

(Temporary Amendment) Bill, 1957, as passed by Lok Sabha at its sitting held on the 20th May, 1957.

The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

I lay the Bills on the Table.

THE BUDGET (GENERAL), 1957-58 — GENERAL DISCUSSION—contd.

MR. CHAIRMAN: Now Mr. Bhupesh Gupta will resume his speech in a quiet, restrained and effective way.

SHRI BHUPESH GUPTA (West Bengal): Mr. Chairman, Sir, yesterday I was explaining to the House as to how this Government, while in creasing the tax burden on the common man, has given bounteous tax concessions to the big money. I illustrated my points giving certain examples from the Budget itself, and I hope that I was not erring in this matter in regard to facts and figures. I should like just to say a few words more on the subject before I pass on to the other theme of my speech. I calculated from the Budget proposals

SHRI N. R. MALKANI (Nominated) : May we not have a fixed time limit for each speaker, Sir? Yesterday those who spoke spoke for an hour and ten minutes or so and they were only four speakers for the whole day. If it goes like that to-day we shall be left the crumbs of time, five minutes and ten minutes. It is hardly fair to the rest of the speakers, Sir.

' SHRI BHUPESH GUPTA: I shall try to be as fair as possible consistent with the feelings of the people outside against the Budget proposals.

SHRI N. R. MALKANI: So far as I am concerned, Sir, I would like an assurance that we will get our due share.

MR. CHAIRMAN: All right.

SHRI BHUPESH GUPTA: Mr. Chairman, at present a person with an assessed income of five lakhs of rupees would be paying income-tax, surcharge and super-tax on Rs. 4,70,000. When the Budget proposals come into force he would pay on Rs. 3,85,000, that is to say, Rs. 85,000 less than what he is paying to-day. Similarly one with an assessed income of 10 lakhs of rupees will, under the new Budget proposals, be paying Rs. 1,70,000 less than what he is paying to-day. Those with an assessed income of 15 lakhs of rupees will get tax relief of the order of Rs. 2,55,000. Those with an income of 20 lakhs of rupees will get tax relief under the new budget proposals of Rs. 3,40,000. Now the higher you go up the greater is the tax relief. I would ask the Government what sense of equity has compelled them to give greater tax relief to the higher income slabs. The higher you go up the bigger is the bounty of relief; the lower you come down the lesser the tax relief. Not only that. Those who had been exempted from the operation of income-tax have been brought within its scope to-day, that is, those with a monthly income of Rs. 250 and Rs. 350 hitherto exempted from the income-tax law of the country. I would ask the hon. the Finance Minister to explain this position. It is very important that he should have furnished a proper explanation. I do not know how much money is going to be lost to the exchequer due to these generous concessions to the big money but I assume that it would not be less than Rs. 4 to 5 crores, almost the amount that you are going to get by imposing income-tax on the Rs. 250—Rs. 350 income groups. Am I right or am I wrong, I would like to hear from the Finance Minister.

Then, Sir, there are certain other exemptions allowed in these Budget proposals. They are very interesting. Excess dividends tax has been reduced to 10 per cent on distribution of dividends between 6 per cent and 10 per cent of paid-up capital; 20 per cent on distribution of dividends

[Shri Bhupesh Gupta.] between 10 per cent, and 18 per cent of the paid-up capital 30 per cent on balance. Here again, as you go up, the relief is greater. Then in the case of inter-corporate super-tax it has been reduced to 10 per cent from, I think, 11½ per cent in the case of Indian and foreign companies on dividends derived from Indian subsidiaries.

THE MINISTER FOR FINANCE (SHRI T. T. KRISHNAMACHARI): May I point out in regard to the taxes on dividends that there is no question of an upward reduction. Instead of 12½ it becomes 10, but the thing goes up progressively up to 30 per cent.

SHRI BHUPESH GUPTA: Well, who will benefit by this? The rate of corporation tax for foreign companies operating through branches and earning other incomes has been reduced from 36 per cent to 30 per cent, that is to say, a company which was paying income-tax, super-tax and all that of say 3,60,000 would be paying 3,00,000 now, Now I

SHRI V. K. DHAGE (Bombay): There is an expenditure tax also.

SHRI BHUPESH GUPTA: That is all right; I will come to that. I am not here concerned with the expenditure tax. He may be paying so many things and he may be contributing to the Congress election funds also. What I am saying is that in the matter of income-tax, corporation tax, super-tax and surcharge you have given exemption to those who need it least while you have been imposing new taxes on shoulders that cannot bear them. That is my point. Now when I came across this proposal at once I was reminded of the infamous correspondence that passed between the hon. the Finance Minister, Mr. T. T. Krishnamachari and Mr. Eugene Black, President of the World Bank. This is what Mr. Black wrote to Mr. Krishnamachari. Will the hon. Minister kindly listen to it.

