part of the spending Ministries which unnecessarily added to the tremendous tax burden in last year's budget. One can only hope that such a situation will not arise in the coming year.

Emphasis on the rise in the price level is an outstanding feature of the Finance Minister's speech. He has rightly traced it to the • inadequate growth in agriculture. He has referred to certain steps which are under contemplation, particularly to the Package Programme and other measures to be adopted in the Ministry

[Shri Santosh Kumar Basu.] of Food and Agriculture. But all these may go the same way as the other efforts in the past if the same lack of appreciation of the seriousness and urgency of the problem persists in the future. In the democratic set-up in the States where importance of portfolios is determined by the extent or power and authority which goes with them, the portfolios of agriculture has often been treated as one of the less important members of the Cabinet family. Knowledge of the main material requirements for agricultural production has never been wanting, such as irrigation, fertilisers, credit facilities, price support and such other incentives. But dynamism, initiative and drive which are essential for agricultural planning and execution of the plans on a war footing to rescue the country from poverty, misery and squalor have been singularly lacking at the ministerial level and at the level of the bureaucratic personnel working under it. I should suggest that in every State, the Chief Minister should be in charge of the portfolio of agriculture so as to invest it with the necessary prestige and importance. He should be the effective medium of contact with the union Ministry of Food and Agriculture not merely as the Head of the State Government but also as the actual working Minister in this most important field.

In the pre-independence days the British looked upon India as a purely agricultural country for the fulfilment of their own colonial purposes. After independence the swing of the pendulum has ushered in an industrial era and agriculture has been relegated to a back seat. The large-scale imports from overseas of wheat and wheat products have also contributed to a sense of complacency and a regrettable lack of the sense of urgency. The fact has been lost sight of that the emergency may not always be confined to our inland borders as was our terrible experience during the two world wars. Appalling shortages of rice often bring about near-famine

conditions in West Bengal and the sense of complacency receives occasional jolts. But there has never been a revolutionary approach to the problem, which alone can save the country in the matter of agricultural production and enable it to rise above the vagaries of Nature and Lethargy and corruption in man. One can only hope that the lead given by the Finance Minister will result in a real awakening to the needs of the situation and permanent results will be achieved not merely in self-sufficiency but also in an exportable surplus of a sizeable and substantial extent. That should be the goal of our agricultural policy to be realised in the not distant future.

The Finance Minister has also raised a note of warning in respect of foreign assistance for the development of industries, when he says that it is important that we should devote increasing attention to the objective of reducing our requirements of such aid and that we can do so by reducing the level of our imports. He has indicated the extent to which such reduction in imports can be carried out without detriment to other aspects of our economy. While we should not allow restriction of imports to result in idle capacity in industry, we must not forget that the phenomenal growth in the manufacture of all kinds of consumer and industrial goods in this country has been largely due to the restriction on imports which has been a welcome feature of our economy. Necessity is the mother of invention; this was an inspiring slogan in our younger days during the Swadeshi movement in Bengal and it is as true today as it was at the beginning of the century.

The Finance Minister has done well in drawing attention to the need for earning better returns from investments in the public sector. Ideological softness should not make us forget, as has been pointed out by the Finance Minister, that many of the public sec-

tor projects are lagging behind the schedule of their construction, and what is more disappointing is that their contribution to our resources is nowhere near the Plan estimates. Prof. Galbraith, I remember, emphasised some years ago within the bounds of his diplomatic limitations that public undertakings must be self-sufficient in every respect, earning profits, building up reserves and contributing its quota to the national exchequer. It is in the light of this unhappy experience that the well-meant demand for nationalisation of our financial and industrial institutions has to be judged. Democratic socialism is hundred times more difficult to achieve than totalitarian socialism. It will have to be achieved by imbibing in our people a sense of duty, devotion and integrity and an overwhelming sense of responsibility for doing the job which in a totalitarian society can be achieved in actual result, by short-cut methods not available to democracy. Let Us therefore prepare the people to shoulder that great burden of duty and responsibility so that the nationalised public sector with a weak and unsound base may not itself be an unbearable burden on the national economy.

Coming now to the question of the private sector, I welcome the decision to appoint a Commission under the Commissions of Inquiry Act to investigate into the existence and growth of monopolies and concentration of wealth. While these have been growing in recent years, their nature, extent, method and incidence will, among other things, have to be investigated and ascertained before effective and far-reaching remedies could be devised and put into operation by way of legislation and action. It should be remembered that any action will have to be taken within the framework of the Constitution which has made ample provision for the protection of private rights and property. At the same time, the purpose of the enquiry should not be allowed to be defeated by dilatory methods and other devices as has been the experience in 'the past.

