

[Shri Bhupesh Gupta.] regardless of human suffering it causes. Now, Sir, I am not as such opposed to slum clearance. I do want these shameful slums to be eliminated. But at the same time I want that the Government should arrange some alternative accommodation for those people who are to vacate their slums. Responsibility should be taken also in this regard. But that is not done. I do not know whether the Government is going to do that.

Then, Sir, with regard to compensation, well compensation here is a very vague term. If compensation has to be provided for, then what is necessary is to ensure adequate and fair compensation to the small agriculturists and other small men, and nominal compensation to the rich people. But the Government functions in the opposite direction, *i.e.*, more money to the rich, and as far as the small men are concerned, their interests are absolutely disregarded. These are some of the criticisms that I want to make about this Bill.

(Time bell rings.)

SHRI KAILASH BIHARI LALL: Sir, I do not want to make any observations on this Bill. But I only want to point out that the hon. Minister said that he would correct the mistake that he had committed during the course of discussion on this Bill which was referred to the Select Committee. He had, in his reply, put some words in my mouth which had been uttered by some other Member. So I thought . . .

MR. CHAIRMAN: *(To the hon. Minister)* You attributed some words which he never uttered.

Shri B. N. DATAR: That is quite correct, Sir.

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

THE APPROPRIATION (No. 5) . BILL, 1957

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI) : Sir, I beg to move:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1957-58, as passed by the Lok Sabha, be taken into consideration."

Sir, this Bill arises out of the Supplementary Demands of Rs. 1-42 crores voted by the Lok Sabha on 14th December and the expenditure of Rs. 31'64 crores 'charged' on the Consolidated Fund of India as detailed in the Supplementary Demands Statements presented to the House on 3rd September, 1957 and 6th December 1957.

The total additional expenditure is of the order of Rs. 3306 crores of which Rs. 32- 55 crores will be met from revenue and the balance of Rs. 11 lakhs from Capital. The reasons for the Demands have been explained in the foot-notes of the Supplementary Demands Statements. I do not therefore propose to take the time of the House in dealing at length with them except to mention briefly, that the total additional commitments, comprise of Rs. 31'44 crores for increased allotments to States party as a result of the Finance Commission's recommendations and partly on account of the additional excises approved by Parliament in the last session and Rs. T07 crores for meeting the expenditure on the newly create'd Administrative Unit of Naga Hills-Tuensang Area. The House will recall that this Unit of Naga Hills-Tuensang Area has been set up with effect from 1st December, 1957, under the provisions of the Naga Hills-Tuensang Area Act, 1957. The provision included for this purpose has been adopted on the basis of the existing provision in the budget of the Assam Government for the Nana Hills District and in Grant No. 23 Tribal Areas for the Tuensang area.

A sum of Rs. 24 lakhs is expected to be surrendered in Grant No. 23 on this account. On the Capital side, apart from some minor amounts for certain decretal awards, Rs. 13 .0 lakhs are required for the purchase of shares in a company floated for the supply of iron ore to the Durgapur Steel Plant. A token provision has also been included for the conversion of the National Instruments Factory into a private limited company under the Companies Act. Sir, I move.

MR. CHAIRMAN: Motion moved:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1957-58, as passed by the Lok Sabha, be taken into consideration."

SHRI H. D. RAJAH (Madras): Sir, this Bill introduced in this House demands certain appropriations from the Consolidated Fund of India and specially a large amount in respect of the Naga Hills. Now the story of Naga Hills is a story of adventure, struggle and fight by certain groups to get out of India. There is something more to be said about it. With regard to these Nagas, their fight to separate from this country, as I said once before, is actuated by foreign elements and foreign influences. Now recently the Prime Minister held a conference and certain reputed leaders of the Naga Tribes came here with a resolution supposed to have been sponsored by the majority of Naga tribesmen and more or less that Resolution was accepted by our Government and subsequently the Naga territory became the sole responsibility of the Government of India. I would like to know whether at that time, when this decision was taken by the Government, they consulted the Assam Government and what was their view in the matter. I am told that there was serious difference of opinion between the Assam Government and our Government of India and subsequently the Assam Chief Minister had to vacate his post. If that was the thing, I would like to

know more details about them before we are asked to vote for this.

