

[Shri Bhupesh Gupta.]  
that a Joint Select Committee is appointed in this particular case also.

MR. CHAIRMAN: Your information is incorrect. In such Bills we had never Joint Select Committees.

SHRI BHUPESH GUPTA: We had various other taxation Bills.

MR. CHAIRMAN: That is different.

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI): We had thought of referring it to a Joint Select Committee but the Speaker said that it could be referred only to a Select Committee of the Lok Sabha and not to a Joint Select Committee because these are the precedents for Money Bills. That is what he said, I tried to have a Joint Select Committee but he said 'No, it cannot be done.' Therefore, I cannot do anything in the matter.

SHRI BHUPESH GUPTA: I am not blaming the hon. Minister.

MR. CHAIRMAN: You are not blaming anybody.

SHRI BHUPESH GUPTA: I am blaming certainly somebody who is coming in the way. I do not know who he is. The question is previously we had some Bills which were certified as Money Bills and there we had Joint Select Committees. Am I to understand that this analogy would not apply in this particular case? If it is so under what precedent it is being applied? May I know whether there is any provision either in the rules of that or this House—that House I take it—or in the Constitution which prevents the Speaker of that House to have his discretion and sanction the Joint Select Committee.

MR. CHAIRMAN: That will do.

SHRI BHUPESH GUPTA: What is there in the rules of this House?

It is an important matter. Is there anything in the Constitution which debarred us from claiming that a Joint Select Committee should be appointed? That is how the matter should be viewed. One should not go by fads in this matter.

SHRI N. M. LINGAM (Madras): We, on this side of the House, associate ourselves with the observations of the hon. Member who has just spoken. If such a principle is agreed to, it means a departure from the practice we have been following in the past. Whatever the ultimate result of passing a Bill may be, the procedure in the two Houses, the practice, has been that in regard to important Bills, both the Houses have been associated in the stage of Select Committee. It would be a tragedy if the practice is departed from and we would request you to use your good officers . . .

MR. CHAIRMAN: My dear friend, it has been taken up quite a number of times. This is not the first time. Wherever we had a Money Bill, then we had no Joint Select Committee but for financial Bills we had and how it is to be interpreted is a question left to the discretion of the Speaker. He has certified this to be a Money Bill. It does not constitute a departure from our past precedents. Mr. Krishna Menon.

SHRI BHUPESH GUPTA: But . . .

MR. CHAIRMAN: There is no 'but.' Mr. Menon.

SHRI BHUPESH GUPTA: He may have certified but what is our position?

#### THE APPROPRIATION (No. 2) BILL, 1961—continued

THE MINISTER OF DEFENCE (SHRI V. K. KRISHNA MENON): Mr. Chairman . . .

MR. CHAIRMAN: Mr. Menon, why don't you come to the front?

SHRI V. K. KRISHNA MENON: It is the Prime Minister's seat.

MR. CHAIRMAN: If he comes, he will sit there.

SHRI BHUPESH GUPTA (West Bengal): We can hear him better also . . .

MR. CHAIRMAN: It is a point on which we two agree.

SHRI BHUPESH GUPTA: Because one General here or there is frustrated, we are told, the morale of the Army is gone.

SHRI V. K. KRISHNA MENON: Sir, in the debate on the Appropriation Bill in this House and as far as it concerns the observations in relation to the Ministry of Defence and all that goes with it, I am happy to feel that the bulk of the observations are of a character which give a feeling of encouragement that all is well with the administration of defence because, anticipating the criticisms that might come from some parts, which has already been voiced in other places, several Members, whom I do not want to mention, have already answered these questions. The debate was opened by Dr. Kunzru and may I say, with great respect, speaking for myself, that I do not in the least have any adverse feelings about his desire to obtain more knowledge or even the critical observations and the slant which these observations give, as though the responsibility, if it is a bad one, I mean if it is one of character, that reflects on the Defence Minister, otherwise, it is someone else, but anyway, we take the services one by one and you will find that in all the observations that have been made there is no mention of the conditions and the present state of the Army as a whole, no criticism of our welfare organisation or the morale or the present condition of the services or their capacity to carry out their duties or anything of that character. The criticism, so far as the Army is concerned, really relates to what are called promotions and considering that there are several hundreds of promotions each

year, the actual concentration is, so far as one can go by inference—and I am glad to think that in this House there has been no reference to names or indications of them—but in doing that it has been said—and I say this in order to explain this matter:

"I also understand the natural dissatisfaction of those who are passed over when the time for promotion comes."

I am not dealing with promotions at the moment but the general statement—

"But what I am puzzled by is this. Why is the dissatisfaction now greater than I have ever known it to be during the last fifteen years or, I could say, even longer? There must be some reason for it. Surely the people who are concerned are not against the present Government etc."

Sir, if this observation applies to the whole of the Army, that is not substantiated by anything said here or by the facts that obtain or even admitted by somebody else but if it related to other matters—to the matter of promotion—I shall deal with it in a short while but it is my duty to say and I say it with all sense of responsibility that this statement is factually inaccurate. There is no dissatisfaction in the Army of a character that is mentioned here and it is projected in places of this kind, particularly coming from responsible quarters where observations may be made in one context but may be regarded as general in others. The state of the Army today, with its morale, with its equipment, with its training, is better and higher than it ever has been in its history. Then it goes on to say—I shall deal with it later. Then there has been a query raised with regard to another part of the Defence Services which are not the Armed Services, namely, the defence civilians. I don't know whether the hon. Member was referring to the defence civilians who are covered by the recommendations

[Shri V. K. Krishna Menon.] of the Jamnadas Committee or to others. But broadly speaking, there are two groups of them. One of them is in the industries and so on and to whom those recommendations would apply. There is no discrimination which is against them, as compared with the civilian employees elsewhere. That is to say, their conditions and so on have been looked into. In fact, their increments were passed before the other announcements were made. Now, with regard to the other defence civilians, there is an anomaly that has arisen from historical circumstances. The administration of the armed services is carried on by what is called the Armed Forces Headquarters which is an apron of the Defence Ministry, euphemistically called an attached department, and there have been discussions, inter-ministerial discussions between the Home Ministry, the Finance Ministry and so on, for many years. I regret I am not yet able to say that a conclusion has been reached; but I think we are nearer to it now than ever before so that they may be integrated and people working for the same thing or at the same place may be well treated. I hope very soon that will be dealt with.

I was also asked with regard to the deployment of troops, that the Fourth Division, the troops under the Western Command have been moved for the defence of the eastern frontier. I am glad to think, S'r, that our Army is capable of quick mobility, that when there was pressure on that point, they were moved. But it is very legitimate to enquire and say, considering there is permanent pressure on the north-west in that area, that we should not be going away to defend one place, leaving the other place open. I can assure the House, while it is not possible for me to go into the logistics of the situation or the deployment of troops, the position created by the withdrawal of these units has been rectified almost in record time and it has been done in accordance with the

advice of our experts and also taking into account the present and the historical conditions of the situation.

Next, with regard to equipment, I think it will be convenient to the House if I dealt with equipment and production together. There is a great deal of concern that the Army of India, the Air Force of India, are under-armed, that they are ill-equipped and perhaps their equipment is not supplied in time. No one would say—he would be a knave or a fool—that the Indian Army is equipped with the most perfect weapons in the world. In fact, no country in the world can hope to equip its army with the most perfect weapons, unless it is a manufacturing country. That is because these weapons, particularly those for the Air Force, are out of date, are obsolescent, as they call it, before they are out of the production centre and the next one is on the drawing board. So, in these things it is so. But by and large, the defence requirements of our essential defence policy, of our defence forces, for defending our frontiers, for giving assistance to the civilian power and for discharging our obligations with regard to the United Nations, for these principles of our defence, our Army, as I have said, is better equipped than it had been. That general statement, perhaps, would not do. Therefore, I would like to refer to the position with regard to such equipment as I may mention. The Defence Minister is always in this position. To what extent am I to give information which may be useful to somebody else? Or to what extent am I to withhold it and create a sense of frustration and lack of confidence in the House and the public? Therefore, some risk must be taken.

Dr. Kunzru asked about the recoiler guns which were presumed to be anti-aircraft guns. The recoiler guns we make are not anti-aircraft guns. They are anti-tank weapons and they are made for the first time in this country

and they are produced in quantities adequate for our purposes. Our production establishments have gone with the production of anti-aircraft guns and they again, are of a pattern and of a category which is higher than before. Neither I nor anyone else would say that these anti-aircraft guns would protect our country if there was a really serious attack from the air, because the history of the war shows that one plane is hit for every ten thousand or hundred thousand shots fired. But it is useful for morale to keep the planes very high and not allow the people to be mowed down. The air force of the enemy is usually used as support to the ground force and these anti-aircraft guns, even if they do not go into operation for shooting them down, they would keep them away. If the question is whether we are making them, the answer is 'Yes'. I am precluded from giving the quantities. These are very modern guns, not made anywhere outside the European countries.

There are questions also about other items of equipment which I shall try to answer briefly without taxing the attention of the House.

We are in the same position with regard to medium artillery and our production establishments are able to meet whatever demands the Armed Forces may make upon them. With regard to explosives, for the first time this country is likely to be self-sufficient in a very short period and I am happy to think that we have been able to save a considerable amount of expense and foreign exchange by the work of the defence science laboratories by producing explosives of a character which even foreign experts regard better than those produced during the war, without having to pay for the licences and things of that kind. Our establishments are also producing rocket launchers. One of the main items of the normal items of production is ammunition and this has increased and is keeping pace with

our requirements. Of course, if there was an emergency of a serious character it is calculated that defence production should go up by ten times. Here, if I may digress for a moment, these ordnance factories go into what is miscalled civilian production. I may say that unless we increase the capacity of these establishments in that way, we cannot take over the full capacity during the war time. It is true that production can be raised three times, by working three shifts. But even that is not sufficient. It is not as if they go on manufacturing things that it is not their business to do. The first priority is to increase production capacity and expert persons have to be kept. It is work for highly skilled people and if there is no work, you cannot send them away. Production has to be increased and, as I have stated, you can train up an expert workman only in about three years. This is one of the points about ordnance philosophy which we have not been able to fully implement and in it there are other matters.

