

[Shri Mulka Govinda Reddy.]

Now, we must remember, Mr. Chairman, that this Constitution was passed by the Constituent Assembly elected on a limited franchise and not on adult franchise and when this was passed we had not accepted socialist society as our goal. Sixteen times we have amended this Constitution and many a time rightly and this seventeenth amendment is absolutely necessary. I lend my full support to this amendment. What I am striving to point out is that many of the fundamental principles which we have included in this Constitution have not been achieved and from the pace at which we are moving to achieve these objectives it looks that it will be a long-drawn-out process. I therefore earnestly plead that the time has come for setting up, if not another Constituent Assembly, at least a Constitution Committee to review and revise on the basis of the objective of socialist society that we have set before us. Mr. Chairman, the necessity for bringing forward this seventeenth amendment to the Constitution has already been stated by the Deputy Minister for Law. The Supreme Court struck down the land reform legislation of a State and the High Court of Kerala also struck down the land reform legislation of that State. When we have accepted certain basic principles to guide our country and when we have placed socialist society as our goal it is but necessary that we should give adequate protection to the proper sections of the population. Asia is the home of hungry millions and India is no exception. In India we have stark hunger facing us; poverty is very deep-rooted and unless this poverty is eliminated we will not have men growing to their full height and this amendment of the Constitution helps us partially to achieve that goal. Many States have passed land reform enactments but most of them have not been implemented because of certain judgements of the courts. So we should not allow the land legislation that has been passed by some of the States to remain as an idle ornament in the Statute Book. They should be

implemented. There are too many disparities in the agricultural community in the rural parts. We have about twenty-seven crores of people living on three annas a day and if ten per cent of the agricultural population is excluded from this calculation they live on two annas a day whereas we have millionaires and *crorepathies* whose income per day is more than Rs. 3 lakhs. Such wide disparity of incomes and living standards will not find a parallel anywhere in the world. So it is but right that we should have a very drastic remedy to solve these ills. The disparities that obtain in the country between the landless labourer and the big agriculturist are so wide that we should do something to narrow down this gap. The agriculturists are leading a very miserable life. All these years they have been the hewers of wood and drawers of water for the agricultural gentry. They should not be allowed to continue as sappers and miners for these exploiters. We should do something to safeguard their interests, to make them have the fruits of their own labour. The tiller of the soil should be made the owner of the soil. Unless that is achieved we will neither have prosperity nor enough agricultural produce to feed the millions of our people.

12 Noon

MR. CHAIRMAN: You may continue later on. The Finance Minister.

#### STATEMENT RE GOLD CONTROL AND COMPULSORY DEPOSIT SCHEMES

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI): Mr. Chairman, I had indicated in reply to questions in this House that I would make a statement before the House rose on gold control and the compulsory deposit schemes.

My distinguished predecessor had on more than one occasion outlined in this

House the basic objectives of Government's gold policy. While there can be no denying the important role that gold continues to play in the social outlook and habits of people, we cannot minimise its effects in the form of a drain on our resources in foreign exchange and otherwise. The basic features of the gold policy initiated by my distinguished predecessor were aimed at a curtailment of the facilities to market gold, particularly in its primary forms, so that the smuggler who got past the Customs point did not feel free to dispose of the gold openly and without challenge, and secondly at reducing the demand for gold by stopping the production of gold ornaments of a higher purity than 14 carat. Government feel that both these objectives are basically sound and justified by considerations of national interests. There can be no going back on them. Nevertheless, the many problems which have been thrown up in the administration of the gold control in its present form had to be reviewed. We had also to consider whether and to what extent changes were necessary, even if they be of a transitional character, to alleviate hardship to the class of people, who have been working on gold as a means of livelihood, having at the same time due regard to the sentiments of the people, who as I have indicated before, have a great deal of attachment to gold and gold ornaments.

On the problem of those working on gold we have to consider firstly the self-employed goldsmiths and secondly those employed by the bigger goldsmiths and jewellers. While we have a programme of rehabilitation of the self-employed goldsmiths, we had recognised that the fringe of the problem has been barely touched, and it would take much more than the amount of money we have allotted for this purpose so far as well as a great deal of time, before we can successfully rehabilitate most of them. While we propose to proceed with this task of rehabilitation of goldsmiths, who depend purely on the manufacture of gold ornaments for their livelihood, we

cannot do all that has to be done in a day.

