

THE SECOND REPORT OF THE COMMITTEE OF PRIVILEGES

SHRI S. V. KRISHNAMOORTHY RAO (Mysore): Sir, you were pleased to refer to the Privileges Committee a question of privilege arising out of certain passages in the letter of resignation by Shri M. O. Mathai to the Prime Minister of India and released to the press by the Press Information Bureau. I presented the Report of the Committee to the House yesterday. The procedure adopted by the Committee and the conclusions arrived at are set out in detail in the Report. The Report has been circulated to the Members of this House.

Sir, I beg to move:

"That the Second Report of the Committee of Privileges laid on the Table of the House on the 2nd March, 1959, be taken into consideration"

MR. CHAIRMAN: Motion moved:

"That the Second Report of the Committee of Privileges laid on the Table of the House on the 2nd March, 1959, be taken into consideration."

SHRI S. V. KRISHNAMOORTHY RAO: Sir, I move:

"That at the end of the Motion the following be added, namely:—

'and having considered the same the House agrees with the recommendation contained in the Report'."

MR. CHAIRMAN: First I shall put the amendment to the vote.

The question is:

"That at the end of the Motion the following be added, namely:—

'and having considered the same the House agrees with the recommendation contained in the Report'."

The motion was adopted.

MR CHAIRMAN: I will now put to vote the motion as amended. The question is:

"That the Second Report of the Committee of Privileges laid on the Table of the House on the 2nd March, 1959, be taken into consideration and having considered the same the House agrees with the recommendation contained in the Report"

The motion was adopted.

THE BUDGET (GENERAL), 1959-60
—GENERAL DISCUSSION

SHRI M. GOVINDA REDDY (Mysore): Sir, Normally, the Budget is a statement of a year's Receipts and Expenditure and it is related to its immediate predecessor only for purposes of comparison of estimates.

This Budget is the ninth in the Plan series and so it may not be inappropriate for me to say a few words about the general position of the country during the Plan period before I proceed to deal with Budget estimates and proposals for 1959-60.

Sir, the effort that we have been making during these Plan years to reserve the process of India's centuries-old economic stagnation may be likened to a traveller journeying home. His way lies across tangled woods over hills and dales. Usually, when one starts on a journey one is fresh and in bright spirits. To describe how we started and with what enthusiasm we started on this Plan, I can do no better than quote Dr. Kunzru. At this stage of our journey, it is so heartening to recall the inspiring words of this respected veteran statesman. While speaking on the Draft Plan, he said:

"Every chapter, every page of the Report shows how considerable and conscientious have been

the efforts that have gone into the production of the Plan".

Further on, he says:

"The Plan will be an education to us all".

Still further he goes on:

"It is the duty of everyone of us to put his shoulder to the wheel, or if I may change the metaphor, to stand behind the Commission in its determination to see that the Plan does not fail for want of human effort"

It is with such faith and hope that we started on this journey and completed the first stage in good spirits and with considerable success.

With a planned outlay of Rs 2,356 crores we have spent Rs. 1,960 crores, taken up our national income to Rs 11,000 crores, given employment to 4.5 million persons, and achieved such other results. Targets for many items were over-fulfilled and progress in others just fell short of the targets fixed.

Now, Sir, we are in the second stage of our journey. To go back to my simile of the journeying man, he has had fairly easy going so far, and now he has to ascend the hill. He has to exert all his limbs, for this is the most difficult part of the journey. The strain on him is great indeed. But, when he gets to the brow of the hill, he can see beyond it the twinkling lights of his home, see the column of smoke issuing forth from the chimney promising a comfortable fire-side and steaming dishes. But, the journey is not yet over. There is still some way to go. But the sight of his home, even from a long distance, shakes off his fatigue and gives him a cheer. We are at this stage of the Plan at the moment. Our two steel plants have gone into production. Our irrigation and power, and multi-purpose projects—at least some of them—are yielding results and many others are coming to completion. Our community Projects and NES Blocks have done much to

gear the people to strive for more production. So, Sir, it would not do now to relax our efforts. The goal is there before us and a bright future and destiny is awaiting us.

Sir, as we advance in the Second Plan, we begin to encounter more and more difficulties. We had already difficulties in the First Plan. We found that there was yawning before us a wide gulf in our resources. This was occasioned by an increase in the size and cost of the Plan and the shortfall in our resources, for both of which we had no help, not much help at any rate. These are the reasons why our Plan had to be scaled up: (1) the initial financial provision of the Plan was found to be insufficient; (2) new projects of high priority had to be accepted and included in the Plan, (3) cost estimates of the Plan had gone up, (4) the foreign exchange content and cost both went up; (5) provision for food imports was found to be insufficient on account of failure of seasonal conditions; and (6) we had to provide employment opportunities for 8 million people but we had no resources for that and we targeted for providing employment opportunities for 6.5 million people.

Sir, in this matter hon Shri C. D. Deshmukh has made an estimate that at a very conservative calculation Rs 3,000 outlay is needed to provide each job. So, one can guess what would be the staggering figure of the outlay that would be required if we were to provide for 6½ million people. And then we expected an increase of 25 per cent. in national income at the end of the Second Plan. Now it is not only that our resources did not keep pace with our hopes and our expectations but there was a fall in customs revenue, a fall in exports, yield in small savings did not rise to our expectations although it kept on increasing as compared to the previous years. Money market was dull and development expenditure was mounting up. The original plan estimate of a tax-take of Rs 450 crores for both

* [Shri M. Govinda Reddy.]

the Centre and the States had, under these circumstances, to be considerably stepped up. Our foreign exchange resources went down by Rs. 451 crores in the first two years of the Second Plan. The result was that for the three years there was a deficit of over Rs. 968 crores. This was in spite of our receiving foreign assistance for the first two years of the Plan amounting to more than Rs. 800 crores and about Rs. 250 crores or so in the third year. The figure is not definitely fixed about the third year.

" Sir, the Second Plan though large in relation to our resources is not so in relation to the needs of the country. It had to go through therefore, but only after a reappraisal, which process works it out into two parts: as the House knows Rs. 4,500 crores on the core part of it and Rs. 300 crores on the extra part of it, the implementation of which is awaiting the availability of additional surplus funds.

" So, Sir, the circumstances were not too propitious when the present Finance Minister shouldered the Finance portfolio. One can understand under these circumstances that his Ministry must have passed through an anxious period of stress and strain and I wish to pay the Finance Minister, his experienced and competent colleagues, and his smart and able Deputies and the Ministry my mead of tribute for braving the situation, for working hard to find resources and for securing enough assistance to help us to tide over the crises.

Sir, the Statement of Receipts and Expenditure for 1959-60 has the impress of the Finance Minister on it. It is simple, straight and unostentatious like him. Some thought it is not very inspiring. I hope, Sir, that they did not expect him to sing ballads of heroism to inspire them.

I have to thank the Finance Minister for simplifying the Budget. It is said that the Federal Budget of the United States is bigger than the New

York Telephone Book, which itself is the biggest in the world. Our Budget, Sir, is something like that, and is no less in size. I remember my getting into the Assembly years ago and for the first time going through the Budget. I then remembered the white mice of the great psychologist Pavlov, passing through the maze. In that maze, the mouse had to run through 50 times, 60 times or 100 times to find its way back. I was in the same position and many laymen are in that position when going through this maze of budgeted figures. So, I am thankful and I expect the House to appreciate the easier way which the Finance Minister has provided us by presenting to us separate budgets for each Ministry.

Sir, the House will agree with me that the Budget on the whole is well received by the country. One could almost hear a sigh of great relief when the taxation proposals were announced. A perusal of the estimates of the revised figures for 1958-59 will show that a fall in customs revenue by Rs. 34 crores, Union Excise Duties by Rs. 3.61 crores, in Wealth Tax by Rs. 2.50 crores, less realisation in Expenditure Tax by Rs. 2 crores, less realisation in Gift Tax by about Rs. 80 lakhs, Rs. 2 crores under Currency and Mint and Rs. 3.72 crores in other resources, and coupled with this a rise in civil and also other non-developmental expenditure have produced a revenue deficit of Rs. 59.95 crores as against an estimated deficit of Rs. 28.02 crores. A comparison of the revised figures of 1958-59 with the Budget Estimates of 1959-60 disclose no wide deviation of the 1959-60 estimates from the revised figures of the current year. Even the deficit of the 1959-60 Budget keeps close to the revised figures of the deficit of 1958-59.

Sir, the overall deficits for 1958-59 and 1959-60 are Rs. 255 crores against Rs. 200 crores and Rs. 222 crores respectively. The one most important consideration that should be considered in this connection, in the case of this Budget, is the same question

which has arisen in the case of every deficit budget. The common apprehension is that the issue of currency and Treasury Bills to cover the deficit will promote inflationary tendencies. To a certain extent it does, no doubt, promote inflation, as we have seen in the past. But we have now, Sir, acquired sufficiently long experience in deficit financing. We had Rs. 415 crores in deficit in the First Plan and over Rs. 970 crores for the three years of the Second Plan. In fact, we have become almost experts in deficit financing. We have not seen in this long experience of deficit financing inflations setting in in a measure large enough to hurt our economy. The cost of living has no doubt risen in the past as the indices show but that is so in every other country too. There is always a check on inflation and we have in the past taken several measures to check inflation, and an increase in food production, consumer goods and other articles will certainly bring down inflation. There are other corrective methods like credit controls, price controls and fiscal controls, with the result that with the help of all these weapons we have been able to keep inflation in check to such an extent that it was not almost felt. So, there is no reason, as the Finance Minister says, for pessimism. Moreover, it is comforting to note that there is a world-wide better understanding of India today than ever. Foreign assistance from several countries, as we have seen, has come in and is also coming in a good measure. We owe them all our gratitude and I am thankful that our Finance Minister has made very great efforts in the United States and other countries as a result of which the climate has improved and our hopes of receiving more and more assistance are rising.

As I said, a favourable climate is created particularly in the United States where it was not so good some time ago. This House is aware of the Kennedy-Cooper proposals, which are making a great massive effort to render help to India. Newspapers in the United States like the "Observer,"

the "New York Herald Tribune" etc., have been pleading for India. Visitors, some of them distinguished people like Averell Harriman and Paul Brent, the Leader of the U. S. Trade Mission, which is, I believe still in India, have all been deeply impressed with the progress we have made with the Plans and the soundness of our economy and our honest and fair methods in dealing and our love of democracy. They have declared that U. S. can safely invest in India. So there is not only an atmosphere for increased assistance to India in the future but also there is hope of increased investment by the capitalists and businessmen of the U. S. in India.

Now I would turn to observe some features of the Budget which need special mention according to me. A hopeful feature of the Budget is the decrease in Defence Expenditure by Rs. 24 crores. It will be seen that this is not a small figure. Considering the circumstances which exert a pressure on us to keep our defence forces alert and adequate, it is really a sacrifice on the part of the Defence Ministry to ask for so much less. The Defence Minister deserves our thanks. The Finance Minister promises to cover the Revenue Deficit of 1959-60 by raising taxes to the extent of Rs. 23.35 crores. I would like to address myself to two of the taxation proposals. There is no reason for any grievance for taking this minimum tax load under circumstances calling for greater tax effort.

It is mistakenly thought that additional tax now proposed on diesel oils has been devised as a counter-measure to the road traffic and to help the rail traffic. It is common knowledge that the rail traffic is not in a position to take all the traffic that is available for want of capacity and the Railway Minister has made it clear in this House that there is ample room for both modes of traffic to operate without infringing on each other. If the additional duty has been proposed on diesel oils, it is not because the Railways need to be protected but because

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there is a price advantage in favour of diesel oil as compared with petrol and other gases. There is also this advantage that we have done a good lot to improve the conditions of the roads and the road traffic now is saved not only in wear and tear but also in the consumption of gas on account of increased mileage and I suppose they have to contribute their mite towards the State Exchequer for this obvious advantage and therefore I don't think there is any reasonable complaint against this tax.

I anticipate from the Opposite Benches an objection to the proposed changes in Corporation Tax measures, particularly regarding abolition of Wealth and Excess Dividends Tax. These two taxes, as far as my knowledge goes, were not popular—of course no tax is popular—and that is because they prevented higher dividends from being declared and they prevented also the companies from ploughing back their profits into the business. But the yield by these taxes was small. So the small yield from these taxes is far out-weighed by the injury they do to the corporate economy. Moreover, as the Finance Minister says, these taxes are combined in the Income-tax and Super-tax rates and therefore the net incidence is kept up. So there should be no room simply because they are called companies, for complaint against this measure. There is a general complaint that the tax burden in India is heavy. The Taxation Enquiry Commission says of the then existing rates that our ratio of tax to national income was only 7 to 8 per cent. Whereas in many other countries, the ratio is much higher. Here I have collected figures from the richest country of the world, the United States. If we compare our position to that, although we are not better off, we are not worse off. A man in the U S who works for 8 hours a day, has to spend for paying the taxes two hours and twenty-nine minutes. These figures, if I may say so, are calculated by the Tax Foundation Inc., and if we see it, we will

find that for housing he has to work for 1 hour and 23 minutes, for clothing, he has to work for 37 minutes, for transport he has to work for 42 minutes, for medicine he has to work for 24 minutes, for recreation he has to work for 20 minutes and for other things in which education comes in, he has to work for 24 minutes. So he has to spend eight hours. In another way, the figures show that if a man in 1946 was earning 3,000 dollars, for the same standard of life he has now to earn 4,445 dollars.

AN HON. MEMBER: What is the percentage?

SHRI M. GOVINDA REDDY: You can calculate. If a man was earning 5,000 dollars in 1946, he has to earn 7,343 dollars in 1958, if he was earning 7,500 dollars in 1946, he has to earn 10,933 dollars now, and if he was earning 10,000 dollars in 1946, he has to earn now 14,485 dollars if he was earning 15,000 dollars in 1946 in 1958 he has to earn 21,411 dollars, if he was earning 25,000 dollars in 1946, he has to earn 34,483 dollars in 1958, and if he was earning 50,000 dollars in 1946, he has to earn in 1958 a sum of 670,60 dollars. This shows that inflation is there also and for paying the taxes, every citizen of the U S has to work hard. I don't consider that the effort we have to put in for paying our taxes is more than that.

Since I have collected these figures, the House may be interested to know the other figures as well, although it is not quite necessary for me to give them. The Corporation Tax on profits is 52 per cent. Sales excise etc. 6 per cent. Tax on property, on gift etc. is 2 per cent. Individual income-tax is 27 per cent. Total corporation and individual taxes form 79 per cent. of the Federal Budget.

About the budget I will take half-a-minute and give the figures. They have budgeted for the year ending June, 1959 for 80 billion. For international affairs and finance, they spend 1.4 billion. For veterinary services and benefits 5.2 billion, for Labour

and Welfare 4.3 billion, Agriculture and Agricultural resources 6.4 billion, for national resources 1.7 billion, for Commerce and Housing 3.9 billion, for General Government 1.7 billion and for Interest on debt 7.6 billion. The House will be interested to know that their farm programme has risen from 500 dollars to 1,000 dollars per family. Now we think and we often hear at least from the private sector that our economy is in great danger. Let us see the U S financial position. The Federal Deficit this year ending in 1959 is 12 billion more than the entire Federal expenditure of 20 years ago. The Congress has now raised the debit limit, that is, borrowing capacity of the Government from 250 billion to 288 billion. In 5 years, one Senator, Mr Byrd, says that it will reach 350 billion, a fantastic rate, at the rate of 6,250 dollars per family. From 1930 to 1947 the debt has increased from 16 billion to 258 billion. During the last 11 years, seven years have been deficit years and the debt has increased by 18 billion. I am not discussing this but I am just comparing the position of the richest country in the world to show that they are not better off in the matter of balancing their budgets and they do not have the pressure that we have for development expenditure.

SHRIMATI T NALLAMUTHU RAMAMURTI (Madras): Why should we always follow other countries? Surely we can make our own individual approach to our own problems.

SHRI M GOVINDA REDDY: Now, I come to the ways and means position. My object here is only to suggest some points. The need for economy in civil and non-development expenditure, which is continually rising, is recognised by the Finance Ministry. As the Taxation Enquiry Commission have recommended, this question is being examined by a high-power body. The hon Minister has given a categorical assurance that every effort will be made to keep it in check. I also believe that further measures to

improve collection in the small savings will be explored. I would commend to his consideration the question of expending non-tax revenues, both in the Centre and in the States. It is well known that the collectivist countries derive a large part of public revenues from this source, from State owned concerns. In the United Kingdom one-tenth of the industries is nationalised and revenue is derived from these nationalised industries. In France good revenue is derived from key industries, credit institutions and some mixed enterprises. In Latin American countries non-tax revenue is got from things like foreign exchange transactions and monopolies, liquor and tobacco monopolies. And in the Middle East countries, there are the oil and fiscal monopolies and also monopolies in opium, tobacco, etc. Burma and Thailand can also be mentioned in this connection. In India, the entry of Government in the industrial basis has been on a non-fiscal basis.

The next point I have to refer is the plugging of tax evasion and tax avoidance. Of course, it is hopeful that tax collection is looking up.

State trading also is now a great source of revenue and as Mr. Deshmukh says, State trading is a great source of revenue and it also checks inflationary increases in prices by destroying the foundation to speculation.

I would like to refer to the campaigning of free enterprise against public sector. In spite of the hon. Prime Minister putting himself to endless pains to declare time and again that there is no opposition between these two sectors, in spite of his saying that they are complementary to each other, that the private sector can always be assured that they get a fair deal at the hands of Government, there is this campaign going on and I suppose hon. Members have received pamphlets in which it is curious that they should use language which some of the Parties in this House use, a

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- language which does not befit the private sector, in any case. A fitting reply to this campaign is given by their own members, by members of the private sector, like Shri J. R. D. Tata, Shri A. D. Shroff, Dr. Matthai and Shri Ardashir Dalal—I am referring to the Bombay Plan—where they say—I will give only a sentence or two—

“An enlargement of the positive as well as the preventive functions of the State is essential to any large-scale economic planning”.

And then they say:

“From the point of view of maximum social welfare, State control should be more important than ownership or management”.