Then there is the other aspect of the matter. Hitherto when we talked of indigenous production, it largely meant the use of a small or entire or a very considerable proportion of foreign materials. In the Armed Forces, the question of materials is far more important than elsewhere and one of the many reasons why ordnance factories are necessary is this question of quality control. And with this quality control is also involved the question of the quality of the ingredients, the elements or materials that go into it. Our ordnance factories have stepped up the production of alloy steels from 25,000 tons to 50,000 tons in Calcutta and the project for further production in Kanpur is now in active preparation before being considered at the appropriate levels. These alloy steels are really the key factor in the production of the weapons that we require. Nobody would give them to us in large quantities and they have to be specially made and there are several kinds of them. Alloy is not a

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generic name, it is more or less, a doctor's prescription for an individual disease

Also, this year or early last year, we have gone into the production of what are called high duty alloys which are aluminium alloys largely consumed in bridging equipments, in the making of bridging equipments and in the making of aeroplanes and things of that character, including the equivalent of high pneumatic alloys

Then comes the other part, the more prosaic part—the clothing for the Army, not merely the uniforms in which they parade. We have a country which calls for a variety of requirements, from the snow schools to the jungle warfare arrangements, the territorial, those in the planes, in the deserts and so on. Today the clothing requirements of our Army are met from our ordnance factories. Of course, the cloth is not made by us. There are also the specialised clothings prescribed by the scientific organisations after considerable experiments in the laboratories in Jodhpur and other places and they are adequately met. Last year, sanctions were given with regard to food supplies of the Army. That does not mean growing of food. With the deployment of troops in inaccessible areas where everything from match boxes to earth-moving machines, tractors, etc., has to be carried by air, the question of supplying food becomes very important. Strange as it may seem, there are so many vegetarians in the Army and even more in the Air Force. Therefore, even if we can import the usual type of conventional Army food, it does not meet our requirements. The laboratories have been working on packing of dehydrated cabbage or potato or whatever it is so that it can go into small space and also on the preservation of cooked food which suits Indian conditions. Indian soldiers do not change their food habits. *Chappaties* have to last three months without being spoiled and considerable research is going on without duplicating

any of the work going on in other establishments because the problem is different. We have a considerable packing problem on account of the backward condition of our basic plastic materials as well as metals in this way.

Four or five years ago, one of the important problems that faced the Army was its movement, that is to say, it was short of vehicles and such vehicles as it had as left over of the War were in a very bad condition. We have brought back into commission what was regarded as irretrievable, tens of thousands of them and we have also gone in for the production of military vehicles. Production is successful and I hope that in the next twelve months even for Army purposes this tempo would be stopped up.

Now, there is this question of missiles. I am in a difficult position of having to restrain myself in giving information on this. I am glad that Dr. Kunzru said that missiles do not mean missiles with atomic warheads. Missiles in this particular case mean missiles that are used in the course of propulsion and probably require less manpower and cover a larger range. I think we can go so far as to say that the development of these missiles in this country is going on and we are not in the position of having to depend upon another country for this purpose except for the purpose of learning, but to expect that we can deal with it in a very quick way, or in the quantity required, with our resources is unrealistic but anyway we have moved, so far as the Army is concerned, into the missile age in the sense of non-atomic missiles whether it be from ground-to-air—not air-to-air—or of other kinds.

DR. H. N. KUNZRU (Uttar Pradesh): Air-to-air.

SHRI V. K. KRISHNA MENON: I do not know as to how far you want me to go. It is not excluded but I wish you would not press me on this point, if you do not mind. The study

of air-to-air missiles is going on and along with the supersonic planes—that plane has been produced in the Hindustan Aircraft Factory as Dr. Kunzru pointed out—and we cannot proceed with that without having missiles because guns would not perhaps fire at that speed. Their development is going on and it is not that we are starting from the beginning, trying to do it from A to Z. There is plenty of experience in the world and one has to pay a tribute to these young men who come into the Defence Research Department and who are really performing in a way creditable to our country. So, the air-to-air missile study is not neglected. Our forces are trying to equip themselves; the advance in this matter is considerable and whether they will keep pace with it is a matter to be seen.

Let me deal now with production. I have said in another place that production has gone up from Rs. 15 crores in 1957 to over Rs. 25 crores in 1959-60. I am taking a conservative estimate, leaving out a few minor items. At the present moment, the anticipation, on the figures supplied by Military Accounts and checked by our Finance, would be between Rs. 30 and Rs. 32 crores. In the last four or five years, it has gone very much over 100 per cent.

It is not possible to answer questions about radar in this way. We have radars, we have not radars—because there are radars and radars. Planes have got radar equipment. There are radar equipments in airfields. There are radar equipments in vessels and there is radar equipment on guns but I presume what is asked is about the radar blankets, that is to say, radar defences to prevent penetration into this country. Now, that deals with our northern and north-western frontiers. I am sure, Mr. Chairman, you would not expect me to go into the details about this except to say that research and development in this matter is going on and Bharat Electronics and other estab-

lishments of the Army and the Air Force have the capacity to deal with these things. It is very well known, and the Finance Minister is here and I would say this that all this is limited, conditioned by our resources, that is, the general progress of the country has to be taken into account even in defence matters. It is all right to say that defence comes first. Even if it came first, we have to meet the position. All I can assure you is that no one is sitting back or thinking that this type of modern defence is not necessary or we can regard it as a luxury because this would save many lives and probably it is a preventive weapon in many ways. There are certain physical circumstances also that limit its operation in certain areas.

It is asked whether the equipment that we have is of a character that is inferior to that of our neighbour.

DR. H. N. KUNZRU: Neighbours.

SHRI V. K. KRISHNA MENON: Our neighbours. Well, I suppose, if you have a weapon against one neighbour, you can use it against another one, but anyway, what is being said is that in spite of the large quantities of money we have spent, we are still in a bad way. We may be in a bad way but I do not think the "in spite of" comes into this because the latest re-equipment of the Air Force was done three or four years ago and at that time, in regard to its fighter strength, the whole world knows this because we buy from foreign countries, it was calculated that the planes available were far superior to the ones of the neighbour that we were then dealing with. The product of the Hindustan Aircraft Factory would be, as I said, supersonic but I also mentioned the other day in another place that it would be gradually built up. That, however, was in reply to a question in relation to its experimental flights. I hope it would not be true to say that it will take so many years, as has been pointed out, because what is being produced now are production

[Shri V. K. Krishna Menon.] planes, that is to say, once this succeeds it will go into squadron service. I think Dr. Kunzru is right in thinking that the Government realises the gravity of the situation and is making earnest efforts to improve communication and strengthen our defences with regard to the border road construction. There again, they are strategic roads and it would be no good to give information about the roads but I would like to assure the House that the speed with which it is proceeding is satisfactory and encouraging. The Hindustan Aircraft Factory has also gone into the production of aero engines, both for transport and for military planes. They are working in collaboration agreement with the Rolls Royce concern in England whereby these engines will be built in Bangalore and already work on them has begun. They go in what is called progressive production, that is to say, eliminate foreign elements each year so that in three, four or five years it becomes completely Indian. That is dependant again on, what I said before, the advance in the production of high duty alloys.

Now, night defence. Of course, there is another aspect of the Air Force, and that is with regard to the use of Russian planes and Russian pilots. That comes later as another subject and I will deal with that. Now, I think it would be unnecessary concern to think that our night defences are disproportionate in relation to others. The Air Force training takes this in its perspective in this way that, as I said, no one can stand here and say that our skies are protected against any kind of attack. Even the most powerful countries of the world cannot say so.

Now, we come to the Navy. One is the criticism of the aircraft-carrier. I have said in the other House that our defence was not an offensive-defensive system but a defensive-defensive system and therefore the aircraft-carrier is not an offensive weapon. I do not want to go into the

semantics of it because it is difficult to know where the border line is but the aircraft carrier is very largely in keeping with our general plans, especially as it limits other equipment in many ways. In any case we shall have plenty of time to gain experience in this matter and it is not as though it is a discarded weapon. It is being used to a considerable extent in other countries and it also enables us to keep people who have evil intentions away from our skies if they approach us from the sea. It has got its potentiality for creating the necessary impression on the enemy as to what sort of welcome would await them. It carries very high-speed planes and they are very modern. So, I hope that this criticism of the aircraft-carrier which has become conventional in both the Houses would disappear when the aircraft-carrier joins the fleet and generally creates public enthusiasm.

I was asked about submarines. That is to say, we have now developed what may be called an air-arm which is the over-the-surface arm, and the under-the-surface arm is the submarine. A large fleet of submarines is intended to attack other countries, but it is quite possible that if one had submarines it may prevent other evil-intentioned people coming nearer our coasts. But before we get them we have to deal with the submarines of others and therefore the Navy takes it as its first priority its anti-submarine work. It is part of the naval training; it is part of the attention given to it that there should be more anti-submarine strength and it is being augmented. No one has ruled out submarines; it is a question of our resources; it is a question of the time that is required and things of that character. The submarine arm is probably the most expensive; the under-water arm is the most expensive arm of the naval equipment and if we are adding it, it would be no use having one submarine floating

about for shore purposes if we want it to be effective. The Navy exercises with the Commonwealth Navies and sometimes with non-Commonwealth Navies such as of Indonesia and so on. There we get a considerable amount of practice on anti-submarine work. It is our first priority.

Now may I deal with this question of aircraft. I have dealt with the thing as it applied to the Air Force and I hope it would not be felt that the money that has been spent on the Air Force so far has been without result. For one thing it has produced the pilots, the personnel, the technical people who are doing this and. I would like to say here on the technical side the Air Force has made very very considerable advanceable not only to maintain the machines but also to design and make them and so on.

Reference has been made to neighbouring countries. If it refers to Pakistan, since they do not make the planes they can either buy them if they have the money or have it given to them. If it refers to China the same thing applies. I have no idea of China's air strength and there is no doubt that she has also powerful allies and the capacity.