Coming now to the question of tax evasion and avoidance, I am <*lad that measures have been provided for tackling this evil. Minimum punishment is not unknown to the Indian Penal Code. Social crimes have to be put down in the most effective manner by placing the necessary legislation on the Statute Book.

Before passing on to my concluding remarks, I would like to say that it is a matter of gratification that there has been a substantial rise in income from small savings upon which, in my observations on the Budget in 1962, I had laid very special emphasis.

There is one item in the taxation proposals to which I shall make a brief reference because, to my mind, adequate attention has not been paid to some relevant aspects of this matter. I refer to the lowest limit of unearned income on which a surcharge on income-tax has been proposed and that limit has been fixed at Rs. 10,000. A surcharge of 12½ per cent, on the assessed income-tax on that amount has been levied. Now take an annual house rent of Rs. 10,000 in a large city. It works out at Rs. 800 and odd per month. Deducting from that the heavy municipal taxes and the assessed income-tax, the real income will come to about Rs. 600 or less on which a surcharge of 12½ per cent, on the income-tax has to be paid. Although technically it may be unearned income, the house let out on rent very often represents the proceeds of a life's savings of a middle class professional man or the Provident Fund accumulations or the commuted pension of a Class II employee. It may be his only income in his retirement for the maintenance of his family in these hard days. I would therefore plead with the Finance Minister to raise the lower limit from Rs. 10,000 to Rs. 20 000. It would be more consistent with the socialist idea] of protecting the lower middle class from privation and want.

SHRI P. ABRAHAM (Pondicherry): Mr. Vice-Chairman, I am grateful to you for giving me this maiden

[Shri P. Abraham.] opportunity to associate myself with the discussions on the Budget proposals. I hope the House will give me indulgence, a Member from Pondicherry, for my speaking in inadequate and halting English. Unfortunately for me, French is not recognised in our Constitution.

On this first occasion given to me to say a few words in this august House, as the first representative from the Union territory of Pondicherry, *de prime abord* I wish to convey to this House the wholehearted goodwill of the people of Pondicherry, their full assurance to preserve the unity of our nation and their willing co-operation in the stupendous task of building a socialistic welfare State in the country.

SHRI EBRAHIM SULAIMAN SAIT (Kerala): Excellent. Mr. Abraham!

Sum P. ABRAHAM: I am very much encouraged.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): No interruptions please.

SHRI P. ABRAHAM: Sir, the Budget proposals presented by our hon. Finance Minister are, I may say, realistic, bold and they deserve the support of the country. The Finance Minister has done well in creating liberal conditions for investment of foreign capital. Certainly, without finances and increased investment, there cannot be proper growth of industrialisation.

The relief afforded to the low income group has certainly been generally appreciated. However, the middle income group earning between Rs. 5,000 and Rs. 15,000 have been hit harder now than when they were paying under the Compulsory Deposit Scheme. There seems to be a lacuna in the proposals regarding this group. This may be considered in a sympathetic way.

The proposals to spread out the incidence of gift tax and estate duty

are definitely steps towards ushering in a socialistic pattern.

The Budget proposals are very silent regarding the high prices of commodities. I regret to say that none of the three Plans has been able to achieve the desired results as the prices of necessities of daily life are going on increasing considerably. This is, of course, everyone's feeling in the country today. Our whole planning will be disturbed and defeated if the Government fails to check the ever-growing prices of essential commodities.

There is also shortage in agricultural production. Here I want to say that there is no co-ordination between the Ministries of Food and Agriculture, Community Development and Irrigation and Power. I think there was a proposal last year by our Prime Minister to co-ordinate the activities of all these Ministries through one Cabinet Minister. This may be implemented early for a steady increase in agricultural production. Agriculture, which constitutes more than 70 per cent, of our economy, must be given proper encouragement by the Government. I think the Finance Minister may give incentives to the farmers to increase food production by way of abolishing the duty on inferior kerosene oil used by farmers and giving them interest-free loans for purchasing pumps, tractors, diesel oil, etc.

Now, Sir, our country is faced with the greatest danger to its freedom from two treacherous neighbours, China and Pakistan. The Government must take immediate and stern steps to drive away the Chinese from the Indian soil. Otherwise, the present occupation will become permanent, like the cease-fire line in Kashmir. Pakistan, apart from the innumerable hardships and afflictions caused to us, now is bent upon driving away the innocent Christian population out of their territory. As a Christian I feel that the Government has not been able to use these atrocities to expose Pakistan in all the Christian countries. I regret to

say that there is something woefully lacking in our publicity machinery, has not properly utilised this occasion. In view of the present ion in our country created by China and Pakistan and also the fact that the Government is committed to raising the standard of living of our people. I think we should not grudge it even if there is any slight burden in the Budget proposals.

