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**REFERENCE TO THE INDIAN
MARINE INSURANCE BILL, 1959**

SHRI M. P. BHARGAVA (Uttar Pradesh): Sir, at the outset I must say that I do not want to move the motion for reference to Select Committee, but I want to make a few remarks. I will take you to the historical background of this Bill. In 1956 I came to this House, and immediately afterwards in 1957 I wrote . . .

[MR. DEPUTY CHAIRMAN in the Chair]

MR. DEPUTY CHAIRMAN: You cannot make any remarks without moving.

SHRI M. P. BHARGAVA: I can state the reasons for not moving it.

MR. DEPUTY CHAIRMAN: Are you withdrawing the Bill?

SHRI M. P. BHARGAVA: I am not moving it and so there is no question of withdrawing it.

MR. DEPUTY CHAIRMAN: There is no motion before the House for you to make a speech.

SHRI BHUPESH GUPTA: The hon. Member should move it, make a speech and then withdraw it.

SHRI M. P. BHARGAVA: The Bill has been referred to the Law Commission and so I am not moving it.

MR. DEPUTY CHAIRMAN: So the motion is not moved. The next is that of Dr. Seeta Parmanand—The Hindu Minority and Guardianship (Amendment) Bill, 1960. She has written a letter saying that she is not moving it.

**THE CEILINGS ON SALARY (IN
PRIVATE SECTOR) BILL, 1960**

SHRI BHUPESH GUPTA (West Bengal): Sir, I move:

"That the Bill to provide for ceilings on salaries in private employment, be taken into consideration."

I want to put a ceiling on salaries in the private sector. Some restrictions have to be there also. I will read briefly the Statement of Objects and Reasons:

"There are many private concerns which pay exorbitantly high salaries to certain categories of their managerial personnel. These high salaries not only tend to widen the disparities in income and run counter to the Directive Principles of the State policy as embodied in our Constitution but are also a corrupting influence and they stand in the way of availability of competent persons for public undertakings where the salaries are comparatively less. The Bill seeks to remedy this situation with a view to attracting talents to the public sector and promoting social justice".

I think this should be enough, if you are so minded because anyone should support this because what I have stated in the Statement of Objects and Reasons is from the Directive Principles of the Constitution which are to be displayed but not to be implemented as far as they are concerned. I have taken it from some of the guiding policies, at least professions, of the Second and Third Five Year Plans where it is said that there should always be efforts to reduce the income disparities. Here again is a big social question. It is not merely a social question but it is an economic question. It also sets in political implications from the democratic point of view. Therefore, it is at once a question of social justice, of democracy, of fair-play in our public life. Here I have got certain materials which would be of interest to the hon. Members because these things are not much talked about and we do not get a chance.

First of all, I might point out to the House that we have got salaried officials and employees in two sectors. One group is in the Government undertakings or in the Governments and another is in the private sector

[Shri Bhupesh Gupta.] as employees of the business-houses. Again among the business-houses there are big and small. I am not concerned with the small ones because they are not in a position to pay high salaries and they would not be affected by this Bill at all in their operations. Somehow or other they would carry on and in fact as a result of the monopolistic growth in our economy very many small and Medium business-houses and industrial undertakings in the country are in a bad shape and some of them at least are going out of existence. Such is the position. Therefore, actually the Bill refers to a small number of monopolistic or big business-houses where you have high-salaried people whose salaries should be reduced in the public interest and for the sake of social justice.

As far as Government is concerned, let us deal with the Government so that the contrast stands out. In reply to a question in the Lok Sabha on 5th August, 1957 the then Home Minister, Shri Pant, gave certain figures. He said that there were 17 lakh civil Government employees under the Central Government. Out of them only 2,341 receive salaries above Rs. 1,000. Therefore, you see that in the Government services very few people get such high salaries like Rs. 2,000 or so. Very few get, comparatively speaking. We want reduction of salaries of the high-salaried Government officers also but this is the position. I am not concerned in this Bill with the Government services. I am concerned with the private sector but the contrast is important. Of course, in the States also, similar is the position. Perhaps, there will be much less people as the States are functioning within a smaller area and the scope is also less. Therefore, there will be a smaller number of people under the State Governments who receive salaries of Rs. 1,000 or more. What the total would be I cannot say, taking the Centre and the States together but the number will not be very high. There also the disparities exist and

sometimes it is very bad. We have discussed this question when we discussed the Pay Commission's Report.

Let us come to the private sector. I would only remind the House that we are committed by our Constitution to making efforts for the reduction of income disparities. This has been stated clearly in the Directive Principles of the Constitution. It stands to reason therefore that we should guide our economic, fiscal and other policies in such a way that constantly we bring down the salaries of very high salaried officials in the public as well as in the private sector. For the present, I am concerned with the private sector. Secondly, this kind of reduction, this objective of reduction of salaries of high-salaried people and removal of income disparities was also featured very much in the Second Plan and indeed it was stated as one of the four principal objectives of the Second Plan. Today we are nearly at the end of the Second Plan and I can tell you from what has happened that the income disparities in the country have grown and more specially in the private sector. It is clear that the Government policies have failed to retard the process, let alone reduce the income disparities. It does not speak well of the Government. Therefore, we need measures not only of this type, but fiscal measures, taxation measures, economic policies, etc could be adjusted to this main objective. All these are necessary. Nothing has been done. On the contrary, the Government by its economic policy has helped the growth of income disparities and the concentration of wealth in the hands of a few, and that of course, relates to the private sector. And let us remember, Sir, that the private sector today does not consist merely of some proprietors or big persons at the top. They consist of some very large number of high-salaried executive officers. It seems, that somehow or other, we are more or less developing a kind of economy where you have a type of oligarchy, a big oligarchy of business men, of executives who are getting economic

power and who bring about social injustice and become inflated all the time. That has been the result of the Government's policy. In this connection naturally one cannot but recall the ideas contained in the Karachi Resolution of the Congress passed in 1931. Here we are a poor people, a country where the overwhelming majority of the people do not have even enough to live on. But at the same time, here we have at the top some high executive officials who earn very high salaries, who throw their weight about and who spend exorbitantly the money that they get by way of allowances, salaries and so on. This is the position we have come to.

Let me now start first with the British concerns in this country and show how they pay these high salaries. I got these particulars and kept them, thinking that some day they might be necessary. I got all this from the Press Information Bureau of the Government of India. They circulated certain facts. You know this matter has been under discussion in this House and in the other House, this matter of the executives in the foreign concerns getting exorbitantly high salaries, but the Government did not do anything about it. Apart from being paid these high salaries, this becomes a means of exploitation of our resources by these people also, because what is earned in India by way of high salaries is not retained in India. The greater part of it is sent outside, to their own country, to the United Kingdom from where most of them come. Here I have got the official figures of the Government for 1956 and 1957 compared. You see here a statement showing the salary groups of Indian and non-Indians in foreign-controlled firms in India. From 1st January, 1956 the compilation has been made. We insisted on a compilation of this kind and it was made and I was supplied this copy of the result of this enquiry. Here it is seen that in 1956 only about 218 Indians working in the foreign-controlled concerns operating in our country were getting salaries over Rs. 3,000. When it comes to Rs.—2.

to Indians, the number is only 218. But when it comes to non-Indians—and they are mainly British—the number is 2,017. In the case of Indians it is only 9-8 per cent, of the total number of employees in these concerns, but in the case of the other category, I mean non-Indians, the percentage is as much as 90-2. So this is the position.

SHRI SUDHIR GHOSH (West Bengal): Is the hon. Member trying to make out that more Indians should get these high salaries, or that salaries in general, should be lowered?

SHRI BHUPESH GUPTA: I am coming to that. It is not merely a question of social injustice, but some part of it is also international, that way. I would like salaries to be brought down, but here I want to point out that the Government has been so callous in this matter that they would not even see that the salaries of many of their own people are raised a little. They would not see to it. The disparity is there. First of all, there is the disparity in the various salary groups. Then again there is the disparity of this type among the Indian and non-Indian employees. Take the whole lot. If you take the Indian and non-Indian employees, you find that 2,235 people were getting over Rs. 3,000 of which over 2,000 were non-Indians at that time. This position has worsened now, because from the economic journals and other papers we gather that although the number of Indians in the higher salary group may have increased a little, the salaries of the European or rather the non-Indian employees as they are described—here mainly British—have gone up still higher and their number has also increased. Here the numbers are also given. According to the latest information, non-Indian getting high salaries would be about 7,000 or even more. This is what we find from the furnished information. Many of them have not notified the Government with the requisite information, I believe, because some ignore the Government

[Shri Bhupesh Gupta.] in such matters and the hon. Minister himself told us that some of them had not furnished the Government with the information they were asked to supply. See how they get these salaries. Here there are many cases. I will give you one. In the concern called Jardine Henderson, the Director is one Mr. J. D. K. Brown. He is employed as the Managing Director in charge of the firm and he was getting an increased salary even earlier of Rs. 53,400 per annum payable in twelve monthly instalments. That was his salary. Then recently, I think in 1959, it was raised to Rs. 1,20,000 per annum payable in similar instalments. I think it was almost doubled, I mean the salary of Mr. J. D. K. Brown of this particular concern. He is in Calcutta. Besides that, you see he was getting 2-75 per cent, of the net profit of this company computed in the manner referred to in section 191 of the Companies Act and so on, subject to a maximum of Rs. 40,000. Therefore, you see this is a very flourishing and rich concern. They pay him Rs. 1,20,000 plus Rs. 40,000 or a lakh and sixty thousand. Then he was getting advantages as perquisites. He got plenty of money that way.

I have talked to people who know these things. Probably, Mr. J. D. K. Brown of Jardine Henderson was getting salary and emoluments totalling to a figure not less than, they said, about Rs. 25,000 or Rs. 20,000. Such is the position. Here you have got salary Rs. 10,000, the net salary, the basic salary, plus a whole list of things. I have got them here. Similarly, there are other executive heads, other functionaries there and their salaries were increased. The salary of Shri Giridhari Lal was raised from Rs. 23,400 to Rs. 50,000 along with him. He works in the same concern. Mr. J. V. J. Patterson's salary was raised from Rs. 44,000 basic to a salary of Rs. 84,000. And remember, these do not include their allowances. So, this is the position now. I can tell you from our experience and of those who

care to refer to economic journals that almost every single British concern in India pays very high salaries of Rs. 5,000 and Rs. 6,000 to their top-men, and some even Rs. 10,000 and Rs. 15,000 and so on. This is how they are paid.

My special quarrel on this score is this, that the greater part of this salary paid to them is not retained in India, but as I said, it is shipped out of India. It is permitted to go abroad. There is practically no restriction and they are in a position to send this money. And apart from this they are given special allowances to go on leave to their own countries, England especially, quite apart from the fact that they are allowed to send money every year or every month. Therefore, you see, we lose. The national exchequer loses and our foreign exchange position in this way is adversely affected by these high salaries, apart from the other aspect of income disparity. Now, every British concern is like this, and the tendency during the last three, four or five years—indeed during the Plan period—has been one of further growth in the income disparities in these concerns and further rise in the salaries of the top-men whereas the earnings of the ordinary employees, the clerks and so on, have been more or less pegged. There is no rise practically, certainly no rise if you take into account the real wages. Prices are rising and there is no rise whatsoever in their case whereas in the case of the others there is a constant and continued rise of salaries. In Martin Burn & Co. very high salaries are paid. This is not a cent, per cent. English concern, it is Indian now largely but it is more or less following that line and Rs. 4,000 or Rs. 6,000 is paid to the high officials. In Burmah-Shell it ranges from Rs. 4,000 to Rs. 7,000 or Rs. 8,000. New recruits get into the service; they are graduates from the Cambridge or London University and some of them perhaps are no graduates at all. They get into these jobs merely because of some good connections

in England and they get Rs. 5,000. This has been a matter of complaint on the part of Indians always that whereas they being qualified do not get anything, the Britishers who come here are given very high salaries, almost double of what the others get though they may not at all be qualified. This is the position. Take Stanvac or Caltex or Andrew Yule & Co. The same thing is happening there. They are the new rich. They did not make money in the old way during the war. They earn plenty of money now. You just go to Clive Street and you will find huge limousines parked there, each car costing about Rs. 30,000 or Rs. 40,000. They are not all Directors; many of the cars belong to executive officials. They are high officials and they are in a position to buy cars costing Rs. 70,000 to Rs. 80,000 from England or America. They go in for big luxurious costly American cars. They do not look very nice, very clumsy looking that way, gaudy. They go in for things of this kind. It is ostentatious display of wealth. If you go to Netaji Subhas Road at ten or eleven in the morning or if you go there after five, you will find these big cars rolling out of that area. This would demonstrate as to what kind of thing is happening there. Government does not put any restriction on this. They pay income tax, yes. I know that they pay income tax but they make all kinds of adjustments. For instance, for the house in which Mr. J. D. K. Brown is living in Alipore, he is supposed to pay a rent of Rs. 400. This is what is shown in his salary bill whereas that house is worth much more. If I were a rich man and if I could rent this house for Rs. 2,000 I would thank my stars but here it is shown as Rs. 400 because the perquisites come into the calculation of tax. I would ask any hon. Member who is prepared to come with me. I volunteer myself to do this and take them to Alipore Road or Burdwan Road and they can see for themselves how these executives live there in air-conditioned houses and so on.

SHRIMATI T. NALLAMUTHU RAMAMURTI (Madras): What about the owner of the house? How is it that he is satisfied with Rs. 400 as rent if the house is worth a rent of Rs. 2,000.

SHRI BHUPESH GUPTA: The hon. Member is asking about the owner of the house but my Bill deals only with the salaried persons, not with owners of houses.

SHRIMATI T. NALLAMUTHU RAMAMURTI: On a question of fact, Sir, how is the owner satisfied with Rs. 400 if he can get Rs. 2,000 per month?