Now, we come to this concern about the use of planes. The planes under reference are really not military planes in the sense that they are not even fully paid for the Air Force. They became necessary on account of the border road construction where, as I have said, everything from a match box to a tractor has to be taken by air, otherwise it cannot be done. Therefore, air-lifting in this matter both for the maintenance of the Army as well as for building the roads is considerable. There are only two countries that make these heavy planes, the Americans and the Russians. Their respective products were studied by a scientific committee, by the Air Force by everybody else and in the choosing of the Russian

planes for this purpose—that is what is called the A N 12—the considerations were, first of all, that we must have the planes now and not two years hence and there was no place outside the Soviet Union where this kind of aircraft would be available to us almost over the counter. I have been asked about the dates of delivery and I will give them in a moment. Secondly, it is not merely the question of carrying weight. It is a question of cost, it is a question of the foreign exchange that will be required. But over and above all that we have to have a plane which is—what is called—of a rugged character—not too sophisticated—which could land on unprepared ground and the only planes that we knew, that we could find anywhere, were the ones that we bought from the Soviet Union. There is a small number of them and they are performing extremely well. I should like to take this opportunity of denying the various stories that have appeared in our Press and abroad that these planes were not of quality and that there had been some defects. In fact, they have surpassed our expectations in giving no trouble whatsoever. They have performed, they have landed, taken off, carried loads and done everything in those far-off airfields almost since a few days after they came here. The use of Russian personnel in this connection could be explained in this way. First of all, the bulk of the personnel required for this purpose is trained in Russia in the same way as when we buy aeroplanes from England we get our men trained in England or from America. We have transport planes bought from the United States also in the Air Force. I am not able to subscribe to what has been said with regard to the relative merits of the different countries of manufacture and it will be entirely improper for me to institute a comparison. So far as we are concerned we went into this question, the question of payment on the one hand and the question of availability quickly the ruggedness of the aircraft and its capacity to carry the load. Some



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doubts have been expressed and a legitimate question was asked whether it would be able to carry this load. The maximum load that these A. N. 12 would carry would be somewhere about 15 tons but its normal workload would be 12 to 13 tons. It can be loaded in the rear in a convenient way so that all these very big and bulky things could go in. But there are tractors which weigh more than that; there are other items of machinery which may weigh more in which case we will have to take off some of the parts, not dismantle them completely, but semi-dismantle them; we can take off the shoes or something of that character. There is no truth whatsoever in the stories that have been printed that there is considerable pressure upon us by the various manufacturers to choose their products, as American mayors go round to have the convention in their town rather than anywhere else, though it is legitimate on the part of rival manufacturers to want us to choose their products. There is no truth whatsoever in the reports that there are technical defects in these planes or in their performance. These planes are now being flown by our pilots who have been trained in the Soviet Union and some of them partly here by accompanying the Russian pilots.

Sir, a question was asked, "Why were the Russians asked to fly them?" We must look at this in perspective. So far as the Himalayas are concerned, three times a week the Russian planes fly over them, passenger planes. Secondly, it is not possible for a plane of this type to take photographs of that area. A plane to take photographs must be specially equipped. It cannot do anything else. In any case we do not allow them to carry cameras. No pilot was taking the plane without being accompanied. And the maps are with us and not handed over to them. Secondly, the number of persons who have been used for this particular purpose is two, one test pilot and his colleague. Now, you may ask,

what is the reason? The reason is this. While this aircraft is based on specifications, on aerodynamics and other things, while it flies in Russia or even in plains, there are no areas in the Soviet Union corresponding to ours where we could in practice obtain some assurance of its performance in a way. We had to be so sure of it because our resources to buy these things are so limited. We cannot just try and say, this is no good and we will go and buy something else.

DR. H. N. KUNZRU: Are there no high hills elsewhere in India?

SHRI V. K. KRISHNA MENON: Not that. There are no high hills in India of that kind and there are no airfields in India of that kind. It is not only a question of high hills. There are such things as air currents and air pockets. As I told you, there is the question of these airfields and the people who flew them are not just ordinary pilots but test pilots. First of all, they must take off their planes from difficult grounds themselves. They take it as an adventure. And when it was flown in that way we were satisfied. The Government considered all aspects of this and they thought there was no risk. And the place where they have gone is Leh and from Leh these planes have flown so many sorties further off. The aeroplanes have been taken off by our own pilots who are now flying them. With regard to the dates of delivery, the first plane was delivered on the 1st January, the second on the 1st of February, the third in the beginning or the end of March—I forget which—and one yesterday. We have got four of them. We did not want that they should be kept idle and that is the reason why all this has been speeded up in this way.

Now, I have to deal with this vexed subject of promotions. First of all I want to say that this does not deal with the bulk of the Army, with over hundreds of thousands or even with tens of thousands of officers. It all

relates to certain matters that constantly appears in the press. Pandit Kunzru will be the first to admit that it is all largely a matter of personal inference as to whether it is being done properly or not. Without trying to draw any invidious distinctions, may I point out that in another place the main attack was on one of the officers, whom I will not mention, though it was pointed out there. The Prime Minister answered it. I did not deal with that subject at all there. But in this House Pandit Kunzru takes an entirely opposite view of the attack:—

"I certainly do not want to go into the merits of the people who have been promoted. I know some of them and I shall not charge them with want of ability or gallantry."

This is what was charged over there:—

"The Chief of the General Staff whom I have known for many many years is an officer of great ability and great courage. He has had fighting experience both on the North West Frontier that is, before partition, and in Burma during the Second World War. All these things are known to me and I know the qualifications of some of the other officers . . ."

Now, I read this only to show that there was one sort of criticism which was against this particular appointment. Here is another taking a different view. Now, Pandit Kunzru, were he to promote, would probably come under the same kind of attack that the Government has for some time now. Then, he goes on to say, and this is what I cannot understand, that there is so much dissatisfaction about this. First of all let me say that so far as very high rank promotions are concerned, there has always been criticism. It may be that it was not so loud, because there are more Opposition Members in Parliament today. Our press is more active. There is more concern, more attention, paid to defence matters than at the time Pandit Kunzru was talking about

Also, when mistakes are corrected, they come to light and when they come to light, they say, why there have been any mistakes at all. He says:—

"Surely the people who are concerned are not against the present Government of India . . ."

And then he says:—

"Why should they have any prejudice against anybody? Certainly it cannot be said that they have any prejudice against the Prime Minister. And yet, although they know the procedure followed in making promotions, there is keen dissatisfaction among the officers."

If it means officers in the plural sense in the sense of the bulk of our officers, then it is my duty to deny it. It is a reflection upon them, that is to say, their morale is low, they are disgruntled people. It is my place to deny it. Then, he says:—

"Again, Sir, we should like to know really and to have some knowledge as to who are the people who have been left out."

Then, he says:—

"The Prime Minister may shout from the house tops that he has seen the papers and so on. Yet it will carry no conviction with anybody."

If you see the papers and if you know the facts and if you do not carry any conviction, how do you carry conviction? Supposing one hon. Member goes into this and is satisfied, that may not carry conviction to another Member. So far as this particular criticism is concerned, all it says is this that the present people who have anything to do with the selection—since it is not the Prime Minister I suppose, maybe the Defence Minister—he does not have the confidence of Pandit Kunzru. Happily, I have the confidence of the House.

[Shri V. K. Krishna Menon.]

Now, I have described in another place at great length the way promotions are made and one of my colleagues on this side yesterday appeared either to have read that statement or in another way has placed before the House, not on behalf of the Government, much of the material that I would have dealt with. But here what I want to point out is this that these selections are done by well-established procedures, which have been there for many years and have not been altered. In regard to the bulk of the officers there are complaints from some quarters that perhaps Government ought to look more into it. That is to say, it is not a question of too much interference, but of too little interference with regard to the lower levels. But since that point has not been raised, I do not want to raise this problem myself. But with regard to the higher ranks of the Army, it is done by Number One Selection Board, as was pointed out, from Colonels up to Major-Generals, where nine officers sit, that is, the Chief of the Army Staff, his deputy, three Army Commanders and four Principal Staff Officers. They mark these people separately on separate papers and discuss them and in the net result of that discussion, the differences are ironed out. Besides examination of their records, the personal knowledge of these officers by their present or previous Commanders, who would be sitting round the table, would be taken into account. Then it comes to the Government and the Government, that is the Defence Ministry, examines them so far as they can from the papers, that is to say, whether the conclusions are warranted by the premises supplied by the books. And then it is put up before the Minister after discussion in the Ministry itself as to the pros and cons of this matter.

Normally, the recommendations that come from the Army Headquarters are accepted and neither in the case that is now spoken about nor in anything else have these recommendations

been turned down. Although I know that observation, I would like to make it clear on behalf of the Government—it is a thing in which this House would be interested—that the Government have the right to turn down these recommendations, because the services are under civilian control. It would be a bad day when the Government responsible to Parliament cannot have the last word in this matter, because it is not merely a question of a soldier being efficient. There may be other matters to be taken into consideration. I am happy to think that no personalities have been introduced, because if the Minister were to pursue the same line as those of the critics and drag the officer in, it would not be in his interest. When we go round to the question of seniorities and supersessions, I would like to say that so far as the lower levels are concerned, that is to say, up to the rank of Lieut. Colonels, the proportions of selections have remained much the same. There is a variation of two or three per cent. each year over the last five or six years, but it is more or less a mechanical process. I do not say mechanical in the sense of ignoring their qualifications.

Now, when we come to the number of those who reach the rank of Major-General, we find that in 1956-57, 8 out of 11 possible selectees were selected; in 1957-58, 7 out of 13; in 1958-59, 5 out of 14; and in 1959-60, 8 out of 20. Now, these selections in smaller or larger numbers do not depend merely upon the available officers, but upon the available posts. As time goes on, the top becomes narrower and narrower. In the early days of Indianisation, people had to be pushed up and there were more places. As time goes on it becomes narrower and narrower.

When we come to the selection of Lieut.-Generals in the Indian Army, it is done not by the selection boards. This is done on the recommendation of the Chief of the Army Staff. The Prime Minister offered in the other House on a previous occasion for them

to come and see the papers, rather unusual, but he as the Head of the Government is free to do so. While the offer was open no one turned up. One person asked to come and we arranged it, but nothing happened. In any case, a Lieutenant-General is appointed by Government on the recommendation of the Chief of the Army Staff. The same process goes through, because while there is no selection board, the Chief of the Army Staff by convention consults the Army Commanders, which is a sort of a selection board of a smaller type. That recommendation comes before us, and within the available people those who have the minimum qualification come first, those who have good record, particularly outstanding qualities—all these things are taken into what is called supersession. I would like again to say that we are playing upon words. There is no supersession. They are selection appointments. If you take the British Army today, the Chief of the Imperial General Staff is a person who has been superseded twice before, but he comes up again. In my experience there has been no appointment to these offices which has not been recommended in this way, and it is the good fortune of the Government that they have been able to accept it.