Government have, therefore, decided to grant licences to self-employed goldsmiths on a nominal fee and to permit them on certain conditions to convert existing gold ornaments in excess of a purity of 14 carat into ornaments of like purity. This will restore to them the facility to carry on what was their main avocation. Outworkers' i.e., those goldsmiths who worked on gold in their own houses to execute orders received from licensed dealers, will be permitted to handle limited stocks of primary gold upto 14 carat. Government hope that these measures will facilitate the continuance in employment of goldsmiths and artisans in this trade, pending the long-term process of rehabilitation.

I would emphasise that these relaxations do not involve any change in the Government's basic long-term policy, namely, to discourage the use of gold generally and the production of gold jewellery of high purity. If any one wants new ornaments to be made from primary gold he can only get 14 carat ornaments to whichever source of supply he turns. There will be no sale or display by dealers of jewellery of a purity exceeding 14 carat. The facility to convert existing ornaments into new ornaments of purity above 14 carat is necessarily a limited one and intended to benefit those, who possess such ornaments and want them to be re-shaped, and to enable the self-employed goldsmiths to continue to earn a living for the time being.

Apart from these changes to which I have just referred, Government propose to make certain changes in the administrative set-up in order to make enforcement more effective. The present rules provide for the establishment of a Board to advise Government and to be in overall charge of the implementation of policy. The responsibility for enforcement of these rules is, however, entrusted to the Central Excise Department. After a

[Shri T. T. Krishnamachari.]  
careful examination of the matter, Government have come to the conclusion that bifurcation of responsibility for policy making and for implementation is not wise. Government, therefore, have decided to centralise the administration by appointing a Gold Control Administrator, located in the Department of Revenue, who will be in charge of matters of gold policy and administration and who will seek the assistance of States administrations in this task.

When the gold control rules were originally framed, it was considered that the most convenient method was to issue them in the form of amendments to the Defence of India Rules. Considering the application of these rules to a very large section of the community, both in regard to the use of gold in industry and in regard to the use of gold as ornaments, Government feel that these rules should be replaced by a statute, subject of course to the approval of the Parliament. Government, therefore, intend to bring up before Parliament at a very early date a Bill which might cover both the short-term and the long-term objectives of Government's gold policy. I now turn, Sir, to the other matter which has been exercising the minds of the Members of Parliament during this session, namely, the Compulsory Deposit Scheme. As the House is aware, three out of the five schemes contemplated under the Compulsory Deposit Scheme Act, 1963, namely those relating to land-revenue payers, urban immovable property-holders and sales-tax payers have not yet been brought into effect. These schemes have to be implemented through the States and local authorities concerned and draft schemes were referred for their comments to State Governments. The replies received have indicated numerous practical difficulties, notably in the case of land revenue payers. Not only the rates at which tax on land is levied, but also the periods, methods and agencies of collection vary widely from State to State. In regard to the two other schemes also, it has been

represented that collection would pose difficulties. In many cases, the municipal authorities do not impose any urban property tax and would thus have no ready basis for collecting compulsory deposits. The States have also complained that the sales-tax payers scheme would impose additional burdens on their already hard-pressed sales-tax staff. Besides, the outturn from these two subsidiary schemes is expected to be comparatively small.

Quite apart from the administrative problems, there were indications that many State Governments were far from happy about the idea of an additional levy, even though it was in the form of savings rather than tax, being imposed upon land-owners and the relatively lower income urban groups. Since the main beneficiaries of the Compulsory Deposit Scheme were the State Governments themselves and the entire collection from the land-revenue paying class would have gone to them, the Government of India felt that it was but fair to ask the State Governments to express their considered opinion once again on the scheme as a whole. Accordingly, I wrote to the Chief Ministers of all the States asking them for their opinion as to whether these three schemes should be implemented, modified or be given up. The replies I have received from them show that almost all of them are in favour of abandoning the scheme for the land-revenue payers and most of them would prefer to see the schemes for the urban property-owners and sales-tax payers also given up. Some Chief Ministers have drawn pointed attention to the fact that the levy of a compulsory deposit on land-owners in particular and the urban population generally would affect the contribution to voluntary savings, a consideration which we cannot altogether ignore. In the light of these comments, the Government of India have made a review of the Compulsory Deposit Scheme as a whole. It is important to ensure equity

of sacrifice between people who belong, broadly speaking, to the same income groups or to the same economic levels. We cannot exempt the land-revenue payers from this scheme without giving relief to salaried workers as well.

