

[Shri K. K. Shah.]

finances of this country have been managed.

Sir, special care has to be taken so far as the profit in the commercial undertakings is concerned. Commercial undertakings are shown in Account No. 3. The estimate for 1960-61 was put at Rs. 45.8 crores which in actuals has gone down to Rs. 31.5 crores and the estimates for 1962-63 are shown as Rs. 28.4 crores. I am not oblivious of the fact that depreciation will go up by Rs. 23 crores and the profits transferred to current account of Government will also go up by Rs. 16 crores. In spite of that, in view of the increased activities so far as capital outlays are concerned, I wish it were possible for the commercial undertakings to maintain the level of Rs. 45 crores and not take it down to Rs. 28.4 crores. Thank you very much.

SHRI DIBAKAR PATNAIK (Orissa): Mr. Vice-Chairman, we have before us for discussion the Budget proposals for the year 1962-63 which have been placed before us by the Finance Minister. For the next year the expected revenue is Rs. 1,305.87 crores and expenditure Rs. 1,369.33 crores and the deficit comes to Rs. 63.46 crores.

At the outset I strongly feel that the financial year should be changed in the interest of the successful working of the Plan. This British era or the English era should be given up and a new era adopted, that is, the Moghul era namely Fasli. Its year ends on 30th June and the new year starts on 1st July. That will change the whole phase of the working of the Plan which will become a great success if the financial year is changed from 31st March to 30th June. So I appeal to the Government that instead of the British era the Moghul era should be adopted because if we pass our Budget in April, the Departmental Heads and the State Governments will get the sanctions in the month of May and the District officials will

get them in the month of June and that means the rains set in and the whole work has to be left over. Plantation and cultivation continue till the month of December and again in the month of January the work starts by which time the Finance Department wants the other Departments to surrender their savings and they have to do that, so much so we do not find much time to work on the projects that we have undertaken. If July 1st is taken as the first day of the financial year, that means the Departmental heads will get the sanctions in the month of October and tenders for work can be called in November and December and from January to the end of June work could be continuously carried on so that the progress on the work of the Plan projects will be more satisfactory than is now the case under the procedure now followed.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : You can continue in the afternoon.

FORTY-SECOND REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (196-62)

SHRI R. P. N. SINHA (Bihar): Sir, I beg to lay on the Table a copy of the Forty-second Report of the Public Accounts Committee (1961-62) on the Appropriation Accounts (Civil), 1959-60 and Audit Report, 1961.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : The House stands adjourned till 2.30 P.M.

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

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

THE BUDGET (GENERAL), 1962-63 —continued.

SHRI DIBAKAR PATNAIK: Before rising for lunch I suggested that you

should change the British era to the Moghul era, which I hope the Finance Minister and the Planning Minister will think over and decide. They will find that it would be better for the speedy implementation of our Plan.

The second thing that I want to suggest is that we are allotting money for expenditure for the whole year. We can enquire from all the State Governments throughout India and we will find that they spend only ten per cent, of the amount in the eleven months and the rest ninety per cent, in the last month, that is, March. Especially in the last week of the year, they heavily withdraw money and spend lavishly. That is very bad. Hence I suggest that quarterly reports should be called from all the Governments showing how much money they have spent in the quarter and how much they have encroached upon others, so that every quarter we may know what amounts they have actually spent out of the amount we have sanctioned under each head. As far as I know, only the Madras Government is following this procedure. A periodical internal inspection is done with regard to the expenditure of the amount sanctioned to all the departments in relation to the allotted amount.

As you know, Sir, for the success of the Plan, every year we have to tax to the extent of nearly Rs. 300 crores which is a very high amount. In this connection I draw your attention to the Second Plan. We thought of raising within our country only Rs. 450 crores to make a success of the Plan. But at the end of five years we find that you have taxed to the extent of Rs. 1,050 crores, instead of the target you fixed of Rs. 450 crores. This was overtaxation of the people in our Second Plan. In the Third Plan we have to raise nearly Rs. 1,500 crores, that is, annually Rs. 300 crores and I hope proper precaution will be taken not to overtax the people.

From the present Budget figures we find that about Rs. 1,300 crores is the income. When the Britishers were here—when Pakistan and India were together—our total income was Rs. 240 crores. Then, the military budget or the defence budget was only Rs. 80 crores. When the Swaraj Party entered Parliament under the leadership of our late lamented great leader, Motilal Nehru, there was a hue and cry that the defence amount should be minimised. Hence the Britishers reduced it to Rs. 60 crores from Rs. 80 crores. Now, our defence budget comes to nearly Rs. 400 crores or Rs. 396 crores, that is, nearly one-third of the total income of the whole country. We have to do it in the present circumstances, but this is a heavy amount for defence purposes which we are spending.

We have allotted nearly Rs. 54.33 lakhs for currency and mint. As you know, the currency and minting of notes is increasing gradually and we have not kept enough money, gold or silver deposit in the Reserve Bank. We are floating notes, especially one rupee notes in the market which makes the inflation greater in the country. So, I hope the Finance Minister will try his best to check the inflation by adopting suitable measures. If the Government is able to sell gold in the market at a cheaper rate, then people can buy gold and the inflation money will evaporate. There should be a free sale of cement and iron so that people can raise buildings and money will come out from them. If the high salaries are drastically cut, then also inflation can be mended. But we are not in a position to adopt any of these measures. We are only pressing and doing as much as we can with the small savings drive. The small savings drive is taking us only a few steps forward. It is not at all checking the whole inflation which is now going on in the country. We know that the value of the rupee is now only 25 nP. We pay one rupee in the market and get commodities worth only 25 nP. If

[Shri Dibakar Patnaik.]

inflation is checked, then commodities in the country will be cheaper and it will be a great relief to the people at large.

We know that at present in the Third Plan we have decided to invest Rs. 7,500 crores in the public sector and Rs. 4,300 crores in the private sector. Now already many mills and many industries are run in the country in the private sector. In addition to this, in the Third Plan also we are visualising to allot Rs. 4,300 crores for the private sector. This will make the capitalists much stronger in the country. The Prime Minister and also the Finance Minister stressed very much on the upliftment of agriculture for our national growth of food. But national food can be grown if proper irrigation schemes are completed very soon. But for irrigation you see, Sir, that we have allotted only Rs. 640 crores, and it is not satisfactory. To improve food production in the country irrigation is the most essential thing. So, I hope more money would be allotted for irrigation purposes.

On the other hand, Sir, I draw your attention to the fact that Rs. 1,069 crores is allotted towards power, and this shows that more weight is given, more attention is given to the industrial sector to raise the power capacity of the country than the attention given to irrigation.

I am glad, Sir, that Government have accepted the Finance Commission's recommendations, and the States will get Rs. 35 crores. But only Rs. 1.75 crores is allotted to Orissa. You know, Sir, that nearly three-fourths of Orissa is populated by hill tribes, predominantly Adibasis and hill people. Only one-fourth of the land is fertile and developed, and cultured people live there, but this zone is flood-devastated. Hence, this amount which the Commission has allotted to Orissa, namely Rs. 1.75 crores, is, I feel, not sufficient.

Our Finance Minister has declared what the policy of our State will be, that is, socialist structure of economy. He said in clear terms that no diversion from the policy of socialist economy will be made by Government. But I am sorry to state that our Prime Minister has at the same time declared that the economy of our country will be mixed economy. We are now in a fix as to whether we will have socialist economy in the country or we will have mixed economy. I would further say that we have tapped nearly all the sources in our country including tenants and industrialists, imposition of all kinds of direct and indirect tax and everything. Also we are having heavy loans from outside, and we have to spend Rs. 1,300 crores this year. Now we give the key to the Finance Minister to spend the money for the year. I hope and trust that no extravagant use or misuse of the money will be made in the best interests of the country and the people. Thank you, Sir.

SHRI M. H. SAMUEL (Andhra Pradesh): Mr. Vice-Chairman, the Budget debate lends itself quite felicitously, traditionally or otherwise, to an extensive wide-range discussion of almost every facet of our national life, almost from crowns to caddies, as they say. But I will not emulate my hon. friend, Mr. Bhupesh Gupta, either in his words of tyranny against the Government and the Party to which I have the honour to belong or the tyranny of words that he usually perpetrates on occasions like this.

SHRI BHUPESH GUPTA: You want the affection of words.

SHRI M. H. SAMUEL: I shall confine myself strictly to the subject-matter of the Budget, economics and finance.

This Budget that we are discussing today is without the taxation proposals. As you know, Sir, taxation proposals from an important and

essential part of the Budget and invest the Budget with, if I may say so, an aura which both illumines and shadows each according to his thinking, the general overall economic condition in the country. As it is, what we are discussing is merely a statement about the general economic condition in the country as a whole. There is, however, a pointer in this Budget statement to what will inevitably follow when the new Parliament meets next month. A revenue deficit of about Rs. 63 odd crores cannot be left uncovered. You have got to find the resources to meet it. But an interesting feature about this Budget is that despite the conversion of a revenue deficit of about Rs. 6 odd crores—according to the last Budget—into a surplus of Rs. 34 crores, there is still an overall deficit, or the overall deficit has increased by about Rs. 51 crores to Rs. 121 crores. This should necessarily reflect heavy shortfalls in the Government's programme in respect of public borrowings, small savings and external aid. What is more, next year it is expected that this overall deficit would widen to as much as Rs. 147 crores, demanding in its train heavy inroads upon our very limited internal resources. I have just spoken about the short-falls in the Government programmes. Now, the short-fall in the Government's programmes of public borrowing and small savings is, to my mind, significant and it seems to me that we have got to do something to step up small savings particularly notwithstanding all the difficulties that stand in the way because otherwise we may be compelled to fall back on heavier deficit financing, a degree of deficit financing perhaps not entirely commensurate or compatible with the capacity of our economy or the objectives of our policy.

Now, having said so much about the Budget figures as such, allow me, **Sir**, to discuss this Budget Statement in the light of some of our objectives and policies. In the first place, our primary and predominant objective should be what is enshrined in the Preamble of our Constitution, namely,

13 RS—4.

'Justice—social, economic and political.' I will not go into the justice of political matters at this moment but I shall try to discuss the Budget Statement in the light of social justice. Social justice, under the directive of the Constitution, has become the primary objective of our Five Year Plans. Also under the directive of the Constitution we have acquired our approved policy of socialistic pattern of society. Now, the objectives of social justice are many, but according to my mind, they can be particularly threefold—(1) increase in the standard of living of the people; (2) liquidation of unemployment; and (3) preventing the concentration of economic power. I am happy to say that we have, during the last two years, progressed to some extent, if not considerably, in the attainment of these objectives. I have no doubt in my mind that the people in the country today are better fed, better clothed and perhaps much happier than they were about ten years ago. Most of us have done our election work and, in the process, have come into contact with the mass of the people, and I am sure that many of us, with the exception of a few, must have come back with the impression that the living standards of the people is much higher today than it was some time ago. This may be due to the overall economic growth that we are witnessing throughout the country today; or it may be due to higher production in foodgrains and in consumer goods or it may be due to the higher purchasing power in the hands of the people or it may be due to the higher per capita income that we have now achieved. Naturally, I would like the standard of living of the generality of the people to be still higher and I have no doubt that it will be by the expansion of our economic activities.

Implicitly, the rise in the standard of living of the people can be due, to some extent at any rate, to the decrease in unemployment—our second objective of social justice. Now, with the development of our economy, there will be growing opportunities for em-

[Shri M. H. Samuel.] ployment and these are bound to multiply as our economy expands still further.