Also:

“Government should fix fair prices. The link between the landlord and the tenant must be broken.”

I wish this is sufficient answer to those carrying on this campaign, this needless campaign against the public sector.

I wish now to consider the position of the States. This, Sir, is a very delicate question. But I am only placing my views before the House. The financial position of the States, particularly *vis-a-vis* the Plan, is not reassuring. It merits serious consideration at the hands of the Finance Minister. In April, 1958, the loan amounts paid to the States by the Centre stood at Rs. 1,295 and odd crores. By now it is estimated that it will have gone up to Rs. 1,500 crores. Besides these loans, the States have received outright grants valued at about Rs. 400 crores. It is true that the pattern of relations between the States and the Centre has changed since 1947. The Central loans to the States are fully justified. But the question one has to consider is that of the ways and means position and the ability of the States to repay. The

States should have contributed Rs. 550 crores to the Plan expenditure by the end of 1961. But now it is estimated that they cannot reach more than Rs. 350 crores.

[MR. DEPUTY CHAIRMAN in the Chair]

And that too can happen only if the States are able to collect taxes to the extent of Rs. 225 crores. The Planning Commission in this connection observes that—I am quoting—

“It is vital that this target is reached and if possible, exceeded.”

Out of the betterment levy of Rs. 47 crores expected, they have been able to collect only Rs. 2 crores. Their development and non-development expenditures are increasing. Of course, there cannot be any objection to the rise in development expenditure but non-development expenditure for 1957-58 has risen by more than Rs. 40 crores. So additional tax efforts by the States have to be made and the amount estimated for the five year period is Rs. 173 crores, though there is no promise of realisation. Though they have received Rs. 160 crores given by the Taxation Enquiry Commission, as their share, there is a shortfall. It is obvious that efforts should be made to improve their position. I might humbly suggest that the Finance Minister should visit each State for three or four days, sit closed with the Chief Minister and the Finance Minister of the State and confer how best to remedy the situation. Of course, I know that the State Ministers are called here for conferences but I believe that it will not be as good as the Finance Minister himself going there and examining the position. He may be able to help the States.

THE MINISTER OF REVENUE AND CIVIL EXPENDITURE (DR. B GOPALA REDDI): And take the Governor of the Reserve Bank also.

SHRI M. GOVINDA REDDY: Yes, I am thankful to the suggestion of the hon. Minister of State. The Governor of the Reserve Bank also is a concerned party and his assistance also may be taken in this connection.

Next, I wish to say a few words about the services. Shri C. D. Deshmukh says:

"In order to bring about any comprehensive changes and sustaining influences on a country's economy, a proper co-ordination and interest should be maintained by five sets of people—politicians, statisticians, administrators, technicians and economists."

And he says that these "Pancha Jana" should practise "Panchsheel". I reduce these categories to two—the services and the politicians, and I say that these "Dwi-Jana" should practise "Panchsheel". It is commonly expected that members of the Legislatures, whether in Parliament or in the Assemblies in the States, and public men should work for enthusing the people, the masses, for working out the Plan. But, Sir, let me assure the services that our working and our efforts by themselves will not be able to enthuse the people.

Now we have come to a stage when the services, who are the people to deliver the goods, must stoop down to the position of the humblest person and try to help him instead of considering themselves as working for somebody else. I see not much enthusiasm at any rate among the services in the matter of the Plan and, as a Member of the Public Accounts Committee, I must say that the services should show more patriotism and more care for husbanding the resources of the country. I do not wish to criticise them but am pointing out these factors only by way of an appeal to them to evolve some code of conduct amongst themselves and to see that corruption and inefficiency are rooted out. I know that there is a

Special Establishment going into this question but I do not think any Special Establishment will be able to help in this matter unless the services themselves, in the highest level, at the Secretariats' level, try to evolve a code of conduct in order to see that corruption and inefficiency are rooted out. Mr. Deshmukh says that the elixir of socialism after it passes down the administrative filter can, taste, quite different from the original expectations. I suppose that is quite true and if all the benefits of the planning have to go to the people, they have to pass through the services. If the hands of the services are clean, if their hearts are sympathetic, the masses will get more benefits from these measures than otherwise.

I will say a few words about food. This is our biggest headache but this question has received the attention of the House for so long and so much that I need not go into the figures. I am giving only my humble suggestions. This morning a question was put about the services. There has been dissatisfaction amongst the people working in the Food and Agriculture Ministry because 30 to 80 per cent of them stand on a temporary footing. The Royal Commission in 1928 made certain recommendations and the Government, after coming to know that this was also one of the reasons responsible for inefficiency or for unwilling work, appointed the Agricultural Administrative Committee. This Committee also made very valuable suggestions. It is a valuable document and for want of time, I will not go into the details of the recommendations but I would like the concerned Ministers to give consideration to the suggestions. I am told that they are considering these points but this consideration should not go on for an indefinite time. Dr. Douglas Ensminger, their own expert says,

"Howsoever effectively the Agriculture Department reorients and administers the technical services, the key to solve India's food problem

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in the final analysis rests with the villagers' participation "

I have, Sir, time and again placed this fact before this House and I do not think I have been able to impress upon the Government the necessity to associate agriculturists with all functions of the State with which they are directly concerned. I wish to add emphasis to it. The Ministry should open their eyes now. We require experts for every job but the experts who shoulder the burden of growing, the peasants, are not taken into the counsels of the State. That is a very serious grievance of mine. There is also this factor that I have pointed out before this House. There is shortage of agricultural implements. Where people are ready to take power—they can increase food production with the help of power-driven pumps—power should be made available to them, not only in ample degree but also at reasonable rates. I wish the Irrigation and Power Ministry would do that. If necessary, we can sacrifice in the matter of lighting cities and such other places, that is, utilisation of electric power for purposes other than food production, and give more and more power-driven pumps to these people.

In this connection there is another thing which I want to point out and that relates to the animal wealth of our country. Animal wealth is the backbone of our country, of the peasantry, and we have done precious little for increasing this wealth. In the first place we had provided Rs 220 crores for agriculture whereas only 15 per cent of it was provided for increasing the animal wealth and in the Second Plan, although the provision was three times that figure, we provided only Rs 60 crores, out of which Rs 20 crores goes to dairying, foreign exchange required for receiving cooling and refrigerating plants, etc. Because of this, we have not been able to divert funds for the improvement of cattle. Breeding good cattle is very necessary. We own one-fourth of the world's animal population out

of which 20 per cent forms cattle. We can evolve a good milk yielding breed in cows if we take to selective breeding, that is, weeding out scrub cattle and breeding good cattle.

As the time is short, Sir, I am just now concluding. In this great adventure of building an independent India, every Indian has a share. I hope the Members opposite will appreciate the achievements that we have made. They have seen us taking foreign assistance for all these years. Their apprehension was that foreign assistance will never come without political strings but we have been functioning all these years and no political strings were added to the assistance that was given to us. We have been able to keep our independent place in international affairs. This magnificent effort that we are making to rebuild India must find their support also. We are building this great Bharat Bhavan which not only has to accommodate the 390 millions but hundreds of millions who in time are going to populate this country. So, it should be the task of everyone to help build this building and it will not do to bring down the walls and hamper the work. In this great effort, I wish our hon friends opposite will follow Dr Kunzru's advice which I have quoted earlier, that is, it is the duty of everyone to give his shoulder to the wheel.

Thank you, Sir

MR DEPUTY CHAIRMAN: Before I call on Mr Bhupesh Gupta, I have to inform the House that there are fifty-five names of Members on the Congress side who are anxious to speak on the Budget. There are sixteen on the Opposition side. So, hon Members will have to restrict time. Congress Members will not take more than fifteen minutes each. We are sitting through the Lunch Hour also.

SHRI BHUPESH GUPTA (West Bengal): Mr Deputy Chairman, we are discussing the first Budget of the

Finance Minister, Shri Morarji Desai. The last Budget was described as a pedestrian Budget, you will remember, as far as the people are concerned, that is to say the pedestrian, this Budget under Shri Desai's care has been made a veritable pickpocket. This is my first quarrel with him and if one indeed looks at the taxation, this will be clear but I shall come to that later.

Now, Sir, in discussing the Budget today, we must have in mind three basic propositions. First of all, we must bear in mind the present economic situation in the country in general and the crisis of the Second Plan in particular. Secondly, we must take into account the need for preparation for the Third Five Year Plan. In other words we must begin our house cleaning so that we are not caught napping when the Third Five Year Plan comes. Thirdly—I believe hon. Members opposite will share my views—we must also keep in mind the recent declaration at the Nagpur Session of the Indian National Congress to which the hon. Minister and his Cabinet colleagues, Shri Govind Ballabh Pant and the Prime Minister, who form the Budget Sub-Committee, I understand, belong.

Now, Sir, let me start with the last—the Nagpur Declaration—which is very much vivid in our mind. On the 8th January the Prime Minister declared at Abhayankarnagar: 'I believe that the public sector represents the dynamic urge to go towards a certain society which we are seeking to build up.' Then he went on to declare that the State trading in food-grains is of essential importance and inevitable and he expressed very powerful and laudable sentiments with regard to the public sector when he was confronted with certain opposition from the right wing elements inside the Congress, especially Mr. Chinai and others.

Then we come to the Nagpur Resolution itself. There it is clearly stated in the Resolution on Planning that

public enterprises and State trading should be conducted so as to yield resources for public purposes. Various other things are also said in that Resolution and there are Resolutions on other matters also. Much was said about co-operation and it was said that the Government would start five lakh service co-operatives in the country. These were the sentiments, these were the declarations, that were expressed. Then came the big question of ceiling on land which, according to them a commitment to the nation, should be completed by the end of this year. Naturally, the Congress Members should be interested to examine the Budget in terms of those declarations and I would not ask them to judge it in the light of what I am saying only. Now, what has happened? The Budget proposals mock at the Nagpur declaration, if I may say so. They run counter to the good declarations made at Nagpur. Now, it is a significant fact that in the whole Budget proposal Mr. Morarji Desai, who is a case-hardened businessman in many matters, has chosen not to use the word 'socialism'. I do not expect socialism from him, nor do I expect that you would normally like the word 'socialism'. But since the Congress has been saying this, since many Congressmen have been expressing these sentiments, it was perhaps thought that at least as a matter of courtesy it would be proper for the Finance Minister to use this particular expression. Now, with the Wealth Tax gone on companies the expression . . .

SHRI AKBAR ALI KHAN (Andhra Pradesh): It is the spirit that is required; not words.

SHRI BHUPESH GUPTA: Please do not disturb. Now, it is symptomatic of the present mentality that is coming about in the financial policy of Government and in the Treasury Benches generally. This is the position. The Nagpur declaration has gone by the board as far as this Budget proposal is concerned; yet it was expected that the Finance Minis-

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of the country would try to translate into matters of policy and financial propositions some of the declarations, good declarations, that had been made at the Nagpur Session because, apart from their being commitment to the country, they were also the expressed sentiments of a majority of the supporters of the Congress and indeed of the Congressmen present at the Nagpur Session itself. It will be for hon. Members opposite, members of the Congress Party here and in the country, to examine the Budget and to tell the country to what extent these pronouncements, sentiments and declarations have found place in the scheme of the Finance Minister's Budget.

Let me now come to the economic assessment. The hon. Minister, like all his predecessors, has given a distorted account of the economic situation in the country as though he is afraid of facing the reality and I do not think we can go ahead and make things better by shying away from reality and trying to draw imaginary pictures of things that do not exist. No one will say that our country's economy is going to topple but at the same time it is essential for any good Finance Minister, or for that matter, for the politicians of the country, and certainly the ruling party, to take into account realistically the actual situation that obtains. Now you will find in the whole speech on the economic survey that there is little reference to unemployment. Yet, the facts are telling. When we started the First Five Year Plan, the unemployed persons on the live register numbered 3·37 lakhs—almost 3½ lakhs—in 1951. At the start of the Second Five Year Plan the figure had risen to 7,05,000 and now in December last year the number is 11,83,229. Whereas there should be a decline in this barometer, there is a constant alarming rise in unemployment. This is only an index; the real rise is much higher. Now, in this connection I would like also to draw the attention of the hon. House to the recent report made by Mr. D. N. Ghosh, Director of National

Employment Surveys to the Employment Advisory Committee in Calcutta on the 31st January this year, where he pointed out that in West Bengal alone there were 2,14,916 unemployed persons on the live register and a new feature has emerged on the scene in that 74,000 of them are women. He also pointed out in his Report that the rate of creation of employment opportunities is declining in the country, in West Bengal at any rate. The position is not at all better elsewhere. According to Prof. Mahalanobis, Director of the Statistical Institute and Statistical Adviser to the Cabinet it appears—he said that in Agra—that one million job-seekers enter the market in urban areas every year and 2½ million in rural areas. All told we have new entrants into the labour market of the order of 3-1½ million. This is the position. He reported further, in order to emphasise the magnitude of unemployment and its dismal impact on our economy, that 20 million people have hardly an hour's work per day, 27 million less than two hours' work per day, 45 million less than four hours' work per day and 53 million less than 15 days' work in a month. That is to say, he came to the conclusion that generally less than one-third of India's population is employed, of which one-third is clearly under-employed. Human resources are being wasted. The greatest asset that we possess today in our country in the context of the Plan and otherwise is human labour and that precious wealth is being made to run to waste just because the Government would not still wake up to the reality and formulate clear policies as to how best we can harness the vast labour force into productive endeavours for the remaking of our country.

Now, the Second Five Year Plan envisaged eight million new employment opportunities and now they are saying that it would not be even five million. Their maximum estimate is five million which is three million less than what was estimated. That is to say, all the entrants into the labour

market after the second year would not have been absorbed in the five-year period. So a backlog is created and this is a new phenomenon in our economy. Let alone the creation of employment opportunities for the new job-seekers every year, we are not able to find jobs even for the old job-seekers who are now regarded as in the backlog category. So the position is reversed and unemployment is growing. No wonder that the Nagpur Session of the Congress had to admit this thing. Unemployment would therefore tend to increase at the end of the Second Plan period but here the hon. Minister gives us a somewhat over-optimistic picture which is not at all sustained either by reality or even by official statistics.

1 P. M.

Now, Sir, I will in this connection only remind you of what was said in the memorandum for the Second Five Year Plan. "Even so the employment position worsens to some extent during the operation of the Plan"—that is the First Five Year Plan. Now, in the middle of the Second Five Year Plan the A.I.C.C. resolution says that it will worsen, and all indications are there that the problem will be enormous and that unemployment will grow apace. What are we budgeting for? What are we planning for? Whom are we looking up to for the remaking of our country? Is it the U.S.A. only that we must look forward to find the resources or must we turn our attention to the idle labour, to our unutilised labour in the urban areas and in the countryside so that human endeavours could be at once harnessed into great productive channels, so that economic development can go on? It is a question to which we must find an answer.

Coming to the food situation, there again the hon. Minister has said that it is a problem of bad harvest. If it were so, probably we need not have so much to worry. It is something greater. Something more serious,

something of a greater magnitude than what is made out in the hon. Finance Minister's speech. After all the crisis in agriculture today is essentially a crisis of the existing agrarian relations, which is the reason why the Nagpur Session of the Congress took the decision to go ahead with the imposition of ceilings. If it were a question of mere harvest, then probably some of them would have been looking up to the skies, to the heavens for nature's pleasure and others would have been pressing for fertilisers. They would not be talking in terms of imposition of ceilings, co-operatives, and so on. It is acknowledged even by the ruling party that there is something wrong in the agrarian relations, that in order to turn the corner we must go into the root of the matter and change the agrarian relations. But this attitude finds unfortunately no reflection whatsoever in the Budget proposals of the Finance Minister.

Mr. Deputy Chairman, you will see that even according to the figures given, for the agrarian year ending June 1956 our cereal production was 48.05 million tons, and for the year ending June 1958 46.21 million tons. The availability of cereals to the consumer *per capita* was 12.6 ounces in 1956 and 12.3 ounces in 1958. One must remember in this connection also the growth of population. If you take all the foodgrains together, cereals and others, you will find that the figure for 1956-57 is 68.7 million tons, for 1957-58 62.0 million tons. That is the position now. This is a serious situation. There is stagnation in agriculture and this stagnation continues despite the fact that 40 lakh acres have been brought under new irrigation and that fertilisers are also being used and in some cases productivity per acre has also gone up. This is the position. Face this reality. As a result of this crisis we have already been importing. Look at our imports, how much we are bringing in. It appears that in 1956-58 period we have imported 8.87 million

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tons of foodgrains costing about Rs. 350 crores. In the Second Plan period the total import will be 12 to 14 million tons even at the existing scale, costing Rs. 560 crores. This is the position. Is it a crisis of bad harvest only? It is a crisis of agrarian relations aggravated by profiteering and hoarding on the part of these anti-social people against whom, I must confess, to our eternal shame, no action is taken by this Government. This is the crisis of the food situation, and yet you see that in the matter of State trading the Government is not moving fast. In fact the State trading scheme remains still on paper.

Now, Sir, the high price of foodgrains is another problem. In West Bengal, Punjab and very many other places even in the harvesting time the prices are very high, beyond the reach of the average consumer, and in some cases it is hitting even the well-to-do middle class people. Now it is important to note this factor because our people spend 70 to 80 per cent of their family budget on food items. If the food prices are high, it does not mean merely misery for them. It also means that the consumer demands of other commodities go down. That is what is happening in our economy today, because there is hardly any surplus with which to buy other commodities, when they have to spend so much on food. It upsets the price structure of the economy as a whole. It upsets the calculations and the price structure of the Plan, and it pushes the economy into a state of continued uncertainty and crisis. That is exactly what is happening. What is the proposal in the Budget for holding the price line? What is the proposal in the Budget in order at least to hold the price line in regard to the essential commodities such as food and other things? I find nothing at all.

Then, there is the rise in prices. If you see the wholesale price index, it will be seen that the index has gone from 102.6 in 1956 to 111 in 1958. In January this year it had gone up still

higher to 112.3. Continued rise is going on unchecked. That is the position. Retail prices are much higher. Mind you, wholesale prices do not give the picture of human suffering or of the crisis in the economy. When you go to the market, and try to buy things, then you will realise the depth of the crisis and its dimensions which are reflected in the fluctuating and galloping retail prices.