There has been some disturbance with regard to the recent appointment of Army Commanders. Army Commanders by convention have been appointed by Government even without reference to the Chief of Staff, by selection of two or three people, but in this case discussions and consultations have taken place, and I am quite free to say that there is nothing in this appointment which merits criticism. There were two officers required and four of them were eligible, and Government selected two. They were best suited in their view taking everything into consideration for the purposes for which they were appointed. Then after the nomination is done it goes before the Appointments

Committee of the Cabinet consisting of Prime Minister, the Home Minister and the Minister of the Ministry concerned, and then it becomes final. I regret that if there is any factor that disturbs the Army as a whole, if the vast majority of people feel sad about it, these questions become bones of contention on a political basis. It is not for me to say whether it is right or wrong, but so far as I am concerned, while these procedures are strictly adhered to, it would be impossible for any Defence Minister in the last analysis to abdicate responsibility that rests in Government alone to see that the country's interest is served, and if in one instance or if in a series of instances this is supposed to be done without regard to principles of natural military or any other justice or in violation of accepted codes of conduct, the remedy is in the hands of the House. I do not say that in an aggressive way, but that is how parliamentary democracy works. I have listened to criticisms in many ways including the suggestion that patriotism is the monopoly of the few individuals opposite there who have no particular party responsibilities. So far as the Chinese frontier is concerned it has been said that one part of my statement contradicts another. That always happens when you select parts of it as you like. There is no contradiction in this. Anyone with common sense will see that it is not possible to deploy large troops on the peak of the Himalayas—after all we are fighting a war of positions—there is neither any place nor is it possible, nor would it serve any purpose. But as advised by our experts and with the common sense anybody can have, these positions are well guarded and the hinterland is also well guarded. No chances are being taken in this, and with the increase of our resources in this way they will become better guarded unless of course they become no longer necessary. To suggest that there is any let-up in this does not correspond to facts. Part of our country has either been occupied if you would like to call it that way—

[Shri V. K. Krishna Menon.] occupied because there is no population—anyway it has been brought under the control of someone else, an infringement of our sovereignty. We have not accepted it. There is nobody there to resist them because it is now a war of positions. These are places where there are no check posts in the normal way, and it is our patrols that find them; there are skirmishes once or twice, and that is why we deal with these things in the manner I have said. Debates in this House are not entirely confined to this audience. They have got a world audience. It would be a pity if the impression of the Chinese, the healthy impression that the Chinese have gathered that they cannot walk in, that this country would resist not only by its Armed Forces but by its patriotism and the sense of dignity of the people, should in any way be diluted by doubts thrown upon our capacity for defence or our capacity for mobility. The logistics of the Army have improved considerably and the people who normally do not live in those climates are getting used to them. We have also taken into consideration the different conditions of ground and everything else that appertain to this place, and therefore conditions are sufficiently improved in terms of the strategies and tactics that we may have to use in these areas. Opening up of roads would also provide greater capacity for movement not only of military material but also for populating these places.

I have nothing much more to say. I believe I have covered everything that has been said in this debate. Before I conclude I would like to make a reference to the troops that have gone to the Congo. I apologize again that there are many contradictory statements. Of course, we cannot know from day to day what happens, but they are placed at the disposal of the United Nations Command. Their deployment from day to day is not our responsibility, nor is it a thing on

which we can take any position. We have imposed some conditions or principles. We have agreed to some standards when they went out with regard to the limitations with which they may be used. Part of them are in the Congo, part of them are either afloat or are going by air from other African territory. They have had a tonic effect upon the situation in the Congo and have probably led to the realignment of positions inside. While there have been so many statements that they would not be allowed to land here or that they would not be allowed to function there and so on, they are part of them in the Kamina Base, part of them in Leopoldville, and they are under the overall control of Brigadier Raja who commands the Brigade Group. Secondly, anything that I have said or the information that I have given here is not by way of repartee, is not to score debating points. But in order that these matters which are of serious consequence are not believed in a big way, as far as facts can correct non-facts, I would like to place them before the House. That was the purpose of my speech.

SHRI BHUPESH GUPTA: I would like to ask one question. It is very often made out in Parliament that as a result of certain matters connected with promotions the morale of the Army is affected. I want to know why the Government does not make it clear by giving relevant facts with regard to promotions, the number of people affected and so on, stating clearly where their morale stands. This should be made absolutely clear. That is one point. Secondly, I would like to know whether the Government, in view of certain statements against parliamentary institutions and so on made by the former Chief of Army Staff, General Cariappa, bear these things also in mind when they consider the question of pushing people up to very high positions in the Armed Forces.

DIWAN CHAMAN LALL (Punjab): Sir, I did not want to interrupt my

hon. friend, but since towards the end of his speech he referred to the role of our Army in the Congo, may I ask whether the role of our Army in the Congo is going to be to get the Parliament of the Congo to function and whether they are going to be utilised for the purpose of getting the popular movement going and a properly established Government in action?

**SHRI SUDHIR GHOSH** (West Bengal): Sir, about this question of dissatisfaction amongst the officers of the Army, is it not normal for a distinguished soldier and general like General Thimayya to be offered the customary extension of two years? Why was he not offered that extension? The Minister did not mention this. Is it because he was, anxious to get rid of him?

**SHRI JASWANT SINGH** (Rajasthan): Sir, I want to ask one thing. In my speech I had referred to one point which probably the hon. Defence Minister did not find important enough to reply to. That was this. One cause of the dissatisfaction of the officers, according to me, was that the officers and the Army in Ladakh do not receive the same treatment in the matter of allowances as our Army in NEFA. The Assam Rifles get an allowance of Rs. 150 per month, each of them, and other facilities, but the officers in Ladakh do not get. And we have got many friends and 1 P.M. many relations there and I can definitely say that there is dissatisfaction among them, among the people who live there in Ladakh. And when the officers and people like the Deputy Minister go there, they make a mockery of themselves by staying there for an hour or so and by not listening to the grievances of the people. I would like some light to be thrown by the hon. Defence Minister as to why this is taking place.

**SHRI V. K. KRISHNA MENON**: Sir, I will try to answer the points briefly. I will take up this question about the Congo. It is not the respon-

sibility of the Army to promote the convening of Parliament. It is a political business. But that is the Government's position. And the presence of the Army would create the conditions, we hope. That is, in giving assistance to the United Nations—not that the Army will take action—it will assist it in strengthening its position there in its policy which has now been accepted as trying to get the Parliament or the democratic machinery convened. Of course, these things change from time to time in the intermediate stage. And in that way, they are of assistance. I think that answers the question.

The second part is that we have made it a condition—we have clearly stated to Mr. Hammarskjöld, the Secretary-General—that our troops are not to be employed for the suppression of popular movements and that is part of the agreement in the exchange of correspondence which, I believe, has been placed before the House some time before.

Now, with regard to promotions, there are lots of promotions among the services. I believe that there are some Secretaries who are much younger than some other Additional Secretaries and so on. I think it is a good thing that we are giving some attention to capacity rather than just old men's shoes. It is not possible to explain every promotion or every change or everything that takes place and what is more, all recedes in the background. That there is dissatisfaction in the Army I deny. I mean, here after all in this debate in this House and elsewhere, no one has spoken about the hundreds of thousands who are in the Army; no one has spoken a word of criticism about them; no one has spoken about their welfare conditions; no one has in the last analysis said that they are ill-equipped, under-armed or neglected, and no one has denied that in the last few years so much attention has been given to them because of the changed conditions of the country. They are all round. (*Interruption*) It is not a

[Shri V. K. Krishna Menon.]  
defence debate. It would be some other time that I will try to answer him. All round, there are one or two individuals in this case. I thank the situation that Pandit Kunzru holds one view about one officer who was the target of the attack and his opposite number in the other place—I do not mean . . .

MR. CHAIRMAN: "His opposite number"—don't say that.

SHRI V. K. KRISHNA MENON: I am sorry. I withdraw it.

SHRI BHUPESH GUPTA: He is No. 1.

SHRI V. K. KRISHNA MENON: So, any kind of criticism that came from another source is an entirely different thing. Therefore, here are two Members of the opposition having diametrically opposite views with regard to one person. It so happens that Pandit Kunzru knows this particular officer, as he says. Now, may I arrange for opposition Members to know all the officers? Or what is my function? Secondly—I omitted to mention this—Pandit Kunzru asked yesterday why we did not publish the Army List. Well, Sir, it is in the interests of national security because there is a considerable part of our Army in Kashmir and that way, it was stopped two years ago. The Army List is published, it is not circulated. It is printed.

DR. H. N. KUNZRU: The Army List is printed but not published?

SHRI V. K. KRISHNA MENON: Yes. It is published to certain people, it is not published to the opposition or the Members of Parliament or to others who are not concerned with it. There are so many publications of the Defence Ministry which are secret.

DR. H. N. KUNZRU: Does he mean to say that Members of Parliament are not concerned with it?

SHRI V. K. KRISHNA MENON: No. It is not possible to publish it to the Members of Parliament without publishing it to the world.

SHRI BHUPESH GUPTA: Letters come from the Army Headquarters to *The Statesman*.

SHRI V. K. KRISHNA MENON: An Army List exists. There is the Army List published in the same way but it is a secret document. The reason is that if it is given to other people, they will know where each officer is, and suppose an officer is employed in a particular operation, he will be exposed to danger. Equally, they know the strength of our position and our deficiencies. That is the reason why that is not published, and he himself has said . . .

SHRI BHUPESH GUPTA: Has he taken sufficient care that this List does not fall into the hands of certain people in the same way as a letter fell into the hands of the press and certain other opposition people—the letter of the Army Chief of Staff to the Prime Minister?

SHRI V. K. KRISHNA MENON: It leaked out in the same way as other confidential documents. Other confidential documents leak out.

Secondly, it was asked why normal extensions were not given. There is no normal extension. It is laid down that the tenure in a particular rank is so much and when that is over, that is over. There is no extensions in a particular post in the ranks of Lt. Generals or Army Commanders or the senior head of the Army. It has not taken place before. Other people have retired in a shorter period. And after all, the Army must provide for other officers; there are other officers and they must be provided. The question does not arise.

MR. CHAIRMAN: What about the differential treatment between Ladakh and NEFA?

SHRI V. K. KRISHNA MENON: The differential treatment between Ladakh and NEFA? The hon. Member was referring to the Assam Rifles. I do not say it in any spirit of lack of regard for the Assam Rifles. They are a wonderful people and they do a lot of fighting over there. But the Assam Rifles are not constitutionally a part of the Indian Army. They are a police force under the control of the External Affairs Ministry paid for from their budget and under their terms and conditions of employment. They are employed under those conditions. I am not saying whether it is ethically right or wrong. But they are employed on those conditions and their conditions have improved. They are under the Army Command. The Assam Rifles do not operate with the Army any more than the various State police rifles like the Malabar Police, the military police or something of that character. They fight in Assam but they are not part of the Army. That is the reason.

SHRI BHUPESH GUPTA: What about . . .

MR. CHAIRMAN: The House stands adjourned till 2.00 P.M.

SHRI BHUPESH GUPTA: What about Gen. Cariappa?

MR. CHAIRMAN: No, don't introduce any names. At 2.30 P.M. he will answer. We meet at 2.00 P.M.