Secondly, how far the operations in the Naga Hills are going on? Have they been completely stopped now? By the acceptance of the Resolution passed by the Naga Tribes, have we come to a peaceful settlement and is there no trouble about it? But from what I heard and what is even admitted on the Government Benches, the Naga hostiles are still carrying on the struggle. The Leader of the Nagas, Phizo is still uncompromising in his attitude towards us in this country. Really in one of the statements made by him, the Prime Minister said, 'I do not know how far it is true that Phizo is in touch with Subash Chandra Bose.' He himself made that statement and then he said that he has no knowledge whatsoever. I would ask the Government in all seriousness to let us know whether they have got complete information, whether Subash Chandra Bose is dead or not dead. The Prime Minister paid a recent visit to Japan.

MR. CHAIRMAN: Shri Rajah, these are all questions about foreign affairs and the Finance Minister is not directly responsible for that. As for the communication between the living and the dead, that is another matter.

SHRI H. D. RAJAH: Nagas are very much in the picture. The Finance Minister wants to squander or pay or do whatever he likes with certain crores of rupees on Nagas. So the Nagas come into the picture and therefore when Nagas come into the picture, we go into the history of Nagas and what struggle they are having, whether this money spent on them is worth while. And subsequent events arise out of the Naga struggle. These are important questions ...

MR. CHAIRMAN: But he cannot answer them.

SHRI H. D. RAJAH: That is the question with which we are faced in this House. I would like to know what was the response with regard to that matter. If the answer is that we are spending this money because now it has become a direct responsi-

[Shri H. D. Rajah.] bility of the Central Government and we have takui over upon ourselves the responsibility of running the Naga territory and therefore this money is worth spending on them, that there will be no more trouble and the military expenditure which we are incurring is going to be stopped and there is no problem for us, that there is peace and contentment and our objective is to see by separating them from the Assam State, we have brought about a solution by which the peaceful settlement of Nagas has been established, then this money is worth spending. If some such assurance is forthcoming from the Government, we will be glad and there is nothing for us to prevent them from spending any money. But spending this amount by taking over the territory directly under the responsibility of the Central Government and also employing all the military forces there to suppress a rebellion which is still going on there led by Phizo is not a thing which I would very much like to appreciate. The attempts to suppress the Nagas have been like the attempts of the British people trying to prevent the jungle warfare in Malaya. They made an apparent offer and the jungle warfare has not stopped. Therefore in a similar way, when there is struggle in a certain territory which is part of India, a territory which is occupied by hostile tribes in the North Eastern frontier, if you have taken over the responsibility of administering them directly, the peace and tranquility of India are affected in that area. The peace and tranquility must also be maintained and your soldiers who are the watchmen of our country's integrity and freedom have to be in peace there. Recently I read * in a paper—I don't know whether it is true or not—it was not contradicted, that 7 security officers who have been deputed to certain villages in the Naga area have been ambushed and killed. Whereabouts of them were not known for some time. It is only a report in the press that 7 security officers were ambushed by the rebels and killed and there was nothing known about

them further. In a similar way I take it that the struggle for the so-called liberation sponsored by the foreign Christian missionaries is still going on there and I would like to know whether the Government have taken any effective steps to eliminate those foreign evil influences asking these people to separate from India and establish a separate Naga land and whether they have been successful. I would like to hear some sort of a categorical pronouncement from the Government, in which case I shall be happy to vote for this Bill.

SHRI BHUPESH GUPTA (West Bengal): Sir, the hon. Member who spoke just now referred mostly to the Naga question, though obviously his intention was not to introduce a debate on foreign affairs in this House now. He had his own grievance on this matter and it is quite relevant to question certain policies when the Finance Minister is asking for money in respect of those policies.