Then, Sir, you will find here from the same Budget proposals that the rate of growth in the industrial production has declined from 8 per cent. in 1955-56 to 3.5 per cent. in 1957-58. There has been a further decline. Serious situation again. We are at the end of the third year or nearing the fourth year of the Second Plan. The tempo of development should be very high, but we find here that the tempo of development is declining in the industrial sector of our economy. I understand that in some units production has gone up, but taking the industrial sector as a whole, which after all is the sector that is coming up, we note a decline. Sir, this is the position.

Then I come to the payments position. It seems that we have between April 1956 and January 1957 spent out of our reserves, foreign exchange reserves, Rs. 535 crores, bringing the reserves from Rs. 746 crores to Rs. 211 crores. This is the position. The trend in export trade shows stagnation. Alarming and disquieting symptoms are there. Now, the deficit in the balance of trade in 1956-57 was Rs. 460.5 crores. In 1957-58 it was Rs. 580 crores. In the first half of 1958-59 it was Rs. 272 crores. I would not mind this, but are we pressing on with our export trade so as to meet our developmental needs? No. We are drawing heavily upon our reserves in order to meet the import requirements not only for our capital investment in the public and private sectors but also to meet our requirements of consumer goods. And this does not speak well of our Finance Minister, of any Finance Minister. Now, our Finance Minister seems to be quite happy.

Now, in this connection, I should like also to point out that the problem is going to be more acute because of the European Common Market. Our export trade will still suffer if we do not take precautionary measures against the European Common Market that has come into existence, because, as you know, that kind of think will only operate against the country's economic interests. In this connection, I would point out to the House that the major reason for the declining character of India's trade lies along certain lines. Nearly 70 to 75 per cent of our exports continue to go to the capitalist countries in Western Europe and North America and the commodities which figure dominantly in this trade are precisely those commodities in which the world trade as a whole has in general shown a contractionary trend. This information I take from the report of the United Nations Economic Survey. That is not my invention. Now, we are confined to trade with those countries and in such commodities which we see are declining. How are we going to meet our import needs? That is for the hon. Finance Minister to explain. Therefore, the economic situation from whichever angle you look at is far from so encouraging as is sought to be made out. I should have thought that the hon. the Finance Minister would have taken the Nagpur Resolution a little more seriously and formulated the Budget proposals. That would help at least to carry forward whatever good declarations have been made, into practice. But then he has belied the hopes of some and fulfilled the hopes of others. He has belied the hopes of many delegates at the Nagpur Session of the Congress—Congressmen and the country—and he has fulfilled the hopes of Mr. Chinai who was defeated and walked out at the Nagpur session, the big business and those elements who are well up in finance, who are against the public sector, against State trading, against big industrial development, against proper type of reforms. Sir, take for instance, the co-operatives. Where

is the provision for service co-operatives to be started in the manner which will give five lakhs of these to the country? The Budget does not reflect either the sentiment or the proposition at all.

SHRI J. S. BISHT (Uttar Pradesh): The State Governments will decide.

SHRI BHUPESH GUPTA. You will have your chance.

Sir, I am just thinking. He is fulfilling the hopes of even certain foreign imperialists. You will, in this connection, see what the "New Statesman" wrote about Shri Morarji:—

"Mr. Morarji Desai who is now paying a visit to this country .. is likely some day to be the Prime Minister of India"

I do not think he has fulfilled this hope in this respect. The "New Statesman" dated August 30, 1958, said: "good things about him which I am quoting"—

"He is a vegetarian and even disapproves tea and coffee. He stands on the Congress right and the Government under his control would presumably concentrate on strengthening India's present economy not on moving in socialist direction."

They will be happy, and I have no doubt that when the foreign press reaction comes, *hallelujah* will be there for the hon. Finance Minister of the country.

Now, Sir, inside the country how did the people react to his Budget? Mr. Govinda Reddy said that the people seemed to have liked it. Here is how the stock exchange business men look at his Budget. I am also looking at it. "Spectacular rise in popular scrips" the Times of India News Service said. It said:—

"Mr. Morarji Desai's maiden Union Budget was greeted by the Bombay share market with a spectacular rise in popular scrips."

Then, Sir, again here is a birthday gift to the hon. Finance Minister:

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"The Union Finance Minister, Mr Morarji Desai, was praised by a leading Ahmedabad business man in a birthday greeting telegram for sparing the textile industry while presenting his maiden Budget"

Then again, there are other papers

"Stock Markets Boom Up

"Dalal Street and Lyons Range greeted Mr Morarji Desai's first Union Budget with unbounded enthusiasm"

Here again, there is the "Times of India" editorial which lauds Mr Morarji Desai, the Finance Minister

Then,

"Abolition of Wealth Tax and Excess Dividend Tax on companies, although more psychological than material in effect by way of a relief "

—this is how they talk about this thing—

" brought about a flare-up in share values in course of trading on the Calcutta Stock Exchange "

"The brief post-Budget session of the Calcutta Stock Exchange today was marked by an all round spiralling in values stemming from a buying spree apparently signifying the market's impression of a better than anticipated budget "

Then there are a lot of things, a lot of tributes. Finally, there is the editorial of the "Times of India" The "Hindustan Times" said "Budget of Hope" That was their editorial yesterday. Now, big business has reacted in this way. I would ask of the Congressmen how would you react to it? Do you share their views? Are you interested in the same? If the Nagpur Resolution is not implemented, it would cause so much of jubilation and acclamation in big business circles, quarters of the ugly private sector monopolists, business men and speculators. And here is the question that I put to the Congressmen, it is for them to answer

Sir, this is the position. This is the picture that I give. Now, let us go to the Budget proposals. The Second Five Year Plan is here. You will here see, "Dependence on foreign assistance." The Second Five Year Plan will be dependent on foreign assistance of the order of Rs 2,000 crores. If you take the public sector, it is Rs 1,500 crores, far exceeding the target that was set in the Plan itself of Rs 800 crores or so. Then, here again in the Second Five Year Plan, the foreign aid authorised already is equivalent to Rs 1,018 crores and the carry-over from the last Plan is Rs 193.36 crores. Already we are in debt on that account to the extent of Rs 1,211.65 crores. This year the hon. Minister takes credit for Rs 337 crores by way of foreign assistance. This is here. I shall develop this point a little later.

Now, you will see there is deficit financing—another negative feature. We were told that the deficit financing would be to a maximum of Rs 1,200 crores, but we were given an assurance that it would be kept much below. Already in the first three years of the Plan, the deficit financing has arisen to Rs 950 crores. This year the hon. Finance Minister adds another Rs 222 crores giving a total in four years of Rs 1,172 crores. In four years, we have already reached Rs 1,200 crores and in another two years, it will be much higher. It was proposed that only Rs 350 crores would be raised by way of additional taxation. This deficit financing we have raised by way of additional taxation to Rs 950 crores as against Rs 450 crores for the entire Plan period. We are far exceeding the limit, it is already doubled and it will go much higher. And in this connection I would like to point out that in 1950-51 excise duties accounted for Rs 67.54 crores and in the present Budget they raise it to Rs 325 crores. There is indirect taxation, rigorous taxes, which fall on the people. Foreign assistance is up. Deficit financing is up and indirect taxation is there which has an adverse

effect on the market and which is regarded as a curse even by the United Nations financial surveys. All these are there. Well, pay him tributes if you like. But mind the interests of the nation.

Now I come to foreign assistance and there the position is made difficult. First of all we must remember that when we fought for independence we had in mind that we should become economically independent also. But what has happened? Since December, 1955, foreign investments in the private sector have gone up by Rs. 170 crores and they now stand at Rs. 650 crores, today. Foreign investments in the private sector at the start of independence were less than Rs. 300 crores. I know that the great bulk of these investments is made up of reinvested profits but at the same time fresh investments are also coming. But my point is that the foreign sector in our economy which does not fit in with our plan and scheme very often is going stronger financially—nobody will say that it is getting stronger politically—and is having some grip on our economy. There is a sizeable capital at their disposal—there is the capital-at-charge at their disposal. This is the position. Are we then to believe that this is the way we can overcome our economic dependence? Are we to believe that by giving more and more concessions and advantages to the foreign capital in the private sector our economic dependence will be over? Are we going to look down upon colonialism with this dismal picture of our economic dependence upon foreign capital? In the economic field it is not possible—never has been possible.

Then again you come to the question of foreign assistance—the nature of the economic assistance is talked about. It is no use telling us that we get economic assistance. We know that we get some, but as far as the United States is concerned, we find that much of the assistance that is coming is going directly into consumption straightaway, almost nothing

at all into industries—if at all, very little is going into industries in the public sector; some is going into the private sector. But then it is the policy of the World Bank and the American capitalists not only to infiltrate into our economy but to retard the development of our economy. It is disfiguring its growth by having joint partnership with the Indian concerns and by strengthening the private monopolist sector in our economy. These Budget proposals are a surrender, are a spittulation to that particular line of assistance.

Now here I should like to give only one or two facts, because I think that these statistics will not be otherwise available to many Members of the House—the Finance Ministry does not give. According to the calculations from these figures I find that a total of Rs. 133.74 crores has been allotted to the private sector. If you take into account the World Bank loan to the Tata Iron and Steel Company, the Industrial Credit Investment Corporation, to the Trombay thermal plant and a number of industries such as, textile, chemical, engineering, automobile, machine tool, coal mine and so on, it is significant that of the first Development Loan of Rs. 71.43 crores, Rs. 25 crores have been earmarked for the private sector, for the textile, chemical, engineering, automobile, machine tool, coal mine industries and so on, and out of the second Development Loan of June, 1958, Rs. 16.67 crores have been earmarked for the private sector. I have referred to the earlier loans to Tata Iron and Steel Company and others. All these loans come to Rs. 91.07 crores.

Then again you have to take into account another factor and the second feature of the aid is that quite a large chunk of it, especially that of U.S.A. is not for productive purposes but for consumption. We have made certain calculations and you will see what a huge amount is being brought not for productive purposes but for direct consumption. This is the position. Now what I am worried about is the

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problem of repayment of the loans. If you take into consideration the existing loans from the U.S.A., the withdrawals from the International Monetary Fund and certain other Funds, if you include all these things then it will be about Rs. 700 crores roughly speaking and these are our liabilities to the United States of America already incurred. We shall be faced with this repayment problem of this dimension in respect of loans already incurred as follows: 1958-59—Rs. 23 crores; 1959-60—Rs. 35 crores; 1960-61—Rs. 92 crores; 1961-62—Rs. 123 crores and 1962-63—Rs. 107 crores. These you may take care of but then new imports will come; new credits will be required. Therefore, we are in a situation when we are incurring such heavy debts that we shall be faced with the great problem of repayment over a period of years. The 'New Republic' of December, 1958, which comes from Washington, wrote:

"The total amount of repayment in foreign exchange due during the Third Plan period may well exceed one billion" . . .

—that is to say, Rs. 500 crores—

. . . equalling and even exceeding the amount of foreign assistance India will have received for the Second Plan."

This is the position at the end of three years of the second Five Year Plan, but by the time we proceed to the Third Plan we will be faced with payments crisis, with the repayment crisis, and so much money will be required to be repaid. How will you manage it? How will you fulfil your obligations in the matter of repayment? On the one hand, you have these loans and there are your efforts for fresh loans. How they will come, I cannot understand. Obviously the hon. Minister thinks that the Americans will be very good and write off some of the things or at least defer the time for repayment, that at least

they will give us some more time. Maybe; they may or may not give, but the country is being mortgaged. The country's future is being mortgaged. We are bartering away the country's future in this manner when it is possible to find other alternative sources of revenue, especially by mobilising the internal resources for the reconstruction of the country, by using the unutilised man-power, by using the unutilised installed capacity and above all, by reorganising the trade pattern of our country so that our external export trade pays for our machine tool requirements at home. There is no such light in the Budget. Here again the hon. Minister should know how these people are behaving. Well, Sir, all kinds of manipulation take place. Invoices are inflated and they take away our foreign exchange. This is well known. It goes on in Calcutta; everybody knows it; it is the talk of the town but nothing is done against those people. By inflating the invoices, by manipulations they take away money what should come to India. You allow your metallurgical coal to be exported out of the country without fixing prices and a huge margin is bagged not by the national exchequer where it should come but by a handful of British coal mine-owners in our country. You allow again your iron ore to be exported instead of trying to utilise the iron ore to produce pig iron which we can export because the difference between the two in price is very great. Iron ore, I think is sold at Rs. 80 per ton whereas pig iron sells at a higher rate—it is Rs. 250 or something like that per ton. Therefore if we do such a thing we can save foreign exchange. Just to suit the interests of some people we allow this kind of thing to go on year after year. I think nothing convinces them. Here is something unassailable; here is a photostat copy of an interesting manipulation. What is this? I shall just briefly tell you what it is. The manipulation is that Indian Iron and Steel Company appointed a number of firms to supply certain materials and render certain

services. They sub-contracted it to Lodge Curtell and Co. Naturally they were their contractor. They entered into a contract with General Electric Company. I have got the terms of the contract between Lodge Curtell and Co. and Indian Iron and Steel Company. Here is the photostat copy. In it you will see . . .

SHRI AKBAR ALI KHAN: How did you get it?

SHRI BHUPESH GUPTA: You ask your Home Minister how I got it.

Here you will find that in the terms of the contract it is stated that the salary of the supervisor is Rs. 450 a month, then a dearness allowance of Rs. 225 and an out-station allowance of Rs. 200. Thus you see what he takes. This is the amount that General Electric Company is supposed to get from Lodge Curtell and Co. under their sub-contract with that company, and this company has contracted with the Indian Iron and Steel Company. I find that the Supervisor does not get this much. He gets Rs. 295 as salary, Rs. 225 as dearness allowance and tiffin allowance nil—all told Rs. 520, as against Rs. 1,000 that he must get. This is the position. Manipulation takes place. Here are all the bills, month to month. The bills are given by the Manager of the General Electric Co. to Lodge Curtell and Co. They realise this amount from the Iron and Steel Co. When they present the Bill they show that this Rs. 1,000 is needed towards the salary of the Supervisor. I do not know how they arrange it. This poor fellow, the Supervisor, never gets all this. It is manipulation.

Then, Sir, I shall come to another documentary evidence. This shows how the foreign investors and others are functioning. Even from the Finance Minister's speech we find that the index of Variable Dividend of Industrial Securities rose from Rs. 120 in 1957 to Rs. 145 by 1958. It has risen. I am not going into the investment at this stage. The General

Dividend would be Rs. 12 or so. Actually they earn much higher profit. Even the hon. Minister admits that. After all, it is a question of discussion that there is a rise in the variable dividends. It is good that sometimes the Finance Minister speaks the truth.

Then, credit extended to the private sector by the Scheduled Banks in:

1945-55	. . .	Rs. 65 crores.
1955-56	. . .	Rs. 148 crores
1956-57	. . .	Rs. 152 crores.

They are making profits. The Scheduled Banks in the country are at their disposal to put more money into their hands so that they can carry on their speculation and other activities to the detriment of our economy, and we here abolish wealth tax on profit, abolish excess profits tax. We had already abolished the tax on compulsory deposit schemes.

[THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY) in the Chair.]

Madam, this big business had launched an attack against the public sector. It is opposed to every single good declared policy of the Government, yet it is the big business—which is being pampered, which is being given concession by the hon. Finance Minister instead of being hauled up for their malpractices, instead of being made to surrender their unusually heavy accumulated wealth to the public exchequer and go with less profit. We find this kind of thing being done; this is the dispensation that is given to these people by the hon. Finance Minister. Sir, it seems that the hon. Finance Minister is not only to the right of the Congress, but he seems to be on the right of the big business even. It is for him to say where he stands today.

Now, come to the question of revenues. In the current year there was a revenue deficit of Rs. 27 crores. It was strongly criticized in the Public

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Accounts Committee and other committees made adverse observations, I believe, in regard to this matter. It has since gone up. The actual estimate is about Rs. 32 crores. Even after taking credit for the additional taxes we get a revenue deficit. Whereas things should improve, they are worsening. I do not know how the nation's household is being managed. Madam Vice-Chairman, I will come to the question of additional taxation—his own figure of Rs. 23 crores—later

The expenditure on Civil Administration has gone up from Rs. 197.72 crores to Rs. 222.73 crores. It has gone up by about Rs. 25 crores. Why? We want an explanation. What has happened to your economy drive? We always hear of economy drive when it comes to Grade III and Grade IV employees. You would not give interim relief because you say that your administrative expenses are high. Instead of an economy under this head the expenditure is going up—because of waste, because of the fact that there is no real economy drive, because of high salaries that are given to the administrators. I would like to know as to how we are going to change things there. What is the use of talking fine language when we do not even bring down the expenditure under Civil Administration by proper economy and by reducing, if necessary, the salaries of the high-salaried officials who are getting even today—much to our shame—Rs. 4,500, Rs. 4,000, Rs. 3,000 and so on apart from other advantages in perquisites.

Now, I come to the Defence Services cut. It seems that some people are used to talk about cuts. It is not a real cut. In the Defence Budget, there is always over-posting, over-budgeting. The hon. Finance Minister has given up this over-budgeting to some extent. Therefore, we say it has gone down by some crores. Actually there has not been any substantial cut, if at all there has been any effective cut.

Then, the Capital Budget. The total capital Budget for the Plan is Rs. 843 crores, out of which he takes credit for Rs. 337 crores by way of external assistance. I would not go into that because it will take time. Here I would like to mention one thing. Even after the declaration of the Nagpur Resolution, only Rs. 25 crores is provided for investment under Capital head in the Public Sector. This is a paradox of profession and practices. Solve it if you can. Discuss it in the Party, but is it how we are going to develop? Madam, we say that we are investing only Rs. 25 crores in the public sector whereas the private sector is supposed to be investing at a much higher rate. This is the question that I pose before the House.