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

The House reassembled after lunch at two of the clock, Mr. DEPUTY CHAIRMAN in the Chair.

SHAH MOHAMAD UMAIR (Bihar): Sir, it is not possible, nor is it my intention to survey the entire range of items given in the Appropriation Bill I simply want to press upon the Finance Minister, who com-

mands the confidence not only of the House but also those outside, that in the matter of expenditure one principle should be very strictly followed, and that is the principle of economy and the principle of efficiency in the administration and in the services respectively. There is no doubt, Sir, that our country has been passing through lots of developments through the development works completed and in various stages of progress, and various schemes are now and then being launched involving huge expenditure. We have to be very cautious that our expenditure should be so incurred that it should be looked upon as useful expenditure in the long run; it should enable us to achieve the desired progress within the limited time which we have got before us.

So the question of economy is very great. Huge amounts have been allocated to all the departments and they are to be very strictly examined, and it should be seen that the funds are properly managed and well utilised. In this connection, I may state that I cannot make out the reason why very recently one post of—perhaps—Joint Secretary in the Secretariat of the Information and Broadcasting Ministry has been created. It may be a necessity and the Finance Minister and the Government may have justification for the creation of this post, but at the same time I should impress upon the Finance Minister that the present situation in which we are in, we should have tried to avoid the creation of such new posts as such high posts involve a huge amount of expenditure by way of salary and allowances. The All India Radio is being very well managed by the Director-General. One Director-General was enough to manage it. To add to that one post of Joint Secretary in the Secretariat incurring an expenditure of thousands of rupees per month, I think, should have seriously been taken into consideration by the Finance Minister, because it is he who is so efficiently and so marvelously managing the finances. Besides finances the question of administra-



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tive equipment and efficiency of the departments are also very great things which should more and more be taken into very serious consideration. The All India Radio is working very well no doubt, but some actions there have produced reactions in the minds of persons who are outside the A.I.R. and in the minds of those who are serving in the A.I.R. They should be watched, supervised and guarded against, and if possible the working there, giving rise to reactions and grievances in the minds of the people, should be altered where the rules permit. I refer to the question of appointments. They are perhaps done through the appointment committee, which appointment committee is constituted by the department itself. I should submit to the Finance Minister that the appointment committees of such departments should be constituted at a high level. At least the Government should be directly responsible for their constitution. On the proper working of the appointment committees lie the life and progress and efficiency and also the incentive to the hundreds and thousands of workers and subordinates in a department. Referring to the appointment committee in the A.I.R., Sir, I have noticed that the working of that appointment committee has led to lots of grievances in the sense that persons who deserve promotion and persons who deserve appointments have been denied the same in some cases. Such cases have come to the knowledge of persons that they had not been shown that much consideration that their cases deserved. Let me take up the question of programme executives. Whereas ten programme executives were selected, out of those ten persons only one programme executor was appointed and even there the choice of that person had been causing misgivings in the minds of people. It was said that nepotism had been shown in that case. It was said that that individual was connected with someone on the appointment committee for

which he got the advantage and was appointed. However, Sir, I should say that there are lots of persons whose efficiency is beyond question and those persons should be considered for promotion. They should not be allowed to rot yet as script writers, which they have been for the last many years, and when the occasion arises at least they should be given a lift so that other persons may also feel encouraged and to merit promotion, they may employ themselves more energetically in their duties.

As regards the health department, Sir, I should say that, although we have passed through two Five Year Plans, I think the national health and the various sorts of activities carried on through the health department to attain it have not been taken as seriously as they should be. While discussing the Second Five Year Plan I observed that the target that it aimed at was 18,000 doctors for the country, but at that time I pointed out—I wanted to impress it upon the Government—that besides those doctors who would come out of the medical colleges after five years, that before that number became available, that at least in the meantime if the other available indigenous systems of medicine were utilised, the national health could be very well safeguarded, that the national health would not suffer. Till that target of 18,000 doctors was achieved, till such time we can utilise the practitioners of indigenous systems of medicine, our *vaid*s and *hakims*. They number about 36,000 in the country and they are sitting idle. After all there are qualified persons and their qualification can be tested and better use of them can very safely be made by the Government, at least till such time as we get the targeted allopathic doctors. But this has not been done. I expect that the thing which has not been achieved in the last two Plans will at least be achieved in the Third Plan and that our indigenous systems of medicine will be patronised. They should not be treated so very indifferently as was the case during the time of the British.

regime when these indigenous systems suffered heavily. They did not get any encouragement, they did not get any support from the British administration. It was hoped, Sir, that during this shining period, which we have achieved and which we are entering into, at least this science of indigenous system would get some support and encouragement so that those people who had made history, those *vaidyas* who had made history, could be honoured and encouraged. I am not talking only of recent history but I can point out to you that during the time of Khalifa Haroon Rashid of Baghdad, who was a lover of science and literature, pandits were requisitioned from India with their Sanskrit manuscripts to Baghdad. These pandits went to Baghdad and lived there as royal guests for years and this Sanskrit manuscript of India was translated by the Government of Khalifa Haroon Rashid in Persian and Arabic.

Sir, this system gave so much to the world that very many things of that indigenous medical science of India now have been a source of inspiration. (Time bell rings) May I sit down?

MR. DEPUTY CHAIRMAN: There are two more speakers.

SHAH MOHAMAD UMAIR: I will require at least three minutes.

At least that sort of indigenous system of medicine should be encouraged. If you take into consideration the medical department, the medical administration the Health Ministry can encourage and take into their service those *vaidyas* and *hakims* who are lying idle in different parts of the country, 36,000 to 40,000 in number, and in this way at least our national wealth could be very well preserved, at least till such time that we get the targeted figure of 18,000 doctors.

Then, Sir, I will mention one point through you to our beloved and respected Home Minister who commands the love, affection and confidence of the people at large. He is considered to be a Home Minister of our workers' class. I should like to put a question to him through you, Sir. What about home affairs, what about law and order and what about the administration of that law and order on which depends the entire life, honour and prestige of the people of this country? If that is the specimen of the law and order which was shown in Jabalpur, then certainly I will submit to him through you, Sir, that that is a reflection not only upon a particular class or services, not only upon a particular limited area, that is a bad example which reflects badly upon the entire country and upon the entire life of the whole nation.

Sir, the question of protection of minorities is not only a question of protection of one minority. It is badly interrupted by those who speak for a particular minority. Minorities are not for themselves. Minorities are for the country. Minorities are to serve the country, to serve the administration and to serve the whole national organisation. Therefore, the question of protection of minorities is as important as the question of administration itself. Sir, do not think that these are angry words. These are not angry words. Rather this is a reaction to that sort of embarrassment which any national of this country can feel under the canopy of a secular State. The question comes, "What will happen tomorrow particularly to those persons who have given their childhood, their youthhood to the country?" They feel embarrassed as to what will happen if such things go on."

Sir, I had been to some Arabian countries only last year, and do you know what those conservative people think about India and its Jawaharlal Nehru? They talk in a way which shows their confidence in this country. They have got love for India, its

[Shah Mohamad Umair.]

people, its administration and Pt. Jawaharlal Nehru's organisation. And in that confidence sometimes we feel shaken when we see things from near. Those people of the Middle East, those Muslim countries of Arabia, those conservative Arabs, they are so much sunk in love for India and the Indian administration and the great achievement of our present regime. But if such ghastly things go on, it will shake the confidence of the people in the remotest corner of the globe. They will injure the confidence of the outside world and certainly that will be a great loss to us.

Sir, let us not talk of Pakistan. Pakistan is Pakistan. That is an Islamic country. I can say, Sir, that Pakistan does not command that confidence, not even that amount of love which the Arabic and Middle East Muslims have got for India. I should submit through you to the Home Minister that at least he should see that if confidence is restored in the minorities it will add to the strength and vitality of the country, of the nation. But that can be done only if those persons, who may or may not be responsible for this incident, are removed for the time being. These officials should be removed from Jabalpur and Madhya Pradesh itself till the enquiry is completed. Such communal occurrences should not be repeated. We have to remove this slur not only for ourselves but for the international world which holds us in such high esteem.

SHRI P. N. SAPRU (Uttar Pradesh): Mr. Deputy Chairman, Sir, in discussing the Appropriation Bill we have to consider the financial proposals in the background of the Third Five Year Plan. Though we have annual budgets the Finance Minister has to prepare his proposals after bearing in mind the necessities and limitations of the Plan.

Sir, I do not look upon our Plan as an over-ambitious one. One has to remember while considering it that

our population is increasing faster than our means of production. The rate of increase is, I believe, 23.6 per cent, according to the provisional figures given out by the Census operations. We have to meet the challenge of this growing population. Undoubtedly, birth control is important. But it is not easy to carry out propaganda for birth control in a population of illiterate people and superstition-ridden people.

Then, Sir, unless we plan boldly we shall not be able to provide employment for our people. We have to bear in mind that it is essential to provide employment for our increasing population. Even with the Plan carried out, the unemployment figure will stand high, and the question to be considered is whether more attention should not be placed upon our small-scale and medium-sized industries. Is it not possible for us to ensure that all sections of the population get the benefit of the Plan? After two successful Plans a few industrialists, despite our heavy taxation, own nearly 70 per cent. of the total capital of our public companies. Banking facilities for the common man are few, and even banks favour large business houses because they have more guarantees to give than the small people.

We have a large landless population of about 25 per cent. and large numbers depend upon it for support. What we need, therefore, to plan successfully is greater cohesion, greater emotional integration and greater national unity among ourselves. We are wasting time over quarrels that do not touch the common man. Both the Government and the Opposition parties have responsibilities towards the mass of our people. Is it not possible for all of us, regardless of party labels, to co-operate fully in all those tasks that make for the welfare of the common man? Can we not forget petty party, sectional, communal and group differences? Is it not possible for us to have a national, as opposed to a mere party,

outlook, towards the problems raised by the Plan?

Sir, the general elections are coming. It should not divert our attention from the main task of finding solutions on a national basis to the problems of unemployment, health and education. These are the things that our people mostly need and to them we must devote our full attention.