This House, as also the other, will realise that we were not supporting the policy of the Central Government in respect of this Naga question. We had made very strong criticisms of that policy and we also offered certain suggestions. At the same time, we made it clear and we tried to explain it to the country and to Assam that what the hostile elements were doing, all their hostile activities were wrong and we tried to persuade the Nagas by writing in the press—that is all we can do—urging them to realise that their place was in India and that the whole movement should cease as it was most harmful to them. Unfortunately this movement continues and it was not possible for any political party or parties to combine together and persuade the hostile Nagas to give up this suicidal path and take to the path of negotiations and reach a solution of their problems peacefully, within the organisation of the Indian Republic. In that connection I would also mention that certain suggestions were also made about changes in the Sixth Schedule of the

Constitution. It is also known that a particular provision in the Constitution had been provided to meet the requirements of such a situation. We are glad that though our suggestions were brushed aside at that time¹, now at least in a halting manner, some kind of a change is to be made. Unfortunately that change is not very-satisfactory yet. Then there was the controversy between the Assam Government and the Central Government and today you have seen that a new leader after a lot of trouble, is now created for the Assembly. But I will not go into that now. We should have had proper discussions and there were offers to give advice, but nothing of that kind happened and a kind of unilateral or one-party decision was taken in this matter. And this decision was taken mainly in Delhi. This is not the right way of tackling such problems. If you think you can solve the problem by allocating more funds or by making certain minor changes in the Constitution, you are mistaken, because essentially the problem is a political problem.

Then I come to the publication of Phizo's full letter in the *New York Times*. We should have thought that some hon. Minister, at least the hon. Finance Minister would have carefully read that letter since he is fond of the United States of America. We hope he saw that letter published in the *New York Times*. I have seen his photograph also there.

SHRI H. D. RAJAH: Did it coincide with his visit to the U.S.A.?

SHRI BHUPESH GUPTA: That I leave to him to answer. The whole letter was published in the *New York Times* of America. I do not know why. The American people are ignorant about many things in the world and I do not know why they are so much interested in the Nagas that they should think that this letter has got newspaper importance, and value from the point of view of the newspaper readers. I cannot say why. The letter was published there with a view to ridicule India's foreign

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policy and to put India in the wrong when other matters were being discussed in the Security Council or the General Assembly, or were about to come to the United Nations Organisation and it was also provocation to certain wrong elements. That is why this was done. I would like to know whether the Government of India protested against this thing very seriously, against this publication. You may say, other countries can publish anything in their papers. Yes, they can publish it, but at the same time we are concerned here and we should also protest. I do not mean to say that here is an issue which should be taken to the U.N. for getting a verdict from the U.N. or that it should be referred to the Hague Court. I am not suggesting any such thing at all. Americans can do whatever they like. But when they meddle with our affairs, it is also our duty, it is within our power to raise at least a voice of protest to make our feelings known. But nothing of that sort seems to have been done. I would ask the hon. Finance Minister who has asked for money if he raised this point with any authorities in the United States when he was there. It is no good allowing America to provoke a Naga rebellion and then ask for money to solve that problem. Thus you can get nowhere. You may say, Sir, that I have introduced high politics into this matter; but we have had provocation and we have to fight provocation. That is very important. But Government remained absolutely silent on this matter.

I do not think that by merely spending money or even under this new arrangement you are going to solve this problem I shall be very happy if it can be solved in that way, because it has been always a great pain to us and to everybody in the country that our forces should have been engaged in a kind of war, what may be called fratricidal warfare. After all, they are our people against whom we are engaged in almost a regular war, a miniature war. It should come to an end. In this way it is impossible to deal with a situation like this. I do not think that merely the conference that

[Shri Bhupesh Gupta.] was held and which sent a delegation here offers a solution. Those present were one or two sections of the Nagas readily available to the Government. I do not deny that they also represented some sections. But by and large, the hostiles have a great following. They have got big bases, and Phizo has got some following there, however unfortunate it may seem, and he has got some great following among the Nagas and it is very important that this should be taken into account. Therefore, what I say is, this conference should not be used as a kind of a handle to divide the Nagas. On the contrary it should be utilised for making a proper approach to the other sections of the Nagas so that they could be persuaded to feel that they should have a peaceful solution of the whole problem. That is how it should be done. The whole problem today is political and there should be the proper approach to those Nagas who are still continuing their hostile activities. That is very important.

[MR. DEPUTY CHAIRMAN in the Chair.]