Madam, State trading has been all but given up. The item of State trading in foodgrains is there but nothing is being done as yet. If the Government were sincere about State trading in foodgrains we would be making some revenue by now. Some people say Rs. 800 crores, some people say less. I am not concerned with the actual figures. But, obviously, if we go in for State trading in foodgrains on a large scale, we shall not only build up stock, not only check hoarders and profiteers, not only keep prices within reasonable limits, but we should also get some return which we can utilise for development purposes. Hardly anything. Hardly any recognition of this fact in the hon. Minister's Budget proposals.

Now I come to the taxation part of it. Taxation part is very serious and he is very happy. Big business is happy, I can understand that. But I beg of the Congress members opposite not to feel so sure about this thing, and I do say so not because I expect them to accept my point of view, and I do not expect them not to believe in or not to support what the Finance Minister says in this regard because he is their own man. Now, here is a series of taxes: taxes on art silk,

rayon yarn, vegetable products, vanas pati, levy on khandsari sugar, duty on cigarettes, etc. We oppose every item of this taxation. They hit the common men in one way or another. This money you could easily find by other means, by slight adjustment in the taxation at the upper level and if the Government had a mind to collect Expenditure and Wealth Taxes properly, this money could be found. Now the Finance Minister imposes more taxes on the people and as you know, today, inspired by this example, Punjab is having a betterment levy. They launched repression to collect this levy. Seven thousand people are already in jail and by this method they seek to raise Rs 104 crores for spending under the Bhakra-Nangal Project, when this money could easily have been found from the existing taxes, or by capitalising it over 30 to 40 years. Seven thousand people have to go to jail because the hon. Minister must have his pound of flesh and in a manner which is more cruel even than that of Shylock. This is the position.

Now I come to the exemptions. Who gets exemptions? Kindness and generosity is overflowing over the Treasury Benches and in that usually the big business is the gainer. Wealth Tax is abolished. Who asked you to abolish this Wealth Tax? They have been asking for the last few years to abolish the Wealth Tax on the companies. Now it has been done. Well, whatever they want, the Finance Minister gives. Then Excess Profit Tax, gone. It has been abolished. Company Tax, which could give Rs 30 crores, abolished. Now you see the whole scheme. Where is the Kaldor scheme? Where is Kaldor? He is gone, and gone with the wind, gone under the pressure of the big business. Kaldor expected the Wealth Tax to yield Rs 17 to 25 crores, and the hon. Finance Minister thinks that it would give us only Rs 12 crores or so. Kaldor expected the Expenditure Tax would get us, say, Rs 10 to 15 crores. The hon. Minister in the Budget for this year thinks that the

Gift Tax will yield Rs 1 crore, whereas Kaldor says that we would get by Gift Tax Rs 30 crores. Expenditure Tax, Kaldor expected Rs 10 to 15 crores out of it but the Finance Minister thinks it will get again Rs 1 crore. Now you see the estimate. Either Kaldor was wise, or he was not. If he was not wise, we should not have wasted our time on his suggestions. But he had some basis in making his recommendations, and if his calculations had any relevance, then I can say that the hon. Minister had completely gone back on his recommendations, or rejected his recommendations and the Kaldorian scheme has been finished, scuttled in the Treasury Benches. Apart from that, there is no Capital Gains Tax as we know it. Then let me analyse these taxes. Our aim is an integrated scheme of taxation and what we need is an integrated scheme of taxation. How can we have it when we allow all these exemptions? This is the position. It is a serious thing, that even after the Nagpur Resolution, the hon. Minister and this Cabinet colleagues should give such unabashed exemptions in favour of the rich, when the rich has to be tapped. This is the taxation position. The whole scheme is so palpable, so self-evident that I need not discuss it.

Some adjustment has been made in the Corporate tax. Are we children? Are we youngsters doing our schooling in the first form? We understand this thing. This is nothing but paper manipulation. In the present Budget proposal the private sector, the champion of the wealthy people, have got large exemptions. Now, Wealth Tax will be avoided by making transfers to companies. We four brothers have wealth, liable to Wealth Tax individually. We can easily float a company and transfer the wealth to that company and evade the Wealth Tax. The hon. Minister is responsible for avoidance of this tax, if I may use this expression, and it does not behave well on the part of the Finance Minister when the country is asked to tighten the belt. The Finance Minister

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ter is opening new vistas of tax evasion and tax avoidance and is giving tax concessions to the wealthy classes. This is the position.

Here I would like to bring another interesting fact to the notice of the House. I draw your attention and through you the attention of the hon. Minister to this interesting deal. It appears that on the 10th of June, 1955 1,000 shares of Rohtas Company were sold to one Shri Dhanuka of Calcutta, by one Kalyan Shumshere Jung Bahadur Rana. His address is supposed to be Park Street in Calcutta but he is nowhere to be found. On the 18th July, a few years hence, 1958, Patna Circle of the Income-Tax Department made enquiries and Shri Dhanuka was asked to explain the particular transaction of 1,000 shares of the Rohtas Company. Then on the 21st July of all people Shri Dhanuka writes to Shri Shanti Prasad Jain a letter in which it is said:

"I purchased the above 1,000 shares of Rohtas Industries Ltd. at the rate of Rs. 24 per share which was delivered by you to me on 14-6-55, but you did not give me any bill for the same. As desired by you an account payee cheque of Rs. 24,000 on Allahabad Bank Ltd., favouring Kalyan Shamsher Jung Bahadur Rana was issued to me. Please send me bill for the same as the bill is required by the Income-Tax Office, Special Investigation, Patna who has summoned me u/s 37 of the I.T. Act to produce those documents in connection with the Income tax case of Santi Prasad Jain of 11, Clive Row, Calcutta. I hope you would take early action as the matter is urgent."

Shri Dhanuka writes to Shanti Prasad Jain and he gets a bill on the 10th of October, 1958, three years after the share-transaction had taken place. Here is the bill:

"H. H. Major General Kalyan Shymshere J. B. Rana, Thapathali Durbar, Nepal.
10th June 1955.

Messrs. Narayandas Dhanuka,
180, Chittaranjan Avenue, Calcutta.

Dr.

To cost of 1,000 ordinary shares in Rohtas Industries Ltd. @ Rs. 24 p.s. as per list attached Rs. 24,000.

E. & O.E.

Sd/- Kalyan Shumshere J. B. R.

Received original

Bill for

Narayandas Dhanuka

Sd/- Illegible

16/x/58

Camp: Calcutta."

This is the position. Now with this letter this gentleman, Shri Dhanuka writes to Shri D. Ghose, Income-Tax Officer, Special Investigation Circle, Patna, and Shri D. Ghose writes to Shri Naraindass Dhanuka on the 1st of December, 1958:

"No. 2-S/Enq/JBr/1401,
Office of the Income Tax Officer,
Special Investigation Circle, Patna
Dated Patna, the 1st December, 1958.

To

Sri Naraindass Dhanuka,
Stock & Share Broker,
180, Chittaranjan Avenue,
Calcutta.

Dear Sir,

Thanks very much for your letter in which you have desired to place further points in connection with notice u/s 37 issued to you. I shall appreciate it very much if you kindly come to Patna any day before 13-12-58 at your convenience and see me at my office at R. K. Bhattacharyya Road. Please note that I shall be in Patna till 13-12-58. Please let me know when you are expected to come.

Yours faithfully,

Sd/- D. Ghosh,

Income-Tax Officer,

Spl. Investigation Circle, Patna."

Now what is all this, please tell the country. I say that a number of big capitalists are keeping their shares in the name of vested interests though they do not exist. For example this

gentleman of Park Street does not exist. I made enquiries in Calcutta. Nowhere he was to be found. We were told he is in Kathmandu. Please make enquiries whether such a gentleman exists. There may be many persons who may be holding shares in the name of non-existent persons or *benamdars*. They sell these shares and thus evade the Income-Tax. Now this is serious. Is it a *prima facie* case or not? Make your enquiries and tell us whenever it is convenient for you as to what happened to this Dhanuka-Kalyan Shymshere J. B. Rana deal.

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI). If he wants me to make any enquiry, he should send me the papers, otherwise, I cannot make any enquiry.

SHRI BHUPESH GUPTA: I have given you all these particulars. I know you will do it since I have brought it up. Why this hide and seek is going on with Shri S. P. Jain? We would like this enquiry to be public. Publish all the cases. We shall give you more help. The country is patriotic and they would like to help you. Political prejudices will not be allowed to stand in the way of such matters, whatever they are or ideologies will not be allowed to stand in the way because it is in the best interests of the country. Chase Mr. Dhanuka, chase Mr. Kalyan Shymshere J. B. Rana, even by putting a trunk call to your Kathmandu Embassy and chase also Mr. S. P. Jain in the matter. Why on earth Mr. Jain should issue this thing? Why on earth he should be approached for shares supposed to have been sold by Kalyan Shymshere J. B. Rana and that too after the Investigation Department of the Income-Tax Branch comes into the picture? I think that will be good food after what I have given earlier.

Now I think I should come to some of my suggestions. Madam, the finances are a difficult proposition in the country and I don't expect anybody to do miracles overnight but I give you my suggestions.

My first suggestion is this. The present policy of so much reliance on indirect taxation should be given up. You rely on indirect taxes to the extent of 84 per cent. of your total revenue. This should go. You should rely more and more on other sources of revenue. This is very very important from our point of view. Public sector therefore has to be expanded. It is not merely a question of maintaining the public sector. You have to expand the public sector by taking over some industries, by nationalising certain industries and in some cases not extending the leases to British concerns that are existing there. The leases of the Calcutta Electric Company and the Tramway Company should not be extended; if possible, they should be nationalised. This is important. We must have certain undertakings in the public sector, those that yield revenue and those yields or profits should be used for national reconstruction. In this context, I shall immediately suggest that the big banks should at once be nationalised. They are creating havoc in our economy. Apart from encouraging speculation in foodgrains, they are advancing money to the private sector in a manner which is harmful to our economy. They are causing inflationary tendency in our economy. These amounts should be at your disposal. It is good that you have taken over the Imperial Bank of India. Take over the other banks also. You see how the transactions take place. Therefore the banks and their resources should be taken over. Huge resources are there with them and they should be at the disposal of the Government to be utilized as it likes. Some coal mines, for example, should be taken over. Andrew Yule and Company control coal more than the total coal produced under the public sector. Take over some of the undertakings. Although we are for taking over the coal industry entirely, if you think it is too big a chunk, then you take over some profit-yielding coal concerns or mines in our country. Jessops should be taken over, some plantations should be taken over. This

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is how we create a public sector which will strengthen our economy and enable us, if I may use the words of the Prime Minister, to get at strategic heights in our economy and it will give us more revenue to be channelled to the planned development of our economy. That is very very important.

THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY): How long will you take? You have taken more than an hour.

SHRI BHUPESH GUPTA: I will take a little more time. We will look after ourselves with your kind help. You have to take over these things. State trading should be started.

SHRI J. S. BISHT: Is there no time-limit for Mr. Gupta?

THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY): There is no time-limit but he has taken more than an hour.

SHRI BHUPESH GUPTA: We have been given a time and we shall arrange internally. Don't get upset. Apart from the Finance Minister, Mr. Reddy has spoken for 45 minutes.

SHRI MORARJI R. DESAI: I have not.

SHRI BHUPESH GUPTA: I hope hon. Members will not interrupt me otherwise I lose the thread of my argument.

This sector should be developed—the profit yielding public sector. Here it is not merely a question of strengthening what is already existing. It is a question of taking over something. Taking over may take various forms. You can use the Industries (Development and Regulation) Act for getting control in the private sector which are not properly run or which can yield revenue to the State. Then we must start State trading in food-grains.

THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY): The Chairman has allotted 2 hours for your Party and you have taken more than an hour and there are 3 Members . . .

SHRI BHUPESH GUPTA: I know that. I am speaking with that responsibility. I am coming to an end. This is my last proposition. I don't think it is very necessary to remind me of that. I have found it out from the Chairman and others.

SHRI JASPAT ROY KAPOOR (Uttar Pradesh): But let there be equitable distribution of time.

SHRI BHUPESH GUPTA: Please don't disturb. I am on a serious subject. I will give a lot of fun on other occasions. Now this is very important. Then comes State trading. I would have covered the point if you had not interrupted. State trading should be developed in foodgrains and other commodities. We shall get revenue and I don't think it is at all advisable to leave this matter in the hands of the private sector, or industrialists and others, who have been brought into the picture. We should develop State trading in major items of our export and import commodities especially jute, tea etc. Why cannot we do the trade? We should come into the picture. Let us get out of the old rut. It is not an ideological proposition. Here even capitalist countries in some parts of the world do such things. You take them over and you will have better diversification of trade and also have plenty of revenue in order to invest for development purposes. It is very important that we need to diversify our trade. We must direct our trade to other channels—countries from where we can bring machinery. In the Western countries, our possibilities of our export trade are limited and hence the possibility of import from them for development purposes is also limited. Therefore instead of keeping our trade with the socialist countries at 5 per cent. of the total trade, there should be a discussion on such matters in order that we can draw upon their

help and develop the trade in all directions—I am not bringing in here systems—and with various countries including the so called non-committed countries in the Mid-East etc.

2 P.M.

Then I think that we have gold reserve or gold holdings in the country of the order of some Rs. 3,000 crores in Indian currency and about Rs. 1,700 crores in international prices. A considerable part of this is in bullion and I think we should get at this bullion. We should compulsorily mobilise bullion. We take loans in bullions, by issuing bonds. I am not asking you to confiscate this bullion. I am asking the Government to unearth this bullion, this gold holding and borrow it from the holders. Collect in bullion against bonds. In that way we can develop our gold reserves. Ask the richer classes also to voluntarily take bonds by depositing gold. You can issue gold bonds, spread over thirty or forty years. Thereby you can utilise the accumulated gold for development purposes. That will give a cushion to our economy and strengthen the foreign exchange position. In times of dire need, we can have absolutely essential machinery, if necessary, by payment in gold. That is also very important. Therefore, this is another suggestion that I make.

As far as dividends are concerned, dividends should be restricted and company deposits should be got at. You should bring company deposits into utilisation and formulate schemes whereby you can mobilise their deposits and reserves for development purposes. It is essential to have such schemes for the utilisation of company deposits.

Then we should step up taxation and income-tax in the higher slabs, and wealth tax, expenditure tax, not only on companies but on private individuals also. These should be provided for. Again this is very important for increasing our resources.

Then we should try to reduce the income disparities. The Prime Minister says it is not possible to reduce urban incomes. I think it is possible. We can think of putting a ceiling on salaries. We can discuss and perhaps devise some fiscal measures to keep urban incomes at a lower level. This disparity in income should not be allowed to continue and we must also try to tap the resources of those in the higher levels of income, persons who are getting Rs. 4,000 and Rs. 5,000 and so on. That also has to be done.

As far as the agrarian portion is concerned, Madam Vice-Chairman, it is essential that we carry on agrarian reform and there should be ceiling on holdings and distribution of land to the agricultural labourer and to the poor as much as we can. Co-operation is good, but I have doubts about our cooperatives, unless and until these are preceded or accompanied by, if you like, by radical agrarian land reforms which give land to the tillers of the soil. That is the crux of the matter. The crux of the matter is not cooperation. We do not think that it is a good proposition that the surplus land should vest in the Panchayat. The land hunger of the peasant has to be met in order to provide the incentive to production and to see that the human energy is brought into this work of production and in order to bring an upsurge in our country's economy by mobilising the human sector. Therefore, it is very important that we should give land to the tillers of the soil and thus utilise their incentive in a vigorous way, and go ahead in enforcing effective ceilings so that the agrarian economy is radically altered. This is very important. Have cooperatives by all means, but I do not think your cooperatives will take you very far.

Have foreign trade. We must earn a lot more of money from foreign trade and that is very important today. The hon. Minister should take a hand in foreign trade. He will get money. From a trade of some

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Rs. 1,200 crores, the yield should be **at least two or three hundred crores** annually or some such figure, apart from giving us elbow room in international markets. This is very important.

Then it is also very important to have economy drive in the administration. I need not dilate much on this, because it is not at all done. By economy drive I do not mean cutting the salaries of the lower grade employees. There increase should be given and living wages should be given. They should be paid good salaries, otherwise there cannot be real economy drive, because there will not be the incentive and drive and there will be discontent and suffering among the large body of Government employees.

Finally, I would like to touch on one point and that relates to defence. It is not usual for us to speak much on this subject because we are not told anything. All I would say is that in the matter of defence, we should try to be self-sufficient and we should exert our best endeavours for that purpose. We should not rely on armaments and equipment from Britain, a country which is part of the Baghdad Pact and the Seato. We would not like our military organisations and our armament position to be known to them, if we can help it. I am not saying that you should stop everything that you get from them. But we should develop ourselves. What I say is that we must come out of that position and we should develop trade for defence purposes with other countries also and we should seek the best weapons wherever we can and at terms most favourable to us. And simultaneously we should try to develop our defence industries. We supported, as you know, the Defence Minister, when he was thinking in terms of the public sector for the defence industries when the private sector was opposed to it. We want the public sector to be

strengthened in the defence industries and there we stand by you.

And then about the army men, their demands should be met. There seem to be many demands. The Jawans are not getting adequate salaries. Their housing conditions are not good. Their terms of service are not very satisfactory. Promotions are not good and there are certain grievances. I am not going into the details of such grievances. But I think it is very essential to meet these grievances as far as possible out of the Defence allocation. We must make our Army contented and make our armed forces democratic, at the same time. It is also essential to ensure that we give promotions from the lower ranks to the higher ones. Promotions should not be monopolised by some people at the top. There should always be a flow from the bottom to the top. This is very important in a democratic army. I do not like our army authorities, our Generals going to too many conferences in the United Kingdom or the United States of America. It seems that when Gen. Thimayya was there, America took undue political interest. I do like that he should be treated with courtesy, that when our Generals go there they should receive courtesy from the United States of America, our Generals and Chiefs of Staff. But I would not like these people to take political interest in the matter and try to make political capital and that is something not to our taste. So have less of these conferences and Commonwealth conferences, joint exercises and so on. We want to instil into our army democratic and patriotic faith. They are great fighting men, but we want to be braver and still greater fighters in the cause of democracy. To maintain the integrity and security of the country one must be fully democratic and conscious of that patriotic calling. We must meet all their legitimate demands and I hope the Defence Ministry will take proper measures in this direction.