SHRI BHUPESH GUPTA: I do not expect the hon. Member to know these dirty tricks very much. The amount given is Rs. 2,000 but the figure shown here is Rs. 400. Blackmarketing is a very common thing in our country. It is quite probable that the house owner gets Rs. 2,000 or Rs. 2,500 but the figure shown here is Rs. 400 because this is a perquisite and has to be shown in the return. These things are not hearsay. I have got them from the files of the officials of Jardine and Henderson. I have got photostat copies of some of these things also. They cannot deny it and nobody can deny it. This is how they live. Another device that they use to show that the Indians are also getting more is this. Perhaps an Indian is getting Rs. 1,000. He is told, "We shall show your salary as Rs. 2,000 in the return." When the tax has to be paid, some adjustments are made and the amount of tax is given to these people. Actually, the man gets only Rs. 1,000. This is how things are happening. All kinds of malpractices are going on. I was telling you that they get Rs. 3,000 or Rs. 4,000 per month. Paired officials of the Income-tax Department are employed as advisors in some of these concerns and they are paid very high salaries. Their sole assignment is to tell the boss as to how to evade income-tax. The accounting and auditing is done by others, hundreds of employees working in the accounts

[Shri Bhu. pe. ih Gupta.] department. Suddenly you come across a cubicle or an air-conditioned room and the chief man, the adviser, sits there. If you enquire about the whereabouts of that officer, you would find that he is a retired income-tax official or somebody connected with the Government in the old days. He never remains in his room. We know this, because, unfortunately for you, the Communist Party is very strong in the offices in Calcutta, and therefore we know all these things. You will find that these officers come at 12 noon and go away at one or a little later. Therefore, their advice, from the point of view of time, is very limited but it is very precious. The advice is, how to evade income-tax. These officers get Rs. 4,000 or Rs. 5,000. If you ask them, they will deny this thing, but if Government cares to take the co-operation of the employees of these concerns, they will give corroborative evidence to show how these things are being run there. All kinds of things are happening there. Officers of the I.C.S. after retirement get into these concerns as high-salaried officials. They made hay while the sun was shining and now also get Rs. 3,000 or Rs. 4,000. They get a huge amount as pension but they are not people who retire: they seek employment not in small shops in Connaught Circus or Janpath but they go in for big business-houses and seek jobs "over" and they get Rs. 4,000 or Rs. 5,000. They may be aged but they seem to be very active in such matters and they are taken in. Why are they taken in? Why are they paid such high salaries? The Indian High Commissioner in Pakistan, after retirement, got a very cushy job, a fat salary, in a business concern. I brought it to the notice of Government. When he joined, in fact when he was in the "Tir" and he is safely placed there. You will find quite a good number of retired employees of the Government in private business concerns. They get Rs. 4,000 or Rs. 5,000. Such

is the position. Some are even made Directors. Are we to allow such things? This is not only social injustice but social injustice with a vengeance. Why are these people taken like that? I will give you some instances. They are taken because they have got good connections with Government. I would not be taken like that. Or if Mr. Panikkar retires he would not be taken; even if he has connections, he cannot use them and he won't get such a job. But some officials who know the rope-tricks in the Administration, who know how to pull the chains, they can easily get into such positions. It is demoralising and the result is that when he gets, others also get and you will find a set of people like that.

Now, a Minister's son—I won't mention anybody—after graduation, after he came out of the college, got a job in a business firm of Rs. 3,000. Now, shall I get even Rs. 300? I do not think; I am particularly disqualified. But the Minister's son who has just passed out of the college would be particularly qualified. Why is he given this job? One must look into the context and various other things in order to arrive at a correct type of conclusion. Then in some cases we know—and this was mentioned in the other House also—that the sons of Secretaries or I.C.S. officers get good big jobs. I want that their sons should be well placed but they should not go in for this kind of things. They are paid Rs. 3,000 or Rs. 4,000. This is the position. Now, the Government issued a circular to find out how many sons of Ministers and other high Government officials were in business-houses. Have they got the information? Have they been furnished with the facts? Then we would like to have them. Let the Government share the facts with us because we would like to know how, where and in what manner the children of the Ministers and big officials are placed. We are also interested to know that.

SHRIMATI T. NALLAMUTHU RAMA-MURTI: Is the hon. Member going to

dictate how the sons of Government servants should be employed? They are employed according to their aptitude and their qualifications. What is this restriction on individual freedom?

SHRI BHUPESH GUPTA: I am not going to dictate to anybody. All that I say is that the institution of high salaries is a source of corruption. You seem to be interested in fighting corruption and therefore . . .

SHHIMATI T. NALLAMUTHU RAMAMURTI: If the concern is efficiently run and if the salary is justifiable from the point of view of the work turned out, I do not see why high salaries should not be paid.

SHRI BHUPESH GUPTA: Well, there we differ and it is my misfortune to differ with her over this matter. A boy who has just passed his B.A., who has just graduated, gets a salary of Rs. 3,000. Can she tell me—she is an educationist—as to what kind of qualifications he is likely to have to attract such a high salary?

SHHIMATI T. NALLAMUTHU RAMAMURTI: There are personality tests, Sir.

SHRI BHUPESH GUPTA: Well, Sir, she has not given any proper answer. Then the question arises, if the companies earn money, why should they not pay high salaries? In that case why are you, under the Company Law, having some restrictions on managing agents' allowances, on directors' allowances etc.? You do accept the principle of restricting these things; you don't leave things absolutely free in this matter. All that I say is, apply the restrictions much more rigidly. Once you accept this principle, do not stop half-way and do not try to only tinker with this problem. Come to the heart of the problem and apply the restrictions forcefully so that income disparities are removed. You cannot remove income disparities without reducing

these high salaries. And that is one of your objects of your Second Five Year Plan. And I have told you that the matter is also mentioned in the Directive Principles of the Constitution. How are you going to do it? This is the easiest thing to do. You cannot properly assess the assets of businessmen, shopkeepers, etc. because you do not know how much they are earning, but it is easy to find out the income of salaried officials. You must reduce these high-salaries in the business concerns and that would be a good example.

Now, the maximum that the I.A.S. officers can get today is Rs. 2,250 and they are also running our big concerns like the Hindustan Steels. Each of the three Managing Directors of the Hindustan Steels gets Rs. 2,250 or less if they are in the earlier part of their service and they are running the steel mills. Why must we allow the Tata Iron & Steel Company to pay their executive head Rs. 10,000 or even Rs. 5,000. There is the question of doing things efficiently or improving corruption. There is something basically wrong; we can get the same results. If today the private sector gives very high and attractive salaries, what does it mean? It means that you do not get persons of good calibre; they go away. Some of them go abroad and get education there while others get education in the country. If they are talented and able people, they always—many of them, I do not say every one of them—go into the private concerns where they find much more comforts, get higher salaries and so on. Therefore, they drift away from the public sector, from the Government undertakings which are important today for us and which will assume greater importance as we go on developing our economy. So, why should we permit these high salaries? Now, we know what is happening. Whenever there is a question of finding an executive head for a public sector undertaking like, shall we say the Hindustan Aircraft in Mysore, we go in for people who do not have expert

[Shri Bhupesh Gupta.] knowledge of the subject. When we want somebody for the Sindri Fertiliser Co., we just transfer one officer from, say, the Education Ministry to the Sindri Fertilisers. What does an officer who had been handling files in the Education Ministry know about the business of running a fertiliser concern like the Sindri Fertiliser Co.? When you shift him there, you do so because firstly the general approach is wrong. You have a bureaucratist mind and you do so also because you find that better people do not come in—people who have got education, people who have got expert knowledge. They are taken away by these other people who can pay them 5,000 or 10,000 rupees a month. That is how things are going on. Are we to allow this? The Prime Minister of the country gets, I think, a salary of Rs. 2,250. He runs the big business called India; it is a big business-house and the managing agency is also flourishing. He runs it as its head on a salary of Rs. 2,250. But when it is a question of the Bamer Lawrie of Calcutta, their executive head gets Rs 10,000 per month. And he manages a very small affair compared to the affairs of our State. Why should we permit this? You will say that such things happen in the United States of America but it is not a good thing. Here the Constitution provides a very high salary—it is supposed to be the highest—for the President of Rs. 10,000. But Mr. J. D. K. Brown gets twice as much as the President; only he does not have a Rashtrapati Bhavan. Also he does not have a big car pulled by 12 horses; it is not necessary. He gets a car from the United States of America. Otherwise he is in a far more advantageous position than even the Head of our State. We handle budgets of Rs. 700 crores a year, while he handles a budget of Rs. 1 crore or so, but still so much money is being paid to him. Therefore this is entirely wrong. All what I say is, it should be gone into and these high salaries should be reduced. I do not say that officers should not be

given salaries; I have no quarrel with that but we have to decide as to what should be the maximum limit, as to what should be the ceiling taking into account all the factors.

I made some enquiries in the Soviet Union. That is a big country. They have gone, you will agree, a bit ahead in such matters like production, industries, etc. I had been to many factories where things are done by automation, where there is a very high technical development. I made enquiries—because India always is in my mind—as to how much the person in charge of a factory got. I found that it was 3,000 roubles, 4,000 roubles, like that. But, mind you, you do not have such concerns here; I am talking about the biggest among them.

SHRI SUDHIR GHOSH: Does the hon. Member know that in Soviet Russia the General Manager of a Steel Plant gets four times the salary which the Government of India pays to a General Manager in the public sector?

SHRI BHUPESH GUPTA: Public sector. It may be a little more, I agree; but here I am talking of the private sector. Certainly my quarrel is that you pay the public sector here comparatively less but you will find very few people in the Soviet Union who get as much as Mr. J. D. K. Brown of Jardine Henderson. And they are running huge factories. And what is more? Who are those people who manage the affairs? They are chosen from the workers themselves; they are the people who come up with technical skill and expert knowledge. They are not I.C.S. officers drafted from the maternity homes into a factory, that is to say, officers on the maternity side, shall we say, in the Health Ministry. It is not that. They are people who have grown up, acquired experience, knowledge and special training. They are the chiefs, some persons who are running the factory there I found one person near Leningrad. He was a worker, a boy, in that very concern. Today he is the head and the big official has

to bow to him, as far as these things are concerned. That is why they make progress. You cannot make progress, industrial advance, by putting a parasitic class of people at the executive top, whose whole attraction is the high salary. And he knows it. Mr. Sudhir Ghosh is a much more knowledgeable person in such matters. This is the attraction. How can you increase coal production? There bungling takes place. So many things happen. These are the people who are entrusted with the job. They do not possess social ideas. As long as they get their high salary, they are satisfied. This is the position. Now, this has become an institution, a horrible institution, in our country. We must put a stop to it. Then, I find Government officers complaining. When we say that the salaries of the high Government officials should be reduced, from Rs. 2,250 maximum to something else, they say: "Yes, we are a very few people. You want our salaries to be reduced and you can do it. We know that. But what about those people who are numerous and getting much higher salaries than we get? Why does not the Government do something about it?" Well, we cannot deal with such an argument. In the U.P. they are reducing the salaries of Ministers and Deputy Ministers. It is a good thing that you are reducing it. In Kerala our Ministry in a small way brought down the salary of Ministers from Rs. 700 to Rs. 500 and our Ministers took only Rs. 350 actually and paid Rs. 50 to

- the Communist Party as a monthly donation. That is what we did. Here you reduce it. But what is the use of doing it by way of a gesture? Where you must try is the private sector, where money gets concentrated in the hands of a small number of people giving rise to all kinds of malpractices, corruption, social injustices
- and all the rest of it. That is how it should be viewed.

Then, Sir, the British especially are the favoured children today of the Congress Government. We do not have British Judges in the court. We

do not have a British Governor here or a Commissioner there. We thought that everything was a thing of the past. Come to Netaji Subhas Chandra Bose Road, Calcutta's business area. You will find that they are there in larger numbers, economically fat stronger individually. They are getting salaries which they could not dream of when we were under the British rule. They could not dream of such salaries. Should not the Congress Government stop it? I know, for example, in many countries, especially in Cuba, it is being done. In other countries it is being done. We have got our people who would work for a smaller sum and that money could be saved for India. Why should we pay a high salary for top executive posts? Why cannot the Government reduce their number and reduce their salaries? I would ask the Government to give a satisfactory explanation in this House.

Then, Sir, you find that sometimes people leave colleges. They are asked to leave college to take jobs elsewhere. A college professor, the head of the department, gets Rs-1,200 in Calcutta. Sometimes such people are approached and told: "Come and take up the job. We shall pay you Rs. 2,000." If he is an economist, he is asked to come to a business concern as an Economic Adviser with an offer of a salary of Rs. 3,000 or so. Such things are happening. Now, Sir, the Government does not do much about it. I know that there is one reason for it. They do not want to disturb the apparatus there at the top. They very much rely on those people at the top. That is why they maintain the *status quo*. Therefore, this should be given up absolutely. Then, there is another example. Somebody was saying that. Mr. Tariq mentioned a case in the other House. He brought there an identical Bill, more or less. He said that somebody in the district concern of a private undertaking was getting Rs. 10,000 per month. Would you believe it?

[Shri Bhupesh Gupta.] A person who is engaged in an undertaking functioning in a district headquarters, with a district range, is getting Rs. 10,000. Now, nobody bothers about it. The Government should be worried about the situation in this respect. They do not do any such thing. They do not take any action whatsoever. I wish I could give the number. I told Shri Kri^hnamachari, when he was there: "You please collect from the big business houses, especially the foreign houses, the total number of high-salaried officials who get, say, Rs. 2,000 or more than Rs. 2,000 or Rs. 3,000. Let us see how the situation stands." He said he was trying and he said something that the British people had not tried to reply. They sent circulars, but then we could not enforce them that way. It may be so. But there are other ways of finding out. If necessary, we can make it compulsory for every concern of that kind by law to furnish a complete list of their high-salaried officials, the particulars that we require. They cannot escape. We can make it a penal offence to evade this kind of information, to withhold this kind of information from the Government. It is possible for us to do so. If the Government can send circulars to their officers saying that they must supply information as to how much property they hold and whether some of their children are employed, why cannot we do the same thing with respect to business concerns in our country and call upon them to fulfill this obligation? Now, here is a case of discrimination. Why is this discrimination against the Government officials? Why is this not practised against the other sections also? It seems that these people, the big business houses, always get the better of the Government in such matters. I think it is not a party question at all. All of us should put our heads together to see that this situation is put an end to in the interests of the country, in the interests of some of the objectives that we commonly share. This is very important.

Then, Sir, here again, there is another system. Children of the owners of big concerns get a high salary immediately. Somebody told me that a little boy of the Birlas, when he was fifteen years of age, was getting as much as «Rs. 3,000 or so.

SHRI BAIRAGI DWIBEDY (Orissa) :
Even Ministers' sons are getting it.

