

[Shri Satya Narayan Sinha.]

I may also inform the House that the Appropriation (Vote on Account) Bill is expected to be passed by the Lok Sabha on the 11th March, 1960, and the Rajya Sabha is expected to consider and return it on Saturday, the 12th March.

DR. R. B. GOUR (Andhra Pradesh): I think, Sir, now it is time that the Minister for Parliamentary Affairs tries to follow the same practice in our House as I understand is followed in the Lok Sabha. Here the Business Advisory Committee rarely meets unless of course the Government feels that the business has to be rushed through, because there is a lot of business and less time. The Business Advisory Committee here rarely meets and I think the business should be decided in consultation with the Business Advisory Committee of the House. This practice, I understand, is prevalent in so far as the Lok Sabha is concerned, and it is only absent so far as this House is concerned.

SHRI SATYA NARAYAN SINHA: So far as the calling of the Business Advisory Committee is concerned, it is for the Chairman here to decide. For my part I am always prepared for it.

MR. DEPUTY CHAIRMAN: Only when we are short of time, we adopt that procedure.

DR. R. B. GOUR: But not necessary otherwise?

THE BUDGET (GENERAL), 1960-61
—GENERAL DISCUSSION—continued

DR. A. N. BOSE: Mr. Deputy Chairman, Sir, the way in which investment proposals are placed before the Committee and passed through is revealing. Generally, they are put up without necessary informations being circulated to the members beforehand. The particulars of the scrips are not properly classified and adequately analysed to enable the members to

come to a proper judgment, and to help examination and selection. The executives refrain from taking any responsibility for the proposals they put up before the Committee, while the members themselves have neither the time nor the necessary material to come to an opinion. At each fortnightly meeting proposals for investments aggregating to Rs. 2-3 crores are rushed through within an hour or so. Whatever is proposed by the interested few is passively acquiesced in by the others, the former apparently having prior knowledge of the proposed transactions. Dissents are not always recorded; minutes are drawn up after the meetings. Thus the initiative goes to the brokers and to a few interested members who, along with the Chairman and the Managing Director, dominate the proceedings. To cite another example. At a meeting held on the 18th December, 1958, one member suggested investment of Rs. 5 lakhs in the Ahmedabad Manufacturing and Calico Printing Co. Ltd. of which the shares were not offered by any broker. Later it was discovered that at the then market rate the shares of the Company would yield only 4½ per cent. against the minimum yield of 5 per cent. which is required under the L.I.C. rules. When this was pointed out, further purchases had to be stopped.

This is how powerful vested interests dominate the investment operations and the Investment Committee is virtually reduced to a mere rubber-stamp to whatever is decided from behind the screens. The executives, in league with the few members representing some banking and business interests of Bombay, hold large resources and enormous power in the business world and use them for the distribution of patronage to the detriment of the nation and of the interests of policy holders. Most of the investments are made in Bombay scrips and very little goes to other places. I would request the hon. Finance Minister to state the investment figures in the stock exchanges State by State. The Report of the L.I.C. for the year

1958 shows a most glaring iniquity in the distribution of investments among the States, Bombay having the lion's share. I refer to Appendix III, Statements 7 and 9.

SHRI MORARJI R. DESAI: May I say here, Sir, that the L.I.C. Report will be discussed here?

MR. DEPUTY CHAIRMAN: The L.I.C. Report will be placed on the Table of the House and discussed here.

DR. A. N. BOSE: Which Report?

MR. DEPUTY CHAIRMAN: The L.I.C. Report.

DR. A. N. BOSE: Of which year?

MR. DEPUTY CHAIRMAN: Probably of the years you are referring to.

DR. A. N. BOSE: I am not discussing this Report; I am only pointing out some reference in support of my contention.

MR. DEPUTY CHAIRMAN: For all these details the time will be when the Report is being discussed; that would be the proper time.

DR. A. N. BOSE: As in the matter of investments, there is invidious discrimination also in the choice of banks and in fixing the limit for call deposits among them. The cash receipts of the Life Insurance Corporation are generally in excess of disbursements to the extent of Rs. 10 lakhs a day. Huge amounts of these accumulated sums, of the order of Rs. 15½ crores, are kept in current account, that is, free of interest, in certain banks by way of patronage. The loss of interest on this account would come to about Rs. 50 lakhs a year. In respect of the favoured banks the executives depart from the formula fixed for placing them in the appropriate category for determining the limits of call deposits and often exceed the sanctioned limit. There is studied secreti-

veness in all these matters and information is held out from members who prove to be inconvenient.

The only remedy for these malpractices is to decentralise the system of deposits and investments. The Committee may lay down the general policy and make the approved list of brokers and scrips on some objective criteria. The zonal manager, helped by an advisory committee, may be authorised to make purchases locally. The Investment Committee should be constituted not with men having stakes and interests of their own, as it is constituted now, but with men not connected with banks or business concerns yet having knowledge of banking an investment, for instance, by retired officers of the State Bank. The need is to break the unholy combinations of interest and concentration of power. But before suggesting any remedies I would request the hon. Finance Minister to place the report of the member who has resigned, before the House, along with all particulars about deposits and investments. With the nationalisation of the life insurance business Parliament has become the supreme trustee of the hard-earned savings of the policy holders; Parliament has also to see that these national funds are used not for the profit of some business groups but for the profit of the nation, and Parliament must faithfully discharge this trust.

Thank you, Sir.

SHRI N. M. LINGAM (Madras): Mr. Deputy Chairman, Sir, the hon. Member who preceded me has devoted the whole of his speech to the L.I.C. Sir, before I begin to discuss the Budget proposals, now that the L.I.C. is very much in the mind of the House, I would like to draw the attention of the hon. the Finance Minister to the fact that the L.I.C.'s latest declaration of a bonus has not been approved by Government as yet, and this is causing some concern in the public, and it would be very useful if he avails of this occasion of the Budget discussion to make an announcement of the Gov-

[Shri N. M. Lingam.]

ernment's decision on the proposal of the L.I.C. Sir, this is only by the way.

Coming to the Budget, it is more important in my view to consider the background of the Budget or the philosophy of the Budget than the proposals themselves. If we correctly appreciate the background of the Budget, we will be able to evaluate and judge properly the various proposals made by the Finance Minister.

Sir, broadly speaking, the Budget proposals have taken a definite pattern during the last three or four years. Two years ago, Shri T. T. Krishnamachari, while presenting the Budget, said that the pattern of taxation that he had introduced would not materially change during the remaining years of the Plan. Sir, that announcement is being observed by his successor.

Sir, the principal features of the Budget, according to me, are that the pace of taxation is widening, that is to say, more and more people are being made to pay for national reconstruction, and the excise net is being widened so that more and more items are brought under taxation. The Revenue budget is being sought to be balanced. These are the principal features of the Budget.

As against this we have the features which cause some disquiet. The national income and the per capita income are not rising as envisaged in the Second Five Year Plan. In spite of the increase in food production, we continue to import food at a very exorbitant price. The prices continue to rise and the increase in civil expenditure has not shown any sign of being stabilised at any level. Sir, these are the factors in the context of which we have to judge the Budget proposals. The Finance Minister has given ample proof of his gallant efforts to finance the Plan during its last year even without resorting to new taxation proposals. The financial position for the coming year shows

only under Revenue account a deficit of round about Rs. 80 crores.

Sir, in this connection I would like to make some observations. Although taxation as a percentage of the national income in the country is not very high—it is about 10 per cent—yet it is the incidence of taxation on the various sectors of society that is causing hardship. As we know, about 50 per cent. of our national income comes from the agricultural sector. That is to say, about 75 per cent. of the population of the country contributes about 50 per cent. of the gross national output. But the taxation in the agricultural sector, judging by the items on which the levies are made, during the past few years is not very high. The Government itself has not furnished any figures as to the incidence of taxation in the rural and the urban sectors, but broadly speaking, the incidence of taxation in the rural sector is very much lower than in the urban sector. In other words, about 25 per cent. of the population pays very nearly about 78 per cent of the entire taxes levied by the Government.

Sir, an hon. Member suggested that to assess properly the benefits of our Five Year Plans at various levels there should be a survey conducted by the Indian Statistical Institute. It is necessary also from the point of view of equally distributing our taxes and to see that the incidence of taxation is equitable. The economic survey furnished by the Ministry does not give full particulars about this vital aspect of the economy of the country. Sir, my own feeling is that the Statistical Institute by itself may not be able to show the incidence of taxation and the incidence of benefits accruing from planned projects at various levels. Perhaps, a high level committee will be necessary to go into this aspect so that during the Third and future Plans we may have a solid and broad-based structure of taxation.

Sir, it is unfortunate that the scheme of taxation, as propounded by

the former Finance Minister, with regard to the wealth and expenditure taxes, has not been as successful as adumbrated in his original proposals. From the working of these levies, the present Finance Minister has come to the decision that wealth tax on companies should go. And I think he is right in his decision. But there seems to be something radically wrong either with the mode of levy of these taxes or with the original data with which we proceeded to levy the wealth and expenditure taxes. From the statements furnished in the Economic Survey we find that they are decreasing year after year. I do not know if the Government still clings to the theory that the expenditure, wealth and gift taxes constitute a system by which tax evasion could be avoided and consumption reduced. I think the time has come to review the continuance of the levy of these taxes. The Economic Survey has only one theme and the burden of its song in the words of the Survey itself is:

"From the indications of emerging trends mentioned above, it follows that it will be essential in the coming year to hold inflationary pressures firmly in check and to accelerate the effort to increase production and savings. The level of prices is already high, and the demands both for consumption and for investment are steadily on the increase. With the scope for additional imports strictly limited because of the low level of reserves, continuance or resurgence of inflationary pressures is a positive hindrance to the pursuit of development with stability. A high degree of discipline both in fiscal and in monetary policies is essential not only for averting further increases in prices in the immediate future but also for maintaining conditions in which the larger tasks of resource mobilisation connected with the Third Plan can confidently be taken in hand."

The Survey has summed up the position most succinctly but I fail to see

in the Budget what precisely are the measures of discipline which the Finance Minister is imposing or is recommending for the nation, even with regard to the fiscal and monetary policies, apart from the question of larger discipline of the nation. Coming specifically to the fiscal and monetary policies, what are the measures of discipline that the Minister wants this House to approve? What are the measures that he has incorporated in his Budget? It is true that he has rationalised the Budget in certain respects from the experience of the working of the wealth tax and the Companies Act and he has not levied any direct taxes but except the proposal to levy a few additional excise duties, what are the measures of discipline that he advocates? I am afraid we are drifting year by year to a position of instability and to add to our difficulties, we have had the unexpected developments on our borders and in the current year, we have had the report of the Second Pay Commission; although the bulk of the expenditure on these two commitments is going to be incurred during the coming year, yet we cannot be complacent that the future is going to be smooth and that the Third Plan is going to be launched under very good auspices

Although the Finance Minister, has, presumably on the ground that the industries connected with these excise levies have progressed during the Second Plan, recommended these new levies, yet in the context of our financial structure some of them, at any rate, need careful examination.

First I come to the levy of excise duty on bicycles and motor cars. The levy on motor cars which is supposed to be adjusted, which brings the largest slice of revenue under the new proposals, is ill-advised. As the House knows, transport is accorded a very important place in the Second Plan and is bound to play a vital role in the coming Plans also and when the House was discussing the Masani Committee report on motor transport in the country, it was of the view that all possible encouragement

[Shri N. M. Lingam.]
should be given for the development of motor transport because it was vitally concerned with the industrialisation of the country and that the Railways were not able to cope with the commitments of a developing economy. Now, this levy may have its merits because of the increasing use of diesel oil but it does have an adverse effect on industrialisation. The mere statement that the imbalance between internal production and the imports has to be set right is not enough to make the House agree to this levy which had increased by sixty naye Paise per gallon during the last two years.

The duty on cycle parts is a duty on the common man and although the cycle industry has progressed considerably during the past few years and has reached more than the 10 million unit mark, yet the levy is not desirable at the present juncture. I also do not see eye to eye with the Minister in his decision to propose a levy on internal combustion engines used as prime movers. The other levies are on the ground that during the Second Plan the light engineering industries have received a fillip and that as we develop, these sectors which benefit from the outlay on the Plan should be taxed. My feeling is that they are not sufficiently developed to bear all these additional levies. For one thing, we want to export these light engineering goods and the new levies may act as a damper on the export of these items.

Secondly, the extent to which this levy will affect the wholesale price index in the country is not clear from the proposals. Excise duty, by its very nature, should be spread out and it should have small incidence and should affect as large a number of people as possible. Unless these levies satisfy these tests, I do not think it is desirable to have a number of taxes yielding a small revenue.

I have only one more point before I sit down and that is with regard to

the proposal of the Finance Minister to increase the levy on tea. It is that it is only an enabling provision that he wants to make in the Finance Bill and actually the intention seems to be to give some relief to the tea industry. It is welcome that the Government is thinking of giving relief to the tea industry. It is perhaps the largest foreign exchange earner in the traditional class but it is strange that in spite of the Government's exhortation to all sections of the industry to promote exports, even the production, as given in this Economic Survey, of this commodity is going down. It was only yesterday that the Minister of Commerce and Industry was saying that even our exports did not show a firm upward trend. It is necessary that, in the interests not only of the industry itself but also for the financing of our future Plans by earning foreign exchange, this industry should be strengthened. It has been the goose that has laid the golden eggs so far. Many things connected with this industry were taken for granted and it was thought that it was stable and that it would continue to earn foreign exchange in geometrical progression when the demands of the Government were rising in arithmetical progression. The hopes of the Government have been belied and the industry is facing serious competition from other tea-producing areas. In certain parts of the country it is in doldrums. It is high time that Government took serious notice of this state of affairs and gave some tangible relief.

[THE VICE-CHAIRMAN (SHRI DAHYABHAI V. PATEL) in the Chair]

SHRI RATANLAL KISHORILAL MALVIYA (Madhya Pradesh): Sir, I welcome the Budget as has been done by many of my friends here and throughout the country. The only comment I have to make is that a number of items have been taxed and that taxation has to be borne by the lower middle class and the poor. For instance, cycle is the only means of conveyance available for the poor and in modern life this has become indis-

pensable. We know that a very large number of cycle factories have come up in this country and yet we are unable to cope with the demand because the cycle has now reached even the humblest of huts in the villages. It has gone far far away from the cities. The cost of the cycle suited the pockets of the poor and they have been purchasing this vehicle. As a result cycle industry has been prospering year by year. At a time when the industry is at the developmental stage and when the poor people throughout the country are adopting it, the cycle parts should not have been taxed; it is undesirable and I shall be very glad if the hon. Minister could reconsider this matter.

It is a well-known fact that the country is prospering. New industries are being developed both in the public and the private sector and the old established industries are also giving a very high rate of production. Needless to say that the credit for all this goes to labour which has contributed its mite and my own organisation, the Indian National Trade Union Congress, has made its humble contribution to the increased production by maintaining comparatively better industrial peace. Even though production has gone up to anything between 40 per cent. to 50 per cent., yet the wages of the workers have not gone up to that extent. By struggling for years labour gets either an award or a decision from a wage board. The awards come years after. Meanwhile prices go on increasing and the labourers are put to difficulty. Even when the awards come, even after wages are given according to those awards, the workers cannot make both ends meet because the prices have also risen meanwhile. The result is that the increase in wages given by the awards does not provide the desired result and the workers suffer. Not only this, Sir, but it is common experience that the awards are not properly implemented by the employers. They try to put their own interpretation; they try to give less to the

workers or delay implementing the awards and disputes go on for years. As was mentioned by my senior colleague, Khandubhaiji, a little while ago, we see no chance of any downward trend in prices or in the cost of living index. When this rise in prices has come to stay, it is very necessary that either wages should be increased or some other suitable arrangement should be thought of. I do not now want to go into the question of the Report of the Pay Commission. I have to say something about that also but then this is not the occasion that I should avail off. I will be satisfied by saying that the wages which are given do not satisfy the present standards. They do not even satisfy the bare necessities and with the family burden that a worker has to carry on, he finds it difficult to make both ends meet.

I want to make a humble suggestion in this connection and that seems to me to be a good alternative to any slight increase in wages. There has been countrywide dissatisfaction over the Report of the Pay Commission. In spite of the fact that Government will have to spend about Rs. 50 crores more, people are not satisfied because the increase which the Pay Commission has recommended does not cover even the bare necessities, what to talk of fair wages. At present fair wages is a far cry; it is a question of bare necessity. We have to see whether a worker can meet his bare necessities with the wages that he gets. I say that he is not able to meet the bare necessities and according to my own study, whatever increase has been allowed is not sufficient at all. I would, therefore, request the hon. Minister and the Government to provide for subsidised foodgrains. This system has been in the country, in the Railways and in many other industries. In all the above cases, the workers used to be given foodgrains at subsidised rates. I have met workers of all classes and Government servants too and the cry today is for foodgrains at fair prices or subsidised prices. Unless this is done, I think it would be difficult to bring

[Shri Ratanlal Kishorilal Malviya.]
peace among the Government servants
and the industrial workers.