I have spoken at some length and covered a large number of subjects and I hope the hon. Finance Minister will consider them.

One thing I forgot and I will just mention it before sitting down. The democratic rights and liberties should be respected. Parliamentary institutions should be respected. I did not like the manner in which last year the Governor of Orissa wrote a letter to the Chief Minister of Orissa and intervened in the matter of formation or otherwise of a government. I did not like that at all. He should not go out of his way and say in a letter publicly that Mr. Mahtab had a majority—this is none of the Governor's job—or come to Delhi to consult the Home Minister in this matter. This is very bad.

Also I find that in some quarters there is no respect shown to our democratic and parliamentary institutions and to rights and liberties. Repression is taking place in Jamshedpur and in the Kesraam Cotton Mills and in other areas and in Punjab where a campaign is going on about this betterment levy. Such things should be stopped and democratic institutions should be built up and strengthened by making the people democratic and by giving them more assurance of democracy and preventing the abuse of authority and power. You should see that democratic institutions are strengthened and that these institutions function properly and well.

This Budget has belied many hopes of people on this side of the House. I did not expect very much from Shri Morarji Desai in the matter. But it seems that he has over-fulfilled the expectations of big businessmen. Even they did not expect that there will be something for them. They expected that things will not be easy for them. But they seem to be quite happy and he seems to have over-fulfilled the expectations of big business. At the same time, he has struck at the common man and at our

economy. I hope it will be for Parliament to discuss and advise him so that he retraces his step and tries to put our economy on an even keel by taking such measures as are called for in the present crisis of the Plan and in the context and perspective of the Third Plan. Thank you.

SHRI T. R. DEOGIRIKAR (Bombay): Madam Vice-Chairman, I rise to support the Budget proposals of revenue and expenditure. At the outset, I must say that it is not a socialist Budget and not a capitalist Budget. At the most I can say that it is a cautious Budget. During the last ten years, we had courageous but cautious Budgets. Then came the courageous Budgets and now this year—I do not know about the future—the Budget has been prepared very cautiously for which we must congratulate our Finance Minister. The reasons are obvious. During the last year, there were many stresses and strains and, out of experience, the Finance Minister had no alternative but to move cautiously. Madam, he has kept a deficit of Rs. 58 crores uncovered. It is really very good. My hon. friend, Mr. Bhupesh Gupta, unnecessarily assailed the taxation proposals but what are the taxation proposals? The net result of the taxation proposals is an income of Rs. 20 crores, nothing more. This does not mean more than 2½ per cent. I would request the Finance Minister not to bring in fresh taxation proposals during the coming year to make up this deficit of Rs. 58 crores. As a Member of the Public Accounts Committee, I can assure him that there are bound to be many savings and surrenders from the expenditure side and there may not arise any necessity for bringing in fresh taxation.

Madam, ours is a developing economy. We are finding our way towards socialism and any sort of criticism at this stage is most unwelcome. Mr. Bhupesh Gupta has roared and during the speech said that he was also supplying us food

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for fun. That was hardly compatible. He was not serious. Sometimes he was serious and some of his proposals are worth consideration but by and large his fulmination of the Budget every year is not proper.

Madam, I am going to bring one fact to the notice of the Finance Minister though it does not directly concern him. Our planning depends entirely on our success in food production. Unfortunately, we have not yet come out of the difficulties. Our objects are good; our investments are not stingy and our efforts are stupendous but in spite of all that, we are not able to solve the food problem. It must be admitted that a country which is not able to solve the food problem cannot boast of successful planning any longer. We will have to pay greater attention to that aspect because on food depends planning and on planning depends our Budget and our socialistic approach. Therefore, I say that the very idea of planning was started when there was shortage in food. We thought that if we erected certain dams we would be able to solve the problem. As soon as water begins to flow in our lands, we thought, our granaries will be full and we can get out of the difficulties. So, one after the other, we devised plans for improving land and for having more food. We started with dams, then we came to fertilisers, the Central Tractor Organisation and so on. Many other things, including the Japanese method were brought in and now we are thinking of bringing in the Chinese method also as if wisdom is lacking in this country. So, as I said, no attempt was lacking on our part but some-how or the other, I am constrained to say that our leadership and guidance did not come up to the mark. That seems to be the whole reason. Our Ministers become very serious when rains are scarce and food prices rise but after the crisis is over, we become complacent. This sort of

attitude will not be helpful to the country.

Madam, I want to analyse the causes of our failure. The first is irrigation. We had pinned all our hopes on dams, canals, tubewells, surface wells and the like. We thought that if our lands come under water everything will be all right. The scientists in those days did not come forward and tell the Planning Commission that hopes about raising more food during a short period were not capable of being fulfilled. I am going to quote certain remarks from the speech of Mr. Kanwar Sain, Chairman of the Central Water and Power Commission. In 1939 he said, 'irrigation schemes represented long-term investments and that results could be achieved only in the tenth year of the opening of the canal.' The Chairman was cautious even then. He said further, 'the time-limit was arbitrary and that some projects in California took as long as thirty years for fulfilment of the objective'. The Government then did not mind his views. Mr. Kanwar Sain added, 'the full development of an irrigation scheme took as much as thirty years and, at least fifteen years are required for a reasonable development of the irrigated area, fifteen years after construction has started.' So, our hopes hover between ten, fifteen and thirty years. If we take this expert opinion into account, it is no wonder that our food problem has remained unsolved. In the First Plan, we spend Rs. 1,000 crores on agriculture; in the Second Plan, we are spending Rs. 2,200 crores out of which, Rs. 700 crores are for irrigation. What is the use of blaming the Government? Are we not ourselves to be blamed for it? We were all parties to whatever they did. We sanctioned the plans; we sanctioned the irrigation schemes and we did everything. That being so, why should we assail the Government for not succeeding in the hope that they entertained? The only question before us is to see by how much the period can be shortened. If we go still further and try to find out how

much land was irrigated during the First Five Year Plan, we will be staggered. I am going to quote certain figures again from Mr Kanwar Sain. He says, 'against a target of 8.5 million acres from major irrigation schemes, irrigation facilities were actually provided for 6.3 million acres whereas according to the figures reported by the Planning Commission, an area of 4 million acres was brought under irrigation. According to the statistics given by the Ministry of Food and Agriculture, the additional area irrigated by major schemes during the First Five Year Plan works out to 2 million acres. There is a similar discrepancy in the case of minor irrigation schemes. The net area irrigated in 1950-51 from all sources was 51.5 million acres and the corresponding net area under irrigation in 1955-56, as given out by the Ministry of Food and Agriculture in the pamphlet, "Agricultural Situation in India—August, 1957" is 56.3 million acres. The net essence of this is, against a 10 million acres target fixed by the Planning Commission and assumed as having been achieved—if, however, we accept the figure of 4 million acres as the contribution of major irrigation schemes during this period—the net contribution by minor irrigation schemes works out only to 8 million acres. This discrepancy is obviously enormous.' These are not my words, these are the words of Mr Kanwar Sain. But you will find still more discrepancy in the various publications and Government Reports. In the book "India 1958", published by the Government of India, they say that through major and medium irrigation schemes 40 lakh acres were brought under cultivation and one crore acres through minor irrigation schemes in the first Plan. The total according to them is one crore and 40 lakh acres. Then we come to another book, "India and World Economy", pages 19-20. It is said there that 'during the First Five Year Plan one crore and 63 lakh acres of additional land were brought under irrigation through major and minor irrigation works.' Now, a third

book, "India and Agriculture" gives the total irrigated area as 'five crores and 43 lakh acres'. The irrigated area in 1950-51 was five crores and 13 lakh acres and so the addition is only about 30 lakh acres. So we find various calculations in various books. From 30 lakh acres of additional land irrigated we go up to one crore and 63 lakh acres. How to rely on figures, one does not understand.

Now, I am going to quote two speeches by Shri V. T. Krishnamachari. In a speech he delivered before the Development Council in 1957 he says: 'Out of 6.3 million acres the State Governments expected to bring under irrigation only 4.5 million acres have been actually irrigated. This is thus a waste of national assets.' These are not my words, these are his words. 'Water is impounded at enormous cost and is left unutilised.' The Deputy Chairman of the Planning Commission is defending this non-utilisation of water in his next year's speech when he says 'If we want to irrigate one lakh acres then the Government constructs canals for 2,500 miles and the farmer in order to bring that water to his field has to construct four times, that is, 10,000 miles of channels or distributaries. This was not done.' Therefore the water was there but the distributaries were not put up and ultimately this was reflected on the total production in the country.

Madam, I would now say something about the land question. As regards the land question we are told that the additional land that was brought under cultivation was 3 crores and 40 lakh acres and the increase in food production during that period was 1 crore and 40 lakh tons. Taking the average figures of India, I can say that 85 lakh tons can easily be added to the total food production in the country from this additional land brought under cultivation. What about the rest of the increase? Are we going to say that so much more production is due to fertilisers, to irrigation, to Japanese method and all that? Japanese method, they say, gave only 6 lakh

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tons. Then I think we can only thank Nature; it was because of Nature that there was more production. But that is not sufficient. Fertilisers and irrigation are usually utilised for commercial crops; additional land gives us additional food.

Some authority has said, 'you are adding more and more to your cultivated land, but what about water-logging?' Madam, lakhs of acres are being wasted because of water-logging. There is no drainage and there is no improvement made in the land. And what is our future problem? May I tell the House that for every ten years we are adding one England to our population? In other respects India cannot compete with the world but in one respect, birth rate, she can. India's birth rate is the highest in the world—30 per 1,000. It is 15 in Britain and less in other countries.

SHRI AKBAR ALI KHAN: That is why you are a bachelor.

SHRI T. R. DEOGIRIKAR: So I have not added anything but left the whole thing to you. After 30 years, we may be adding . . .

THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY): Your time is up.

SHRI T. R. DEOGIRIKAR: . . . One U.S.A. That we must remember.

THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY): 20 minutes are over.

SHRI T. R. DEOGIRIKAR: No; not yet. Five minutes more. I want more time and I shall be grateful to you . . .

THE VICE-CHAIRMAN (SHRIMATI MAYA DEVI CHETTRY): You have been allotted only 20 minutes.

SHRI T. R. DEOGIRIKAR: All right.

Now you may make as much industrial advancement as you like but so long as you are not solving the agricultural question, all your industrial

advancement will be neutralised by this addition of population. So it is no use saying that our country is advancing industrially to tremendous heights. Whatever more income is earned through industries will be eaten up by agricultural population. That is a great problem for our Government to solve.

I have got two suggestions. In Rourkela, Bhilai and other places you have brought foreigners. Why can't you call in the foreigners for solving this problem also? Instead of sending our teams to China and other places, why not bring people from those countries here and ask them to work in collaboration with us. Secondly, I want to suggest that the Third Plan should lay as much emphasis on agriculture as we did in the First Plan. Otherwise, I tell you the future is most dismal, as dismal as painted by Mr. Bhupesh Gupta, but due to reasons other than what he gave. The food problem, according to me, is quite easy of solution if you accept what I say. In all our statistics about land, it has been stated that in India there are 9 crore acres of culturable waste. But in spite of all our assertions Government has not taken care to assess exactly how much land is available for cultivation. It is most essential that proper estimates should be made of this culturable waste land. If you are able to cultivate even one-third of it, I tell you, India's problem will be solved. I do not want to disturb the co-operatives; I do not want to go into collectives; I do not want Government to touch the land that is already being cultivated but I want the Government to take up this work on governmental level. There should be Government farms all over the country and that alone will solve your problem and in those Government farms you can have all your experiments. You can send the best of your experts, your Agricultural Graduates. Let there be irrigation; let there be stoppage of soil erosion; let there be fertilisers, manures, everything. But unless we take up that question in that light and utilise at least 3 crores of

acres of land which is culturable waste, I think India's problem will not be solved in the way in which we are trying to solve it.

I do not want to quote Pakistan, but let me refer to it. I do not know how many of us know that they have got a stupendous Plan of 700 pages, as big as ours. I tried to scan it and I found that just as we have got culturable waste land in this country, they have also culturable waste and out of that they have brought 34 lakh acres under cultivation under their land colonisation scheme. Of course, their approach is different; their methods are different, but the problem remains the same. Just as they have culturable waste land, we have also got culturable waste land but we are not paying any attention to that. Therefore I would request the Government to pay attention to this asset. If you want to make anything successful in this country, you can do it only if you try to solve the food problem which is going to be very menacing in the coming years.

Madam, in the end I may say that I do not find anything wrong in borrowing from outside countries. We are going to develop economically. If you tell us, 'import less and export more', it will not be possible. I can quote figures from different countries. Excepting West Germany, U.S.A. and France, all other countries are importing more and exporting less. That is the condition throughout the world. They are developing; we are also developing and I would request the Finance Minister not to be stingy with regard to import of raw materials from foreign countries. If you want to starve our industries, you can stop foreign imports of raw materials. You can ban the import of consumer goods, but not of raw materials. I am glad that the policy is changing but do not be shy that we are exporting less and importing more. That is my point. It happens in any country which is on its way to progress; so there is no escape for you. We know about the economic progress in different

countries. We know how Japan made her economic development. Japan's economic development was due to austeritiy. England's economic development was due to capitalism and imperialism. The economic development of Russia and China was due to their being totalitarian countries, that is dictatorship. There are other countries also in the world who have got technical knowledge and scientific knowledge, and they have advanced to their present height because of their technical and scientific knowledge. India has nothing. What is the core of the Plan, I ask. Is it food and steel? You are entirely wrong if you are going to suppose that food and steel are the core of our Plan. It is not that. I had been trying to find out what the core of India's Plan is. It is neither foreign money nor technical aid nor superfluity of nature. I may tell you, Madam, that India is the only country in the world which is potentially rich but miserably poor, and that is due to certain shortcomings that we have. Therefore, I say that the core of India's Plan is—I may put it most humbly—the sacrifice, the good will and the tradition that we have built up over thousands and thousands of years. If we are going to give up that tradition and if we are going to give up those principles for following the foreign countries towards socialism, I tell you that India will not succeed. In our country we have our democratic traditions, and therefore by following these traditions, which are the core of our Plan, we will go on from one success to another.

I had something more to say, but I finish here.

SHRI ROHIT M. DAVE (Bombay): Madam Vice-Chairman, at the outset I must record my appreciation of the valuable data supplied by the Ministry of Finance which give us a fairly clear picture of the main economic trends in the community and the conclusions which the Ministry has drawn from the data which are also very lucid and very frank.

[Shri Rohit M. Dave]

The Finance Minister in his Budget speech has told us that the Budget of the present days is not just an account of the housekeeping of the Government but is a result of the various maturing forces in the economic life of our country. The Budget itself therefore has got an impact on the economic developments of the future, and it would be very difficult for us to assess the full implications of the Budget unless we have got the statistical data which the Ministry of Finance has supplied to us. It is in the light of the data that they have supplied that I propose to consider the Budget as it has been presented, the Budget proposals as they have been formulated, and to try to assess the impact that they will have on the economic development of our country.

Madam, the ways and means position which the Budget discloses is rather disturbing. In 1956-57 on the revenue account we had a surplus of Rs 29.40 crores. In 1957-58 that surplus fell to Rs 42.05 crores. In 1958-59 according to the revised estimates that surplus has turned into a deficit of Rs 39.95 crores. In 1959-60, even if all the Budget proposals of the Finance Minister are accepted, the deficit would be of the order of Rs 58.32 crores. In this way on the revenue account year by year our revenues are not keeping pace with the expenditure which is allocated to revenue and we find that the situation is deteriorating.

Coming to the capital account, if we were to take the expansion of treasury bills as an indication of the overall deficit, we find that in 1956-57 the expansion of treasury bills is of the order of Rs 240.45 crores; in 1957-58 it rose to Rs 459.43 crores; in 1958-59 it was of the order of Rs 280 crores; and for 1959-60 we are budgeting for a further expansion of Rs 260 crores. This expansion of the treasury bills gives us some idea of the overall deficit that our economy, our public exchequer, is facing. I realise, Madam, that when the economy is developing so fast, when we are build-

ing up a public sector in which huge investments have to be made, when we are trying to create social services, when we are trying to develop the community, there is bound to be an increase in expenditure. But unless this expenditure is somehow or other balanced by the income either on the revenue side or on the capital side, slowly and steadily we will be moving to a point when further expansion, further development, will not be possible. Again, we have to find out whether this particular budgetary position is due to the expansionary forces that are developing in the community or whether they are the result of the stagnancy which is overcoming our economy. In this connection we have got a fairly clear picture which was given by the economic survey, from which economic survey we find that the economic indicators which are giving an idea as to whether our economy is expanding or coming to a stage of stagnation, create an apprehension in the mind of anyone who studies those figures. We find, for instance, that there is a drop in agricultural production. Now we will be told that this drop in production is due to natural forces over which the community or the Government has no control. I realise that, but that is exactly the problem that we are facing. In spite of seven years of planning we are still completely at the mercy of what the Prime Minister once called the black demon of monsoon. We have not been able to develop in our economy that capacity to see that we are in a position to have agricultural production which is not so completely dependent on monsoon.

Then, in spite of the large investments both in the public and private sectors there is a drop in the rate of growth of industrial production. Here again, the economic survey is quite frank and definitely tells us that this particular drop is not due solely to the difficulties of foreign exchange. We are told on page 3, paragraph 9, that the trend in industrial production has been affected not only by import

restrictions but also by some slackening in the internal demand. When we are building up more and more productive potential, the very fact that the rate of such production is slackening is disheartening; but to be further told that this particular drop is due to the fact that the internal demand is slackening is something which should create real concern in the minds of those who wish well of the country. Then there is the contingent pressure on the balance of payments. In spite of import restrictions, the pressure is continuing because of the fall in exports. Not only is the internal consumption showing signs of declining, but the export is also not looking up and the trend in production at least industrial production—is now to a very great extent due to this lack of demand—internal and external—for our commodities.

[MR. DEPUTY CHAIRMAN in the Chair.]

Unless we are able to face this problem of demand, apart from the problem of resources, we will not be in a position to generate forces that will lead to the expansion of our economy.