The second thing that I would like to emphasise is that though our national income has increased by 42 per cent., we do not exactly know how it has been distributed. It is not enough to say that the *per capita* income has increased. The right question that has to be answered by us is whether it has increased in terms of real income. For that we have to see whether the price level has kept pace with the wage level. It is no satisfaction to a man that his nominal income has gone up, though at the same time the price level has reduced his purchasing power not only for luxury articles but for articles of common consumption. Concessions have been made to industrialists. Perhaps it was inevitable that they should be made. We had to provide incentives for capital formation but the Budget, even after the reliefs given, which I gratefully acknowledge, will, I apprehend, increase the burden on the common man. The middle classes are the backbone of any community. There is dissatisfaction amongst them because of the rising prices. And it is essential that in a mixed economy such as ours, the State should evolve a machinery of adequate price control. Prices should not be allowed to go beyond a certain level, and there must be a ceaseless war against hoarders and profiteers. They are pests of society and should be looked upon as such. Equality of sacrifice demands that those who have more should be made to pay more than those who have less. The marginal utility of money is greater with people of less income than with big incomes.

The third point that I would like to point out is that concentration of economic power should be discouraged. One of our Articles provides that the ownership and material resources of the country should be so distributed as to subserve the common good. Another Article provides that there should be suitable legislation for a living wage, fair conditions of work, decent standards of life, social and cultural activities and full enjoyment and leisure, as also for the promotion of cottage industries on an individual and co-operative basis in rural areas. The progress of the Plan has to be tested in the light of these objectives. Small and medium-sized concerns should be encouraged so that concentration of wealth may break up. We would like to have the results of the enquiry as to how the national dividend has been distributed early. We should know who are the classes who have benefited most by our Plans. Are they the people with big capital or with small capital? The spirit of the Constitution is against the concentration of wealth in single hands and this should be borne in mind by us. Complete equality may or may not be possible but greater equality or less inequality is possible and that is what we should strive for. We should not create the impression that the rich are benefiting more than the common people by the Plan.

That brings me to the question of education—primary, secondary, higher, technical and professional. They are parts of one integrated whole. Our population has gone up and our literacy has gone up by 7 per cent. Allocation in the Plan should have been larger for education. We can have no real economic and social equality without educational facilities. What are we doing for adult education? What has been the result of the experiment in adult education? Have we opened any people's colleges and, if so, how many? There should be more co-operation between social service organisations and the State agencies in this direction. What

[Shri P. N. Saprū.]

about women's education? To what extent has it advanced? Unless we give education to our women, the atmosphere will not improve.

Now, I would like to talk about university education. We need more expansion and more efficiency. The claims of both must be reconciled. University education should reach a larger number of people and its contents should be more varied. The Education Ministry should strive to achieve greater co-ordination between the States and the Centre. For this purpose the University Grants Commission should be utilised to ensure greater co-ordination. My suggestion is that as the U.G.C. finances the universities, it should have a definite voice through its representatives and experts in the selection of university teachers. On selection committees too, it should have its own experts nominated by it. University Acts should be changed to provide for this with the consent of the States and this should not be left to Statutes or Ordinances. In the selection of Vice-Chancellors too, the U.G.C. should have a definite say. A member nominated by it should invariably be on the selection boards for Vice-Chancellor's appointment. There is nothing inconsistent in all this with university or State autonomy. The State Governments too should seek its advice in distributing funds and the U.G.C. should have its own board of inspectors to inspect not only the Union universities but the regional universities too. This board of inspectors should endeavour to achieve a certain amount of uniformity of standards. It is not necessary that we should have complete uniformity because varying standards are imaginable and desirable but we should achieve greater co-ordination among the universities in this country. There should be provision for people's colleges and extra-mural instruction. Regional languages including our own State language—Hindi—should be encouraged but I would emphasise this that the position of English should

be maintained. It is important from this point of view that there should be no deterioration in the standard of English in our universities and colleges.

I would make a brief reference to health. Prevention is better than cure. The most important need of the rural areas is pure water supplies. Attention should be paid to all aspects of our health programme.

Lastly, I would say that the time has come when we should definitely launch social security schemes. The Centre should take a lead in this matter. These social security schemes will enthuse the common man. The joint family has broken down. Nothing has replaced it yet. Therefore, there should be some scheme of social security and social insurance, employment and unemployment insurance. The Centre should give a lead in this direction. I would like some provision to be made for old people in the Budget. I would like some provision to be made for the unemployed. I would like some provision to be made for widows and orphans in our Budget and this should be done by the Centre in the Centrally-administered areas. The Centre should give a lead in this matter to the States. It should be possible, after the Centre has given a lead, for the States to come in line with the Centre. The problems of social security needs to be viewed in a determined manner. They touch the common man. What we want to do is to enthuse the common man and to create a feeling in him that the Plan is going to yield some tangible results so far as he is concerned. It is not enough to tell him that in 20 years or 30 years there will be heaven on earth. He wants to see heaven on earth in his life time and he wants to see a beginning made in this direction in his lifetime. That should be our objective. For this reason the problem of social security needs to be emphasised with all the emphasis at one's command.

Thank you very much.

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI): Sir, several questions raised regarding the Defence Ministry and External Affairs and Irrigation Ministries have been clarified by my colleagues from those Ministries. My task therefore, has been simplified to that extent. Before I go to the questions, financial and economic, raised by several hon. Members, I should like to clarify one or two points which are more administrative than economic or financial. One of them was raised by my hon. friend, Shri Nawab Singh Chauhan. He raised the question about the recruitment by the Assistant Superintendents' departmental competitive examination, and particularly about the examination held in 1960. He said that about Rs. 6 lakhs were spent in the 1960 examination and later it was declared that no vacancies were available. He, therefore, suggested that a definite procedure should be there and the examination should be held according to the vacancies declared in advance, and all persons who have qualified in that examination should be eligible for promotion or for appointment. Sir, I do not know whether the hon. Member knows how these appointments are filled. He probably refers to the Section Officers' Grade in the Central Secretariat Service. This is filled 50 per cent. by direct recruitment and 25 per cent. by departmental competitive examination open to the Assistants, i.e. the next lower grade, and the rest 25 per cent. by promotion of the Assistants on the basis of seniority, subject to fitness. The examination, therefore, that he was referring to was a departmental competitive examination for filling 25 per cent. of the vacancies. These examinations were held in 1955, 1957, 1958, 1959 and 1960. Now, it takes about one year for the Public Service Commission to declare the results of the examination from the time that they take up the question of the examination. It is not, therefore, possible to declare the number of vacancies to be filled in, from the very beginning. To declare them just when the results are out is more

realistic and that is what is done. Sir, if the examination is treated as a qualifying examination, the number of persons who will thus become eligible for appointment will be quite unrelated to the number of vacancies to be filled in and then the very situation which the hon. Member wishes to avoid would arise. It would not then be possible to hold the examination at regular intervals and promotions against this quota would become very fitful. Therefore, the present position or the present method, to my mind, seems to be more suitable than the one suggested by the hon. Member.

As regards the 1960 examination, it is not correct to say that there were no vacancies. There were 16 candidates in the general order of merit and 27 Scheduled Caste candidates and 1 Scheduled Tribe candidate recommended from this examination. All these 44 persons will be absorbed in this way. Therefore, it is wrong to say there was no vacancy or that nobody would be absorbed. I believe, Sir, it is incorrect information on which this criticism was based.

The hon. Member also suggested that the rules for recruitment and promotion etc. should be uniform for all Ministries, whether participating in the Central Secretariat Service Scheme or not. It must be and this is so, except for the Ministry of External Affairs and the Railways. These have different rules, but these rules are very much similar and there is not much difference. But because these persons are recruited for different purposes and by different agencies, they are separate. Therefore, his purpose in saying that there should be uniformity is almost carried out. The only difference is that the Ministry of Home Affairs does not control the services in these two Ministries.

Then, Sir, questions were raised about backward areas and the backward States, and also about the city of Calcutta. The last one was raised

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by my hon. friend Shri Sudhir Ghosh. If the Budget is properly scrutinised, it would be found that assistance is provided for the States particularly, the backward States, and the Finance Commission also which assesses the overall requirements of the States takes this into consideration and makes its recommendations which are carried out every time the Finance Commission's recommendations are received and they are received periodically according to the Constitution. Sir, I would like to give the total amount paid to the States on this account.

The States received in all a sum of Rs. 738 crores as their share of the Central taxes, mainly income-tax and Union excises. The States also received during this period a sum of Rs. 176 crores as grants-in-aid of their revenues following the recommendations of the Finance Commission and the provisions of the States Reorganisation Act. In addition, the total Plan and other assistance on revenue account amounted to Rs. 486 crores. Further, the States also received Rs. 63 crores as Capital grants and Rs. 1,428 crores as loans mostly for meeting their development expenditure.

The main objective of planning is to create conditions in which living standards are raised to a sufficiently reasonable level and all citizens are given full and equal opportunity for growth and service. The Plans, therefore, seek to provide a balanced emphasis on increase in production and employment and the attainment of economic equality and social justice. In particular, the benefits of economic development are intended to accrue more to the relatively less privileged classes or areas. The development plans are thus accepted as the means for ensuring equitable development in the field of social services. There is no reason to suppose that the needs of the less fortunate or prosperous States are being

neglected. But it would not be proper to expect that all these differences could be wiped out now immediately or within, say, 3 or 5 or 10 years. It must be seen whether we are going towards that very end or not. We are deliberately going towards that end and we hope and trust that in course of time these inequalities would be wiped out, if not completely wiped out, at any rate they would be so lessened that they would not be felt.

Shri Sudhir Ghosh complained about inadequate provision included in the Plan for meeting the growing requirements of the city of Calcutta where even the basic services like water supply, sewage disposal and drainage were not being augmented and that the Central Government was not enthusiastic about solving these difficulties. He particularly referred to me and said that I was not also very sympathetic about it. He was very unfair to me, that is all I can say. But if he meant that I did not accept all the extravagant demands that he would make, then certainly he can consider me unsympathetic; but it is not possible for me to do it. I have got my limitations and I have to meet the demands out of the resources that are at my disposal and which I can mobilise. I am not keeping a single farthing. I am, on the contrary, constantly in debt. Therefore, there is no question of withholding anything from anybody. There is no question about our sympathies for the city of Calcutta. It does require special consideration and we do give special consideration to it. The problems relating to the city of Calcutta have been under the consideration of the West Bengal Government as well as the Government of India. Some studies have been made by the World Health Organisation and the Ford Foundation has been requested to assist in the preparation of a Master Plan. The important recommendations made by the World Health Organisation team for long-term action, in addition to certain interim measures for improving

filtered water supply, extension of sewers and storm water drainage facilities are

- (i) safeguarding the Hooghly river as a continuing source of filtered water supply,
- (ii) extension of main sewage collectors to points of ultimate treatment and dispersal and
- (iii) constitution of a metropolitan authority with jurisdiction for sanitary functions over urban and residential areas on both sides of the river

The Government of West Bengal are also acquiring 55,000 acres of land for dispersal of population in the south of Calcutta with provisions for integrated development of water supply, sewage, electricity, express highways and construction of new industrial settlements

Under the First and Second Plans, Rs 4 crores were spent on programmes for re-housing of *basti* dwellers at Kalyani, Tollyganj, Kancharapara, Bowalmandal, Karia Road and Gariahat areas. In addition, Rs 2 crores were spent on water supply schemes. In the Third Plan, a provision of Rs 10 crores has been made at the Centre and an additional provision of Rs 10 crores has been included in the State Plan for the development of Calcutta and the execution of programmes relating to water supply, sanitation and drainage, housing and slum clearance. We have also already undertaken the execution of the Ganga Barrage project for the preservation of the port of Calcutta which is going to cost a sum of Rs 56.4 crores. The House has already approved the scheme while sanctioning a supplementary grant obtained in the current session. The project is intended to maintain a controlled upland discharge from the Ganga into the Bhagirathi, allow efficient flushing and preventing siltage. The project

will also improve the prospects of supply of sweet water to the metropolis and its suburbs and result in lesser drainage congestion and prevention of floods, etc. Sir, hon. Members will appreciate that the problems of the development of Greater Calcutta have to be tackled on an integrated basis. They may rest assured that within the resources available, no efforts will be spared to solve these problems with as little delay as possible. I hope, Sir, that my hon. friend, Shri Sudhir Ghosh, will not make wrong complaints about our sympathy in this matter.

