

SHRI BHUPESH GUPTA: Have they asked for this?

SHRI RAM SUBHAG SINGH: What-ever they wanted has already been sent and whatever they will require will be supplied.

SHRI BHUPESH GUPTA: Therefore, do I take it from the hon. Minister that they are taking steps to see **that** prices in West Bengal do not rise?

SHRI RAM SUBHAG SINGH: Yes.

SHRI BHUPESH GUPTA: Do I take it like that?

THE DEPUTY CHAIRMAN: He has already said that. The Minister has said that they are in a position to supply.

SHRI RAM SUBHAG SINGH: He wanted another thing also.

THE DEPUTY CHAIRMAN: I do not think there should be any more questions.

The House stands adjourned till 2 P.M.

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

The House reassembled after lunch at two of the clock, THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.

### **THE FINANCE BILL, 1963— *continued.***

SHRI M. RUTHNASWAMY: Mr. Vice-Chairman, it is not only against industrialists and businessmen that the financial proposals in the Finance Bill are hostile. Some of the proposals hit harshly even the ordinary citizen, the ordinary consumer. The higher excise duties on kerosene,

tobacco and other consumer goods cannot make this Government popular among the common folk. It is true no doubt that kerosene oil used for lighting the houses has received better treatment on second thoughts is at the hands of the Finance Minister but what about the kerosene oil that is used for cooking purposes? The Finance Minister says that we must change the habits of the people. Why do they use a foreign fuel? If the foreign fuel is cheap, if it is more available than wooden fuel, why should the poor consumer be deprived of it? And this penalisation of the use of kerosene oil may drive people back into the use of cow dung as fuel, cow dung which is so urgently required as manure in the countryside. The Finance Minister or anybody speaking on behalf of the Government may retort, 'If you are against Super Profits-tax, if you are against excise duties on these consumer goods, how are we to get the money for financing defence and for financing the social services? There is one chief way and that is by cutting down sources of unnecessary expenditure.

With regard to the Plans, for instance, there are a number of schemes which may be suspended at least for the time of the emergency. Community projects which have not reached the targets aimed at might be reduced and their planning allotment cut down from Rs. 100 crores to Rs. 50 crores a year and irrigation from Rs. 600 crores to Rs. 300 crores. That is to say, we need not start any new schemes of major irrigation works because these major irrigation works take ten to fifteen years to be completed and they will be of no use during this emergency period. The money allotted to irrigation may be spent only on minor irrigation works. I do not ask for a cut in power because power is necessary for industrial development, but might I suggest that there might be some saving in power? There is a lot of wastage of electric power which is

[Shri M. Ruthnaswamy.] used in illuminating villages for instance. As you go about the country you find whole villages being lit up with electric light. What is the purpose of it? They did very well in the old days with kerosene oil lamps. Is it to illuminate the squalor, the dirt and the poverty of our villages so that the people can see then by night as well as by day\_ that electricity is used in the illumination of these villages? With regard to industry and mining the planning allotment may be reduced from Rs. 400 crores to Rs. 300 crores. This is not the time for thinking of starting a new steel plant. A new steel plant will cost hundreds of crores and it will take about five to six years before it can go into production. On the other hand, if we allotted as much money as possible to the financing of small scale and cottage industries they might help in the growth of industrial production.

Coming to the social services, the allotment for education may be reduced from Rs. 150 crores to Rs. 100 crores. Saving may be effected by reducing or altogether abolishing the expenditure on basic schools which are of doubtful utility. Do not start any more secondary schools or universities at least for the time of the emergency because they produce only people who are educated in a general way and not educated for productive purposes. In this connection I would like to protest again against the spending of about Rs. 25 lakhs as the Minister of Education threatened the other day on evening classes and colleges. These evening classes and colleges will only produce a large number of unemployed and unemployable graduates. On the other hand all the money available in the education allotment should be spent on primary education so that we may raise the rate of literacy which is proceeding at a snail-like rate of 1 per cent per year. Let it be raised up to at least five per cent per year so that within about 15 years we may have in the country at least 75 per

cent literacy. Then as much money as is available from the education allotment should be spent on the establishment of junior technical schools in connection with every factory,, every railway workshop, ordnance factory, so that in a few years we may get the required number of skilled workers who would be able to man our factories. It is not so much the highly trained engineers that we want but a large number of skilled workers. So what I say in regard to the Plan and the Plan expenditure is, cut out all the fat from our Plans and Plan expenditure leaving only the useful muscles and nerves.

As for choice between expenditure on defence and on the whole Plan, I would suggest that only such plans be taken up as would be useful to accelerate defence production. Through defence industries, through defence factories we may increase the industrial possibilities and achievements of our country. Let us concentrate all the money that is available for financing industrial production on defence production because after all defence production does not deal with the production of arms and ammunition alone. Textile mills would be useful to produce large quantity of khaki cloth that may be required for the army that is going to be doubled in a few years. Machine tool factories may also be encouraged, factories which are on the civil or on the defence side and as I said, technical education should go along with factories.

In conclusion, Mr. Vice-Chairman, there is before the Finance Minister choice between two principles of taxation; Relate taxes to wealth so as to produce equality. That is the ideology of the Finance Minister. Or relate taxation to economic growth which is in the larger interests of the country and the interests of real production. The Finance Minister in the debate on the Gold Control Order resorted to his ancient predecessor, Kautilya, for support. May I ask him

to refer also to other passages in Kautilya's *Artha Shastra*? A whole paragraph on one page of the *Artha Shastra* is devoted to the remission of taxes. Kautilya advises the Ministry of Finance of his day to remit taxes as far as possible mainly in reward for good work done by the agriculturists, by the workmen, by the factory workers, by all kinds of people, so that by the remission of taxes they may be encouraged to produce more.

The second principle enunciated in Kautilya's *Artha Shastra* is that the Collector-General, corresponding to our modern Finance Minister, shall conduct the work of revenue collection with a view to . . .

SHRI SHEEL BHADRA YAJEE: Kautilya's *Artha Shastra* was written five thousand years ago, in feudal days. In this modern age Kautilya's writings are not relevant.

SHRI M. RUTHNASWAMY: Wisdom is relevant even when it is ancient. It is ignorance that is irrelevant even if it is modern. Kautilya's Finance Minister was to conduct the work of revenue collection with a view to increasing revenue and decreasing expenditure. With that advice to the Finance Minister, I conclude the few observations that I have made on the Finance Bill.

SHRI ARJUN ARORA (Uttar Pradesh) : Mr. Vice-Chairman, the Finance Minister has correctly been congratulated on his courage in bringing forward this Budget and this Finance Bill. Obviously it required a great deal of courage to raise such a huge sum needed for our development and defence. I am afraid courage is required in many other things also and I have a complaint that, while bringing forward a courageous Budget, the Finance Minister did not have the courage to tax the people who should have been taxed. Tax people who leave the riches and who have a high-

er rate of direct taxation. He has shown his courage in a direction in which tobacco, cigarettes, soap, vegetable products, kerosene and diesel oil have been taxed. The courage required to tax and levy indirect taxes on an innumerable number of commodities has obviously been displayed. I only hope that in future he will show the necessary courage to tax the people who own this country's riches. People today are complaining against the indirect taxation because firstly the Budget has been followed by a steep rise in the cost of living and the working class and the toiling people are bearing the brunt of it. Another fact is that the moment of the greatest emotional response in the country has gone and people today do not have that emotional acceptance of the new taxes that the Finance Minister has levied. It is very remarkable that in Britain, during the Second World War, as a result of the war economy, that country went a long way towards socialism. In this country, under the impact of the war, of the Chinese aggression, I find that the rich are being given opportunities to become more rich and even in the field of defence production they are being given an unduly large share. The obvious thing for the Finance Minister to do was to evolve a financial policy which would keep down the prices of basic necessities and he could have then taxed the commodities which are not basic requirements of the people. It is a matter of great regret that in order to raise the resources, that policy has not been followed. In a war economy, the most vital thing is to keep down food prices. If food prices go up the demand for money income will also go up. And food prices are going up. Only an hour back the Minister of State in the Ministry of Food and Agriculture made a statement in this House which proves this point. The result of food prices going up will certainly be that there will be demand for greater money incomes and inflation is bound to develop. It is a matter of great disappointment that higher agricultural production,

[Shri Arjun Arora.]

which is the best way to meet our requirements and to keep prices down, is being neglected. Our Food and Agriculture Minister relies more on PL 480 than on efforts to increase production in this c'ountry.

SHRI BHUPESH GUPTA: What did you say—420?

SHRI ARJUN ARORA: Four-hundred and eighty—420 plus 60. I feel that the Chinese pressure on us is going to be a long-drawn affair and if that is the view, we must rely on our own resources than on foreign aid and other help. It is a matter of great sorrow that even in the matter of food, far from making efforts at increasing agricultural production in order to strengthen our economy, we are making it more and more dependent on foreign help.

In the field of industry, it is a well recognised principle that we cannot have great production if we curtail welfare measures. But I find that almost the first casualty of the emergency was the low income group housing scheme. Money for it was frozen. In the case of the subsidised Housing scheme also money was frozen. While big industries are promised big order, and they are humming with activity—thanks to the Ministry of Supply—small-scale industries are faced with a situation in which even schemes which gave small-scale industries machines on hire-purchase have been shelved.

There was in this House a reference to one or two newspapers yesterday. Reference to a daily newspaper called the "Patriot" is a daily affair in this House. I do not want to go into the speech of Mr. A. D. Mani concerning the "Patriot" because he made it clear yesterday that the motive behind his speech was professional jealousy. He is not able to produce as cheap a paper as the "Patriot". But I find that another thing is happening in the world of the press

which is endangering the freedom of the press. Journalists are being sacked because of their views. A young assistant editor has recently been sacked from the "Navbharat Times" owned by Bennett Coleman and Company of the Dalmia-Jain group. The order of termination of his employment says: —

"Your views were in conflict with our editorial policy. The Editor has consequently lost confidence in you."

Now, Sir, it is remarkable that he has been sacked not because he wrote something in that paper which the editor did not like or there was any complaint against his conduct. The words are clear: "Your views were in conflict with those of the editor and the editor has lost confidence in you." Now there are so many people who talk against regimentation of policy. Here a young assistant editor has been sacked, he has been deprived of his right to earn his living.

SHRI LOKANATH MISRA (Orissa): May I know if that is not one of the grounds recognised by the Press Commission?

SHRI ARJUN ARORA: The Press Commission has made many mistakes in spite of Mr. Mani being there, and the Press Commission is not the Constitution of India.

SHRI P. N. SAPRU (Uttar Pradesh) : Is it Mr. Arora's contention that the editorial policy of a paper should be laid down by an assistant editor or sub-editor?

SHRI ARJUN ARORA: I must say that the learned retired Judge of the Allahabad High Court has missed the point. He has not been sacked because he wrote something in that paper which the editor did not want. His views were such . . .

SHRI M. RUTHNASWAMY: Unexpressed, views.

SHRI ARJUN ARORA: Yes.

SHRI P. N. SAPRU: That is different.

SHRI ARJUN ARORA: I am sure even the Press Commission did not have the power to lay down punishments.

SHRI LOKANATH MISRA: How does the hon. Member know that they were unexpressed views?

SHRI ARJUN ARORA: I know the facts of the case, and you do not.

SHRI LOKANATH MISRA: What are the facts?

SHRI ARJUN ARORA: The facts of the case I will tell you. I do not think it is necessary to go into them just now.

SHRI LOKANATH MISRA: We want to know that.

SHRI ARJUN ARORA: I will tell you before I sit down. Then there is another newspaper, Hindi Hindustan of Delhi, belonging to a still bigger group and a still more powerful group, the Birla group. They have sacked two of their people, Mr. Mukut Behari Verma, Editor, and Mr. Sobhalal Gupta, Assistant Editor, recently because the proprietors of the paper felt that their views were not the views which were acceptable to them. There again the charge was not that the Editor or the Assistant Editor misused the paper in what they have done. While sacking the Editor and the Assistant Editor they have brought in a Managing Editor. The gentleman who was the Circulation Manager of the paper has become the Managing Editor. If that is the sort of thing which Mr. A.D. Mani as a member of the Press Commission likes, I am sorry for it.

SHRI A. D. MANI (Madhya Pradesh): Who said I liked it?

SHRI LOKANATH MISRA: May we know whether the hon. Member would assure us that the "Patriot"

would take in somebody whose views are different from theirs?

SHRI ARJUN ARORA: You make an application to the Editor of the paper. I am sure he will examine it and give an appointment to you if you are worth it, irrespective of your views if you have the qualification.

SHRI C. D. PANDE (Uttar Pradesh): I doubt it.

SHRI ARJUN ARORA: Mr. Pande will make an excellent advertisement Manager. I will recommend him.

SHRI LOKANATH MISRA: How? Do you represent the paper?

SHRI ARJUN ARORA: I will recommend as a public man. Then, Sir, the Finance Minister has a habit of making good proposals and then distorting them. One of the good proposals made by the Finance Minister was when he laid down a ceiling on salaries when he introduced the Budget. But in the middle of this month he has discriminated against Indians. The limitation of Rs. 5000 per month proposed in the Finance Bill has now been diluted, and a foreigner can come to this country and earn more than Rs. 5000 per month. I must say that this concession is a wrong concession, a concession which is going to dishearten Indian business executives. This is a concession which will lead to Indians being discriminated against in their own land. The Finance Minister has said that a ceiling of Rs. 5000 per month for deductible expenditure would not be applicable in the case of non-Indians. I am a little surprised at this as it reintroduces the principle of discrimination between foreigners and our own nationals. To take one example: the late Mr. Lai was the Chairman of the I. C. I. At the time of his death he was drawing a salary of Rs. 20,000 per month. Now the post has been filled up by an Englishman. In case this post falls vacant again and it is to be filled by an Indian in the future,

TShri Arjun Arora.]

would the I. C. I. give the same salary as they had paid to the late Indian Chairman or will they pay him the same salary as they are paying to the present incumbent, an Englishman? They will not. So they will be tempted to bring in a foreigner and continue to pay him the high salary.

SHRI A. D. MANI: May I ask him whether he would like Indians to be paid the same high salary as foreigners to remove the discrimination?