SHRI BHUPESH GUPTA: About Ministers' sons, Ministers can tell us better. Mr. Bhagat can tell us. Yes, they are getting it, but they would not tell us. We know some people would say: Why are you against the Ministers' sons? Why should I be against the Ministers' sons? They should get what they deserve. I have no quarrel either with the Ministers or with their sons. If they are fortunate enough to be born as Ministers' sons, they should get some money. Why should I quarrel with them? It is not a quarrel with a particular person or a particular person's son. It is a quarrel with the system, with the institution. When the Ministers' sons get into the picture, when they are put in the ring, the trouble becomes a little deep. They get involved. If too many Ministers help too many of their children, place them in such situations where they attract high salaries, you would not expect legislation being brought by them. Something will stick in their throat, even if constantly pricked to do something, remembering the Second Five Year Plan or the Directive Principles of the Constitution. Between the pull of the son and the pull of the Constitution, probably the pull of the son and his future would get the better of the situation. That is what I think. That is the trouble. Therefore, it is not a question of a few sons. Many more sons are there of very many people. It is a question of the sons of such people who control the destinies of the country, in

whose hands rest the power of reducing income disparities by economic and other fiscal measures, in whom the country has reposed the responsibility of taking effective measures against money bags and against this kind of social injustice. That is the point. Therefore, it is very relevant when some hon. friend refers to Ministers' sons, not because he is a Minister's a particular individual, but because of the system in which it is operating. That is the position. Previously, how many Ministers' sons there were who did not go in for education? Take teachers in the colleges, for example. Some of them do not seek election. Where are they? We would like to know where they are. I do not say that in regard to all but some of them. Some of them are qualified. Those who are qualified should get what is due to them. In fact I would like to have more Ministers' sons rather than British people sitting in Netaji Subhas Road and taking the money from our country. But where do they go? Previously, an I.C.S. officer's son aspired to be an I.C.S. officer himself. A Government officer's son went in for competitive examinations either in the Finance branch or in the Administration branch or in the Police branch. But today they do not seem to go in for such examinations. They go in for executive jobs in business concerns. After graduation or passing out of the university or after having got some foreign qualification they do not turn to the Government services. They go in for the big business concerns where they get very high salaries. It is very bad. I tell you, Sir, this is extremely bad for our country. It happens because the attraction of the high salary is there, and it is a natural weakness on the part of men in the private sector to seek high salaries, and that is what is done. Therefore, Sir, it is wrong from that angle also, and I know that it is causing worry to the Congress Party. The Congress party are also worried about it, and they sometimes make enquiries. This thing is talked about in the Congress Party, and many Congressmen do not

like such things to happen. They want their organisation to be above suspicion. They do not like this kind of transactions in which politics are getting involved with business-houses. But nothing is being done. I want to know what argument the hon. Minister can advance. You see here is a case. The second Managing Director of Martin Burn gets Rs. 5,500 plus 2 per cent, of the profits as commission. It has already been approved by the Department of Company Law Administration. The Department of Company Law Administration should look into it. It is a Government Department. Here the salary is settled. I can give the name of the person also, C. S. Gupta. It has nothing to do with me. I do not get any part of the salary.

MR. DEPUTY CHAIRMAN: No names should be mentioned.

SHRI BHUPESH GUPTA: I will not make much of it. He is getting a salary . . .

MR. DEPUTY CHAIRMAN: Do not bring in any names.

SHRI BHUPESH GUPTA: Otherwise it will not be clear. Anyway, shall we say, some Gupta. "Gupta" is a very large category. From Chandra Gupta to me so many Guptas are there. That gentleman is getting Rs. 5,500 plus 2 per cent, commission. There was a complaint on that score that the Company Law Administration should not do it, but they did it. Since you do not want names to be given, I do not wish to give names. I have nothing to say against individuals as individuals. I am against the institution. Similarly—as you would not like names to be given, I will not give names—we have found out in Bengal how many Ministers' sons are placed where and how many big officers' sons are placed where. These names are there, I think, in some document, the names are mentioned. I think if the hon. Members opposite care, they can also find out through I things. One has only to ask the

[Shri Bhupesh Gupta.] neighbour, round goes the whisper, this sort of thing, and you have only to check up and come to conclusions. Such things are happening.

Sir, what does my Bill say? It says that some Committee should be appointed and it should go into the whole question with a view to fixing the salaries and it should make recommendations. I am not going to be unjust to anybody. Everyone should get what is his due, and it should be settled through mutual consultation looking into each aspect of the problem, taking into account the pros and cons of the entire situation. This is how I want these things to be done. I am not in a hurry, but I think measures like this should be taken.

Sir, I have spoken at length on the subject, because I find many Congressmen, notably the Prime Minister, speaking of reduction of salaries. He does not like high salaries, and it was a good example he set before the country when he refused to take a higher salary as Prime Minister than what the Cabinet Ministers got. We all appreciated this thing, but the task of the Prime Minister is not merely to be a saint himself in such matters. The task of the Prime Minister is to eliminate sin in all public life. It is not a question of individual renunciation that one goes and sits at the foothill of Himalayas and prays. The Prime Minister's job is to see that that moral code is established not only for himself but for the entire country.

SHRI SUDHIR GHOSH: Look at the M.Ps. Rs. 400 or 450. What a frightful amount of sacrifice!

SHRI BHUPESH GUPTA: If you ask me, I think it is a legitimate question. Surely if somebody listened to me from outside, he would ask the question: "What about you?" I understand. Therefore, when the Salary Bill came up, we proposed a salary of Rs. 300 and Rs. 10 as daily allowance in those early days when we came to Parliament. This is what we suggest-

ed, but the Congress Party thought that our suggestion should not be accepted, and some of the Congressmen wanted Rs. 600 as salary and Rs. 40 as daily allowance and what not. That was debated. I do not think that our M.Ps. get very little. They get, I think, a high salary that way as compared to what the M.Ps. should get. If the Government brings forward a Bill tomorrow reducing the salaries of the M.Ps., I shall receive the Bill with open arms and extend my full support to it. There is no doubt about it. But let us not deal with the M.Ps. We are only 700 and do not get so much compared to Mr. J. D. K. Brown who is getting Rs. 10,000 as basic salary per month. But if you like, I am prepared to set an example. I was talking about the Prime Minister setting an example. He has been off and on speaking on the subject. People like him to speak. Sometimes in his speech you hear the echo of those days of freedom struggle when high ideals were preached from the rostrum of the Congress, from the platform of the party and even from the floor of the Central Legislature and the State Legislatures. We like to hear such things, but when it comes to practice, the mountain of speeches is producing the mouse of a Bill, and nothing more. This is my quarrel. The Prime Minister is a good person, he has won the admiration of the entire country when he took a salary of Rs. 2,250. But then it was the case with the Prime Minister. Has he implemented it in our public life? Has he established that moral code in our public life? Has he done anything to reduce the salaries of the high executive officials of the British concerns in other places, to bring them down? If he can manage, as I said, this big managing agency called the State of India, those gentlemen there should be satisfied with a much lesser salary. If we pass a law, will they run away? They will not run away. They will return here. Even if some of them run away to some of their countries like England, we shall put our men there. What is wrong in it? Production will not go down. Things

will not become worse. We shall find \ people to carry out jobs, and in fact we do need Indianisation of the high executive posts in all British concerns. It is a shame that seven thousand British people here are holding the key, basic, important industries in their commercial houses in our country, drawing high salaries, and sending a part of our money to their country, denying the country what belongs to it, namely the foreign exchange. That is the position. Nothing

is being done that way. There-1 P.M. fore, we are not satisfied with

it. Ministerial gestures will not do. Today people have seen us; they have seen through us. This kind o' gestures of going in a very modest dress and taking very little salary but worshipping millionaires and other people will not do and people are not impressed by these gestures. They want to judge the Government by what they do, but not by what they say. You yourself talk as a Prime Minister but what are you doing in respect of those who are enjoying, who are living on the fat of the people, denying the people what is due to them, building their fortunes out of their misery and hunger? That is how they behave. That is why I say that the Government has completely failed in this and therefore, Sir, I would commend this Bill for the consideration of hon. Members. I believe they will feel that I am speaking as a non-party man. My philosophy also teaches me this but this is a thing I have borrowed from their own past teaching, from their own ideals, from their own protestations, from their own utterances and statements and so on. Therefore, this is a thing which should be shared by us all, and I do not see any reason why this Bill should not be supported I hope every Member of this House will support this measure; even if this Bill is not passed due to the obstinacy of the Government, every-one speaking on this Bill will help in creating that volume of public opinion to which the Government has to listen tomorrow, if not today, and we shall be setting in a new process in our thoughts and

ideas which the Government cannot ignore for long. Therefore, I would appeal to every Member opposite to support this Bill, and let us make it a non-party issue.

As to what should be the ceiling, what should be the highest saary, there may be difference of opinion. Some may feel Rs. 2,000, some may say Rs. 1,800 and some others may say Rs. 2,500. But there are no two opinions on this point that the salaries of the high executives who are getting Ks. 4,000, Rs. 5,000, Rs. 10,000, or Rs. 15,000 should be reduced. There are no two opinions on this subject either in the country or I hope even in this House. Therefore, this weight of voice should be felt and I think the Government should be told bluntly iind plainly that they have failed in discharging their obligations, that. they have bypassed the directives of the Constitution, they have ignored them and that it is time, after thirteen years of independence when they are entering the Third Five Year Plan, that they should mend your ways. It is no use appointing a Committee to find out where the national income is going. The national income is going to people like Mr. J. D. K. Brown. You do not require a high-power commission to discover the obvious fact that it is the rich man at the top who is taking away the nation's hard-earned income, and it does not require much effort to remedy the situation if only you have that mind and pass measures like this in order to bring down, at least, to begin with, the salaries of the high-salaried officials in the private sector and set an example. We should surround them from all sides.

MR. DEPUTY CHAIRMAN: That will do.

SHRI BHUPESH GUPTA: Yes, Sir, you are quite right. That will do. I hope your anticipation that it will do is right.

The *question* was proposed.

MR. DEPUTY CHAIRMAN; We shall take up the discussion after lunch. The House stands adjourned till 2.30 P.M.

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

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

DR. SHRIMATI SEETA PARMA-NAND (Madhya Pradesh): Mr. Deputy Chairman, Sir, I am glad that this Bill has come before the House although the way in which it is drafted or the type of clauses which are set out in this Bill are not of a nature to achieve the object in the most desirable manner. The Bill requires amendment. Still the Bill does focus attention on a very important matter which is agitating the minds of persons belonging to all parties, as has been rightly pointed out by the mover of the Bill. Sir, there is no doubt that, since the attempt to raise the salaries of the lower classes, of the workers, and the attempt also to lower the salaries of the higher class of Government servants, there has been a great difficulty in making this a practicable proposition. In between has come the influx of foreign capital and that has brought in additional problems, and as such, as is rightly pointed out in this Bill, the running of the public sector on the same lines as the successful private sector has also become a difficult proposition. While agreeing with many of the points put forward by the hon. the mover, I would like to focus attention on some of them and that is with a view to pointing out other difficulties in addition. Sir, there is no doubt that the highest salaries today in our country are out of all proportion to those that can be given to those in the lowest offices, and the way in which the topmost salaries have been fixed has been out of different considerations altogether, and the whole ques-

tion has not been taken into consideration; there are many practical difficulties. As it is, the income—and the standard of living—of the agricultural classes and the other working classes which are not even in the statutory industries, are very much lower than the wages given to Class IV Government officials or the wages that are guaranteed in statutory industries where the wages are regulated by statute. The population is growing up, but the income of the country is not rising in the same proportion, and the hackneyed phrase that the rich are becoming *richer* and the poor poorer in a way has come true, and that is why the national income enquiry committee has been set up because it is not known where exactly—though there is a fair guess—the rise in the national income during the last ten years has gone.

I would like to point out, to begin with, the problems that arise between the official salaries and those that are being paid in the private sector and the confusion that, is created as a result. It is well known Sir, as was pointed out, that the more promising students or the sons of the rich people, who get a chance of better education in public schools and who get a chance to go abroad, are seeking jobs today not under Government but in the private sector, and the initial salary given there is very often as much as Rs. 600 to start with, after a year's probation on Rs. 350, and all found, for example, a furnished house including a refrigerator and very often a car, and they are out of all proportion to what any poor country like ours can give. It may be argued that this is so in many countries where business has to be encouraged. It may be also pointed out that this is so because Government service is more or less of a guaranteed nature and nobody can say that even in the best of concerns the future of the concern will be kept guaranteed in the same way as Government service, so there is security in Government service. Even then the difference cannot be more than about 25 per cent.

* 30 per cent. It also happens that even Government servants who have put in twenty years or twenty-five years of service leave Government jobs and take jobs immediately in the private sector on a salary twice that they were getting while in Government service and the salary is the highest of all salaries in Government service. This has also many disadvantages, but this has to be corrected not through legislation but by putting these terms of reference to a committee whether a Government servant should be allowed to join the private sector within a certain number of years of his leaving Government service. Very often the reason why a Government servant is given twice the salary he got in Government service is not that he is considered so competent, not that his service record is so brilliant; it is because he is supposed to have certain contacts with the officers who matter for promoting the prospects of the public sector.

SHRI BHUPESH GUPTA: You mean private sector.

DR. SHRIMATI SEETA PARMA-NAND: Yes, I am thankful for the correction. Sir, it may happen that the so-called efficient officer or the experienced officer could be utilised from the point of view of promoting the interests of the private sector in a fair manner; it is also possible that this person could be utilised in an unfair or a corrupt manner. That factor has to be seen, instances of this kind, of Government servants finding their prospects blocked or Government servants at the highest level finding that they are not getting equitable treatment with regard to extension of their service or, before their time is up, leaving the Government job and as such depriving Government of his experience gained at Government cost, and putting it, more for his own personal advantage, at the disposal of the private sector, are increasing. Similarly, Sir, it is very necessary to decide whether the high salaries that are given in the private sector—may be to

foreigners or may be occasionally to our own people, to Indians—are justified from the point of view of not ploughing back in the industry a certain amount of money, etc. and how much money of the industry should be shown towards the expenditure side. There are many corrupt practices that come in as a result not only because such high salaries are given on paper but certain amounts of the wages of the workers, which are not properly paid to the workers, are going to these persons in the private sector though we are here dealing legitimately with only the salaries that are paid not on paper but in fact. All these factors that creep into the question have also to be looked into. It is not only with regard to the managerial staff or the people at the top that this question has to be considered, but it has to be considered at lower levels also. It has been noticed these days that because the salaries in the private sector are so high, the public sector also has had to raise their salaries to some extent, and as a result the salaries of doctors and other personnel of that type have to be raised and Government hospitals, etc. where doctors are required, are starved of medical personnel only because the salaries in government services cannot be so high. Although I do not agree that the way in which this problem is sought to be tackled will lead to any result, something could be done.