I may also point out the amount spent on refugees there as compared to the refugees in the western region. Sir, up to the end of the financial year a sum of Rs 191.89 crores will have been spent on the relief and rehabilitation of 41.17 lakh displaced persons in the eastern region. The *per capita* expenditure here comes to Rs 466. As against this, the expenditure in the western region will be Rs 192.19 crores on the relief and rehabilitation of 47.40 lakh displaced persons giving a *per capita* expenditure of Rs 405. There are still further problems relating to relief and rehabilitation, residuary problems in West Bengal, and the expenditure on these is likely to be of the order of Rs 30 to Rs 40 crores. In the western region, loans amounting to Rs 63 crores have been given and in the eastern region Rs 77 crores. Though the realisation in the western region comes to Rs 39 crores out of this, that is about 62 per cent of the total, in the eastern region the position is highly unsatisfactory. In West Bengal, only about Rs 1.25 crores have been realised so far, that is, about 2.4 per cent of the total loan of Rs 53 crores advanced to the Government of West Bengal. This matter, Sir, is being further examined in consultation with the Government of West Bengal. It will thus be seen that it cannot be said that there is any lack of sympathy by the Centre in matters relating to Calcutta or to the problems of West Bengal.



[Shri Morarji R. Desai.]

Sir, if assistance given to the various States in the First Five Year Plan and the Second Five Year Plan is examined, it will be found that more has been given to those States which are considered backward in comparison to those States which are considered somewhat forward though all the States in this country are backward because the whole country is backward. Relatively, some areas are more backward than others and it is, therefore, that we are comparatively giving more to those areas than to the other areas but we cannot say, Sir, that the progress in our so-called advanced areas should be held up completely and all the progress should be made only in the backward areas. That is not a practicable proposition. After all, we have to see that in the advanced areas more money is generated so that more is spent on the backward areas because in the backward areas there is more to be spent rather than more to be generated in the initial stages. It is, therefore, necessary to first of all obtain resources before they can be spent and, therefore, it is also necessary that advanced areas should advance so that more money is spent in the backward areas by taking it from the advanced areas. That is the policy which is being followed by this Government and in the planning that we make.

I was surprised to hear Shri Gurupada Swamy saying that the benefits of foreign collaboration normally go to established business-houses thereby implying that mostly they are taking advantage. Sir, this is not quite correct. This was true some years ago when foreign collaborators were connected mainly on a very small scale with our industries here but in 1960, there were some 300 cases of foreign collaboration which were approved and a large proportion of these were in respect of new enterprises which were being established by the new entrepreneurial class which is rapidly growing in this country. Then, it was also stated in

this connection that the Industrial licensing system was helpful only to a few established industrial houses. That also, Sir, is based on a misunderstanding. While it is inevitable that the initiative in starting really large projects or industrial enterprises should be taken by bigger industrialists, it is our constant endeavour to see through the Companies Act, the Industries Act, the licensing system and the control over capital issues that the ownership of industries is as wide-based as possible. The production of things like automobiles, aluminium, dyestuffs, heavy chemicals, pipes and tubes, cement or fertilisers has necessarily to be undertaken in large factories if they are to be economical. But one has also to remember that when these industries are being developed, there will grow up in the private sector a large number of smaller units with a capital of Rs. 10 lakhs or less. These, incidentally do not need an industrial licence. Moreover, in the grant of licences for the setting up of new industries a certain degree of preference is always exercised in favour of the growing body of new entrepreneurs.

He quoted some figures to show that some ten houses had trebled their income between 1950 and 1960 and that these 10 companies between them had accounted for 66 per cent. of the total paid-up capital of public companies. Sir, I do not know how he has got these figures but I believe they are based on some misunderstanding. The Reserve Bank of India has analysed 1,001 balance-sheets of public limited companies and the results are published periodically in their bulletin. These 1,001 companies account for a little more than three-fourths of the total paid-up capital of public limited companies in the manufacturing sector, excluding, of course, Government companies. The total paid-up capital of these 1,001 companies was Rs. 550 crores in 1958. Of this, Rs. 93 crores was in cotton textiles, Rs. 46 crores in iron and steel, Rs. 33 crores in cement and Rs. 31 crores in electricity. Thus these four industries accounted for about 36 per

cent of the total paid-up capital. In all these industries, with the exception of iron and steel, there are a large number of units and the degree of concentration cannot be of the order that Shri Gurupada Swamy has mentioned.

Sir, the entire question of concentration of wealth in the company sector also needs to be seen in its proper perspective. Even today hardly 20 per cent of our national income is derived from mining and manufacturing. Of this, about half comes from small-scale and cottage industries. Thus, the so-called concentration is in respect of about one-tenth of our national output. When one takes into account the growth of small enterprises and the improvements which our Plans seek to carry out in the sphere of agriculture of the indirect effects of the growth of large-scale enterprises on employment opportunities in trade, motor transport and other services, there seems little evidence to suggest that there is any increase in the concentration of a economic power.

The supply of entrepreneurs is, however, short. Established business-houses have certain advantages. These are facts which have to be reckoned with. Economic development is at this stage more important than the problem of diffusions as such. The latter is important and it will come as new classes of entrepreneurs come into the field. The countervailing power against big private firms is the public sector. The Third Plan and our future Plans will strengthen the public sector greatly.

Then I come to Shri Ramamurti's criticism as regards *per capita* income. He said 'the *per capita* income in the last nine years has not increased by more than 10 per cent as against 18 per cent envisaged in the Plan. At this rate it will take us 90 years to double the *per capita* income in the country'. Sir, his statement is based on the recent press release on

"Estimates of National Income". It is of course true that the rate of growth of the *per capita* income has been smaller than what was envisaged in the Plan. This is partly due to a smaller increase in national income over the Second Plan—19 or 20 per cent as compared to 25 per cent originally expected and partly it reflects the higher rate of growth of population. The Government are as much concerned about stepping up the rate of increase in the *per capita* national income as anyone else and indeed this is the rationale of the Third Plan. But Shri Ramamurti is painting an unduly pessimistic picture. Much depends upon what period one chooses. For instance, if one takes the first four years of the First Plan, i.e., 1951-52 to 1954-55, one can argue that the *per capita* income had risen by a little over 9 per cent or again if one compares the period from 1955-56 to 1958-59, the *per capita* income at 1948-49 prices had risen from Rs 267 to Rs 280 i.e., an increase of 4½ per cent. On the other hand, one can argue that the *per capita* income in 1959-60 was only about half per cent more than in 1956-57. The point to remember, however, is that 1956-57 was an unusually good agricultural year, while 1959-60 showed a decline of some four per cent over the previous year. There is thus no point in taking this kind of partial view and making it the basis for the kind of generalisation that Shri Ramamurti makes. If, for instance, he had taken into account the fact that the *per capita* national income at constant prices is likely to rise by four per cent in 1960-61 his conclusion would be that the *per capita* income over the First and Second Plan periods have increased by some 15 per cent. Of course, even this rate is not high enough for our needs and there can be no disagreement that we will have to proceed faster in the years to come.

He said that the increase in national income had not gone to the agriculturists or to the middle classes and

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that no attention was being paid to the question of distribution. It is not clear how he comes to this conclusion and how he says that the benefits of development have not accrued to either the agriculturists or to the middle classes. Agricultural production has risen by nearly a third in the last decade, the production of handloom and powerloom has more than doubled. A large number of small enterprises have sprung up in all parts of the country. The annual average earning of a factory worker has risen from a little over Rs 1,000 in 1951 to some Rs 1,280. The average weekly cash earnings of the workers in the coal mines and those in the tea plantations have all gone up. It may be that we are still far from achieving for everyone the minimum living standard which we would desire. But to say, as he says, that the benefits of development have accrued only to the better-off classes is to misunderstand the process of development itself.

There is no reason to doubt that the developments of the last ten years have benefited almost all sections of the people. The benefits may not be evenly spread and some section—not necessarily the better-off ones—may have benefited more than others. But the fact is that the levels of consumption *per capita* are rising and even in the countryside there is noticeable improvement in roads, schools, post offices and other facilities and services.

Then he referred to one or two individual instances and argued that profits made by certain manufacturing companies were excessive. This point was referred to by my colleague, the Minister of Industry, and I do not think I need repeat it. But he tries to take up one solitary case and draw a generalisation which becomes a very misleading one. The best example of that was his quoting from an agreement entered into for

the manufacture of grant tyres. He read out a clause about the payment to be made to the foreign company for research and other technical work to be carried on by it, and he said that the payment amounts to 8½ per cent. How does he arrive at that? The payment does not amount to 8½ per cent on the net sales as he suggested but the payment is on a slab system, that is, for a rate of production of 325 tons per month the payment is to be 3 per cent on sales, for the subsequent slab of 326 to 600 tons the rate comes down to 2½ per cent and for production of anything in excess of 501 tons the payment will be 2½ per cent on sales. He has totalled up all the three slabs and then said it is 8½ per cent. Can misrepresentation go farther? If this is the way people are going to be won over by him well I am quite sure that he is remaining somewhere in a wild land.