SHRI ARJUN ARORA: If I have time, I will reply to you. I am one of those who have been complaining about the salaries that private firms are paying to their executives, but I do not think that it is justifiable to bring about conditions when the country's own nationals will suffer in comparison to foreigners. The jobs in the firms are financially attractive but there are very many drawbacks in these jobs, and our ablest young men are attracted to them because of the high salaries. (*Interruption.*) I am against those salaries, but I think it is worse to give higher salaries to foreigners and deprive our own people of them.

SHRI P. N. SAPRU: For foreigners you have to pay high salaries.

SHRI ARJUN ARORA: The Finance Minister has not limited the Concession only to some selected, rare and indispensable technicians. If that were the case, it would have been different. Now what is happening and what will happen is that even business executives, even managerial personnel will be imported to this country in greater number, and we have the speech of the British High Commissioner reported in the "Statesman" this morning that there is\* no dearth of trained managerial personnel in this Country. It is those young men, those people who will suffer. To introduce discrimination against one's own nationals is clearly not the right policy, and we do not want to have a South Africa in our town land.

"THE VICE-CHAIRMAN (SHRI MP. BHARGAVA): You have taken 18 minutes already.

SHRI ARJUN ARORA: I have been interrupted. These gentleman to my right have been constantly interrupting me, and I am only now replying to their interruptions.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Well, you should reply quickly,

SHRI ARJUN ARORA: Two minutes, if they do not interrupt again. If they interrupt, I will take a few more minutes. This young man has lost his job not because he wrote anything in that paper contrary to the official policy of the Government. In a private conversation over a cup of tea, he expressed some views in front of Mr. Maniram Bagri, a Member of the other House. Those views were unpalatable to the editor, and more unpalatable to the bosses of the Bennett, Coleman & Company, and that is why he has been sacked. I think, as an old, experienced and senior journalist, Mr. A. D. Mani should rise up and condemn the action of the employers in dismissing this young man for holding progressive views.

SHRI DHANANJOY MOHANTY (Orissa): Sir, in view of the needs of our nation for planned development and for our defence, particularly during the period of the present emergency, I welcome the Finance Bill under debate. But then I am inclined to speak on a few points, about the taxation measures. It would certainly be the happiest thing for the people and the most pleasant job for the Government if the administration could be carried on without taxation. That is, however, nobody's conception. On the other hand, we want to drive out hunger and illiteracy, diseases and other sufferings, and above all, we are determined to keep our borders unviolated. If we wish to do it, we have to pay for it. We cannot afford to blow both hot and

cold simultaneously. I have heard some hon. friends criticising the shortcomings in our defence preparations and developments. At the same time "they have disapproved the taxation measures. They are certainly conscious of the real position but I feel that they only oppose for opposition's sake.

But then I would draw the attention of the hon. Finance Minister to certain faults in our finance policy and administration. Both in regard to income-tax and sales tax in the States, certain tax targets are fixed circle-wise\* and the local tax officers are expected to reach their targets. The able, the intelligent and the influential somehow manage to escape taxation or adequate taxation. But since the target has to be reached, indiscriminate assessments are made on the poor, those who are really honest. The result is that a heavy amount of the assessment remains unpaid and becomes unrealizable. These officers can well afford to do so because they have not to bother very much for collection after they have issued certificates for the recovery of the revenue by the revenue officers. This is bound to give rise to tremendous discontent and reaction. I know of persons closing down their business and crying for food.

I have very little to speak on the taxation measures except on the Compulsory Savings Scheme. I may not be misunderstood as discouraging the habit of saving but I would simply point out that there exist several other saving schemes and the present one would only help to confuse the people all the more. It would be a great botheration to the Government as also to the people particularly at the time of refund of the deposits and more so, when the depositor is dead. We know the rules and the procedure governing the refund of money. However small the amounts may be, people will have to run from office to office for a little gain. Besides, some constitutional objection has been raised against this scheme and I hope that the hon. Fin-

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ance Minister will pause to think more about it.

This year we have to meet an unusual demand on account of the emergency. I must thank the Finance Minister for his ability in providing ways and means to meet the situation. I am all the more grateful to him for the several concessions in taxes and duties, which he has subsequently made.

Turning to the expenditure side, I would submit that not a single naya Paisa should be allowed to be misspent. Extreme austerity should be maintained and the cost of administration should be adequately reduced. All wasteful draining of public money should be ruthlessly stopped. All corrupt practices, whether in the P.W.D. or in the Development Blocks, should be checked and the corrupt officers should be deterrently punished. We spend a lot of money in the procurement of foodgrains from abroad. We have to make the best use of our experience to find out our pitfalls and avoid them and make efforts to make ourselves self-sufficient in food. There must be something basically wrong in our approach to the problem and this has to be rooted out.

With regard to industry, I feel it necessary to express that in the interest of the regional development programmes, industries, whether in the public sector or in the private sector, should be located distributively in the different regions rather than crowding them in particular areas. In this matter, the Government should not yield to any political pressure. With particular reference to our public sector industries, I would expect the Government to see that the persons in the management look to the uplift and welfare of the locality wherein the particular industries are located and to cast off their empire-building tendencies. Above all, we should carefully watch and see that for any reason, our undertakings are not rendered infructuous. In this context, I would like to refer to the Hindustan Steel Ltd.,

[Shri Dhananjoy Mohanty.]

Rourkela, which has just recorded a loss of Rs. 73 lakhs despite high-sounding reports of production during the last year. I am sure that many things would be revealed if an enquiry into the working of this concern is conducted.

By our planning, we aim at raising the standard of our living. If we seriously mean this, we have to attempt at bridging the wide gulf of existing disparity in the incomes of different people in our society and see that a fair distribution of the national wealth is well assured.

I would like to express mother feeling of mine. I am sure that every Member of this House will agree with me when I say that medical and health services available to the masses are far short of their actual needs. Health is in itself an important problem and I hope that the present emergency will not take it out of the range of consideration.

Another item of expenditure which I would suggest is that concerning Hindi. Some more provision should be made for the spread of Hindi which is going to be our official language soon. The last point I would like to touch upon is the matter of agriculture, which I forgot to speak about. In this regard we have all had a sad disappointment at not reaching our targets. As I have said, there has been something wrong somewhere, but I do not like to repeat those demands for water-supply, irrigation, distribution of seeds and manure, and all those old things. I want to submit that some effective legislation or, what we have been hearing for long, land reforms should be effected soon, and there should be some legislation for preventing damage by stray cattle so that a second crop in the non-irrigated areas could be encouraged. Further, good pasture lands should be prepared and maintained in the villages maintaining our cattle wealth,

which is so helpful for the development of agriculture.

With these facts I appeal to the Government to consider all these things and do what is best in the interest of the masses. Thank you.

SHRI KRISHAN DUTT (Jammu and Kashmir): Mr. Vice-Chairman, Sir, I rise to extend my whole hearted support to the taxation proposals contained in the Finance Bill before the House. The taxation measures that are going to be adopted by the Government have received the full support of the nation, and I make bold to say, even if the Finance Minister had not given the concessions which he has given, even then the nation would have gladly welcomed these taxation measures and made all the sacrifices demanded of it in the case of development and defence of the country. But I congratulate the hon. the Finance Minister for his brilliant achievement in bringing forward this far-sighted Budget in the context of emergency, and I also congratulate him for paying his attention to the demands of the people voiced for obtaining concessions in the taxation measures, and he has been thoughtful enough to accommodate those demands to the extent which he thought feasible.

Then I would pass on to the development aspect of the work before the nation. The development which our country has made during the past fifteen years is, I may say, not only impressive but spectacular. It has drawn the admiration of great people from foreign countries, and the hon. House might have noticed in today's 'Statesman' the encomiums which the Ambassador-designate of the U. S. A. has paid to the achievements of India in the matter of development. The facts and figures which I now am going to refer to have been cited by that great personality. He says that since 1953 the national income of India has increased by 42 per cent. In the matter of foodgrains production there has been more progress, to the



extent of 50 per cent. And as far as health is concerned, he cites the example of malaria, which used to take a heavy toll of lives in India, and there used to be in 1947 so many as a hundred million cases of malaria in India. But what is the picture now? Malaria has completely disappeared from India. Moreover, life expectancy in India, which was 27 years in 1947, has now risen to 42 years. With regard to education, during the past fifteen years, literacy, which was 10 per cent, then, has been going up. Now, 60 per cent, of all our children under the age of 12 years are going to school. With regard to industrial production there has been an expansion of 10 per cent, annually and this, in the opinion of Mr. Chester Bowles, is one of the highest rates of production in the world. One thing most important to remember in this context is that India has developed by the democratic process, and that is most creditable for a newly independent country in the world. This progress of India has been termed as dramatic by Mr. Chester Bowles.

Now development and defence are inextricably linked together; one is complementary or supplementary to the other. We cannot have full defence potential unless we expand our development capacity to the full. In the context of defence preparedness of India I am happy to notice, Sir, that ordnance factories are going to be increased; the army, the navy and the air force are going to be equipped in the most modern way. I know this will take time, but the mood of the nation is such that the nation wants its armed forces to be equipped with the most modern weapons as quickly as possible and to be the finest in the world. That is what the nation wants although it may take time, but from the tempo as it is going on, I am sure the nation is confident that we have taken up the task in right earnest.

[THE DEPUTY CHAIRMAN in the Chair.]

There has been, Madam, some criticism from the Opposition that the

sense of urgency has relaxed, that it is not so urgent, that there is not that tempo of speed in work, which was evident during the time when a shooting war was on on the northern frontier. That is but natural. When a house is on fire, the rush of work and the speed that such a moment calls for and which is naturally generated cannot remain the same when the fire is out and we are reconstructing the house and making it fire-proof for the future. But that does not mean that I am not against the relaxation in the efforts in development and defence. I want that the same sense of urgency should rule even now, which we had during October and November, 1962. But in the nature of things the changed atmosphere cannot but have its effect upon the minds of the people and on the mind of the nation. All the same I stress and emphasize that we should not allow relaxation to creep in. The speed of development and defence preparation must be kept up at the top level. There must be a sense of rushing through to the target in defence and development both. Then and then alone can we catch up with the standard required.

Now, I want to refer to the Opposition criticism relating to the misuse of the emergency powers, Madam Deputy Chairman. It has been said that the Congress Party Government is using the emergency power to the advantage of the party and for the suppression of the Opposition parties. I totally deny this charge. This charge is without any evidence. The evidence that is put forward is that of the arrests of suspected Communists and elements who are endangering the war effort. Even in that matter the House is well aware that the Government is reviewing the cases of the detenus and releasing them where they find that there is no danger to security involved. Three hundred odd people have been released and there are now 700 detenus left. The review work is constantly going on,

[Shri Krishan Dutt.]

and there is every hope that these persons also, who are still in detention, will be released in due course subject to the considerations of the security of India.

SHRI BHUPESH GUPTA: Two Members of this House are in detention. They sit here. If they came and sat here, would the security of India be threatened?

SHRI KRISHAN DUTT: It is not what they do here. What they do in the field is more important than their speeches here.

SHRI BHUPESH GUPTA: We do not believe in what you say.

SHRI KRISHAN DUTT: That may be so with you, not with me.

SHRI BHUPESH GUPTA: No, no, you are a very nice man.

SHRI KRISHAN DUTT: Then, Madam Deputy Chairman, I feel that we should admire the role played by our hon. Minister, Mr. Swaran Singh, in carrying on the Indo-Pak talks. He has given proof of the most mature statesmanship. Despite the fact that nothing has come out of the talks, their persistence and perseverance show that both the sides are determined to find out a solution, come what may. Both the countries feel that the safety of their 'future is involved in having an amicable solution.

SHRI BHUPESH GUPTA: Pakistan is demanding the Kashmir Valley.

SHRI KRISHAN DUTT: That they have been demanding for the last fourteen or fifteen years.

SHRI A. M. TARIQ (Jammu and Kashmir): What do you do to a person who is living in a fools' paradise?

SHRI BHUPESH GUPTA: Do not put India and Pakistan in the same

category which the hon. Member is doing,

SHRI KRISHAN DUTT: We have the same feelings of love and respect for the people of Pakistan as they have for their co-religionists in India, and I am sure, Madam, that the most lasting, most permanent solution that can be evolved to this problem is based upon feelings of love, mutual trust and respect for each other, for each other's religion, for each other's culture and for each other's way of life.

SHRI BHUPESH GUPTA: Agreed, minus the love for Kashmir Valley.

SHRI KRISHAN DUTT: Kashmir is the spearhead of secularism. It is the spearhead of nationalism so far as India is concerned. For that State I have a few words to submit.

Madam, the State of Jammu and Kashmir is the most backward area in India. I submit that speedier steps should be taken for the industrial development of that State, to drive out the poverty of the masses there. And in that connection I would demand of the Government with utmost respect and humility that it should be considered whether some public sector industry under the Centre can be started there as soon as possible, because that would be one of the ways of helping that State economically. That State is grateful to India, to its countrymen, for the generous support and help they have given during the critical periods in the history of that State, and I believe that this demand of Jammu and Kashmir will receive sympathetic consideration.

The development of Jammu and Kashmir is most important from the defence point of view of the country also. Unless we have a railway system there and the industrial potential of that State is fully developed, it is not easy to defend that State properly.

With these words, Madam, I extend my support to the Finance Bill. Thank you.

SHRI PANNALAL SARAOGI (West Bengal): Madam Deputy Chairman, I rise to support the Finance Bill and at the outset would felicitate the hon. Minister on the brilliant manner and supreme self-confidence with which he piloted the Bill in the other House.

Madam, one good step of far-sighted wisdom which the Government of India has taken is the launching of the policy of Gold Control. Gold hoarding had been an antiquated system when the social and economic background was different. Now in the present economic structure and in the context of our present international relations and shortage of foreign exchange it is most prudent that a strict gold policy should be proceeded with and the people of our country should be educated, by whatever means possible, so that they give up their attachment for gold and bring it out for the service and cause of the nation.

Madam, I was reading a book the other day where it was written what an eighteenth-century English clergyman spoke. He spoke as follows. I really like the same and would like to reproduce it in the House: —

"A vain man's motto is 'win gold and wear it'; a generous man's motto is 'win gold and share it'; a miser's motto is 'win gold and hoard it'; a wise man's motto is 'win gold and use it'."