Sir, I have followed with interest the very sincere effort of our Home Minister, who has made *iii d'honneur* to find out some efficient agency to root out corruption and affect administrative reforms to secure redress of the grievances of the public. The Government has now *set* up a Vigilance Commission. We also hear that a separate machinery, which is being studied by the Department of Administrative Reforms, is to deal with the grievances of the public. In this connection, I want to state that in our territory in Pondicherry there exists an institution similar to the Ombudsman or the Vigilance Commissioner—"The Procurator-General".

SHRI N. M. ANWAR: An excellent proposal.

SHTU P. ABRAHAM: I am highly encouraged when the brilliant and popular orator, Mr. Anwar, applauds *me*

THE VICE-CHAIRMAN (SHRI AKBAB ALI KHAN): Please carry on.

1 P. ABRAHAM: This institution which is the only one of its kind in India, has recently attracted the attention of the All India Law Conference. I would like the Government to study the unique work of this system of Ombudsman, which has very successfully achieved good results in our territory for the last two *11*ies.

Now, Sir, this being my maiden speech, I feel it is my duty to seize this opportunity to concentrate on certain pressing problems relating to constituency, to my territory and

on which my endeavour shall be also to solicit the special attention of this House and of the Government. The Union territory of Pondicherry is, as you are well aware, within the purview of the Central Government and, therefore, of this House. Our territory has been granted the privilege¹ of a separate status. But the transfer and the transition from one pattern of rules of conduct to an entirely different one brought in its wake new problems in this infant State.

First is the introduction of the Madras Government scales of pay to the Government servants in Pondicherry. The public at large and particularly the Government servants who were used to high French scales of pay, are very much exercised over this problem which has been agitating their minds since the *de jacto* transfer in 1954. In this connection, I have to state that as it is in Pondicherry, there are three clear-cut categories of Government employees:

- fa) Those who are continuing in their old ex-French high scales of pay;
- (b) Those who are getting Central Government scales of pay in various Central Departments newly introduced; and
- (c) The unfortunate new entrants after the merger, who are affected by the introduction of the *new* low scale of pay, without any corresponding house rent and city compensatory allowances.

I have to mention here that before the merger, Pondicherry was a free port and the cost of living was much lower than that of any part of India. At that time, there existed a scale of pay higher than any prevailing in other parts of this land. But after the merger, immediately when the cost of living shot up higher than in the neighbouring States, it is strange to see the introduction of a low scale of pay, creating heart-burning and hardship among the public and particularly among the new entrants when

[Shri P. Abraham.] they see that they suffer in comparison with other ex-French staff and Central Government employees in their better scales of pay.

It is understood that the Central scale of pay has been introduced in other Union territories like Goa, presumably for the reason that the scale of pay under the Portuguese regime was very high. The same arguments, political as well as moral, can certainly hold good for Pondicherry also. But downgrading to a very low scale of pay, since the merger, is quite unjustifiable. I hope the Government will see to it that the scale of pay of the new Government employees after merger in 1954 at Pondicherry is brought at least on par with the Central Government scales of pay, of course, lowering in no way the status of the posts.

Further, there is another unlucky category of temporary ex-French employees who continue to be at the base itself of their French scales of pay. Even after having put in over fifteen years of service, they are still not confirmed and they have not been allowed their yearly increments on the ground that their pay range is higher. I hope the Government will expedite their confirmation in their cadre, granting them the arrears of increment due to them.

Another last and important point in regard to which I would like to invite the attention of the Government is the economic aspect of the territory. Before the merger, in Pondicherry, which was a free port, there were practically no industries at all, except three textile mills. The main occupation of the middle class was only import trade on a very large scale. The necessity for improving its own industries, therefore, never arose, nor was it cared for by the then French Government. But after merger, all the import control regulations being expended to that territory, the volume of import trade has been reduced to the irreducible minimum. The Government did its best by way of directing the traders in the industrial line.

But the few small industries which came into existence after the merger are already in jeopardy due to lack of raw materials and shortage of foreign exchange.

I would submit that the only way by which to help the people, who have been deprived of their very large scale of foreign trade, is to divert them to new industries giving them all practicable attraction possible. I would like that the hire purchase scheme of the National Small-scale Industries Corporation should be extended immediately to that territory. I would like that the Government should give special attention in allotting raw materials and foreign exchange for the improvement of the nascent industries of our newly born Union Territory.