If you spend money on that kind of an approach then, in my opinion, that would be money well spent, because we all want a solution ultimately. We have to bring together all the other sections. Therefore, money if necessary must be spent, by all means. Try to contact them, try to persuade them, discuss among their leaders and make it known to them that they are with us. The whole of India, all parties together, are calling upon them to lay down arms and come to the path of peaceful solution of the problem. For that the initiative has to be taken by the Government. There we cannot even go. Congressmen in a private capacity or Communists or any other party cannot even go there to make an appeal. It is a protected area or, whatever you may call it, an emergency area. But we should discuss this question and we should bring to an end this tragic chapter in the Naga situation. That is most important.

Then I come to these military activities. I think military activities offer no solution whatsoever. It is a drain on the exchequer. It has been condemned. These activities led us nowhere. I am not going into the merits or demerits of the activities from the point of view of certain exigencies of the situation. I am speaking broadly from the political standpoint when I say that it offers no solution.

Therefore, this emphasis should not be there at all. I think, Sir, the amnesty period should be extended. There should not be any qualification or reservation. We should so present the question of amnesty before the entire Nagas no matter on which side of the fighting line they stand that they get the idea that the Indian Government is sincere in peacefully solving this problem, that the Government of India would go to the farthest length to accommodate the Nagas in their aspirations for self-governance, in their aspirations for self-rule and in meeting their right and just demands. That is how the approach should be made. I still feel that approach is not forthcoming from the Government. The statements that are issued lack life; they are couched in bureaucratic terms and they look as if some official, a District Magistrate, is talking to the Nagas. That way you cannot solve the problem. Statesmanship, imagination and sympathy is what is required in a situation like this. We hope, Sir, steps will be taken to solve the problem along that line.

Now, Sir, regarding the other points, the hon. Finance Minister has come for certain supplementary grants. I should like to know from him as a matter of policy, this: when you feel that expenditure on certain items is going to exceed the budget, is it not necessary for Government to enforce economies in order to find the extra resources from the funds already sanctioned? There is a tendency on the part of the Government to spend and then, when an extra item comes up, to ask for money. This is not prudent and this

is not the right way of handling the finances of a country which is going through a tight economic situation. If you find that certain new items of expenditure have come up and they have got to be met, then it is absolutely necessary to see where you can economise. That should be the policy. From the already sanctioned amount, some economy should be made and some moneys should be found. That mentality does not seem to be displayed by the Government at all. We find supplementary grants and demands and all that. I am not opposed to such demands when they are called for and I am all for meeting all legitimate demands but, at the same time, I would like to know what was done in order to save money from other non-essential items to meet such demands. This is how it should be done. We cannot draw so heavily on the resources of the country when we know that the resources are limited.

I will now make a criticism of the Finance Ministry. The Finance Ministry of our country tells us, everybody, that the economic situation is bad. The hon. Finance Minister roams about the country making speeches in which he emphasises the difficulty—financially speaking—we are facing today. At the same time, we do not find any kind of sincere or serious effort on the part of the Finance Ministry to economise on such items where economy is possible and feasible. At least we do not know of any things being done. Yesterday, somebody received a letter from Mr. Asok Sen but the paper is very very cheap. It is all right. Substitute those expensive papers by cheap paper but then, how much money can you say that way? By all means do that. A gesture is good but we have got a number of white elephants in different places. What about those things? That is also very essential to consider.

Coming now to the public funds, I will just give you an example. Moneys are spent and if they are not spent, you could have very easily found the

money from the resources that have been sanctioned already. Take the case of the circus the other day that was held in Calcutta, I mean the inauguration of an electric train. A lot of money was spent. What for? Was it necessary? Couldn't we have saved that? People died because of the accident and other things that took place and all the papers are saying, "Do not please spend money like that". An electric train is not a Sputnik that you have got . . .

MR. DEPUTY CHAIRMAN: This is only a Bill for supplementary grants. It is not a general discussion on budget. Whatever you speak must be on the items of expenditure as embodied in the Bill. So, please be relevant.

SHRI BHUPESH GUPTA: Sense of relevancy varies from person to person.

MR. DEPUTY CHAIRMAN: Anyway, you have to obey me as long as you are here in this House.

SHRI BHUPESH GUPTA: It is a well-known experience of life that the sense of relevancy varies from Chair, from House to House.

MR. DEPUTY CHAIRMAN: But you have got to obey me as long as you and I are here in this House.