Sir, the question of salaries of lower classes is raised again and again. That question is not being solved satisfactorily by the Government in spite of promises of linking up prices of essential commodities with the salary. I feel, therefore, that this question will have to be tackled by making certain rules and pointing out to foreign concerns, when they ask for permission to start business in this country, that the relation of their salaries should be somewhat in proportion to the salaries prevalent in the country. There is no doubt that if such rules are made, instead of a Bill being passed for the purpose, they

[Dr. Shrimati Seeta Parmanand.] will be prepared to accept the suggestion and work accordingly.

Sir, I feel that it is quite correct that the students—particularly sons of rich people—throw away opportunities for scholarships and higher studies because they feel quite sure that their parents with their influence—I do not want to mention any class, be it Ministers or high business people—will get them good jobs. I have come across quite a good number of cases where the students feel that instead of sweating or doing hard work by studying and passing examinations, their parents will have enough influence to see them fixed up in jobs which will be much better than those available through competitive examinations. For these reasons also this question has to be settled. I would, therefore, suggest that besides going into the question, Government should fix the minimum salary required for every individual group of services. We know very well that a high salary by itself does not give any satisfaction. If in a country, from the highest person to the lowest person, essential requirements like medical services, children's education, old-age requirements and a comfortable house to live in as also some monthly expenses are guaranteed, Government servants would not bother about just high salaries. Actually, from that point of view many Government servants feel that what is being given to them with the right hand is being taken away by the left hand through taxes, and a good chunk of their salary goes away. I, therefore, feel that in order to give satisfaction to the lower group of employees it would be better that they are guaranteed amenities like education to their children, a certain amount of money for their children's marriage etc. That, I hope, will also limit the expenditure on marriages though one day, perhaps, dowries would not be there. Therefore, this would not be such a big problem. They would themselves be satisfied with salaries round about Rs. 1,000.

Sir, if the salary of the lowest income group, after allowing all the facilities mentioned by me, could be brought down to a ceiling of Rs. 60—they need not the minimum of Rs. 120 as is advocated—for an individual with a family of two or three to make a living, it would satisfy the individual. Therefore, Sir, I would suggest that though we may not accept the Bill—I do not think the Bill in itself has that much force or substance in it to give all-round satisfaction—Government should set itself to devise satisfactory methods. Sir, I feel that the Pay Commission has left the job half-done, rather the Government has left the job half-done by not being able to implement the suggestions of the Pay Commission. That leaves room open for dissatisfaction and prepares the ground for another strike. Before such a situation arises, it is necessary for the Government to regulate the prices of essential commodities. It is necessary for the Government to guarantee necessary amenities to public servants, whether in Government service or in the service of the public sector.

Government should also frame rules that more or less similar pay scales would be given in the private sector, though because of the uncertainty of continuity of service in the private sector, they could allow them to give a little higher percentage of salary. If in that sector wages or emoluments could be regulated, then alone it would be possible to say that a large section of the country in the agricultural sector as well as in the industrial sector, or in places where salaries are not regulated according to law, will be able to get something in proportion to what these people in the private sector are getting. That factor was also pointed out by the mover of the Bill.

Sir, as was pointed out by the nonourable the mover of the Bill, the number of foreign employees in these companies is going up by leaps and bounds. They are paid very much higher than what is paid in the

public sector or to Government servants. In spite of high salaries, the dividend paid by private sector companies is very high. I do not know whether it is a tribute to their efficiency. The Government should put some ceiling on this dividend. Even some of our indigenous companies, with smaller salaries to their employees, are paying high dividend. I do not know how they manage it. But I think some limit should be put on the dividend paid by them. Sir, talking from my limited experience in my area where I live in Madhya Pradesh—I do not want to mention the names of firms or persons—the number of foreign employees in the private sector is going up; it has doubled. I would draw the attention of the Government to it with a view to their doing something immediately in the matter so that the proper people out of our working personnel as also the efficient people out of the Government personnel at the top level are not attracted by the private sector.

Sir, during the British days it was said by some of the eminent scholars that the IC S. and other imperial services were a curse to the country from the point of view of attracting talent to scholarship and scientific development, and really it was so. But now if they are not coming to Government service it is because they are attracted much more to the private sector, particularly people on whom the country in one form or the other has spent so much—on their education. So, this is a matter which does not brook any delay and the sooner* the Government takes steps to equalise the salaries, even in private sector, as has been done in many other countries, the better it would be.

Sir, I would not like my last sentence to be misunderstood. Even in the Communist countries there is a large difference in salaries at the top and bottom. Though they began in the beginning with the idea that everybody would be paid equal I

salaries, they have gradually found out that it is not workable and, therefore, some difference has to be there according to the talents of the people. This talent can be judged through departmental examinations, as is the custom there. Every few years, after some refresher course or efficiency test it can be judged. But at the same time there should not be so much disparity, one man getting Rs. 6,000 per month, another man getting Rs. 60 per month, yet another man finding it difficult to get even Rs. 6 per month. Thank you.

SHRI M. S. GURUPADA SWAMY (Mysore): My party and myself are happy that this important matter of ceiling on salary has been brought before us through this Bill and I am thankful to Shri Bhupesh Gupta for having focussed the attention of this House on this question which is almost neglected though its importance was recognised by all sections. The problem of ceiling on salary is not discussed for the first time, though it is coming before this House in this form for the first time. People have been vaguely but anxiously thinking that there should be some rational basis in regard to this question of salary. Many political parties have considered this issue, perhaps many resolutions also have been passed. But now, when the atmosphere and the opinion in the country is attracted and drawn towards socialism and socialistic reconstruction of society, its importance and value has become all the more great. We have to think whether in this country of ours which has accepted socialism and socialist thought, it would be wise on our part to allow social and economic pyramids to rise when large tracts are starving or impoverished. This is the basic problem before us and we have to look at this question from this point of view.

The way the problem of ceiling has been dealt with in this Bill may not be very satisfactory. I would have felt happy if the mover had brought

[Shri M. S. Gurupada Swamy.] into this measure both the limits, the highest and the lowest, that is, he should have dealt both with the national maximum and the national minimum in regard to salaries, especially salaries in the private sector, because I feel that unless we have a safe, firm and a rational base, it would not be advisable to put a ceiling. So, it will be proper and fair that we should have both the national minimum below which the salary should not go and also the national maximum beyond which the salary should not increase. Then the approach would have been acceptable and the problem could have been solved more effectively; otherwise merely putting a ceiling on salary, without fixing a minimum and without working out the ratio between the minimum and the maximum, would make the whole measure meaningless. So, perhaps Shri Bhupesh Gupta has left it out by oversight. Perhaps, he would agree with me that this is necessary and the question of salary should be approached in this two-point direction.

If you look at the private sector today, they always say to us that they have been very much taxed. It is true that they have been taxed. The taxes have increased in the same way as their profits have increased but it is also very very true that along with this increasing taxation, they have been able to give to their staff very high salaries which ultimately add to the cost of production. They have not bestowed their thought perhaps upon the question of having a rational relationship of the salary they give, to the income of their concern. They have not been able perhaps to consider what relationship should exist between the salaries of the staff and the general economy of the country. We cannot deal with this question in a very isolated way because largely, whatever is done in a concern, especially in a big concern, will have ultimately some bearing on the general economy of the country. I always believe that the salary should not only have a rational relationship with the economy

of the firm but also it should have some rational bearing on the general economy of the country. It should have relation with the cost of living, with the standards of living of the people in general and also, as my friend said, it should have a bearing on the efficiency. I do not think a higher salary means higher efficiency. I never believe in that. If that is so, then the Prime Minister of India who is drawing only Rs. 2,250 must have been very inefficient. Various Ministers who draw the salary of Rs. 800 or Rs. 1,000 in the States must have been thoroughly incompetent. If salary is to be the criterion of higher efficiency, then all the austerity measures we have introduced would be wrong. So, I always feel that higher salaries are not a mark of higher efficiency. But why are higher salaries given? That is a very interesting question. Shri Bhupesh Gupta has given figures to show why and how salaries are being

given and how far they are 3 P.M.
justifiable. Sir, today there is

a mad rush to get employment in private firms. Take concerns like the Burmah Shell, Caltex, the rubber companies and so on. There is so much rush for employment there that we do not see so much of this rush for employment even in the Government or in the public sector. Many of us are aware how the cinema stars, a few of them, get lakhs of rupees for acting in a picture. Perhaps, today a top class star gets about Rs. 5 lakhs or Rs. 6 lakhs.

AN HON. MEMBER: Per film?

SHRI M. S. GURUPADA SWAMY: Yes, per film. In the same way, a few executives in the country also are paid, if not such huge amounts, nevertheless they are paid big amounts. There are a few executives available. Some of them are retired persons who have gained experience in the Government or they are technical people or perhaps—and that I think is more relevant here—they have got great pulls with the departments of the Government. So, they are very much in

demand. So, they are appointed because of their efficiency—sometimes they may be efficient, some of them really are—but in many cases they are appointed for various other reasons. They may be relatives of Ministers, maybe they have got contacts with the departments, perhaps, they have pulls at the highest quarters. All these considerations enter in the employment of these persons. That is why the salaries of these people are pretty high. The net result is the cost of production will increase and some of these companies will gradually come to trouble because of their top-heavy administration. The top-heavy administration is sometimes due to the high salaried personnel that they have on their staff and ultimately this acts as a sort of a great drawback in the economic development, in the growth of industries and trade. That is because they will not be able to pay such huge salaries or even if they do, it will be difficult for them to expand their industry and trade. And so it will act as a sort of a drag on the firm or the concern when it tries to expand.

Moreover, the social consequences and the economic consequences of high salary are even more dangerous perhaps. The country today has to face this problem of people who are getting big salaries, most of which is not ploughed back into productive channels. Perhaps, most of it goes to their luxurious and extravagant living and does not in any way help the further growth of production. Secondly, we will be creating a new class of people who resemble, more or less, the oligarchs of old, who do not know what to do with their money. All the same, they possess vast amounts in their hands, thereby causing frustration and discontent among those people who are wretched and miserable. You find on the one hand Himalayan heights of luxury and on the other pathetic pools of depression. This agonising disparity goes on increasing. Therefore, I ask the hon. Members here, the Members of the ruling party who have taken to socialism, whether they very much wish this state of affairs to con-

767 RSD.—8.

tinue. Yes, some hon. Members may point out that it would not be easy to regulate and it would not be practicable to put a ceiling and enforce it. May I point out that the Prime Minister wants to put the entire country and all the people here to a life of austerity? He has been going about and saying that we should all live a life of simplicity and he has been advising his Ministers here and the Ministers in the States, his party men and others to do so. But if he cannot bring about some austerity and some control over extravagance and prodigal expenditure among others also would it be possible for him to usher in that type of an atmosphere which would be conducive to the growth of his thoughts and ideas? It would be indeed very difficult. So, I very much wish the hon. Minister and the party to which he belongs to take up this question very seriously.

I do not, however, want to reduce the salaries to an unreasonable extent. Nobody wishes that. I do not also say that there should not be any disparities at all. They are bound to be there. When there are unequal abilities, when tasks are different, responsibilities are different and functions are different, salaries have to be different. But the gap should not be too big. The nation should know how much they can give to a man, to anyone for the matter of that, in the public sector, in the Government sector or in the private sector. We know already how much of discontentment has been caused to officials in the States, where they are drawing less pay as compared to officials of the Central Government, though they are discharging equal work and are shouldering equal responsibility. There has been a cry and there have been representations by various State officials that their scales should be revised and that there should be one scale applicable throughout India. I do not understand why there should be any difference in the scales of pay for the officers when the tasks and the responsibilities are the same. In the same way, Sir, we expect that there should not be any

[Shri M. S. Gurupada Swamy.] wide disparity between the salaries in the private sector and salaries in the public sector. If the responsibility and work are equal, I do not understand why a differential treatment and approach should be permitted.

Perhaps, Government may say that incentive will be taken away if we bring this kind of ceiling into force. There is no basis for that argument because, as I pointed out earlier, higher salary does not indicate in any way higher efficiency, and many concerns have failed in the past which have been paying high salaries to their staff. That would be enough justification to show that there is no basis for this kind of argument. They may also say that there are so many foreign concerns and firms, functioning here that it would be difficult for Government to impose a ceiling on the salaries of their staff. May I point out in all humility, Sir, that the Government has not sold our national honour, our rights and privileges for the benefit of having a foreign firm on our soil? We have not done that; we have not bartered, and we will not barter away, any part of our right in deciding upon things which will vitally affect our economic life. So, Sir, that argument should not be advanced and there need be no difficulty on that score.

I feel, moreover, as a person belonging to a party wedded to socialism, that it would be meaningless to talk of socialism when there are wide disparities in income. The fundamental imperative of socialism, according to me, is that we should solve this problem of disparities in income and wealth. The Labour Party in England failed miserably because they laid wrong emphasis on socialism. They thought that nationalisation of a few industries would bring about socialism and they also perhaps thought that nationalisation itself is socialism. Obviously, they went wrong. The fundamental idea and the main principle of socialism is that there should not be grave disparities, inequalities in income and wealth. If this basic question is not solved—and not solved

quickly—Sir, we cannot say that we are conscientious socialists. Whether we are socialists or not, whether we are good socialists or bad socialists, whether we are right socialists or wrong socialists, will be judged on the ground, whether we believe in removing disparities in income and wealth in the country or not. From this point of view, it should be our endeavour to see that socialist laws, socialist efforts and socialist attempts are made in every direction so that there may be a society where there may not be, as I put it, social and economic pyramids on the one side and miserable depressions on the other. This gap should be filled up. In this task, this attempt to put a ceiling on salaries of people in the private sector is quite welcome. We have neglected this aspect so long and beneficiaries feel happy in business circles. To them it is anathema, I know, but it is of vital interest for us. Unless this problem is tackled seriously, it would be difficult for us to convince the public that we mean socialism seriously. Therefore, with a view to bringing about a sort of equalisation in standards, equalisation in salaries, it would be right and proper on our part to set up a committee. That committee may go into this whole question, examine it, analyse it and make a report. Parliament may then consider those recommendations and then pass the necessary measure. Perhaps, the hon. Minister may not accept this Bill. I also do not accept the Bill as it is, because it has not been properly drafted but the Bill has focussed the attention of the Members here on this vital question. So, Sir, I ask the Minister concerned not to reject it *in toto* but to accept it in the manner suggested by me so that there may not be any feeling outside the House that this House has rejected the Bill which contained a very vital, very salutary and very good principle.