I do not find in the budget proposals any new allocations being made for any public sector project in Pondicherry. There were many proposals from the Pondicherry Administration about projects in the public sector, particularly about the fertiliser plant. I urge upon the Government to implement the same as early as possible to help the economic development of the territory.

Sir, notwithstanding all that I have said and all the grievances I have dwelt upon, I should in fairness submit that a lot has been done by the Government of India to make Pondicherry a welfare State. In education, in health, and in many other social spheres, effective steps have been taken and we are grateful for the same. But unless the problems I have touched upon are looked into and set right, it is bound to cause unhappiness. I would, therefore, request the Government of India through you Sir, to take early steps in the matter.

I thank you again, Mr. Vice-Chairman, for the opportunity given to me to participate in the debate.

SHRI T. S. PATTABIRAMAKI (Mndras):
Mr. Vice-Chairman, I would be adding one more feather

the cap of the Finance Minister if T i were to pay my tribute to him for his budget. Already right from every corner of the country people, except a handful, have been paying tribute to the Finance Minister for the most realistic budget of this decade.

Sir, it is rather gratifying to note that he has taken very important note of the need for incentives to develop the trade and industries of this country. His recent announcement of concessions for incentives for the newly started industries will * greatly improve our industrial output, and not only bigger enterprises and large-scale enterprises will be benefited but also the small-scale and medium-scale industries will be benefited, and I hope that there will be great encouragement in that sector. With the rising tempo of development of industries in this country, we hope that the standard of living will go up and that it will also be possible for us to export more and earn valuable foreign exchange.

One most disturbing feature of this year's Budget is the lack of any reference to the rising cost of living. Sir, it is a very dangerous trend which has been taking place in this country, and everybody knows that the prices are going up so fast, are going up in such a speedy way that an economic crisis is not being ruled out by many experts. I do not want to be unduly pessimistic, but I am very happy that the Finance Minister in his reply in the Lok Sabha has taken note of it and I am sure he will take very strong measures to peg down the prices at a very reasonable level. In this respect, he has mentioned that he will have to resort to controls and to controlled economy. I am very doubtful whether this alone will be enough to curb the upward tendency and peg down the prices at a reasonable level.

The Finance Minister, while speaking at Bhubaneswar, was referring to the existence of undisclosed money or that which has not been brought to

account, and he mentioned it to be roughly about Rs. 1,000 crores or Rs. 1,500 crores. Today this money is circulating in the economy of the country, these Rs. 1,000 crores or Rs. 1,500 crores are circulating in the country along with the Reserve Bank's note circulation, and that has created a lot of inflation. Unless we take enough, important and very radical steps to bring all the unaccounted money to account, it will not be possible for us to control the prices appreciably.

Sir, controls on foodgrains and other things may work well, but I am doubtful whether in this democratic country of ours, we can assume enough powers to curb completely anti-social activities when controls are introduced. So, it is absolutely necessary, if the prices are to be controlled and kept at a reasonable level, that the unaccounted money of Rs. 1,500 crores or so should be brought to account and should be eliminated completely from circulating in this country. The situation is serious and very radical remedies are called for. I want the Ministry to consider whether demonetisation of currencies of the denomination of Rs. 100 and above should not be immediately undertaken. That will enable the Government to eradicate or completely black out the circulation of money which has not been accounted for. If that is not possible, Government should consider the possibility of bringing in a legislation whereby payments involving sums of Rs. 1,000 and above should be made compulsory by means of cheques only. No payment for anything involving more than Rs. 1,000 should be made in cash and it should be made only by cheque. That will mean that all this money will have to be accounted for in the bank and we will have an effective control over the circulation of this unaccounted money. These remedies may be very radical, they may be very disturbing to many people, but sooner or later the Finance Minister will be well advised to consider these steps for implementing our most cherished

[Shri T. S. Pattabiraman.]

objective of putting out of circulation this unaccounted money.

The rising prices have resulted in one more phenomenon. We find that the Central Government servants specially have benefited to a great extent by the generosity of the Finance Minister in the past one year. I do not think that any Finance Minister in any one working year has given so many concessions to the employees as our present Finance Minister has done. I have no grudge against it, but the rising prices are not the concern only of the Government servants but also the other 99 per cent, living in this country. They should also have some share of the benefits of the Government's measures to control prices. But I am very doubtful whether giving Rs. 5 or Rs. 10 or Rs. 15 more is going to solve the problem. Actually everybody knows that the Central Government servants have been receiving very good recognition and very great benefit from the Finance Minister's budget in the last year, but we find in the papers every day that the Central Government employees are the most disgruntled persons today. They have been having meetings everywhere in the country saying that the cost of living has gone up and so they want more. So the solution is not to pay them more money but to give them social security such as free health service, free education to their children, some sort of guarantee for their future life like good pension, and so on. Unless social security is given, any amount of doling such amounts will not be of any good.