We should all try to come in the last category, that is, in the category of wise men. And the best way of using gold is to use it for the defence of freedom because gold is a vital sinew of our stability and strength. 3 P.M. I am glad that the Government has realised the importance and need that the corporate sector should not be deprived of the resources necessary for new development as well as for meeting committee obligations. There-

fore it is heartening that the Government has agreed to allow as a deduction from profits chargeable to Super Profits Tax a sum equal to 10 per cent, of the total income before payment of any tax. It is but meet and proper in this context that this deduction will only be allowed or permitted if the amount is utilised for the payment of debts, creation of additional fixed assets, paying preference dividends in excess of 6 per cent, or credited to a reserve for a period of 5 years. The condition of development rebate that it will be allowed to be computed as part of the reserves and will be added to the capital base is only just and proper but simultaneously, on a matter of principle, I would plead with the Finance Minister that the amount earned forward in the profit and loss account as standing in the previous year's balance-sheet of the company should also be allowed to be computed as a reserve to be added to the capital base. As a matter of fact, the amount carried forward by the company year to year is a part of the general reserve and the company could very well add that amount to the reserves whenever it wants and the company has been using that amount also for its business for all times to come.

It will be my painful duty next to bring to the attention of the Government that the ex-factory prices of sugar fixed for the northern zone of the country are highly unfair, suicidal and discriminatory. Sugar has been yielding a lot of income to our exchange by way of excise duties and this year we will be earning to the tune of Rs. 25 crores in foreign exchange by export of this commodity. Unfortunately the production of sugar has gone down from 3 million tons in 1960-61 to less than 2.2 million tons in the present season.

SHRI BHUPESH GUPTA: How did you calculate the amount of Rs. 25 crores?

SHRI PANNALAL SARAOGI: I think we would be exporting about

[Shri Pannalal Saraogi.] 5 lakh tons of sugar and at the prices which we are committed to or which we are going to get, we will get about Rs. 25 crores. When the prices in the international market are round about £ 65 for a ton according to the London daily market and this price is near about the price at which we are selling sugar in the internal market here, when we will not be incurring any losses when we export sugar, it is really unfortunate that after the end of this year or before, we will not be left with any sugar whatsoever to export and not to speak of export, we will not have plenty of sugar even for our indigenous consumption.

SHRI P. C. MITRA (Bihar): Does the hon. Member want raising of sugar price?

SHRI PANNALAL SARAOGI: I will explain my point. I was trying to say about the production of sugar that it has gone down and we will not have plenty. I may remind the House that in the years 1953, 1954 and 1955, the country had to import 13 lakh tons of sugar and had to spend Rs. 68 crores of foreign exchange. It is unfortunate that before November we will have completely finished our sugar reserves and we will have to depend entirely on the new sugar which we will have to produce for the purpose of meeting our day-to-day requirements. In this context, when the supreme need of the hour is to augment production and it is largely possible in the northern region, especially in eastern U.P. and Bihar, the Government has fixed the prices which are highly uneconomical and they are extremely depressing. I have called these prices unreasonable and unfair because the factories in the northern region, particularly in the eastern U.P. and Bihar, have been made to suffer a loss of about Rs. 3 to Rs. 15 per bag due to the arbitrary fixation of ex-factory prices. The fair ex-factory price in my possession is based on the cost schedule prepared by the Tariff Commission. In east U.P. the estimated fair price, as per

the Tariff Commission, would be Rs. 111.39 per quintal whereas the Government has fixed only Rs. 108.50 and thereby the mills would be losing Rs. 2.89 per quintal. In North Bihar the estimated fair price fixed by the Tariff Commission would be Rs. 113.72 and the Government has fixed Rs. 108.50 and the mills would be losing Rs. 5.22 per quintal. In South Bihar the estimated fair price would be Rs. 124.78 and the Government has fixed Rs. 109.85. The mills would be losing Rs. 14.93 per quintal. In reply to a supplementary question I put the other day in the House, when I asked what had been the basis for the Government to fix the prices of sugar in the different regions, the Deputy Minister of Food, Mr. Thomas, replied that the cost of production as well as the prevailing ruling prices in the months of January, February and March had been the criterion for the fixation of the prices. I was really astonished. First of all the prevailing ruling price is not the scientific basis for the fixation of prices but even then I would like to submit to the Government, that the sugar which was released in the months of January, February and March was the sugar of last year's production and that sugar was produced at cheaper prices and the cost of that was cheaper. That is why the sugar was sold at a cheaper price and it is only from the month of April that the new sugar is going to be released for which the cost of production has been much higher. Moreover the scientific basis for computing anything is always the cost of production and reasonable return for which we have already the Tariff Commission which always goes into this question. I mentioned that the prices are discriminatory. I want to say that the control prices announced by the Government for the different regions are really discriminatory and loaded in favour of Maharashtra and the Southern regions. Whereas the Maharashtra and the southern region mills have been allowed from Rs. 3 to Rs. 10 per bag over and above the fair expected price, the

factories in the North, particularly in the eastern U.P. and Bihar, have been made to suffer, as I pointed out, a loss from about Rs. 8 to Rs. 15 per bag. Moreover this discriminatory treatment is not an innovation this year but has been continuing for some years with the result that the industry in the Maharashtra and southern regions has not only thrived but "has developed rapidly by leaps and bounds. The industry now, particularly in eastern U.P. and Bihar, has suffered immensely and if you compare the statistics for the last decade, namely, from 1952-53 to 1962-63, you will find that there were 98 factories in U.P. and Bihar in 1962-63 as against 93 in 1952-53 and against this the number in the southern region has really doubled, from 31 to 61. Similarly whereas the production of sugar in U.P. and Bihar has remained nearly the same in the last 10 years, it has gone up in the southern region from 1.39 lakh tons to about 10 lakh tons in the last years.

SHRI C. D. PANDE: What he says is that the quality of cane is the main reason.

SHRI PANNALAL SARAOGI: I know. But this factor will be largely responsible for the closure of the mills.

SHRI A. D. MANI: Why are you speaking for the Government?

SHRI PANNALAL SARAOGI: What I suggest is that this rapid development in the southern region is due not only to the quality of cane but due to huge profits earned by the factories in those regions because of high recovery and long duration resulting in lower cost and much more than that the higher realisation for sugar due to freight advantage and the advantage of scarcity conditions created during the periods of control. In the past the Government has clamped control on prices and distribution in the surplus areas whereas for inexplicable reasons they left the

scarcity areas free to reap all the benefits of freight difference and scarcity conditions. Madam, I submit that this price control that has been fixed now is also suicidal. I say so because the need of the hour is increased production by every possible means and this new policy of price fixation especially in the east U.P. and Bihar Mills will spell disaster to thousands of workers employed in the sugar factories and the millions of cane growers depending entirely on the sugar industry for their subsistence. I actually shudder to think what would befall the millions of people in these regions, should any calamity befall the industry in these areas. Therefore, it is high time that the Government of India should consider all the aspects dispassionately and evolve a rational policy so that the industry in those regions may at least survive and the major economy of these States is not upset. Thank you.

SHRI MORARJI R. DESAI: Madam, as usual, I am very thankful to all the hon. Members who took part in this debate on the Finance Bill. And as is customary, the debate has extended over many subjects. I do not propose on this occasion to say anything about the super-profits tax or the Compulsory Deposit Bill, because they are going to be before this House by themselves and there will be a discussion at that time on the merits of those provisions. I am thankful to hon. Members who found merit in the Budget in various ways, and especially for the general acceptance that what is provided for in the Budget as sums required for both defence and development, is necessary. The question remains whether the criticism that is made on some of the provisions for gathering the resources, is justified or whether the scheme of the Finance Bill can be changed into a better one. I am very sorry that I was not able to be in the House all the while as I generally do, on account of my occupation in the other House on some other matter, but I have taken care to be acquainted with all that has been

[Shri Morarji R. Desai.]

said, from the reports. After attending to all these matters very carefully and with all the respect that is due to the views of hon. Members here who, I am always happy to note, by and large carry on the debate on a very high level, I must admit that I am not convinced by the criticism that has been made in some of the matters, that the criticism is justified. Even though I would not like to refer to the super profits tax in any detail here, I would like to refer to the criticism in that respect made here, that I have made concessions which are more liberal than they should have been. The underlying inference would be that the concessions were necessary but that they are more liberal than they should have been. I am glad that it is recognised that some concessions were necessary.

SHRI BHUPESH GUPTA: No.

SHRI MORARJI R. DESAI: That, of course is the famous communist theory.

SHRI NIREN GHOSH (West Bengal) : We oppose it.

SHRI MORARJI R. DESAI: Hon. Members there are opposed to everything that I do.

SHRI BHUPESH GUPTA: Not at all.

SHRI MORARJI R. DESAI: They are opposed even to my existence, but I cannot help it.

SHRI BHUPESH GUPTA: That, Madam Deputy Chairman, is very unfair. I wish long life to Shri Morarji Desai. I want to see him build up socialism in this country.

THE DEPUTY CHAIRMAN: We know your good wishes. Let the Finance Minister continue.

SHRI MORARJI R. DESAI: I am very glad to hear that. I know Mr. Gupta has a soft corner for me outside the House.

SHRI BHUPESH GUPTA: Even inside the House.

SHRI MORARJI R. DESAI: But inside the House he has always something strong to say.

SHRI BHUPESH GUPTA: strong against some of your policies, not against yourself.

SHRI MORARJI R. DESAI: He expresses his opinions and he has every right to do so. I have no objection to that. How can I object? He expresses views in which he believes, even though they may be mistaken and wrong. He may think that I am mistaken and I am wrong. He has every right to say so. But in the same way, he should not object to my saying that he is mistaken.

SHRI BHUPESH GUPTA: I wish you long life.

SHRI MORARJI R. DESAI: I am thankful to the hon. Member for wishing me long life, but I do hope that it will be a long life of happiness and not ...

SHRI BHUPESH GUPTA: I wish him that also.

SHRI MORARJI R. DESAI: And not a long life under conditions which you would like to bring about.

SHRI BHUPESH GUPTA: I wish you long life under socialism where the working classes will be in power.

SHRI MORARJI R. DESAI: Let us not be lost in this kind of a discussion. I could not understand how my hon. friend Shri Gurupada Swamy got the feeling that the Finance Ministry is losing the sense of emergency which it had shown, or that the other Ministries are not having a sense of emergency. "What is one to do to show a sense of emergency? Should one run about in the while? Or should one go on expressing apprehension about everything and showing concern in everything that he does? The best

way to meet an emergency is to remain very cool and quiet and to go on acting with conviction and courage and with firmness, and I believe that we are trying, to do that to the best of our capacity in the circumstances in which we are placed. If there is any relaxation in the super-profits tax provision, it is not because there is a relaxation of the emergency. It is because we want to meet the emergency in a proper manner that this relaxation in the super-profits tax has become necessary. We want development and at the same time we want to help defence, because development is very essential for meeting the defence expenditure. If development is to be ensured, we have got to see that the taxation measures that we bring in do not bring down development, that they do not retard it but that they enable the development to go further. As it is, it is argued that the development is not going fast enough. If that argument is correct, then it should not be objected to if that is taken notice of and provisions are made to see that it is not retarded. That is all that is being done. I am neither liberal nor harsh or hard. I am trying to see that just enough is given to see that the industries work efficiently, that they meet their liabilities and make reasonable profits for themselves so that the shareholders can maintain a proper interest in the concerns and future investments are not retarded. That is what we have got to achieve and it is only for that purpose that the concessions have been given. Whereas it is said by some here that they are liberal some would say that they are absolutely marginal. Well, both are political criticisms in my view. If they have not been political criticisms, I am quite sure they would have admitted that the concessions have been very carefully thought out and have been given with a view to saving the economy of this country and not for the purpose of favouring any group or harming anybody. I was still more surprised to find that my friends do not understand why there should have

been two separate Bills outside the Finance Bill. How does that get connected up with relaxation or with lessening the sense of emergency? On the contrary, it does not mean that these are some things which are meant to be temporary for the emergency. I have never said that. As a matter of fact, I have refused to subscribe to that theory but they are kept separate, because otherwise they would have made the Finance Bill very cumbersome and it would have been difficult to consider the Finance Bill in a proper manner, as it should be considered and it would have been difficult also to consider the new measures properly as they should be considered.

SHRI BHUPESH GUPTA: There I agree with you.

SHRI MORARJI R. DESAI: I am very happy.

Then it is said that because those Bills are kept separate, because I have said that they are unconventional and brought in at this time in an unconventional manner, I am apologetic. I do not know why I am apologetic when I said this. They are unconventional because they are unconventional. That is only a statement of fact. I only want them to consider it from that point of view and not go on by hackneyed thinking or any theories which might come by precedent. I, therefore, want to apply an unconventional mind to the consideration of it and not a conventional thinking on it so that it may be properly considered. That is why I said that. I have no apology to make for a heavy Budget that I have brought in. If I have said that I am conscious that it is a heavy Budget, it is only a statement of fact. Why have I to apologise for it? I have done a duty; and for doing duty nobody has to apologise. Therefore, wrong inferences ought not to be brought in. If something real is not to be said in these matters because they do not invite much criticism, may I expect that unnecessary criticism?