Then he quoted from the Reserve Bank of India Bulletin to show that the share of foreign concerns in our imports has gone up from 26 per cent in 1956 to 32.2 per cent in 1958. But here also he has not mentioned why this is so. The fact of the matter is that during 1958 there was a sharp reduction in private imports as a result of severe import controls. The items which showed the largest decline were machinery and metals in which the foreign controlled companies had a relatively small interest. The result was that imports of the Indian sector declined by some 31 per cent while the decline in the imports traditionally handled by the foreign sector, including mineral oils, was about 14 per cent. The imports of machinery and metals declined by Rs 127 crores of which Rs 116 crores was accounted for by the Indian sector. The effect was to increase the share of foreign controlled companies in private imports as a percentage. It has to be noted, however, that the total imports handled by the non-Indian sector actually declined from Rs 210.5 crores in 1956 to Rs 182.8 crores in 1958. So, if facts

are presented as they are and if they are not presented in a garbled manner, the picture would be very clear but probably that is not the intention of my hon friend who tries to present h's figures.

Then, Sir, he raised the question about the capital we have in foreign collaboration. He said that while under the Industrial Policy Resolution it was stipulated that Indian capital holding should be 51 per cent. and foreign holding 49 per cent, recent instances showed that the Industrial Policy Resolution now seemed to be the exception. In other words, according to him we have been allowing foreign capital in quite a few cases beyond 49 per cent. May I say that there has been no change in Government policy and each case is examined on its merits? The object of our scrutiny has always been to see that the utilisation of foreign capital is in a manner most advantageous to the country. Indian capital needs to be supplemented by foreign capital not only because our internal and external resources are not enough for the rapid development of the country on the scale we wish but also because in many cases, scientific, technical and industrial knowledge and capital equipment can be secured along with foreign capital. Government's policy does not rule out foreign majority participation when it is in the national interest. Because of our acute foreign exchange shortage, we have not been able to find foreign exchange from our own resources for meeting the full cost of imported equipment required for a project and to meet this difficulty we have allowed the foreign capital participation in a few cases to be in excess of the 49 per cent earlier stipulated. Even in such cases, whenever a company comes up with expansion proposals, efforts are made to associate a greater percentage of Indian capital. It will thus be seen that even in this matter the facts are not presented as they should have

been presented. Practically, these were the main questions raised in the debate on this Bill

3 P.M.

Now, there was also some general criticism that disparity between urban and rural incomes was not being removed. Whatever may have been the case in the past, more and more money is being spent on rural areas through various schemes of irrigation, electricity generation and also dispersal of public sector projects in the rural areas. We are building roads. We are increasing transport facilities. We are trying to increase educational facilities. It is our intention and it is our determination also to see that free and compulsory primary education is extended to all the areas by the end of the Third Plan. We are also trying to see that all poor pupils, or as many as we can afford, who have merit, are enabled to study up to the highest degree, up to the highest level, by giving them full scholarships. That also we are trying to do in the Third Plan. We want to reach a stage when we will provide facilities to all those who get more than sixty per cent marks to go up for higher studies at public expense. That is what we want to do in course of time, as soon as we are able to mobilise the necessary resources. That is the only way of giving equal opportunity to everybody in this country to advance himself. It is, therefore, that we attach great importance to social services, to educational facilities, health facilities and other matters which put a man on an equal footing with others.

A question was raised by Prof. Wadia about preference shares and he said that there was a breach of faith about some provision of income-tax on them. Government changed the system of levying income-tax on companies, which created certain difficulties for preference shares. This was done more by the companies. Nobody prevented the

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companies from paying what they had to pay. So, if any breach of faith came, it came from them and not from the Government. Government on the contrary came forward with a Bill which was passed into law by the two Houses and which has set right the injustice. Therefore, it cannot be argued that Government has failed in its duty or has not done full justice in this matter, as much as is required to be done.

My hon friend, Shri Mani, had raised the question of the privy purses of Maharajas. Well, Sir, these privy purses were fixed when the States merged in the Union. They were done by agreements. When these agreements were made, everybody hailed the idea. Now, after the agreements were made, all sorts of things are being said. Well, Sir, that can be said. We can change our views whenever we like. But I do not think that we should change our own word of honour in our own lifetime. That at any rate would not be honest on the part of the Government. Those who want to do so can do so, those who have no regard for the particular word. But this Government, at any rate, cannot be charged that it does not care for its word. Now, if they receive allowances, there are others also who receive allowances. I do not see how we can put a limitation on their citizenship. That would not be a fair proposal at any time for anybody to make.

Then, Sir, a question was asked why we were allowing foreign collaboration or importation of foreign capital for consumer goods. Things like flasks and baby food were mentioned. These are not manufactured here. They are to be manufactured here. Our people require them. If we require them, if we do not know how to do it, if we require foreign machinery, then we do certainly require importation of foreign capital

and foreign machinery. It is done in order that we may save imports, that we may save foreign exchange. The whole thing can be returned by the savings in foreign exchange, the foreign exchange that we will save by preventing the import of these products.

Then, Sir, it was said that nationalisation of foreign companies had been objected to by this Government—and rightly so. We are not embarking on any wholesale scheme of nationalisation. As we have always said, nationalisation is not a matter of principle. It is a matter of convenience. If it is necessary in the public interest, for national good, certainly it should be done. If it is not so, then it should not be done. When we want to have here foreign collaboration, it is recognised on all sides that we must import foreign capital. If we must have foreign investments, then to say at the same time that we will go on nationalising is not correct. Are the foreign people so stupid that they will come to us then? I do not see what honesty is there in all these demands. Therefore, let there be some sense of proportion in making these demands. It was also said that indemnifying American investment against nationalisation is also very wrong. It becomes necessary because of such demands by such people. Therefore, it is rightly done. I do not see what wrong is done thereby, so that all doubt is set at rest. Because some people give up their word on behalf of the whole country, the whole country gets damned. That cannot be allowed. Therefore, this Government is careful to see that the prestige and the credit of this Government and this country do not go down in the eyes of the world.

I believe that I have dealt with almost all the points raised in this debate. Perhaps there may be some other points raised and on the next Bill when I have got to speak I shall try to cover them. Therefore, I think

I need not cover more than what I have covered now.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the services of the financial year 1961-62, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

MR. DEPUTY CHAIRMAN: We shall now take up the clause by clause consideration of the Bill. There are no amendments.

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

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

SHRI MORARJI R. DESAI: Sir, I move:

"That the Bill be returned."

*The question was proposed.*

SHRI BHUPESH GUPTA: Sir, I want to say a few words.

MR. DEPUTY CHAIRMAN: We have exceeded the time-limit.

SHRI BHUPESH GUPTA: Just a minute or two. I want to say one or two things.

MR. DEPUTY CHAIRMAN: You can speak on the next Bill.

SHRI BHUPESH GUPTA: No, I do not want to speak on that.

MR. DEPUTY CHAIRMAN: I will give you two minutes. We have exceeded the time-limit by nearly two hours.

SHRI BHUPESH GUPTA: Just a few minutes. I do not want to speak on this thing. But I would like to draw the attention of the Finance Minister to the critical situation which

has arisen in Calcutta as a result of shortage of electricity and power supply. For the last several weeks the city has been in the midst of this crisis due to various reasons, including some kind of breakdown at the D.V.C. Now, Sir, I do not know what the Government of India is doing in regard to this matter. I only point out here that the Government should know, and I think it knows, that the Calcutta Electricity Supply Corporation, which is owned by the British, is responsible for it considerably.

MR. DEPUTY CHAIRMAN: You cannot make these new points now at this stage. We are at the third reading stage.

SHRI BHUPESH GUPTA: That is why the Government should take note of it.

MR. DEPUTY CHAIRMAN: Please wind up. These are new points.

SHRI BHUPESH GUPTA: If I were not to make a new point, I would not be getting up even for two minutes. Kindly do not take away my two minutes. Now, Sir, it is a serious situation. And now the Calcutta Electricity Corporation is trying to raise the electricity rates, and so on. The Central Government comes into the picture. The demand is that this company should be taken over. They are trying to renew their licence and it is preparatory to this they are doing all these things. There I demand an investigation.

The second point and the last point is this. It is the concern of the Government of India directly. Recently the Posts and Telegraphs Department issued a circular to its various circles asking the authorities not to have any informal discussions with the members of the de-recognised unions or the members of the staff. Therefore, Sir, all the assurances that were given by the Home Minister in this House that there will be discussion, even the assurance that was given on the

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21st of April this year when representatives saw the Labour Minister and he had been told by the P. & T. authorities that they were discussing informally with the union representatives, all these had been violated. They had been denied all this right. They had been denied the right of making representation to the Government. They had been denied, by another circular, the right of making any representation through the press. Practically they have been shut out from doing any such thing. I do not want to mention anything more. I have got various statements that had been made during the previous debates here in this House by the late Pantji, Home Minister, and other Ministers saying that even if the workers' union had been de-recognised, there would be no difficulty in having consultations informally between the representatives of the union and the officials. I do not know why a circular was issued on the 17th of this month suddenly stopping all such things. These are the points I should mention in this connection and I hope the Finance Minister will kindly give a reply.

MR. DEPUTY CHAIRMAN: No reply. These points do not arise now.

SHRI BHUPESH GUPTA: They do arise. Is it for you, Sir, to ask him not to reply?

MR. DEPUTY CHAIRMAN: These are not the points to be made at the Third Reading stage.

SHRI BHUPESH GUPTA: I think it is possible.....

MR. DEPUTY CHAIRMAN: Order, order. I am on my legs.

SHRI BHUPESH GUPTA: You are on your legs and to this I have to yield.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

*The motion was adopted.*

SHRI BHUPESH GUPTA: Sir, I rise on a point of order before we take up the Finance Bill. You said, Sir, that we have exceeded the time-limit.

DR. H. N. KUNZRU: There can be no point of order against the Chair.

SHRI SUDHIR GHOSH: There can be no point of order against the Chair.

SHRI BHUPESH GUPTA: With regard to procedure . . .

MR. DEPUTY CHAIRMAN: We are going to the next business.

SHRI BHUPESH GUPTA: All I say is that we do these things here.

#### THE FINANCE BILL, 1961

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI): Sir, I beg to move:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1961-62, as passed by the Lok Sabha, be taken into consideration."

Sir, the Bill was introduced on the 28th February, 1961 and its provisions are, by now well known to the hon. Members. I do not, therefore, propose to go over these provisions. After the introduction of the Bill, the Government had received various representations and suggestions on the provisions contained in the Bill from various chambers of commerce, trade associations and other members of the public. Views were also expressed and suggestions made on these provisions in both the Houses of Parliament. After taking into consideration all these views and suggestions, the Government proposed some amendments which have since been