While I have no grudge against the Central Government employees receiving all these benefits, I would also say that this has put the State Governments in a most embarrassing situation. In every city there are the privileged classes of the Central Government, and the State Government servants and the local bodies's servants do not stand anywhere near them in comparison. The recent concessions announced have created

bitterness among the employees of the States, and they are nowhere near the Central Government employees in the matter of emoluments. It has created a very embarrassing situation for the State Governments, and with their limited resources they are not able to increase the emoluments of their employees, and as such the discontent is growing. The Finance Minister has unwittingly set the ball rolling and it would be for him to set it right. If he wants to satisfy the State Governments and wants to pull them out of trouble, he must also finance the extra expenditure to be incurred by the State Governments for increasing the emoluments of

their employees. Unless 5 P.M.
the Finance Minister gives

some sort of help to the States, some sort of crisis is likely to happen and it will not be in public interest to have that crisis.

We are also thankful to the Finance Minister and the Finance Ministry for abolishing the Compulsory Deposit Scheme up to Rs. 15,000. The Compulsory Deposit Scheme has been a bugbear to many persons in this country. And it is good that it is abolished realising that the prices have gone up and the medium income man should have something of his own and that he must be exempted from the Compulsory Deposit Scheme. And the country as a whole, especially the people who earn less than Rs. 15,000, are grateful to the Finance Minister for abolishing it.

But there is one anomaly. We were all expecting that the Finance Minister would order the refund of the money already deposited. As a matter of fact, many persons were waiting for this announcement so that they need not pay for the CDS at all. But disappointment was there in the Finance Minister's speech. There was actually no disappointment in the Finance Minister's speech but the Finance Ministry spokesmen created a lot of disappointment. According to them, the money to be paid is Rs. 12 crores and that it can be done only in five years. We have no objection,

but I would like to bring one hardship to the notice of the Finance Minister. Many people have paid Rs. 300 or Rs. 400, and for five years they are not going to get it, it is going to be idle. Many people may even forget and they may fail to withdraw the money from the post office or from the bank at a later time. So, I would appeal to the Finance Minister to consider whether it would not be possible for him to issue Cash Certificates or Defence Certificates or National Savings Certificates or some such bonds so that a person who has paid some amounts can receive the bond and then pledge it or mortgage it or sell it in the market and get the money-back if he wants to. But the Government's obligation to repay will come only after five years. This will greatly mitigate the hardship of many people, and I am sure that the Finance Minister will very sympathetically consider this aspect of it.

I would like to bring to the notice of the Finance Minister the great hardship that is being caused by the taxation proposals. The shifting of the incidence of taxation from cloth to yarn has resulted in great hardship to the handloom weavers in Madras and other areas. In addition to that, the Madras Government has also levied an additional sales tax of 1 per cent, on yarn and 1 per cent, on cotton, and as such, the benefits that have been enjoyed by the handloom weavers are being lost. It was this¹ Finance Minister who came to the rescue of the handloom industry about ten years back and he was the person who put it on a sound basis. But for him, the whole industry would have collapsed. It will not be the intention of the Finance Minister to harm the handloom industry by doing this.

Similarly, there is the processing sector in the handloom industry. An additional four naye paise per square metre have been levied. All this will make the handloom cloth dearer than the mill cloth when it comes to th* ,

34 RSD—7.

open market. I am sure that this will not be the intention of the Finance Minister and that he will look into it and give the necessary relief. If it is not possible for the Finance Minister to exempt wholly the handloom sector from this additional cess of four naye paise per square metre, he can even consider the possibility of raising the exemption level from 20,000 square metres to 50,000 square metres. But I am sure that, if this tax is allowed to be continued, and with the existing taxation of the Madras Government, the handloom industry will certainly face a crisis and the Government of India will be forced to come to its rescue by giving subsidy to the industry and spending several crores of rupees. That situation should not arise, and at this time when the handloom industry is slowly getting on to its feet, is standing on its own legs, it needs more sympathy and help than before. And I am sure that the present Finance Minister, who is well known for his sympathy for the handloom industry, will consider giving the necessary relief and give it at the appropriate time.