The next point I want to make is regarding incentives to be given to industrial workers. They do not get any incentive whatever. There has been an increase in production and the profits which the industrial concerns are making are fantastic. In spite of this, it is very difficult to get any increase in wages or bonus or a share in the profits for the workers. There is no law and the workers being poorly organised find it difficult to fight it out. Therefore, these profits should be curtailed, to subsidise food and other necessities to reduce the burden of the poor, to the extent possible. It is also necessary that the Government should look into the profits properly and they should not allow more than a certain percentage to the employers and the rest of the profits should go for capital formation and for distribution to the workers. It is high time that the Government looked into these things and took action to satisfy the workers needs and increase industrial progress.

Next I come to the awards. I congratulate the Government on having recently accepted the recommendations of the wage boards for the cement and textile industries. I know these reports were in their hands for a few months and I know the kind of pressure which was exercised by the employers on the Government not to publish the reports and then to publish them only after certain modifications. But I am glad that the Government has published them without any modification and has also accepted the recommendations.

I would, however submit—and this is something that I repeat—these are documents which are not religiously followed by the employers. They find out lacunae and they try to manipulate their interpretations and then try to rob the workers of the wages which have actually been awarded. I am sorry to say—and this I say

from my own practical experience—the awards given in 1947 have not yet been implemented even today. For small points of interpretations, the employers go to the Supreme Court, to delay and defeat the claims and exhaust the workers. This is the state of affairs. Therefore, I request the Government and say that when it comes to implementation, the Government, the Labour Ministry, should so strengthen their machinery that the awards are properly implemented.

For want of time, I will say briefly about the question of unemployment in our country. We see that the figures available are astounding. These figures have been furnished by the employment exchanges. They do not deal with the full volume of unemployment in the country. These figures are staggering. It is not only a question of industrial unemployment or unemployment among the educated. There is also rural unemployment. As has been rightly pointed out by Shri Khandubhai Desai, statistics are not available to show to what extent standards have risen or how the national income has been distributed. We also do not know what the actual unemployment position is. I am glad the Government appointed a committee on Village and Small Industries and it gave its report in 1955 under the chairmanship of Prof. Karve. Actually, the progress is not known and I submit that unless rural unemployment is checked by the introduction of more rural industries and small-scale industries on co-operative basis, the influx of rural population into the cities will continue—the influx of the illiterate and uneducated workers—and there will be difficulty. The difficulty we are facing today of unemployment in the industries will be greater. That question will never be solved. Of course, due to increase in the general population also this problem has grown more difficult. It is necessary to give impetus to small-scale industries. That is the only way to reduce the pressure on the cities, and also satisfy to some extent urban labour.

There is one more thing I would like to refer to. The industries today are mechanised. Government is starting new industries and these are very highly mechanised. I do not talk of the mechanisation of the steel plants. That is very necessary. I do not talk of the mechanisation of other big industries like refineries and others. That is also very necessary. But I submit that mechanisation in such matters like the removal of over-burdens, etc. removal of the earth, cutting of stones, etc. is going to bring very heavy unemployment in the country. I submit, I beseech and I request the Government to see to it that mechanisation is not brought in in such matters as removal of over-burdens, earth cutting, stone-cutting, etc. If there is mechanisation, it should be restricted to the minimum possible extent. Unless this is done, it will be difficult for the Government to maintain industrial peace. It will not be the workers who will be at fault. Maintenance of industrial peace will be the responsibility of the Government that continues to heavily mechanise simple operations. As an instance, I may submit that in coal mining, the Government is introducing heavy machinery for earth-cutting. We have gone into this subject very thoroughly, we have made calculations and found that even when machinery is used, the cost of production by hand and machine is the same. The only extra cost incurred is for the provision of housing accommodation. Housing is the responsibility of the Government. For fear of having to provide housing alone, they should not introduce machines for these works in coal industry. I would, therefore, request the Finance Minister and also the Ministry of Steel, Mines and Fuel to see that only due to the question of housing, they should not introduce heavy machinery without any reason or rhyme. They should reduce the use of machinery for these operations and see that unemployment does not increase. Otherwise the country will have to face a new problem. Thank you, Sir.

श्री पा० ना० राजभोब (मुम्बई) : उष-
सभाध्यक्ष महोदय, इस वर्ष का बजट अनेक

दृष्टियों से महत्वपूर्ण है। हमारे वित्त मंत्री जी की वर्ष-गांठ के दिन यह पेश हुआ है और द्वितीय पंचवर्षिक आयोजना के अन्त में हम हैं। जब से हमने पंचवर्षिक आयोजनायें शुरू की हैं तब से यह बजट योजना की नीति का चित्रण बनना शुरू हुआ है और देश के लोग इन बजटों को केवल आय और व्यय का हिसाब नहीं मानते, किन्तु हर वर्ष की योजना का प्रतिवेदन मानते हैं। योजना देश की आर्थिक नीति और ध्येय के फ्रेमवर्क को बताती है। तो बजट के डिटेल्स क्या हैं? पहले क्या प्रगति हुई है और अनुभव के प्रकाश में हम कौसी तरक्की करने वाले हैं, इसका मार्ग बजट से मालूम पड़ता है। इसलिये यदि हम पिछले दस वर्ष के बजट आयोजना की पार्श्वभूमि को देखें और इस वर्ष का बजट भी देखें तो हमें मान्य होगा कि हम कहां जा रहे हैं। इसलिये वित्त मंत्री जी ने अपने भाषण में कहा है :—

"I should like to say a few words on the implications of planning for development; for, it is in relation to these that all our Budgets have to be framed."

मैं इसलिये भी वित्त मंत्री जी को बधाई देता हूँ कि जब से वह आये हैं तब से बजट भाषण हमेशा ही आशा से भरा हुआ रहता है। आपने अपने भाषण में कहा है :—

"There is, however, no reason to take a complacent view of the situation. The end of the Second Plan merely marks the beginning of the Third Plan which will require greater efforts and larger sacrifices on the part of the community if the country has to sustain, as it inevitably must, a larger Plan."

वित्त मंत्री जी ने अपने बजट भाषण के दूसरे भाग में कहा है और पहले भाग के ३६वें परिच्छेद में भी कहा है कि इस आयोजना के पहले तीन वर्षों में मध्यवर्ती सरकार और राज्य सरकारों ने मिल कर दो हजार चार सौ पचास करोड़ रुपये खर्च किये और १९५९-

[श्री पा० ना० राजभो:]

६० और १९६०-६१ के दो वर्षों में ग्यारह सौ इक्कोस और ग्यारह सौ चौहत्तर करोड़ रुपये खर्च करने की तरतूद है। किन्तु उन्होंने आगे कहा है:—

“After allowing for the usual shortfall in expenditure, the actual outlay in the public sector over the five-year period will be near about Rs. 4,600 crores.”

तो मैं आपको यह बतलाना चाहता हूँ कि यह बात हमारी प्रगतिशील आर्थिक रचना में एक काइसिस है और वह भी रिसोर्सेस का है और हम लोगों को वह अधिक त्याग और अधिक काम करने के लिये कहते हैं, तो प्रश्न यह उ पन्न होता है कि लोग जब शत प्रतिशत काम करेंगे तब भी क्या उनको हम ७५ परसेंट रिटर्न ही देंगे। तो यह दुर्घटना है कि प्लानिंग कमीशन और सरकार ७५ परसेंट से समाधान करती है। उससे हमें दुःख होता है और हम में प्रगति की कल्पना नहीं आ सकती है।

इसके अलावा मेरे ख्याल से अनावश्यक खर्च इतना होता है कि लोगों की हालत में सुधार नहीं होता है। गरीब जनता, मध्यम वर्ग की जनता, देहात के लोगों के और दूसरे लोगों के हाथ में योजना का कितना हिस्सा आया है और योजना की तरक्की के लिये उन्होंने कितना काम किया है, कितना कर दिया है, इसका भी विचार करना होगा। हर वर्ष हमारे पास आय-व्यय का हिसाब आता है, किन्तु उसको सिर्फ गणितज्ञ ही जान सकता है। हम लोगों का क्या काम हुआ है, उसकी कल्पना आती नहीं है। पैसा कितनी अच्छी तरह से खर्च हुआ है, इसकी कल्पना आती नहीं है। इसी लिये हम कहते हैं कि सिविल एक्सपेंडीचर, जो कि अनप्रोडक्टिव है, वह बढ़ गया है। इस साल १३.८५ करोड़ बढ़ा है तो अगले

साल में १७.७४ करोड़ बढ़ने वाला है और इसका जवाब सिर्फ यह है कि हमने यह कमेटी नियुक्त की है, वह की है, वगैरह वगैरह। तो मेरा यह कहना है कि हमें योजना की वार्षिक रिपोर्ट दी जाय या इसका एक अलग बजट पेश किया जाय जिसको कि हम परफार्मेंस बजट कहेंगे।

मेरी प्रार्थना यह है कि कई दृष्टियों से यह बजट ठीक है, जैसे कि पैसा उत्पादन से ज्यादा आयेगा। इस वर्ष में उत्पादन बढ़ने से एक्साइज में ३५०.८२ करोड़ रुपये का अंदाजा है जब कि पहला अंदाजा इसका ३२४.३२ करोड़ रुपये का था। किन्तु यह एक अच्छा तत्व कि हम उत्पादन से पैसा लेंगे उसको रोड ट्रांसपोर्ट पर लेवी लगा कर के मिटा दिया गया है। दो हजार पांच सौ रुपये की ट्रक के ऊपर ड्यूटी लगाई गई है, इंजिस पर १० परसेंट ड्यूटी लगाई गई है और प्रति गैलन डिजेल तेल पर २५ नये पैसे ड्यूटी लगाई गई है। इस समय सड़क-यातायात पर करीब करीब एक लाख छयासी हजार ट्रक्स हैं जिसमें ६५ प्रतिशत डिजेल तेल से चलते हैं। तो यह करने के पहले यदि नियोगी कमेटी की रिपोर्ट की राह देखते तो अच्छा होता। देहात में रोड ट्रांसपोर्ट से वहां की आर्थिक हालत को कितना फायदा होता है और कितनी मदद होती है यह आपको मालूम है। मसानी कमेटी की रिपोर्ट में, जिसको कि हमने यहां डिसकस किया था, उसमें लिखा है:—

“Good road communications encourage the production and marketing of perishable articles such as fruits, vegetables, milk and eggs, and give the cultivators access to the outer world from which to obtain fertilisers, oil engines and know-how of improved methods of agriculture.”

इस कमेटी ने ऐसा लिखा है कि डिजेल पर टैक्स नहीं लगाया जाय और हमारी ट्रांसपोर्ट मिनिस्ट्री ने उसको स्वीकार किया है, लेकिन वित्त मंत्रालय ने उसको स्वीकार नहीं किया

है। तो ऐसा मालूम होता है कि इसमें कोई कोआर्डिनेशन नहीं है जैसे कि राज्य सरकारों और मध्यवर्ती सरकार में नहीं है।

यही बात साइकिल की है, पंखे की है। उन पर भी टैक्स लगाया गया है और उससे गरीब जनता को नुकसान हुआ है। साइकिल के दाम अब १० रु० बढ़ गये हैं और पंखे ओल्ड स्टॉक के ५० प्रतिशत ज्यादा कीमत पर बेचे जा रहे हैं। दूकानदार ने या मैनूफैक्चरर ने यह ज्यादा ड्यूटी दी है या नहीं इसको प्राइज लिस्ट में नहीं बताते हैं और उसकी कोई पर्ची नहीं देते हैं। साइकिल वालों को म्युनिसिपल टैक्स भी देना पड़ता है और अगर वह बगैर बत्ती जाय तो उसका चालान होता है और उसको जुर्माना देना पड़ता है। अब यदि वह बस में जाय तो उसके लिये भी उसकी ज्यादा किराया देना पड़ेगा; क्योंकि डिजल तेल पर आपने कर लगाया है। मार्च २, १९६० के टाइम्स आफ इंडिया में लिखा है:—

“The Delhi Transport Undertaking has calculated that the proposed increase in the excise duty on motor vehicles, diesel oil, tyres, batteries and aluminium sheets will enhance its expenditure for the year by about Rs. 8 lakhs. Raising the bus fare is the only means available to the Undertaking to meet this increase in expenditure.”

तो हम लोग, गरीब लोग, साइकिल को नहीं खरीद सकते हैं; क्योंकि देश को उसके ऊपर कर लगा कर १०० लाख रुपया चाहिये। उनको बस में जाने में भी दिक्कत होगी; क्योंकि देश को इसके जरिये से पांच, छः करोड़ रुपया मिलेगा और वह पैदल भी नहीं जा सकता है; क्योंकि जूतों पर भी टैक्स लगाया है और वह सिर्फ २० लाख रुपये के लिये लगाया है। मैं नहीं समझ पाता हूं कि रबड़ सोल और हील पर क्यों टैक्स लगाया है? आप जानते होंगे कि जूते बनाने

का काम मामूली गरीब आदमी करते हैं और आज देश में कोई आदमी नहीं है जोकि जूता न पहिनता हो। शहर में सब पहिनते हैं और देहात में चार आदमियों में से कम से कम एक आदमी जूता पहिनता है। शहरवासियों में ज्यादा लोग जूते पहिनते हैं और ऐसा मालूम होता है कि शहरवासी लोग हर साल एक जूता इस्तेमाल करते हैं तो ग्राम में चार लोग एक जूता हर साल इस्तेमाल करते हैं। यह नमूद करना इधर आवश्यक है कि ५.१ करोड़ अनुसूचित जाति के लोगों में से साधारणतः ७५ प्रतिशत लोग जूता-उद्योग के विभिन्न तरीके के काम में लगे हैं, जैसे पादत्राण या अन्य चर्म वस्तुओं का उत्पादन करना इत्यादि। तो मेरी प्रार्थना यह है कि रबड़ सोल और हील के ऊपर यह जो कर लगाया जा रहा है इसके ऊपर भी हमारे वित्त मंत्री जो थोड़ा सा विचार करें; क्योंकि इस टैक्स के लगने से लघु और गृह उद्योग द्वारा बने जूते बड़ी फैक्ट्रियों के बने जूतों से कम्पीट नहीं कर सकते। ऐसा मुझे आत्मविश्वास है कि वह इस पर विचार करेंगे।

इसी तरह से गरीब आदमी अब सिनेमा भी नहीं देख सकता है; क्योंकि ७५ लाख रुपये के लिये आपने एक मीटर फिल्म पर १० नया पैसा कर लगाया है। हमारे इन्फार्मेशन एंड ब्राडकास्टिंग के मिनिस्टर साहब यहां बैठ हैं। मैं समझता हूं कि गरीबों के ऊपर यह जो टैक्स लगाया गया है वह बहुत लगाया गया है। अब वह गर्मी में अच्छी तरह से श्वास भी नहीं ले सकता है; क्योंकि ६० लाख रुपये के लिये फैन पर ५० प्रतिशत ड्यूटी लगाई गई है।

चीनी, कपड़ा, इत्यादि आवश्यक वस्तुओं को आपने टैक्स नहीं किया, किन्तु आज जो डेवलपमेंट इकानामी है उसमें अन्य वस्तुएं भी आवश्यक वस्तु बन गई हैं और उसकी वजह से सारे प्रकार की वस्तुओं के दाम बढ़ रहे हैं। २९ फरवरी के ‘टाइम्स आफ

[श्री पा० ना० राजभोज]

इंडिया' में अमृतसर से एक खबर आई है कि :

2 P.M.

"On the eve of the Budget, speculators have pushed up the prices of some consumer goods. Popular brands of cigarettes have disappeared from the market and the retailers are blaming the stockists for the artificial scarcity. Rumours that the excise duty on match boxes may be enhanced have caused a rise in the price of match boxes."