SHRI K. K. SHAH (Maharashtra) : Mr. Deputy Chairman, I was very happy that my hon. friend, Mr. Gurupada Swamy, talked about the subject without caring for a moment to see as to

what is contained in the Bill and what the object of the Bill is. It is true and I would like to agree with him, that in a country wedded to a socialistic pattern of society, disparities in income should always be avoided. Concentration of economic wealth should never be allowed to take place, and if, from that point of view, he had examined the taxation structure of this country, I am sure he would have seen the futility of this Bill. Sir, ultimately, what a man saves and what he capitalises matters, whatever the salary that a man draws or whatever the income that he gets. Hon. Members forget that there are professions like the lawyers', to which I and my hon. friend, Mr. Bhupesh Gupta, belong, and doctors in which people earn much more than the highest salary that is drawn today.

SHRI BHUPESH GUPTA: A lawyer like me does not earn a penny.

SHRI K. K. SHAH: But your friends, Who are wedded to your system, do earn.

Therefore, the question is whether these disparities could be avoided by putting a ceiling on income. Ultimately, it comes to this. What my hon. friend, Mr. Gupta, advocates is that there should be a ceiling on income. From that point of view, even if a man draws a salary of a lakh of rupees per month, if he is not able to concentrate economic power in his hands, if he is not able to hoard it, the futility of a legislation of this type will be seen. Therefore, Sir, I just propose to give certain figures. According to the present taxation structure in the country a man holding Rs. 10 lakhs on the basis of 4 per cent, return will earn Rs. 40,000 out of which he will pay Rs. 11,000 by way of income-tax and Rs. 12,000 by way of wealth tax. It will leave him with an income of Rs. 17,000. A man having Rs. 20 lakhs will pay on an income of Rs. 80,000, Rs. 40,000 by way of income-tax and Rs. 27,000 by way of wealth tax. And

it will leave him with an income of 13,000.

SHRI BHUPESH GUPTA: So your suggestion is to increase the salary still further?

SHRI K. K. SHAH: Will you not bear with me just as we were patiently listening to your arguments even though they contained sometimes contradictions which are inherent in the system that you are advocating?

In the same way, if a man has Rs. 30 lakhs, on an income of Rs. 1,20,000, he will pay Rs. 70,000 by way of income-tax and Rs. 47,000 by way of wealth tax and he is left with only Rs. 3,000. And a man with a capital of Rs. 40 lakhs earns Rs. 1,60,000, pays Rs. 1,00,000 by way of income-tax and Rs. 67,000 by way of wealth tax. He is minus Rs. 7,000. Anybody who holds more than Rs. 40 lakhs can never save a pie if he pays income-tax and wealth tax; leave aside the expenditure tax; leave aside the gift tax; leave aside the estate duty. And if my friend is worried about even Rs. 40 lakhs remaining with him, after a period of 15 years it will dwindle down to Rs. 20 lakhs and if he dies after 20 year.} it will further dwindle down to Rs. 12½ lakhs. I am prepared to compare this table with him if he will quietly sit at the table with me. This is one side.

Therefore, the question that this House has to decide or this country wedded to a socialistic pattern of society has to decide is whether it is desirable to take away the incentive. I am very happy that my friend, Mr. Gurupada Swamy talked about incentive; I am very happy that the Socialist Party still is not thinking of taking away the incentives. If incentive can be preserved, if people can be made to work and still concentration of wealth can be avoided and disparities can go down, what is the object of having a ceiling on income? On the contrary I would tell my friend Mr. Bhupesh Gupta that people would welcome a ceiling on income if people with Rs. 5 crores can save Rs. 40,000 and not be minus by Rs. 4½ lakhs.

[Shri K. K. Shah.] Please calculate this. They are waiting that this cry might grow and ultimately all taxes may be abolished and the ceiling on income may be accepted. I will give you some more figures. A man having Rs. 2 crores will have an income of Rs. 8 lakhs and he will pay on this basis of 82 per cent income-tax Rs. 6-4 lakhs. He will be left with Rs. X- 6 lakhs and he will pay wealth tax of Rs. 4 lakhs. That means he is minus by Rs. 2-4 lakhs every year plus his expenses plus gift-tax if a marriage takes place in his family and pays a gift of Rs. 50,000 to his daughter or son and, in addition, on the Rs. 50,000 spent on the marriage of his son he has to fork out an equal amount to the Government of India, because...

SHRI BHUPESH GUPTA: Can the hon. Member calculate and tell us how many more crores of income would be required so that he would become a beggar and go to some institution as a destitute?

SHRI K. K. SHAH: This is where the difference between a slogan and a reasoned argument should be realised. Those who are bent upon feeding themselves on slogans and thereby misleading the people will never see reason because reason does not help them. You can only create chaos by unreasoned slogans and slogans are always unreasoned. They always close OUT mind. They refuse to see reason once they are wedded to slogans and chaos naturally helps those who are bent upon destroying. They look upon destruction as the only way to Success but those who are wedded to reconstruction, those who are wedded to constructive methods of life always reason . . .

Stat BHUPESH GUPTA: In money.

SHRI K. K. SHAH: I do not mind your interruption; you will not be able to mislead me from my argument. My hon. friend while arguing said

that the Communist Party was prepared to accept a salary of Rs. 300 but it was the Congress Party which insisted upon a salary of Rs. 400. Now, did this Rs. 100 make any difference in the type or calibre of people returned to the House? If you were prepared to accept Rs. 300 who prevented you from accepting Rs. 300? We wanted to accept Rs. 400; you want to enjoy all the facilities that are granted.. You only want to put somebody in the wrong. He does not mind if no facilities for study are available and if he is not able to contribute anything constructive to the deliberations of this House. If for making constructive contribution some facilities are needed he would deny those facilities rather than give those facilities at a cost of another Rs. 100 and see that there is greater contribution to the deliberations of the House. Why accept Rs. 300? Why not Rs. 100?

SHRI BHUPESH GUPTA: The quality of our deliberations varies with the salary?

SHRI K. K. SHAH: The quality of the deliberations does not vary according to the standard that you lay down. Ultimately, a *via media* has to be struck and it is a reasonable *via media*. Both the arguments are wrong. If you pay Rs. 5,000 I won't say that the quality would be better and I am also not prepared to say that because you pay Rs. 100, therefore the quality is better; I am also not prepared to say that because you pay Rs. 100 and do not give any facilities therefore the quality is better but I am prepared to say that if you pay Rs. 100 and give some facilities, then it is a very reasonable proposition provided you are in a mood to accept reasonable propositions. You advance these arguments here because outside this House it puts you in a better light; that is what you think but it is a wrong supposition. Excuse me for saying that.

In the same way another argument was advanced; a very very novel argument—I am not given to harsh

words; therefore, I would only say novel—that if the public sector pays Rs. 25,000 as salary there is nothing to complain about it but if the private sector pays Rs. 25,000 there is everything to complain about. May I know on what principle? Ultimately, the person who gets Rs. 25,000 gets an income which creates disparities, an income which is quite disproportionate to the national income or to the average income in the country, whether he is paid by the private sector or whether he is paid by the public sector. But for him any stick with which he can beat is welcome and that is why my hon. friend advanced this argument. Let him not serve us with stale food; that is my complaint against him.

Friends carried on an experiment in Russia and whatever is good there is welcome. We have not closed our eyes or ears or our minds— and if ever we close our minds, thoughts travel and nobody can prevent thoughts from travelling. They did not give the necessary salaries, but realised that in the modern world the race in technology had to be won. If talent has to be encouraged, then facilities must be given, incentives must be given. A cinema artiste there is paid 25,000 roubles. Now* the best experiment, from your point of view, which has been carried out is in Russia. After having tried all ways and means, having exhausted all methods of calculation and manner of thinking, if they are thinking of revising the system for attracting intellectuals how is it that we think of going against an intellectual who is able to make us win the race for us in the world. Now, I can understand if ways and means were not devised for ploughing back whatever he took away. If economic power were allowed to be concentrated in his hands if he were able to build up some capital out of it, then the complaint would be justified.

There is another aspect to which I beg to draw my hon. friend's attention. A number of students studying in America have been drawing fat

salaries. Some are experts in explosives. One of them is from my own village. Some are experts in testing the strength of aluminium sheets. When they are called upon to use the knowledge that they have gathered in the interests of this country, they refuse to come here. In the same way, we are still lagging behind so far as knowledge of science and technology is concerned. If by paying a fat salary that knowledge is available—just as my friends in Russia are taking advantage of outside people by paying them fat salaries—this country also should be prepared to pay the price. What comes to our rescue is the taxation structure.

There are other arguments which my friend has advanced and I shall take them one by one. If his real object is not a ceiling on income, not to have disparity in income, which is a larger question, but to compare what the Government servants are getting with what the private individual is getting or what the private sector is paying, I am prepared to accept that this large disparity does create difficulty. But the solution is not the one that he has suggested. The approach of those who take to Government service and those who serve in the private sector is quite different, just as the approach of those who take to public life and accept Rs. 400 as a Member of Parliament is quite different from those who do not accept public life but accept private employment. I am sure if my friend, Shri Bhupesh Gupta, had joined the private sector, he would have drawn a fat salary of Rs. 10,000 a month. I have no doubt in my mind about that. Or, if he had employed himself in private enterprise, he would have minted money and allowed his money to be ploughed back to the Government treasury in the form of taxation.

SHRI BHUPESH GUPTA: Never.

SHRI K. K. SHAH: But that depends upon the approach. Simply because a fat salary is available, it is not the

[Shri K. K. Shah.] only thing which attracts an intelligent man. Sometimes opportunity for his talent, sometimes opportunity to eerve, sometimes opportunity to carry on research, plays an important role in making up one's mind. All those opportunities which are available here in Government service or in the public sector are not available in the private sector. In spite of the fat salary, many intelligent people refuse to go and join the private sector. It may be that the Government may have to reconsider the case, of those Who are serving in the public sector. Government may have to devise ways and means of seeing that those who have been serving the Government are given more facilities.

My hon. friend was referring to the Kerala Ministry and was saying that the Kerala Ministers had reduced their salaries to Rs. 500. Now, surely, if you reduced the salary to Rs. 500, but enjoyed other patronage in some form or other it did not amount to reduction. You took care to see to the coffers of the party in power being replenished in other ways.

SHRI BHUPESH GUPTA: Now, we are entering elections.

SHRI K. K. SHAH: You built up by other means. Suppose I draw as a Minister only Rs. 200 and maintain three workers . . .

SHRI BHUPESH GUPTA: You maintain a number of Ministers.

SHRI K. K. SHAH: Now, you are becoming personal. You told me once not to be personal. In the same way, ultimately what is questionable is who enjoys more by utilising the patronage in an undesirable way. So long as whoever runs the Government does not exercise the patronage in an undesirable way, it is all right. A reference was made to the sons of Ministers. I was very happy that he took the position as to why a Minister's son should suffer if he is a talented man. So long as the patronage

exercised by his father as a Minister is not utilised he is welcome to have a free display for his talent. It should not be a crime to be bom as the son of a Minister and he should not suffer from any disability, just as he should not exploit his father's privileged position as a Minister. I do not know if my hon. friend's contention is to restrict the salaries of those who have been drawing big salaries but who come from poor families, because if he is a rich man, then whatever he takes, he gives back. Therefore, the objection can only be against the man who has not a pie in his bank account, and who is trying to build himself up by drawing a fat salary and who comes from a poor family. Even such a man does not save more than Rs. 500 a month according to the present form of taxation. It may be a little more. Therefore, why should a man, who ha, come from a very poor family and who has built himself up and having nothing to fall back upon and having struggled for the major portion of his life, not be allowed to draw a salary of Rs. 5,000, if he is fit for it? Ultimately if he builds up any capital, he will go to the class which pays through its nose. If he does not build up capital and sticks to the middle-class, to which all of us profess to belong, then there is nothing wrong.

SHRI DAHYABHAI V. PATEL (Gujarat): He belongs to the middle class.

SHRI K. K. SHAH: You can examine it. Do not worry about it. You have seen me as a lawyer. You know from where I come. You can examine me. Do not go by slogans again. Therefore, Sir, I can understand the plea that the minimum that is given should be raised. I can understand the plea that those who are not able to look after themselves, looking at the cost of living in the present days, should get additional perquisites or facilities. That one can understand, I can also understand the argument that the difference between the maximum and the minimum should be as

little as possible. That I can understand because, then you are coming to the rescue of a man who has been struggling.

SHRI BHUPESH GUPTA: Then why do you not raise the salaries of Government employees?

SHRI K. K. SHAH: That is again another question. Please do not try to feed on slogans. That has to be compared to national income and many other considerations on which experts like you can sit together and after examining the pros and cons can come to a decision. But nobody will oppose the argument that if the country is in a position to pay, if the country is in a position to come to the rescue of the lowest man, the country must do that even at the cost of those who are drawing fat salaries and, if necessary, even at the cost of those who have hoarded money. If it is necessary to take a larger slice, it should be done, and you can certainly take advantage of the taxation structure of this country. Nobody, I am sure, will oppose it.