I would take up only one other point, and that is with regard to foreign investments in this country. The Finance Minister deserves our congratulations for the bold way in which he has given concessions and invited foreign capital. I was not surprised when my Communist friends spoke against it. They are against getting any help from any quarter because they wish that our industries should not prosper, that we should not have more prosperity, that we should not have economic growth. They would like to have a decadent society.

SHRI NIREN GHOSH (West Bengal): In that way, you would be creating poverty in India.

SHRI T. S. PATTABIRAMAN: I know better the history of the Communist movement in the whole world and I do not wauls to be taught here

LSftn T. S. Pattabiraman.]

as to what is the purpose of the Communists. But I am sorry that those friends who oppose this move have forgotten that Soviet Russia got all the equipment on 'Lend-Lease' during the War. But for that, they would have been crushed. Even in 1917, after the October Revolution in Russia, even tractors, even spinning mills, everything including technicians, came from America and they set up the factories and the Russians had to learn and they had no complaint. They liked it. It was Russia that prospered. If the same analogy is to be taken . . .

SHRI NIREN GHOSH: Then, India would be bled white.

SHRI T. S. PATTABIRAMAN: For Russia, certainly American is foreign capital, I hope. If my friend does not understand it, I cannot be blamed for it. So, if any country has to prosper, it has to have some foreign assistance either in the shape of capital or machinery or technical collaboration. If Germany and other West European countries have recovered so quickly after the ravage of the war and if Japan has recovered so quickly, it is due to the help that they got from America. They have not become political slaves by that. They even now retain their independence. West Germany is the most independent *at all*. They have received help with no strings attached.

There is one aspect which we must consider. Why do we want foreign capital? It is not out of love or for squandering away money that we want it; we want it for the development of our country. There are certain things like machinery which we cannot manufacture in this country, and we have to depend upon foreign sources for that for some time more. We want all this capital equipment. If we want this, we must pay for it. We do not have sufficient foreign exchange. So, we have to get this either by way of gift or loan or by way of capital investment, and it is coming now. And today we are in a

very lucky position. We must not forget it. Today, due to the political unrest and the instability of the governments in the countries in South-East Asia and in the Middle-East. India is the only great oasis in the troubled waters of this part of the world, and many foreigners want to invest in India because they know that there is political stability here and that their capital is safe. We also prosper. I would like to appeal to the Finance Minister that he should not only not restrict the scope of the financial help from foreign investment but where technical collaboration is needed, wherever machinery is needed in this country either for starting new industries or for the existing industries, without any restriction, the Finance Minister should allow the inflow of foreign capital, and I am sure that we will not be sorry for it, but we will be better. If we miss this opportunity—they are willing to give more to India because of the international situation and the stable political conditions—we will only be sorry, and our generations to come will be cursing us for losing this opportunity. So, I very strongly support the action of the Finance Minister in inviting more foreign capital.

With these words, I finish my speech.

SHRI BAHARUL ISLAM (Assam): Mr. Vice-Chairman, I rise to give my support to the Budget proposals. The Budget attempts towards establishing a socialist society: it is a progressive one, and it seeks to remove inequalities among the different citizens and among the different classes of people, but it must not be forgotten that the removal of disparity between different regions is also very essential. Therefore, from that aspect I will try to submit before this House that particularly the very under-developed or the less developed areas in the country are to be developed. Equality of opportunity is to be given to the different classes of citizens or to the different regions. Therefore, if the backward areas are neglected or if

they are treated unequally with the other developed regions, it is not proper.

So far as Assam is concerned it is also a part of the country; it is known to everybody that it is a very backward State. There are two great problems of this State. One is the problem of floods and the other is that of defence. The problem of floods is very notorious in Assam. If I give a few figures for a few years, that will show the magnitude of the flood problem that is occurring in Assam every year and the damage that the flood causes to the State. In 1954-55, the area flooded was 12,000 square miles in round figure. In 1955-56, it was 5,400 square miles; in 1956-57, it was 2,300 square miles, in 1957-58, it was 1,500 square miles; in 1958-59, it was 4,800 square mile? and in 1959-60, it was 3,800 square miles. 1960-61—1800 square miles; 1962-63—3600 square miles—I have no figures for 1961-62; I am sorry.

Now, I give the	population affected;
1954-55—16.82,000;	1955-56—1,65,000;
1956-57—5,55,000;	1957-58—3,13,000;
1958-59—4,38,000;	1959-60—17.67,000;
1960-61—13,22,000	and 1962-63—
20,28,000.	

Now I give the human lives lost:
1954-55—32; 1955-56—Not available;
1956-57—19; 1957-58—5; 1958-59—4;
1959-60—16; 1960-61—14 and 1962-63—52.