तो उपसभाध्यक्ष महोदय, मैं यह कहना चाहता हूँ कि यह बात फौरन बन्द होनी चाहिये। जैसा मैंने अभी बताया, जूतों के ऊपर जो कर लगाने की व्यवस्था की गई है, उस पर पुनर्विचार करना चाहिये। असल में जो जूते का रोजगार करने वाले कैपिटलिस्ट लोग हैं, उन पर उसका असर नहीं पड़ेगा बल्कि जो सोल हील के जूते बनाने वाले बेचारे गरीब लोग हैं, जोकि ज्यादातर देहात के हरिजन भाई हैं, उनको उस टैक्स से नुकसान होगा। तो इसका संबंध हमारे शिड्यूल्ड कास्ट लोगों से है इसलिए उनकी रक्षा करनी चाहिये। मैं तो यह चाहता हूँ कि जैसे खादी और ग्रामोद्योग भवन बना है, वैसे ही एक चर्मोद्योग बोर्ड फार स्माल स्केल इंडस्ट्री बनना चाहिये, क्योंकि खादी और ग्रामोद्योग बोर्ड से जैसा फायदा हरिजनों को मिलना चाहिये, वैसा मिलता नहीं। मेरे ख्याल में टेक्सटाइल इंडस्ट्री से भी बड़ी लेदर इंडस्ट्री हो सकती है और इसी वास्ते सरकार से मैं प्रार्थना करूँगा कि चर्मोद्योग जो स्माल स्केल और काटेज इंडस्ट्री में आता है, उस ओर ज्यादा ध्यान देने की आवश्यकता है।

देश के रक्षण के बारे में जो कहा गया है, उस पर मैं यह कहना चाहता हूँ कि जो सरतूद की गई है वह एन सी० सी० तथा जवान ल गों को सैनिक शिक्षण देने के लिये

ज्यादा तौर पर खर्च की जाय। प्राइज बांड्स की योजना अच्छी है। आज देश की मानसिक अवस्था ऐसी है कि वह और भी ५०-६० करोड़ रुपये का टैक्स देश के रक्षण के लिये देने को तैयार है और उसको प्राप्त करने के लिये कई नीतियों का—जैसे कि प्राहिबिशन है, पुनर्विचार करना है। बम्बई प्रान्त को देखिये, और भी कई कई प्रान्तों में प्राहिबिशन तो हुआ है लेकिन उस पर ठीक ढंग से अमल नहीं होता है; तो प्राहिबिशन को ठीक तरह से मर्यादित करना चाहिये। प्राइवेट तौर पर लोग अंधाधुंध शराब बनाते हैं और इस चीज को रोकने के लिये सरकार ने कई प्रकार की मशीनरी लगाई है, फिर भी वह उस नीति को अमल में नहीं लाती। इसलिये उपसभाध्यक्ष महोदय, मैं प्रार्थना करूँगा कि वित्त मंत्री बजट में हमारे देश की आर्थिक हालत को देखते हुए ऐसे जरूरतों से पैसा निकालने की कोशिश करें, तो ठीक होगा। हम नहीं चाहते शराब पी जाय, लेकिन जो शराब पीते हैं, वे स्पिरिट जैसी गंदी चीजें और फ्रेंच पालिश जिसे बोलते हैं वह पीते हैं। एक वनस्पति है—कुछ नाम है उसका—इंडू फार्मोसी से आती है उसमें कुछ शराब इधर से उधर करके दवा के नाम से बेची जाती है, जिसको लोग पीते हैं। जब ऐसा हो रहा है तो पैसा कहा से आयेगा? अंधा पीसता है, कुत्ता आटा खाता है, ऐसी कुछ कहावत है। मराठी में बोलते हैं: "आंधला दलतो व कुत्रे पिट खाते"।

डाक्टर राज बहादुर गोर (अन्धेरायुद्धिन्):

हन्दी मीन कहावत है --दुःखान्धा बान्ते
दियुः

† [डा० राज बहादुर गौड़ (आंध्र प्रदेश):
हिन्दी में कहावत है—"अंधा बांटे रेवड़ी"।]
(Times bell rings.)

श्री पा० ना० राजभोज : उपसभाध्यक्ष महोदय, मेरी दुर्बलता है कि हमें ये लोग बहुत इंट्रस्ट करते हैं, उसमें मुझको थोड़ी

तकलीफ होती है। तो मेरी प्रार्थना है कि पे कमीशन के बारे में बहुत कुछ कहा गया है। उसमें लिखा है कि आप तनखाह बढ़ाने की बजाय सरकारी कर्मचारियों को सहूलियतें दें। शहरों में भी सर्विस कोऑपरेटिक्स तथा फेयर प्राइस शाप्स फार गवर्नमेंट सर्वेंट्स खोलें और उनको तनखाह बढ़ाने की बजाय अनाज, सस्ता ट्रांसपोर्ट तथा सस्ता कपड़ा, उनके बच्चों की शिक्षा आदि की व्यवस्था करे तो यह वर्ग सदा के लिये संतुष्ट रहेगा और अधिक काम और अधिक उत्पादन करेगा। तो मेरी यह प्रार्थना है कि आज गरीब लोगों को रहने के लिये मकान मिलना चाहिये, जमीन मिलनी चाहिये। हमारे मंत्री महोदय ने किसी जगह कहा है कि हम राशनिंग करेंगे। मैं तो चाहता हूँ कि राशनिंग आफ हाउसेज, सीलिंग आफ लैंड और राशनिंग आफ मनी होना चाहिये। मनी के ऊपर राशनिंग करो, जमीन के ऊपर राशनिंग करो, जिसके पास कई लाखों करोड़ों रुपये की आमदनी है, उन पर राशनिंग नहीं होती। राशनिंग आफ मनी, राशनिंग आफ हाउसेज, सीलिंग आफ लैंड ये तीनों बातें होना बहुत आवश्यक है।

हमें अपने देश में कई और प्रकार की बातों की तरफ भी देखना चाहिये। नवयुवकों के अंदर बढ़ती हुई अनुशासनहीनता, असंतोष और राष्ट्रीय सेवा से विमुख होने की प्रवृत्तियों को रोकना चाहिये। मैं दो, तीन पॉइंट्स आपके सामने बतलाना चाहता हूँ। यू० पी० एस० सी० के बारे में मुझे कहना है कि शिड्यूल्ड कास्ट और शिड्यूल्ड ट्राइब्स के जो लोग लिये जाते हैं, उनका परसेंटेज कांस्टीट्यूशन के मुताबिक पूरा नहीं होता है, उनके ऊपर बहुत जुल्म होता है। यू० पी० एस० सी० में हमारा शिड्यूल्ड कास्ट का एक मेम्बर है लेकिन उनको भी थोड़े से ज्यादा अधिकार मिलने चाहिये। हमारे हरिजन भाइयों में बहुत से ऐसे हैं जो बी० ए० आनर्स, बी० ए० एल० एल० बी० हैं, क्वालिफाइड हैं, लेकिन उनका सेलेक्शन नहीं होता है। इसी तरह

मे तीन-तीन चार-चार वर्ष सर्विस कर चुकने के बाद भी जो लोग सर्विस में हैं उनको यू० पी० एस० सी० कन्फर्म नहीं करती है। जो लोग क्वालिफाइड हैं, उनको इम्तिहान में फेल कर देते हैं। इस तरह से कैसे हम लोगों को बराबरी का दर्जा मिल सकेगा, कैसे हमको हमारा हिस्सा मिल सकेगा? इसलिये मेरी प्रार्थना है कि हमारा परसेंटेज पूरा होने के लिये कुछ न कुछ तरीका बनाना चाहिये, जिससे हमारे आदमी क्वालिफाइड जो इस तरह से फेल कर दिये जाते हैं, उनको नौकरी पर लिया जा सके और जो लोग तीन-तीन चार-चार साल से नौकरी पर लगे हुए हैं कन्फर्म किया जाय।

दूसरी बात मुझे यह निवेदन करनी है कि—

A number of schemes for the welfare of the Scheduled Castes, for which the Centre is giving grant, are not implemented. The grants are unutilised. The cause for the same should be found out and also the actual benefits that accrue to the Scheduled Caste people by the appointment of an assessment committee. (Time bell rings.) अभी मैं पॉइंट बता रहा हूँ भाषण नहीं कर रहा Many times the financial assistance extended to the Scheduled Castes is wasted on the schemes which become unproductive. Small-scale and cottage industries, where the bulk of the Scheduled Castes are engaged, should be given more importance. Such industries which have a direct bearing on the lives of the Scheduled Castes should be given priority. मेरा दूसरा पॉइंट यह है कि—The quota in the services is not filled in all the ranks of the services. The quota in higher posts remains to be filled up.

DR. R. B. GOUR: Does he want certain exclusive industries for Scheduled Castes?

SHRI P. N. RAJABHOJ: The Directive Principles of the Constitution regarding the services for Scheduled

[Shri P. N. Rajabhoj.]

Castes and Scheduled Tribes should be strictly followed by the Government.

The fourth point is that persons who have put in more than five years' service should be confirmed automatically. The U.P.S.C. should be asked to give an opportunity to the candidates, who are appearing for various interviews, to express themselves fully and the report on each candidate formed by the U.P.S.C. should be called for. Sufficient provision should be made in the Third Five Year Plan for the economic and social uplift of the Scheduled Castes and Scheduled Tribes.

इसके बाद एक प्वाइंट देशमुख साहब के बारे में है। Disciplinary action should be taken against those who do anti-Government propaganda by remaining in Government services.

'इंडियन एक्सप्रेस' में उनके बारे में लिखा है कि ३,००० रु० तनखाह लेते हैं और उनकी औरत अलग तनखाह लेती है। सब डिटेल्स इसमें लिखे हुए हैं। मैं थोड़ा सा एक मिनट में बताना चाहता हूँ :

"One was led to believe that it was out of a great sense of public spirit that he accepted the Chairmanship of the University Grants Commission on a nominal salary of one rupee, particularly because his wife was earning enough and was given free residential accommodation. So, when it was explained that he had qualms about accepting any remuneration, one certainly respected his public spirit...."

(Time bell rings.)

I want to read it. It says—

"But curiously enough, subsequently he not only demanded his full remuneration, of Rs. 3,000 per month, . . ."

(Interruption.)

मुझे दुख होता है, जब हमारे कम्युनिस्ट भाई बोलते व त बीच में घुस पड़ते हैं। तो मैं कह रहा था कि हमारे देशमुख साहब तीन हजार रुपया तनखाह लेते हैं और उनकी मिसे भी सरकार की नौकरी करके तनखाह लेती हैं। इसके अलावा उन्हें १,२०० रुपया मकान का किराया मिलता है। जब वे सरकार से इतनी तनखाह लेते हैं तो क्या उन्हें सरकार के खिलाफ बोलना चाहिये? वे करप्शन के बारे में बोलते हैं, तो क्या एक सरकारी तनखाह पाने वाले के लिए यह उचित बात है, नीतिमत्त बात है?

उपसभाध्यक्ष महोदय, मैंने अपने भाषण में जो बातें कहीं हैं, सरकार उन पर अवश्य ध्यान देगी। इसके साथ ही साथ स्लम क्लीयरेंस का इंतजाम सरकार की ओर से जल्दी होना चाहिये। इकोनॉमिक प्रान्लम के बारे में भी सरकार को विशेष ध्यान देना चाहिये। आदिवासी और हरिजनों को साविसेज में उचित मात्रा में लिया जाना चाहिये। मेरी प्रार्थना यह है कि सरकार ने आदिवासियों और हरिजनों की भलाई के लिए जो स्कीमें बनाई हैं, उन पर उचित ध्यान नहीं दिया जाता है और उन पर अच्छी तरह से अमल नहीं किया जाता है। मेरी सरकार से यह प्रार्थना है कि उनकी भलाई के लिए जितनी भी स्कीमें बनाई गई हैं, उन पर शीघ्रता के साथ अमल किया जाना चाहिये। यहां पर सरकार के सब आफिसर बैठे हैं उन्हें भी इन बातों की ओर विशेष ध्यान देना चाहिये।

मेरी तो यही प्रार्थना है कि हमारा देश जल्दी से उन्नति करे और दूसरे देशों के साथ सम्मानपूर्वक आगे बढ़ रहा रहे।

SHRI TRILOCHAN DUTTA (Jammu and Kashmir): Mr. Vice-Chairman, an overall view of the Budget proposals under discussion leads one to be in general agreement with at least the major ones of them. The main test is

the maintenance of the tempo of developmental activity, and that has been provided at an annual rate of Rs. 1,147 crores, the total outlay for the Second Five Year Plan being Rs. 4,600 crores.

Sir, I wish particularly to welcome one aspect of the Budget proposals, and that is the increased allocation for Defence and the promise by the Finance Minister to approach Parliament for more funds if the defence requirements of the country so warrant. In the context of the present situation, Defence must be treated as a matter of the utmost importance. A long spell of domination by British imperialism had lulled the country into a false sense of security, and now that we are a free and independent country and are considered to be a big country in the comity of nations, it is but inevitable that we have adequate arrangements for the defence of our country, for the defence of our independence.

Sir, I am glad that the Budget and the other measures adopted by the Government indicate an increased interest in the border areas. It is only axiomatic that the defence forces must have a friendly and patriotic hinterland, a powerful and healthy home front. Therefore, it is essential that the administration in the border areas is absolutely stream-lined and efficient, one that can deliver the goods and keep the people satisfied. If this is not the best guarantee against infiltration and aggression, it is at least a big contributory factor towards that.

My State of Jammu and Kashmir is, in more sense than one, a border area. The country has been quite interested in and concerned about it. Kashmir has been treated as an issue of national importance by practically all the principal parties of the country, but it has almost entirely been about the external aspect of it. This was inevitable after Pakistan's invasion of Kashmir in 1947 and the events that followed this in quick succession one after another.

But then, after the Constituent Assembly of Jammu and Kashmir State

had declared the permanent accession of the State to the rest of the country, India, signifying the ratification by the people of this decision, the Parliament and the public opinion in India have to see the internal conditions in their correct perspective. Steady and continued improvement in the internal conditions there would be the most effective reply to those who are encouraged sometimes to keep this settled issue alive and to talk of solving an already solved issue.

It is the general and persistent demand of the people of Jammu and Kashmir that the Centre should take more and active interest in the affairs of their State and see that the grants and loans given to the State are utilised and spent with the utmost integrity and with the utmost care, really in the interests of the people of the State. The experience has been that if you take away your vigilant eye, things go astray, but if you are alert and take an interest, things do not go wrong. An instance in point is the Leh-Ladakh Road. It is a very vital road for the defence of the Ladakh part of our country. This road was not completed for years and there was embezzlement of lakhs of rupees till the matter was mentioned by the Prime Minister in one of his Press Conferences. It was only thereafter that a tribunal was appointed by the State Government to look into this serious matter. According to my reports, the tribunal has not done anything so far, but anyway the tribunal has been appointed. Thereafter, I think the Centre awoke to the situation, and a high officer from the Centre has been put in overall charge of the civil administration. People there have noticed that since then things have got moving at a faster pace and that the development of that part of the country is taking place at a considerable speed. This thing has a moral for us. One high officer was sent from here as the Deputy Commissioner in charge of Ladakh and also in overall charge of the civil administration there. Things got moving. So, the moral is that things can improve if a large number of competent and incor-

[Shri Trilochan Dutta.]

ruptible officers are sent there to tone up the administration and restore the confidence of the people.

Recently, as you are aware, Sir, I.A.S. and I.P.S. cadres have been created in the State. I would plead with Parliament and with the Central Government that these officers should be rotated and competent and good I.A.S. and I.P.S. officers should be sent to that State.

Then, Sir, there are other things which can be done to improve the internal situation. In the recent past, there has been a persistent demand from the people of the Jammu and Kashmir State—and this demand was supported by many hon. Members of this House and the other House and the national press—that the jurisdiction of the Supreme Court and the jurisdiction of the Election Commission should be extended to the State of Jammu and Kashmir and that the status of the High Court there should be raised to that of any other High Court in India.

This powerful voice has not gone unheeded. As you are aware, Sir, recently the President has issued the Constitution (Application to Jammu and Kashmir State) Amendment Order, 1960, which came into force on the 26th of January this year. So far as the jurisdiction of the Supreme Court is concerned, this has been done in full by the application of article 136 of the Indian Constitution. But the people of the State are sorry to find that the articles of the Constitution relating to the High Courts and to the Election Commission have not been applied in full. The Presidential Order is unmistakably smacking of resistance on the part of the State Government in this behalf. As you are aware, Sir, the position so far had been that the High Court Judge in the State of Jammu and Kashmir was paid a very low salary as compared to the Judges elsewhere. He was removable by a vote of the local legislature and not by this Parliament as is provided in the Indian Constitution, and on account of these

reasons, there could not be any transfer from or to that High Court in relation to any other High Court in India. Now, by the application of this Presidential Order which has recently come into force, so far as the salary is concerned, it has been raised to the level of the salary of the other High Court Judges in India. But the principle of fixation of the salary has been retained by the local Government with themselves and it has not been given over to Parliament. That particular article of the Indian Constitution which would have empowered this Parliament to determine the salary of the High Court Judges has not been applied. Only article 218 has been applied in full which means that the Judges in future will not be removable by the local legislature, but by this Parliament. But the principle of transfer, although it has been conceded in words, is nullified virtually by two factors. A new clause has been added to article 222 saying that the transfer from or to that State High Court can only be made after consultation with the *Sadar-i-Riyasat*, which means the State Government or the Chief Minister of the State. Secondly, article 221 has not been applied, which means that Parliament is not empowered to make laws determining the salaries of the High Court Judges of that State. This virtually keeps the High Court Judges there at the mercy of the local Government with all the evils that flow from it. I hope that Parliament and the respected Home Minister would see that the remaining articles of the Indian Constitution are also applied to the State of Jammu and Kashmir so that the people have confidence in the judiciary and they enjoy all those civil rights which are enjoyed by their brethren elsewhere.

Then, Sir, I come to the jurisdiction of the Election Commission. Article 324 has been applied there. This article vests the superintendence, direction and control of elections in the Election Commission. Here again the famous saying applies—

“बकरी दूध दे परन्तु मँगने डालकर।”

You have the milk but you cannot relish it or drink it in full. Articles 325.

326, 327 and 328 have not been applied. The Election Commission has no authority here which it has in the other States in respect of the preparation of the electoral rolls and the delimitation of constituencies. That means that the constituencies will continue to be delimited by the local Government at their own sweet will; rules will be framed at their own sweet will and the Election Commission will have no jurisdiction over that matter. The whole of India, irrespective of party affiliations, has abounding and unalloyed admiration for and faith in the Election Commission; nay, the whole world has admired the impartiality of the Indian Election Commission, and as such, in the interests of fair elections, this work should have been entrusted to the Election Commission. The House may draw its own conclusions about this matter. The State Government has not agreed to the application of these articles. A lame excuse has been advanced that if this had been done, that would probably have affected adversely the rights of the permanent citizens of the State of Jammu and Kashmir. This is not understandable. That has been provided for in the Constitution and I think the State Government could have depended upon the impartiality of the Indian Election Commission to see that only the permanent residents of the State were enrolled as voters and that only they had the right to vote.