As regards preventing the concentration of economic power—which is our third objective of social justice—as I have said, let me say straightway that there obviously seems to be some concentration of economic power in some hands, in some business houses though I believe, their number is comparatively small.

SHRI BHUPESH GUPTA: Then, it must be otherwise.

SHRI M. H. SAMUEL: Even so, I do not like it but as a corollary proposition, let me also say that there is considerable distribution of wealth over a larger number of people in the country today than it was ten years ago.

SHRI BHUPESH GUPTA: How do you come to that?

SHRI M. H. SAMUEL: It is obvious. Obviously, you have not done much seeing but a lot of party work. Otherwise you would have come to know about it.

SHRI BHUPESH GUPTA: Oh I see.

SHRI M. H. SAMUEL: This is a very welcome feature of our economy. Leaving the Budget

SHRI BHUPESH GUPTA: May I know if he can cite any report, official report, in support of what he says?

SHRI M. H. SAMUEL: It is obvious I have not the time for it and I am necessarily confining myself to brief remarks, general remarks.

SHRI SANTOSH KUMAR BASU (West Bengal): Very large contributions to party funds by trade union people.

SHRI BHUPESH GUPTA: You are a trade union registrar, I see.

SHRI M. H. SAMUEL: I hope no heat will be infused into my speech because I am trying to make my speech as less controversial as possible.

SHRI BHUPESH GUPTA: You are making it highly controversial

SHRI M. H. SAMUEL: The particular point I would like to plead with this House, and very earnestly, is the need for what I would call an economic foreign policy for ourselves. Now, fifteen years after independence is probable as good a time as any for us to look around for a suitable economic foreign policy. Indeed, it may be said that we have in a limited sense acquired an economic foreign policy during the last four years, that is, since the balance of payments crisis nearly overwhelmed our Second Five Year Plan in 1958. The prospect of Britain joining the European Common Market and some of China's policies in Asia and Africa to my mind point to the very vital and urgent need for an economic foreign policy. Of course, the first steps towards the evolution of an economic foreign policy have to be largely governed by our own economic needs. The rupee payments agreements that we have entered into fall into this category. Our participation in the Colombo Plan and the ECAFE, both as a donor and as a recipient, form part of our economic foreign policy. The direct economic assistance of about Rs. 30 crores that we have given to Nepal, about Rs. 20 crores that we have given to Burma and other small sums that we have given to Sikkim and Bhutan all form part of the same policy. The problem of our exports is also an essential part of our economic foreign policy. But what we have to face now is the need for a more positive economic foreign policy, especially with regard to our Asian and African neighbourhood. We might mean default because others; more particularly China, are making systematic efforts to forge close economic

mic ties with the newly developing nations of Asia and Africa. India has got strong political and economic interests in this region and it is poor diplomacy not to ensure that these interests, present and future, are safeguarded. Political diplomacy is not enough. In these days economic diplomacy is very necessary. Our trade with South-East Asian countries has been stagnant and in some respects, I believe, has declined during the last ten years. On the other hand, China's trade with Asian-African countries has more than doubled during the last ten years.

(Time bell rings).

3 P.M.

I will take just a couple of minutes.

As against the external aid committed by India—I have got some figures and, therefore, I am reading them—China has offered to the various non-aligned countries—I emphasise the words 'non-aligned countries'—in Asia and Africa more than Rs. 140 crores. Let me give the break-up. Burma—42 crores, Nepal—16 crores, Cambodia—16 crores, Indonesia—27 crores, Yemen—7 crores, Ceylon—12 crores, Guinea—12 crores, Ghana—9 crores, besides some assistance given to Laos, Mali and the United Arab Republic. The development plans of Nepal and Burma have recently been handicapped to some extent by their internal currency problems as well as foreign exchange difficulties, and China has offered aid to these two countries on a barter basis to regenerate the local currencies, which means diversion of trade. In this emerging situation, Sir, India's textile and other exports will inevitably suffer. The rice imports from Burma are being paid for by China's exports to Burma. The result is a steady reorientation of Burma's trade towards China. I know an economic foreign policy bureau has been set up in the External Affairs Ministry under a Joint Secretary, who is a very able member of the Foreign Service. But I am not sure, Sir, if we have come to

proper grips with the problem. Our export consciousness is still very new and even now South-East Asia is receiving only very modest attention from us as compared to other regions. Unless we are willing to write off the Asian-African markets—which is unthinkable—what we have to do is to take stock of the situation immediately and decide what we can do about it urgently. If we do this, such a step alone will constitute an important, welcome and major step in the evolution of an economic foreign policy for our country.

Thank you.

SHRI K. SANTHANAM (Madras): Mr. Vice-Chairman, a careful study of the Budget papers should convince any reasonable person that our national finances have been managed with care and prudence. Therefore the Finance Minister is entitled to the grateful appreciation of this House. The price level, which has been increasing during the Second Five Year Plan, has been halted even though it may be temporary, and our revenues have grown and the Budget deficit has been converted into a surplus. If we were budgeting for a stationary economy, I should say that our position is entirely satisfactory. But we have to evaluate our Budget in the light of our Plan. Every year we are committed to find Rs. 1,500 crores of new money—Rs. 250 crores for revenue expenditure and the rest for capital investments. Therefore we should look into this year's Budget to see whether it provides for the needs of the next and the coming years of the Third Plan. Therefore, Sir, if I make some comments, it is not with a view to making carping criticism but to bring home to the House—I think the Finance Minister is already aware of them—the problems so that we may all realise the actual problems before us.

Though the present situation is fairly satisfactory, there are many elements in this situation which are rather precarious and which we have to take note of. For instance, the

[Shri K. Santhanam.] previous speaker has said about deficit financing. It is estimated that for the current year Rs. 119 crores will be required, and for the coming year Rs. 147 crores is the budgeted estimate. Sir, in this connection we should not take only the deficit financing at the Centre. I find that for the current year the Centre has to give Rs. 30 crores to the States, because they have to meet their overdrafts from the Reserve Bank. This practice of the States overdrawing their accounts with the Reserve Bank is objectionable from two standpoints. One is their deficit financing. Secondly the States which are imprudent take an undue advantage over the other prudent States, and their bad example may catch on, and therefore ways and means should be found to prevent any State from overdrawing its balance with the Reserve Bank. Probably the best method will be to deduct automatically the overdraft from the Plan advances for next year. If this is made a rigid rule, every State will be brought to some kind of order. It is not only the overdrafts, also they should not go in for deficit budgets. So far as I have seen, almost all States, which have presented Budgets, have presented deficit Budgets. After all these deficits will have to come from somewhere and so they add up to this deficit financing, and I think, now that the recommendations of the Third Finance Commission have been accepted by the Government, it should become a matter of national duty for every State to balance their revenue budget as well as their capital budget with the aid which is so generously being given by the Centre.

Sir, I am very much concerned at the reduction in the rate of progress of the industrial sector. So far as the agricultural sector is concerned, it is a question of seasons. We have 8 per cent, increase this year, and whether we shall have 8 per cent, or 5 per cent, or 6 per cent, next year will depend on the grace of God. But so far as the industrial sector is concerned I think, in a developing economy, there should be no going back, and I would

not be satisfied unless annually there is an increase of at least 15 per cent, in the industrial sector. Efforts should be made for doubling our industrial production every five years. It is only then that we can catch up with the arrears of unemployment, find funds for our expanding social services and see that our economy is in a healthy state.

Sir, I shall not take up the time of the House by referring to the difficult foreign exchange position. It is dealt with in the Economic Survey, and the matter has been emphasised as clearly as it should be, but, Sir, about the importance of increasing our exports there is universal agreement, and I think the essence of the problem is in decreasing the production costs. So long as our industries produce goods at higher than the international cost, whatever the Government of India may do, it will not succeed in a permanent manner. Of course, by subsidies and other forces some kind of spurt will take place for one year or two years, but the essential question is the high cost of production in India. Whether it is a matter of labour relations or whether it is a matter of the costs of the management, high overhead cost or something or the other, we are producing goods at higher than the international cost and so long as this is a feature of our industrial production, it will be very difficult for us to increase our exports. I think, Sir, it is rather strange, I must say it is very sad, that even in the matter of textiles we should not be able to compete with Japan, China and other countries. Why should it be so? Our textile industry is more than fifty years old and we have got our own cotton. We have got cheaper labour. Then why should our textiles not compete with Japan?

DR. NIHAR RANJAN RAY (West Bengal): It is not cheaper than in China or Japan.

SHRI K. SANTHANAM: What?

DR. NIHAR RANJAN RAY: Our labour.

SHRI K. SANTHANAM: About China I cannot say. Japan's labour is paid two or three times as much as Indian labour.

SHRI J. S. BISHT (Uttar Pradesh): But on how many spindles does one man attend in Japan?

SHRI K. SANTHANAM: Why should you not rationalise and bring our machinery up-to-date? If our labour capacity is poor, let us increase it. But unless we decrease our cost of production, what is the use of our saying that we must export or perish?

SHRI J. S. BISHT (Uttar Pradesh): What about the cost of raw material?

SHRI K. SANTHANAM: We must take all steps. We must rationalise and bring our machinery up-to-date if we are backward in our machinery; let us improve it and we should tell our labour clearly that they should become as efficient as the labour of other countries, otherwise they cannot always have only labour rights and no obligations.

SHRI N. M. ANWAR: Ask Mr. Bhupesh Gupta.

SHRI K. SANTHANAM: Mr. Bhupesh Gupta may not agree.

SHRI BHUPESH GUPTA: I agree, both not with the other thing. The productivity of labour has gone up in the country but their wages have declined. They remain stagnant. You want automation to retrench labour. In the jute industry, for example, it has happened.

SHRI K. SANTHANAM: That may be to a certain extent correct, but if we take the labour costs and the labour productivity in our country, you will find that our labour is the costliest in the whole world. For five or six people here, in America there is one man. For one man in America, we use five or six people here for the same work and so you pay six people's wages here. Therefore, American labour is cheaper.

SHRI BHUPESH GUPTA: Our monopolists are thieves. That also you know.

SHRI AKBAR ALI KHAN: Question. Sir, this is not the time to say such strong and undignified words in this House.

SHRI N. M. ANWAR: To call anybody thief is undignified.

SHRI BHUPESH GUPTA: I say our monopolists are thieves. There is nothing wrong in it.

SHRI K. SANTHANAM: I can deal with Mr. Bhupesh Gupta.

Sir, I entirely agree that our labour should be paid increased wages with the increase in productivity, but it should be in proportion to productivity, and sometime or the other we must aim that our labour gets as much wages as any other labour in the world and produces as much. Until our goal is set towards that, all the other efforts at export promotion will be more or less temporary and ephemeral.

Now, Sir, I come to the question of taxation. As the previous speaker remarked, that is a thing which is the core of the Budget. As it will be coming next month in Parliament, naturally the Finance Minister could not be expected to show his mind. But that is no reason why we Members should not explain the necessary situation. Sir, we have to remember that if we do not raise Rs. 10 crores of taxation this year, we will have to make it up by Rs. 133 crores next year. That is, in three years we will have to produce as much as we will have to "produce in four years. Now, by the taxation last year the Finance Minister has claimed that he has covered one-third of the taxation needed for the Third Plan. I suggest that he should find ways and means of covering at least another one-third this year. If he does not do so, then the taxation next year will have to

[Shri K. Santhanam.]

be all the heavier unless we are willing to go down to deficit financing and face further inflation. Therefore, whatever difficulties may be, however unpleasant it may be, though it may result in temporary unpopularity, both the Centre and the States if they are true to the Plan, if they want to execute the Plan in the true spirit, they should be prepared to fulfil the targets of taxation. They should not leave it to the future. This year, second year, especially the first year after the general election, is the year which is best fitted because by the time of the next election people would have got used, the taxation would have got assimilated and they would have seen the benefits of that taxation and so they would not mind it so much. In fact, if I were left to my own device, I would prefer to levy the entire taxation this year and have a tax holiday for next three years. But probably that may be too heavy. Therefore, I suggest that at least one-third of the total target of taxation should be covered in the coming Budget proposals.