SHRI T. T. KRISHNAMACHARI: The whole point is my hon. friend

reels off a number of figures and When mentioning the amounts he forgets the fact that the total corporation tax has gone up and there is an increase in the corporation tax of 3 per cent. There is also an increase of 5 to 6 per cent in the income-tax levied on companies. Therefore if he balances the whole lot he would find that the advantages given are just absorbed. I cannot even explain to the hon. Member because he does not want to wait. There is the other point. He has taken abstractions of 20 lakhs of rupees. I would like him to point out to me that person in India who has got 20 lakhs of rupees of earned income.

SHRI BHUPESH GUPTA: We have such people and they evade taxes. I am not concerned at the moment as to who has got so much income and who not. Everybody knows that there are some people with 20 lakhs income in this country.

If you are not catching them it does not speak well of your Income-tax Department. It is a notorious fact of public life that there are people in Calcutta and Bombay who earn more than Rs. 20 lakhs as their personal income and if you are not in a position to find them and their money, well, I think there should be some change of place in the Ministry of Finance of our country.

Now, Sir, I am coming to what Mr. Black wrote to him. It was a black letter but nevertheless I quote it:

"India's interest lies in giving private enterprise, both Indian and foreign, further encouragement. I have the distinct impression that potentialities of private enterprise are commonly underestimated in India and that its operations are subjected to unnecessary restrictions there."

To that letter the hon. the Finance Minister rushed with a reply and he wrote:

"We are undertaking a comprehensive review of the policies and

procedures that inhibit foreign private investment."

Then he wrote in the same letter:

"You might have observed that a few days ago we raised substantially the excise duty on cloth."

These words were to placate and appease the World Bank boss so that he would fall in line with him or so that both would fall in the same line. Then Mr. T. T. Krishnamachari further wrote:

"Suffice to say that the basic principles which inform governmental policy in this matter are not very different from what you have stated."

Now there in that correspondence you get the indication of the policy basis of the taxes which the present Government has imposed in this present budget. There you get an idea that his mind was working for imposing more excise duties on the people. There you also get an idea that he was thinking of giving new concessions to foreign investors so that they can come and get further entrenched into the economy of our country and carry on the loot and plunder. Sir, I accuse the Government of pandering to the foreign capitalists and to the Indian monopolists to the detriment of the interests of the millions of our people. I charge the Government with breach of faith as far as the people are concerned and I accuse the Government of keeping in with Mr. Black who did not deserve even an iota of support from this country in the approach that he made in that infamous correspondence. This is all that I want to say.

Now, he told me that some rates have gone up—Corporation Tax. Yes; there has been a lot of horse-trading in this budget. There have been many pretensions because you want to create an impression in the country as if you are trying to get money

from the rich whereas your main target of attack is the common man, men who live with emaciated bodies and sunken eyes and with hungry stomachs. That is your policy and we declare ourselves against that policy. I would call upon the Government to abandon this dangerous policy which jeopardises the Plan itself apart from bringing hardship and privation to the common masses.

Before I pass on to the other points, I would like to say that these excise duties, apart from immediately raising the cost of living, provide incentive to speculation and hoarding. In the country we have had already the demonstration of this thing since he made his budget proposals. But even worse than that, they create an unfavourable impact on the economy as a whole. Sir, this is what the United Nations Publication Process and Problems of Industrialisation said:

"In general, indirect taxes tend to have an adverse effect on industrial development at least in so far as they are levied on locally produced goods and services, for not only are they likely to raise the prices of domestic manufacture but they have usually a regressive bearing relatively more heavily on the lower income group and thereby tend to restrict the local market."

This is what is said not by a Communist with whom he will have no business but this is what is said by the United Nations Organisation and I think the hon. the Finance Minister should take note of the proposition that once you embark on so heavy a scale of indirect taxes you are jeopardising our economic growth, particularly the industrialisation of the country. Sir, I would like to have an answer from the hon. Minister as to what he has to say on this.

DR. R. B. GOUR (Andhra Pradesh): Sir, the hon. Minister is not at all listening.

MR. CHAIRMAN: He will read the proceedings before he replies.

SHRI BHUPESH GUPTA: The hon. Minister never cares to listen. He listens to Mr. Black very well and sends a very quick reply. Whenever we speak from this side of the House we find someone by his side' whispering God knows what into his ears.

SHRI T. T. KRISHNAMACHARI: Sir, he speaks so fast and I cannot understand him. His articulation is rather difficult for me to follow because I am deaf to high frequency notes.