Another great anomaly is continued by the failure of the Central Government to apply these articles as well as article 81 of the Indian Constitution in full. I wish the Parliament to take special note of it. The earlier Presidential Order of 1954 which I have got here states that—

"Article 81 shall apply subject to the modifications that the representatives of the State in the House of the People shall be appointed by the President on the recommendation of the Legislature of the State."

The Indian Constitution applies with regard to the filling of seats in the Rajya Sabha, and for that matter, probably the Rajya Sabha is more representative of the people of the State than the Lok Sabha. Members of the Rajya Sabha are elected by the State Assembly, but so far as the representatives of the Lok Sabha are concerned, they are nominated. This is a very big anomaly. I would say that in the earlier stages when Pakistan had invaded our country, when the situation was very abnormal and when we could not hold the elections, Members were nominated and the Parliament saw to it that the State of Jammu and Kashmir did not remain unrepresented in the Lok Sabha. But now that the situation has become normal, now that the situation in the State has very much improved and now that conditions do not warrant that state of affairs to continue, it is but proper that so far as the representation to the Lok Sabha is concerned, proper elections under the Indian Constitution are held so that the people can freely send their elected representatives to the Parliament.

I want to emphasize one point and it is this. The people of Jammu and Kashmir are as much citizens of India as the people elsewhere. I cannot understand why we should be treated as second class citizens, as an inferior type of citizens, and denied all those advantages which are available to our brethren elsewhere. What harm would be done if the status of the High Court there is raised, so that the judiciary is free, so that the High Court is free? What harm would be done to the country if elections were held by the Indian Election Commission fully in the same manner as it holds the elections elsewhere? The people of the State feel a little desperate; they feel a little sad that their countrymen elsewhere are not realising in full their situation and their position. There is the question of civil liberties. The people of Jammu and

[Shri Trilochan Dutta.]

Kashmir have cast in their lot with the people of India of their own free will; they are as much Indians as anybody else is, and those people who spread the slander that they are not with India are hundred per cent. wrong. I am sure that in 1947 they came to India of their own free will. If a vote had been taken, I would not say 100 per cent. but 90 per cent. at least would have voted for India. They retain that faith, they are traditionally nationalistic, their movement has been nationalist, they have been inspired by Pandit Nehru and other big national leaders of India and they continue to have that faith, and that faith should be responded to, that should be respected. I would beg of this House to see that so far as the democratic organs which have been shaped by the Indian Constitution are concerned, benefit is given to the people of Jammu and Kashmir as much as it is given to other people. I can understand if you have a curb on the civil liberties of the people for the security of the State. But this term 'security of the State' should not be prostituted, it should not be made bad use of to perpetuate certain bad things. You should not utilise it against pro-Indian forces, forces which are fighting for India, which stand by India and which stand for all those secular, socialist principles on which the Indian Constitution is founded.

With these words, I conclude my remarks. Thank you.

SHRI SURENDRA MOHAN GHOSE (West Bengal): Mr. Vice-Chairman, Sir, I welcome the Budget proposals of our Finance Minister, Morarji-bhai. I congratulate him and join in the chorus of felicitations offered from all parts of the House.

This time, Sir, the Budget has been well received all over the country. But there is one point to which one of our friends, Mr. Samuel, has drawn pointed attention,

that is, to the condition of the middle class people in our country. They are the most hard-hit people of all the different categories working in our country, and their condition requires to be gone into carefully to give them relief. I agree with what Mr. Samuel has said; I am almost entirely at one with him. The only thing is that by offering more employment to this particular class of people in the big cities he cannot entirely solve the problem, because the demand on them has grown to a large extent, and because of their special culture, I should say, not only their intimate and near relatives are dependent on them but even distantly related people are also dependent on them, and they cannot refuse their responsibility when they come and stay with them. Therefore, not only opportunities for employment, but, along with that, some other relief should also be thought of, as some people are talking of and we are doing also, namely, the giving of subsidised ration on a much more liberal scale than we are at present giving. In connection with this there is another point—I mentioned it previously also—and it is this. Some of the Central Government offices, specially in Calcutta, have recently been removed to some other parts, and attempts are still being made to remove such offices situated in Calcutta or near about Calcutta to other parts of India. Sir, you should remember one thing and that is that the concentration of these middle class people is the largest in Calcutta, in Bombay and maybe in Madras also, but the concentration in Calcutta is the largest in the whole of India. The Central Government offices that were there already offered some opportunity for employment, and now, by removing those offices from Calcutta we have really caused untold misery and hardship to this class of people living in that area.

Then, Sir, Calcutta presents another problem. I mentioned it last

year, and this year also in connection with the President's Address. That problem is presented by the river Hooghly, which is silting up very rapidly, and the salinity of the water is also increasing very alarmingly. Some experts have expressed their opinion recently that unless something is done very quickly to remedy the situation, within the next 20 or 25 years Calcutta may become a deserted city, which will affect not only the people of Calcutta, but the whole of India, because India's economic growth, as all of us know, is bound up with the Port of Calcutta, and experts of the World Bank have said in one of their reports that 14 crores of people in India depend on the economy generated by the Calcutta Port. Therefore, if a sudden dislocation takes place there, that will affect not only the people living in Calcutta but also those living in West Bengal, Assam, Bihar, U.P., Orissa and even Madhya Pradesh, and the remedy which has been suggested is the Farakka Barrage. We do not know as yet what the Government is thinking about it. Unless something is done immediately to start that work of the Farakka Barrage, this silting up of the river cannot be stopped and naturally, the city of Calcutta cannot be saved. Then, Sir, is the question of establishing a subsidiary port. That Government has taken up, and we would urge upon Government to expedite the work on that Haldia port as quickly as possible.

One thing, Sir, about the L.I.C. about which my friend there has mentioned something, but I would like to draw the attention of the Government to one aspect of this L.I.C. affair. Some of the L.I.C. officers represented their case. They had some grievance; it was not heeded to by the authorities. Then they had to go to the court. Last year also I mentioned about it, and whenever they went to the court, the court in every case, I have been told, has come to a decision in their favour. If that be the situation, why should we goad

them to take such action and we also incur expenditure to fight out the cases when in every case we lose—I have been told so by some people; I do not know how far it is correct, but I have been told by disinterested people that cases were referred to the Advocate-General involving an amount of only Rs. 500 or even less, less than Rs. 500 which is the fee given to the Advocate-General. If that be the state of affairs, I think it should be looked into thoroughly and serious attention should be paid to this aspect.

Then, Sir, I would like to draw attention to some of these big projects which we have undertaken. Last time I mentioned it and I am again throwing out this suggestion, namely, that when these Government-sponsored projects are in a position to declare dividends, I think we should throw open the shares of them to the public. Government holding majority shares to have a controlling voice, the other shares may be thrown open to the public for subscription. Thereby the public will be more interested in our projects, and we also shall be able to recover some of the money which we have invested. Not only this; our savings drive will attract some money and that will come to our hands if we adopt this policy.

Another point, Sir. Some of our hon. friends have mentioned that in our Defence Budget we have made provision for more funds in the coming year. It is only about Rs. 28 crores more; nothing much in comparison with the grave situation in which we have unfortunately been placed today so far as the defence of the country is concerned, and this being the case, nobody would grudge this extra expenditure on Defence. As a matter of fact, people would have liked and had expected the provision of larger sums to meet the necessity of strengthening our defence in the extraordinary situation in which we are placed today. Although our Prime Minister's invitation

[Shri Surendra Mohan Ghose.]
has been accepted by the Chinese Prime Minister, well, Sir, I am a little sceptic; I do not know how far good will come out of it, at least immediately; it may be ultimately, in the long run, but immediately we may not expect much from such a meeting. As I stated earlier, I again request the Government to try to improve our relations with Pakistan. The Pakistan Government is also showing indications of having good relations with us. I feel it is time for us to explore all possible avenues to improve our relations with them.

Coming to the next point, recently from West Bengal there was a proposal from ex-political sufferers, who are also displaced persons from East Bengal, for giving them relief. We have been told that the Rehabilitation Ministry has given priority to their cases. I shall be thankful to the Government if this matter is taken up seriously, and something is done as quickly as possible to give them relief which is also their due. Sir, we were told last year that the rehabilitation problem in West Bengal was to have been liquidated last year itself, but it is still hanging on our shoulders as before. I would draw the attention of the Government and request them to do something at least this year, if we could not do anything last year, to finally liquidate the problem of rehabilitation of these unfortunate displaced persons from East Pakistan.

There is another important point to which I would like to draw the attention of the Government. In connection with our work in the Public Accounts Committee, it was brought to our notice, and we were convinced also, that in the absence of proper co-ordination between different Ministries, there was much waste and lapse of monies. I suggest to our Government to take up this matter rather seriously in order to see that proper co-ordination between different Ministries is maintained.

Lastly a point about improving the efficiency in our administration. Sir, some people say that unless some of the Government employees are thrown out of employment, we cannot have efficiency. The Government Departments are all overcrowded. Last year also I suggested and I suggest even now that there is no necessity of throwing anybody out of employment. What is required is smaller sections which can be more efficiently controlled and supervised. That way we will be able to improve efficiency and also effect economy.

SHRI HARIHAR PATEL (Orissa):
Mr. Vice-Chairman, it has been rightly pointed out by some hon. Members that the price structure prevailing in the country has been the most disturbing factor during the last few years. For this, every year we get an explanation in the Economic Survey that is distributed to us. But I am sorry to say that the explanation offered is not convincing sometimes. For example, I will draw your attention to the explanation given in the Economic Survey of 1958-59. It says:

"The sharp decline in agricultural production in 1957-58 and a slowing down of the rate of growth of industrial production accentuated the pressure on prices during 1958-59."

This year's Economic Survey states that—

"Despite substantial increase in agricultural production as well as rise at a faster rate of industrial production, wholesale prices moved upwards"

Cost of living index recorded a rise of about 5 per cent. over the year. If we look into these two explanations, we find a contradiction. The explanation that increased production of foodgrains during the last year was absorbed in the replenishment of stocks with producers looks absurd and unconvincing. In my opinion it

is a mockery of economics to explain away serious things like this. The real reason seems to me that we are far behind the required target of food production. Even our peak production is not enough to meet our demand. Until and unless we reach the required target of production, no improvement in production, in my opinion, will help in bringing down or stabilising the prices. The reasons for high prices now are many.

Firstly, cultivation requires a continuous process of investment. During the year that follows a good harvest, a sensible agriculturist invests the available surplus or at least a portion in the improvement of his lands. By that way, every agriculturist creates some employment opportunity for the idle hands in the rural areas. It is common knowledge that in the villages there are people who do not get full work during the year and sit idle for some period. During the year after good harvest they do get some more work and earn something. Thereby their purchasing capacity is increased and they consume a little more food. But in the years when the harvest is very poor they have to starve. In fact, it is a question of either more starvation or less starvation for the people. We have not reached a point where we can meet the full demand for foodgrains of our people.

In the year of good harvest the flow of foodgrains to the cities is a bit checked because the villagers due to their increased purchasing capacity to some extent, purchase something. A long time back Mahatma Gandhi had said that in India the cities were thriving at the cost of villages. I think the same holds true even today. The cities are thriving at the cost of villages. Today you will find that things are cheaper in cities. Things are available in cities while they are not available in the rural areas, and if available, one has to pay higher price for them. Possibly this fact is not known to the Government and that

may be the reason for their offering this sort of unsympathetic explanation.

Again, the Economic Survey of 1958-59 says:—

"Price stability and a vigilant watch on costs are thus essential as much on considerations of internal as of external finance and viability. The fact that development calls for a progressive stepping up of investment over a fairly long period only highlights the importance of these considerations."

The Economic Survey of 1959-60 is more anxious only to explain away things. For example, it says:—

"Since, in a country like India, agricultural output is subject to sizable fluctuations, the balance between demand and supply in respect of food as well as raw materials is inevitably somewhat insecure."

It means there is no sense in having Plans. If things develop in their own way, there is absolutely no difference in having a Plan and having no Plan. The British people have never bothered about having Plans. They had no Five Year Plans. They worked through experimental methods and they have been going on well. They have progressed very successfully. If our Plans always meet with shortcomings or failures, what is the use of our spending so much money over the Planning Commission and having reports? This should be seriously looked into and instead of trying to explain away things, there should be some introspection as to why these shortcomings or failures are taking place. In my opinion, what is necessary in the situation is that there should be decentralisation of industries to the rural areas urgently and immediately. Decentralisation must not be with a view to exploiting the rural people because they are uneducated or with a view to exploiting them by paying wages and making them work for longer hours. That

[Shri Harihar Patel.]

should not be the intention. They should be given due wages and proper conditions of service. Then only their standard of living can improve and they will learn that independence has borne some fruit to them. So, to create employment opportunities and to put a stop to exploitation in the rural areas, this is most necessary. Even in England this is being resorted to now. They are having industrial estates in the rural areas and people are moving now from the cities to the rural areas. Here the complaint is that people from the rural areas are coming away to the urban areas at a very fast rate.

Again in the Economic Survey for 1959-60 it is stated:—

"A developing economy has necessarily to move forward progressively to higher levels of investment. The task of policy is, therefore, the difficult one of promoting and fostering the growth of investment on sound lines without creating in the process large or persistent imbalances in the system."

In last year's Survey it was said:

"It is clear that creation of money incomes ahead of increases in production has to be kept down to the unavoidable minimum".

These observations may be indicative of much knowledge about economics but it seems to me that they are also indicative of a negative mind, a negative approach to the problem. In an underdeveloped country like India, which is so much underdeveloped in the field of agriculture itself, I do not understand why the language should not be positive to the effect that production must be kept ahead of the creation of money incomes and why we should talk in negative terms. We have the Planning Commission consisting of all experts and the Government is proclaiming that they are dedicated to the full implementation of the formulated Plans and they are staking practically everything on the

implementation of the Plans and yet we meet with these shortcomings, we never achieve our targets. This is a very dismal picture. Indeed I would request the Government to be determined at least at this critical stage and to say in positive terms that they will produce more and to the point of satisfaction. At least in the matter of food production the Government should make no delay in calculating the requirements and they must give us a target date, which I think must not be later than next year, and actually produce the quantity. We are interested in actual production and not in getting statistics saying that they are being produced because so much land has been brought under cultivation and so much money has been invested and as a result of it the target production is there. We are not interested in that sort of statistics. We should be convinced that there has been actual production. This is not an impossible proposition. We have still about 9 crore acres of cultivable land laying fallow which can be brought under cultivation. We have tractors and if we do not have them, we have resources to purchase them. There are people seeking employment and such being the position, I do not think it is an impossible proposition to reach the target within a year. If the Government will not be alive to this problem, I am afraid that we may meet with some catastrophe in the near future.

We are now much worried about the defence problem. But I would say that a bold peasantry is also necessary or rather, it is the best defence for a country and if we fail to do that, if we fail to create a bold peasantry in the country, there must be a sense of insecurity always. I had been to the World Agriculture Fair and there in the Defence Pavilion I found a motto 'Farms in peace and Arms in war'. That is a very good motto but I would like to know as to how in actual practice we are putting that motto. Because that is really the way to make defence the least burdensome to the country.

DR. R. B. GOUR: According to the Congress principle, mottos are not meant for practising.

SHRI HARIHAR PATEL: That is what I am drawing attention to, that they should at least practise all these when we are in danger. We have been speaking about self-generating economy from last year.

DR. R. B. GOUR: What do they mean by self-generating economy? Is it hermaphrodite?

SHRI HARIHAR PATEL: Our President used this term in his Address last year and this year also we have talked much about this self-generating economy. I think we have not made any attempt to understand the true meaning of this. If by 'self-generating economy' the Government means the capacity to realise tax as much as we can, I think it is a very wrong conception. 'Self-generating economy' should mean that our investments should be such that they bear fruit and with the profits from our investments, we are able to move on. We have had so many State undertakings during these years and we have invested crores of rupees and the Finance Minister in his speech has not indicated as to to what extent they have borne fruit. He only says:

"The investments undertaken in the last few years are beginning to yield results".

What results? This is the only sentence there but if we look into the annual reports of the State undertakings and the audit reports, we will find horrible remarks or observations regarding those State undertakings. Only a few days ago we discussed the Railway Budget in this House, and we have seen that the financial position of the Railways is going from bad to worse. It is contributing to the General Revenues of the country at a decreasing rate. I do not think that is a sign of progress or efficiency or something which can be called a good result.

3 P.M.

Next, Sir, I will invite the attention of the House to some remarks in the Audit Report for 1956-57. There it is said:

"Delays in execution, appreciable increase in the estimates of costs and financial arrangements of a disturbing character have been noticed in some of the major projects administered by autonomous authorities."