Sir, in this connection I suggest that our taxes must have a double purpose. Our taxation should be so designed that either it will bring increased revenues or it will reduce consumption so that that money will go to saving. For instance, take tobacco. Suppose you increase the tax on tobacco. Either people reduce their tobacco consumption so that money will be saved, or you will get more revenues. But if you tax grain, people cannot reduce consumption of grain and they will only become poorer and their standard of living will be decreased. Therefore, our taxation should be so designed that it will serve either purpose, either it will bring increased revenues or it will reduce consumption, and therefore, the money will go in for saving.

SHRI BHUPESH GUPTA: Tax milk so that consumption of milk is less and people die and the problem is solved.

SHRI K. SANTHANAM: That is exactly what I said. It should not be done. We should not tax grain. I will not tax milk or other necessities. But for your cigarette you can pay a little more. Can't you?

SHRI BHUPESH GUPTA: I do not smoke.

SHRI K. SANTHANAM: Those who smoke can pay a little more.

SHRI BHUPESH GUPTA: But, why? So that millionaires can drink more whisky?

SHRI K. SANTHANAM: By all means put as much tax as you like on whisky. In fact, that is what I have been saying. What I say for tobacco is much more true for whisky.

Sir, I suggest seriously to the Finance Minister that the time has come when the interest on the post office Savings Bank and the Treasury Deposit Certificates should be increased—today their interest has become unattractive to the masses—but on one condition. In the case of Treasury Deposit Certificates they can increase the discount so that nobody will be tempted to cash it within ten years. If people can keep money during the course of the whole ten years, let them get 4 or 5 per cent. It is worth while. I suppose this will be taken into account.

Another suggestion which I wish to make is that the idea that in every sector we should go on investing more and more is faulty. There is something like saturation in a particular sector. There we must convert the existing capital into revolving capital, and so from the recovery of your past loans you must give future loans. There are many things, for instance, the handloom sector, or the Ambar Charkha or even the steel. At the end of the Third Plan, after investing a thousand crores of rupees in steel, why should you want more? This thousand crores of rupees should be the revolving fund, and whatever you gain, your further steel expan-

sion will be dependent upon the earnings of the steel mills. Similarly we say we have given Rs. 50 or Rs. 60 crores to the Ambar Charkha. We are going to recover and let all the recoveries be invested. Why should you go on putting more and more ' money without knowing whether the j recoveries will pay you? In the same way there are many fields in which further investment may be stopped and the existing investments should be converted into revolving funds so that if they fail to recover the past loans, the invest also becomes less. If they recover . . . ■

SHRI SANTOSH KUMAR BASU: It comes simply to what Prof. Galbraith has been suggesting.

SHRI K. SANTHANAM: I have been pressing it for the last 2 or 3 years. Lastly, about evasion of tax people have been talking but no steps are taken. I suggest, following the suggestion of Prof. Kaldor that we should have a balance sheet of the first 10,000 rich people in the country and both their income and expenditure should be followed. There should be a regular ledger and balance sheet of them with the Government of India so that there will be no chance for them to escape. If the first 10,000 rich men are tackled, all other evasions will "be put down. So I suggest this thing. It may be called inquisition but when these people deal in crores and want to play with crores, they should be subject to some regulations and if they are so very particular about their freedom, they can become poor, I have no objection but the evasion starts with the biggest and the richest people in the country and so long as they are not tackled, they set the example to all others. With these words. I congratulate the hon. Finance Minister.

SHRI BHUPESH GUPTA: Do you know that under our Government a Union Minister has publicly stated that he made arrangements and "bought certain properties in order to avoid stamp duty and tax? In his public statement it has been stated.

SHRI K. SANTHANAM: I do not know. Unless the facts and names are given, I am not prepared to take any allegations.

SHRI BHUPESH GUPTA: It is not an allegation. The allegation appeared in the newspapers, a copy of which is with the Prime Minister of India. I am not saying anything because of very special consideration but I know that you can get it from the Prime Minister. The Minister says: 'I bought the house property— landed property—in this particular manner through benami and so on because I wanted to avoid the stamp duty'. It is an admission by a Minister of the Government. What happens? How do you set examples?

SHRI K. SANTHANAM: It is a Hypothetical example.

SHRI BHUPESH GUPTA: It is **not**.

SHRI K. SANTHANAM: If the Prime Minister has it, he will deal with it properly. What I do say is that strong and effective steps should be taken to check evasion and checking evasion at the top is the proper way.

SHRI BHUPESH GUPTA: In the Cabinet.

SHRI SANTOSH KUMAR BASU: There is a difference between evasion and legal avoidance.

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI): This is again an unwarranted allegation against the Cabinet.

SHRI LOKANATH MISRA (Orissa): Mr. Vice-Chairman, the Finance Minister's speech gives us to understand that he has been able to arrest the general price level. The price level has been arrested at a very high level. During the last 10 years probably it has been the highest when it has been arrested. It is at 128 per cent. If the hon. Finance Minister had reduced the price level, had brought it down and then arrested it,

[Shri Lokanath Misra.] we would have been more thankful to him. But, once it is arrested at a very high level, it is only a mark of self-complacency to say that it has been something very commendable. He might feel satisfied with it but the country does not feel satisfied if it has been arrested at this very high level.

SHRI BHUPESH GUPTA: Despite your arresting Ministers, nothing is arresting here, let alone the prices.

SHRI LOKANATH MISRA: We are happy that there is no provision for fresh taxation in this interim Budget. Of course it is called an interim Budget but all the same there is an indication that the next Budget will carry taxation. Of course without taxation the country's improvement is not possible but when we sanction money here, we are all responsible as representatives of the people, to see that the money is not misspent. Once a year we come to discuss the year's Budget and sanction the money and give it in trust to the Finance Minister. It is up to him to spend it or misspend it but we would expect, in view of the difficulties that the people experience in paying the tax, that the Finance Minister would keep that in mind and see that not a single pie is misspent.

SHRI J. S. BISHT: Money is spent by the Departments.

SHRI LOKANATH MISRA: But the Finance Minister is responsible for it and he cannot deny the responsibility.

SHRI MORARJI R. DESAI: I cannot.

SHRI LOKANATH MISRA: In the public sector we have not been able to come up to the targets fixed. I do not know what the reply would be from the Minister of Steel, Mines and Fuel but what I have been able to find out from one steel plant located in Rourkela, in my State, is that

production has not been very satisfactory.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) in the Chair.

Just after being commissioned to work, some of its machinery went out of order. I do not know who is responsible for it. In one of the meetings of the Informal Consultative Committee I asked if the same set of mechanics had been used for the second time for erection purposes. The hon. Minister said that it had been properly scrutinised before giving the same company order for the second erection but there is no doubt that we have fallen short of our target. In place of 4 million tons that we expected, we have been happy to have 2'9 million tons of steel. It should not give satisfaction either to the Government or to the people because we want to go ahead at least in the basic industries and if the basic industries fail, then the entire economy fails and naturally more attention should necessarily be given to the basic industries.

Now the Government seems to be enthusiastic about public enterprises. The airlines have been taken over by the Government and have been run for some time. They have gathered experience and they are improving upon it. But I am told, that in the meantime—I do not know if it is this year or it was last year—a private company has been given a fresh licence to operate from Bombay to Baroda. When the Government has 4 fleet of Dakotas. I do not know why the Government thought it proper to give a new licence to a company in the private sector. If they believe really that the public sector works well, that it can work better than the private sector, then probably there was no justification for them to give it to the Kalinga Airlines. The licence has been given to the Kalinga Airlines, because one of the loyal lieutenants of the Congress High Command is its patron or Managing Director or Director . . .

SHRI A. D. MANI (Madhya Pradesh): What is his name?

SHRI LOKANATH MISRA: Mr. Bijoyananda Patnaik, the Chief Minister of Orissa

SHRI BHUPESH GUPTA: That is what happens. When they get defeated in the elections, they hold offices like Chairman of Oil India or..

SHRI LOKANATH MISRA: But in his case he brought the Congress back to power all the same. So he has been given. It is a reward to him. It may be a reward to him for having got back the Congress into power in Orissa. If that be so, it does not speak very well of the ruling party.

Now a word about tax evasion. When we are trying our best to squeeze the people and get the last pie that a man can give, we are not keeping an eye on tax evasion. It is not the smaller fry, not the poor people who can evade the taxes. It is only people who can have a pull with the authorities, who can help the men in authority that can evade taxes. I may probably give one or two instances and if the hon. Finance Minister would like to have them, I can give out the names also. But still I am reluctant to give out the names, because I do not know how far the Finance Minister will be able to realise the taxes.

SHRI MORARJI R. DESAI: Unless the names are given, how can I do it?

SHRI LOKANATH MISRA: I shall pass on the names to the Finance Minister if he wants them.

SHRI BHUPESH GUPTA: It is his job to find out the name.

SHRI A. D. MANI: Do not interrupt him.

SHRI LOKANATH MISRA: There was an instance where a very big

personality was supposed to have been found Kuiltv and it appeared in the papers that he was going to be prosecuted for having some money in a foreign bank in contravention of the Act. But with all the honesty that the Finance Minister is supposed to have, with all the authority that he is supposed to have and with all the sincerity that he is supposed to have, nothing could be done in that case.

SHRI BHUPESH GUPTA: Which case are you referring to?

SHRI LOKANATH MISRA: The case of the Chief Minister of Orissa.

SHRI MORARJI R. DESAI: I am very clear about it. If there is no offence, what has to be done? Every allegation does not mean that it incorrect.

SHRI BHUPESH GUPTA: The allegation was about the Chief Minister and you said that the matter was under investigation.

SHRI MORARJI R. DESAI: Yes, it' was.

SHRI LOKANATH MISRA: We were told that the offence was found out, but I don't know. I have not heard it from the Finance Minister, of course. But the general news that I now hear is that nothing has been found against him. But I know a particular instance in which he has made a donation of a race horse, and that when we are not—as probably the Minister of Scientific Research and Cultural Affairs, and also the Education Minister will agree with me—able to import sufficient . . .

SHRI J. S. BISHT: Sir, is it open to an hon. Member to criticise the Chief Minister of a State who is not here, to criticise him in his absence in this House?

SHRI BHUPESH GUPTA: It has been done so many times. We have had questions and . . .

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : Order, order. Anybody who is not in this House should not be criticised.

SHRI LOKANATH MISRA: I am not criticising him.

SHRI BHUPESH GUPTA: On a point of order, Sir. We can certainly point out tax evasion. Questions were admitted in this House and answers were given in this House and the other too. We have precedents and with regard to this very Chief Minister I have got the questions and the answers with me. When Mr. Nam-budiripad was Chief Minister, what happened to the rulings?

SHRI LOKANATH MISRA: Instances of tax evasion I can pass on to the Finance Minister if he wants them. But I am reluctant to do it because nothing might be done. I can supply the names, but nothing may be done, because the person happens to be somebody in the Congress Party.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : You must accept the assurance given by the Finance Minister. You may pass on the names to him.

SHRI MORARJI R. DESAI: He must give me some information also about it.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : Some information also, of course, along with the names.