SHRI BHUPESH GUPTA: Sir, I do not know where his trouble is— whether it is with the articulation; whether it is with his mind or his ears, it is difficult to say. Anyway, I shall try to be as articulate as possible.

MR. CHAIRMAN: That is right.

SHRI BHUPESH GUPTA: I think it is easy to break a stone wall but I do not think it is easy to break the stony mind of such a Finance Minister.

Now, Mr. Chairman, you will ask, where are we to find the resources from? It would be a very legitimate question to ask when the second Five Year Plan, thanks to the policies of the Government, is faced with a crisis in the matter of its resources. We have alternative suggestions to make.

Before I say anything else in this connection, I would suggest, tighten your Income-tax Department; try to collect the evaded income-tax which is of the order of Rs. 200 crores according to Prof. Kaldor. You put it at a much smaller figure. Whatever it is, everybody knows that evasion is of a very high order. A heavy amount is being evaded and I think that your Income-tax Department should try to collect all this money.

That you cannot do until and unless you change your policies towards the capitalist class, towards the monopolists particularly, because apart from the general inclination towards the monopolist class, some members of the Government have got very close association with individual monopolists and groups of monopolists and with monopolist houses and that makes us very apprehensive today.

Mr. Chairman, here is a picture published in a Calcutta paper, I think, ¹ issued by the Dalmia group of papers. Here you see the Law Minister who was being entertained at a party given by the Calcutta big business.

MR. CHAIRMAN: No personal remarks.

SHRI BHUPESH GUPTA: This is a point that I want to make. If you do not allow it, I cannot help it. I say that the Ministers' connections with the monopolists are standing in the way of an all-out drive to prevent income-tax evasion. This is what I say. Is it not a fact that against Mundra Brothers a case is pending in connection with the import and export licences and you do not publish it? Is it not a fact that one particular Minister of this Government had been associated with that firm as a Director, apart from being its lawyer? And the moment he became the Law Minister of this land, his house was rented out to Mr. Mundra for Rs. 3,000. These are publicly known facts and you cannot get the co-operation of the people when such things take place in the country. People will not listen to lectures about the taxes when they see before their eyes Ministers passing from big business houses into the lobbies of the Government. They would not like to go after those people who are evading taxes when they see that the same type of people are taking up the houses of Ministers when they leave their permanent residence for a happier position in Delhi. This is what I say.

Therefore, Mr. Chairman, this is the problem before the country. It is not an individual problem. I have no grudge against any individual whatsoever. I want the public life to be toned up. I want the public administration to function efficiently in a public spirit without blemish or corruption or nepotism that is so rampant today.

Then, Mr. Chairman, I would suggest to the hon. Minister to stop the privy purses. If you do not pay the privy purse of Rs. 5,58,00,000 to the Princes that you propose in this Budget, you need not lower the taxable minimum from Rs. 4,200 to Rs. 3,000, because you can easily manage that thing by refusing to pay, or at least by suspending the payment of privy purses. Indian Princes can do without these privy purses for the present. Let them wait till we build up our country and we shall see how to look after them. You have given them many nominations. Some of them are sitting in the Lok Sabha. They are great champions of the Indian princedom. How many of them have come to you with their jewellery cases in their hands and their finances to meet the entire budget deficit? Have you asked them what is their fortune? Have you asked them what is their money in this connection? I would like the hon. Finance Minister to tell us whether his personal wealth tax and expenditure tax affect the Princes, because I know that until and unless these Princes are brought within the operation of these taxes, these taxes will not yield very much revenue. I want to carry out financial raids on the Palaces of the Gaekwar of Baroda, the Nizam of Hyderabad and the Maharani of Gwalior, so that we can get the resources that we need for the reconstruction of our country.

Mr. Chairman, I would then suggest that plantations and certain other concerns owned by the Britishers, which are yielding enormous profits.

be nationalised for financing the Plan. Today you can no more escape the proposition of nationalisation. We have *come* to the limit and unless and until we develop a public sector here and now, not merely by starting new undertakings in the shape of steel mills but also by nationalising those profit yielding concerns, we would not be in a position to find the resources without hitting the people. Only in this way the country's reconstruction can go on smoothly. I know that the tea plantations will yield you enough funds. Why are you hesitating to nationalise them? Take at least ten tea plantations in the country owned by the Britishers which are yielding enormous profits. Let us make an experiment and see how things go. I know that our stand will be justified. The Prime Minister said that he would not like to buy junk and fritter away the resources of the country. The Prime Minister is a great statesman perhaps, but he is bad as a businessman. Everybody knows that if we take up these concerns and spread the compensation over, say, 60 years or so or issue bonds out of the profits or what the State would be earning, we can meet the compensation liabilities by instalments and still we would have in our hands enough money to direct the developmental activities of the country. It is not a losing proposition, it is a gaining proposition. It would be a bad day for the Government if they did not accept this suggestion.