SHRI BHUPESH GUPTA: Have I ever disobeyed you? I would shudder to think of doing that, formidable that you are.

I am only telling you what kind of things are there. What I say is, don't always make a claim for additional grants. Save out of the grants that have been made. Suppose your income is Rs. 1,200 and suddenly a family calamity comes. What would you do? Out of that income, you would save money by cutting down some expenditure and you would try to meet the extra demand. That is how you would do it. You do not come and put up a bill for extra pay or allowance? I

[Shri Bhupesh Gupta.] want to know why such a practice could not be put into effect here? I now come in as a relevant person. That is what I am trying to impress upon the Government over this matter. This is an example I wanted to give. Now, let us take the attitude of the Finance Ministry in regard to the interim relief awarded by the Pay Commission. There is a recommendation in that award for giving some relief to the pensioners. The Government has made this known but is absolutely silent as to whether it is going to implement recommendation No. 18 with regard to the pensioners or not. It is very very silent, close-fisted but when it comes to the question of spending money for other things, they spend money like water. We have seen how the funds of the Life Insurance Corporation had been gambled away.

MR. DEPUTY CHAIRMAN: It has nothing to do with the Appropriation Bill.

SHRI BHUPESH GUPTA: We sometimes even go to the *Mahabharata* to justify a case.

MR. DEPUTY CHAIRMAN: Order, order. I do not allow such things.

SHRI BHUPESH GUPTA: This whole system of supplementary grants after the budget is passed should be thought of afresh. I am not opposed to grants when they are needed really but then the additional grants should not be the only way of meeting the additional needs that may arise. It may be possible to find funds from the existing allocations that had been made by prudent economy. This is what I would like to say. The Finance Ministry is, by spending a lot of money, setting up a very bad example. I can tell you that they are spending a lot of money. I was told that the hon. Finance Minister was trying to economise but I would like to know in what way he is doing it. Many officers are there; too many officers have been brought in and they are being given high and big salaries. Therefore, there should be

economy even in the structure and organisation of the Finance Ministry. I am not dealing with the tour of the Finance Minister in West Germany, Britain and the United States of America. How much money was spent in that connection, nobody knows. Therefore, there should be economy on that score. Twentyseven rupees have been spent out of the pocket of the Finance Minister is a kind of thing that amuses everybody. It may be so but . . .

MR. DEPUTY CHAIRMAN: All this has nothing to do with the Bill now before the House.

SHRI BHUPESH GUPTA: . . . **how** much money was spent out of the Public exchequer, nobody knows.

MR. DEPUTY CHAIRMAN: The more / ask you to be relevant, the more irrelevant you are welcoming.

SHRI KISHEN CHAND (Andhr Pradesh): Mr. Deputy Chairman, the scope of the Bill is restricted. There are only four items to which I would like to draw the attention of the hon. Minister. We have discussed ahead; the Union Excise Duties and the demand, therefore, . . .

MR. DEPUTY CHAIRMAN: I have to announce that we have to sit through the lunch hour to cover the entire business set down for today.

SHRI KISHEN CHAND: . . . for Rs. 9,36,00,000 or so does not require any remarks. I have nothing to say about this. The other demand relating to grants-in-aid to the States amounting to Rs. 22 crores is based on the Report of the Finance Commission. We have had no opportunity for considering whether the basis for these grants exists, the basis for the matching grants in many States. Some of the weak States whose financial positions are not strong cannot provide matching grants and, therefore, they cannot make use of the grants-in-aid given to them. I would request the hon. Minister to give an opportunity

to this House to consider and examine the Finance Commission's Report, in particular—because we have already discussed the Union Excise Duties and we cannot again discuss them—this item of grants-in-aid to States, the whole basis of grants-in-aid, the allocation to the various States and so on. I know the hon. Finance Minister will say that all the States and everybody has made representation to the Finance Commission. He will say, 'we have accepted the recommendations of the Finance Commission.' In spite of having considered the recommendations of the Finance Commission and accepted them when we passed the Union Excise Duties Bill and now indirectly on this Appropriation Bill. We have not gone into all the details. There should be a discussion by itself whether the apportionment between the various States has been fair or **not**. I do not want to take this opportunity to go into all the details, whether, for instance, the erstwhile Hyderabad State which has now been split up into three parts, especially that portion which has gone to Andhra, is still getting the full benefit or not. Secondly, you know that primary education is specifically a State subject but much of this grant is given for the development of education in the States and for medical relief. So if there were an opportunity for a full discussion, we would be able to place in greater detail the points of view of the various States, their requirements, their demands, and get **the** Finance Minister to favourably consider the case of certain States which are backward in this matter.