SHRI LOKANATH MISRA: If you want the name now on the floor of the House I can pass it on to the Finance Minister.

SHRI BHUPESH GUPTA: Sir, names should not be passed on as if in a love letter. We would like to know.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : Let him pass on the names.

SHRI MORARJI R. DESAI: The hon. Member knows nothing about love letters, but he always mentions about love letters.

SHRI BHUPESH GUPTA: No, I don't know. But I said it should not be done like that, because the hon. Finance Minister may be receiving some.

SHRI LOKANATH MISRA: Now, I will pass on to the next point. We have been talking so much about prohibition, and the introduction of prohibition has perhaps resulted in diminishing a lot of revenues. This has brought down revenues to a considerable extent. I can speak with authority about my own State and my own town from which I come, namely Cuttack, which was a town and which has now been turned into a city. There the Government introduced prohibition and the introduction of this prohibition has only meant the decentralisation of distillations. Instead of having one or two licensed shops that we used to have, there are now as many as 252 shops.

SHRI A. D. MANI: Unlicensed ones?

SHRI LOKANATH MISRA: Yes, unlicensed shops. So the Government loses the revenue, but all who want to drink, they drink all right.

SHRI J. S. BISHT: It is a subject for the Government of Orissa.

SHRI LOKANATH MISRA: But it affects also the Centre because the State Government takes money for this prohibition.

SHRI J. S. BISHT: That way, every subject will be a Central subject.

SHRI LOKANATH MISRA: Definitely if it has something to do with the Centre. They may not be very palatable to the Congress benches, but facts are facts and they have to be taken as facts. There are, as I said, 252 unlicensed shops there.

THE VICE-CHAIRMAN (SHRI K. K. SHAH): You can make a passing reference. That is enough.

SHRI LOKANATH MISRA: Once it so happened—it is a peculiar case and an interesting case too—one of the newspapers published something against this illicit distillation and the man concerned caught the newspaper man while he was passing on by way. The newspaper representative was caught and threatened. The man went to the police station, but the police officer told him, "Don't tell him anything. But when you go, be vigilant, look ahead and also look back". This is what he said, because previously two A.S.I.s had been run over by the jeep owned by the distiller. He has an unregistered jeep and an unlicensed driver. Nothing can be done because from the top to the bottom everybody gets money in this trade. If that is the position, I do not feel that there is any government at all there. The man is so powerful and he makes a monthly donation of Rs. 10,000 to the State Congress Committee. (Interruption). I know it because I live in that city. You don't live there and so please do not shout about something you do not know.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : These references to the administration of a State Government should be avoided. It is enough if you make a passing reference and then go ahead—You don't criticise the State Government like that.

SHRI LOKANATH MISRA: But it should be allowed in a Budget discussion because it has something to do with the Budget.

SHRI A. D. MANI: This is the only time that he can speak on it.

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Therefore, I did not prevent him. He can make a passing reference.

SHRI BHUPESH GUPTA: Prohibition is a Central subject.

SHRI MORARJI R. DESAI: Prohibition is not a Central subject.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : You can make a passing reference, but while making that passing reference you cannot criticise the administration in the State.

SHRI MORARJI R. DESAI: Prohibition is a State subject and not a Central subject.

SHRI BHUPESH GUPTA: Prohibition has a place in the Constitution and Mr. Morarji Desai at least should appreciate these remarks.

SHRI MORARJI R. DESAI: I appreciate many remarks, but not irrelevant remarks.

SHRI BHUPESH GUPTA: You are a prohibitionist and you have, I think, created a lot of bootlegging in Bombay.

SHRI LOKANATH MISRA: We expected a major port in Orissa and we thought that Paradip would be made a major port. During the elections, the hon. Prime Minister paid a visit to Paradip and about two lakhs of rupees were spent in honour of his tour. He said something comparable to what Sri Krishna said in Mahabharata:

नरो वा कुजरो अश्वत्थामा हतः

It is going to be a major port; it may become a major port by stages if it becomes necessary. Even if we had added the two lakhs of rupees spent on his visit, we would have proceeded ahead. Instead of that, we did not even get a categorical assurance from him whether it is going to be a major port or minor port or whatever it is. His tour was not very much necessary for laying the foundation stone of the Paradip port but it was necessary for the ruling party for its election purpose and he was used for that purpose but Orissa did not get anything. I would request the Government of India to see that Orissa gets at least one port. We expect Paradip to come. We have got enough of forest resources which have to be exported and if this port comes into being we will save much by way of freight which has to be incurred in sending these

[Shri Lokanath Misra,] exportable commodities either to Calcutta or Madras or to any other port near about.

In his speech yesterday, one of our senior Members, the Communist comrade, Shri Bhupesh Gupta, made a lot of reference to the Swatantra Party. He probably thinks now that the Swatantra Party is his first enemy and rival. Of course, his speech did not appeal to me because it was more an election speech than a speech on the Budget. He made reference to the Swatantra Party and along with that he made an appeal . . . *(Interruption)*

Absolutely nil. The Communists have been routed in my State.

Along with that he referred to the Congress Party and said that there is an element in the Congress which is thinking along the lines of the Swatantra Party but he has not looked the other way probably. He has been used to looking the Soviet way and it is to see whatever is shown, not to see whatever lies round about.

AN. HON. MEMBER: He has seen both.

SHRI LOKANATH MISRA: He has been seeing the Soviet way, that is what seems to me. He does not see that there is an element in the Congress which they have helped even going beyond the ethics of electioneering, using when necessary film actors and film actresses. You helped in the North Bombay constituency and publicly you gave statements . . . *(Interruption)*. I say you are a party to it; you may not have done it yourself but you acted as their election agents.

SHRI BHUPESH GUPTA: Who? Dange's election agent?

SHRI LOKANATH MISRA: I am sorry to say, Sir, that they are not as unhappy over Mr. Dange's failure

as they are happy over the North Bombay success and that is the worst part of it. With all that, he ^{oses} on attacking a party which has got both its feet on this land, calling it reactionary. They look to the Soviet Union with one foot there and one foot here and their soul is there while their bodies are here. For him to say that we are reactionary or that the Swatantra Party is reactionary is really ridiculous. I am not a Raja or a Maharaja. His allegation was that the Swatantra Party had a number of rulers. His party has royalty as well and I say it because they had the Maharaja of Mymensingh.

SHRI BHUPESH GUPTA: He died' long ago.

SHRI LOKANATH MISRA: It is not the Swatantra Party alone that has Rajas and Maharajas. The Congress equally has Rajas and Maharajas. After all, in fairness to them, we should say that the Rajas and Maharajas are citizens of India and they do not owe their allegiance to Russia. They owe their allegiance to the Indian Constitution and they have as much right as any of us and to refuse them on the ground that they are Rajas and Maharajas does not give credit to the Communist Party. Fight them if you can but fight on principles.

SHRI BHUPESH GUPTA: That is what I want and I did.

SHRI LOKANATH MISRA: It was not principle on which Shri Bhupesh Gupta was fighting. If he would have fought on principle, I would have definitely supported his case. As it is I cannot support him.

SHRI BHUPESH GUPTA: That is my tragedy. Good men like you are in the lap of Rajas. What can I do?

SHRI LOKANATH MISRA: If you say that I am in the lap of Rajas, I would like to say that you are in the lap *of* the U.S.S.R.

SHRI BHUPESH GUPTA: But the U.S.S.R. is not contesting elections.

SHRI LOKANATH MISRA: With these words, I end, Sir.

SHRI BHUPESH GUPTA: Say something more.

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Shri Humayun Kabir.

SHRI BHUPESH GUPTA: On a point of order, Sir, I would like to know whether he is speaking on behalf of the Government. As you know, on his election, to the Lok Sabha, normally he would have ceased to be a Member of this House. He is no longer a Member of this House and he is not a Member of the other House but is a Member of the Government and as such he has a constitutional right to be present here, but I would like to know in what capacity he is speaking. He cannot speak as a private member or a Member of that House. He can only speak on behalf of the Government in this matter. Therefore, the constitutional point should be stated. I am glad he is here. He is not a trespasser. Being a Member of the Government he can be here but he cannot sit here in any other capacity. I have my doubt whether he can sit at all.

SHRI SANTOSH KUMAR BASU: May I submit a few words in regard to what Mr. Bhupesh Gupta has said? No doubt Prof. Kabir is not a Member of either House but he is a Minister. Of that there is no doubt. The constitution says that if a Minister who is not a Member of either House becomes a Member within a certain definite period of time, he is certainly entitled to continue as a Minister. Now he will become a Member of the other House on the 2nd April, if I understand it rightly. In the circumstances, he does not cease to be a Minister and does not lose his right to speak as such. He would cease to

be a Minister if within six months he does not become a Member of either House.

THE MINISTER OF SCIENTIFIC RESEARCH AND CULTURAL AFFAIRS (SHRI HUMAYUN KABIR): I can quite understand my friend. Shri Bhupesh Gupta's reluctance, and in fact fear, that I should to some of the wild allegations in which he has indulged in the course of the last few days. Perhaps he had thought that since I was no longer formally a Member of this House he could make any wild allegation that he liked and carry it off.

SHRI BHUPESH GUPTA: No, Sir, I did not think so.

SHRI HUMAYUN KABIR: Otherwise, I do not understand why he should have raised this point.

(Interruptions)

SHRI BHUPESH GUPTA: On that point let me make the position clear.

SHRI HUMAYUN KABIR: I am not yielding.

SHRI BHUPESH GUPTA: On a point of order, Sir. I made that point quite clear. Don't quarrel over it. Yesterday I asked somebody to get him here. I wanted to say it in front of him. Therefore, there is no question of that and constitutionally he is entitled to be here. I criticised him yesterday that as a candidate of the Congress Party in the elections he indulged in all kinds of appeals in the name of religion and I stick to it. Now, whether he is answering as a Congress candidate, who has been elected or not is a different matter, or in his private capacity . . .

THE VICE-CHAIRMAN (SHRI K. K. SHAH): There is no point of order. You can go on, Mr. Humayun Kabir.

(Interruption)

SHRI HUMAYUN KABIR: I would submit that the hon. Mr. Bhupesh Gupta attacked my conduct as a Minister of this Government. I have just gone through the speech which he delivered yesterday and the day before and he made certain wild, unjustified remarks. Either he is very badly informed or he has deliberately stated things which are not correct.

SHRI BHUPESH GUPTA: Absolutely correct.

SHRI HUMAYUN KABIR: Either he is badly informed or he deliberately stated things which are not true and which he knows are not true. *(Interruption)*. But I do not have to give any apology to this House. When my hon. friend and his colleagues were indulging in communalism and were helping the Muslim league to divide this country, I have stood against communalism and I have risked death which my hon. friend has never done.

SHRI BHUPESH GUPTA: But you got defeated at the hands of Mr. Jyoti Basu.

(Interruptions)

SHRI HUMAYUN KABIR: On three occasions my hon. friend knows that he and his party indulged in activities and supported the communal forces of this country and my life was in jeopardy. For him to get up here and say that I indulged in communal activities is a travesty of truth and my hon. friend knows it himself. It is true that I criticised his party. It is also true that in my criticism of that party I sometimes referred to the fact that that party does not believe in any religion as such.

SHRI BHUPESH GUPTA: That is it, Sir. He has appealed in the name of religion.