Then there is the question of price. The price situation continues to cause anxiety. Increased production of commodities will not ease the situation unless monetary and credit supplies are also held in check. A still greater disturbing feature is the investment activity. Investment activity, we are told, is levelling off. In the private sector the data relating to consents for capital issues indicate slackening of investment there. This is particularly because of foreign exchange difficulties, but it is also due to the fact that capital formation in the private sector itself is slowing down because the profits are decreasing and also because of the fact that in view of lack of demand, the indebtedness of the private sector to the banking system is also going down. This is again a disturbing factor and this has to be taken note of. Even in the public sector that investment is growing not because of the resources that are available in the community, but we are told in the Economic Survey that agri-

cultural investment is largely due or due more in this year than in the two years previously to the fact that we have got foreign assistance. We are depending more and more on foreign assistance and the money that we get out of the various loans and grants from foreign countries in order to build up our investment even in the public sector. In that way, both in the private sector as well as in the public sector the investment of savings of the community is not adequate. In other words, the savings in the community itself are small and secondly, the savings that are already there are not being turned into investment as they ought to be.

Lastly, there is the employment situation. The Economic Survey frankly admits that there is a worsening of the employment situation in some sectors of the economy. All these factors have their impact on the budget of the resources and it is because of these factors that we find that as far as the revenue is concerned, it is tapering off. It is not so much the question of expenses or expenditure that disturbs me though all possible economies are necessarily there, but even if these economies are undertaken, they will not take us very far and it is not so much of expenditure as the revenue and the resources which should attract the attention of the community and the Government.

Now coming to the question of what we are doing with the monies that we are getting from the community, we again find a rather disturbing feature. The Economic Survey tells us that nearly 9·1 per cent. of the national income was taken last year in the public exchequer. This year, the ratio is 10·1 per cent. But in spite of this rise, there is a growing increase in developmental expenditure because the entire rise was absorbed by the non-development expenditure and it is here again that we have to find out what the means are to see how this non-developmental expenditure can be kept under check and what little resources are there, what little resources are available, for being turned into productive use.

[Shri Rohit M. Dave.]

In this connection, Sir, there is another point which also needs to be examined and that is the question of what we do with the investments which are already taking place in the public sector. As far as that is concerned, we have got in the Explanatory Memorandum on pages 202 to 203 an account of the investments by Government. This account tells us that up to the end of 1957-58, the total investment in our economy was of the order of Rs. 243.16 crores. The revised estimates up to 1958-59 are Rs. 160.40 crores and the budget estimates for 1959-60 have added Rs. 25.35 crores. In that way, the capital formation of this year or rather the investment by the Central Government in the various industries this year, is likely to be smaller. Of course, explanation is given in the Budget Speech and in the Economic Survey where we are told that this is largely because of the fact that the investment in the Hindustan Steels, Ltd. is now tapering off because we have reached the saturation point of Rs. 300 crores. But that is not the reason why there should be no investment in other spheres, in other undertakings, in other lines, so that ultimately the investment from the Government in the development of our economy may continue to increase.

What is more disturbing, however, is that the profits that we are getting out of this investment are rather dismal. We find that during 1957-58 when our investment was of the order of Rs. 243.16 crores, the profit that we earned was Rs. 1.33 crores. In 1958-59 when we are adding another Rs. 160 crores and more to the investment portfolio, our profits would be only Rs. 1.33 crores and in 1959-60 even after adding another Rs. 25.35 crores to the investment portfolio, the profit would be only 1.28 crores. In this way, there are three distinct weaknesses in our economy. The first weakness is that the savings are not enough. The second weakness is that these savings are not being turned

into investment. We are told by the Economic Survey that both in the private sector and in the public sector the capital formation is levelling off and that we are not finding enough capital formation to see that there is more development and thirdly, even where the capital formation is there, the yields are very poor. Now I realise that the yield from the investment by the public exchequer may not be very great in all the various spheres. It is a point for us to argue that Hindustan Steel Limited has not even gone into operation as yet, or perhaps has just gone into operation, and naturally we cannot get any profit from there. On the other hand in the long list of investments that have been given on pages 202 and 203 we find that there are a large number of companies which are in the field for a considerable time, and when even these companies are not making any profits, certainly, Sir, we are exposed to the charge by the private sector that the investments made in the public sector and the concerns that are run in the public sector are not concerns which seem to have been managed in a proper manner as they do not make any profit and they do not earn on the investments made in them. Nor is the situation quite satisfactory in the private sector, because of the tapering off of the demand, and because of the fact that there is a slackening of investments, that there is a slackening of the borrowings from the banks we find that even here capital formation does not take place. I would have been happy if there was no capital formation either in the private sector or in the public sector. But there was enough income generated in the community whereby the working class and the middle-class people were in a position to save and to turn it into capital. But what do we find? Our Small Savings Drive has been a dismal failure; we are not getting anything out of it. We had expected to get an yield of nearly Rs. 100 crores a year out of the small savings. What are we actually getting? We are not getting more than Rs. 50 crores, and even in the

current year the figure is Rs. 75 crores, and for the Budget year it is put at Rs. 85 crores. I think in the Five Year Plan period we will not get enough funds out of small savings. Nor are we getting enough resources from other directions, the directions in which we can find that we might be able to have some yield and some profit—I mean the small-scale sector. When the Second Plan was formulated, Sir, a regular strategy was devised, and that strategy was that even if there may not be any yield from the large-scale investments which the public exchequer might make in some of the heavy industry goods which require a long period of gestation, capital will be formed in the small-scale sector, and it is this capital which will then be utilised in order to develop the large-scale sector, specially the capital goods sector. But we find that even the small-scale sector has not been able to create any capital even for its own requirements let alone the requirements of the economy as a whole. This is a situation which has been created because of the fact that the Government and also the community have not applied enough attention to the organisation of the small-scale sector and to see that every pie that is invested over there, every tool that is available over there, every skill that is available over there are being fully utilised in order to create goods which can increase the income of the nation. What is the result, Sir? National income is itself slowing down. We are told by the Economic Survey that in 1957-58 there was likely to be a drop of 2 per cent in the national income and 1958-59 does not promise any better result. As far as the national income *per capita* is concerned, the situation is much worse, and since 1953-54, the increase in *per capita* national income is very very small. Again here in 1957-58 and 1958-59 we are likely to have much more reverses. This being the condition, Sir, I would like to ask the hon. the Finance Minister what are his hopes when he says that during the Third Plan period the target would be, the objective would be, the

ambition would be to see that our economy becomes self-supporting and the growth of our economy is even. If even today, even when we have got these resources which are available from external sources and the little resources that are available in the community, when we are almost likely to fulfil the targets of Rs. 4,500 crores which is the total outlay for the Second Plan period and still more important, when we are likely to have the capital investment of Rs. 6,200 crores—that is what the Economic Survey tells us, that in spite of the fact that there is a cut in the outlay on the Plan as a whole as far as the investment is concerned, the target of Rs. 6,200 crores, Rs. 28,000 crores in the public sector and Rs. 2,400 crores in the private sector is likely to be realised—even if at this stage the economy is entering a period of stagnation, how do we expect during the Third Plan period a miracle to happen whereby suddenly economic forces would begin to operate which would make it possible for the economy to be self-supporting and also to have even progress?

I would therefore beg of the Finance Minister to consider the whole question *de novo* and to see that the entire economic policy of the Government, the entire planning policy of the Government is so reoriented that it will be possible that our desire to have during the Third Plan period an economy which is self-supporting is realised.

In this connection, Sir, I would like to make a very few suggestions. I know that no panacea exists as far as the development of our economy is concerned. But there are certain things which can be done, and if they are done, a certain tendency might be generated in the economy, which might ultimately help us in achieving our goal. The first most important thing is to see that every pie that is already invested in our economy, either in the public sector or in the private sector yields the maximum result. Today we find that large units of our installed

[Shri Rohit M. Dave.]

capacity are lying idle, not only in the large-scale sector but even in the small-scale sector. If the investments which we have already made, if the capital which we have already formed is not going to yield us the results in terms of larger national income year by year, it will not be possible for us to develop a self-supporting economy at all. It is in this connection that the planning efforts have to be geared up and it is in this connection that we should see that our planning mechanics, that our planning techniques are such that full utilisation of the installed capacity takes place. Secondly, Sir, it is also necessary to mobilise our other resources in terms of skill, resources in terms of enterprise, resources in terms of initiative, resources in terms of technical skill. It is possible for us to mobilise all these resources, but the Government has done precious little to mobilise these things. Our Education Department has not succeeded in creating technicians that can take up the work of developing our economy. Our traditional skills are allowed to lie idle, are allowed to go waste. It is this traditional skill that can give us a great fillip in the development of our economy.

Then, Sir, there is the question of the utilisation of the resources in the agricultural field. I am happy that the Congress Party has already decided to have service co-operatives, and I hope that these service co-operatives will ultimately develop into co-operative farms in the nearest future, so that every inch of ground is allowed to yield the maximum results in terms of agricultural production.

Last but not the least it is very necessary, Sir, that we develop our economy in a manner whereby the savings that are in the community are also fully utilised. What do we find in the banking trends and monetary supply? We find first that there is a certain spurt in economic activity. At that time in the advances by banks

against their deposits there is a sudden rise. Then there is slackness in economic activity and then the advances by banks as against their deposits suddenly begin to fall. It is here that the investment policy of the Government comes into the picture, and the Government can be a good corrective both in the money market as well as in the capital market, can see that wherever there is a slackening of effort in the community in the private sector Government steps in and sees that the largest amount of savings is utilised for productive purposes.

These are very general ideas, Sir, but they can be worked into details and unless we work out all these details, unless we mobilise the largest amount of resources that are available in the community and put it to productive use and see that the maximum yield is got out of these resources, we will not be able to achieve our objective of a self-supporting economy in the Third Plan period.

Sir, I thank you.

3 P.M.

SHRI AHMAD SAID KHAN (Uttar Pradesh): Mr. Deputy Chairman, I rise to sincerely congratulate the hon. Finance Minister on the presentation of his Budget. It is a realistic budget. The hon. Finance Minister had been forthright, straightforward and modest in his budget statement. When we take into consideration the fact that it was not written on a clean slate and it is not easy to shake off the effect of what has been previously written, I think, his performance is still more creditable.

I also wish to thank him for the changes he has made by splitting up the Budget of the various Ministries into various volumes. It will help the hon. Members to study the position of those Ministries and offer their criticism if they wish to do so.

I also wish to congratulate him on the results of his tour to Europe and America. On going there he could

create an atmosphere of trust and confidence in our economy which was, I think, a little bit shaken at that time, and could bring more money to us.

Sir, I should like to draw the attention of the House to the progressively rising Civil Administration expenditure. I know that some efforts have been made to economise. But, except in the Defence Department, I think no tangible result is achieved. Now, I should like to place before the House the Income and Civil Expenditure of the last few years. In 1948-49, our total income was Rs. 320 crores and the Civil Expenditure was Rs. 174 crores. In 1951-52, our income went up to Rs. 387 crores and the Civil Expenditure came to Rs. 216 crores. In 1955-56, our Income went up to Rs. 453 crores, and our Civil expenditure to Rs. 291 crores. In 1956-57, our revenue went up to Rs. 533 crores and our Civil Expenditure to Rs. 330 crores. In 1957-58, our revenue was Rs. 658 crores and the Civil Expenditure was Rs. 415 crores. In 1958-59, that is, during the present year, our income was Rs. 796 crores and the Civil Expenditure went up to Rs. 517 crores. According to the present Budget, our income is likely to be Rs. 757.51 crores and the Civil Expenditure is going to be Rs. 596.5 crores. Now, if we add to this the Defence expenditure of Rs. 242.68 crores, the whole of our revenue and the result of this heavy taxation will be eaten up by non-productive departments.

Sir, when we were planning, we did not take into consideration all these factories and concerns which will come into existence as a result of planning entailing recurring expenditure, and that is the reason why this difficulty is before us now. Sir, we ask the tax-payer to save money, to tighten his belt for the Five Year Plan. If he put the same question back to us, have we any satisfactory reply? Are we going to tighten our belt? Are we making savings in our non-productive departments? Sir, I am afraid, our

reply will not be satisfactory to the tax-payer. Therefore, I say that in future all the colleagues of the Finance Minister should help him in reducing expenditure. I am glad that he is conscious of this aspect. In his statement, he has assured us that he is going to tighten the control on this expenditure, and I do hope that he will receive full co-operation from his colleagues.

Now, I should like to say a few words to the Home Ministry, though, I am afraid, no representative of that Ministry is in the House at present, but I do hope somebody will take my feeble voice to them. The Hindustan Times in its issue of the 26th February gave the Report of the Law Commission. In that report, the Law Commission is said to have made certain remarks about the appointment of our judiciary.

THE DEPUTY MINISTER OF FOOD AND AGRICULTURE (SHRI A. M. THOMAS): Copies of the law Commission Report have been supplied to Members.

SHRI AHMAD SAID KHAN: We have not received as yet.

SHRI RAJENDRA PRATAP SINHA (Bihar): You can have it in the Notice Office.

SHRI AHMAD SAID KHAN. They said:

"Communal and regional considerations, and executive influence have been responsible for some appointments."

About the appointment of High Court Judges, the Report says:

"The Chief Justices have had to surrender their better judgment and yield to the wishes of the Chief Ministers."

I am sure the Home Minister will agree with me that such an expression from such a responsible body cannot be ignored, and should not be brushed

[Shri Ahmad Said Khan.]

aside as insignificant. I do hope that he will make every effort to dispel such an impression that has been created. It is not enough that justice should be done. But justice should be done in such a manner that everybody may be convinced that justice is being done. An independent judiciary is the sheet anchor of democracy.

SHRI SHEEL BHADRA YAJEE (Bihar): Independent of everything.

SHRI AHMAD SAID KHAN: It is the only hope of the weak, a deterrent to the aggressive. Here, I would like to pay a tribute to the Indian judiciary that on the whole they have shown integrity and independence. Nothing should be allowed to interfere with the high standard of our judiciary.

Now, Sir, I would like to say a few words about small savings. In the past two years, in spite of the warnings of this House, the Government over-budgeted the revenue in small savings and they had to face disappointment. I am glad that this year the Finance Minister has budgeted only for Rs. 85 crores as against Rs. 100 crores budgeted in the current year but, I am afraid, Sir, that even this amount, modest as it is, perhaps is a little bit on the high side, because when I consider the price indices and also the result of the taxations on the dividend shares, I think there would not be very much saving and therefore I should like to make a constructive suggestion to hon. the Finance Minister that he should concentrate more this time on the rural areas. Rural areas have not been so much affected by the price index, particularly the rise in price of food-grains and if we could give them facility to save and could make them bank-minded, I am sure that this amount will be possible.

There is another question also, Sir. The real problem is how to raise money for our Five Year Plans and particularly for our Third Five Year Plan. I should like to make another

suggestion and this was experimented in one of the erstwhile princely States and proved a success, namely, that in all the future nationalised concerns as well as in the government concerns, government should come forward and offer a certain number of shares to private enterprise, with the result that half of the money would come back to the Government to be re-invested in some other industries. It will also have the advantage that Government will have at their disposal the achievement and business experience of the leaders of industries and trade and it will also create confidence in the mind of the Investors that the concern has got a majority share in the hands of the Government and, therefore, it is not likely to fail, with the result that they will be able to get more money from various quarters.

Now, Sir, before I finish, I would like to say that I absolutely agree with what was said by my dear friend Shri Deogirikar about utilisation of the culturable waste in the country. If Government invest money there and if they are going to make farms there, it will serve a double purpose; it will increase the produce of land and, at the same time, it will reassure the peasant that co-operative farming is beneficial to him. If they could succeed there by introducing co-operative farming, there will be no difficulty in persuading the peasant to accept co-operative farming. Otherwise he is looking at present to this proposal with a lot of suspicion.

Thank you.

PROF. A. R. WADIA (Nominated): Mr. Deputy-Chairman, it is rather difficult to characterise the Budget that has been presented to us. It is certainly not bold, nor spectacular in the sense in which we have been led to expect in recent years. On the other hand, it does bear a breadth of commonsense and I think that is a very great advantage. We have to realise our economic difficulties. There is a drop in agricultural production. The rate of growth of industrial production has

been slowed down. There has been an increase, and a record increase in imports in spite of all the restrictions placed on foreign exchange. There is a definite drop in revenue and the much-vaunted new taxes which were introduced in recent years have failed to satisfy the expectations of the Government. The Wealth Tax, the Expenditure Tax, the Gift Tax, have yielded Rs. 5.3 crores less than the expected amount.

Well, Sir, I understand the difficulties of the Finance Minister inasmuch as he has inherited the traditions of the last two Budgets which were terribly frightening. But I do congratulate him on the courage he has evinced in abolishing the Wealth Tax at least on companies. Of course we can hardly expect the members on the other side to appreciate this measure. But there is such a radical difference between their outlook and the outlook of the people at large in India that we cannot take their objection very seriously. Well, Sir, I was very much amused when Shri Bhupesh Gupta talked of the Communist Party satisfying the 'land hunger. As a matter of fact that had been the ideology of Karl Marx but so far as the communistic countries actually are concerned, we know that they do not believe even in peasant-proprietorship. What they believe in is the proprietorship of the State and the State means the Head of the State so that the Head of the State can just like Louis XIV say "I am the State", and continue in power.

Well, Sir, I am glad that the Finance Minister has not stood on prestige and has faced facts. I do wish he had the courage to go a step further and abolish the Expenditure Tax as well. After all, he has budgeted for it only for the paltry amount of Rs. 1 crore and there are palpable objections to the Expenditure Tax. It seems it is taxing the people twice over.