Sir, ultimately the question is whether we want to have a regulated economy in this country or a mixed economy—I will not say free economy, though my friends in the Swatantra Party have been advocating an entirely free economy. The question is how far in our country, wedded to a mixed economy, the present Bill is in consonance with the concept of mixed economy. If the present Bill is not in consonance with the concept of mixed economy, surely a better argument is necessary to convince us. Therefore, Sir, without taking a lot of time of the House, I would again request my friend, Mr. Bhupesh Gupta, to examine whether the present method of preventing disparities is not sufficient, and if it is not sufficient, he is welcome to suggest better methods. But I am sure that so far as the present Bill is concerned, it does not serve any purpose. It creates unnecessary complications. It takes away the incentive and does not help us in the

least. On the contrary if once you put a ceiling on salaries, a ceiling on incomes is absolutely necessary and a ceiling on incomes means guaranteeing a minimum income even to those who have Rs. 2 crores. It is just like the argument that was advanced in the Bombay Municipal Corporation, Sir, if you will permit me to say so. So long as we were there we did not allow the sons of those who were drawing more than Rs. 250 to have free secondary education. After my friends came into power even that was abolished. My friend Dave is here and he will bear me out. What was wrong in asking the higher slabs to pay for the education of their children and utilising the money so recovered for the benefit of the lower class of people? It may be you might have gone to the rescue of fifty people but five thousand top class people are benefited. In the same way by putting a ceiling on salaries you might prevent a few thousand intelligent people from drawing fat salaries, but you will go to the rescue of at least thousands who have been paying a higher income-tax. If they can secure a minimum saving of Rs. 35,000 without paying any taxes, they would welcome a ceiling on income. Therefore, before such an argument is taken to its logical conclusion I would only request, "Beware, my friends. It is time to ponder. You may not go to the rescue of those whom you are fighting."

SHRI SUDHIR GHOSH: Mr. Deputy Chairman, I have a very few brief remarks to make. If I may say so, I think in this honourable House, when we discuss such a matter as this, it would be better and in the fitness of things if we discussed it in terms of principles instead of introducing names of individuals, how many rupees who gets, or the names of individual firms. I am not in the least interested to defend high salaries paid by any business firm either in Clive Street, Calcutta or in any other street anywhere else. But I think as a matter of principle we should avoid mentioning names of individuals and firms,

[Shri Sudhir Ghosh.] because it seems to be unjust and unfair. We in this House are a privileged group of people, but we should be very careful about using our privilege. Otherwise we might do damage to the prestige and authority of Parliament in the eyes of the public.

Now, Sir, I think we should discuss this measure in terms of principles and policies and the two important basic points that are involved in this are a question of investment and a question of incentives. We have decided to bring about what we call a socialist society in this country. And a socialist society does not mean that we should engage ourselves in working out a just distribution of poverty. The main purpose of a socialist society is to produce a sufficiently large volume of wealth so that we can provide our people with at least the minimum requirements of 'civilised human existence in terms of food, clothes, houses, health, education,' and so on. Obviously, this wealth-production and the volume of it that we require in terms of our situation requires investment on a massive scale. Even a socialist society has to invest capital in order to produce wealth. It may interest my hon. friend, Mr. Bhupesh Gupta, to know that in the Soviet Union where I have been as he has been, where I have friends as he has friends, in the Planning Commission, the Gos-plan, there is a whole-time member whose designation is Member in charge of Capital Investment. It sounds rather odd that a socialist country has to appoint a man whose principal anxiety is to work out the best way of capital use.

Now, Sir, in any kind of society such as ours it is possible to work out the amount of saving that the society can possibly make in terms of its own situation, and the amount of investment that is necessary in order to produce the volume of wealth that we have got to produce if we are going to achieve our social objectives. The difference between what we have got

to invest and what we can possibly save in terms of our own society is a very wide gap in our situation, and that gap has to be filled obviously by importing capital from wherever we can get it. If we can get it from a socialist or a communist society, by all means we should take it. If we cannot get enough from them, well, we have to take it from other kinds of society, whether we agree or disagree with the social purposes or the kind of political organisations that they believe in; that consideration is totally irrelevant. Now, the principal organiser of the socialist society in India, that is our leader, the Prime Minister, has himself said that he wants foreign private capital to come into this country. It is not that it is a very desirable thing. It is a necessary thing whether you like it or not because otherwise, merely by importing capital which is public capital owned by Governments in those areas of the world where surplus capital exists, we cannot possibly bring into this country that volume of capital which is necessary to fill in this gap between saving and investment. Therefore, as a matter of state policy the Government of this country has decided with the approval of Parliament that there is room for investment of foreign private capital also in our economy. We are perfectly entitled to say that we do not want foreign private capital to be invested here at all, but we cannot have it both ways. We cannot eat our cake and have it too. If, on the one hand, we want foreign capital from other countries, we have to create a state of affairs in which they feel induced to come and invest their capital. As I have said, we are free to say that we do not want it. But if we do want it, we cannot at the same time insist on creating conditions which forbid them to do so, which they find extremely discouraging; and one of the things by which we could prevent foreign capital from coming into this country is to approve of a measure such as this. I am not saying that this measure is necessarily wrong; I am not suggest-

ing that it is necessarily good and important. All that I am saying is if you do want foreign capital, then do not pass legislation of this kind.

Then there is the question of incentives. Now, in a situation such, as ours where we are pressed from all sides for the quick production of such a large volume of wealth, there is a very great deal of confused thinking in the matter of incentives. We talk about a Socialist society; we do not always define what we are talking about. A socialist society also is a capitalist society in the sense that it has got to invest capital. We talk about the Scandinavian countries as a socialist society; we talk of the United Kingdom as a welfare State. All these countries are basically capitalist countries, but in the light of experience in all parts of the world in this business of economic activities and wealth production, they have chopped and changed their system and made all kinds of adjustments in the capitalist system in order that it does not break down every now and then periodically. Now, Sir, in a so-called capitalist country such as the United States of America, through the means of scientific industrialism, their society has produced an unprecedented volume of wealth, I am not suggesting that we should try and copy it or that it is possible for us to repeat the same experience. In that kind of society, they dangle a big fat carrot before the nose of the donkey in order to drive it. Now, in our kind of society, the kind of society that our Prime Minister wants to build up, we say that according to our sense of idealism, that is a vulgar kind of incentive in order to drive people to greater endeavour and greater production of wealth. We reject it and at the same time when we look at the other kind of society which has also demonstrated its capacity" to produce wealth within a short period of time; even thirty years ago, they were just as backward as we are today—they have demonstrated that without even asking for any economic assistance from

anybody outside that country, it is possible for a people to produce a sufficiently large volume of wealth in order to give them the material things they need for a civilised kind of existence. Whether you like their society or not, whether you like their political organisation or not, the fact remains that they have done it. Now, we also reject that kind of incentive which they use in the process of producing this wealth because, according to our ideas, this is also vulgar and crude. The Prime Minister of India rejects it because in the Russian kind of society, it was not the big fat carrot dangling in front of the donkey but it was the fat stick applied on the back of the donkey that drove it towards greater and greater efforts in producing wealth. We reject it as something vulgar. Well, in our kind of society, we have yet to understand what is that something which is neither the big stick, nor the big fat carrot but that something which is neither of these things and yet is a sufficiently powerful incentive to drive human beings to greater endeavour to produce wealth, and that also within a time limit. Well, I hope, some day the Prime Minister will give us a discourse to explain to us what that incentive is. However, even in the Russian kind of society, they found that the big stick alone did not do the trick; it did not produce the result that they wanted. They did it for a long time in that kind of society, but they found that in any kind of economic or industrial unit, in order to produce the necessary output of industrial wealth, it was necessary to work out a more detailed and attractive system of incentives. And when you go to their country as I have done—for instance, I have enjoyed their hospitality and visited a very large number of Russian steel plants in the Ukraine and elsewhere and I have, with a certain amount of care, gone into the details of the salary schemes of these units and also the system of incentives that they have worked out—you will find, when you go into the details of it with some care, that basically it is the same thing as a capitalistic system of incentives in order to

[Shri Sudhir Ghosh.] drive people to greater and greater efforts to produce wealth. After I listened to the speech of my friend, Mr. Bhupesh Gupta, I looked up, at lunch time, some of the records which were given to me by the Russian officials themselves about one of their principal economic activities, namely, the production of steel in their country. And if I may for the information of the House give a few facts from this Russian document, it says that in a steel plant—for instance, the same sort of the steel plant as Tatas' or Hindustan Steel have in this country—a man who occupies the position of a General Manager or a Director gets a salary which ranges between 5,000 to 8,000 roubles per month—and a rouble is approximately Re. 1. Now, in addition to that kind of a large salary, they have found it necessary to give him other perquisites also. He gets an officially provided residence, he has his officially provided motor car and when that official travels from his steel plant in the interior of Russia to the headquarters in Moscow, he is provided with a special saloon attached to the railway train for his travel from there to Moscow. So, obviously, even in the kind of society which does not believe in classes—and as Mr. Bhupesh Gupta knows and I know, it is by no means a classless society; of course, there is a smaller number of classes than we have in our kind of society—in the whole of the steel plant, from the General Manager down to the lowest worker, there are eight classes of men and eight salary scales, as against 25 or 30 in a steel plant in a capitalist society. So, there, it is not true that all men are equal; as they say, some men are more equal and others are less equal; and even in that kind of society, they have discovered that it is necessary to provide a system of incentives so that you can produce the results. From the topmen if you go to the other people lower down, you will find that the Chief Engineer gets a salary of 4,250 to 5,000 roubles per month. The Deputy Director gets 3,400 to 4,500 roubles per month. Even a shift foreman gets 2,800 roubles and I

an operator of a blooming mill such as the mills we have got in Rourkela, Jamshedpur or anywhere else, gets 2,000 to 2,500 roubles per month, if you take the corresponding Indian in any one of these posts—I am not talking only about the public sector—whether it is the public sector or the private sector, there is not a great deal of difference in salaries.

SHRI BHUPESH GUPTA: A radio announcer gets 2,700 roubles per month.

SHRI SUDHIR GHOSH: But the highest salary of all people in that country the Academician gets, not even the Prime Minister. Therefore, I am not quarrelling over their standard of values. I am only stating a few bald facts, and I have no quarrel with the purpose of the Bill which my friend has brought forward. But there are certain inescapable facts which indicate that even in a socialist society, it is necessary to work out a system of incentives in order to drive men to greater endeavour to produce wealth, and that applies not only to workmen—skilled or semi-skilled—but also to the salaried classes such as the managerial class in any kind of industrial activity. I am not suggesting, therefore, that it is right for any individual or firm to pay extraordinarily large salaries to certain individuals. It has nothing to do with that, we need not get involved in all these unimportant details. It may be that there are certain cases where things are done which are not proper but that is not the point we are discussing.

So, Sir, that was my purpose in making a few brief remarks. For instance, in our steel plants—whether it be the steel plants in the public sector or the private sector—even in the Tatas who are a capitalist organisation in the usual terminology, a private enterprise, nobody gets the same kind of salary as is paid by a socialist society for the same type of work.

Now, the point is, as I was telling you, the purpose of a socialist society

is not to distribute poverty in a just and equitable manner; the purpose is to produce as much wealth as possible and try and give each man a reasonable share of it so that he can have a civilised kind of existence. In fact, I

would say it should be the 4 y.M. other way round; instead of

cutting down people's salaries I would advocate that in some cases in this country there is very good and legitimate ground for giving better salaries than what our people get, something similar to what they get in Soviet Russia, for instance, for the same kind of work. We all know that our steel plants in the public sector have got into all kinds of troubles, and one particular cause is the great shortage of people with the requisite level of managerial calibre; and they do not get the people with the necessary managerial calibre because they insist on using civil servants for those jobs, whom they get at a rather low price. They take a man; they actually did take a man from the Ministry of Rehabilitation, a poor man who was looking after the evacuee property left behind by the Muslims in India, who had gone away to Pakistan. From that job they pitch-forked him into the position of the general manager of the steel plant at Bhilai. Another man who was Secretary for Agriculture, Fisheries, Animal Husbandry and Forests in the Bengal Government was again pitch-forked from that job to the job of the general manager of the steel plant at Durgapur, and naturally, they find that the management of these plants is ineffective, that they do not produce the results. Well, whom should they blame? They should blame themselves for having employed men without the necessary level of managerial calibre. It is not that men with the necessary managerial calibre do not exist in this country. My friend very rightly pointed out that those people are not available at that kind of salary and, therefore, even if you have to pay, for the sake of argument, say, Rs. 10,000 per month to a man who can effectively manage a million-ton or a two million-ton steel plant. I do not say it is too large a salary.

Even if you have to pay that rate of salary you will find that the result will justify it; your costs will be less and not more, because of effective management. Today we are not at all sure whether the Government steel plants, in spite of the miserly salaries that they pay, in spite of the low salaries and inadequate salaries that they pay to the people at the top, are going to produce any profits for years to come. It does not mean that by saving these few thousands or few lakhs of rupees you are going to bring down the cost of production per ton of steel or are going to make more profits either in the private sector or in the public sector. Well, you are not. On the other hand you will find that because of ineffective and inadequate management talent your costs are very much higher than they should be. And this is the answer to the argument that my friend Mr. Gurupada Swamy was putting forward. It is not necessarily an intelligent thing to pay a man less than his services deserve.

These are the brief remarks that I had to make. We also heard some idealistic arguments about how the Prime Minister accepts a salary of Rs. 2,250 only. I think that is totally irrelevant here. A man does not become Prime Minister for the sake of a salary; a man becomes Prime Minister or Minister for the sake of power, which is a greater source of satisfaction than money. In the same way we who have come to this Parliament who are not such high people as Ministers or Prime Ministers. Why have we come here? Not for the sake of the paltry salary that we get here. I used to be an official in a very senior managerial position in a Government steel plant. Well, I gave up a salary which was more than five times the salary that I get here. I did so not out of any desire to make self-sacrifice but because I felt that I would have more satisfaction here. I calculated very carefully what this position and this paltry salary would give me, and I find it gives me a much greater sense of satisfaction, of a different kind, than what a large salary would give

[Shri Sudhir Ghosh.] me; it is not because of any sense of self-sacrifice. Here I have so many kinds of satisfaction including the satisfaction of listening to the speeches of my friend, Mr. Bhupesh Gupta. His tenacity, the length at which he speaks and his devotion to speech-making, all these are a great source of satisfaction to me, and I hope I shall continue to enjoy that satisfaction for a long time to come.

So these are the few remarks that I had to offer.

(Interruption.)

That is what I say. I hope we shall be together for a long time and I shall have the privilege of listening to the very enlightening speeches of my friend, Mr. Bhupesh Gupta, which I always enjoy.

To sum up what I say is this, that the real objective before society is to produce wealth and not to bother about trivialities as to who in a particular firm gets how many rupees. Maybe there are some cases where there is injustice, and they should be righted. But this is totally irrelevant in a society where our main purpose is to work out ways whereby to produce as* quickly as possible as large a volume of wealth as possible in order that we can achieve our social objectives.