And further on they say:

"It was noticed in particular, that in Rourkela, planning was defective and phasing of programmes uneconomic and unimaginative, involving the Company in avoidable financial expenditure. Similarly, some of the contracts were unreasonably weighted in favour of the contractors and the suppliers. Ordinary prudence was not exercised to safeguard the financial interests of the Company. To give but one example the Company hired depreciated plant and equipment, the original cost of which was stated to be about Rs. 60 lakhs, and agreed to pay hire charges of Rs. 50 lakhs, further to supply of spares costing Rs. 10 lakhs and to contribute another Rs. 15 lakhs towards the cost of labour and supervision in their repair and renovation."

Such things are happening in public sector undertakings and we have no control. Hon. Ministers are responsible for these undertakings and they take the responsibility, but they do not inform the House about the state of affairs in these undertakings. If we put some questions to elicit information, we sometimes get the reply that this is a corporation, an autonomous body, and we are not interested in knowing these things and so the information cannot be supplied. Some of my questions have been rejected mentioning that as a ground. So, how are we to be convinced that our investments in the public sector undertakings are really yielding results? Having invested so much, we are very

[Shri Harihar Patel.]

much interested in knowing the results of our investments, and in knowing to what extent such undertakings are helping us in being relieved of tax burdens.

The hon. Finance Minister has also said in his speech:

"The essential objective of our plans is to lift the economy from stagnation and to get it moving forward to higher levels of production and better standards of living."

Sir, stagnation is the result only of waste, extravagance and wasteful expenditure. I have already stated about public undertakings and one can legitimately accuse the Government of all these things, namely, wasting money, extravagance and spending more than is necessary and also spending on useless schemes. When things are like this, I think it is simple mockery to speak of increasing the standard of living of the people. Coming from the villages, we ourselves know if the standard of living is being improved or not. The Finance Minister grudges the creation of monetary income, but at the same time he speaks about better standard of life. So, one can easily imagine the sincerity behind these observations. He also talks of creating dynamism in the economy. But I have been complaining that the people still do not feel enthused about the achievements enumerated by the Government. That is not only my complaint. Even committees appointed by the Government to examine these so-called achievements have given opinions like these. Here I would like to read out a few of the remarks made by such committees. Here is a report which says:

"A sample survey conducted by an independent organisation of the Punjab Government to assess the impact of various developmental activities on the social and economic life of the people has revealed that the social education programme has

not contributed towards group thinking, group actions, community-living and mutual help."

Further on it says:

"The three important village institutions, the Panchayat, the Co-operative and the School, have been found not to possess the required spirit of service and dedication. They show signs of weariness and decay in spite of the fact that they are not very old."

It further says:

"Initiative and enthusiasm for development is lacking and things are being done rather under pressure from Government agencies."

Then, Sir, Mr. Iengar, the Governor of the Reserve Bank, also has something to say. He says that the economic progress of our country is not adequate and to quote him:

"The question is whether we can achieve an equal degree of success in the task of fashioning a machinery that will respond to the new impulses of a national Government dedicated to the task of improving the lot of the common man."

The sum and substance of his remarks is that the present machinery is not careful about this task and not responsive to the people's needs and that it is difficult to achieve our targets with such a machinery.

Sir, the Estimates Committee of Mysore has also observed that neither in the past nor in the Second Plan period has the problem of finding supplementary occupation for the rural population been successfully tackled. This is what they say:

"The Committee feels that the most neglected aspect of the national extension service scheme is the rural and cottage industries and nothing has been achieved except for the construction of a few buildings here and there and the impact of the movement is not felt by the people."

And further they observe:

"If people, especially landholders and landless labour should have faith in this movement, it is necessary that intensive action is taken in three directions, namely, compulsory primary education, agricultural production and rehabilitation of rural industries by giving all assistance."

So, you can now see how the people are feeling about the progress or the development which the Government profess to have achieved. I will, therefore, call upon the Government to be more analytical and mindful about the task in the present situation and to be engaged in the task of increasing food production and really giving the people a better standard of living.

Now to say something on the Budget proposals proper, I would say that the Budget seems to me to be surreptitious in nature because it seeks to imperceptibly find its way into the family budget of every man. I do not feel it is necessary to say much about this matter, because this aspect has been dealt with quite elaborately by Mr. Dave and also by many other hon. Members today. As a matter of fact, the hon. Member, Dr. Seeta Parmanand, gave an account also as to how the family is being taxed to the extent of Rs. 126 and odd annas due to the imposition of tax on some of these articles. Therefore, Sir, this Budget seems to be surreptitious in nature and it is also guilty, as I explained earlier, of concealing facts and figures from us because it does not give us the actual figures. The actual income we have from our investments is not shown. Framing of a budget is on the principle of relating expenditure to revenue in a planned and proper manner so as to make expenditure yield maximum benefit. This necessarily requires reduction of expenditure on non-productive heads to the minimum and to definitely make its proportion decrease every year, but if we look at the Budget, we will find that ex-

penditure on non-productive heads is increasing year by year; the cost of collection of taxes is more and it has absolutely no relation to the revenue we earn. Every year we get a deficit and we have to cover that deficit either by taxation or by deficit financing and deficit financing amidst inflation is very bad and it adds to the sufferings of the people.

A tax has been imposed on tin plates and tin sheets. I think this tax will make house-building more expensive, especially for the low income group. This will put people of that group in difficulties.

The tax on pig iron may result in increasing the prices of agricultural implements and other things required by the people and this again will cause hardship.

There is then a tax on aluminium sheets. At the present moment utensils made of aluminium are being used more and more by the people and this tax will result in an increase in the price of such utensils. People will be hit hard.

There is a tax on diesel oil. While speaking on the Railway Budget I had said that the imposition of a supplementary levy on goods freight would lead to a decrease in the earnings of the Railways unless there was consultation with the Finance Minister to make road transport also costlier. I find now that my apprehension has materialised because this imposition of a further duty on diesel oil will make road transport costlier and this will hit very hard people in the backward areas. In the backward areas, for example in Orissa and Madhya Pradesh, railway transport is only a fraction of the total transport capacity available, and this increase in the duty on diesel oil will result in making goods costlier because transportation charges will increase.

Pandit Kunzru and others have spoken about the imposition on cycles and cycle parts. They have severely criticised this measure and I am in entire agreement with them. This will

[Shri Harihar Patel.]

also hit the people very hard and in a most undesirable manner.

I do not think I should take the time of the House any longer. With this, I end my speech.

SHRI BHUPESH GUPTA (West Bengal): Mr. Vice-Chairman, the presentation of the Central Budget is preceded by the annual session of the Indian National Congress, the party in power. When the Finance Minister, Mr. Morarji Desai, presented his first Budget to the country after the Nagpur Session of the Congress, I pointed out that his Budget proposals were mocking at the Nagpur Resolution. Now, we have got his second Budget after the Bangalore Session of the Congress. Sir, all I can say is that the Finance Minister and this Government have been carrying forward the defiance of whatever was positive in the decisions of the Nagpur Congress and we are not surprised because during this intervening period of one year, there has been a definite and pronounced shift to the right on the part of not only the Congress Governments but also on the part of the Congress Party itself and this shift to the right is to be noted alike in the economic sphere as in the political field. If inflation, high prices and heavy taxation constitute the alliance of these forces in the economic sphere, alliance with the Muslim League, the Catholic Church and others constitutes the political side of it. I need not go into it because I am concerned here more with the Budget proposals. Now, Sir, we have seen how State trading in foodgrains was sabotaged both from within and without, from within by the Ministers and their officials and from without by the hoarders and profiteers, in short the patrons of the Congress Party. The co-operatives have been played down. As you know, Sir, the Nagpur Session set a target of two to three lakhs of service co-operatives but I doubt whether twenty thousand have been started in this period. It is much less and according to the official figures, as far

as I could get them, it is not even at the rate of 500 per month. There was a talk about the public sector but the public sector, thanks to Mr. Morarji Desai's dispensation, has been given a back seat in our economic affairs, and if you leave out the steel plants and certain other undertakings in the public sector, well the public sector hardly exists in the scheme of their things. This again is another feature of the situation. As I said, Sir, we are not surprised at such development because this is the way of capitalism. This is the way of the capitalist class. They believe in double talk, double book-keeping in economic matters and double talk in political life. From the platform you hear very fine things about the public sector, ceiling, state trading and so on but when it comes to brass tacks one after another, these are abandoned and these are jettisoned. That is what we have been experiencing. Deception of the masses is perhaps the most well-practised art of the capitalist class in power, and naturally we have to reckon with their deception. We understand that

As you know, Sir, in the past, the annual sessions of the Congress were the focus of the nation. The entire nation's attention was rivetted to such sessions but today nobody takes them seriously, not even their own followers. No wonder then that the Bangalore Session for which a sum of Rs. 20 lakhs was spent got an audience at the highest about ten thousand people. I worked it out according to economics and for each one who attended, the Congress had to spend Rs. 200. That is what happens and it is understandable because the people do not look forward to any relief from the Congress sessions. Many Congressmen, their followers, I know, desire progress; they spell out good sentiments and sometimes even force decisions upon the leadership but then unfortunately for the country and for themselves, they have not assured themselves of a leadership which would be in a position to carry out the pledges given to them or to translate the senti-

ments expressed by the rank and file Congressmen. But, what is passed in Nagpur, what is positive in the Congress resolutions and discussions, lie in the dust before the Secretariats in Delhi and other cities of India. That is what we find today. It is a pitiable sight and I am very sorry for the Congressmen and the many followers of the Congress that it should be so with the first party in the country.

Now, Sir, let me come to the assessment of the economic situation. There is no doubt that industrial production has gone up. Some increase, if unstable, has taken place in the matter of food production. Steel plants have come up and are now in operation. Some other projects are under way. These are no doubt positive achievements and we, Communists, acknowledge everything that is positive. But then, Sir, it will be a mistake to confuse them with the entire economic picture. These are but very limited features of our economic situation. Let these not cover the distressing picture of our nation's economy. I think, Sir, this is what we should consider. Grim facts of life are a challenge today to the nation and if Mr. Morarji Desai would not face them, it is the task of every party, every patriotic citizen, of democratic and patriotic forces, to face up to the challenge and reckon with the task that confronts us.

Now, we had in the Second Five Year Plan four principal objectives set forth. They do not talk about them any more. They have been sent to the limbo of the forgotten past. What are these objectives? They are—

- (i) A sizeable increase in the national income so as to raise the level of living in the country;
- (ii) Rapid industrialisation with particular emphasis on the development of basic and heavy industries;
- (iii) Expansion of employment opportunities;

- (iv) Reduction of inequalities in income and wealth and more even distribution of economic power.

At the end of the Second Five Year Plan we are entitled to ask the Government and the Finance Minister as to how far we have fulfilled these objectives which we had set in the Second Five Year Plan. Now, let us judge one by one.

Take the national income first which stands today at Rs. 11,570 crores or a *per capita* income of Rs. 290/- per year. The rate of growth was to have been 5 per cent. per annum but it is less than 3.5 per cent. per annum. That is to say, it is short by 1.5 per cent. clearly. If the increase has been 1.5 per cent. less compared to the target, the level of living is far worse. Now, I would like only to point out that whatever the increase, the higher percentage of increase has gone to the exploiting classes and in fact the high prices and high taxes and the denial policy of the capitalist class and the Government have resulted in a lowering, among large sections of the people, in the level of living. This fact has to be faced. Recently, the institution of Mr. Mahalanobis set up a survey in the Asansol area and a comparison of the family budgets in 1941 and 1959 in the Asansol area showed that the *per capita* expenditure of the workers' families is the same today as it was in 1941. There has been no rise in the *per capita* expenditure of the workers in that area. This only shows where we stand in regard to the level of living. Here I would only like to point out that at the same time the productivity of labour has gone up. Real wages have been declining. Who gets the profit? Who gets the margin? It is the exploiting classes. All economic data point to this scandalous fact in our economic life.

Let me come to the second objective in our Plan—rapid industrialisation. In the first three years of the Second Plan the total investment in

[Shri Bhupesh Gupta.]

the public sector under the Centre amounted to Rs. 414 crores out of which the three steel plants account for Rs. 360 crores. In other words, barring the steel plants the investment in industries in the public sector is of the order of only Rs. 54 crores. As far as the States are concerned, the total investment in industries in the public sector by all the 14 States in India comes to Rs. 11 crores. I am taking these figures from the papers prepared by the Finance Ministry and the Planning Commission. Therefore, you see how negligible has been the investment in industries in the public sector either by the Centre or by the State Governments. I should also perhaps mention here the investment of the private sector in industries. The total investment in the first three years of the Plan comes to Rs. 562 crores out of which steel plants, that is to say, Indian Iron & Steel and Tata, etc. account for Rs. 139 crores, cotton textiles Rs. 85 crores, sugar Rs. 48 crores, cement and refractories Rs. 40 crores. That is the position. Therefore, what do you see here? Most of the investment in the private sector has gone into the expansion of certain existing undertakings; their earnings have been reinvested for such expansion. The capitalists have invested in expansion of their going concerns, in automation, in carrying out certain rationalisation and generally in creating conditions for intensive exploitation of labour irrespective of priorities. Now, I point out these facts for two reasons. Firstly, you must see here that the public sector is lagging far behind in the matter of investment and it is also clear as daylight that the private sector is in command of our economic forces and their investment is higher and they are higher only in such lines and in such undertakings where profit is great irrespective of the requirements of the nation's economy and irrespective of priorities. Now, this is reflected in another aspect of the matter. If you take into account the figure of factory employment you will find that

this is more or less static. Investments have taken place but the labour employed in factories according to the official register is more or less the same. It only shows that the investments are of a particular type and certainly they do not offer employment opportunities, let alone diversion or dispersal of industries.

In the same period what has happened to the small and medium-scale industries? They have to play an important part in a national economy like ours. All these industries are suffering heavily. Some of the industries have closed down. The industries have suffered generally from lack of raw materials, credit facilities, marketing, etc. and many of them have had to face severe competition coming from the monopolist elements. May I ask the Government and the party opposite, is it the way to industrialise the country? Is it the way to ensure rapid industrialisation in our economy? It may suit very well the capitalist class to leave certain things, where the percentage of profit is not high, the gestation period is long, in the public sector, to provide them with steel and other materials while they themselves run the show in the private sector controlling all the strategic and vital industries of the nation. That is what is happening.

Now, let me come to the third objective—the expansion of employment opportunities. The Second Plan started with a backlog of 5 million unemployed persons and it was estimated that entrants to the labour market would be of the order of 10 million. That is to say, by now we are having 15 million people, including the backlog, to be provided with jobs and according to the official data we have received, they have so far created four million new jobs. So, the backlog now is 11 million at the end of the Second Five Year Plan, whereas it was 5 million at the end of the First Five Year Plan. This is reflected also in the live registers of the Employment Exchanges. There was about—

why 'about'? I quote exact figures—6,91,958 unemployed persons on the live registers in the Employment Exchanges just before the start of the Second Plan. Today the applicants number 14,20,901; that is a hundred per cent. increase. The middle class unemployment is another special feature of the present regime which is growing apace. Clerks, graduates, technicians and other people are queueing up before the Employment Exchanges in quest of small jobs. That is another example of what our economy is. Therefore, on that score the Government has miserably failed.

Then, take the other thing, reduction of income disparities. The less said the better about it. According to the figures, official reports, economic surveys, researches and so on, it is clear that income disparities have further widened in this period, instead of narrowing down. High prices, which follow from the policies of the Government, naturally reduce the real earnings of the people and high prices benefit those people who are in the upper strata, garnering profits and garnering interests, dividends and so on. Then, on top of it, the growth of unemployment depresses the *per capita* family income. That is how income disparities in our country have been growing over the past four years of the Second Plan.

Fifty per cent. of the people or half the country is spending Rs. 14.6 per month or less than 50 paise per day per person. Ninety per cent. of the population spend Rs. 35.8 per month, or just over one rupee per person per day. Forty-five per cent. of our people have an income below the *per capita* national average. This is a depressing picture. From where do I take it? I take it from the Congress sources, from the papers they themselves had prepared in connection with the Ooty seminar on the Third Five Year Plan. Company bosses, salaried executives in commercial undertakings, rich contractors and, of course, friends of the

Congress Party and similar other people have gained all along the line. No wonder when the Kerala elections came, monies were going from Bombay, and Calcutta not in thousands but in lakhs. This is another position. Therefore, I say the income is going to them. The people's standard of living is being depressed. Inequality is growing.

Thus in respect of every one of the four principal objectives in the Second Five Year Plan, the Government has failed to keep its commitment to the nation. Let there be no mistake about it. I should have thought the hon. Minister would himself critically admit his failure and would try to work out a scheme of economic affairs and budget proposals in order that the promises could be kept. At least some of them could still be redeemed in a proper way. This is a colossal failure. I wonder as to why the other M.L.As. and M.Ps. of the Congress Party are not calling the Congress Treasury Benches to account for these failures, because they stand out in the facts of life. I think they are as much entitled to call for an explanation from the Government as I am here from this side of the House. Silence on the side of the Congress Party about the failures of the Congress rulers only encourages them to pursue this policy of failure, pursue their policy against the people.