Sir, in an under-developed country like ours it may be an advantage to have foreign experts coming and

advising us. But if a foreign expert like Kaldor was invited, either his recommendations should have been accepted *in toto* or we should have very carefully considered his report, scrutinised his report, before accepting any of his suggestions. Unfortunately neither of these things was done. I am not surprised that when Prof. Kaldor recently came to India and reviewed the effects of his own recommendations, he was forced to say that the actual taxes adopted, both as to scope and definition as well as to the schedule of rates, are so very different from what he had originally recommended. I am perfectly certain that he said to himself "Save me from my admirers" because he had come in for a good deal of abuse, rightly or wrongly, from many people and one can see that he is not really responsible for it because if he had recommended these taxes in his own country, which is far more advanced than ours, they would not have cared to accept—, at least that recommendation he made with reference to Income-Tax might have been accepted, but they have not done so. Well, Sir, it is necessary for us to adapt tax reform to the economy of an under-developed country like ours and when we proceed to travel too fast, the results are somewhat unfortunate. I am not surprised that the Government in spite of their optimism has been faced with difficulties, difficulties of falling revenues, falling production, and the reason is very palpable, we are over-taxed, distinctly over-taxed considering the poor resources of our country. Well, Sir, in spite of all that a fairly commendable Budget has been presented. The new taxes that have been imposed, I do not think, need to be criticised very seriously, though I cannot but refer to the tax on diesel oil. I agree that something has to be taxed and somehow taxes are to be raised, but coming as it does within a week after the Railway Minister's speech in which he threatened to take steps against the private sector for competing with the monopolistic Indian Railways, I must say this tax leaves a bad odour in the mouth. I do not think it is

[Prof. A. R. Wadia.]

playing cricket. As I said last week, the Railways are in a very strong position. They are a monopoly and it is not fair that they should use that monopoly to stifle private competition. But apart from that, there is another very serious objection to this tax on diesel oil, and that is that diesel oil is not used merely for the purpose of motor transport. It has been used for agricultural purposes as well.

SHRI MORARJI R. DESAI: May I say that this tax has nothing to do with the Railway Budget, and it has no connection with that?

PROF. A. R. WADIA: Pardon me, but there is a very definite connection because the Railway Minister complained that the private transport was competing with the Railways and the Railway revenues had fallen to a certain extent and he, in his reply, definitely threatened to take steps to see that this completely ended.

SHRI MORARJI R. DESAI: The Railways themselves are using more diesel. They will have to pay more ed.

PROF. A. R. WADIA: If they use more, they will get more. That is their monopoly concern. It does not hit the Railway people so much. As I was saying, diesel oil is not merely used in motor transport but it is also used for agricultural purposes, specially in South India I understand. Therefore it will hit them at a time when we want more agricultural production. To raise the cost of agricultural products is very undesirable. I think it is our duty to come to the assistance of agriculturists as much as possible and therefore from that standpoint also, this tax is very objectionable.

I am glad that in spite of the deficit budget, there has been extra provision for social welfare to the tune of half a crore. Social welfare activities are very badly needed in our country where the majority of the

population barely live at the subsistence level. Now I would like to refer to one or two small things in connection with foreign exchange. The situation is serious and we all realise it but I wonder whether the difficulties of foreign exchange have been, really effectually, influenced by the brain-wave on the part of somebody in the Finance Ministry to suddenly reduce the limit of Rs. 300 to Rs. 500 for every passenger that leaves the shores of India for a foreign country. It seems to me that the limit of Rs. 75 is really . . .

SHRI MORARJI R. DESAI: Rs. 300 to 500? I don't follow.

PROF. A. R. WADIA: Previously Rs. 300 used to be taken without the permission of the Reserve Bank and now it is reduced to Rs. 75.

SHRI MORARJI R. DESAI: I have done it and it is my brain-wave.

PROF. A. R. WADIA: I accept that it is your brain-wave. But I, unfortunately, in spite of my admiration for you, cannot congratulate you on that. The point is that this amount is far too low. It would be far better to say that we will not send anyone outside India. Do it with courage.

SHRI MORARJI R. DESAI: There is some misunderstanding about it. This is not the allowance for being spent there. Really speaking, this is provided for an emergency when the person may be stranded when returning here on the port or at the station somewhere and he may have no money. He is given another allowance for spending in the foreign countries. That is a different thing altogether. There is a foreign exchange which is given for that. This is not supposed to be that foreign exchange.

PROF. A. R. WADIA: I have had the benefit of that foreign exchange but I also know of people who have been allowed to leave India with Rs. 75 in the pocket and no foreign exchange allowed there.

SHRI MORARJI R. DESAI: That is because they are told that they will not be given and still they go because they think that they have friends there who will pay for them.

PROF. A. R. WADIA: Is it possible for anyone to believe that people can leave India, go to a foreign country and—whatever they may say—that they will have friends or relations who will meet all their expenses? It is not possible.

SHRI MORARJI R. DESAI: True. Rs. 75 will not be enough at all there at any time, if they go out at all.

PROF. A. R. WADIA: That is exactly what I say. It would be much more honest not to permit them to go because nobody, I can assure the hon. Finance Minister, is satisfied with Rs. 75 and spends only Rs. 75 during his stay, whether it may be of 2 weeks or two months. It is an eye-wash. I am sure the Finance Ministry ought to know about it.

A suggestion has already been made that the number of delegations ought to be restricted and I think, considering our difficulties of foreign exchange, that is a very sensible proposal. We have had far too many of the so-called cultural delegations or other delegations. They could easily be restricted. Even after restricting the number of delegations, it is very desirable to reduce the size of these delegations. In one case, I know that the Indian delegation far exceeded the delegation of so powerful and wealthy a country as England. I don't know if it was necessary to have such large delegations sent out from our country.

SHRI V. K. DHAGE (Bombay): Which was that delegation?

SHRI MORARJI R. DESAI: Was it the one in which you went?

PROF. A. R. WADIA: Yes. Then there is another small economy which was suggested in this House two years ago.

SHRI V. K. DHAGE: Which was that delegation?

PROF. A. R. WADIA: The International Conference of Social Work where a delegation of U.K. was of about 12 or 13 and ours was about 40. U.K.'s was about one-third in size.

SHRI MORARJI R. DESAI: Twenty-five.

PROF. A. R. WADIA: Twenty-five actually came but permission was given to more. It was for 35. All right, I accept that figure. But it was double that of U.K.

I remember Prof. Humayun Kabir, before he became a Minister, made a very useful suggestion on the floor of the House that a considerable economy might be effected in connection with the printing of Parliament papers in Hindi. Now I find that they are distributed to all of us, whether we use the Hindi literature or not.

SHRI V. K. DHAGE: No. I think they are being distributed to those who want it.

PROF. A. R. WADIA: I myself carried a load which I did not want.

SHRI MORARJI R. DESAI: You may not have said that you don't want it.

PROF. A. R. WADIA: If I am asked, I am prepared to say.

भाचार्य रघुबीर : (मुम्बई) : मेरा मुझाव यह है कि अंग्रेजी के बन्द कर दिये जायें ।

SOME HON. MEMBERS: No.

PROF. A. R. WADIA: My friend will have to face many more difficulties before he can have that.

भाचार्य रघुबीर : अंग्रेजी बन्द करनी होगी । अंग्रेजी यहाँ बहुत दिनों तक नहीं चल सकेगी । यह अंग्रेजों का देश नहीं है ।

PROF. A. R. WADIA: I thought he was referring to other parts of India than U.P. and Madhya Pradesh. This is a humble suggestion. I suppose in a budget of hundreds of crores, this is a very small item but even a little bit counts and I think it is desirable not to waste money in this fashion. On the whole, I am satisfied with the Budget and I trust the Finance Minister will have the courage to scrap some of the taxes which have proved a failure and which are likely to prove a failure. The abolition of the Expenditure Tax will create a great psychological effect. I think the people are really frightened at the present moment. The last two Budgets were really frightening; I suppose, the fright has become less because we have got used to it, but the fact remains that it will be a great psychological gain if taxes are levied on the basis more of common-sense.

SHRI SONUSING DHANSING PATIL (Bombay): Mr. Deputy Chairman, I offer my sincere congratulations to the hundredth Budget presented on the sixty-fourth birthday of the hon. Finance Minister. It has brought in many birthday gifts and it had a big reception. One of the most outstanding features of the Budget is the drastic cut which was so needed in the Defence Expenditure and the cut is to the tune of Rs. 35.46 crores. The audit reports on the working of the Defence Services amply justify this cut and I hope that the hon. Finance Minister will see if we could go further and if any substantial cuts are possible. In this connection, I would humbly urge that the A.C.C. as it is called, the Auxiliary Cadet Corps which is a very cheap organisation and which goes to the making of national character, national discipline and to the making of responsible citizens and to nation-building, should have more and more provision by cutting unnecessary expenditure in the defence organisations.

Defence services and the Railways are the fondled children of the Central Government and if I were to use

a Hindi saying—I am very weak in Hindi—

“अन्धा पीसता है और कुत्ता आटा खाता है”

That is to say, the blind man goes on grinding and the dog goes on eating the flour. As a matter of fact, the Railway Budget, according to me, should not be separate from the General Budget, though there might be strategic grounds for doing so in a free and independent country. The contribution that the Railways make to the general revenues is hardly satisfactory and they are adopting a conventional rate of 4 per cent. fixed interest, whereas the capital-at-charge is Rs. 1,351 crores. As a matter of fact, we expect at least 5 per cent. of return on this capital-at-charge. And this monopolistic national undertaking gets further concession also, because when there is a corresponding excise duty now imposed on diesel oil, that goes to show a sort of preferential treatment to the Railways. I am afraid if the hon. Finance Minister brings to bear his fresh mind to this problem of the Railway Budget, he will see that it needs very close scrutiny and that it must be taken out from the hands of the old official Board for the Railways which had been established long, long ago and which is absolutely detached from non-official representatives' co-operation.

Thirdly, I would humbly suggest that the period of the Budget from 1st of April to 31st of March is ill-suited to Indian conditions. This has been my suggestion from as early as June, 1956. But the usual reply is that the balance of advantages is more in favour of the present system—the stock reply. Well, all that I would say now is that the suggestion made in the Estimate Committee's Report is worthy of being kept in mind and it must be taken into consideration. There is much suffering all round and there will be larger employment potential when the money is spent in the lean months of the year in the rural areas, where there is so much of unemployment and under-employ-

ment. This can also be passed on to the various States and if the hon. Finance Minister takes a bold step in this matter, I think the country would be under a great debt of gratitude to him.

It is also apparent in the Budget that there is no over-emphasis on the socialist pattern of society though this objective was officially adopted. To satisfy the socialist prejudice, one may be inclined to destroy the incentive to capital formation; but the hon. Minister has safely avoided doing that. The experienced administrator that he is, this Budget supplies us the best demonstration of his experience and robust commonsense. This is the most practical Budget ever presented and no Finance Minister could have excelled him in this mighty task. It is not a presentation of an academic economist, but of a person who understands things and who puts first things first. Leaving a deliberate gap of Rs. 58.32 crores as deficit also appears to be suggestive. I am trying to probe into his mind. Probably he may be having certain further considerations and further curtailing of unproductive expenditure in several Departments, for this is one of the essential things in the Central Budget. The Finance Ministry will have to set right all wasteful expenditure in several Ministries which go in a happy-go-lucky manner. We know grants lapse in the Ministry of Education, and in the Ministry of Information and Broadcasting. The estimates of the Defence Services are too well-known to be referred to here. There is always no proportion between the requirements and the assessments.

One comment is that the Budget mocks at the Nagpur Resolution, and I think the hon. Member, the Leader of the Opposition, had a casual lapse into political extravagance and he said that this is a mockery of the Nagpur Resolution which refers to the Plan and to the land reforms. Of course, land reform is a subject for the States and many States have already taken the requisite steps, though there are

a few States where the ceiling on present holdings is not yet adopted. But even then, this Budget keeps in view constantly and actually the socialist pattern of society which means ultimately economic progress or development of the country by giving the necessary incentive both to the public and to the private sectors, and safety to the common man. The common man is not altogether forgotten.

The criticism is that this is a mortgaging Budget. But in our developing economy there are some unstable things and one has to resort to foreign assistance when the pace of the development has to be stepped up. But that does not mean that this is a mortgaging Budget, in the sense that there are political strings or conditions attached to them. This has been made amply clear and there is frankness and there is honesty both in the President's Address and in the speech of the hon. Finance Minister. The question is one of more production, both in the agricultural and in the industrial fields. But the pace is not adequate or commensurate with our needs and there is a little slackness. This may be due to the various plans not yet starting to give results and when they do after some years, things will improve. It may be due to the so-called worsening of the employment situation. There is the employment situation which has been sought to be painted as worsening. It is not worsening as such, because the country is always sandwiched between the organised groups of capitalist interests and organised groups of workers including the intelligentsia and the bureaucracy. The lower middle-classes and the upper middle-classes are always articulate with their demands and they are very susceptible to changes. But the inarticulate, down-trodden masses have no representatives and we find that the Finance Minister has tried to hold the scales even. In one of the cartoons which I have got, the hon. Finance Minister is shown walking between and located between the common man and the private sector. He

[Shri Sonusing Dhansing Patil.]

has put his hand on the shoulder of the private sector, indicating that it will be given some encouragement. That encouragement is there in the abolition of wealth-tax and the tax on dividends. There is apparent jubilation in certain quarters, in the stock exchange circles or the business circles. But I read in the "Times of India" that the profits that the business community will be deriving will be rather illusory. That was the comment there. Whether that is correct or not, time will decide. But the position remained that there was a lot of misunderstanding about this wealth tax on corporations and in order to clear that atmosphere of uncertainty, possibly, this new departure is made now and relief is given to them and to the sugar industry and the tea industry and to the corporations. But one of the comments is that the shareholders are reduced to the status of salary earners. This is also a comment which should be taken into consideration and this means that there are mixed reactions, not overall jubilation on this point. The question of adjusting a budget, in a country like India where the bulk of the population is at or near the poverty line is rather difficult and even though one tries one's utmost, one has to keep constantly before one's mind's eye the context of the Plan and the annual exercise of the Budget on the Plan. The Plan is now curtailed from Rs. 4,800 crores to Rs. 4,500 crores and indeed we are executing only the core of the Plan. I have not been able to see whether there is any substantial curtailment in the Plan expenditure though the comment is that we have almost depleted our foreign exchange resources and the picture that is painted by some of the critics is rather pessimistic but there is an assurance in the speech and when he gives the assurance, there will be clear understanding that the country's economy is now being maintained at an even keel and it has already made a beginning towards a self-sustaining economy. Whether it will be self-reliant

or self-generating or whether it will cross the threshold and, if so, how soon, are all matters to be discussed and that is why he made an earnest appeal for more efforts, more saving, more discipline in the community and more sacrifice. These are appeals which are coming from the Finance Minister who is seeking co-operation from all sides and who wants that our economy should be self-sustaining through more and more production.

In respect of agricultural production, I have to say that production of food is a little bit stagnant. The production of commercial crops has gone up. The additional impost on diesel oil will have some sort of adverse effect on the production of commercial agricultural crops but that the commercial crops are able to sustain because after all, agriculture has contributed only 10 per cent. to the tax-pool. It is a matter for serious consideration whether agriculture at the present level can be improved and, if so, what are the means to do it. For that purpose also, a sum of Rs. 24.22 crores has been provided for the import of about 15.84 lakh tons of fertilisers but, taking the overall need of the country which is about 18.34 lakh tons, the import of fertilisers—the single factor which goes into the production of commercial crops—is still less. I would have been happy if the Finance Minister had made provision for the import of the full quantity.

The other question, Sir, is about the food policy. It has been the matter of discussion on several occasions but once a decision has been made, then the country is not going out of that policy. I will venture to suggest in this respect that if really we have to rehabilitate food production, then the Ministry of Food and Agriculture and the Ministry of Community Development must go from the Centre and the amount must be distributed to the States. There is unnecessary duplication with this Ministry only being charged with the task of distribution and not being responsible to production, only relying on the food imports year in and year out thereby

making the country's position a little bit awkward. It is as if—and I may be excused for saying so—there is a curious coincidence in the name of Ajit Prasad Jain and it is styled as the Ajit Prasad Jain policy. 'Ajit' means unconquerable; when the situation is unconquerable, you arrange for imports from abroad and . . .

SHRI BHUPESH GUPTA: And, 'Prasad' means doles, unconquerable doles.

SHRI SONUSING DHANSING PATIL: I do not blame the Food Minister for that because he has got his own complaints and that is the subordinate position given to the portfolio of agriculture. Unfortunately, in the Central Secretariat, there is no realism about this problem. The problem has to be handled by some stern man. If it is at all to be handled in the Centre, then the Ministry of Food and Agriculture and the Community Development Ministry should be combined and the responsibility of food production must be placed on that body.

MR. DEPUTY CHAIRMAN: That will do, Mr. Patil.

Mr. Anand Chand is not here.