Regarding this Naga Hill area we had another Bill before us and we had fully discussed this question. I was one of those people who thought that the policy of the Government would not be successful and that they should adopt other methods for dealing with the Naga problem. This is really a consequential thing. Once we have accepted that Bill, this amount of money has to be provided for and so I will not go into that.

But my main objection is against the many small items, petty items, each for a few thousands of rupees, and if you look into them, you will find that a majority of the demands are in respect of lost cases, either income-tax case or contractor's case or some other case. In all such cases the Government of India decides that a certain person is not entitled to a certain amount and he files a suit in the civil court. In the civil court he wins and the Government appeals to the High Court and sometimes to the Supreme Court and even then the case is decided against the Government. Most of these demands are for very small amounts of money and they are demands for complying with decrees of courts. The Government of India fighting the case and losing even after going right up to the High Court and Supreme Court brings down our prestige. Seeing the large number of cases in almost every Ministry involving small amounts of money, I would request the hon. Finance Minister to instruct the Ministries to carefully examine the occasions for legal action to see that they are reduced to the minimum because legal action fought by the Government of India on a large scale means large amounts paid to lawyers and various other things costing a lot of money and if the case is decided against the Government not only our cost is to be met but the cost of the other party has to be paid. Large numbers of cases are there and I would request the hon. Finance Minister to reduce them. If there were no cases, I think the whole Bill will consist of merely three demands, the demand for excise duties, for grants in aid to States and possibly the demand for the Hill Area and perhaps some one or two other items. With these words I would request the hon. Minister to pay attention to my suggestions.

SHRI T. T. KRISHNAMACHARI: Mr. Deputy Chairman, I shall first deal with the remarks of the hon. Member who spoke last. He wanted

[Shri T. T. Krishnamachari] to know about this question of grants-in-aid. Well, Sir, I thought that that was covered more or less by the Bill that we passed day before yesterday when we discussed the recommendations of the Finance Commission. In any event the hon. Member knows that grants-in-aid are charged under article 275(1) and while we can have a discussion—and we had a discussion before—they are not in the same way as matching grants which is an optional thing and which the Government might or might not give. But this is a charge on the Central Revenues and there is no escape from it so long as you have accepted the recommendations of the Finance Commission.

The other matter he mentioned was in regard to some care being exercised in respect of matters going to court. I would assure him that the number of matters which go to court so far as the Government is concerned is far more than those categorised under these items and I think by and large in many cases we win. There is also the other thing that very often the Government will be blamed for not taking a matter to court where there is a reasonable chance to win. Otherwise, we will have to go to the Auditor General and say that we are waiving his payment. Where there is something due to the Government either you have to arbitrate about it and accept the arbitral award or if you are going to waive it, then you have to go to the Auditor General and give him good reasons why you feel like waiving it. This is not a matter where we can exercise our discretion. I would tell him that the number in which we lose are comparatively small in regard to the totality of the cases in which we go to the courts.

Then I come to the question of Nagas which has been dealt with by two hon. Members. As Mr. Kishen Chand pointed out, this question of the Nagas was the subject-matter of

a Bill before this House and it is because the Parliament passed a Bill for the creation of an administrative unit—the Naga Hills—Tuensang Area which came into operation on the first of December—that we had to bring forward a Supplementary Demand. As hon. Members who listened to me would understand, the Supplementary Demand does not increase expenditure; it is merely a question of diversion from the Demands which have already been voted; where it has been charged on to expenditure under new Demands no fresh expenditure is incurred. I quite recognise the right of the House to ask questions on occasions of this nature. I can add nothing more to what was said at the time of the passing of the Bill for the creation of the Naga Hills—Tuensang Area. Some of the facts mentioned by hon. Members are still there. It would be wrong to say that everything is peaceful. It is not, but it is hoped that as a result of the creation of this area, as a result of more money being spent on communications and education and hospitals and on public relations we shall perhaps be able to solve the problem or at any rate get a large majority of the Nagas to realise that the better way is to co-operate with Government and thereby raise their own standards of living and their own comforts rather than by ambushing Government parties or police parties and killing them. Therefore while the origin of the trouble is perhaps still there, the fact is that we have a large section of the Nagas wanting to co-operate and the creation of this unit might lead us to hope that in future we might be able to solve the problem to some extent satisfactorily. I think I would not be presumptuous in asking hon. Members to give a chance to this new unit to function. At the present moment in this Budget this does not increase the demand in regard to what might be called expenditure on social overhead capital but I believe in the next year when we come up to this House with our own