SHRI N. M. ANWAR (Madras): Mr. Deputy Chairman, Sir, while moving this Bill, The Ceilings On Salary (in Private Sector) Bill, my good friend, Mr. Bhupesh Gupta, as usual, seized this opportunity to run a tirade against big business, and as I was listening to many of his observations this morning, I was amused when he was taking up cudgels against British big business. Believe me, Mr. Deputy Chairman, I was struck with wonder at what he really means here by an attack against big business when actually the purpose of this Bill is intended to reduce the salaries of the managerial personnel employed in the private sector. I am sure, with his tremendous capacity,

the hon. Mr. Bhupesh Gupta can pull down ceilings everywhere in our country. But he may not probably be aware that the remedy that he suggests is worse than the disease. If really the ceilings have got to be brought down I am sure human ingenuity will invent ways and means how best to see that the teal incomes go underground. We must be thankful to this big business that they are at least now coming forward with a declaration of the salaries which to him may appear to be on the very high side but which to me, with all the figures that he was quoting, of Rs. 5,000 and Rs. 6,000, yet appear to be precious little for the tremendous service they are doing to expand the volume of their business turn-over in this country. Fantastic comparisons were being drawn between the Government and big business, between the Prime Minister and the salaried servants. Reference to the Prime Minister of India and the tremendous potentialities which he has got to render service to the nation need not have been brought in here by way of comparison with the emoluments which these managerial personnel earn in big business in our country. Of all these people, particularly the British elements against whom he was running such a terrific tirade this morning, I do not know why they should have become his eyesore. He was trying to describe how they seemed to be flourishing in their limousines in certain colonies of Calcutta, how they lived in air-conditioned chambers and things like that. On the contrary, Sir, I would rather wish that more and more of our countrymen should come to have an income to lead a decent standard of living to the glory of our country.

SHM BHUPESH GUPTA: They get run over by their cars.

SHRI N. M. ANWAR: What I would beseech you to consider is that these business houses have been there in the field for long, and the Government of India have committed themselves to invite their investment in our country,

and they have come here and are trying to invest in this country, which definitely in the present state of circumstances should appear to them quite irksome in many ways. Yet they have undertaken this venture and have come over six thousand miles away. And after all the salaries to which objection is being taken here by the hon. Mr. Bhupesh Gupta, from the standard of their own national income appear to be not very high. We know, Sir, that from the United Kingdom, wherefrom these businessmen come, even the lowest income does not fall below Rs. 750 and some of their big executives are earning probably twice as high as the salaries today they are entitled here in this big business. Now, how many of them are there? They are just few and far between. In this country of 400 millions, I do not think there should be even as many as ten thousand who are earning such fabulous salaries as Mr. Bhupesh Gupta imagines.

What should be our approach to the question? When I say this, I do not for a moment mean to suggest that we should have growing disparities in our earnings. We must see, as I said, particularly in the context of a socialistic pattern of society that we try to narrow the differences between the highest and the lowest incomes that are being earned in this country. But to look at this problem, as the honourable Mr. Bhupesh Gupta has done, is only to look at it from the other end of the telescope. Rather than trying to reduce the ceiling, I would wish that he would devote his energy more and more in the direction of trying to raise the flooring. That would be conferring a boon upon the millions in this country for whom, particularly in these days of high cost of living, it would mean quite a difference in their life. We should raise their minimum as high as possible.

Sir, with regard to this big business, these British houses, I can well imagine that by creating a climate of public opinion in this country and also, if possible, by bringing some piece of

legislation here, we could see that the numerous elements, our national elements, which are being employed in these houses are ensured much better emoluments than what they today enjoy. Sir, as I said, the best of our talents are being taken away into this big business. That was the point that Mr. Bhupesh Gupta was making again and again. Believe me, Mr. Deputy Chairman, that is something where the imagination runs wild. The best of the talents in the country are still being drafted into public services. I am sure the high salaries to which he was making frequent references here are being paid only to such of the top executives who are a handful in this country. But at the point of recruitment, I believe, the public services today offer much better terms, not only much better salaries but even that permanent tenure which is the lure of public services.

Sir, whatever might have been said about the generation that has gone by, that people were not being attracted towards big business before, but today the conditions, as we see now, are such that even the best of elements are being drafted into public services as they are being drafted into big business. But I could imagine that if there are malpractices on the part of big business in trying to draft men that belong to the official section in our country it is a malpractice about which we have got to express our severest condemnation, even if it be that these people are being drafted from high places of influence to supplement the affluence that they enjoy. Well, Sir, that is a point on which I agree with him and we have got to see that such abuses of power politics are not allowed to be encouraged.

Sir, what do we see in this big business? I have got a little experience of it. I have seen many of these people now engaged in big business in this country. I have been to some of their own countries of origin, particularly the United Kingdom. I have seen

[Shri N. M. Anwar] that they feel it loathsome to come all the way six thousand miles to India. Particularly after the exist of the British power, even with the temptation of Rs. 5,000 or Rs. 6,000 or Rs. 7,000 a month today, take it Mr. Bhupesh Gupta . . .

SHRI BHUPESH GUPTA: It is a twelve hours' flight.

SHRI N. M. ANWAR: But still people have got to abandon their hearths and homes in order to search for a living here, and I am sure that these people, in spite of very high emoluments as we imagine it to be, are not half as happy as we think. They would rather prefer to have even Rs. 2,000 or Rs. 3,000/- in their own homes, if it comes to that. That is how some of the best elements in the country do not wish to venture over-seas. This is a thing which I came to know when I went to the United Kingdom. People are not enamoured of coming over to this country for drawing this amount of Rs. 5,000 or Rs. 6,000 as the mover of the Bill said. But, Sir, there is one danger which I should like to bring to your notice and which Mr. Bhupesh Gupta should equally realise and it is this. If we are going to see that such heavy salaries are not allowed for the executives in the big business, they will resort to ways aⁿd means to conceal the income. At least at present when they declare their high salaries, we are assured that a good portion of these salaries will come into our national exchequer by way of taxation, and we have got to see that when they render these accounts, these salaries should be a matter for which our country should feel thankful that these people are not trying to conceal this income by trying to limit their salaries.

Sir, we speak of a sum of Rs. 5,000 or Rs. 6,000 as something pretty too high. But I had discussions with some of these people, the British element, in the big business some fifteen years ago, before the transfer of power. These people or their predecessors

even then were earning as much a* Rs. 3,000. Today with the rise in the national income, in this developing economy, where opportunities have come to them plentifully, their turnover has multiplied many times, even beyond their imagination. When they have helped to increase those earnings for their concerns, it is but right and proper that they should be entitled to higher salaries which they are being given. I would, therefore, plead that it will be much better for us if we could ask and create a climate of public opinion in this country to see that this big business do not exploit the Indian elements which are now in their employment but try to provide for them better facilities, better allowances, and also see that more opportunities are made available to the Indian element to get into higher posts. I am told that it is something which is common all over the British business in this country today that in spite of certain directives that have gone to them, the Government of India have not been able to ensure prospects for the Indian element in Bri'ish business; they are still being kept far below in their establishments and only very few are being promoted to the officer cadre. In that respect, I believe, the behaviour of the British big business is not fair to our country. I think in that direction the Government can exert pressure on them to see that a certain percentage of key posts are ensured for the Indian element so that people who have accepted to enter into British big business can hope to retire from the key post* which are now being offered only to the British element. Sir, I think that way when we shall be able to bring about eventually the nationalisation of this big business, also a certain element of rationalisation, they will ensure the presence of more and more of our personnel in that big business— people who will be trained in the art of running these houses which will also become readily equipped with the necessary resources to fill in the vacuum which the British will leave. For that reason I hope, and I am sure my good friend Mr. Bhupesh Gupta

will also devote his energy to see that we fight for such causes where the Indian element will try to profit more and more from any arrangement that we can make for their promotion.

As for our own big business, which belongs to our nationals, there is need for a great probe into these big houses. Most of these big business houses seem to be suffering much worse when we compare them with the British houses. At least there high salaries are being given to the executives but here we do not see even such payment of higher salaries because under the managing agency system, there are ever so many subterfuges whereby the real income is camouflaged in thousand ways. There is a disease in our national character which seems to have taken hold of big business houses all over the country, with very few or no exceptions. Much of the earnings go underground. They are concealed from the national exchequer. They are denied to the Government, they are denied to the personnel under them and they are denied to the cause of our planning. There I can imagine that we are sinning much more than being sinned against. It is the nationals of our country who are in charge of big business whose moral code has to come in for a tremendous improvement. We are behaving very badly. Here I admire the British executives that declare a return of big incomes. I know that even there, they have certain recourse to false invoices and transfer of foreign exchange out of the country but when all is said and done, that is quite negligible but what the nationals in our country who are now in charge of big business are doing is something very horrible. It is these people who seem to come to the powers that be who seem to use their sons for big business, and seek many favours and exploit the resources of our country to their own advantage and to the detriment of this country.

I can well imagine Mr. Gupta having a tirade against big business but simply to bring forward this Bill before

the House and to say that these high salaries should be brought down does not appear to me to be the way of a big mind. Little minds can be expected to be thinking of such measures of parsimony. This is false economy when you have such high officers in big business entrusted with turn-over running into crores of rupees and asking them to limit their income not to Rs. 5,000 or Rs. 6,000 but to Rs. 3,000 and Rs- 2,000. Maybe you may make a little saving of Rs. 2,000 every month but you do not know the harm that you may do by leading them to suppress or conceal the income and it may do more damage to our country and to our national exchequer. I would rather wish that we let them go and prosper more. Let them try to expand their activities in all areas because our country needs investments in a developing economy for many years to come but with these high salaries which they are now earning, let the national exchequer, under the slab system of our income-tax, try to profit and take a lion's share of it. The larger the salaries they earn, the greater is the share of the national exchequer. We must welcome this. We must be happy about it. Particularly when they are honest to themselves and honest to the Government in declaring their salaries as high as they earn, to that extent we should be feeling really grateful and not try to run them down because they are not the social lepers who go about giving false returns of salaries and try to use the money for expanding their business. The real social lepers are those who unfortunately belong to this country, who are captains of our industries today earning millions and billions of rupees and concealing this income from the exchequer and from the country. It is against them that we have to take up cudgels and I am sure that if this Bill could provoke public opinion or if this Bill could focus the attention of the country and the community against the misbehaviour of big business in some places, this really would have been a great achievement in itself. Therefore, let me say one

[Shri N. M. Anwar.] salaries paid? The hon. friend who preceded me made a very eloquent speech and said that particularly in private enterprises, we need incentives. The higher the salary, the greater the promotion that you give the greater is the incentive to bring out the best in them. After all, the responsibility that these people carry, even in the limited field of private enterprise, where every moment they have to be confronted with the problem of money or profit and loss, is something which I think is really a thing for which big business has got to give encouragement by paying higher salaries. It is not for nothing that these high salaries are paid to them. So, I believe that Shri Gupta will do well to withdraw this Bill and try to direct his energies against the real problem of finding out how the money earned in this country is concealed from the national exchequer. There he has to look for enemy number one. These high salaried officials are in effect doing a much more glorious service to the national exchequer than the hon. Member here.

SHRI GOPIKRISHNA VIJAIVAR-GIYA (Madhya Pradesh): Mr. Deputy Chairman, Sir, Shri Bhupesh Gupta has just come back from Soviet Russia after attending probably the All Communist Party Conference, the World Conference, but he must have seen there already the disparities in Russia and he must not have brought forward this Bill but probably he is piloting this Bill because it is an old Bill introduced by him and therefore he is piloting simply the old idea. The latest position might be that there are disparities even in Russia. From the Congress side I would say that our Government is already committed to a socialist society to an egalitarian society and our Government is already seeing to it that there may not be disparities and that the inequalities are decreased. Our Government is already committed to it that there should be no concentration of wealth and that for the sake of planning, we must have more austerity in our country. Therefore, I generally sympathise

with the main objectives of the Bill, and the Bill being not very practicable, I would request him to withdraw the Bill; still I wish that the Government may do something. It is good that the Government's attention has been drawn to doing something more in the direction of reducing the inequalities. In our Third Five Year Plan we have said that the inequalities must be reduced and there is a Chapter dealing with it. In another place I had said that the Government must set up some machinery to investigate and find out the inequalities and have some machinery a permanent machinery, some Committee of a statutory type, which may look into this and which may implement this part of the matter. I may quote from the Taxation Enquiry Commission report itself. That there should be big salaries for creating incentives is really not a very reasonable or a logical thing.

I will quote a few words from the Report itself;

"The disparity in consumption levels prevalent at present in this country is a matter of common observation and there can be no doubt about its demoralising effect on the large masses of workers in the country as regards their willingness to accept higher tax burdens and yet work harder. The disincentive effect of higher taxation on the will to work on the part of the higher income group is generally exaggerated. There is need for the upper income groups to adjust themselves to the reductions in money rewards that the changing social and economic conditions of the country necessitate. It is unrealistic to stress the disincentive effect of income-tax progression on the upper income groups, while the tax system calls upon the lower income groups who constitute the masses of the country to contribute an increasing portion of their meagre incomes. It must be remembered that even with the present comparatively high rates of tax, the

range of inequality between the disposable incomes of the few and the many is wider than in many countries where the rates of taxation on higher incomes are in fact, lower. The fixing of a ceiling on personal incomes on the basis of a reasonable multiple of the *per capita* or per family national income is a matter to which we have given much thought and it is our view that there should be a ceiling on net personal incomes after tax which generally speaking should not exceed approximately 30 times the prevailing average per family income in the country."

Only a few more sentences I will quote, Sir;

"We do not suggest that this is capable of immediate implementation, but we think that it is important to strive by stages for its implementation over a period of time."

I feel that this is not being properly attended to. We are not giving proper thought to this aspect. Mr. K. K. Shah has shown how various measures are putting a ceiling on incomes. But I shall say that the wealth tax itself is a mechanism by which we have to reduce wealth also. So, if there is to be a ceiling on incomes, it should be on the income less than the income-tax payable. Wealth tax is a tax levied on wealthy people. They have accumulated crores of rupees. I was talking to an ex-Ruler the other day, a Maharaja, a wealthy man and he said he was being taxed so much and all that. But I make a difference between the wealth tax and the income tax. I say that the income that is left after paying the income tax has to be looked into. As regards the wealth tax, that is a tax to reduce accumulated wealth itself. Therefore, if there is to be a ceiling on income, it should be on the amount which is left after paying the income-tax.