[Shri Morarji R. Desai.] cism need not also be brought in? That is the purpose why I am explaining this matter. I have never said that the emergency is of a short duration. I do not believe that the emergency is of a short duration. I cannot say how long it will be but I have no doubt in my mind, as I see at present, that the emergency is bound to last longer than many people expect and we have got to meet this emergency all the while. These two measures depart from the taxation that is ordinarily levied but that does not mean that they are going to be taken off. I have also said that I will not hesitate to take them off if I find that they retard the economy and do not serve the purpose. That is all that I have said. I believe that my hon. friends will agree with me that the purpose of taxation is not to put burdens on people merely for the pleasure of putting burdens or merely to take away money from the pockets of the people. The purpose of taxation is to benefit society by expenditure of various kinds in the interests of the people, for developing economy, for defending the country, for social welfare purposes and in short for ensuring, as far as Government can ensure, by the various steps that we take, that the society develops on healthy lines and is enabled to develop on healthy lines. That is the purpose of taxation and if that is the purpose of taxation, it must also be the duty of the person who is in charge of that to see that it does not come in the way of development and the moment he finds he should make some change, whether it is asked for or not, that should be done and there have been instances in which this has been done. If it is remembered, We had very heavy excise duties—they were called heavy but I do not call them heavy, I call them proper—on textiles five or six years ago but in 1958 we found that they were retarding the textile industry and took a large part off. That is what has been done. In the same way, this is being done. I have taken off the duty on vegetable non-essen-

tial oils this time not *in* order to harm the cottage industries as my hon. friend thought I had done without thought, but in order to compensate the poor and the ordinary people who will have to pay higher taxation on kerosene on account of its necessity. We have done that to compensate them in another Bector by giving them an article of food which will be of greater benefit to them than the burning of kerosene. I think if kerosene is burnt a little less,—it will not harm them so much as not giving them more nutrition for their purpose and this is what oil does for the ordinary people and for the poor people. That is why that duty has been taken off. If, as is very natural, those people in the cottage industry, who were getting protection as a result of this duty on the mills, suffer, Government will certainly take care to see that they do not suffer. I have requested the Chairman of the Khadi and Village Industries Commission to send me proposals for this purpose and I will carefully consider them. Therefore this is not a matter which will be neglected by Government. We will try to find out ways and means whereby we see that the cottage industries continue to function in the interests of the society as they used to function before. The duty on kerosene, as I explained before, has been levied not merely for the sake of revenue but more because we find that there is a large drain on foreign exchange as a result of the growing use of kerosene. I do agree that it is more convenient and neat to use kerosene as domestic fuel but I think it is wiser not to make oneself bankrupt in order to have a neat and clean fuel. If we are producing kerosene in our country, I would certainly accept the idea of not putting any burden on it—that is a different matter altogether—but when we have to purchase it from outside and more and more so, we have got to see that the use is restricted and the only way of doing it is to make it costlier so that other forms of fuel may be used. I found in the very first months stocks collecting and I found its use was



restricted. Therefore, it was effective in its main purpose. Of course, I also want revenue from it. There is no question of being apologetic about it and the revenue has to be paid by as large a number of people as possible and, as I said, this emergency has got to be met by the effort\* of every single individual in this country. It is no use saying that it is only some class of people who should pay. All people must pay more or less according to the capacity. I do not therefore say that the poor in this country have a surplus capacity to pay taxes. I do not say that. If that standard has to be borne in mind and carried out, I am afraid 99 per cent of the people in this country may not be taxed at all. Then how are we going to go ahead? How are we going to have investment?

It was said here that our taxes are very high. What are our taxes as part of our national income? If one looks at all the figures in the world, he will find that the story is quite different. Whereas our current total revenue from taxation is 10.9 per cent. of our national income there is no other country which has anything near this low percentage except Philippines which is also higher than this, that is, 12.3 per cent. Australia has 27.1 per cent, Austria 42.9 per cent, Belgium 29.2 per cent., even Burma has 19.7 per cent, Canada 32.5 per cent, Denmark 31.5 per cent and so on. France has 43.1 per cent., the U.S.A. 30.8 per cent, and the U.K. 33.7 per cent.

SHRI BHUPESH GUPTA: That should be related to the *per capita* income also.

SHRI MORARJI R. DESAI: It has to be related to the income but the income has to be raised and it has to be raised by our own efforts. My hon friend, Shri Bhupesh Gupta, cannot make himself strong by sitting on my shoulders; that is not possible. Nor have I to be strong by sitting on his shoulders. None should do so.

Therefore that is not possible. He is very puny but he is very wiry and he is very strong. Look at his voice; he is never tired of exercising it and he does it more than anybody else. Therefore his energy is abundant. There is no question of his strength. I think he will carry me more easily than I can carry him.

SHRI A. D. MANI: May I say that there is no relation between bodily strength and the strength of the voice?

SHRI MORARJI R. DESAI: I hope my hon. friend would be more serious because we are dealing with a very serious subject. Then my hon. friend, Shri Gurupada Swamy, said that he was not told what we were doing about the thorough overhauling of the Administration and cleansing the Augean stable. If I remember aright, when I replied to the Budget debate I had given here the steps which we have taken to see that we go on reducing our expenditure. I do not think it is any use repeating it every time but I agree that we cannot afford to neglect this subject at any time and it is better to pinpoint attention on this every time. For that I am thankful. We are trying to see that in all fields expenditure is economised to the best of our capacity and yet it can be argued that we are not doing our best. Perhaps more economy can be effected. If it is suggested where it can be applied, I shall be very happy to take up the suggestion, to accept it if I find it is useful or to explain that it is not useful if I find it is not useful.

SHRI M. RUTHNASWAMY: May I ask if this economy is in the proposal stage or in the achievement stage?

SHRI MORARJI R. DESAI: It is continually being achieved. I had also shown how much had been achieved. I had also shown that in this very Budget we have stopped expansion of several things up to about Rs. 40 to

[Shri Morarji R. Desai.] Rs. 50 crores. Now it is less than in previous years. That is what we have done already but we are not satisfied with it. We have got to go on doing it. But take the question of Administration. When we go on making some retrenchment it does not mean that we put people out. In an expanding economy when defence purposes also require a larger Administration, there are more people required but instead of taking more new people we are making these people surplus and utilising them for the new requirements. That also is saving and that is a better kind of saving than the other thing. Therefore these things are being done. In the matter of using of material also this is being done. But when it is said that no building ought to be built anywhere I do not understand the meaning of it. We have certainly put an embargo on the construction of big buildings or buildings when they are not necessary or if we can do without them even for some time. But take the case of Delhi or take the case of Bombay. If a building has to be put up, as it has to be put up, to house offices which are required for purposes of defence or for purpose<sup>01</sup> Administration and development—we cannot work in the open sitting outside. If you want those offices, if the buildings are to be put up, you cannot put up a building of Rs. 50,000 on a land valued at Rs. 50 lakhs. Then you have got to see that that land has a building which has a proper valuation, which is big enough to justify that land being utilised and when it is required for all time to come, what is the use of merely putting up a temporary structure and wasting money? That would be a bad economy. Therefore that kind of economy, if it is suggested, I would say, is not a very healthy suggestion at all. Let us not therefore get into slogans which are not very useful to us. I should be very thankful if it is pointed out, This thing is not required: why have you done it? I am certainly prepared to explain it or to see that it is reme-

died. What is pointed out in season and out of season are the electric and water charges of Ministers.

SHRI BHUPESH GUPTA: Except two.

SHRI MORARJI R. DESAI: The Finance Minister happens to live in the Presidential Estate but the Finance Minister's bills are being checked by him from the very beginning.

SHRI BHUPESH GUPTA: I don't mean anything personal. When I say Ministers, two are excluded.

SHRI MORARJI R. DESAI: Not deliberately excluded.

SHRI BHUPESH GUPTA: I agree with you there.

SHRI MORARJI R. DESAI: But it has to be seen that Ministers' houses have also their outhouses where many people live, security, peons and others, some of them public servants. There are about 20 rooms there or 22 rooms and they are all being occupied. They all consume electricity. There are offices in my house. My office runs from morning 7 00 till 10.30 in the night and the houses are so constructed that they must burn electricity even during the day. I cannot work in my room without having electric light at any time of the day mostly.

SHRI BHUPESH GUPTA: I am very sorry for it.

SHRI MORARJI R. DESAI: You may be sorry but what can one do? But you must be sorry for making wrong criticism. That would be a more relevant sorrow than this sorrow. This sorrow is more hypocritical.

SHRI BHUPESH GUPTA: I want your room to be improved. I don't want you to be in darkness.

SHRI MORARJI R. DESAI: Then I will be charged with pulling down houses and making new houses.

SHRI BHUPESH GUPTA: You must do something.

SHRI MORARJI R. DESAI: My hon. friend is a great politician but he is not a great architect; nor is he an engineer. Let him not rush into matters which he does not understand at all. It will give credit to him instead of bringing discredit. Let him be wiser in some matters at any rate if not on all matters, just as he has "been very wise in the matter of marriage. He has seen to it that somebody is not unhappy.

SHRI BHUPESH GUPTA: He is casting reflection always on me. I want Mr. Morarji Desai to be very happy, with lights in his house, not in darkness.

(Interruptions)

SHRI MORARJI R. DESAI: I want you to be happy under all circumstances. I only do not want you to make other people unhappy.

Madam, I am very sorry to learn that my hon. friend, Mr. Santhanam, who does not seem to be here, had some very strong and caustic things to say about the Finance Ministry. I have great respect for his industry, for his intelligence, for his honesty, but I am afraid he has not applied proper discretion in regard to all these virtues. He said the Finance Ministry is self-righteous, supercilious and such other things. Well, when he says the Finance Ministry, I take it he means me because after all for the measures that are taken I am responsible and, therefore, it is I who am responsible for them. Hard words can be used in the English language which is very prolific in these matters. Many adjectives can be used. I do not want to use those adjectives at all. He seems to think that I take delight in putting hardship on people without any consideration for them. I can only say that he is very unjust and uncharitable. He thinks that I am so because foreign travel is being curbed or controlled. He had made some suggestions in this matter which I have not been able to accept because I find that it is not possible for me to do it. He said that it is the fault of

the Finance Ministry that foreign exchange difficulties are there. What is the fault of the Finance Ministry? The Finance Ministry has got to see that development takes place in this country and development has to take place to the maximum. He is also very impatient as others are in the matter of development. He was voicing the view here that the development rate has not gone up. If development has to go up, then foreign exchange has got to be utilised and we have got to go on using it more and more. Therefore foreign exchange difficulties will arise from time to time. They will continue for ten years or more, until we are in a position where our development is such that we are able to make more exports than imports. Then, we will be in a different position altogether. Until that position comes about, is it not necessary for us to utilise our foreign exchange resources, whatever meagre the resources may be, for the purpose of producing more resources and more development rather than for the purpose of pleasure, for purposes of some people who wish to satisfy their desire for going out and seeing other countries? I do not say that foreign travel is a bad thing. I do say that foreign travel would be a good thing, provided one can afford it, provided the country can afford it. If the country cannot afford it, I do not subscribe to the theory that it is a fundamental right of a citizen to be enabled to go out. If it is a fundamental right, how many people would be able to go out from this country? I think it is something which I have never heard of that foreign travel is a fundamental right of somebody which we are curtailing. He said also that it is the right of every person to have a house. That I grant. But are we in a position today to give a house to everybody? If I were in such a position, I would be the first person to do it. I want to be in a position to do that. Even to be in a position to do that, I will have to use my foreign exchange resources properly so that I get those resources. Then he says

[Shri Morarji R. Desai.] cement is not obtainable. Therefore, it is our fault. But cement is now being manufactured three times of what it was before. We will require more and more. We produce more and more and we find more and more shortage. What does that show? That shows that we are developing, we are improving our conditions and that more and more things are required, if less things are required, then it will mean that we are getting into stagnation. We are not getting into stagnation. One can only say that we are not increasing our resources or our development fast enough. With that I can agree. After all speed depends upon the capacity of every person. I cannot have the speed of my hon. friend, Shri Santhanam . . .

SHRI BHUPESH GUPTA: He has sped out of the House.

SHRI MORARJI R. DESAI: Certainly when I use my speed, I have to use it without having to break my legs.

SHRI BHUPESH GUPTA: I said Mr. Santhanam had sped out of the House in anticipation of your speech.

SHRI MORARJI R. DESAI: Then, he made a point about the balance of payments and said that the rupee was overvalued. I am very sorry that he made such a statement. He does not realise what harm he does to the economy of this country and to the strength of the rupee by making such a statement which is not justified at all. He ought not to rush into such matters. He is a very careful person, but I do not know why he has given up all caution in his desire to hit me or to hit the Government. I do not know why that is so. He said one must speak out the truth. I agree with him. I not only agree with him, but I also say that truth must be spoken out at all times not only some times. If anybody says that it should be only on some occasions, I will not agree with him. It must be truth and

it must be truth which must be accepted by all people and not truth which you think is the truth. Why does my hon. friend dispute my truth? Then, he says it is not a fair thing to the people. Talks like that do harm to the country. I do not know how the rupee is overvalued. He says prices in India have risen much more since 1949 than in the United Kingdom or the United States. I am afraid this question of the intrinsic value of the Indian rupee has been the subject of a great deal of loose talk by several people in this country, including even some experts so-called experts, because I cannot call them experts when they talk so loosely. I am surprised that a person of the experience of my hon. friend, Shri Santhanam, should have made such a statement. I would say that prices in India since 1949 have increased far more moderately than in most other countries of the world, not excluding some of the highly industrialised countries. I do not know what the use of having such loose talk is.

I will, therefore, now give some figures. I had given some figures in the other House only the other day, but I think it is better to repeat them here and give some more figures, if necessary. Between 1950-60 wholesale prices in India increased at the average annual rate of 1.5 per cent, only. The corresponding increase in wholesale prices in the United Kingdom was 2.9 per cent, per annum. In the United States it is the same as ours. In Japan it was 3.7 per cent, per annum; in France 5.2 per cent, per annum; in West Germany 2.3 per cent, per annum and so on. There are many less developed countries where the rate of increase in wholesale prices has been even much greater. If you take now the index of consumer prices, you will find again the same picture. The increase in India during the decade mentioned was at the rate of 2.1 per cent, per annum as against 4.1 per cent, per annum in the United Kingdom; 2.1 per cent, per annum in the United States, which is the same

as ours; 4.1 per annum in Japan, and so on. Between 1960 and 1961, the consumer price index in India increased by two points, i.e., from 116 to 118, with 1953 equal to 100. On the same basis, the increase in the United Kingdom was from 121 to 125; in the United States from 111 to 112; in West Germany from 111 to 114; in Japan from 114 to 120. Therefore, if anybody looks at these figures, he will soon see that the rupee is not overvalued. I do not know what is gained, what advantage is gained by making a wrong statement about a very vital matter in this country's economy. I hope that after I have given these facts there will not be any loose talk about the overvaluation of the rupee or about any devaluation that may be suggested by anybody. I think that would be a suicidal thing for this country to do and I hope economists also—those economists who have different ideas in this matter—will not talk loosely. Then there was a question about the Indian technicians not getting the same deal as the others, and I am surprised at the arguments made that we are making a discrimination between the two. What is the discrimination made? Should Indians live like other Indians or should Indians compare themselves with 'other nationals'? Should they live in conformity with the standards obtaining in this country or should the foreigners be expected to live under the standards obtaining in this country? What have we done? My hon. friend, Shri Arora, has strange notions about many things with which I do not agree of course. But he can have them, I have no quarrel with him.

SHRI ARJUN ARORA: Thank you.

SHRI MORARJI R. DESAI: Why should I have any quarrel? But let him not have any quarrel with me about that. That is all I am saying. He need not think that I am not wise about it, because it is not a question of wisdom in this matter. It is a question of the attitude that one has.