Cattle lost: 1954-55—18,500; 1955-56 — 3,700; 1956-57—1,600; 1957-58—270; 1958-59—430; 1959-60—7,200; 1960-61—7,200 and 1962-63—2,600.

Value of crops lost: 1954-55—Rs. 1173.13,000; 1955-56—Rs. 2,41.70,000; 1956-57—Rs. 3,09,78,000; 1957-58—Rs. 1,00,71,000; 1958-59—Rs. 1,70.52,000; 1959-60—Rs. 6.26,96,000; 1960-61—Rs. 7,62,92,000 and 1962-63—Rs. 8,00,00,000.

Value of property other than crops lost: 1954-55—Rs. 1,81,63,000. 1955-56—Rs. 29,38,000; 1956-57—Rs. 9,83,000;

1957-58—Rs. 12,64,000; 1958-59—Rs. 9,55,000; 1959-60—Rs. 1,23,87,000; 1960-61—Rs. 38,98,000 and 1962-63—Rs. 42,00,000.

Now the yearly average is this. The yearly average of areas flooded—4,400 square miles; of population affected—89,000; of human lives lost—20; of cattle lost—5,160; of value of crops—Rs. 5,23,17,000 and of value of property other than crops lost—Rs. 55,96,000.

Now, this gives you an idea of the magnitude of the floods and the damage caused by the floods to the people of Assam. The problem is so very big that it is not possible for a poor State like Assam to face this problem and therefore I beseech the Government that this problem of floods in Assam should be treated as a national problem and should be tackled as such.

The next important problem of Assam is the problem of defence, and when I speak about the defence of Assam, I do not want to take away Assam from the rest of the country. But the problem of defence of Assam is peculiar and is different from the same problem in other States; the problem of defence in Assam may be split up into two parts, namely defence of Assam *vis-a-vis* Pakistani nationals in Assam, secondly, defence of Assam *vis-a-vis* transport, communication and supply in Assam. Now, Assam's geographical position is known to everybody, Sir. Beyond NEFA is China which is our greatest enemy. On the south is Pakistan—which is also our notorious enemy, and it is known to everybody that these two enemies have joined hands in order to see that some mischief may be done to India. It is also known that even in normal times foreigners are not allowed to live in any country without valid authority. Now, if there are some foreigners in Assam of friendly countries, then it is not very material. But if there are foreigners in Assam or in any other part of the country, particularly from China or Pakistan, without valid authority,

[Shri Baharul Islam.]

then it is dangerous for the country. There are Pakistanis in Assam, who are living in the State without any valid authority. The figures are different according to different sources. Some say that it is about seven lakhs; others say that the figure will not be more than 40,000. Again, the Government figure is that it is about three and a half lakhs. Whatever the number, we are not concerned with the number, whether the number be 1 or 2 or 10 or 500 or 5,000 or 3,00,000. But the Pakistani nationals who are in Assam without any valid authority must be evicted from the country, because our relations with Pakistan are not very happy. God forbid, if tomorrow there is any conflict with Pakistan, if there is war with Pakistan, it can be easily imagined what part these Pakistanis will play in the State. Therefore, what the Government of India is doing is that they are approaching the problem in a very humane manner. Firstly, the Pakistani nationals are served with notices and then they are given some time to quit, although there is no provision in the Foreigners Act for giving notice to foreigners. They simply may be arrested and then may be evicted. To see that in the name of Pakistanis Indian citizens are not harassed, some notice is given. In their anxiety to safeguard the interests of Indian Muslims, the Government of Assam, at the instance of the Government of India, have appointed a few tribunals and I understand that at present the Government of Assam has appointed four tribunals. I congratulate the Government of India and the Government of Assam for the appointment of these tribunals. Rather I should request the Government of Assam and the Government of India to increase the number of tribunals so that eviction cases may be expedited and the Pakistani nationals may be evicted as early as possible. Another purpose of the tribunals is to see that the interests of Indian Muslims are not affected, that their interests are safeguarded.

President Ayub in his broadcast to his nation on the 1st of February, 1964 said that there was a 'systematic eviction of Indian Muslims from Assam and Tripura'. That was his language, a "systematic eviction of Indian Muslims". I believe he knew thoroughly well that Indian Muslims are not evicted from Assam. On the contrary, in their anxiety to safeguard the interests of Indian Muslims, these tribunals are constituted so that they may sift the cases and see that not a single Indian Muslim is harassed or that, in the name of Pakistani nationals, not a single Indian Muslim is ousted from the country. President Ayub, from time to time, poses himself to be a great guardian of the Muslims of India although he has not been able to do anything for his own Muslims in his own country. Has he ever spoken a single word for the Muslims of China—there are a number of them, a very good number, a great number of Muslims in China, but that community is being annihilated as a religious community. Did he ever speak a single word for the Muslims of China? Therefore, only for purposes of propaganda, President Ayub often says that the Indian Muslims are harassed and Islam in India is in great danger. That is *mala fide*.