The Government of India have, therefore, decided that schemes in respect of land-revenue payers, urban immovable property-holders and sales-tax payers, which have not yet come into force, should be given up. As regards salaried workers who are not in the income-tax paying category, Government feel that similar relief should, in equity, be given to them. Arrangements will be made to refund the deposits that have already been made with interest and with the least possible delay. Income-tax payers, however, stand on a different footing. So far as they are concerned, the rate of income-tax on them has gone up and they have the option to pay a part of the increase in the shape of a contribution to the Compulsory Deposit Scheme. A mere withdrawal of this scheme might mean a greater hardship to them, because in lieu of a refundable deposit they would have to make an outright payment in the shape of a tax. The scheme for income-tax payers will, therefore, continue. I trust, Sir, that these changes will have the support of the House.

The decisions which I have just announced would mean a substantial loss of resources. Government, however, hope that the loss would be more than made up by an increase in voluntary savings. The House will be glad to know that during the first 5 months of the current financial year, small savings collections have been at a record figure of Rs. 31 crores, which is more than double the collections in the corresponding period last year. Government propose to intensify their efforts for the collection of small savings and they trust that State Governments who receive two-thirds

of the collection from small savings will also join in this effort with renewed vigour. Thank you, Sir.

SHRI M. GOVINDA REDDY (Mysore): Mr. Chairman, will you permit me to ask the hon. Finance Minister whether it is this considered opinion that the changes he was very kindly proposed of permitting goldsmiths to convert pure gold into 14 carat or manufacture 14 carat gold would result in appreciable amount of work so that their hardship will be mitigated in any way?

SHRI T. T. KRISHNAMACHARI: The scheme as envisaged, details of which would be made known to the public in a day or two, would in Government's opinion enable the self-employed workers to obtain a living and will also not impinge on the susceptibilities of people who have gold ornaments now from changing those ornaments into ornaments of like purity.

SHRI FARIDUL HAQ ANSARI (Uttar Pradesh): Sir, may I request that all those people who have been offering Satyagraha in connection with the gold control measures, outside the Parliament House, should be released by the authorities concerned?

SHRI T. T. KRISHNAMACHARI: My colleague, the Home Minister, is seized of the matter, and I have no doubt that in his hands justice will be done.

SHRI A. D. MANI (Madhya Pradesh): May I ask the Finance Minister for information on a point which emerges from the statement? In regard to the conversion of existing gold ornaments into ornaments of like purity, has that got to be done under the supervision of the Central Government, or do we take the bona fides of persons who convert these ornaments from the existing gold to new ornaments for granted? Do we take their statements for granted?

**SHRI T. T. KRISHNAMACHARI:** So far as the people who have the ornaments are concerned, we have no control over them. All the control that we have is in regard to the goldsmiths who convert them into ornaments of a different character. The rules will be so framed as to permit them to have a small quantity of converted gold in their possession before they make new ornaments. We will have to go about the matter fairly gingerly because the hon. Members will recognise that there are loopholes.

**SHRI P. L. KUREEL URF TALIB** (Uttar Pradesh): May I know whether Government have got any positive policy or scheme to rehabilitate some of the goldsmiths? Have they got any positive scheme to rehabilitate them? If so, I want to know some details about the scheme.

**SHRI T. T. KRISHNAMACHARI:** Certain schemes have been thought of. But I think as I mentioned here before, Rs. 1.75 crores have been set apart and ten States have been allotted funds. It shall be our policy to have an integrated scheme varying according to the exigencies of particular States. The formulation will be done by the new Gold Control Administrator. We shall endeavour our best to give satisfaction to people.

**SHRI ARJUN ARORA** (Uttar Pradesh): May I know if the citizen who gets his gold ornaments converted into new ornaments of like purity will be allowed to sell them if necessary?

**SHRI T. T. KRISHNAMACHARI:** They can sell them privately there; nothing to prevent them, but gold jewellers will not be permitted to exhibit ornaments of a purity above 14 carat.