After all we do require foreigner! here. Nobody, not even the maddest man in this country, will say that foreigners are not required. I do not think that even my hon. friends, the Communist Members, will ever dare say that no foreigners are required in this country for technical purposes or other purposes. As a matter of fact they are always under the advice of foreigners. They seldom take the advice of Indians. Therefore, what is the good of saying that? We take the advice of foreigners only as our advisers, and not on the basis of anything else.

SHRI BHUPESH GUPTA: We are not in the advice of foreigners. You may be.

SHRI MORARJI R. DESAI: I have no shame in taking the advice of any person, not even that of my hon. friend.

SHRI BHUPESH GUPTA: Then take that.

SHRI MORARJI R. DESAI: I take even the advice of my hon. friend.

SHRI BHUPESH GUPTA: You are sending Mr. T. T. Krishnamachari to the U.S.A. every third day and you tell me that you take my advice. Nothing of the kind.

SHRI MORARJI R. DESAI: I do take. I do not say I do not take. I do take. I have absolutely no apology for it.

AM HON. MEMBER: The Minister takes it publicly. He takes it privately.

SHRI MORARJI R. DESAI: It is not a question of my not taking. I do not know many things. Therefore, I want to profit from everybody who can give me advice. I take advice even from animals if I can get it.

SHRI BHUPESH GUPTA: In some cases you will get better advice from animals.

SHRI MORARJI R. DESAI: Yes, than from my hon. friend, I agree. If we agree that foreigners are required there for technical purposes and for purposes of development, we have to have them. We require foreign collaboration. We require all those Russians for our Bhilai Plant. We could not have done without them. We have to pay them as they asked us to pay, and we pay them. Otherwise we do not get them. We required a super engineer for the Bhakra Nangal Dam. We had to pay him Rs. 25,000 per month and that too for work only for six months in a year, and for the other six months he was away and was drawing the salary. We had to do that, and he deserved all that. I do not say that he did not deserve that. He gave us full compensation for it by whatever he did. In the same way foreigners are required, and they have got to be paid as they would be paid in their own country. Otherwise why should they come here?

SHRI BHUPESH GUPTA: May I make a suggestion?

SHRI MORARJI R. DESAI: I am sorry I am not in need of suggestions in this matter.

SHRI BHUPESH GUPTA: Therefore, you do not take my advice.

SHRI MORARJI R. DESAI: There-tore, when I say that we have excluded them from this category, we have done just the right thing and nothing more. But if Indians also think that because of these they get an inferiority complex, I am afraid it is a wrong thing to have an inferiority vomplex. We must not live as they live.

SHRI ARJUN ARORA: In your Lok Sabha speech you did not say that this exception will apply only to technicians of exceptional ability. You have given a blank cheque to foreigners.

SHRI MORARJI R. DESAI: We are mot here for another lecture. I am

very gorry that you unnecessarily interrupt. I have never said that they are meant for only technicians. But we are also seeing that the services here are Indianised more and more in foreign concerns. That is what we are seeing. We have regulations about it. Technicians are allowed even income-tax free salaries by our laws. It is not only technicians but all those foreign nationals who are required for managerial purpose, who should be taken by us. Therefore, it is given to all of them. So, why should we discriminate between this and that? As long as they are required it ig better to do that.

SHRI BHUPESH GUPTA: Indians are doing the same job.

SHRI MORARJI R. DESAI: They may be doing the same job. Mr. Slo-cum is not there now. There is art Indian in charge who is doing the same job, yet he is not paid even one-fifth of his salary. What is the use of forgetting this fact? That has got to be done, and if Indians are not wanting to do that, I would say that they lack in patriotism. It is no use trying to ask for more salaries in this manner. It was strange that my hon. friend, Shri Arora said that we do require to bring down salaries, but when we bring down salaries, he says: now you are putting them up, and because you are giving them for the other people you should give them also. How can it happen? We have to adjust ourselves. We cannot make other, adjust to our standards. Therefore, the laws that we make for our own purposes, for our own benefit, we cannot apply them blanket-wise to other people. If we do not require them, certainly they would not be here, and we are trying to see that we get into a position, more quickly than some people think of, of not having to have anybody that way, and once we are in that position, we can make our own offers, and they may or may not come. That is a different position altogether. Therefore, there is no ques-

tion of making any discrimination which is adverse to the Indians in this matter. I think Indians themselves ought to welcome this and not create this kind of a wrong cry of discrimination.

My hon. friend Shri Dahyabhai Patel quoted a Gujarati proverb. There is a proverb in Gujarati which says: giving parched rice to the children in order to take away their gold bangles. There is another proverb also: giving little berries and taking away the bangles. There are many proverbs like that. But I never thought that my hon. friend was in the category of children. This applies only to children. Are businessmen children that I am offering them these things and taking away bangles? I do not think that he and his Party are in the category of children, nor are others in the category of children. They are not going to be deluded by anything that I do. Therefore, this proverb is absolutely misapplied and misquoted.

AN HON. MEMBER: His Party certainly is.

SHRI MORARJI R. DESAI: I am not prepared to say that, I am very sorry. I believe that they are entitled to believe in what they like and what they think is the best. I can certainly give reply to them on the intellectual basis. Why should I have to say that they are childish? One who calls others childish becomes childish himself or worse than that. Why should one have to do that? I do not think that it is a good way of dealing with people at all.

Then it was said by my hon. friend, Mr. Chordia, that our rates of income-tax are higher than in other countries. This is also not correct. If one examines the income levels and living standards and other things, he will find that up to a certain level income-tax here is low. On the higher incomes you may say that it is high. But there are hon. Members who say it must be increased. There are some

people who say that we have put a heavier burden on the lower income groups.

SHRI BHUPESH GUPTA: We said that.

SHRI MORARJI R. DESAI: Because my hon. friend had first said that he should be excluded, that Rs. 400-wallas should be excluded, I have not agreed—that is what he had said before. I remember that very well.

SHRI BHUPESH GUPTA: You did not take that thing.

SHRI MORARJI R. DESAI: I do not want to take your thing. I can do without it very well. But they were paying very little. Therefore, the burden that is now put comes to 1-8 per cent, on an income of Rs. 5000. How is it a larger burden? By the enhanced thing it comes to that. The other thing is a deposit. Therefore, there is no question of taking away any money from anybody. On the higher bracket it goes on rising from 4 per cent, to 10 per cent, and out of 10 per cent, only 2 per cent, will be deposit and 8 per cent, will be tax. Therefore, it is not a question of taking less from them. But already the taxation rates on these with incomes of over Rs. 30,000 or so are rising steeply. And therefore, it cannot be said that we are dealing with them in any liberal manner. We are trying to take as much money as we can from them. It is no use saying that we are not taking away everything from them. It is easily said, it can be done. But once you take away all these things from them, what are you going to take from them afterwards? Are you going to keep this country perpetually poor? It cannot be done. We do not want to distribute poverty, we want to distribute prosperity and prosperity has to be built up . . .

4 P.M.

SHRI BHUPESH GUPTA: Platitudes.

SHRI MORARJI R. DESAI: Platitudes are given to my hon. friends. They do nothing else but that. We do work and they do platitudes. Therefore they remember nothing but platitudes ...

SHRI BHUPESH GUPTA: You are talking of distribution. I only added.

SHRI MORARJI R. DESAI: Therefore the talk of this taxation being low-here or being high there is not correct.

Then, my hon. friend, Shri Mani, quoted Lord Keynes. He has become an economist. I do not know whether he has always been an economist.

SHRI A. D. MANI: I have passed an examination in economics, Madam.

SHRI MORARJI R. DESAI: I am afraid many years have passed after that and that seems to have been forgotten but he said . . .

SHRI BHUPESH GUPTA: About the same time . . .

SHRI MORARJI R. DESAI: He said that the Compulsory Deposit Scheme that we have taken up is different from Lord Keynes' book. Well, I have not read 'Lord Keynes' book, I must admit, and therefore it is bound to be different from it. But where did I ever say that it was the same thing as in Lord Keynes' book? We do not do that. We do not believe in imitation. We do believe in adapting from people whatever is good, in adopting to our own methods, advantages and our own systems. Therefore, when he applies like that, he only thinks of applying somebody's words here. Why does he not apply his original mind? Today let him apply his original mind to the Deposit Scheme and he will find that it is a perfectly good scheme. If he goes on . . .

AN HON. MEMBER: No original mind.

SHRI MORARJI R. DESAI: I do not say that he has no original mind. He has, but he does not apply it.

SHRI BHUPESH GUPTA: The Compulsory Deposit Scheme . . .

SHRI MORARJI R. DESAI: Shri Dave said that our economy has not risen fast enough. That criticism can be true, that is true. Yet, last year the rate of growth in the industrial sector was 83 percent, as against 71 per cent, in 1961. Well, it can be said that it is not much higher, that it should be much higher. But how can it be much higher unless we all put our shoulders together and the will, unless we have more investment, unless we have more hard work? Unless all these things are done, we cannot go up higher, and in the initial stages this cannot be much higher. After you have developed a certain amount of strength and speed, you can go much faster. When a child begins to learn walking, if you expect the child to run as fast as an adult, I think the child would die. Therefore, the child's progress cannot be measured in terms of an adult's progress, and this country's progress therefore has got to be measured as the progress of a developing country and not as the progress of a developed country. And if that is done, we can progress. We have got some bottle-necks. These bottle-necks have got to be removed. We are trying to remove them. We find that they are many. It is no argument to say that we are finding bottle-necks in coal, that we are finding bottle-necks in power. They are all in short supply. I am afraid they will remain in short supply however much progress we may make, for many years to come because the more we produce the more we will require and this will go on. That is a healthy sign. But that should not give us any complacency. I entirely agree. I agree that we must make a greater effort in this matter, and I thank him for pointing it out. But I would also request him to take a more realistic view of this. When it is pointed out that we have not made much progress in agriculture, I would say that factually it may be true or it is true. But that does not mean



that we are lacking in JSUT efforts. Is it expected that only the Government can produce more foodgrains in this country, more agricultural products? Is Government going to cultivate all the Jands? How can that be done? But Government is trying to provide the necessary materials required for benefiting our agriculture. The millions and millions of agriculturists who are engaged in that task will have to work hard, utilise all means, and for this, we are trying to provide various methods. Various materials, various implements and more and more resources are being provided in this matter. When we say that they should take to co-operatives, there are hon. friends who say, "No, no. This is all wrong. You must not do at." We have got to satisfy them also. We have got to persuade them about it because we are living in a democracy. We are not living in a State where people can be driven to do as it likes. We do not believe that by driving people to do anything we can produce any great results. It is only when there is freedom of thought, freedom of action and freedom of word that people can develop to the best of their capacity. That is why we believe in it. When that is done, there are also possibilities that the growth does not become fast in the initial stages. But after it grows to a certain level, it begins to be faster and becomes more permanent. Therefore, in the matter of the rate of growth, though there is a great necessity for increasing it, we must also look at the matter far more realistically than merely from the point of view of our desires. Of course, the desire of all of us is that we must increase it faster and faster as we go on, and even if we cannot, we should increase our capacity. That is what we want to do. But we cannot double our income in five years. But after a certain stage, when once we double our income, if we take twenty years to double it, afterwards it will not take twenty years but it will take only ten or five years. That is possible but in the initial stages that will not be easy because there are many handi-

caps^—social handicaps, economic handicaps and all kinds of handicaps—from which we have been suffering for centuries past. We cannot remove all those handicaps in the course of a few years. Therefore, in these matters if we put our shoulders together and if we pool all our minds together without maligning each other by using words like 'supercilious' or other like words, I am quite sure that we can make better efforts, we can go ahead faster and we can bring prosperity in this country to everybody. And nobody will say then that this man is being exploited or that man is being exploited. But to reach that stage we have got to work by working together. That does not mean that we must agree on everything. That is not what I mean at all. There can be differences of views in many matters. But wisdom lies in pooling all these differences together and not in making quarrels out of them. That is all that I am pleading for.

Madam, I hope that the Finance Bill, therefore, will be accepted by this hon. House very unanimously.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1963-64, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

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

*Clause 2—Income-tax and super-tax*

THE DEPUTY CHAIRMAN: There is one amendment to this clause!— amendment No. 1. It is disallowed under article 117(1). It is in the names of Mr. Niren Ghosh and Shri Bhupesh Gupta.

SHRI BHUPESH GUPTA: It is in my name. Therefore, it is disallowed. Are the others all right?

THE DEPUTY CHAIRMAN: I have given you the reason why it is disallowed.

SHRI BHUPESH GUPTA: All right. I take your ruling.

THE DEPUTY CHAIRMAN: The question is:

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

*Clauses 3 to 5 were added to the Bill.*

*Clause 6—Amendment of section 40*

THE DEPUTY CHAIRMAN: There is one amendment in the name of Shri Niren Ghosh and Shri Bhupesh Gupta. This also goes along with the first amendment under article 117(1).

SHRI NIREN GHOSH: Can't we speak on it?

THE DEPUTY CHAIRMAN: It is disallowed.

SHRI BHUPESH GUPTA: We want to speak on the clause.

THE DEPUTY CHAIRMAN: You can speak on the clause.

SHRI BHUPESH GUPTA: Now this clause 6, as you know, provides for certain exemptions relating to expenditure up to Rs. 5,000 on items stated in the clause. If the amendment had been accepted, if we had the permission of the President, we would have moved this amendment in order to reduce the amount by Rs. 2,000. But here, Madam Deputy Chairman, I think this exemption limit is very high; it has been fixed at a very high rate. I think nothing would have been lost if we had fixed a lower rate,

like the one we had suggested in our amendment, because it will restrict the expenditures which are incurred, directly or indirectly, on remuneration, benefit or other amenities. It should be fixed on the basis of the Indian standard. The Finance Minister was himself speaking about the Indian standard. What is the Indian standard? It should not be Rs. 5,000; it should really be Rs. 3,000 or so; Rs. 2,000, Rs. 3,000, like that; certainly not Rs. 5,000. Now it may be said that if we fixed it as that, it would act as a disincentive to the industrial managerial side in our country. And also it may be argued that there will not be people coming from outside. Straightway I want to say that I cannot accept that argument that it will come to be a disincentive, because the hon. Minister himself spoke of the patriotism of our people, and we find, in the many cases of public sector, that we have got officers who are working for less than Rs. 5,000, and they are not giving a bad account of themselves. If you take into account the big concerns, like the Hindustan Steel or the Hindustan Machine Tools, or the Bangalore factory and so on, you will find that many important technicians and technical experts, our own nationals are getting much less. Is it the experience of the Government that they are not doing work? It is not so. Therefore I do not think this argument is tenable under such pleadings.