proposals we will have to increase the expenditure under that head considerably because it is only by making people feel that it is worth while adopting a peaceful method and thereby they can benefit by it that we can convert them. I am hoping that we shall be able to have a comprehensive scheme for the amelioration of the condition of the people of this area which I would be able to put before Parliament during the budget session.

An hon. Member mentioned about the serious difference of opinion between the Assam Government and the Central Government and the consequent resignation of the Chief Minister. I do not think there is any basis for either this story or that the Chief Minister has resigned because of serious difference of opinion.

SHRI H. D. RAJAH: But he Comes to Madras as Governor.

SHRI T. T. KRISHNAMACHARI: I do not know anything about it; nor I have seen any authentic report about it. In any event, the Chief Minister who is a very esteemed friend of ours could not function largely because of the strenuousness of his work and of his own health to some extent deteriorating and he naturally felt that with all these problems facing the Government they should have a younger man. There is no question of any serious difference of opinion. Of course, it is true that . . .

SHRI BHUPESH GUPTA: He has strained very much after the Naga delegation came here.

SHRI T. T. KRISHNAMACHARI: It is true that when some portion of the responsibility of the States is taken away, the question arises as to whether it is proper and wise and there may be some room for difference of opinion. But I think the Assam Government has generally accepted the scheme and we expect them to co-operate in making the scheme a success.

I do not propose to dilate at length in regard to many other matters which the hon. Member opposite mentioned. He mentioned something about economy. Economy is a thing which we are concerned about and I am myself concerned about it because if there is no economy the expenditure will grow. The other factor that he mentioned was about supplementary demands. If he had heard me, he would have realised that the additional expenditure asked for is in regard to two matters of capital expenditure. And he says that as far as possible any new demand that arises will have to be met from within the existing resources. That is what is being done in a supplementary demand . . .

SHRI BHUPESH GUPTA: Then you bring another later on.

SHRI T. T. KRISHNAMACHARI: But the other point about it is, I do not quite agree with the principle that he has enunciated, because if the budgeting cannot be properly and precisely done, it is much better for people to come with a supplementary demand to the House and explain the additional expenditure rather than inflate the budget so that they will cover all possible contingencies. That is the type of budgeting which the honourable House should discourage rather than encourage. Let the budgeting be tight. And then if any additional expenditure is necessary, because the economy is a developing economy, and the expenditure is a proper one, let them come to the House and say we want more money for this purpose. We have usefully spent the money that we have been allotted. We have spent usefully what the House has allotted. I would rather the House would ask the Government to do that, rather than the Finance Ministry accept the various Ministries' suggestions and put in a budget which might be considerably in excess of what is needed and thereby create an impression of unreality and instability. It is better

[Shri T. T. Krishnamachari] to encourage them to budget for what they could see as far ahead as possible and if there is something which is necessary to find in an expanding and developing economy, I think they ought to come to the House and tell the House: these are the new schemes which will be taken up, these are extensions of old schemes and we want the House to vote the money. I do not think the question of supplementary demand is at all wrong. In fact, with Parliament sitting more or less continuously, I think Parliamentary check is better provided by Government coming from time to time . . .

SHRI BHUPESH GUPTA: I did not say that the question of supplementary demand is wrong.

SHRI T. T. KRISHNAMACHARI: I am not controverting what my hon. friend said. I am merely putting out my own views in this matter which I hope hon. Members will consider and perhaps if they think it is really a better way of doing it, the power of the House is really preserved, and Government will have to come and render an account to them from time to time. They might approve of it in due course. I have nothing much to add.