**SHRI R. S. KHANDEKAR** (Madhya Pradesh): The previous hon. Finance Minister had contemplated about Rs. 50 crores from the Compulsory

Deposit Scheme. May I ask what is the Government's anticipation from the Scheme after these exemptions? What will be the amount which will be collected now according to Government?

**SHRI T. T. KRISHNAMACHARI:** The refund that we give to non-income-tax payers may be of the order of Rs. 8 crores or Rs. 9 crores or Rs. 10 crores perhaps. Otherwise whatever the expectations were under the scheme, the expectations might have been of the order Rs. 40 crores, the realisations might be much less because some land-revenue realisations always do not come. I might say broadly the estimated loss will be Rs. 40 crores. The real loss might be much less.

**SHRI KRISHNA CHANDRA** (Uttar Pradesh): May I know whether the goldsmiths in order to remake the ornaments from the old ornaments of like purity will be allowed to recast them?

**SHRI T. T. KRISHNAMACHARI:** Yes, Sir. The quantum of gold that they can have in their possession would be indicated, and subject to that quantity they might recast the ornaments into gold and keep them until they make the new ornaments.

**SHRI RAJENDRA PRATAP SINHA** (Bihar): May I seek a clarification? Will the self-employed goldsmiths be permitted to carry on their avocation in their own premises where they will be licensed, that is to say, whether in the licence their premises will be mentioned, or they will be permitted to carry on their avocation also in the houses of customers? The usual practice is that the people who want to get their ornaments remade or reshaped call the goldsmiths to their own place and ask them to make them. Is there any rule which provides for the place of doing this conversion work?

SHRI T. T. KRISHNAMACHARI: I am grateful to the hon. Member who has drawn my attention to this possible variation. Rules will be so framed that the licence will pertain to the person and not to the premises.

SHRIMATI TARA RAMCHANDRA SATHE (Maharashtra): May I know whether there will be any authority to whom people can go and test whether it is 14 carat or less or more? Formerly, in the olden days, we used to call it *dharma kanta* where we used to go and weigh the gold and test it as to whether it is one hundred per cent pure or what it is. May I know whether there will be such an arrangement made by the Government or we will have to rely only on the goldsmiths to know whether it is 14 or 16 or 12 carat?

SHRI T. T. KRISHNAMACHARI: I am afraid I cannot commit the Government to render this kind of service because as a rule we do not want to encourage the use of gold except in industry.

SHRI P. L. KUREEL URF TALIB: When are the proposed changes in the Compulsory Deposit Scheme going to become effective? Will it be forthwith or will it take some time?

SHRI T. T. KRISHNAMACHARI: We will try to make these changes as soon as possible. But I would assure the House that probably in a couple of months' time we shall have before this House a Bill, and I think hon. Members will have full opportunity to discuss the pros and cons at that time.

SHRI KRISHNA CHANDRA: May I know whether there will be any change in the procedure or policy regarding the sale or supply of gold for industry?

SHRI T. T. KRISHNAMACHARI: I do not think that so far as the sale of gold to industry is concerned there will be any change, but hon. Members

have to recognise that the Government are not getting an inflow or supply of gold all the time.

It is mainly a question of rationing the existing gold and naturally, there might be a certain amount of restriction with regard to the people who want gold as such.

#### THE CONSTITUTION (SEVENTEENTH AMENDMENT) BILL, 1963—continued

MR. CHAIRMAN: Shri Mulka Govinda Reddy may now continue his speech.

SHRI MULKA GOVINDA REDDY: I wanted to ask a question.

MR. CHAIRMAN: Please continue your speech.

SHRI MULKA GOVINDA REDDY: We have all accepted that land reforms are absolutely necessary for improving the lot of the agriculturists in the rural areas. In 1931, if I remember correctly, the All India Congress at Karachi passed a resolution to that effect. Almost all the political parties in India have accepted that land reforms should be undertaken and should be implemented forthwith. It is only the Swatantra Party which is opposed to land reforms as such.

This Constitutional amendment has been necessitated by the judgment of the courts. There are 144 enactments in different States. Twenty have already been included in the Ninth Schedule to the Constitution and another 124 are going to be included in the Ninth Schedule if we accept this amendment. Thirty-four per cent. of the agricultural families owned, on an average, holdings of less than one acre; as against that, 14 per cent. of the land belonged to one per cent. of the families. From that it could be deduced that ten to