Now, Sir, let me come to some vital aspects of our economy. "The whole success or failure of our Plans hangs by the single thread of agricultural production, especially food production." Who, do you think, has said it? Not Dr. Raj Bahadur Gour, but Prime Minister Nehru. At the Ooty conference he said it. And going more or less in a faint way, the Finance Minister in his Budget Speech has also said: "The first prerequisite for the success of this is increased agricultural production." We agree with the statement. But the point is whether we are doing things to implement these statements in practice. Despite the food production of 73 million tons,

[Shri Bhupesh Gupta.]

which has shown a little increase, famine conditions and scarcity conditions are prevailing in West Bengal and in various other parts of the country. Prices shot up not only in the deficit areas like West Bengal, but even in the surplus areas of Andhra Pradesh and, if I may say so, Punjab and other places. There was a general upswing in the food prices. Prices continued to rise despite this increase in production.

Then, Sir, when they give this figure, they forget the growth of population. Don't you think you should know it that when the food yield is growing, population is also increasing? In 1954, the *per capita* availability of cereals was 13·4 ounces and pulses was 2·3 ounces. In 1959, the *per capita* availability of cereals was 13·5 ounces and pulses 2·5 ounces. Therefore, we are not eating more or even getting more, from the point of view of the *per capita* availability figures just quoted here.

Now, there is another side of the food situation. The yield of rice per acre was 780 pounds in 1955-56. In 1957-58, it was 704 pounds. The position remains more or less the same today. In 1955-56, wheat was 632 pounds and in the next year, 591 pounds.

[MR. DEPUTY CHAIRMAN in the Chair.]

The position is more or less the same. Therefore, the yield per acre remains static. How can we attain self-sufficiency in this manner? By now we have already spent Rs. 1000 crores on food imports, although the whole of this amount may not have been spent in foreign exchange due to P. L. 480 and other arrangements.

Now, Sir, the question is: How shall we tackle this problem? The problem is one of land reforms. Let there be no mistake about it. There was a time when the Prime Minister had a fancy for community projects, when he used to describe them as a revolution. He said: "Look, here is a revolu-

tion in the countryside", pointing to the community projects. Now, his ex-colleague, Mr. Ajit Prasad Jain, calls it a failure. The Prime Minister does not talk about that sort of revolution. He has become now not only older but wiser also in this respect.

Then, Sir, they think that they can increase food production by irrigation, by manure, by seeds, by improved fertilising and so on. They think thereby they can raise the food production to 110 million tons at the end of the Third Five Year Plan. I may not be here in 1966, but I do hazard a statement here that if the present policies continue, even this target of 110 million tons will not have been achieved at the end of the Third Five Year Plan. In any event, stability in food production will not have been ensured. What do we find? Nineteen per cent. of the agricultural families are landless. Forty-eight per cent of the agricultural families have got less than five acres of holding. Therefore, land hunger and landlessness are the real problems that we have to face today and tackle. There is no indication whatsoever, either in the Economic Survey which expresses the understanding and mind of the Government, or in the Budget proposals, which might give some indication with regard to this matter.

As far as ceiling is concerned, as you know, ceiling laws on existing holdings exist only in Assam, Jammu and Kashmir, the former Hyderabad State, PEPSU, West Bengal and Himachal Pradesh. But they have not been properly implemented in any of these. In certain other places there is a ceiling on new acquisitions only. But in many other States the matter is still under discussion. How long must you discuss this problem of ceiling? Do you require twelve years to make up your mind as to when, how and what sort of ceiling you require? You are supposed to be a great and wise people, carrying forward the good old traditions and so on, claiming to yourself all the wisdom on earth. But

how is it that in this matter you have so miserably failed? The answer is that you are very closely linked up, in the States, at least at the State levels, with the vested interests and the land-lord classes, who are occupying the *panchayats*, who run the Congress machinery, who pay the piper. These gentlemen of the land-holding aristocracy are today calling the tune, so that we do not have even the ceiling measures passed by way of legislation in most of the States.

Then, Sir, there is a lot of talk about co-operatives. I tell you that until land is given to the tillers of the soil, until concentration of land is broken, there cannot be any upsurge in agriculture. There cannot even be large-scale co-operatives in which the masses will voluntarily participate. But the co-operatives are being discouraged. I give you an example from my State. In Burdwan, in the village called Sadya, the agriculturists formed two co-operatives. Before they came into the co-operatives they were not liable to agricultural income-tax. The moment they formed co-operatives, they got into difficulties. Agricultural income-tax was imposed on them. Each of the co-operatives was asked to pay Rs. 12,000 per year as agricultural income-tax. Disincentive was given at once. We made representations to the Government. I wrote letters to the Ministry here. Nobody bothers about them. Sometimes you ask me, Sir, to write to the Government. I think it is a colossal wastage of postal facilities and money to write letters to them, when these gentlemen consign those letters to the scrap heap—or they do not read them the moment they step into the Secretariat.

The failure of the Government to hold the price line is yet another colossal example for which the Treasury Benches should be hauled up not only by me but by the back-benchers in the Congress Party. Must I always do their task? Should not they sometimes share some of the tasks

in this regard? This is a question that arises in my mind now and then. Anyway, Sir, I think I should do my duty no matter how they feel and what they speak. Compared with the previous year of the Second Five Year Plan, the wholesale prices have gone up by 30 per cent. It is a colossal rise, it is a big rise.

Then again, Sir, the rise has been the highest in such commodities as foodgrains, clothes and various other things which affect the poor man, which affect the very essentials of the poor man. This rise constitutes a kind of exploitation of the poor. I shall develop this point a little further.

Now, I find that there is a new proposal for deficit financing. There was a lot of hesitation when we embarked on the Second Five Year Plan about deficit financing. There was a tone of caution. But today we are going to exceed the target of deficit financing, and by the end of this Plan the target of Rs. 1200 crores will have been exceeded. The hon. Minister is happy that it will have exceeded it only in a small way. Well, Sir, he can have this consolation, but the inflationary pressure is already felt not only by the poorer sections of the community but also by large sections of the upper middle class people. Let there be no mistake about it.

Then I come to the question of the foreign exchange reserves. I think we have got today about Rs. 203 crores of such reserves abroad. They will be less perhaps due to the heavy demands of foreign exchange on account of the development activities. That cushion will be gone. Therefore, deficit financing will have a bad impact all along the line, and the impact will be worse than it is today. Let there be no mistake about it. But along with this deficit financing there is another thing which is not always taken into account, and that is the bank credit expansion. The scheduled bank credits have gone up from Rs. 600·9 crores in July 1955 to Rs. 964 crores in

[Shri Bhupesh Gupta.]

December 1959, a rise of Rs. 363 crores. Again, I find from the budget papers that the expansion of bank credit in the private sector was Rs. 129 crores in 1959 as against Rs. 32 crores in 1958 and Rs. 79 crores in 1957. This is the position. Expansion of credit in the private sector plus expansion of currency, all this brings about a terrible situation the pinch of which may not be felt by the millionaire friends of the Congress Government, but it is certainly felt by the Deputy Ministers and even by some Ministers, let alone the common man.

Then, Sir, we have got now a new trend, a new philosophy is coming, thanks to our Finance Minister. But before that there is no policy whatsoever to check the prices. He is limping as a helpless creature, trailing behind runaway prices, but Mr. Desai wants us to think that he is hell of a fighter. That is not so.

Then, Sir, we have here the Hoffman Mission. Three musketeers of world banking are here to, what they call, study the situation. And what do they study? They are studying the situation for foreign investment, for foreign exploitation, for making fresh intrusions into our economy, for cajoling and coaxing the Government authorities into giving them new and new concessions. I would not deal with that very much now, because there would be other occasions, but I would like to point out that in 1948 foreign private business investment was Rs. 287 crores. Today it is Rs. 558 crores. This is the figure of foreign private business investment—gentlemen of the private sector should please note this. Now, Sir, between 1954 and 1957 profit transferred abroad by foreigners, according to records, amounted to Rs. 112 crores. Now, this is clear, and there are other ways of transferring profit. According to our reckoning, not less than Rs. 100 crores we lose to the foreigners on account of their stranglehold on our nation's economy. There of course the British have the lion's share.

Sir, I would give you today an interesting story. Whenever I make a general statement not out of my head but from knowledge gained through study, they would not look into it. They would try to shrug it off just as mere propaganda. I took some pains today to confront the Government with certain concrete examples—I hope Mr. Morarji Desai will look into the matter—as to how the foreign firms cheat the public exchequer, rob us of our foreign exchange resources, and carry on with the blessings of the benign Government that adorns the Treasury Benches opposite. There was an offer in 1955 or so of tea purchase from the German Democratic Republic. They made a condition that the tea should be supplied by an Indian firm. It was a welcome condition. Then what happened? Three firms, Messrs Halsen & Lyon of Hamburg, West Germany, Messrs. Matheson & Company of London, and Messrs. Jardine Henderson of Calcutta—three firms of these three places—entered into a conspiracy. I shall unfold this story. Immediately this offer was known, what happened? A cable came from the London office, cable No 10948 of 1st September 1955:

"Teas East Germany now buying but regulations required by nominees sellers to be Indian native firm in whose favour credit will be opened by East Germany through Bank of China stop We will deliver ex European stock and proceeds up to Rs. 9 lakhs will be utilised for later shipments tea to Halsen & Lyon, Hamburg in the name of Indian nominee stop Can you arrange'.

Note the words "Can you arrange". This telegram came to Messrs. Jardine Henderson of Calcutta. It is a highly confidential telegram.

THE DEPUTY MINISTER OF EXTERNAL AFFAIRS (SHRIMATI LAKSHMI MENON): Where did you get that?

SHRI BHUPESH GUPTA: In compliance with the telegram a dummy Indian firm was set up. And again you will find that another cable went from India pulling wool over the eyes of the Indian vendors. There is another cable No. R. 434—10297 dated the 5th September, 1955, which reads:

"Tea many thanks your telegram September Second stop Indian Rupees Incorporated company satisfactory if name Indian consignee which cables soonest stop Other points will be adjusted."

MR. DEPUTY CHAIRMAN: He was not the Finance Minister in 1955.

SHRI BHUPESH GUPTA: This Government was there and these things happened. He should look into these things. I am not personally blaming anybody. He is a great man, the Finance Minister. Another great man, I believe, was Mr. Krishnamachari. Anyway, it was somebody. I am not interested in personalities.

Then what happened? A dummy firm was set up. Messrs. Jardine Henderson, Ltd. set up a dummy firm; a dummy firm was arranged. Then a letter went to Messrs. Matheson & Co. Ltd. from Messrs. Jardine Henderson, Ltd. I have got the photostat copy of the letter. It took a lot of time for me to get it.

MR. DEPUTY CHAIRMAN: You made a research?

SHRI BHUPESH GUPTA: Yes, Sir, for your benefit.

That letter was sent to Messrs. Matheson & Co., Ltd. by Mr. J. D. K. Brown of Messrs. Jardine Henderson & Co., Ltd. It is stated there:

"I am assuming that no difficulties will arise in future regarding the utilisation of the proceeds of these sales to which we referred in our telegram of the 2nd September. I have in mind particularly the question of difficulties with the Exchange

Control authorities in this country and it is essential, both in your interests and in ours, that matters are arranged in such a way that the Exchange Control regulations are complied with to the letter."

Now, you will see in what they were interested—they wanted that the thing should be properly arranged, that the manipulation should be properly made. I am coming to it.

Sir, that letter went. After the second cable, the *benami* firm was set up by name Messrs. Baldeoram Beharilal. They were dealing in jute and other things. That firm is a family concern of Mr. Girdharilal Mehta, who is one of the Managing Directors of Messrs. Jardine Henderson & Co., Ltd. Then Messrs. Matheson & Co., Ltd. wrote from London another letter. You have another letter which they wrote.

SHRI N. M. LINGAM: What is the date of the letter, please?

SHRI BHUPESH GUPTA: Please don't disturb me.

SHRIMATI LAKSHMI MENON: The date of the letter.

MR. DEPUTY CHAIRMAN: They want the date of the letter.

SHRI BHUPESH GUPTA: The date is 6th September, 1955. It is to Messrs. Matheson & Co., Ltd. London. There is another letter. I have the photostat of that letter.

MR. DEPUTY CHAIRMAN: It is all past history.

SHRI BHUPESH GUPTA: I give you an example how it is done. You will allow me to go into the past history.

SHRI MORARJI R. DESAI: May I make a suggestion? I would like to save the time of the hon. Member for more useful work. He can send all this to me in writing and I will certainly enquire.

SHRI BHUPESH GUPTA: Messrs. Matheson & Co., Ltd. write from London.....

SHRI MORARJI R. DESAI: I do not understand just now all this.

SHRI BHUPESH GUPTA: I will do it. What I am able to pass on, I will pass on, so that you may be careful.

Now, another letter comes from Messrs. Matheson & Co., Ltd.

MR. DEPUTY CHAIRMAN: We are now concerned with the 1960-61 Budget.

SHRI BHUPESH GUPTA: I am coming to that.

DR. R. B. GOUR: This shows the behaviour of the foreign firms.

SHRI BHUPESH GUPTA: Sir, please don't take away my time. I request you not to take away my time.

"I see from correspondence that there is another deal going through"

Here, what he says is that he wants that the name of Matheson must not appear in any place.

".....We nearly slipped up on this point last time with the G. R. Forms."

This is how it was done. Then, Messrs. Halssen & Lyon of Hamburg writes to Messrs. Matheson & Co., Ltd., Calcutta.

This is what they write:

"....dealing with Halssen & Lyon on large contracts usually requires strong nerves."

That is to say, to deal with this Hamburg firm requires strong nerves on the part of the London Company. Sir, everything the photostat copy will show. Only I just mention...

DIWAN CHAMAN LALL (Punjab): How does my hon. friend get hold of these letters?

AN HON. MEMBER: He did not do it.

SHRI BHUPESH GUPTA: I am giving you an example. You ask me how I got it? I tell you: If you join the Central Intelligence Bureau, I will give it to you.

DIWAN CHAMAN LALL: All I want to say is that when a letter is read out, it is the custom in Parliament that the letter should be placed on the Table of the House. I hope, Sir, that my learned friend is placing the originals on the Table of the House.

SHRI BHUPESH GUPTA: Yes, it can be there.

SHRI N. M. LINGAM: Sir, the buyer of the tea, namely the Federal Republic of Germany, has not made any complaint. So, why should anybody bother about it?

SHRI BHUPESH GUPTA: You need not bother about it.

Then another letter comes. I have got the photostat copy of that letter. That is also from Messrs. Halssen & Lyon, saying that everything is done and that the transaction is over. These photostat letters show that the three companies joined together and put up a *benami* firm here. The transaction took place through a London firm and the Hamburg firm supplied this thing. What happened? The London firm paid Messrs. Jardine Henderson Ltd. very little profit, very little commission. The commission was grabbed by the London firm of Messrs. Matheson & Co., Ltd. And not only that, the foreign exchange was also earned by them, because the London firm was supposed to have bought tea in favour of it, and this firm of Messrs. Baldeoram Beharilal was nowhere in the picture. This is how the foreign exchange regulations were violated; this is how income-tax was also evaded. This is how things happened. And these same people are getting concessions.

Now, coming to the point of concessions, Mr. Morarji has given concessions to the British firms, such firms which behave in this manner. I have got these photostat copies and it took one year for me to procure these copies, so that Mr. Morarji would not be able to justify the conduct and the behaviour of these British firms. They will be laid there; they will be the property of the nation here and many copies are ready, and perhaps, you will get them.

Then, Mr. G. L. Mehta is making speeches in the United States of America. With whose authority does he make such speeches? He laughed at your socialistic pattern. He was speaking in New York to an American audience in October last year, making fun of the socialistic pattern. Did you read his speech there? He said that nationalisation was nothing. Nobody bothers about it. He said that tax concession was being given and that so many other things were being given. Gentlemen come and invest and make hay while the sun shines and while the sun shines very brilliantly and brightly under the hon. Finance Minister and his Government. That is how they behave in this matter.

Then, Sir, I would only like to ask here Mr. Morarji Desai one question in connection with the disparity of income-tax. I have referred to Messrs. Jardine Henderson, Ltd. Recently there was an agreement and the salary of the first Managing Director has been raised from Rs. 53,400 to Rs. 1,20,000 per annum plus so many other things—2-3/4 per cent. commission, entertainment allowance, quarters, car trips abroad and what not. The second Managing Director of Messrs. Jardine Henderson, Ltd., a firm which indulged in that kind of trading, gets Rs. 84,000, per annum now as against Rs. 44,000, his previous salary plus commission and so on. And there is Mr. Girdharilal Mehta, the only Indian. Though he is second in order, his salary comes third. He gets only Rs. 50,000 per

annum as against Rs. 23,400. Perhaps, after this *benami* firm was established, he was a little pushed up. That is the position. You call it collaboration between our Indian friends and our British friends—collaboration of loot and plunder, collaboration of swindling and thuggery, collaboration of evasion of income-tax, collaboration of malpractices and corruption without limit. Are we to go in for this kind of collaboration by giving more concessions to these British and other foreign firms? That is the question that I put to the hon. Finance Minister. Consider it dispassionately without your usual anti-Communist prejudices, remembering your past national struggle and forgetting your American friends and your trips to the United States of America, West Germany and the City of London, and you shall come to the very same conclusion to which I have come, because I do not think that Mr. Morarji is lost to the nation completely. He is in India and he should think like an Indian, act like an Indian, more especially when he occupies the Treasury Benches.