SHRI HUMAYUN KABIR: Exactly, Sir. that was a part of a political attack on his party. My hon. friend and his party are waxing eloquent about Beru-

bari all the time. They have been shouting hoarse about Berubari throughout the length and breadth of India. In facing that issue in Bengal, I again and again pointed out that Berubari was a direct, a logical consequence of the creation of Pakistan and for the creation of Pakistan, the responsibility lies squarely on the shoulders of my hon. friend and his party. They are as much to blame as the Muslim League. From door to door, they went and canvassed and they took recourse to religion. They appealed to the Quran and asked the Muslims to vote for the Muslim League so that Pakistan could be created and I said that is was astonishing conduct on the part of a party, on behalf of a party, which professedly does not believe in any religion at all. I have to refer. SHRI BHUPESH GUPTA: So you see, Sir. The Minister spoke in the name of religion and he has admitted it.

(Interruptions).

SHRI HUMAYUN KABIR: Certainly, I admit whatever I said. I am not accustomed like my hon. friend to say one thing here and another thing in another place. I am not accustomed like my hon. friend to saying one thing in China, another thing in Moscow and a third thing in India. Whatever I say, I say the same thing everywhere and in criticising this action of the Communist Party, I said that they created Pakistan, they were responsible for the creation of Berubari, a party which did not believe in any religion at all. It was his party which was using communal attack of the most heinous type and if he does not know he should go and make enquiries.

SHRI BHUPESH GUPTA: I have.

SHRI HUMAYUN KABIR: Personally I do not know if my hon. friend knows but men of his party, responsible men of his party, making accusations, went to the Muslim voters and said things about me of which he and his party should be ashamed.

SHRI BHUPESH GUPTA: You went and said that you would become a Cabinet Minister. That is what he told them. (Interruptions). He went to the Muslim voters and said . . .

(Interruptions).

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Order, Order.

SHRI HUMAYUN KABIR: My constituency was a mixed constituency. I did not canvass in the dark; I did not go to anybody's house in the dead of night.

(Interruptions)

SHRI KHANDUBHAI K. DESAI (Gujarat): Sir, the hon. Member must be prepared to listen on some occasions to things even if unpleasant.

SHRI HUMAYUN KABIR: I addressed meetings in tens and thousands where there were an equal number of Hindus and Muslims; and against me was pitted on the one hand the ex-President of the Jana Sangh of India and certainly the ex-President of the Jana Sangh did not hesitate to use communal arguments. And I was astonished to find that the party to which my hon. friend belongs also resorted to the most wild type of communal propaganda among the Muslims. But the result was that in practically every constituency, in practically every booth, I had an overwhelming majority over his party and the Jana Sangh because the people of Bengal know my credentials. I do not have to give my credentials to my hon friend here. The people there know. My electorate is almost half and half, Hindus and Mussalmans. Even where there are refugee colonies, where there was hardly a single Mussalman voter, even in such constituencies he knows to his cost—I can understand his j wrath because one of their safest seats has gone—I had got a majority. I know that in many of the adjoining seats of my constituency which were regarded as their fortresses and which

they said that a Congressmen could never enter, today they have no place there; they have been hounded out. They have been defeated with over-whelming majorities in all the adjoining constituencies.

SHRI BHUPESH GUPTA: You have lost.

(Interruptions)

SHRI HUMAYUN KABIR . . . because mine was a political attack; my attack was that here was a party which worked for Pakistan and even though it did not believe in any religion, appealed in the name of religion and asked the Mussalmans to vote for the Muslim League. I further said that their paper from day to day was carrying on propaganda that they were the greatest supporters of religion in the world and on that my comment was that I did not take it secondhand or third-hand; I do not accept what Mr. Bhupesh Gupta or his colleagues in Bengal say, who have no definite opinion of their own; they merely repeat what their masters in China say.

SHRI BHUPESH GUPTA: Si- I strongly protest against it. The Minister cannot use such words. All the time he has been placating the Congress leaders. He has no right to say that. I know . . .

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Order, Order.

(Interruptions)

SHRI BHUPESH GUPTA: . . . my hon. friend entered this House through the backdoor and now wants to become a Cabinet Minister.

(Interruptions)

SHRI HUMAYUN KABIR: Sir, my hon. friend made another allegation where again either he was misinformed or he deliberately stated untruth.

SHRI BHUPESH GUPTA: Your career we know. The hon. Minister indulged in vilifications against the Soviet Union.

(Interruptions)

SHRI HUMAYUN KABIR: I did not vilify the Soviet Union in any place. In fact, everywhere I said that with the Soviet Union we have very friendly relations. And the astonishing thing is that as soon as we became friendly with the Soviet Union, this Bengal Communist Party . . .

(Interruptions)

Sir, I have every right.

SHRI MORARJI R. DESAI: May I say one thing? Shri Bhupesh Gupta gets very angry if when he speaks he is disturbed by somebody, even by some interjection and will he not have some patience to hear the reply even if he does not like it? (*Interruptions*). It is no use making a scene in this House and behaving in the manner in which he does.

SHRI BHUPESH GUPTA: Let a Commission be appointed. We shall prove

SHRI HUMAYUN KABIR: Let a Commission be appointed.

SHRI MORARJI R. DESAI: But let him not be rowdy in this House.

SHRI BHUPESH GUPTA: I suggest, Sir—I will not speak—that you note that he made an appeal in the name of religion.... (*Interruptions*) and the Prime Minister should not take him into the Cabinet or the Council of Ministers till the Commission has enquired into the kind of propaganda in which he has indulged.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : Mr. Bhupesh Gupta, what you wanted is on record. He has admitted that he made certain statements. Now, I expect you

SHRI BHUPESH GUPTA: You have heard it, Sir?

THE VICE-CHAIRMAN (SHRI K. K. SHAH) ... to keep quiet.

SHRI BHUPESH GUPTA: But he should not say provocative falsehoods; he can say falsehoods.

SHRI HUMAYUN KABIR: I am not accustomed to make any false statements; it may be my hon. friend's monopoly. It is not my habit to make false statements at all.

SHRI BHUPESH GUPTA: It is your profession.

SHRI HUMAYUN KABIR: But I do know that my hon. friend cannot stand the truth. That is why he is so nervous. When he made his speech nobody interrupted him in this way but he is not prepared to face the truth because he knows that truth hurts.

What said was that so long as the Soviet Union was not so friendly with us, the Bengal Communist Party was a great admirer of the Soviet Union but as soon as the Soviet Union became our friends and as we entered into more cordial relations with them, today the Bengal Communist Party have transferred their allegiance to the Chinese bloc. It is a fact.

SHRI BHUPESH GUPTA: Sir, he is again . . .

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Order, order.

SHRI BHUPESH GUPTA: Our Communist Party owes no allegiance to any other party. He is talking.....

SHRI HUMAYUN KABIR: He must be prepared to hear. He has said a lot of things.

SHRI BHUPESH GUPTA: Sir, I cannot accept . . .

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : You cannot interrupt every time like this.

SHRI BHUPESH GUPTA: But what has this got to do with the Bengal

Communist Party? He can speak about me but he cannot speak . . .

SHRI MORARJI R. DESAI: The hon. Member has the licence to speak about the Congress, about the Swatantra Party, about every party and another Member should not speak about his party. What is all this?

SHRI BHUPESH GUPTA: But I said right things.

SHRI MORARJI R. DESAI: You had better hear in silence and then you reply whenever you have an opportunity later.

SHRI BHUPESH GUPTA: Yes; I will have the opportunity but he is going to the other House.

SHRI HUMAYUN KABIR: I shall some day come back to this House; don't fear.

SHRI BHUPESH GUPTA: How can he say that, Sir? How can he say that he is going to be in the Cabinet? You tell me; it is a breach of . . .

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Order, Order.

SHRI HUMAYUN KABIR: Sir, one more sentence and I will be done.

SHRI BHUPESH GUPTA: You will be done.

SHRI HUMAYUN KABIR: My hon. friend may lay any flattering unction that he likes to his soul but facts are stronger than his feelings and certain facts stand out.

So what I said was, and I repeat, that even when the Indian Communist Party, important members of the Indian Communist Party, protested against some of the actions of the Chinese in their aggression against India, my hon. friend and his colleagues of the Bengal Communist Party singled themselves out for folly. I said in every speech of mine and I repeat here that in the whole world today it seems that, according to my friend Shri Gupta, undiluted Communism was 13 RS—5.

to be found only in three places, in Albania, in China and in the Bengal Communist Party. That was the burden of my attack and I know it hurts. I wanted to intervene because certain unjustified, unwarranted, remarks had been made either as I said due to ignorance or due to deliberate distortion of facts and I want the record to be correct. (*Interruptions.*) I have never withdrawn anything I have said in public life. I stand by whatever I say.

But I am sure my hon. friend 4 P.M. does not and will not have

the courage of doing so—There is so much of somersault through which their party has gone, the continual varying from day to day, that we do not know where they are.

I am reminded of the occasion when one of their men started with a speech from Lahore and that speech was to be read at Patna. When he came to Allahabad, he was told that the partyline had changed and, therefore, he could not deliver the speech at Patna, because between Allahabad and Patna it was impossible to produce another speech. I do not belong to that kind of party. I do not hold that kind of belief. My hon. friend, when he says anything, is very eloquent. In fact, his eloquence sometimes carries him away and he loses all sense of fact, reality, truth, honour or dignity. If he is not swayed away by his eloquence in that manner, with his undoubted talents he can be of great service to this country. And what I said to his party again and again in public meetings was that when his party had its roots firmly in this country, when his party accepted the traditions of this country, when his party learnt the lessons which the Communist Parties of other countries of the world have learnt from the Congress, it would be welcome to our national life. The whole Communist attitude in the world today has changed because of what has happened in India, because of what the Soviet and other Communist leaders have learnt from our ways in this country and they have openly acknowledged it. When my hon. friend also learns to respect the traditions of India.

[Shri Humayun Kabir.] when he has a sense of dignity because he is an Indian, I shall be very glad to welcome him in our fold and to recognise the services of which he is capable.

SHRI BHUPESH GUPTA: May I know, Sir, whether he spoke as the Government . . .

(Interruptions)

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Order, order.

SHRI BHUPESH GUPTA: He wanted to answer my point. Yes, you can applaud him. You can do it. I have no grouse, because I know you can do it. What he said, as you know, was electioneering here and he made many statements which are not correct . . .

SHRI J. S. BISHT: Mr. Vice-Chairman, he has made his speech. He should not be allowed to make another speech now.

SHRI BHUPESH GUPTA: No, I am not making any speech. He mentioned me. I do not accept it. *(Interruptions.)* Mr. Vice-Chairman, on a personal explanation * * *

(Interruptions)

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Order, order. Please sit down. It is not a personal explanation.

SHRI BHUPESH GUPTA: * * *.

SHRI N. M. ANWAR: He is hitting below the belt.

SHRI MORARJI R. DESAI: May I say that the hon. Member has no right to speak these things and whatever he has now said should not remain on record?

THE VICE-CHAIRMAN (SHRI K. K. SHAH): It will not go on record, because it is not a personal explanation.

***Expunged as ordered by the Chair.

SHRI HUMAYUN KABIR: It is a false statement that Shri Gupta has made.

SHRI BHUPESH GUPTA: Your campaign was that you will be in the Cabinet.

SHRI HUMAYUN KABIR: All this is not true.

THE VICE-CHAIRMAN (SHRI K. K. SHAH): Mr. Mani.

SHRI A. D. MANI (Madhya Pradesh): Mr. Vice-Chairman, I would like to-join the other Members of the House in giving my congratulations to the hon. Finance Minister on his presentation of the Revised Estimates and the Budget Estimates for the coming year. The Finance Minister has been carrying a thankless burden and it is his misfortune that year after year he comes to the House to find that his Budget expectations have been belied in some important respects. The Budget presents a very alarming picture about the future of the Third Plan. At the existing level of taxation there is a gap of Rs. 121 crores to be filled in and the Finance Minister has already hinted at the possibility of more taxation.