श्री शीलभद्र याजी : माननीय उपाध्यक्ष महोदय, हमारे वित्त मंत्री जी ने एक यथार्थवादी होने के नाते जो एक यथार्थवादी यानी रियलिस्टिक आयव्ययक, बजट, पेश किया है, उसके लिये मैं उनका धन्यवाद करता हूँ। बजट में काफी रुपये का डेफिसिट है उस घाटे को पूरा करने के लिये किस तरह से व्यवस्था होनी चाहिये, इस पर हमारे सामने वित्त मंत्री जी ने कोई रोशनी नहीं डाली है।

इस हाउस में तथा इस हाउस के बाहर भी जो हमारे मुखालिफ हैं या जो नुकता-चीनी करने वाले हैं, उनकी तरफ से आवाज

उठी है कि शासक दल ने यद्यपि नागपुर में अपनी पार्टी के अधिवेशन में समाजवाद की घोषणा तो की है तथापि यह बजट समाजवाद से कोई वास्ता नहीं रखता। वे यह नहीं जानते कि समाजवाद कोई दालभात खाने वाली चीज नहीं कि समाजवाद की घोषणा हो गई और फिर एकदम से समाजवाद की स्थापना भी हो जाये। घोषणा होती है और फिर उसके बाद उस पर अमल करने के लिये योजना बनती है। रूस और चीन में जहां डिक्टेटरशिप है, वहां भी पांच-पांच वर्ष की योजनाएँ बनीं, प्लानिंग हुआ, तब जाकर तीस बरस में रूस में समाजवाद की स्थापना हो सकी। यहां पर जब इस तरह की कोई बात होती है, कोई बजट आता है या किसी तरह की बहस होती है, तो उसमें बराबर यह कहा जाता है कि शासक दल तो समाजवादी है, नागपुर में उसने समाजवाद की घोषणा तो की लेकिन इस बजट में समाजवाद की कोई गंध मालूम नहीं पड़ती, उसकी कोई रूपरेखा नहीं है। तो मैं उन समालोचकों को यह कहना चाहता हूँ कि समाजवाद की स्थापना के लिये जो हमारी योजना है, और खास तौर से द्वितीय पंचवर्षीय योजना के लिये ४,५०० करोड़ रुपये खर्च होने की जो बात है और जिसके लिये बजट में व्यवस्था की गई है, और जिसके बारे में हमारे वित्त मंत्री जी ने कहा कि ये ४,५०० करोड़ रुपये खर्च होने के बाद जो हमारी तृतीय पंचवर्षीय योजना बनने वाली है, वह और भी लम्बी चौड़ी होगी और उसमें प्राइवेट सेक्टर और हमारे पब्लिक सेक्टर दोनों तरफ से कुल मिलाकर करीब एक खरब रुपये खर्च होंगे; तो इन सब चीजों के लिये रुपया लाने की जरूरत है और हमारे यहां रुपये की कमी है। यह जरूर है कि विदेशों से भी हमको सहायता मिलनी रहती है, रूस से हमको सहायता मिलती है, अमेरिका से सहायता मिलती है, जापान से भी मिलती है। लेकिन वित्त मंत्री के लिये यह भी वांछनीय है कि आज देश में जितने विदेशी इन्वेस्टमेंट्स, पूंजी तथा

[श्री शीलभद्र याजी]

उद्योग हैं, उनको जल्दी से जल्दी, जैसा कि चीन ने किया कि नाममात्र का मुआवजा देकर इस प्रकार के उद्योग धंधों को अपने हाथ में कर लिया, उसी प्रकार हमको भी नेशनलाइज करना चाहिये। यदि हम भी ऐसा करेंगे, तो उससे काफी रुपये की बचत हमको हो जायेगी और साथ-साथ हमारे यहां प्राइवेट सेक्टर का जहां जहां इंतजाम अच्छा नहीं हो रहा है, ठीक तरह से कारखाने नहीं चलते हैं, उनको भी अपने अधिकार में लेकर हमारे यहां जो वास्तु मैनपावर (vast manpower) है, उसको उसमें लगायें तो हमारी जो रुपये की कमी की समस्या है, उसका समाधान हो सकता है।

इसके साथ साथ मैं प्राहिबिशन के सम्बन्ध में कुछ कहना चाहता हूं। हमारे वित्त मंत्री जी इस प्रश्न पर कड़ा मत रखते हैं, लेकिन मैं कहता हूं कि जो हमारी मौजूदा प्राहिबिशन पालिसी है वह पालिसी ठीक तौर से नहीं चल रही है। मैं कोई प्राहिबिशन के खिलाफ नहीं हूं, लेकिन जिस तरह से अभी प्राहिबिशन के सिलसिले में करोड़ों रुपये हमारे बर्बाद हो रहे हैं, बहुत सारा रुपया जाया हो रहा है, उसको देखते हुए जो हमारी मंशा है, जो मकसद है कि हम प्राहिबिशन लागू करके लोगों की सेवा करें, वह भी पूरा नहीं हो रहा है। इसलिये जरूरी है कि संविधान में जो हमने कहा है कि प्राहिबिशन होना चाहिये, उसके लिये सही पालिसी बरतनी चाहिये, क्योंकि जो पालिसी हमने अभी अपनाई हुई है उससे काम चलने वाला नहीं है। मेरे विचार में प्राहिबिशन के काम को जितनी राजनैतिक पार्टियां हैं, समाजसेवी पार्टियां हैं, उनके हाथ में दे देना चाहिये। वे जाकर जनता को समझायें कि मद्य पीने से क्या खराबी होती है। इस तरह से गवर्नमेंटल मेजर से जो हमारे करोड़ों रुपये बर्बाद हो रहे हैं, उसके ऊपर हमारे वित्त मंत्री को कंट्रोल होवना चाहिये; हालांकि मैं

जानता हूं, उनका इस मामले में बड़ा स्ट्रांग व्यू है, बड़ा कड़ा खयाल वे रखते हैं। करोड़ों रुपया हमारे हर एक प्रान्त में बर्बाद हो रहा है, और मद्यनिषेध का हमारा मकसद भी पूरा नहीं हो रहा है और शराब के नाम पर लोग बुरी बुरी चीजें सेवन कर रहे हैं। मकसद हमारा बनता नहीं है और लोग स्प्रिट पीते हैं, पैट्रोल पीते हैं और न जाने क्या क्या भयंकर चीजें पी रहे हैं। इसमें भ्रष्टाचार का भी बोलबाला हो रहा है। कहने के लायक चीज नहीं है, इसमें किसी की कमाई नहीं चल रही है और करोड़ों रुपया बर्बाद हो रहा है। ५८ करोड़ रु० का हमें जो बजट में घाटा होता है, उसको पूरा करने के लिये और यदि तृतीय पंचवर्षीय योजना हमें सफल बनानी है और उसके लिये हर एक स्टेट गवर्नमेंट को जो रुपये की जरूरत है, उसको पूरा करने के लिये, मैं समझता हूं हमारे वित्त मंत्री जी जितने भी राज्य सरकारें हैं, उन सब को यह कहें कि यह प्राहिबिशन की पालिसी अभी जिस तरह से चल रही है, उसको बन्द करने की जरूरत है। ऐसा मैंने इसलिये कहा, क्योंकि उसमें हमारा बेस्ट आफ रेवेन्यू हो रहा है।

इसके साथ साथ मुझे यह कहना है कि हमारे देश में विदेशी शराब जो बिकती है, उसके इतने दाम बढ़ा दिये जाने चाहियें ताकि लोग उसका इस्तेमाल कम कर सकें और सरकार की आमदनी भी बढ़ जाय। अगर सरकार विदेशी शराब के दाम को बढ़ा देगी, तो इसका असर यह होगा कि लोग ज्यादा दाम होने की वजह से कम पीयेंगे और सरकार को जो हानि प्राहिबिशन से होती है, वह भी नहीं होगी। इसलिए सरकार को अवश्य विदेशी शराब के दाम बढ़ा देने चाहिये। इस समय हमारे देश में प्राहिबिशन की जिस तरह से पालिसी चल रही है उसको एकदम बन्द कर देने की जरूरत है। इस समय हमारे देश में द्वितीय

पंचवर्षीय योजना का कार्य चल रहा है और जल्दी ही तीसरी पंचवर्षीय योजना हमारे सामने आने वाली है। इन योजनाओं के लिए हमें रुपये पैसे की जरूरत है और इस समय हमारा जो बजट है, वह घाटे का बजट है। देश को आगे बढ़ाने के लिए रुपया इस प्राहिबिशन की पालिसी को समाप्त करने से ही आ सकता है। इसलिए इस चीज की जरूरत है और सरकार और जितनी पार्टियाँ हैं, उन सबका यह धर्म हो जाता है कि वे मिलकर इस बात का सब जगह प्रचार करें और जनता को बताने कि शराब पीने से क्या क्या नुकसान होते हैं। अगर इस तरह का सारे देश में प्रचार किया जायेगा तो जनता इस नुकसान को समझेगी और उसका इस्तेमाल करना बंद कर देगी। लेकिन इस समय प्रान्तों में प्राहिबिशन की जो पालिसी चल रही है वह एक तरह से टोटली फेलियर रही है। सरकार चाहे कितना ही समझे कि हमारी पालिसी ठीक तरह से चल रही है लेकिन मैं समझता हूँ कि वह ठीक तरह से नहीं चल रही है। इस समय सरकार को रुपये की जरूरत है और उसके लिए हमको यह कदम उठाना ही पड़ेगा। जैसा कि मैंने शुरू में ही कहा कि घाटे की पूर्ति के लिए और दूसरी और तीसरी योजना को चलाने के लिए हमें रुपये पैसे की बहुत आवश्यकता है। यह रुपया हमको विदेशों के जो इन्वैस्टमेंट हमारे यहाँ पर है या जिन पूँजीपतियों के कारखानों का इन्जाम ठीक तरीके से नहीं चल रहा है, उनको नेशनलाइज करके और नाममात्र का मुआवजा देकर पूरा किया जा सकता है। हम किसी दूसरे की सम्पत्ति पर जबर्दस्ती कब्जा नहीं कर सकते हैं, इस तरह का कार्य तो डिक्टेटरशिप में होता है। हमारा तो एक जनवादी समाजवादी देश है और हम जिन चीजों का राष्ट्रीयकरण करेंगे, उनके लिए कुछ न कुछ मुआवजा देंगे। इस तरह से सरकार अपनी आमदनी

बढ़ा सकती है और अपनी योजनाओं को कार्यान्वित कर सकती है।

हमारे कामरेड भूपेश गुप्त बहुत गरम होकर बारबार नागपुर रिजोल्यूशन के बारे में कह रहे थे कि वह कागज पर दिखावे की चीज है और एक मौकरी है। श्री गुप्त जी को मौकरी कहने की आदत हो गई है और बारबार वे इस शब्द का प्रयोग करते हैं। उन्होंने नागपुर प्रस्ताव के संबंध में यह कहा कि उनकी पार्टी इसमें सहयोग देने के लिए तैयार है, मगर मैं कहता हूँ कि यह उनकी मौकरी है कि जो बारबार उनकी पार्टी की ओर से कहा जाता है कि कम्यूनिस्ट पार्टी कांग्रेस के नागपुर प्रस्ताव को अमल में लाने के लिए मदद देगी। सिर्फ कोआपरेटिव ढग से खेती करना ही समाजवाद नहीं कहा जाता। समाजवाद में तो सभी चीजों का राष्ट्रीयकरण होता है। कोआपरेटिव ढग से खेती करने के लिए लैंड की सीलिंग फिक्स करनी होती है, जमीन का मुआवजा देना होता है, जिस तरह से हमने जमींदारों को दिया। नागपुर के प्रस्ताव को कार्यान्वित करने के लिए जो तरीका अपनाया जाने वाला है, वह तो देश को सोशलिज्म की ओर ले जाने का एक प्रयास मात्र है। नागपुर में प्रस्ताव पास करने का मतलब तृतीय पंचवर्षीय योजना की अवधि में खेती के उत्पादन में दुगुनी वृद्धि करना है और यह सर्विस कोआपरेटिव फार्मिंग में ही हो सकता है और इसके लिए हमें लैंड की सीलिंग फिक्स करनी होगी। यदि उस लक्ष्य को प्राप्त करना है तो हिन्दुस्तान की तमाम राजनीतिक पार्टियों को अपना यह धर्म बना लेना चाहिये कि उस प्रस्ताव को कार्यान्वित करने में अपना सक्रिय सहयोग दे। यह काम हमें मुस्तैदी के साथ करना होगा, न कि लिप-सम्पैथी

[श्री शीलभद्र याज्ञा]

दिखाकर। तीसरी पंचवर्षीय योजना को सफल बनाने के लिए सभी पार्टियों का सहयोग जरूरी है। इसमें किसी एक पार्टी को यह नहीं समझना चाहिये कि इस तरह का सहयोग देगे, तो यह सरकार लोकप्रिय हो जायेगी। जो भी पार्टियां समाजवाद में विश्वास करती है उनका कर्तव्य है कि सर्विन कोआपरेटिव फार्मिंग और लैंड सीलिंग के प्रस्ताव को लागू करने में अपना सहयोग दें। इस तरह के सहयोग से ही यह काम पूरा हो सकता है।

हमारे हिन्दुस्तान की आबादी दिन पर दिन बढ़ती जा रही है। बजट में फैमिली प्लानिंग के वास्ते रुपयों की जो व्यवस्था की गई है वह बहुत कम है, उसको दुगुना करना जरूरी है। इस कार्य में अगर हमें सफलता प्राप्त करनी है तो हमें इस योजना को देहात देहात में फैलाना होगा और उसके लिए प्रचार करना होगा। अगर देहात में सचमुच किसी किसान के दो तीन लड़के हैं और वह परेशान हो गया है कि आगे बच्चे न हों, तो उसके लिए जल्द से जल्द फैमिली प्लानिंग की व्यवस्था करनी चाहिये। इस चीज के लिए बजट में जितना रुपया रखा गया है, वह बहुत कम है। उसको अवश्य दुगुना कर देना चाहिये। इसका कारण यह है कि हमारे देश की आबादी में हर साल ५० लाख की वृद्धि हो रही है। हम तीसरी योजना में अपना अनाज का उत्पादन दुगुना करना चाहते हैं और करीब ६० लाख आदमियों को रोजगार देना चाहते हैं, जिससे कि बेकारी की समस्या हल हो। अगर हमारे देश में आबादी इसी रफ्तार से बढ़ती रही, तो न हम लाखों आदमियों को नौकरी दिला सकेंगे और न ही अपना अनाज का उत्पादन दुगुना करके उससे लाभ उठा सकेंगे; क्योंकि इस तरह से आबादी बढ़ती रही, तो तीसरी योजना में करीब

२½ करोड़ आदमियों की समस्या और खड़ी हो जायेगी, जिससे हमारी खाद्य समस्या का समाधान नहीं हो पायेगा। इस तरह से हम न अपनी बेकारी की और न ही खाद्य की समस्या का समाधान कर सकेंगे। इसलिए मेरी प्रार्थना है कि बजट में फैमिली प्लानिंग के लिए जो रकम रखी गई है वह अपर्याप्त है, उसको अवश्य दुगुना कर दिया जाना चाहिये। यदि हम हिन्दुस्तान में बर्थ कंट्रोल के जरिये आबादी को रोकना चाहते हैं, तो उसके लिए बजट में जो प्रोविजन किया गया है उसको दुगुना करना जरूरी है। इसके साथ ही साथ देहात-देहात में, गांव गांव में, जो लोग इस चीज की सुविधा की मांग करते हैं उनको दिया जाना चाहिये। यदि हमें आबादी को आगे बढ़ने से रोकना है और दूसरी तरफ नागपुर का जो रिजोल्यूशन सर्विस कोआपरेटिव का है, उसको सफल बनाना है, तो इसमें सभी पार्टियों का कोआपरेशन मिलना जरूरी है। अगर हमने इस तरह कार्य किया तो हमारी जो भी समस्याएं हैं, उनका समाधान हो जायगा और जो घाटे का बजट है, उसकी पूर्ति भी हो जायेगी।

जैसा कि मैंने शुरू में कहा, माननीय मंत्री जी के प्राहिबिशन आदि के बारे में ख्यालात बहुत स्ट्रोंग है। वे यदार्थवादी हैं, रियलिस्टिक हैं, उनको रियलिस्टिक होना जरूरी है। लेकिन उनकी जो प्राहिबिशन की पालिसी है, वह सचमुच टोटली फेलियर हो गई है। वह नहीं चल पा रही है, वह केवल कागज पर चल रही है। यदि वह हठवाद को त्याग दें, तो जो करोड़ों रुपया हमारा बरबाद हो रहा है, वह बचाया जा सकता है।

MR. DEPUTY CHAIRMAN: Mr. Bisht.

SHRI J. S. BISHT: I thought I gave my name for tomorrow.

Mr. DEPUTY CHAIRMAN: Just begin. There is one minute more.

SHRI J. S. BISHT: Mr. Deputy Chairman, Sir, I heartily congratulate the hon. Finance Minister for his very excellent Budget and at the same time let us congratulate ourselves and the country at large for the very light burden that he has imposed on us in spite of the fact that the demand on the public revenue is so very large. Sir, the hon. Minister has budgeted for a deficit of nearly Rs. 81 crores out of which he has covered by new taxation proposals only about one-fourth of it, that is to say, nearly Rs. 23 crores and to that extent we are entitled to congratulate ourselves for the manner in which we have escaped heavy taxation.

Mr. DEPUTY CHAIRMAN: You can continue tomorrow.

4 P.M.

FIFTH ANNUAL REPORT OF THE INDIAN AIRLINES CORPORATION

SHRI V. PRASAD RAO (Andhra Pradesh): Sir, I beg to move:

"That the Fifth Annual Report of the Indian Airlines Corporation together with the Statement of Accounts for the financial year ended 31st March, 1958, laid on the Table of the Rajya Sabha on the 10th December, 1958, be taken into consideration."

Sir, it is more than five years since we had nationalised our airlines. Five years are enough time for us to review the progress made by our Airlines Corporation to observe its trends of development, to assess what more is to be done, and to see that our airlines function more efficiently, bring us more revenues and give better service to our countrymen. If we broadly see, Sir, most of the airlines in the world are not self-sufficient. I am not saying this to pat ourselves on

our back that our Indian Airlines Corporation, and incidentally the Air-India International, have done their best and nothing more is to be done, but I want to point this out in answer to those friends who are crying about free enterprise that because the airlines were nationalised, efficiency did not increase, profits did not go up, and that, but for this, the situation would have been better.

I think, Mr. Deputy Chairman, the whole country is aware of the circumstances in which we had actually taken over these airlines. They were not as rationalised or systematised or as good a pattern as at present. The training that was given to the crew was of a varying nature. The aircraft that were utilised by more than half a dozen companies were not positively suitable for the conditions of operation in our country but mostly they were eclectically acquired from the surplus stores left in India. In such a situation we had taken over the airlines. I do see the progress that has been made. In 1953-54—it was only eight months' working, and the Corporation has worked out, has calculated the average for twelve months—we were carrying passengers to the tune of 4 lakhs. Today in the period covered by the Fifth Report, roughly 6 lakhs of passengers are carried. It is a progress, there is no doubt about it. Not only that, the whole organisation is coming to shape now. The different loyalties that were existing to different airways are all merging together, and the common concept of a single National Airways is coming; that consciousness is being instilled into the staff and others. This is a positive achievement. Further I can say that after Air Commodore Lal has taken over the Indian Airlines Corporation, certainly there is further improvement. He certainly deserves on that score congratulations from our side.

Sir, having said this much, I now want to focus my attention on some of the glaring and crying defects that are there in this organisation. If it is