Therefore, the foreign exchange position is a very serious problem. Now, we find that the entire foreign exchange cost of the Second Five Year Plan has been met from foreign assistance and drawing down our Sterling reserves. It looks as though for the

Third Five Year Plan we shall 4 P.M. have to take recourse to the same thing; we would not have sterling reserves and so on. We entirely depend on foreign assistance for the big part of our Plan. Sir, there is a serious risk involved in it. Not that there is no need for foreign assistance. Foreign assistance must be had; it must be assured; only it must go on the basis of priorities, must go to such industries in the public sector as the heavy machine-building industry there, so that it helps really a self-generating economy. In other words we should create a capital base for our economy so that our industries built in India produce the machinery to manufacture machinery, and that would be creating

[Shri Bhupesh Gupta.]

a self-generating economy. That aspect has to be kept in view. I do not, therefore, like the manner in which the concessions are being given to some foreign concerns. Take oil. I do not see as to why oil should be left in their hands. Our foreign trade, to a very great extent, is in their hands, that is, foreign firms control Rs. 350 crores worth of India's foreign trade. It is a serious matter. Their remittances go abroad. Foreign trade is in their control and a new field is being thrown open to them by the hon. Minister and his friends in the Government and to them there is no difference between an Indian national and a foreign national in this matter, I mean in the new field of foreign private investment. I therefore submit Sir, that these concessions to foreign private investments—mark the word 'private'—must go. We must build the nation through the public sector, get proper types of foreign assistance for the public sector and have proper types of industries. Sir, in the next Five Year Plan we shall be faced with having to repay heavy liabilities, liabilities of the order of Rs. 500 crores, and if you add to it the foreign exchange requirement of our Third Five Year Plan, we should be requiring Rs. 3,000 crores in foreign exchange. How to get this money? Now, our exports somehow or other service the maintenance of our imports. We are deficit on that account, and in any case we do not have a surplus. Therefore, it is essential to reorganise the foreign trade of the country with a bias for exports and with further restrictions on imports so that our foreign trade in merchandise shows a favourable balance and we earn something in order to pay for the machinery that we may import from abroad.

That brings me to the question of resources. In order to ensure the desired rate of growth in national income there must be investments, and it is essential of course, in economic terms to impose a restriction on consumption. I am speaking strictly in

economic terms—restriction on consumption is an accepted proposition. But whose consumption will be restricted, is the point. Here, Sir, the Finance Minister has elaborated his policy of widening the base of taxation. He could have easily found the Rs. 21 crores by adjustments. But he has not done so. He has trotted out the theory of widening the base of taxation for this Rs. 21 crores. It is a reconnaissance for him. He wants to feel the country's pulse, how people react. And if the people do not resist it, next year it may be little less due to its being an election year, but the year after it will be certainly more. That is the idea. Now, Sir, when we are confronted with this question, when we have to face this question of restriction on consumption, certainly the consumption of the upper strata, of the rich people, must be restricted—there is no doubt about it—in order to ensure the savings effected thereby for purposes of investment. Our domestic savings come to about 8 per cent., and the rest is provided through foreign assistance from foreign sources. It is poor, domestic performance, and there is no doubt about it. We have to raise it to 11 or 12 per cent., if not more, in the Third Five Year Plan. How to do it? Well, there, naturally a part of the national income must be saved and invested, and we must pursue it wherever the money goes. And where does it go? It goes to the upper classes, to the capitalists, to the millionaires, landlords and so on. Taxation should be on them; it is they who must pay.

Now, Sir, here is something which I do not say. I do not know why Mr. Morarji Desai does not read what his leaders say, what Shri Jawaharlal Nehru himself says. Must I always read his writings, and must they not, sometimes at least, read their writings? Shri Jawaharlal Nehru has said:

"We have to go through broad periods of difficulties, austerity and subsistence in order to build for the future. But it is rather odd for us to go to any man who has been living on a margin of subsistence and

talk to him about austerity. We have to give him something."

This is what Shri Jawaharlal Nehru said according to the Ooty Seminar papers. But what does the Finance Minister do here? He takes away, he goes after the cycle-man, puts a spoke in his wheel, thrusts his hand into the pockets of the persons going by bus and robs the poor women of their dress. This is how he behaves. How is it? Is this the way, Mr. Morarji, to administer your fiscal and taxation policy? Is the question. That I put to you. He goes after the poor man, and every tax relief and concession given in this Budget has been given in favour of the rich—let there be no mistake about it. Well, Sir, it is a retrograde attitude and policy the hon. Minister is pursuing in this matter.

Now, I should like to point out here that the Second Plan envisaged additional taxation of the order of Rs. 450 crores—Rs. 225 crores to be found by the States and Rs. 225 crores to be raised by the Centre. Today they have exceeded it; already they have raised by additional taxation Rs. 975 crores—a hundred per cent. increase. When it comes to hitting the people right and left and robbing the common man of his barest living, our friends opposite fulfil their target by a hundred per cent. more, but when it comes to helping the poor, they are sometimes down by 100 per cent. This is their way of handling nation's economy. Now, Sir, here again you will find that in the Budget proposals if you include the additional excise duties, the total on this account will go up to Rs. 380 crores, compared to less than Rs. 100 crores some ten years ago. Revenue derived by direct taxation is only 27 per cent. of the entire tax revenue, and 73 per cent of the tax revenue coming to the Centre is through indirect taxation. Now, this is a very dangerous thing and there is no way out of this except that the people will suffer, discontent will grow, incentive will disappear and prices will go on soaring. This is what I want to say here. Now, Sir, this pro-

cess was started by Shri C. D. Deshmukh—he levied an additional taxation of Rs. 30 crores. Then came Mr. T. T. Krishnamachari, another gallant fighter for the big business and he levied an additional taxation of Rs. 90 crores. Then follows the champion of Bombay, Shri Morarji Desai—last year some taxation, this year more. They are all in line in this regard, whatever may be their temperamental differences, whatever may be their other differences—after all these things are talked of—namely, that as far as taxation is concerned, they all believed in hitting the poor, for the simple reason that they represent the upper strata and the capitalist class. It is the class position that comes into operation. We judge it also from the angle of the class, but of the poor class. It should be our task from this side of the House, and I hope hon. Members opposite will support, that we should oppose this imposition of a heavy burden of taxation on the poor. Indirect taxation is rising year after year and the rate of direct taxation is showing a continuous decline. Now, Sir, as far as the items are concerned. I need not go into them but, except perhaps the tax on wine and some other tax on motor-cars, well, all other additional taxes have been imposed on and hit the poor. The rich people should be taxed more, and you should reconsider this matter with a view to revise this scheme of taxation. Charities have been given the concession. Why? Pandit Hriday Nath Kunzru said that charities would come more that way. Well, if that is so, then you can just as well say: "Leave all those giving charities tax-free; they are doing a social service". But, Sir, our social reconstruction cannot be left to the benefactors of the private sector. It is not a matter of charity. It is a matter of building the nation with our efforts, with all our resources, with all our resolutions, with all our courage, with our bold approach turning every stone that comes in our way. We do not live on charities. We are a proud nation, and a proud nation does not think in terms of living on charities of the exploiting class, of the rich. Let them expiate their

[Shri Bhupesh Gupta.]
sins and crime. But let us not stand at the counters of their officers in order to get some charities to give education to our children, to help in the medical facilities for our mothers in the maternity homes. We shall not take the money that way to build the nation. Their ill-gotten money should be taken by fiscal and other measures so that the nation, which is standing on the border of starvation, I mean the famished people and others suffering day in and day out from hunger, from destitution and for want of employment could be lifted by the hand of the nation into the light of new times and new civilisation. Therefore, Mr. Morarji Desai's entire approach is conservative, retrograde and biased in favour of the propertied and millionaire classes.

Again, the States are complaining that they cannot raise any more taxes. The horse has been driven too fast and beaten too hard with the result that even these Congress Ministers in the States say that they cannot raise any more resources. Dr. B. C. Roy says he cannot return what he borrowed from you. This is the situation in which you have landed the country. Therefore, I say more financial powers should be given to the States. If necessary, the Constitution should be amended for this purpose; otherwise the States cannot fulfil their functions, their role in the economic sphere. They cannot bring in any initiative or drive when they are divested of their resources in such a manner. When we are thinking in terms of the Third Five Year Plan and other Plans, it is time that we change the provisions of the Constitution with a view to giving more powers to the States.

You have got rid of the Communist Government in Kerala. Now at least you should give more powers to your own Ministries. We stand for democracy, we stand for principles. Therefore, in all these things and public finances let us have a really federal Constitution no matter who becomes the immediate beneficiary from it.

Not in a narrow sense, but in the larger interest of the country, there should be diffusion of economic power as between the Centre and the States, and the States should be given more and more power. Therefore, what I suggest is that if the State sector has to be developed, nationalisation becomes a necessity for finding out more money. But the Finance Minister does not like it. Therefore, either chase the foreigners or go in for deficit financing. Why? Well, we can have a profit yielding State sector; by all means have it by developing State trading, nationalising such industries as the coal-mines, banking and certain other things. We can get revenue from them which we can turn to the use of the nation for national reconstruction. Surplus can come that way.

Then, again, we should enter foreign trade in a big way so that we earn money out of the commissions and various other things which do not come within the scope of the State Trading Corporation because its powers are limited, its field of operation is limited. More especially we have to develop trade with the socialist world. Capitalists cannot develop foreign trade, especially with the socialist world in a big way. They would not do it. Only when the State comes into the picture and takes over trading, can they be expected to develop trade with the socialist parts of the world.

Our trade with Western countries is showing a decline. The scope for its increase is very little. Commodities that sell there are showing a decline in the international market. Sir, the U.N. Survey says that we suffer more on account of it than what we gain by way of foreign assistance.

Coming to gold bullion, our gold reserves in the country are estimated to be about Rs. 3,000 crores. I take it that bullion will account for Rs. 1500 crores or so. Well, why should the country not secure gold from the rich people? We should catch them in order to develop our resources. It is very important. Now, the hon. Minis-

ter might say that there are difficulties in the way of catching them. But whenever we print a pamphlet, how soon your Central Intelligence machinery works to find out the whole thing. Why can't you put the same machinery to find out the hidden gold and turn it to the national exchequer for the use of the nation?

Sir, Calcutta is a place where bullion is hidden. It is hidden in Bara Bazar and other areas. Everybody talks about it. Everybody smells it, but nobody catches it. That is the point. But how can they? They are the bankers of the great party of which the Finance Minister is one of the presiding deities. How will they do that? Something should be thought of along that line because non-tax revenue has got to be increased. We cannot rely on tax revenue alone in an expanding economy with inflationary pressures, indirect taxes and rising prices. They are partly accounted for by deficit financing, taxes on essential commodities, indirect taxes and excise duties. They are going up. Therefore, that is also another side of the matter.

Sir, there is some flaw in their economy drive. While going through the Finance Ministry's papers, I found that their economy drive has resulted in the cutting down of projects by Rs. 26 crores in the years 1957-58, 1958-59 and the first quarter of 1959-60. New employment has been stopped. Some people have been retrenched. That is what they have done. There is need for economy drive because civil expenditure is going up. The hon. Minister wants to suggest that because of commitments due to the Pay Commission's recommendations they have to spend money. This is all a political stunt. Everybody knows their internal economy and their economy drive. We can, by reducing salaries at the top and by adjusting salaries in keeping with the declared objective of the reduction in inequalities, carry out economy in our administration. The most important thing in the context of the economy drive in the administration is a con-

tented officer or employee. Give him contentment, give him satisfaction, make him feel that he has a hand in the reconstruction of the country, by giving his children education, by giving him cheaper foodgrains that will give him better living conditions. Then you will see that he is a different man. He will put in his labour intensively with which we can really bring about better economy and substantial economy in the administration. But that they are not doing. Instead, people getting Rs. 4,000 will continue to get Rs. 4,000 but they will force lower category Government employees to accept a smaller pay packet. The compulsory saving which has been recommended by the Pay Commission will be again written off due to inflation. That is their line. Well, Sir, I do not believe in that kind of economy. A proper economy drive has to be launched.

Finally, I want to say something from the political point of view. The economic picture projects into the political picture of the country, as the Marxists say, "Economics is the essence of politics"—an aspect. These economic trends have their reflection also on the political life of the country. That is why you had that great triple alliance in Kerala. The Muslim League, the Congress, the Catholics, Nairs and what not—all of them—go together. The most regrettable part of it is the strength that communal politics is gaining in the country. And the responsibility for this rests primarily on the shoulders of the leaders of the Government, including the Finance Minister who went to Kerala for the election campaign. He did not see me but I saw the great man there.

Now, Sir, the Prime Minister said that he did not read the election manifesto of the Muslim League until a fortnight after the elections. Wonderful. We have not read the Muslim League manifesto but we know the name of the Muslim League and their policy. We do not know Malayalam but we knew through the English press what that manifesto contained.

[Shri Bhupesh Gupta.]

Sir, either the Prime Minister does not read newspapers or he forgets what he reads. At any rate, it shows how the Prime Minister is isolated from the life of the people in certain matters. It is a strange thing. Anyway, Sir, it is an interesting thing to know that they do not read the manifesto when they go to support a policy. They get the votes, capture the seats, make themselves secure, dictate terms and then forget the manifesto and say that they did not read it. Well, I do not know. It is a new thing. But that is not the main point. The main point is that this has given incentive to the revival of the Muslim League everywhere. In Sealdah station, for the first time since the independence of the country, a procession of the Muslim League was taken out. In Calcutta revival of the Muslim League is going on. And do you know, the Vice-President of the West Bengal Congress, Mr. Atulya Ghosh, has written a letter to the A.I.C.C. Secretariat here saying that he does not understand what the Prime Minister says. Perhaps, he wants to revive the Muslim League in Calcutta to enable them to once more form an alliance so that the leftist forces, especially the Communist Party, could be cornered. It is following the Kerala example. But this example is bad. This example is harmful to democracy. The communal forces are being encouraged. Well, Sir, I do not know where the country will be led to if these trends are not checked. It is the duty of the Congress, the nationalist Muslims and Congressmen who stand for secularism, to fight against this revival of communalism. Now, the Catholic Church is participating. Pastoral letters had been issued before, and now, after the elections also, letters are being issued, threats of excommunication are being issued against those who had voted for the Communist Party. This is violation of the Fundamental Rights. The Constitution gives me the fundamental right to vote as I like. The Constitution also says in spirit, to some extent also in letter, that religion must not

interfere in politics. The ideals of a secular State were thrown to the dust in order to suit the convenience of the Congress Party, or of the Kerala Congress in distress and now these Catholic Bishops in Trivandrum and other places have begun their excommunication. Our Treasury Benches are silent. They would not say anything. When we were in the Government, every trifle or small thing used to cause consternation in the Treasury Benches. Even the Chief Minister's secret and confidential letters were read out. The Home Minister was always in the hands of the House and when we raise this matter of excommunication by the Church or threats by the Catholic Church against people in politics, affecting their constitutional rights in a particular manner, our Home Minister is not to be seen even on the first place of the Treasury Benches.

Curbing of civil liberties is also taking place. I need not go into it. Everywhere there is a tendency to curb or restrict the civil liberties. I know that if they pursue this policy, they will be more and more attacking the rights of the people but against these fiscal policies, against these economic policies, against these inroads on the life of the nation and the people, there would undoubtedly be rightful, legitimate, constitutional and, of course, peaceful resistance. Instead of facing the situation, more and more oppressive measures or repressive laws are being passed and applied. This is the position. Therefore, you see this situation. When we should be rebuilding the nation in a big way, expanding democracy, when we should be providing incentives, political and economic, to every man and every worker, when we should be drawing in the idle into productive endeavour of the nation, we are muzzling them every day with restrictions, economic and political, and giving them discouragement and pushing them aside. Is this the way to build the nation? Is this the way that we are going to remake India and start a self-reliant economy? I think we can never do it.

Finally about administration, I do not want to say much about corruption. There is a lot of talk and I am told that Mr. Deshmukh has written another letter to the Prime Minister saying that he is prepared to face a public independent enquiry into the allegations and complaints he is in possession of. Well, the challenge ought to be accepted. You may decide and consider whether we should accept or have a permanent tribunal but an *ad hoc* tribunal or some such thing acceptable to Mr. Deshmukh and the nation should be appointed to dispose of these things. Files are accumulating with Mr. Deshmukh. Are they to remain secret for all time to come and must we not look into them in order to discover where corruption has set in? It is important. Nothing has caused so much demoralisation today as this denial of an enquiry by the Government in the matter of allegations and complaints brought to notice by Mr. Deshmukh. Even against the Chief Minister of a State allegations are made by Congressmen—the Punjab Chief Minister for example. Remarks are made in the judgments, serious remarks are made, but he is continuing. In England I cannot think of any Prime Minister or any Minister or even any Under Secretary to continue in office for even two hours when such serious allegations are made by judicial bodies and by their own followers, but the Punjab caucus goes on, with no sign of resignation, unperturbed, unconcerned as if Punjab lives or dies with it. That is not good. These are matters to be settled. All problems of democracy have today to be faced in common, on economic and political fields.