My hon. friend, Mr. Santhanam, spoke about Dr. Kaldor. Dr. Kaldor has done infinite harm to the economy of this country and I might mention here that this gentleman, who advised us and who influenced the then Finance Minister to shape our economy on his lines, also advised Dr. Cheddi Jagan in British Guiana and the Economist of about three weeks ago wrote that the riots in Georgetown were the result of the application of the principles of Dr. Kaldor. We cannot think in terms of a European-planned economy and the fact remains that in spite of the increase in taxation the country is really becoming poorer. The hon. Prime Minister said in the other House the other day that wherever he went round the country during his recent election campaign he found that the people were better clothed. I certainly admit that there has been a rise

in the standard of living in our country, but the burden of taxation has been extremely heavy. I would like to remind the hon. Finance Minister that last year when Members of this House spoke about the rise in prices, consequent on his Budget proposals, he said that the prices were not likely to rise. I am just quoting from memory. But if you look at the figures of the 'Index Numbers of 'Wholesale Prices' published on page 10 of the 'Economic Survey', you will find that in March 1955 the cereals group was 86 points, while in January 1962 it was 102. In regard to rice it was 86 points in March 1956 and 101 in January 1962. In the case of wheat it was 85 points in March 1956 and 98 in January 1962. In respect of edible oils, it was 106 points in March 1956 and in January 1962 it was 154 points. In other words, in regard to the essentials of life the prices have been gradually rising. While we would like to extend our help to the Finance Minister in meeting the budgetary gap, we would like to ask him to consider the point that we have now reached a stage when further taxation cannot be lightly imposed on our countrymen. There have been surveys of taxation in our country in the past and the Taxation Enquiry Commission submitted a very valuable report. I would like to ask the Finance Minister whether he would conduct an enquiry into the incidence of taxation on the middle-class and the lower-income class budgets in the country. Such an enquiry is overdue, because we cannot possibly go on taxing the people particularly when the figures themselves show that from 1956 to 1962 there has been a steady increase in the price of essential food-stuffs. It may be pointed out that the people have been bearing it, but the people have been bearing it with a groan. I would like, therefore, to suggest that at least by some sample surveys the Government should try to find out what the incidence of taxation on the middle-class and lower-income budgets is, so that we will have the relevant data for assessing the possibilities of future taxation.

I would like to mention to the House that there is another point about the Budget estimate; to which we should pay increasing attention. The Defence estimates have shown a substantial increase and now they stand at Rs. 301. We cannot think in terms of a vacuum, because defence has got an important bearing on the Budget. From the attitude of China—and Mr. Bhupesh Gupta will agree with me that there has been no improvement in respect of China's attitude towards India—we will have to strengthen our defences. On our holders and we do not yet have a blueprint . . .

SHRI BHUPESH GUPTA: Ask our Acharya Kripalani in the House, Professor Humayun Kabir. He is now our Acharya Kripalani.

SHRI A. D. MANI: I would like to ask for a Wueprint of Defence expenditure for the next five years, that is to say, to cover the Five Year Plan period, because at present the practice seems to be to come forward to both Houses of Parliament with the budgeted figure of Defence expenditure as estimated by the Defence Ministry without a clear indication as to how much you are going to spend on Defence in future. I am not suggesting that we should lower our expenditure on Defence. When our Defence expenditure is going to mount up, it is better to have a clear idea of what the Defence expenditure in the next five years is going to be, and I would like to ask the hon. Finance Minister to mention the point whether it is possible . . .

SHRI K. SANTHANAM: He cannot give the information.

SHRI A. D. MANI: We should have the information. We should have a rough idea of the expenditure, because I might recall here that in 1936, after Munich, the then Conservative Government of Britain announced that it had got a phased rearmament programme over a period of years.

[Shri A. D. Mani.]

We should like to have some such programme. We should like to know what the exact burden of the Budget would be, I do not want to ask for details.

SHRI SANTOSH KUMAR BASU: Mr. Neville Chamberlain is being referred to, I suppose.

SHRI A. D. MANI: It was given by Mr. Neville Chamberlain when he was Prime Minister of England.

SHRI SANTOSH KUMAR BASU: Let us not talk of him.

SHRI A. D. MANI: In respect of price control, much has been said in this House and the other House too. and the Government has seen that the prices during the last year have been comparatively stable at least in respect of industrial production. But this is not a very satisfactory feature of the present situation. I know that the enforcement of price control means an incorruptible administration and administrative machinery. We lack both at the present moment, and we are very sorry to say this. But it is possible for us to explore the possibility of somekind of price control of essential commodities, and I would suggest to the hon. Finance Minister for his consideration the establishment of Price Control Observation Boards in the various States. At present the public does not believe the index numbers published by the Government of India, let us be frank about it. We do not know how the figures are compiled; I believe that they are compiled with integrity, but there is no public confidence in these figures. If you have a Price Control Board in the various States to watch the situation, the Government itself would have the necessary material to come to a judgment whether it is possible to enforce price control in respect of certain commodities.

Sir. I have said earlier that the Budget presents a picture of great alarm for the future of the Third Plan.

SHRI MORARJI R. DESAI: May I know from him what is the function of the Price Control Board that he has in view? I have not quite understood it.

SHRI A. D. MANI: The idea that I have in mind is that at present we are getting the figures of index numbers from the States. That does not give a correct idea of the price situation in the States. People do not believe your index numbers. They think that the index number is something and that the price in the bazaar is something different. If there are Price Control Boards, they may be in a position to recommend to Government that in view of the transport facilities things may be rushed from one place to another, and they may even suggest statutory price control. It is for studying the situation that I am saying that we should have observation Boards in every State.

SHRI N. SRI RAMA REDDY (Mysore) : Will the people have belief in the Boards?

SHRI A. D. MANI: As long as the Ministers are believed by the people those Boards also will be believed. But I think that their confidence in the Ministers is also decreasing every day.

Sir, I would like to mention that the future of the Plan itself is in great jeopardy at the present moment because of the budgetary gap and because of the fall in our internal and external borrowings. I would like to ask the Finance Minister whether it is the considered view of the Government that with the present resources they have and hope to have in the future they would be in a position to push forward the Third Plan in its present form.

SHRI MORARJI R. DESAI: Yes.

SHRI A. D. MANI: I do not think. Sir, with great respect to you, that you can really push forward the Third Plan with your present resources, external and internal, and it is time that the Planning Commission itself reconsidered its priorities and targets.

In respect of coal, the coal shortage itself is going to cripple production, and I have got a number of figures here to show that in respect of the daily loading of wagons, essential for industries, the quotas for this year have been cut down as against the figures for the corresponding period of last year. I would like therefore, to suggest that the Planning Commission itself should ask for a reconsideration of all the targets at State levels because it may not be possible for us to push forward the Plan.

I would like to mention one more point, if I may, and it is a very important point. The labour policy followed by the Government of India would lead to the ruin of the industries in the public sector. The Heavy Electrical industry at Bhopal on which much hopes have been built had a strike recently. They were losing Rs. 14 lakhs a day. The only principal point in dispute was whether the I.N.T.U.C. Union should be recognised by the management or the other Union which was dominated by Communists. Now we cannot sacrifice production for the sake of the Indian National Trade Union Congress, let us be quite clear. In Bhilai too there is the same trouble. The Government wants to push the I.N.T.U.C. down the throats of workers in the State enterprises. If the State enterprises are to function well, I would like to ask for an assurance from Government, that at least in respect of labour matters they would allow the workers to choose their own leaders, and they will not accept an imported or foisted leadership from the Congress Party. It is known to everybody in Bho-- that for days and weeks the factory was idle and we were losing Rs. 14 lakhs a day.

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): We cannot take it as having been said by the manager of the factory.

SHRI A. D. MANI: My hon. friend is associated with the I.N.T.U.C. and

I know that she certainly feels very strongly on this point, but a large number of observers went there and I studied the situation myself.

DR. SHRIMATI SEETA PARMANAND: To say that they were losing Rs. 14 lakhs a day is not correct. I had telephoned the manager and asked him about it.

SHRI A. D. MANI: I got the figures from the management myself. I went to the factory, I talked to the Manager, I talked to the Managing Director, I got all these figures from them Whether large or small, even a small loss is a very serious loss when our enterprises are not earning enough profits and their profits are not coming up to expectation. I would like to suggest that Government should have an integrated labour policy in respect of these State enterprises. Some of the State enterprises are among the worst specimens of employers. I had gone to Rourkela, I went and saw Bhilai. Even ordinary amenities like latrines and washrooms are not available. Even labour laws are not obeyed. If the Government were to enter into negotiations with the real representatives of workers and agree to a wage truce for a period of the next five years, these enterprises have got a chance to function properly, because with the present labour strikes going on in all these enterprises it may not be possible for these enterprises to earn profits which the planners have expected.

SHRI SANTOSH KUMAR BASU: May I ask one question? Is he so sure that the kind of labour leadership he is contemplating for Bhopal will be agreeable to a wage truce for five years?

SHRI A. D. MANI: I personally think so as one who has run a unit myself without any trade union for the past thirty years; we had no labour trouble. It all depends on the way your management functions. The charge against the managements of these public enterprises is that they are all Secretaries of Departments, that they are

Shri A. D. Mani: J. bureaucrats, that they do not know how to deal with labour. We would like to make a beginning with Works Committees in all these enterprises where leaders of labour would be called upon to discuss issues about the technique of production, about increasing production. We would like to have a new labour policy altogether for these industries. Unless we have a new labour-policy, we will never get anything from these industries, and these stoppages of work will continue.

I would like also to suggest for the consideration of the Government that the coal situation is so serious that it is not proper for the Government to go on tinkering with the problem, the Railway Ministry blaming the Ministry of Steel, Mines and Fuel, and the Ministry of Steel, Mines and Fuel blaming the Railways. The time has come for the appointment of a Minister for production who would be in overall charge of the movement of essential industrial articles over the railway system, from one end of the country to another. I have mentioned earlier that there has been a steady fall in industrial production on account of the coal shortages, and I have got figures here to show that in respect of the food processing industries those industries have been asked to contend with a quota of not more than 365 tons as against a much larger quota for last year. Unless we are going to have a new policy in respect of coal production, it may not be possible for us even to come up to the requirements of the Third Plan in respect of 1962.

Sir, it is customary in the General Budget discussion to mention matters not strictly concerning the figures of the Budget. I would like to say that the time has also come for the Government of India to set up certain conventions. During the recent elections and after the elections, we saw the spectacle of Governors of States being faced with serious electoral problems and running up to Delhi to meet the Congress President and the Prime Minister.

Minister. If there is a President, we must honour the President. Otherwise it is much better to do away with the office of the President and have a Presidium of the type that they have in the Soviet Union. Now, on all important occasions, the Governor used to come to the Prime Minister or the Congress President for consultations.

SHRI MORARJI R. DESAI: The Congress President . . .

SHRI A. D. MANI: And in one case, after talking with the Prime Minister, the Governor goes back to the House of the defeated Ministers. This has happened. Sir, the time has come for the Congress Party to realise that a biparty system is emerging in this country.

SHRI MORARJI R. DESAI: The hon. Member is very much mistaken. The Chief Minister may continue. He continues to be Chief Minister at that time. There is no question of that. What is wrong in that?

SHRI A. D. MANI: If the hon. Finance Minister is patient . . .

SHRI MORARJI R. DESAI: I am completely patient.