Now it may be said about the foreigners. Here I wanted to interrupt the hon. Minister, but he got angry. Mr. Arora I dare not interrupt in order to put my query. I can conceive of a situation when some important experts, absolutely essential, whose technical know-how is not available in the country, have to be brought in by them on a larger amount. Now in such cases we can make this arrangement. As far as the salary is concerned, insofar as the taxation limit comes in there, we fix it at the existing level, and when we enter into contract with them we see

that a lump sum is paid, which should be paid as an additional sum, which will not be spread over and included in the salary, so that there is no such thing. I can understand a very great technical expert being brought for our Bhakra-Nangal project, and I can also understand that it may be necessary, at certain stages of our development, to give them a little more, or much more even, than what we pay to our nationals.

But why should we make it in the form of salary? Let the salary be that lower figure, and the remaining amount, that is subject to negotiation, shall be settled otherwise. I cannot think of the same thing being done in other countries, in England and other countries. You may say England does not require people from outside, but certain other countries, on the continent of Europe, do require people sometimes from such countries as West Germany, the United States of America, and even from the Soviet Union with whom they have got serious ideological and other differences. There, very often it happens that certain contracts are made and the whole transaction is on the basis of the contracts; apart from the time for which one is brought in, the terms of payment are also settled in that manner. I think we can circumvent this difficulty by an arrangement of this kind.

Then, Madam, this Rs. 5,000—well—is too much; that is all I can say. It is a huge amount—you can understand—by any computation in our country, and I think suggestions have been made in the press from the Congress side and from our side, also that the amount should be reduced, and it was not a very unreasonable suggestion. I say it was not a very unreasonable suggestion, certainly, because it is not a suggestion which has to be settled on purely an ideological ground; no ideological ground is involved. If it can be Rs. 5,000 it may as well be Rs. 3,000. Therefore I do not see as to why the hon. the Finance Minister did not accept this

suggestion. The tendency here is to concede to the pressures and demands, and when I say this thing, I discuss only the policy. But somehow or other it is my misfortune that Mr. Morarji Desai has taken it into his head that I quarrel with him or that I do not like him, and so on. Nothing of the kind. He is the Finance Minister of our country, and as long as the Congress Party decides, he will remain there. And personally why should I have any dislike of, or quarrel with, him? That is not at all the issue; it is the policy which I am discussing. I think this point needed a little reconsideration by the Government; it needed, because it has been objected to by many people who are supporters of the Congress Party, even supporters of Mr. Morarji Desai in the existing scheme of things. Apart from personal loyalties they may owe to him—they are his supporters—even so, they have felt, perhaps here an adjustment in favour of the popular suggestion could have been made by him. I am very sorry that he did not do so.

We must give up the philosophy in our country of giving very high salaries in order to exact from them talent and service. If the Finance Minister could run the country on a salary of Rs. 2,250 plus something, why should it not be possible for other managerial or other experts—not technical experts? Anybody can get other managerial people to run the business on a salary much less than Rs. 5,000. I can understand it when it is a question of very important technical know-how, but in this clause it is mad\* applicable in respect of all, in this manner, as far as the expenditure is concerned. Why should it be so? If the Finance Minister of the country could be found for such a salary as Rs. 2,500 or so on. say, Rs. 3,000—I am not talking about the other thing\*—electricity and so on; that I do not know—why should we not find our people to take up positions in business and other concerns for a much lower

[Shri Bhupesh Gupta.]

salary? And you are putting a premium on this kind of thing, and this is one of the ways of the companies for evasion of income-tax. I will tell you how they do. They will get it recorded in their books in order to get the exemption; the actual payment may be less. I know that in Calcutta such things are happening in order to get exemptions, in computation of income-tax; in the matter of income-tax assessments certain entries are made as expenditures in the books. In fact, such expenditures are not made. Somebody is shown as drawing a salary of, shall we say, Rs. 5,000. In fact, he is not given Rs. 5,000; he is given much less. There is an internal arrangement. Now, when he gives his income-tax return, he shows as if he got Rs. 5,000. Income-tax is calculated on that basis no doubt. Therefore, when it comes to the question of company accounts, it is shown that he is being given Rs. 5,000; actually it is not given, and later an adjustment is made so that neither is loser. The company retains some money to compensate him for the additional income-tax that that person may be paying, because it was a fictitious amount—Rs. 5,000—in relation to reality, and that is made up otherwise. This is how it is done, and it goes on like that; the salary is fixed at Rs. 5,000, but he will be given only Rs. 3,000—this is the actual arrangement—or the salary is fixed at Rs. 3,000, but he will be given only Rs. 2,500 or so, and the other Rs. 500 is his income-tax liability, and so on. That is how the internal arrangement is being made. I do not think that aspect is always borne in mind, and it is not possible for you always to find out through your own intelligence. Besides, you may not know how in this matter these things are manipulated. Therefore I say the whole scheme of things, in some cases, proves unjust; in other cases it becomes the means of cheating the exchequer, the means of malpractices in company finances, and so on.

Therefore, Madam Deputy Chairman. I think this should be known to the Finance Minister. This is a talk of the town and I do not see why we should commit ourselves to the position of Rs. 5,000 which is a very high amount. On the contrary, I appreciated this thing when he said that it should be according to the Indian standard. In a country like ours, I think this should have been reflected in this particular proposal, I am sorry that the Finance Minister did not persuade himself to the acceptance of the suggestion of the kind that I am making. I hope the answer will not be politically and ideologically loaded but dealt with in a businesslike manner.

THE DEPUTY CHAIRMAN: Do you want to say anything?

SHRI MORARJI R. DESAI: Madam, I can only say that I am unable to agree with the arguments advanced, by my hon. friend. It is not realistic at all. And even here, when we have done this, it does not mean that private companies will not pay more salaries to these people. Let them pay more salaries but we will allow that on expenditure basis. That is, they will have to pay tax on it. That is the meaning of it. But that is the first step that we take. But when we take the first step, it is no use bringing it down much lower because that is not realistic. Again, even in Government employment our maximum salary goes beyond Rs. 5,000.

SHRI BHUPESH GUPTA: Where?

SHRI MORARJI R. DESAI: The Chief Justice of the Supreme Court

SHRI BHUPESH GUPTA: Only the Chief Justice.

SHRI MORARJI R. DESAI: Governors get that.

SHRI BHUPESH GUPTA: Oh, Governors. You take I.A.S. You take High Court Judges.

SHRI MORARJI R. DESAI: Even in our industrial employment we have got to give it where we find it is necessary. Therefore, these are things that -are necessary and we cannot go much below it. It is, therefore, better to fix it there. Even in the ideal land of my hon. friend the salaries are far higher than what obtain here. Therefore, what is the use of saying that? He does not seem to have learnt a good lesson from his mentors.

THE DEPUTY CHAIRMAN: The question is:

"That Clause 6 stand part of the Bill."

*The motion was adopted.*

*Clause 6 was added to the BUI.*

*Clauses 7 to 25.*

THE DEPUTY CHAIRMAN: There are no amendments.

SHRI BHUPESH GUPTA: I want to speak on those clauses.

THE DEPUTY CHAIRMAN: On which clause?

SHRI BHUPESH GUPTA: On all the clauses.

THE DEPUTY CHAIRMAN: Please be brief.

SHRI BHUPESH GUPTA: That is all right. I shall be brief this time. But do not ask me to be brief because so many clauses I have to speak on.

THE DEPUTY CHAIRMAN: Select your clause and speak on it.

SHRI BHUPESH GUPTA: Oh, selection. Mr. Morarji Desai, the hon. Finance Minister, stings in what he says towards the end and sometimes in the beginning also. But I do not know whether he does it always in good taste. I do not think he does that way. But, then sometimes we all get into

wrong habits, Madam Deputy Ch; man.

THE DEPUTY CHAIRMAN: "5 certainly do.

SHRI BHUPESH GUPTA: What

THE DEPUTY CHAIRMAN: ^ said that "sometimes we all get i wrong habits". And I said that J sometimes do.

SHRI BHUPESH GUPTA: If ; say that, you are being partial.

THE DEPUTY CHAIRMAN: Pie come to the clause.

SHRI BHUPESH GUPTA: I should be expunged because the co try will think that you are part and I do not like my Deputy Ch; man to create an impression as if is partial.

SHRI MORARJI R. DESAI: Mad I agree with you.

THE MINISTER OF PARLIAME] ARY AFFAIRS (SHRI SATYA NARA SINHA) : You can say that Minisl are partial but <sup>no</sup>t the Chair. Do call the Chair "partial".

SHRI BHUPESH GUPTA: I h never. Mr. Satya Narayan Sinha very good man. Madam, I have ne called you partial.

THE DEPUTY CHAIRMAN: PL come to the clause.

SHRI BHUPESH GUPTA: I sai should not like the country, from j remark, to have an impression, wl you naturally do not mean in sense, that you are partial. That rr art I have learnt by now.

Now, coming to the clauses, I are many. If I take them up one one, that will take a long time. G rally, what has been the whole sch of things? It has been on<sub>e</sub> of exe tiong in favour of the rich and t

[Shri Bhupesh Gupta.] has been no modification in favour of the poor. That is the main criticism of the entire scheme of things. It is a fine place for the hon. Finance Minister to tell us as to what is happening in the European Countries. After all, the per *capita* income in the United Kingdom is Rs. 5,000 as against our Rs. Three hundred odd. You can well understand it. There it is Rs. 5,000. In the U.S.A. it is over Rs. 10,000. In Canada it is Rs. 8,000 per capita. Now we certainly cannot compare the rate and structure of taxation in those countries with our country discounting the great disparities that exist in the matter of per capita income because in the final analysis taxation is to be measured in terms of the extent to which one can save after necessary consumption. This is how you view this matter. Obviously a person who has got an income of Rs. 10,000 is in a much better position to save than a person who has got an income of only Rs. 1,000. Therefore, the taxation on higher income should be of a much higher order. There is no doubt about it. But here it should be of a much lower order. Therefore, you should judge it from the point of view of equity and from the point of view of economics also, if you like. I do not know if this argument is acceptable to him. The hon. Minister chose in the course of his speech to give a few statistics from his little note book which, I believe, he uses also for his speeches outside. That is why he has that note book. This point I wish to make.

There is another point. He said that unless we have the scheme of taxation in this manner, we cannot step up the rate of growth. That again is a fallacious argument. You see, to link up taxation with the rate of growth or gross percentage of rate of growth is not a sound argument. Investment certainly should be related to the rate of growth, or the rate of growth should be related to investment. But Investment does not neces-

sarily always mean that the resources should be found by this kind of taxation which he proposes in the Budget. Investment means the savings of the community over consumption, socially speaking. And these savings could be tapped in various other ways. The hon. Minister is also doing it. He has the compulsory deposit scheme and various other schemes. Therefore, it is not right to justify every single taxation or a system of taxation on the ground that you need money for investment and without such investment there cannot be a growth in the rate of development. This again is a fallacious argument. In the modern economy it is rejected. It was an argument acceptable at the end of the eighteenth or in the nineteenth-century or even in the beginning of the twentieth century. It was an argument accepted in the very much advertised capitalist countries. But today when we are developing the public sector through a budgetary approach indicating orientation day after day, we do not rely on this kind of antiquated approaches. We should be able to find money from sources other than taxation.

It is said by many an economist that today the taxation is coming to a saturation point. Therefore, we should find resources really from the public sector, from the State enterprises and so on. This approach is not there. And, Madam Deputy Chairman, as long as this approach is not brought about, I am afraid, we are left always to choose between the devil and the deep sea. The trouble arises like this. Take, for example, the tax on kerosene which is provided for here. Why should it be like that? The hon. Minister said, "Consume less" because he wants to save foreign exchange. Which argument and I to take? Now, I am all in favour of saving foreign exchange. But then, if you consume less kerosene, how are you going to fetch the estimated tax on it, because tax is also estimated on the basis of a certain quantum of consumption. You cannot

say that there should be less consumption of kerosene, and yet you say that you shall be raising the same amount of resources through this additional duty that you have put, because then the quantum of taxation, the revenues from that source, will also come down. The other day the Chief Minister of West Bengal gave an advice to the people of Bengal. We have a very fertile Chief Minister. He said: "The tax is all right but consume only one-third of the kerosene that you are now consuming." Then what happens? Mr. Morarji Desai will be getting one-third of what he has estimated in his Budget. It did not occur to him that when the consumption goes down by two-thirds, at least the revenue accounts will also, under that head, go down by two-thirds. Now this will lead to such illogical position. Here I say that all the taxes that you have additionally put on the kerosene should go. If you want to save foreign exchange, control the price of kerosene which is imported from abroad. According to the reckoning on the basis of the figures of the Persian Gulf prices, it seems that they are charging us really four or five times more than the price at which kerosene is imported. Allowing for freight, etc. still kerosene could be easily sold here at home, crude kerosene especially, at a much lower price if only the Government will act or take measures in order to fix the price of kerosene without allowing the foreign concerns to make the money that they make as a result of their being in such an advantageous position of importing under their own aegis. That is how it should be done. So I would ask the hon. Finance Minister to consider it from this angle. He may tell me or say 'My mentor has not taught,' etc. But I tell you that this is something that has been discussed by the economists and this is something which has been exposed in very many articles. This is something which other countries have taken note of and why cannot you take courage in both your hands and compel the im-

porters of kerosene so that they are in a position to reduce the price? Besides, if you want to earn money out of this, take over the trade in kerosene, bring the oil part of the kerosene trade into the State sector. Then the trade earnings will be yours. Even if you lose some money, on account of certain reduction in price and so on, or taxes, you shall be more than compensating it by virtue of your being in the field of trade as far as kerosene is concerned. About this kerosene business, the hon. Minister should have been a little more serious. He has advised the people to burn less kerosene. May I say that here again he has been guided by wrong habits? We see here the Ministers need light during the day. I can understand . . .

THE DEPUTY CHAIRMAN: I think you have finished all your points.

SHRI BHUPESH GUPTA: He does not seem to be clarified.

THE DEPUTY CHAIRMAN: You have done because you are now talking of light to the Ministers. The Minister will reply.