' Of course, in this country our Government is committed to this policy

767 RSD.—4.

of reducing disparities and I am only drawing attention to this on this occasion and I say that we must look into this question very seriously. This is attracting the attention of the country and all these disparities in incomes must be further reduced and we must put more taxes on those who are drawing more incomes.

Of course, there are some other things which deserve attention. Take for instance, the bad practice of retired officials being taken over by companies on very high salaries. Similarly, there is some other kind of favouritism shown to politicians or politicians' sons and so on. Of course, about foreign experts, our friend who spoke last has rightly said that they are not many in number and they are also doing useful work. So, we need not grudge some money going to them. But the other I mentioned just now is a bad practice which is prevalent and about which complaints come in, that Ministers' sons or their nephews or others are taken in and given unnecessarily high salaries, that has to be stopped. This is something to which the Government's attention has been drawn and we have discussed this question of inequalities of incomes and salaries. I think Government will give due attention to this and try to implement the policy that has been given in the Taxation Enquiry Commission's Report which has also been our policy. We should implement all those things and not allow any impression to go round the country that we are simply saying¹ things and not doing them.

With these words, as the Bill is itself not a very practical Bill, I would request the hon. Member concerned to withdraw it on practical grounds.

KUMARI SHANTA VASISHT (Delhi): Mr. Deputy Chairman, this is a very small Bill and the problem that it wants to solve I don't think can really be solved by this Bill. This Bill is not the answer to this big question. Putting a ceiling on salaries will not really solve the

[Kumari Snanta Vasisht.] problem for it is a bigger and wider one and has to be examined in a greater and bigger perspective.

Sir, for the last so many years I think the Government have given much thought to this particular question of the functioning of private concerns here, whether they be foreign or Indian business concerns and Government have taken a number of steps and these have succeeded in bringing about a certain degree of rationalisation of salaries and scales of pay etc in the private firms. These have to a certain extent at least, taken care of this matter, but I do not think they have really taken care of it fully. I support what the hon. Member Mr. Anwar and the hon. Member Shri Vijaivargiya have said about the functioning and the lack of rationalisation in the private firms, whether they be Indian concerns or foreign concerns working here. There is need for more rationalisation and so on. For example, some of our retired officers from the Government of India or those with connections—on the official side or the non-official side—go into these private firms and use their influence and work for those firms. Indian or foreign, and that does not always work in the interest of our country or of our Government. That I think is a very serious matter which should be given particular thought. These persons are very often recruited by the firms because they can exert a certain influence either in Government quarters or elsewhere. That again works in a vicious circle, because these firms can then function in a certain way and exploit the Government or the public sector or the official sector in this way. That has also got a very corrupting influence in certain sections of the Government machinery. They are friendly with those officers who had retired and therefore when these old friends come back and want something to be done, as good friends they would like to do something for them. But in the long run that **really is**

ag&jist the interest of the Government. The official? should no; be so influenced by these persons and at the same time it really makes for rather doubt. Practices by these firms. Therefore, even from the point of view of removing corruption, inefficiency and wrong practices, it is necessary that this temptation for these retired officials and even for those who want to resign their jobs and take to private service, should be removed and something should be done for that. Of course, the answer is not to put a ceiling on salaries in the private sector or private firm. I think the salaries in Government service may be increased. For various reasons, as Mr. Anwar said, even better qualified elements, talented people, take to Government service and the public sector. At the same time, I feel some of the better elements, the talented elements take to the private firms, for monetary gains, for financial reasons. That is there. My feeling is that the Government salaries are unfortunately not high enough. They are higher at the start as compared to the starting salaries in the firms. The starting salary that the Government or the public sector offers is definitely higher than what is given in the private sector. Therefore, some of the qualified people do take to Government service and service in the public sector. But even then I think it gets on to a stage where there is a good deal of disparity. Compare for example what a lawyer earns or what a doctor earns by private practice with what his counterpart, when he becomes, say, a judge, particularly in the lower courts, earns. It is much more, and when the judge retires and practices as a lawyer, he earns much more. I think partly this economic inequality makes for social inequality. I think this has a discouraging and demoralising influence on the officials in the public sector. This also does not give much incentive to these people. We would like them to work with greater incentive, with greater enthusiasm and with greater devotion but in actual practice, they are dis-

couraged because they feel that their counterparts in private firms are getting very high salaries, people who may not be as much qualified as they themselves are, people who may not be doing as much work as they themselves are doing. They may feel that they are being paid for the pull and influence that they have. I feel that the scales in the public sector need to be improved partly to give them satisfaction financially and also to give them the status. They may be having executive or administrative powers but if you do not give them comparative salaries which would make the use of those powers proper and just, this would be unfair. When a person gets a very low salary even though he has got a lot of power, people at large do not respect that person because they feel that they earn much more than the officer concerned. Even in the case of some of the judges, some of the cases which come before them, my friends have complained, that they earn much more than the judges—ten times more than what a judge may be earning. What respect does that party in a case has for the officials when they find that these people stand in bus queue and cannot afford to buy a scooter or a small car. I think this has a bad influence and this makes for a certain amount of social inequality. I think it also needs to be done away with. Therefore, I feel that the salaries in the public sector at various levels need to be increased so that they are in conformity with the executive or administrative power that they enjoy. Of course, unfortunately the economic conditions at the moment in our country are such that this seems to be a dream which can only come true after a few years, but nevertheless we have some reasons to have some desire, to aspire for it at some future time. When the salaries can be raised, it would make for a certain amount of consonance between the administrative and executive powers that they have and the usefulness of their work to the public at large and the salaries and economic status which they must have.

My hon. friends here have been saying something in defence of these scales, I want to say one thing. When our own nationals go abroad for work there as technicians or in the Foreign Service, we must remember that they are paid some foreign allowance to compensate them for the cost of living there and for the fact that they have to leave their families here. It is, therefore, absolutely essential that the foreigners who come here and work here have to be paid foreign allowance and family allowance and things like that. This raises their salaries considerably but it must be remembered that the Indian personnel working in such firms do not get comparative salaries. The disparity is there and it is not correct to say that most of it goes away as income-tax, etc. It really works out in such a way that even if they get high salaries, they are not taken as basic salaries of the persons concerned. The basic salary is shown at a very low figure; the other allowances which amount to four times the basic salary is not taken into account for purposes of charging income-tax. In actual practice, this sum does not come to the Indian exchequer in terms of income-tax. It really stays with these people. These firms have a way of evading tax. My friends have elaborated this; they know it much better than myself and so I will not dilate much on this. They show certain sums as expenditure and get income-tax rebate. For example, they get publicity material printed abroad, have it flown from there and then get it pasted all over here. This entails a lot of expenditure whereas they could get it done cheaply here by using our own paper printing etc. This is being done in a foreign country where, as you know, the cost of production is higher than the cost here. This is an expenditure which should really have gone into rationalising the salaries of people working in India, whether Indian or foreign but particularly Indian. Government has succeeded in raising their salaries to a certain extent but I think even now there is very great disparity and there is scope for complete

[Kumari Shanta Vasisht.] rationalisation. All the money that is shown as expenditure in items like the one I quoted above could easily be utilised for rationalising the salaries of the Indian personnel. The actual salaries paid to the Indian staff by these firms are not as we would like them to be. I think this makes for a good deal of exploitation of the Indian staff working in the foreign firms. Though it seems that they get high salaries, yet the salaries of the Indian staff really need to be rationalised. Putting a ceiling on the salaries of this kind will not really solve the problem because this will only touch only a few who would mostly be foreigners and a few Indians in Indian concerns. I think the functioning of these firms needs to be examined. A committee may go into it and Government has really to look into this so that the functioning is more rational, more reasonable and socially more useful. Some of the wastages have also to be looked into.

I feel, Sir, that one of the worst features of this whole business is the amount of influence that they can exert and the corrupt practices that they can indulge in or that they indulge in. It is really bad to see the way they make use of the Government machinery. The Minister in charge would be amazed to see what extent this corruption and wrong practices are prevalent. A retired person employed by a firm in Calcutta comes here and wants certain concessions for his firm from the Government of India. He talks to a couple of his friends here and fixes things up. What they want is a bottle of whisky, and then the contract is signed. It is, I think, a great shame that things like this should happen, one bottle of whisky should allow a contract to be signed which normally should be decided according to the policy of the Government. Things like this should not happen. There are also cases where a person can go and buy something here and there by giving something. People can influence them in very many

wrong ways. Some of my business friends, young people, who came from abroad after their education, and were anxious to follow good business practices, have spoken to me. They said, "We are very sorry we see many tilings, which from outside you cannot see, when we work in firms. We came with high hopes; and wanted to have clean work and do things nicely and so on." This is what they said. "But you will be amazed to see what corruption and what dirty work goes on in spite of the glamorous exterior of the firms." Quite a lot of money goes into the so-called Entertainment Section of the firms. Entertainment really mean.; entertainment to the Government officials and other people who matter in these matters. One of the boys was asked to pay some money to a certain Department. He asked his Head Office in Bombay whether he should pay the money or not. The Head Office told this young man, "you are a silly person. You do not realise; of course, you should pay and charge it to the accounts." So, these things also are taken care of in a regular manner by these Aims which I think should be really done away with and the functioning of the Departments of Government and of the firms should be such that, such practices are not allowed to go on. If the firms show it up regularly in their accounts that so many thousands of rupees have been paid to so and so for getting a licence, the, that or the other, I think that itself has' a very very demoralising and damaging influence. I think the Government should be extremely vigilant and examine this aspect very carefully and take further steps so that these things are taken care of. Imposition of a ceiling is really touching the whole problem from the other end rather than where the problem lies. Therefore, I do not think that this Bill is going to take care of this question. Thank you.

SHRI N. SRI RAMA REDDY (Mysore) :
Mr. Deputy Chairman, Sir, this is the shortest Bill I have seen but by no means the sweetest. There is a lot more than what meets the eye in it

Here there is a deep Communist game hidden in the Bill. He is trying to pull down the ceilings of our abodes, of the abodes of democracy, by his attempts to impose ceilings on salaries or employees in the private sector. What is the objective of the Bill? What are the reasons that prompted Mr. Bhupesh Gupta to bring forward a Bill of this kind? He has mentioned them in the Statement of Objects and Reasons. I would like to refer to what he has said in his own words in a little detail. He says:

"There are many private concerns which pay exorbitantly high salaries to certain categories of their managerial personnel. These high salaries not only tend to widen the disparities in income and run counter to the directive principles of the State policy as embodied in our Constitution but are also a corrupting influence and they stand in the way of availability of competent persons for public undertakings where the salaries are comparatively less."

I would like the House to note the expression 'corrupting influence'. The use of the word 'corrupting' is most irrelevant unless he wants by using this word to make a sweeping remark about the functioning of all the private firms or the entire private sector. Unless he means that the entire system is corrupt in its operation he could not have used the word 'corrupting'. If his intention was to say that the private sector has been competing with the public sector by drawing away the technical personnel or experienced staff by offering more salaries than the public undertakings, he should have used the word 'competitive' instead of 'corrupting'. Sir, his game is very deep. Therefore, let us beware what his intentions are in this Bill.

Then in the same breath he does not fail to extol the public undertakings. He then goes on to say that they stand in the way of availability of competent persons for public undertakings. Whether it is public undertaking or private undertaking, in this particular

context of ours, when greater production is the dire need, he should have been pleased to recommend competent personnel for both the sectors. He thinks that public sector alone is going to save the country and not this 'corrupting' private sector.

AM HON. MEMBER: He is the undertaker of the private sector.

SHRI N. SRI RAMA REDDY: There, fore, the very objective looks to me as it is a deep Communist game. Then let us not forget that the method of the Communists is also very deep. Wherever necessary, they would not fail to drive the thin end of the wedge; they would be the first persons to create trouble wherever necessary, to create distortion, to create dissensions, discord, hatred and envy. This is the philosophy to which my friend, Mr. Bhupesh Gupta, subscribes and therefore it is no wonder that he uses words like these. That is with regard to the objectives.

Now, coming to the name, how harmless it looks; how innocent it looks. He says:

"This Act may be called the Ceilings on Salary (in Private Sector) Act, 1960.

It sounds very simple; it looks as if it means nothing at all. It looks as if it only means doing justice by the humbler type of people, doing justice by the low-paid people. It is not like that. Now, let us see. He has given the procedure for fixing salaries. He says:

'As soon as may be, after the commencement of this Act, every private concern, firm or industry shall determine and fix as prescribed in section 2, the maximum salary in respect of every person under their employ and may review at such intervals as it may think fit, the rates of salaries so fixed.'

In the Statement of Objects and Reasons he refers only to the managerial personnel and the implication would appear to be that only people with

[Shri N. Sri Rama Reddy.] very high salaries or people in the executive posts would be affected. That is the impression he gives there but when he comes to the procedure for fixing salaries he says, that the salary in respect of every person under the employ of the companies shall be fixed. He does not want to exclude even a single person. He wants the discord to be spread right from the bottom-most man to the topmost man. He wants that everybody should start quarrelling and therefore he says that every person under the employ of the company shall come within the purview of this procedure. Again he is not satisfied by merely asking the flraij to determine the salaries of all their employees. Usually it is the Managing Director or the Directors of the Company who fix the salaries for the various grades of people they employ. That is what usually happens but he does not want that thing. If you refer to clause 3 0') (a) you will find that he wants that the company should appoint a comrruUee to hold inquiries and advise it in this behalf with sub-committees for different employments. Now, what is the purpose of this committee? It would only lead to trouble. Who will form this committee? Then there will arise the question of representation; then the

question of representation of the leader of the Communist Party. Then will start kicking up of rows; troubles start; strikes start; closures start and then lathi charges and so on and so forth. Then he will blame the Government and would tell the employees, 'look here, I was only fighting for your salaries and to limit the salaries of somebody else but the Government has come in and lathi-charged you all and have taken to all sorts of violence'. This is the game hidden here and we should not fail to notice that. Then after the committee there will be subcommittees and after that again subcommittees and it goes on. And what are they to do? They will hold inquiries and advise and this game would seep through to the entire personnel.

SHRI BHUPESH GUPTA: I think we can adjourn now. Let the game be continued on the next day.

MR. DEPUTY CHAIRMAN: You will continue on the next day. The House stands adjourned till 11 A.M. on Monday.

The House then adjourned at five of the clock till eleven of the clock on Monday, the 12th December, 1960.