SHRI A. D. MANI: In Ceylon, the other day there was a charge that the Governor-General was implicated in a *coup*. A reference was made to the Queen whether in those circumstances an enquiry could be conducted. The Reuters correspondent contacted the British Cabinet sources and the answer was that this was a matter for the Queen to decide and not for them. I mean, there are certain formalities which have got to be maintained. If the Governors are responsible to the President, that formality should be gone through. Why should this thing be there? The Prime Minister is the leader of a political party. I am not entering into any personalities at all about the Prime Minister. I have great respect for him. But I am raising the issue on principle, whether it is proper for the Governor of a State

or Governors of States to run up to Delhi to meet the leaders of political parties in respect of the constitutional alignments in their own States. Sir, we have had three elections and it is time for us to develop very proper parliamentary conventions. The President of India is the first citizen of this country. Let his advice be sought on all these matters. He might consult the Prime Minister. But the Prime Minister, as I said, is the leader of a political party and we should like to see that better conventions are developed in regard to these matters. I may mention here, Sir, that when the candidates were being chosen for the elections to the Lok Sabha and the Vidhan Sabhas, the A.I.C.C. representatives used to go down to the States. Some of them were put up at Government Houses. Government Houses are ceremonial houses where at the time of a general election people coming from a political party should not be put up. It is not that I am saying that they would not have been fed elsewhere. It is the question of the form that has got to be maintained. And I know that the Finance Minister himself is a person who is very keen about the maintenance of principles, and it is high time that the Congress Party realised that it is not the 'only party in this country and that other parties are coming up and that sooner or later, we are going to have a biparty system in the country.

SHRI AKBAR ALI KHAN: Mr. Vice-Chairman, in these modern days and particularly in countries which are committed to democracy as well as to planned development, I think that no job is more difficult than the job of presenting the Budget. And I think, Sir, we are all with those friends who say that the Finance Minister has made a very good job of a very difficult job under difficult conditions. Of course, so far as this Budget is concerned, we know that this is a 'Lame duck' session and there are no proposals for taxation. He has given us facts which are really necessary for the Vote on Account.

The particular thing that I would like to refer to is that last year, notwithstanding an increase in our agricultural and industrial production, not only about 15 to 16 per cent, of the Budget allotted for our planning has been spent but still, by and large, stability has been maintained in price matters, particularly in foodgrain matters. Now in the coming years if we really want our development plans to go on smoothly, then it is essential that we see that so far as the price situation is concerned, it remains stable, and all possible measures are taken to see that the prices, particularly of consumer articles and still more so of food articles, are maintained at a reasonable level.

Sir, some of the points that I wanted to touch have been referred to by Shri Samuel. So, I would not like to go into them. And some of the points that had been referred to by Shri Bhupesh Gupta so far as the Budget is concerned, had been, if I may say so, very effectively answered by you, Sir, when you were dealing with this matter. Now there are only two or three points that I want to refer to so far as this Budget is concerned. One thing that I want to refer to is the position of the European Common Market. We all know now that things are progressing fast and that there is every possibility of the United Kingdom joining the European Common Market along with the other six countries. The consequence is also obvious that our trade not only with the United Kingdom but with the other six countries will have a serious setback. So far as the United Kingdom is concerned, the tariff protection and the privileges that we enjoy as a member of the Commonwealth will not be there any more. With the result that we will have to go there on a very competitive basis with the other European countries. Not only that but certain protection will be granted to these six countries which will not be given in "the ordinary course of things, unless there is some special agreement between them.

[Shri Akbar Ali Khan] In addition to these, so far as those countries are concerned, you were having free trade. They will impose tariffs that will create further difficulties. In his speech he has not referred to this problem and I would like him, while he is replying, to enlighten us not only on that, but also to have very hard thinking on this question of how to meet any balance of trade that, we will have on account of the formation of the European Common Market.

The other point that I would like to mention in this connection is about the foreign exchange problem which will get more acute on account of this European Common Market. At present the position is—it has been mentioned already and facts and figures have been given and I do not want to repeat it—that in Asia and Africa we are having a set-back in whatever trade and position we have had, with the result that we will have to see very seriously how to gain foreign exchange. Foreign exchange can be had by curtailing our imports and by giving further impetus to our exports. I have also mentioned in my previous speeches on the Budgets that a very careful study of the conditions in these countries in the Middle East, Southeast Asia and Africa will have to be undertaken and a special branch in the Finance Ministry will have to be created to survey the conditions and to devise ways and means.

SHRI SANTOSH KUMAR BASU:
Commerce and Industry.

SHRI AKBAR ALI KHAN: May be.

There is one other thing in the same connection; many suggestions have been made also, while asking why our exports are not able to compete with others. Of course there are more than one reason, but I also feel, Sir, the lack of technical ability and skilled labour, and in the same connection the standard of efficiency of our labour is not the same as that of other countries. In this respect I submit, Sir, that so far as technical edu-

cation is concerned, we are of course—as far as possible—having engineering colleges and polytechnics, but so far as the institutions offering certificate courses are concerned—that is to say, those that are giving the ordinary-technical education to those who are not even Matriculates—some of them are being run by the Labour Department. I can say, Sir, about my State; they are very inadequate—whether it is the Technical Department or whether it is the Labour Department. We have to have this thing on a very large scale so that our labour becomes skilled labour, and when they get trained in any skill, they become more efficient in other matters, of discipline and other things also. So I would like this aspect to be considered, that is, to meet our export problem I think much attention is needed to have our labour efficient labour and skilled labour.

Then, Sir, another point that I want to bring to the notice of this House and the hon. the Finance Minister is this. Some time back the Prime Minister promised that a committee would be formed to investigate the concentration of wealth in few hands. Of course our economy is a mixed economy. We are having the socialistic pattern as our ideal. Still we want to encourage private industry and public sector—both; I mean, there, we have our own pattern; we do not go on the patterns of other countries but in that connection what I am interested to know is whether that committee has been formed, and if it has been formed, whether it has submitted any report. Otherwise I think it is necessary in the interest of the development of the country and to see that our ideal of a socialistic pattern is implemented in practice, to control this concentration of economic power in a few hands.

Then, Sir, I have to say—something about the efficiency of the departments, there also, in particular to the Accountant-General's department. My experience in these development

matters is that there is a great bottleneck, and the delay that is being caused in carrying out the routine has been responsible for not spending the full amount and getting the maximum advantage of the allotment. In many matters, Sir, when a certain thing goes to the A.G's. office, there is an objection raised there. And when that objection is met, again there is a second objection. Again there is a third objection. And generally speaking, they do not raise all the objections at the first stage. Some may be more efficient, but that has been the complaint that I have myself experienced, and it has come through different people who are doing work in this direction. So I would like the hon. Finance Minister to look into this matter, to simplify the procedure, as far as possible, with a view to expediting cases so that the development funds may be spent, of course with necessary caution. I referred particularly to the A.G's. department, but in other departments also I feel that the methods adopted and the procedure followed are very antiquated. • For instance, in Andhra we have got some Madras system—the Tottenham system. I can assure you that it is a rotten system and it delays matters. Under it every Minister can call for the file and get along with it as long as he pleases, but then it causes great delay in the efficiency of the department, and because this is a matter with which the hon. Finance Minister is also concerned, I would like him to see that in other departments also efficiency and urgency are maintained.

Then, Sir, today we have got a very good piece of news, that the United States Ambassador and our Finance Secretary have entered into an agreement, and I would express our thanks to the United States and to the other countries—Soviet Russia, Canada, West Germany and others—who are giving us help in developing our economy.

Then, Sir, in his speech the hon. Finance Minister has said:

"In the recent elections, the nation has for the third time affirmed its confidence in our Plans and our policies."

I entirely subscribe to this, but I would submit that, as in the matter of foreign exchange, our resources and sources have dried. So far as our intellectual and moral assets of this country and of our party are concerned—which were provided by Mahatma Gandhi and other leaders—they are also being drained out. I would request a senior man of his calibre to see to this part also, see that our moral and intellectual resources and assets are also fully safeguarded, and such things which create a bad name, as the multiplicity of Ministers, greed for power, group rivalries, fissiparous tendencies, and things like that, which are really eating away the very soul of it, are to be looked into, and with all respect I would say that we will take this up as the first and prior thing and see that these bad tendencies are fully curbed and that the unity and integrity of the nation grow from strength to strength.

I thank you.

SHRI J. S. BISHT: Mr. Vice-Chairman, I am very grateful to you for having given me this opportunity to speak on the General Budget. I heartily congratulate the hon. Finance Minister and express the gratitude of the country for having brought about a stability in prices, which the Economic Survey report mentions in paragraph 35:—

"The All-India Working Class Consumer Price Index (1949—IOO) which had increased from IOO at the beginning of the second plan to 124 by the end of the plan, continued to increase till August, 1961 when it reached the level of 128. Thereafter, it has shown no variation."

Now, Sir, we are thankful for this little respite from the continual rise in prices. Of course a 28 per cent.

[Shri J. S. Bisht.] rise in prices within five years is a pretty big jump, because it is an erosion in the purchasing value of money, and it eats away a lot of money of the Government itself in increased wages, dearness allowance, higher prices for the materials and everything that they buy, and I find from the speech of the hon. Finance Minister in another place that he has taken cognizance of the fact and he says:

"We have got to see that there is a relative stability of prices maintained if we are to carry on our development in a proper and calculated manner and with effect."

Very right, Sir. I remember, some years ago, the International Monetary Commission, which was sent by the International Bank to enquire into our economy, also said the same thing—development is a long-term plan and it must be with stability. Otherwise, if you allow prices to go up, if you allow even by a small measure the spiral of prices and wages going up, then you can never get the development that you really want, whatever may be your value in money, because the resources are limited. I further find from paragraph 28 that the writer of the 'Economic Classification' fully realises the implication of it. My personal view is that the keystone of the whole rising prices is deficit financing. I have heard a number of arguments advanced against this theory during the last many years that I have been here in this Parliament, but I am still unconvinced about it. Under item 2.1 deficit financing is shown as Rs. 147 crores, and if you add one-rupee notes, it comes to Rs. 152 crores. It says:

"Deficit financing shown in item 2 above indicates roughly the expansionary impact of the budgetary transactions of the Central Government on money supply. A detailed appraisal of this impact would require an analysis of other

data, such as changes in the holdings of the Central Government securities by the banking system, the State Governments and local bodies, and by others. Since these changes are not part of the Central Government Budget, such an analysis cannot be undertaken in the present document."

I would respectfully urge the hon. Finance Minister that such an analysis should be given to Members in order that they may be able to appreciate the position correctly because giving it in half and then leaving out the other half is no good. Half information is no good at all.

Then, Sir, the bank credit that comes is the corollary to deficit financing. Now, Sir, this Rs. 147 crores is a pretty big sum. I know that the hon. Finance Minister has made heroic efforts. As against Rs. 1,200 crores of deficit financing that was provided for in the Second Five Year Plan, he has provided for only Rs. 550 crores. Even so, I will urge and I will ask him that we should cut it down to the minimum.

Sir, my friend, Mr. Santhanam, made the remark that the State Governments are also going in for deficit financing. Of course, they cannot do any deficit financing because they cannot create money, but they have got deficit budgets. Now, this habit of deficit budgeting is really also a corollary of deficit financing. Why? Because it creates the psychology in the minds of everybody, right from the Centre down to a Local Board or to a Notified Area Committee. They think that if they have something to be done, if they have to placate a certain constituency, they can do it by borrowing, "Beg, borrow or steal", as they say; they can beg or borrow. They think if the Central Government goes in for deficit financing by creating money, they will also do the same thing and the Central Government, will give them money. Therefore, we should get rid of this habit.