SHRI BHUPESH GUPTA: About Phizo's letter that was published, did you take it up in the United States?

SHRI T. T. KRISHNAMACHARI: The question is, really, somebody writes a letter to a paper, which my hon. friend is editing. Am I to take it up with the hon. Member that he has published the letter? Letters and communications that are being published in newspapers, if one is going to take it up and ask for explanations and all sorts of things—for one thing, we have no authority . . .

SHRI H. D. RAJAH: Sir, on a point of information and nothing **else, how** was it possible for the

Americans or the American correspondent to reach Phizo and get the letter published in the New York Times when our people and our military force and everything are not able to get it? That is the point, to which I would like to get an answer from him.

SHRI BHUPESH GUPTA: The letter relates to a certain situation.

SHRI T. T. KRISHNAMACHARI: As a matter of fact, apparently it has been possible. How was it done is a different matter. Apparently it has been possible . . .

SHRI BHUPESH GUPTA: Obviously the New York Times must be operating in our country through channels which are not lawful.

SHRI T. T. KRISHNAMACHARI: Well, the hon. Member knows that we are not aware of many channels that are operating here in this country.

Mn. DEPUTY CHAIRMAN: **The** question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1957-58, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

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

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

SHRI T. T. KRISHNAMACHARI: Sir, I move:

"That the Bill be returned."

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned." The motion was adopted.

**THE ADDITIONAL DUTIES OF
EXCISE (GOODS OF SPECIAL
IMPORTANCE) BILL, 1957**

THE MINISTER OF FINANCE (SHRI T. T. KRISHNAMACHARI) : Mr. Deputy Chairman, I beg to move:

"That the Bill to provide for the levy and collection of additional duties of excise on certain goods and for the distribution of a part, of the net proceeds thereof among the States in pursuance of the principles of distribution formulated and the recommendations made by the Finance Commission in its report dated the 30th day of September, 1957, and to declare those goods to be of special importance in inter-State trade or commerce, as passed by the Lok Sabha, be taken into consideration."

The Bill implements the decision taken unanimously by the representatives of the various State Governments some time ago for the replacement of the sales tax on three important goods like sugar, tobacco and textiles by an additional duty of excise, the proceeds being distributed among the States.

The rate of incidence of the sales taxes on these commodities differs widely from State to State and the levy of sales tax also involves, to some extent, an avoidable loss of revenue because of the scope for evasion and also because of the fact that when the sales tax is of a nature of turnover tax with the minimum exemption limit, sales by smaller units escape taxation. It was felt that a levy of uniform duty of excise on these three important commodities would, while making the

incidence uniform, also bring in additional revenue to Government. A measure like this would also greatly assist the trade and make for a freer flow of these commodities from the manufacturing to the consuming areas.

I would like to give some details with regard to the rate and incidence of these additional duties. On sugar the additional duty will be Rs. 3-31 naya paise per cwt. or roughly about 3 naya paise per lb. In a whole year, the revenue from this additional duty will amount to Rs. 12-18 crores.

On textiles the additional levy per square yard will be 13 naya paise for the superfine, 8 naya paise for the fine, 4 naya paise for the medium and 3 naya paise for the coarse varieties. Art silk cloth will pay 3 naya paise per square yard **and** woollen cloth 5 per cent. *ad valorem* . . .

SHRI BHUPESH GUPTA: (West Bengal): How much will be raised, the total amount raised?

SHRI T. T. KRISHNAMACHARI: The amount that will be raised **from** these will be of the order of about Rs. 20-7 crores.

As the House is aware the ordinary excise on tobacco covers a wide variety of items, both raw and manufactured. The additional duties cover the same range, and it is perhaps unnecessary for me to tire the House by detailing all these individual items. But the proposals may be broadly summarised as follows:—

On unmanufactured tobacco, those used mainly for the manufacture of *liookah* and chewing tobacco as also cigars—3 n.p. per lb. Those used mainly for the manufacture of *biris*—20 n.p. per lb. As *biris* now pay a separate sales tax and there is no excise duty on *biris* as such, the duty on the tobacco has had to be pitched at this figure. Those used for the manufacture of pipe tobacco and smoking mixtures—50 n.p. per lb.