SHRI BHUPESH GUPTA: Let me finish. This is just one of the asides. I say that the people do not over-consume kerosene. If anything, there is under-consumption in the country and because the Ministers see here that there is overconsumption, therefore in the countryside they think there must be over-consumption. This is not true. I say that our peasants do > not consume much. They are very very careful in such matters. They do not consume more kerosene than they need for their barest needs. This is how I view this matter and everyone who has touch with the villages will bear it out that the greatest economy is practised by them. What you are doing is cutting the very essential consumption. That is very very harsh on the villagers and on those who will be living in the small towns.

[Shri Bhupesh Gupta.]

Therefore, I would again insist that this duty on kerosene, the additional one at least, should have been abandoned by the Finance Minister. Already people are paying a very big amount under this head. This additional load need not have been put on the broken backs of the people.

SHRI MORARJI R. DESAI: I am very sorry that it will not be possible for me to convince my hon. friend who refuses to be convinced. I have already given arguments in the matter of kerosene why it has been done and why it cannot be reduced further. Therefore, I do not think I need say anything more than what I have already done.

THE DEPUTY CHAIRMAN: The question is;

"That clauses 7 to 25 stand part of the Bill."

*The motion was adopted.*

*Clause 7 to 25 were added to the Bill.*

*Clause 26—Amendment of Act 1 of 1944*

THE DEPUTY CHAIRMAN: There are amendment Nos. 3, 4, 5 and 6 to this clause by Mr. Ghosh. They are all disallowed under article 274(1).

SHRI NIREN GHOSH: I want to speak on the clause. The kerosene business is really connected with this clause.

THE DEPUTY CHAIRMAN: Then I do not think you should speak at all.

SHRI NIREN GHOSH: What I wish to point out is that this clause refers to unmanufactured tobacco, manufactured tobacco and soap and on all these, tax is levied. All these taxes fall on small merchants. There are millions of small merchants who will be heavily burdened and their business will go out. They will become unemployed. Generally, unmanufactured tobacco and manufactured tobacco are used by the poorest strata

of society. So both the small concerns, millions of them spread all over the country, and the users will be affected and this tax falls solely on the poorest strata of society, a those who cannot at all bear it. So in fairness it should not be levied. I suppose it does not bring in such a big amount to the exchequer that it has to be levied. So I think the Finance Minister can consider removing the levy on these two things, on unmanufactured tobacco and on manufactured tobacco.

Then there is the question of manufacturers of soap and in our country there are many small-scale concerns producing soap for washing purposes. Then there are small-scale chemical industries that will be affected by this. All those national concerns that are fighting hard against the competitor of big foreign monopolies like the Hindustan Lever, etc. will be heavily hit and they will find it difficult to maintain their existence. So the Finance Ministry, in the interests of the small-scale concerns and the industry should consider these aspects.

SHRI MORARJI R. DESAI: I have nothing to say.

THE DEPUTY CHAIRMAN: The question is:

"That clause 26 stand part of the Bill."

*The motion was adopted.*

*Clause 26 was added to the Bill.*

*Clause 27 to 30 were added to the Bill.*

*Clause 31—Amendment of Act 6 of 1898*

SHRI NIREN GHOSH: I move:

7. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1963, as passed by the Lok Sabha, namely:—



That at page 17,—

(i) in line 12, for the figure and words "6 naye paise" the figure and words "5 naye paise" be substituted; and

(ii) in line 13, for the figure and words "12 naye paise" the figure and words "10 naye paise" be substituted."

*(The amendment also stood in the name of Shri Bhupesh Gupta.)*

This relates to post-cards. The revision of schedule is there relating to telegrams, telephones and what not but my amendment only relates to increase in the price of post-cards from 5 nP to 6 nP and that of Letter-cards from 10 to 12 nP because the argument given by the Government is that the post-cards are used generally by the businessmen. It is totally false. It is totally untrue. The poor people's only means of communication through the post office is the post-card. The poor people, they do not send telegrams. They do not send big parcels. They do not put through trunk-calls. Their only means of communication is this post-card by which they can communicate with one another from one end of India to another. It is entirely fallacious and wrong to say that if the price of a post-card is increased, it will fall only on the richer sections of the community. Comparatively, it will not fall on them at all. The whole burden of the increase will fall on the poorer strata of people. So I have not touched the other items in this Schedule but only this postcard and I have restricted my amendment only to this item so that at least this only means of communication that is there for the poorer sections of our society is not cut off and they are not debarred from using it because of the cost. Some relative goes to some distant place, thousands of miles off, and if the man cannot find the means to send even a post-card, it will be very hard and I don't think it will serve the Government any purpose to penalise the poorer sections of this country. Therefore, I would re-

quest the Finance Minister to consider this matter once again.

*The question was proposed.*

SHRI MORARJI R. DESAI: Madar this is a service given to the peop and we cannot go on making lossi continuously on this service. Alreac we are incurring a loss of Rs. 3 crore and by increasing the cost by one naj paisa it will be curtailed by oi crore. Therefore, I cannot agn with the hon. Member. I never &a that this post-card is used only by ti business people. That was not i argument given by nie at any time. is used by all classes of people by tl poorer classes of people, by the ri people and by everybody. Post-car are used everywhere. And those wl are poor do not use many post-car in a month.

SHRI NIREN GHOSH: But the k of Rs. 3 crores, you said, would be r duced by Rs. 1 crore.

SHRI MORARJI R. DESAI: The the poor people, cannot use many po! cards. No poor man uses many pa cards.

SHRI NIREN GHOSH: The numt of post-cards used . . .

THH DEPUTY CHAIRMAN: Y have had your say.

SHRI MORARJI R. DESAI: A there are not post offices availal everywhere. In many places there a no post offices and so there is question of many of them using t post-card. Of course, for these pc people who use them, it doe, cost th< a little more, but I think it cannot avoided.

Trnt DEPUTY CHAIRMAN: 1 question is:

7. "That the Rajya Sabha recc mends to the Lok Sabha that following amendment be made the Finance Bill, 1963, as passed the Lok Sabht, namely:—

[The Deputy-Chairman.] That at page 17,—

(i) in line 12, for the figure and words "6 naye paise" the figure and words "5 naye paise" be substituted; and

(ii) in line 13, for the figure and words "12 naye paise" the figure and words "10 naye paise" be substituted."

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

"That clause 31 stand part of the Bill."

*The motion was adopted. Clause 31 was added to the Bill. The First Schedule*

SHRI NIREN GHOSH: I move only my amendment No. 8 and not No. 9. I beg to move:

8. That it be recommended to the Lok Sabha that the following amendment be made in the Finance Bill, 1963, as passed by the Lok Sabha, namely:

"That at pages 20 and 21, for lines 31 to 38 and 1 to 31, respectively, the following be substituted, namely:—

'(i) On the first Rs. 40,000 of the residual income... Nil.

(ii) On the balance of the residual income . . . 10%."

*(The amendment also stood in the name of Shri Bhupesh Gupta.)*

My amendment proposes that there should be no surcharge on the first residual income of Rs. 40,000. It is admitted on all hands that there has been a huge concentration of wealth in a few hands in our country,

with the result that conditions have come to such a pass that those sections of the people beginning with the middle industrialists and the middle income groups downwards find themselves squeezed out. In any measure of taxation that we devise we should see that those sections of the people whom we may call the middle income group and those below them, are not penalised in an unnecessarily heavy manner. The rates of taxation should not be such that the burden falls most heavily on them. As we all know, the middle industrialists are complaining that they do not get the licences, that they do not get the permits, that they do not get the wagons, or the industrial raw materials and other things all because of the competition from the big concerns which squeeze the smaller ones out. Therefore, to put still further burdens on these middle income groups or classes would be unjust. In order to safeguard against that I have said that the income groups with only Rs. 40,000 residual income after paying income-tax and supertax should not have to pay this additional surcharge. Of course those coming above Rs. 40,000 should pay and I have accepted what is there in the Finance Bill. So I only request through my amendment that those sections with Rs. 40,000 residual income and below, should be exempted from this surcharge so that they may not be further hard hit and squeezed out of business.

*The question was proposed.*

THE DEPUTY CHAIRMAN: Any reply from the Minister?

SHRI MORARJI R. DESAI: This is a very strange thing coming from my hon. friend over there. If you take a lakh of rupees, the residual income would be Rs. 46,000 and if I accept this amendment, then that man will pay me only Rs. 600 and nothing more than that. That is not the intention and in his anxiety to exempt the lower income people he wants to exempt everybody like this and that can-

not ne done. I do not agree with him. I have explained why this cannot be done and therefore, I cannot accept the amendment.

THE DEPUTY CHAIRMAN: The question is:

8. That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance Bill, 1963, as passed by the Lok Sabha, namely: —

"That at pages 20 and 21, for lines 31 to 38 and 1 to 31, respectively, the following be substituted, namely: —

'(i) On the first Rs. 40,000 of the residual income. .. Nil.

(ii) On the balance of the residual income . . . 10%'. "

*The motion was negatived.*

THE DEPUTY CHAIRMAN: The question is:

"That the First Schedule stand part of the Bill."

*The motion was adopted.*

*The First Schedule was added to the Bill.*

*The Second Schedule was added to the Bill.*

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

SHRI MORARJI R. DESAI: Madam, I beg to move:

"That the Bill be returned."

*The question was proposed.*

SHRI BHUPESH GUPTA: Madam Deputy Chairman, we are coming to a close of a rather sad but significant

chapter in our budgetary policy. I say significant because this Finance Bill comes in the context of a situation which enabled the Government, if it were so minded, to strike against the vested interests to find the resources for the country and its cause. It is sad because this situation has been utilised by the Government to try to have an over-draft on the patriotism of our people and to foist upon them such fiscal measures as these, because they hit them. Madam Deputy Chairman, this Finance Bill will be ever remembered as a Bill which has been in some way mischievous in its approach, mis-conceived in its ideas and mismanaged in its business aspect. It was possible for the Government to have had, a different type of Finance Bill and the country would have supported them. The man in the street was only waiting for the Government to act against the vested interests and to tap their resources and to compel the Princes and the millionaires to disgorge their hoarded wealth in order that the country may meet its direst needs in a moment like this. Instead of doing this, the opportunity was utilised by the Government to meet their financial difficulties by taxing the people. As you know, this is really the third Budget of the Third Five Year Plan and now they are not doing well. Therefore, they took advantage of the situation in order to impose all these taxes on the people so that they can get the resources for their Plans and for other purposes and at the same time count on the forbearance and patience of the people in this emergency. There has been an underlying tactics behind it. It is not so simple as it looks because if it were last year, they would have never dared to bring these proposals at all. If it is after the emergency, there would be a cry in the whole country from Cape Comorin to the Himalayas, from Punjab to Manipur, against such extortionist taxation proposals. Now that there is a feeling in the country that defences should be strengthened as indeed they should be strengthened, let us utilise these sen-

[Shri Bhupesh Gupta.] timents of the people in order to pass a budget of this kind, a Finance Bill of this kind I say, therefore, it is not so simple as it looks. All the eloquence on the part of the Ministry of Finance will not wash the sins in this matter, will not make some of the serious budgetary proposals look respectable or acceptable to the people. Moreover, this Budget has been passed, this Finance Bill has been passed, under the threat of the emergency powers of the Defence of India Rules. If you dare agitate against this thing, Government will be ready to deal with us under the arbitrary and excessive powers conferred by the Defence of India Rules and the emergency. Therefore, with the sword in one hand and this Finance Bill in the other, Government is approaching the people. I agree that resources should be found. Now, I confine myself to the Finance Bill. I agree that resources should be found and could have been found easily by avoiding many of these taxes. We made suggestions but they have brushed aside. Why? Are they not known to the Congress Party? Are they not known to the capitalist economy? Are they all politically motivated so that you should reject them out of hand? Nothing of the kind. They have done it because they want to placate the rich. Madam Deputy Chairman, when we saw Mr. J. R. D. Tata and others leading a deputation to the Prime Minister we felt certain concessions would be coming. Therefore, you see, the Super Profits Tax has been modified not in favour of the people in order to step up the proceeds but in favour of the big business element against whom investigations are pending. These are the people who have become the subject matter of that great report, the Vivian Bose Committee Report. These are the people against whom Government had to order investigations under section 237 of the Companies Act. These are the people against whom allegations are made from both sides of these Houses and these people are being pampered

and given concessions by this benign Government. Is it in keeping with the democratic traditions of the Congress Party? Did the Congress Party take power in its hand, in order to give "so much concessions to the big business elements in such a manner? This is what I ask. It is fantastic to say that if these concessions were not given, industrial production would not go on. Nothing could be a bigger untruth than this kind of statement. Take over the industries if the capitalist class does not want to run them because you tax them. Take them over and run them in the public sector under the Industries (Development and Regulation) Act. Take over their management or nationalise them. Am I to understand that if we took over the banks in the country, as indeed we should have done much earlier, we would not be in a position to run the banks better than these gentlemen who are running them? If we could run the State Bank of India after taking over the Imperial Bank of India, then why such fatuous, misleading and evil-intentioned arguments are put forward by big business and, what is more, accepted by these people on the Treasury Benches? This is what I ask.

Compulsory savings there should be, yes, but from whom? The Indian Princes so far have given only Rs. 35 lakhs to the NDF although we are footing an annual bill of Rs. 5,50,00,000 and more. They have not given even ten per cent, of their Privy Purse to the NDF. In any case, they are outside the pale of our taxation and continue to be so. Their savings are not to be taxed but here there is the Compulsory Savings Scheme whereby you go after the small man, the artisans, professional classes, lawyers, doctors, teachers, who are not in a position to save. Is it right? Are they in a position to save? I would like to know how many poor primary school teachers or secondary school teachers or college professors in these days of high prices and impossible housing are in a position to save. I would like to

know this and yet we have this Scheme, it is an extortion. Mr. Morarji Desai says that he is taking only to keep it back to give them later on. How would Mr. Morarji Desai feel if I were to tell him, "I shall take away much of your salary now and I shall give it to you when you are not in the Ministry." Would he accept that? He would say that he needs it now to meet his requirements and needs. Therefore, I say, this is not a right argument. Mr. Morarji Desai gives certain very interesting arguments here. He has not given any relief whatsoever for the goldsmiths. He said the other day at some place that if ornaments added to beauty, then men would have worn them. This is the type of arguments that the Finance Ministry gives.