Sir, as I said, development is a longterm plan. This Five Year Plan or that Five Year Plan or the Third Five Year Plan is not the end of the whole thing. There will be hundreds of Five Year Plans. It may go on for fifty or hundred years. So, if you take a long-term view of this thing, the best thing is to face the situation boldly and squarely, and to live within our own means. That is to say, let us tax ourselves as much as we can and as much as the people will bear, because after all we are a parliamentary democracy and we cannot go beyond a certain limit. That is true, but then development also cannot go on beyond a certain limit. The measure of it is very simple. Total national production minus national consumption, that is the amount of saving. No amount of jugglery can increase it more. That amount of saving, plus whatever you can borrow either from your own country internally or from outside, that is the measure of the development that you can go on with. But merely creating money is really-taxing the people, taxing them in an indirect manner, and this is the worst form of taxation because it hits those who cannot save themselves, people with fixed incomes. In fact, government employees, especially those who are getting below Rs. 500, are very badly hit. The labour classes, the people who have got investments, "bank deposits, insurance, provident fund, old age pension, all that sort of thing is hit.

It also eats away into the great national habit of thrift. We are a country which is very thrifty. In fact, every housewife tries to save a little money. But what is the good of her saving if the money value is going down? If the people realise that it is no good saving, it is no good going in for life insurance, or no good contributing to provident fund or no good putting it in bank because we do not know if after five years that money will buy the same amount of goods or not. whether it will buy only one-tenth of it, then this habit of thrift which we have inherited

through the centuries will go away, and that will be a bad thing. That is the experience of France, Germany and other countries where inflation ran out of the control of the Governments. Therefore, I submit that this deficit financing should be now completely given up. Of course, it cannot be done all at once, but it must be done gradually so that after the Third Five Year Plan there is no more deficit financing. The moment you stop it, you will stop this bank credit also to a great extent and then gradually you will come to stability of prices.

Now, Sir, it may be said that, after all, there is a gap of Rs. 63 crores and the overall deficit, as the hon. Finance Minister said in his speech, is about Rs. 147 crores and all that. Now, it is true, as some of our friends have been saying here, that when the question comes of having a Five Year Plan—everybody wants to have as big a plan as possible and when it comes to a question of resources, everybody says, "No, there should be no direct tax or there should be no indirect tax." Well, we cannot have it that way. If we want development—and we want it very badly and very quickly—then we must be prepared to pay the price for it, everybody, from the rich to the poor.

Now, as I said, Sir, I was one of those who very strongly supported the Kaldor scheme of taxation because I thought that if we adopted that scheme, which looked on paper very scientific, as an integrated whole, probably we would be able to plug many-loopholes in the income-tax scheme, and that evasion or avoidance of taxation would stop, leakage would go. Prof. Kaldor had calculated evasion to the tune of nearly Rs. 200 crores. Of course, our Central Board of Revenue never accepted that point and I think very rightly too. The} said that evasion may be at the most Rs. 30 crores or Rs. 35 crores and am inclined to agree with them. Now, Sir, the last five or six year:

[Shri J. S. Bisht.] experience has shown that this scheme has not been a success. It has, in fact, been a failure. I will just read out from the Budget itself. What do we gain? Taxation on wealth, Rs. 7 crores—it was expected to bring a very big amount—Estate Duty Rs. 12 lakhs, Expenditure Tax Rs. 80 lakhs, Gift Tax Rs. 85 lakhs. In a Budget in which next year the expenditure is to be of the order of Rs. 1,369 crores, and of course, overall expenditure is very much more, if you take into account the revenue and capital account together, it is more than Rs. 2,000 crores, what is this amount? Nothing. I do not know whether it is politically possible for a Finance Minister, even a Finance Minister as strong as our present Finance Minister, to do it. But if I had a chance, I would scrap the whole thing because it has not done any good to anybody, and we realise that this Kaldor scheme is no good. But we should make good the whole sum. If you add up all this amount, it comes to Rs. 10 crores. We should better revert back to our old scheme which we had before the Kaldor scheme and step up the income-tax and corporation tax and all that so that we cover up this whole loss of Rs. 10 crores and get rid of all these things about which there is so much trouble, so much harassment, so much increase in the income-tax work and so many returns and files and this, that and the other. But, as I said, I do not know whether this is possible for the Finance Minister to do. In fact, if it is found to be right, I do not see why we should not adopt the right course. Even retreat where necessary.

Now, Sir, there is another point. We are very badly in need of foreign exchange. So far we have been lucky in the sense that we have been able to get foreign exchange from friendly countries or the Help-India-Club and all other sources. But it may not be coming for ever. So, what is to be done? The only thing we can do is

to step up exports. We hear a lot of things about export. Many suggestions have been made but the difficulty about export is that our produce must have a competitive value in the international market. It must be able to compete with the goods of China or Japan or Eastern Europe or Western Europe, both in quality and in price because the consumer does not care for anything except that he should be able to get his money's worth and if he can get good stuff for a small price, he will buy always, whether the product is that of his own country or of other countries. But there are certain factors with regard to exports. Merely repeating the formula that we must have greater exports is not going to bring in greater exports. We have to adopt certain measures and some of those may not be very popular. What are they? Firstly, the price of the raw material will have to come down. Take for instance the price of cotton or raw jute or sugarcane. We have such a huge stock of sugar in our mills that we are unable to export because our price is Rs. 700 a ton whereas the international market price is hardly Rs. 350 or Rs. 400 a ton. That is mainly because the price of sugarcane is controlled and that constitutes nearly 60 per cent, of the price of sugar. Then the output of skilled labour is there. I am in favour of giving labour the best wages they can get but it must be related to the amount of outturn, both in quality and in quantity. They must be paid according to the outturn that they are able to give. I believe even in Soviet Russia there is, what they call, Piece-work Agreement by which labour is paid wages according to the amount of work done. Let every man get as much as he can but merely paying higher wages without having any return for it is not going to help the economy and in the end, it will not help labour also, because, unless we are able to produce more and of better quality as well as cheap quality, the consumption, whether inside India or outside, is **not** going to in-

crease and unless we can produce more and sell more, we cannot solve the problem of unemployment. Unemployment is also connected with it. So this is a problem which is to be solved and these are some of the very unpopular things to be done.

Lastly, I must say that the field of indirect taxation is very large. If you look to the past, when we started with independence, we had hardly 40 crores of rupees as revenue from indirect or Central Excise Tax. Today, if you look at the Budget, it has reached a figure of Rs. 500 crores and I have no doubt that by the end of the Third Plan it may double itself. So this indirect taxation has to go wider and wider and today we are having nearly 55 items. Probably it will have to increase in items also. That is a better way than deficit financing because, then everybody knows what he is paying and you can pick up those items which are consumed by the better classes and have a higher incidence of taxation and you can pick up other articles which are taken by the broad masses and have a lower incidence of taxation but everybody knows what he is paying, whether direct or indirect taxes. If that field is explored carefully, judiciously and scientifically, I have no doubt that the Finance Minister will be able to get as much money as he wants because there is one advantage in numbers. We are ^4 crores and even if we give Re. 1 it amounts to Rs. 44 crores and with this, I wholeheartedly support the Finance Minister in his attempt to stabilise the prices and I have no doubt that he will succeed in his efforts and earn the gratitude of the broad masses of the Indian people.

SHRI S. C. DEB (Assam): Mr. Vice-Chairman, first of all I would like to congratulate our Finance Minister for placing the Budget before the House. I would like to make a few points for his consideration. As regards flood control measures, we are having every year floods and in some parts, these floods are damaging our crops

and property also. We had bad type 01 floods in Poona and Madras as well as in other areas. We are having Flood Control Commissions. We are having a River Control Commission. We have the Water and Power Commission. We have all these bodies but we cannot say that we have controlled our floods. The floods will be there but control should be there so that they do not damage the crops or property. Though we are taking so much effort for controlling the floods, actually we see that even when we have the Governmental measures for controlling the floods, there are more floods there. Why is it so? There must be something wrong in the technique of control. There must be something wrong in our construction of dams and other things. This goes a long way not only for our development of agriculture but also development of industry by generation of power. Now, on agriculture our Government is laying so much stress because unless a good plan is there for improving agriculture and food production, industrial development cannot go hand in hand. In our agriculture there are also cash crops such as tea, jute, etc. Regarding tea, I come from a tea area. I have my great apprehension because of Britain entering into the Six-Power market. Of course our Government is taking every step possible. They are seeing how the matter is going on but because of our tea having the market in London, that way, our tea industry may suffer a lot. Our tea market suffers a lot. Other things are also there. When the other Commonwealth countries are raising their many problems with Britain, our Government is also taking all steps but I have my apprehension that when Britain will enter that Six-Power market, we will have a set-back in our economy, in our commerce and industry. So sufficient steps should be taken and care should be taken to safeguard our interests if Britain decides to enter the E.C.M

For the development of agriculture we depend largely on fertiliser but

[Shri S. C. Deb.] our Sindri Fertilizer Factory has given us a rude shock. We are contemplating to take measures for the development of more fertilisers in the

country. When agriculture depends on fertilizers and when there is a great demand for fertilizers in the country, there is a shortfall of fertilizers in the country. Therefore, sufficient care should be taken to see that such things do not occur again. When we have the fertilizer factories, we should also see that we have the necessary technical apparatus and all connected things should be taken together so that there are no loopholes or gaps which result in shortfalls.

Sir, we are developing our basic and key industries, but we also see that the expenditure on these units is also increasing every year and it goes much beyond the estimates. Some technical know-how and direction has to be got from foreign countries, and also some experts. *(Time bell rings)* Sir, I would like to take a little more time.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : You will please finish the speech today, because the Finance Minister will begin his reply tomorrow. So please finish your speech soon.

SHRI S. C. DEB: Give me two or three minutes more, Sir.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : Yes, a minute or two.

SHRI S. C. DEB: Our increased production has to go a long way towards increasing our exports. But unless we can control the expenditure in our major industries, unless we have sufficient technical know-how in our own country, the expenditure on our basic industries cannot be controlled, either in the public sector or in the private sector. When we depend on our export for our economy and for having a favourable balance of trade, we must see how we can compete with other manufacturing countries who make these things themselves.

We are having many industries in our country both in the public sector and in the private sector and we are giving all the necessary help to the private industries. In spite of all this, we are not able to compete with other countries in some of the world markets. Therefore, I say more technical know-how and properly dealing with the labour problem and also economy in expenditure should be there. We should see how to economise in our production expenditure.

I come to the next point now. The big industries will be there and they are necessary for our economic development. But we are getting more and more educated people every year and their number is going up every year. This makes the problem of unemployment more and more difficult. Therefore, unless we develop our small-scale industries in the different areas and in every area, it is not possible to fight this unemployment problem. For such small industries, power is very necessary. The Prime Minister has been stressing this point and saying he is not very hopeful as to how power generation is going to be in the country. I would humbly beseech the Government that they should see how power can be generated on a larger scale so that small industries could be developed and the unemployment problem solved to some extent. Thank you.

THE VICE-CHAIRMAN (SHRI K. K. SHAH) : The Finance Minister will reply tomorrow.

MESSAGES FROM THE LOK SABHA

I THE TELEGRAPH WIRES (UNLAWFUL POSSESSION) AMENDMENT BILL, 1962

II. THE APPROPRIATION (RAILWAYS) VOTE ON ACCOUNT BILL, 1962

SECRETARY: Sir, I have to report to the House the following messages'