I finish by saying that I do not know how to characterise Mr. Morarji Desai's Budget. If this Budget only points to the direction in which they propose to move, then evidently they want to build up the capitalist economy at the cost of the people, by putting more economic burdens on the people and hence by putting more political restrictions on democracy and

the democratic movement. This is the lesson I draw or the conclusion I come to. It is our task today to counsel with the Government that this is a wrong course. It is our task today to appeal to the Congressmen that this is not the thing for which we had fought in the past and for which we are living in the current generation. We have appealed to them that they should exert their influence and get these policies and methods changed so that within the limitation of capitalism, there may be a somewhat balanced economic development, as far as possible. In any case it is the rich who must be made to pay for the nation's development before we call upon the poor to pay. The poor shall contribute in the form of their labour and toil and it is the rich who must find the resources in gold and cash and in other ways. The State policy has to be re-orientated in a general way and more especially in the matter of Budget in so far as these objectives are concerned. I hope I have made out my case. I know that some may not agree with me but I do know that I have not spoken in any narrow ideological strain. I have spoken of many things which are in the deepest recesses of the hearts of many Members, opposite. The only difference is in what we may call, the *modus vivendi* but I hope, life will compel us to fight together against these policies in order that we can remake the country, in a big way, worthy of a great nation with its great past and with its bright future. Thank you.

SHRI M. M. SUR (West Bengal): Mr. Deputy Chairman, Sir, it is a matter of pride and great satisfaction that although our country is underdeveloped and 70 per cent. of our population are earners of not even one-fortieth of the wage of an average wage-earner in the developed countries of the West, yet we shall be able to collect Rs. 920 crores to meet our Budget next year. This again is 10 per cent. higher than what we were able to collect last year. Out of that Rs. 920 crores we are also making a

[Shri M. M. Sur.]

capital investment of Rs. 370 crores and we have made a capital investment of Rs. 360 crores in the current year. These investments have not yet begun to show results and the steel projects and other undertakings are still under construction. When these investments show results, we have no doubt that we shall be able to meet our increasing expenses on the Third Plan. Even the dams that were constructed by the river valley corporations have not yet shown their full results. That is not because of any defect in their construction or in the schemes themselves, but because our farmers are slow in utilising or making full use of the water made available to them. Not only water, but seeds are to be provided to them and seeds have to be produced by the farmers themselves in their local areas. So, that aspect of the matter we have to take into consideration. Taking all this into consideration and when we remember that capital investments have been made for future incomes, we can look forward with confidence to the Third Five Year Plan and feel that the progress of India is assured.

We have had deficit financing up to Rs. 152 crores and then all the capital expenditure has to be taken into consideration. The deficit financing has not been wasted. You know we collect Rs. 920 crores mainly from four heads—customs, Union excise duties, Corporation tax and income-tax and other direct taxes. And then the gift tax, wealth tax and expenditure tax are also there and some of the hon. Members of the Opposition have asked: Why have these taxes? Why should they remain, when they are not yielding much result? But I submit there is another object behind the imposition of these taxes. Only by having them can you find out which way the wealth is moving and where the wealth is. We must be careful about too much of accumulation of wealth in a few hands and these taxes are necessary to keep a check

on that and also to collect estate duty when the assessee is no more.

About the Union excise duties much complaint has been made, especially on the imposition of the duty on cycle rims and free-wheels. But one must consider the increase of cycles. In the course of the last two or three years the cost of cycles has gone down considerably. Some ten or twelve years back cycles could only be constructed in big undertakings and then cycles used to cost more. Now cycles are manufactured almost as a home industry and that is the reason why in the course of the last two or three years the cost of cycles has come down considerably. Therefore, even by paying another Rs. 10 the consumer or the cycle owner will not be paying more than what he was paying two or three years ago for a cycle. Even if he had to pay now more than Rs. 10 extra per cycle, he would not be paying more than what he paid for a cycle two or three years ago. So there is ample justification for this cycle tax.

We also see that some 30 per cent of our income is from excise duties and therefore, increased excise duties and indirect taxes have to be paid by all who are benefited. In the villages and in the rural areas, roads are being constructed and hospitals are being set up and children get better education also. Naturally, it is expected that they should also contribute a little more towards the building up of the national income and the nation's economy.

About these excise duties, I have only one complaint and that is about the increased tax on diesel oil. Diesel oil is consumed mostly by buses and trucks and transport is a very important industry in our national economy. It comprises more than 10 per cent. of the cost of production in industries. Nowhere in the world is the cost of diesel oil or petrol so high as it is in India. We have to take the example of other countries which have advanced in the industrial sphere. Japan, for instance, we may take. There the cost of diesel oil is very

much less than what it is here. Also automobiles use diesel oil. Automobiles also cost much and their cost has been further increased. That is one aspect, namely, the cost of production in industry. There is another aspect of the consumption of diesel oil. Diesel oil is mostly used by buses and trucks and in these the small investors make their investments. And it is the small village people who are employed in these undertakings. So, it has great employment potentiality. In this respect, you can compare it to the textile industry. In the textile industry we have the mills that produce the common cloth and also the handlooms and the *Ambar Charkha*. We have encouraged the *Ambar Charkha* and the handloom industry because they give employment to the people. If we take that view, we should not discourage those entrepreneurs who have recently entered into this new industry of transport, by increasing the cost of the fuel they have to use, namely, diesel oil. I believe that this point should be considered, not only the question of the collection of excise duty.

Simultaneously with industrial production, we have also to consider seriously about our food production. With industrial production, we increase employment. But it is a well known fact that all our estimates of food production are based on a consumption of 14 ounces of foodgrains per head. But whenever food is available, our people consume more than 14 ounces. Seventy per cent of our people come from rural areas and they do manual labour and it is everybody's knowledge that the manual worker in India eats rice and wheat, and he eats nothing less than a seer or 32 ounces. So, we are estimating only on the basis of half that quantity. That calculation may be all right for other countries that consume rice or wheat. Even in Japan and China which are entirely rice-eating countries, they eat all their meals of rice. But in India we con-

sume both rice and wheat. There are, of course, some sections of the population which consume rice alone. But in Japan or China they do not consume so much rice as we do, because along with that, they eat other things. In China, you might have known they produce a kind of root vegetable which is like raddish and they consume that vegetable along with rice and some amount of sea fish also. So that makes a more or less, balanced diet or food and they consume less of rice. It has been reported by the Ford Foundation Team that visited us that by 1966 we might reach a crisis. So, that matter has to be seriously considered. Only a few days back our Food Minister said that we should aim at production of vegetables and fruits and other subsidiary foods, besides cereals, but that, I am afraid, has not been thought of seriously by the people at large. We are only thinking of producing enough cereals for feeding the nation. That is not quite possible, because with food production the consumption also will increase. As soon as you give employment to people, as soon as you give money to the people, that will create the demand for food. When we talk of self-sufficiency, it seems we will have it not by feeding the people properly but by keeping them away from it. In the countries of the West whenever there is inflation, as in England, during the war, the demand for food did not rise. The price of food did not rise, because men did not eat more bread than what they had been consuming before. So the price of bread did not go up. But in our country people eat only bread and nothing else. In those countries they only took care of the luxury foods like drinks or a better class of wines and some better meat and so on. But so far as bread and fish were concerned, these were not controlled and the prices did not go up because people consume the maximum that they can consume. On the other hand, in our country, as soon as people have money even where there is a bumper crop and sur-

[Shri M. M. Sur.]

plus production, we find that consumption within that area is much more than what it used to be. That is what is happening in West Bengal. Although in some years we have a bumper crop, we find that foodgrains do not come into the market because the families themselves are consuming much more than what they used to do in other years when there was scarcity of food. Taking all these factors into consideration we have to formulate ways and means so that the nation realises that we need to change the food habit not only from the health point of view—it is not conducive to health to consume more and more of cereals—but also from the point of view of the prime necessity of not creating a crisis. In that our mothers and sisters who manage the household and prepare the meals have to take the lead. It is they who must first realise the necessity of such a change. This can be done through the village panchayats or through the village schools. This is of prime necessity and unless we pay proper attention to food habit even though we may achieve the maximum of food production, we will have to depend on the importation of food and I doubt very much if we can buy enough foodgrains for all years to feed our country.

SHRI P. S. RAJAGOPAL NAIDU (Madras): Mr. Deputy Chairman, amongst the various proposals made in the Budget for taxation, the one with which I am not in full agreement is the proposed tax on certain types of co-operative institutions. We all know as to what the co-operatives stand for. They stand essentially for the economic upliftment of the common man. We all know the principles embodied in the organisation of co-operative institutions. The principles that are laid down are self-help, thrift and mutual aid. There are certain types of co-operative institutions which can really be taxed. There are institutions which do not fit in with the characteristics of a co-operative institution. We all know

what the characteristics of a co-operative institution are. The first important characteristic is that each man gets one vote irrespective of the number of shares held by him. The second important characteristic is the limitation with regard to the number of shares held by an individual and the third is with regard to the limitation of dividend, that is, no institution can pay more than six per cent, or six and a quarter per cent. by way of dividend. We are trying now to organise as many co-operative institutions in the country as possible and the Planning Commission is laying great emphasis on the organisation of co-operative societies and if at this stage we make a beginning to tax co-operative societies, this will, in my opinion, retard the growth of co-operative societies. As I said earlier, the dividends that are payable are restricted and as such it is very difficult to organise co-operative societies. By merely floating a co-operative society we cannot get any shareholders rushing in to join. We cannot compare this with the joint stock companies. We have got to go abegging from door to door requesting people to join. That being the position, if taxation is imposed on certain types of co-operatives, I am very sorry to say, it will retard the growth of co-operative institutions. There is another aspect which I will request the hon. Finance Minister to consider seriously. Co-operative institutions exist more on borrowed capital which sometimes exceeds eight or ten times the owned funds. What I fear will happen is this. The owned funds of a co-operative society will not be as much as it can be if no tax is imposed. The borrowing capacity of a co-operative society depends very much on the owned funds and if the owned funds go down, the borrowings will go down and then naturally the Reserve Bank, the State Governments and the Central Government will have to come to the rescue of such institutions. If the Government wants to see that the owned funds of the societies are not diminished, that the societies borrow as much as possible

so that in the initial stages they can build up the institutions, then the Government of India will have to seriously consider whether it is at all right to impose this taxation at this stage.

It has been said, Sir, that these proposals will not materially affect the revenue. If that is so, then why create a scare in the country by saying that the co-operatives will also be taxed and thereby retarding the growth of co-operative institutions in the country? Of course, there are certain exceptions. It has been said that this will not apply to the societies connected with agriculture, societies connected with rural credit and societies connected with cottage industries. I am glad at least to that extent that the Government of India do not propose to levy any income-tax but there are certain types of societies which cannot be called as societies purely connected with agriculture. We cannot call them as co-operative societies connected with agriculture, with rural credit and so on. There are, for instance, certain types of societies like the industrial co-operative societies. It should not be assumed that the industrial co-operative societies are organised by very rich people who can throw a lot of money about. It is not so. I may say frankly that no rich man comes to organise a co-operative society; it is only the poor people who come forward and organise these industrial co-operative societies for mutual aid, mutual benefit. That being the case, I should say that every type of co-operative society should be exempt from the payment of income-tax. It may be said that there are co-operative textile mills. The Government is now laying stress on the organisation of co-operative sugar mills. We are the shareholders of these co-operative textile mills and the co-operative sugar mills? The shareholders are petty agriculturists; no rich landlord becomes a shareholder in a co-operative textile or sugar mill. No big textile dealer becomes a shareholder in a textile mill run on co-

operative lines, it is only the small weaver who becomes a shareholder so that he can get yarn at concessional rates. It is only the poor cane-grower who becomes a shareholder in a sugar factory so that he can get the maximum price for the cane that he supplies to the factory. It should not, therefore, be assumed that these industrial co-operatives like the co-operative textile mills or the co-operative sugar factories are essentially meant for making big profits; they are meant only for the welfare and benefit of the small man, the underdog who becomes a shareholder for his own benefit.

Sir, before I go to the other topic I find one sentence here in the Budget speech of the hon. Finance Minister which reads:

"However, as the House is aware, of late, co-operative societies have widened their fields of activity and are carrying on substantial business involving transactions of a large scale with non-members."

I would like to know whether there could be any co-operative society which will have transactions only with members and which will not have transactions with non-members. And it is said that co-operative societies which are dealing with non-members are not co-operative in character, that they are not true to their principles. Sir, it is impossible for any co-operative society to exist without dealings with non-members. If there is a co-operative provision stores, it can distribute provisions only to members but at least the provisions will have to be purchased from non-members. So, every co-operative society will have some kind of transactions with non-members and on that ground it should not be said that these institutions are not co-operative in character and as such taxes can be levied on them. So, in my opinion we will be setting up a dangerous precedent if we were to approve this principle of levying taxes on co-operatives. I find that the hon. Minister has taken the

[Shri P. S. Rajagopal Naidu.]
 cue from the Tyagi Committee's Report but the hon. Minister will have to see what the previous Committee—the Taxation Enquiry Commission under Dr. John Matthai—reported about taxing the co-operatives. I shall read only a few lines and pass on to the next point. They said:

“Recent surveys conducted by the Reserve Bank of India, by universities and by research institutions, all point to the need to intensify effort for providing various services and aids to agriculture and cottage industries through organized co-operative agencies. We have ourselves no doubt of the extreme importance of planned co-operative development for the future welfare of the country. It is evident that in India such a development, on the requisite scale, will not be possible without the active assistance of the State. One form of State aid is relief from taxation. In these circumstances, we see every justification for continuing the exemptions from income-tax hitherto enjoyed by co-operative societies.”

So the time is not yet ripe. The co-operative societies have not yet organised themselves in such a way, co-operative institutions have not taken such a deep root in the country so that we can confidently think of taxing them. Coming to the indirect taxes, I find that the Government of India is now having this levy of excise duties as its milch cow. The excise duty, I find, is the *kamadhenu* of the Government of India. I think in the course of some time nearly half the revenues of the Central Government is going to be derived from excise duties. I think these excise duties coupled with the various taxes, like the sales tax levied by the State Governments, will ultimately affect the prices of commodities and also the consumers' interests. I think at least at this stage the Government of India will have to review the entire situation and assess the impact of the levy of excise duties by the Centre and the levy of sales tax

by the State Governments on the commodities and see how far the consumers' interests are affected.

To mention a few of the taxation proposals about which I am not in full agreement, I find that the Government of India is levying duties on certain raw materials such as pig iron, aluminium and tin plates and at the same time they are also levying excise duties on the finished products. Take for instance the internal combustion engines, electric motors, etc. The Government of India taxes the raw materials which are required for their manufacture that is, the pig iron, and at the same time taxes are being levied on the finished products also. Particularly now when we are trying to capture the world markets for these commodities, like the internal combustion engine, electric motors, fans, etc., we have got to see that a judicious levy is made on those commodities so that it will not affect not only our exports but also their prices. It should not affect the consumers.

Now, take for instance the levy of duty on transport vehicles. Now, we want a cheap car to be made, a low-priced car to be made for the benefit of the middle class people. When that is the stress, we find that with this levy the price of cars will shoot up; the price of bicycles will shoot up and the prices of scooters and other similar vehicles will all go up. And this will also affect the interests of the agriculturists. The increase in the levy on diesel oil will also affect the agriculturists; the levy on electric motors will affect the interests of the agriculturists; the levy on the internal combustion engines will also increase the burden on the agriculturists. Who are the purchasers of electric motors in the country? To a very large extent the low horse power electric motors are purchased only by the agriculturists for the installation of pumps and if excise duties are levied on such motors, to a very large extent it is the agriculturists who will suffer. It is not others who will suffer much by this levy on such things.

An increase in the price of diesel oil will affect the passenger transport. More or less it has come to the level of petrol. At a time when the price of diesel oil was very low the owners of vehicles had switched on to diesel engines and very many factories have been set up in the country for the manufacture of diesel engines. And now as the price of diesel oil has become more or less the same as of petrol, if the owners of vehicles were to switch to petrol-driven engines then they will have to spend a lot of money. And I do not think that the manufacture also has progressed to such an extent in the country that the owners of diesel engines can switch on easily to petrol engines.

One word about the Prize Bonds. It is a very good idea but it should have been made more attractive. I feel that at least a nominal interest should have been allowed so that when those persons who were not lucky enough to get any prize get back their amount at the end of five years they can get at least some nominal interest. I am sure the hon. Minister will consider this aspect carefully. Also the prizes that are offered are not very attractive. They should be made more attractive so that a greater number of people will come forward and take to them.

I want to say a word about defence expenditure. Taking into account the

present situation, taking into account our relations with our northern neighbour we all felt that defence expenditure was going to be very heavy; at any rate, I expected that to be so. But I am glad that it has not been so heavy as was expected. Though I find that increased provision is being made for defence, the point to be noted is that the total defence outlay of Rs. 273 crores is much less than that of 1958-59. It is a gratifying feature to be noted. I am glad that the hon. Minister has said that if there is any need for more defence expenditure he will come forward and ask for more funds from Parliament and I am sure Parliament will not hesitate to sanction funds for this cause.

Sir, I have nothing more to say except that taking into account—we are in the last year of the Second Five Year Plan—the general economic trend in our country, on the whole it has not cast a very heavy burden though here and there it may affect the common man.

MR. DEPUTY CHAIRMAN: 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 7th March, 1960.