Now, Sir, the second aspect of the defence of Assam is transport, communications and the supply position there. I say this from the defence point of view. As is well known to everybody, there is only one railway line to Assam from the rest of India. There is a metre gauge line connecting Assam with the rest of the country. Another supply line is through Brahmaputra by the R.S.N. and I.G.N. company plying their ferries between Calcutta and Assam carrying goods and other freight. As you know, immediately after the promulgation of emergency in India in 1962, the crew which plied these boats between Calcutta and Assam through Pakistan struck, and the difficulty was that there was no supply at all to Assam, this game will again be played by

mis Pakistani crew when we are in difficulty because most of the crew of these steamers are Pakistanis. Therefore, unless and until the railway line is improved, the defence of Assam will be jeopardised.

It is known, Sir, that there is »o much sabotage on the railway throughout the State every now and then. And if there is some sabotage committed on this only railway line, then the soldiers that are there in Assam and the civil population will be in great danger. Therefore, the only thing that ought to be done by the Government of India is that the already proposed broad gauge line from Siliguri should be extended. I suggest that this line that is proposed to be extended from Siliguri to Bonaigaon should be extended up to Gauhati *via* Rangiya, and an alternate line should be built from Bonaigaon to Jughopha with a provision on the south bank of the Brahmaputra up to Gauhati with provisions for ferries plying between Jughopha and Goalpara so that even if there is some damage done to one line by the enemy, there is the other line on the south bank of Brahmaputra for purposes of defence.

Another problem, Sir, is the problem of refugees in Assam. After disturbances in East Pakistan, it is known that a huge number of refugees have come to Assam and it is our moral duty to rehabilitate these refugees in a proper way. But, as I have already said, the finances of Assam are very-meagre. The State of Assam alone cannot solve the problem. Therefore, this problem also should be treated as a national problem and tackled as such.

This takes me to the problem of law and order. I congratulate the Government of Assam for being able to maintain the law and order position after the great disturbances in Pakistan in the recent months. Even though these refugees coming, with their sad tales, narrated their woe and misery to the local population, the people of Assam remained steady, calm and quiet. The Government of
34 RSD—8.

Assam was also able to maintain law and order. Therefore, our gratitude and thanks are due to the people and the Government of Assam. On the other hand, in West Bengal, in Calcutta and the suburbs, it is known that there were some troubles. I congratulate the Government of West Bengal for immediately curbing the disturbances and maintaining peace and order. But let me mention that something better was expected from the Government of West Bengal. As a result of the disturbances in East Pakistan, they ought to have anticipated its repercussions in West Bengal or in Assam. Therefore, the mistake or the error of judgment on the part of the West Bengal Government was to the extent that they failed to anticipate the repercussions and failed to take preventive measures. Had they been able to anticipate and take preventive measures, the holocaust in West Bengal would not have occurred.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You have four minutes more.

SHRI BAHARUL ISLAM; I am finishing in four minutes.

Regarding corruption many things have been said. It is believed that in a socialistic State there cannot be any corruption because there should be a reason for it. But the question is how to combat this evil in the transitional period? In case of officials and others, one has to admit that one cannot be proud of their record of virtues. Therefore, the persons, who are found guilty of corruption, drastic action should be taken against them. I propose three remedies. Firstly, the offending official should be punished by removal from office. Secondly, if after trial he is found guilty, he should be given rigorous imprisonment for a number of years. Thirdly, the property which is the subject matter of illegal gratification, or the property which is found in excess of his legitimate means should be forfeited to the State. Unless and until we do that, I do not think that corruption can be adequately dealt with.

[Shri Baharul Islam.]

Regarding the evasion of tax, some of the hon. Members said that the secrecy clause should be removed. I also support those hon. Members. The names of the taxpayers with their respective amounts of incomes should be published. In the first instance, let the names of those who volunteer, with their respective incomes, be published. In that case, out of prestige and also out of fear there will be less

concealment of incomes. With these words, I take my seat.

THE VICE-CHAIRMAN: (SHRI
AKBAR ALI KHAN) : The House stands
adjourned till 11 A.M. tomorrow.

The House then adjourned at
twenty-eight minutes past five of
the clock till eleven of the clock on
Friday, the 13th March, 1964.