May I ask Mr. Morarji Desai whether he agrees that if women wear Banaras silk saris, they look pretty and nice? I think he will agree that they look pretty and nice. If that is so, why does not Mr. Morarji Desai appear in the Treasury Benches wearing Banaras silk saris? Why does he give it to his female relatives? So, this is no argument at all. These are wrong arguments. It was possible for Government to have given relief. Now, relief has been given in regard to Super Tax. What for? These people have been given so many tax rebates over these years and in addition to all that, you are giving them something more. Are they in distress? In the Nizam a destitute walking the streets of Hyderabad seeking relief and succour from the Social Welfare Department, from the Government and from the friends of Hyderabad? Not at all. Is Mr. Birla in such straitened circumstances that he should be given relief or are the Tatas in straitened circumstances? This goes against my conscience and you have given these concessions at a time when you have not given any concessions to the poor. These are small people, two millions of Central Government employees and many others and they wanted relief, as far as the Compulsory Deposit

Scheme is concerned. Now, a kind of relief has been given, that is, if they have saved by way of insurance and provident fund to the tune of eleven per cent., then you have exempted them from the Scheme. The hon. Minister may well have said that he will not give any concession because this is adding insult to injury. It is a simple question of commonsense. How many people are in a position today to save, those who earn Rs. 125 a month, eleven per cent, of their income or to spare eleven per cent., of their income either for provident fund or for insurance or for any other thing? This is how it is done. The smaller sections, the poorer sections, have not been given any concession. The worst sufferers will be the Government servants because it will be deducted at the source and in the case of others, there will be oppression because always there will be somebody to find out whether they come within the purview of the scheme or not. Those who are honest will continue to suffer like the Government servants because deduction will be made at the source. In other cases, many of them will know how to evade and oppression will start against many people by tax collectors or officers connected with this Compulsory Deposit Scheme. Therefore, this again is not a very fair approach. I want the deposits to be taken but deposits from whom is the question. From the savings of whom? 5 P.M. The savings of the man who is starving, the savings of the man whose children do not get education, from the savings of the man who is not in a position to make both ends meet because of rising prices and other higher taxes? Am I to say, take the earnings of these people under the so-called Compulsory Deposit Scheme or am I to step up the scheme against the millionaires and other people? I have told you how they have dealt with the Princes. The Indian Princes are the happiest lot, it seems. You cannot touch them. And as far as the Big Business is concerned, they are also very happy.

[Shri Bhupesh Gupta.]

You know how they save money and how they keep money. It was possible for the Government to mobilise the resources. Today if you compel the British and other concerns in the private sector which make remittances abroad to deposit 50 per cent, of their remittances here, you shall be easily getting Rs. 20 crores but you are not doing that. I can give so many examples and I have given them. Therefore this deposit scheme will be an engine of oppression against the poorer sections of the community. Every household will be subject to the wrath, under this scheme, of the tax collector. That is what is going to happen. Normally, Madam Deputy Chairman, the country would have risen in protest against it. Now there is sullen indignation only because people on the one hand feel that the money should be found and on the other hand feel that this kind of thing is being done. This is not how you should treat our people. I think the Minister has been wrong and here Mr. Morarji Desai is very proud. I do not call him supercilious or any such thing. Well, he has a calculated scheme. The chance has come; seize it with both hands and impose all taxation which he otherwise could not have done. That has been the cold-blooded plan against the people as far as the anti-people's<sup>1</sup> taxation is concerned and the saddest part of it is that in the name of building the defence of the country this money is being collected. Of course we want money for defence but we should know to get it from other sources.

Economy is the last point that I wish to make. Where is the scheme of economy? The hon. Minister says he is making economy. What is the guarantee that economies will be effected? Some economies are made is all that we know. But even so the cost of administration has gone up to Rs. 88 crores in the Central Budget and in the States also it has gone up. Who is going to stop that? What is the

scheme for stopping it? I say this because if you economise, there will be less need for taxation. You can give *some* relief to the people.

Madam Deputy Chairman, when I said that the exemption limit should be reduced you see the hon. Minister jumped up to say that the Governors are getting Rs. 5,500 and also the Supreme Court Judge. He did not give the other name, the President. These are the three sets of people under our Constitution who get more than Rs. 5,000; the President of the Republic, the Supreme Court Judge, the Chief Justice, not even the other Judges—and I do not know of anybody else—and Governors, that interesting lot.

SHRI SANTOSH KUMAR BASU (West Bengal): Madam, may I draw your attention to the provision of the Rules framed under the Constitution which requires that the President should not be brought into the discussion to influence the debate in the Houses?

SHRI BHUPESH GUPTA: Mr. San-tosh Kumar Basu has rather misunderstood me. I am not bringing in the President. I am saying that these are the three offices under the Constitution which get over Rs. 5,000; nobody else. And, mind you, the President does not take Rs. 10,000. It goes to the eternal credit of our way of life that neither Dr. Rajendra Prasad look nor the present President takes this Rs. 10,000. In fact, I think he is taking only Rs. 2,500.

THE DEPUTY CHAIRMAN: The Chief Justice gets Rs. 5,000 and a free house.

SHRI BHUPESH GUPTA: Free house; I do not know how much a free house would cost you. And the Governors, as I said, are a very interesting lot. Just for opening schools, for going to receptions, for smiling

here, for cuddling a child there, for looking at the" Chief Minister with blank eyes sometimes, we pay Rs. 5,500 to the Governors. But how much does the Prime Minister of the country get? He certainly gets the same amount as any other Cabinet Minister and a Dig house perhaps. So you see when we have accepted the position in our Constitution that nobody should get more than Rs. 5,500 except one person, that is, the President—and he too does not take it and so none that way—then why can't we bring the exemption limit to Rs 3,000? It would have been fair. Mr. Morarji Desai referred to the Soviet Union. The trouble with Mr. Morarji Desai is that he always refers to the Soviet Union only to distort the truths about the Soviet Union and to make everyone understand as to how he does not understand what is happening in the Soviet Union. There, if a worker gets 100 roubles, the highest salary in no case would be more than 900 roubles. Now I have gone to the factories and found out. There are technical people —engineers and so on—and it is one to ten. The highest earnings there perhaps come from the authors and perhaps ballerina and so on. These are the people.

SHRI K. S. CHAVDA (Gujarat): A professor gets 10,000 roubles per month in Russia.

SHRI BHUPESH GUPTA: Old rouble; not new. It will be now, after their change of currency, 1,000 roubles. Then what does a bearer get there? You must also understand that and what is the national income? The ratio, as I said, comes to one to ten. I could imagine here an unskilled worker getting Rs. 30 and the manager getting Rs. 20,000. That kind of thing you will never see in the Soviet Union. You can come with me if you like, and see the things for yourself. Therefore, Madam, this is not a right argument.

Then he referred to another point, incentives. I think we should discuss  
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this question seriously. It is an exploded theory that in order to have incentives in our economy you must pay such high salaries. Many people are working here.

SHRI SANTOSH KUMAR BASU: Let us discuss it seriously; I agree with him; but not when the Opposition benches are completely empty. My learned friend has succeeded in driving them all out.

SHRI BHUPESH GUPTA: The Opposition Members need not be there. They are all convinced of my argument.

THE DEPUTY CHAIRMAN: Mr. Bhupesh Gupta, you were saying that it was your final point. Now, will you please wind up?

SHRI BHUPESH GUPTA: Yes, final point; but Mr. Santosh Kumar Basu made an interesting interruption. You see, they are all convinced. So why should they waste their time sitting here? You can well understand. I say you are also convinced but you would like to hear some of the additional points that I may make.

Therefore I think this is another theoretical error he made, not practical error, that in our economy now the rate will be slow and later on it will be higher. That is exactly what does not happen in an economy in the developing stage where the rate would be higher first and then at a later stage the rate of growth becomes slower. In the United States today the rate of growth is less than 3 per cent, compared to 40 or 50 years ago when it was 12, 13 or 14 per cent. It is not that at this stage in the Third Five Year Plan it would be lower and later on it would be higher. Certainly as things go as they are, it is not going to be higher at all. I say you were committed to an increased rate of development and growth but you have not fulfilled it. You should be self-critical about it instead of trying to make a theory out of it. The theory is

[Shri Bhupesh Gupta.] exactly the opposite. You estimated that the rate of growth would be of the order of five or six per cent. annually but you have not done even three per cent. Therefore you should be very self-critical. The Prime Minister himself pointed out that in order to maintain the population at the existing level of living, taking into account the growth of population, what we need is a rate of growth not of the order of even five per cent, but of the order of six to seven per cent. When such is the statement made by the Prime Minister it becomes the duty of the Government to critically review some of its economic policies in order to find out whether something is very basically and dangerously wrong.

Madam Deputy Chairman, that is all that I have to say. Again I say that this Budget, this Finance Bill, will be remembered as a misuse of opportunity for doing good things. It will be remembered as a system of extortion passed off to the country, taking advantage of the good sentiments of the people in an emergency situation. Now, therefore, hon. Mr. Pande, after applauding the Finance Minister, has gone away. You can applaud your Finance Minister as much as you like. He is not in need of such eulogy and applause, but I think some of you also should consider—hon. Members opposite—because it is you who are running the country today. The responsibility of the administration is in your hands. If you do things well, all goes well in the country. If you do things badly, or in a misconceived manner, things go wrong in the country. The responsibility for doing good things is yours more than that of anybody else's. Similarly, when things go bad, you have to hear the greater burden of responsibility. Therefore, I think that this matter should have been considered in a somewhat different way.

Finally, I would like to make one point.

THE DEPUTY CHAIRMAN: How many times 'finally'?

SHRI BHUPESH GUPTA: The Congress Party should be consulted. I do not know. It is only my last suggestion for the future. We cannot expect that we shall be taken into consultation. If we are, we shall be happy. But before the Budget is formulated and a scheme of new Finance Bill is contemplated or conceived, I think there should be some policy discussions in the general body meeting of the Congress and in the Congress Executive's meeting so that the Finance Minister knows the mind of the Congress Members at least, who are numerous in both Houses and who have much more living touch with the people and the realities of life than his advisers and officers. After having heard what they have to say or suggestions to make and so on, the Government can proceed to take competent, expert advice in order to formulate their economic and financial policies. We do not like that the Budget should be conceived in bureaucracy, executed by bureaucracy and brought to the House to be stamped by Congress Members in the name of alleged democracy. I do not like it. I think hon. Members opposite, at least the Government Party people, should be taken into confidence right from the beginning. And we shall certainly be very grateful, if we are consulted within the limitations of certain secrets and so on as far as taxation and other things are concerned in such matters. This is very essential. Let the Budget proposals and a Finance Bill of this kind be formulated, as far as possible, with a measure of agreement, rather than in conditions of disagreement, giving rise to controversy in public life and discontent among the people and the masses.

Thank you.

SHRI PANNALAL SARAOGI: Madam, I will speak for one minute. Everybody in the House must have been surprised and extremely distressed-



sed to hear Shri Bhupesh Gupta characterising the statement of the Finance Minister as an extreme untruth when the Finance Minister announced that the concessions which he had announced in the Super-Profits Tax Bill were of such a nature that they were extremely necessary for the purpose of maintaining the development of the country so that the development is not retarded and that financial commitments and debts are honoured by the corporate sector. I am sorry that Mr. Bhupesh Gupta does not know the language even as to what language should be used in characterising the statement of the Finance Minister.

SHRI BHUPESH GUPTA: What did I say?

SHRI PANNALAL SARAOGI: You said that it is extremely untrue.

THE DEPUTY CHAIRMAN: Now, please finish whatever you have to say. Mr. Bhupesh Gupta, let him speak.

SHRI BHUPESH GUPTA: I said that you have to give concessions in order to give incentive.

SHRI PANNALAL SARAOGI: I repeat that it is in the records of the House. He mentioned about the statement of the Finance Minister that whatever concessions he has given are very liberal concessions and that they have not been necessary concessions. As a matter of fact, different people may hold different views. The Communist Party may not agree with it. But the majority of people in the country agree, those who have any sense, those who understand things about economics. He does not know anything about economics or the business point of view wherein lies the progress of our country.

SHRI BHUPESH GUPTA: I do not know about blackmarketing in textiles.

SHRI PANNALAL SARAOGI: You know about everything. You have had enough of say. I want to say only one thing. I would request you to see that in future he should not use such language whereby it becomes extremely unpalatable for everybody to hear.

SHRI BHUPESH GUPTA: I shall again use it.

SHRI PANNALAL SARAOGI: Then, you have to give the liberty to others to reply to it.

THE DEPUTY CHAIRMAN: Mr. Bhagat will reply.

SHRI BHUPESH GUPTA: Why should he reply? Mr. Desai will reply.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT) : Madam, I think the hon. Member has very aptly described his own attitude when he said that the hon. Members behind Mr. Gupta have disappeared because they did not want to waste the time of the House or waste their own time in hearing him. Therefore, I think I should not waste the time of the House in replying to what he has said. Most of the points that he has raised are either misrepresentation of facts or of the Government's policies. Whatever he has said has been repeatedly discussed in the House. So far as the Finance Minister and other spokesmen are concerned, they have replied, to it amply.

I would like to conclude by saying that the Finance Bill, as the whole House knows and as the whole country knows, is a concrete expression of the determination of the people to meet the dangers of the enemy at the borders and also to speed up the development of the country. Whether or not the Finance Minister has cast his net wide so as to include the prince and the farmer, industrialist and labour, he has distributed the burden as equitable as it can be done under any

[Shri B. R. Bhagat.] system. Someone may point his finger to one aspect of it. But considering the tax system as a whole, it has been done as equitably, efficiently, humanely and justly as it could be done. It may be good for the hon. Member to say that the whole system is bad, but I think he has not proved his case well by pointing out any alternative. His alternative is only purely destructive, trying to create wrong picture in the country. He may say as well that he does not like the private sector, that he does not like the Princes, that he does not like a particular section of the people. Eliminate them or nationalise the industry. That may be his solution. But the fact remains that there is almost a unanimous feeling in the country that the Government's policies and the present Budget of the Finance Minis-

ter are an index of the grim determination of the people to raise resources to fight the enemy and go ahead with the development of the country.

With these words, I move.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

*The motion was adopted.*

THE DEPUTY CHAIRMAN: The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at eighteen minutes past five of the clock till eleven of the clock on Saturday, the 27th April 1963.