Then, Sir, I would ask the foreign remittances to be restricted, remittances by the foreign concerns. According to the Government, Rs. 30 crores or so are remitted every year as interests and profits. Well, if you do not stop the whole of it, at least get Rs. 25 crores out of this and use it for the development work. Take it as a loan. Pay the interest if you like at the bank rate. Nonetheless take this money. This is the money which should be mobilised for the reconstruction of the country.

[Shri Bhupesh Gupta.]

Then again, there are certain other monopolists with their resources. I do not know why the hon. Minister while accepting some of the suggestions of Prof. Kaldor left out the gift tax. He said that the gift tax would annually yield a sum of Rs. 30 crores. I will put it at Rs. 20 crores. I want to know what comes in the way of imposing the gift tax on the rich. After all it is the suggestion of Prof. Kaldor. 'It is common knowledge that this millionaire class use this institution of gift not for greatness, not for mere altruistic purposes, but for cheating the exchequer and evading the taxes. Go after the gifts.

Mr. Chairman, I would ask him to look into these charitable trusts that are being created by the millionaire classes. They create trusts to avoid taxes, and then by these subterfuges they get the money back to themselves. In the bargain only the exchequer loses. This is what is happening, it is common knowledge today. I do not know what steps you are going to take with regard to them.

Then there should be compulsory mobilisation of the reserves that are lying with the millionaire class. I lay great emphasis on that. Mr. Parikh says that the Government has a measure. I would like to know how much money you have mobilised from the reserves of the banks or various big business concerns. I would like the entire sum, minus what they need for running their business, to be mobilised into directed channels of investment instead of speculation.

I would also suggest to the Government to find ways and means of catching that Rs. 1 crore that circulates in cash in the stock markets of Calcutta and Bombay so that this money is available for the reconstruction of the country.

I would suggest to him that he should really find ways and means of getting the hoarded wealth in jewelleries, diamonds and all that, that lie with the Princes and the millionaires instead of making appeals in public meetings to the middle class that they should make contributions. The middle class cannot contribute jewelleries. They have very little jewellery. This is their asset, guarantee and assurance against bad days. It is the millionaires at the top and the Princes who are fattening themselves with their riches, with their mountain of hoarded gold, who flourish their diamonds and jewellery—it is these people who should be made to pay for the reconstruction of the country..

Now, these are some of the suggestions that I make. At the same time I would ask the hon. Minister as to why the public sector of our country is not making an adequate contribution to the reconstruction of our economy apart from the railways. It is because there is lot of bungling, there is lot of corruption, there is lot of nepotism and inefficiency, and miles miles of red tape is there to hold up the progress of development. The coal mines are in the public sector. They are not earning anything when other fellows are earning a lot of money and they indict the public sector as a whole. I should ask the hon. Minister to go into the question of this public sector of coal-mines and stamp out the defects, corruption, nepotism and inefficiency, and accept the suggestions of the trade union organisation who are prepared to build the public sector in the interests of the country and for the progress of the country. Sir, it is a matter of profound regret that suggestions made by the union have been rejected one after another by the Government. Government has got an obsession against these unions when their love is so overflowing for the millionaires. This is another suggestion that I wish to make in this connection.

I can make very many other suggestions, but time is short. Here the point that I want to emphasise is this that you need a change in the policy of the Government. You cannot tinker with this problem any more. You have reached a point where bold leadership is required, where bold steps are needed, where old, retrograde and outmoded policies that do not fit in with the requirements of our economies have to be abandoned and replaced by a vigorous policy of national reconstruction.

Mr. Chairman, these are some of the suggestions I have made. If I were in the Government, if our party were in the Government, we would have shown the hon. Minister where to find the money. Money is there but there is not a Finance Minister in Government of India who would go and get it. That is the trouble with us. The Prime Minister said that circumstances have forced him to adopt this course or measure—that was the term used. I was wondering what happened to the Prime Minister. Am I to believe that this Government led by so towering a personality like Shri Nehru has become so helpless that he cannot find the resources for the reconstruction of our country without hitting the common man right and left, without thrusting the hands of the Finance Minister deep into the pockets of those who have already been greatly pickpocketed all these years.

I would ask them this question. This is not helplessness. Circumstances are their creations and I know that it is possible to overcome the circumstances the moment you make a departure from this policy. Mr. Chairman, I would ask them to answer categorically about the food situation in the country. Sir, you are looking at the clock. Capitalists have been given an hour and ten minutes. Tax concessions and tax relief have been given to them. (*Interruptions.*)

SHRI J ASP AT ROY KAPOOR (Uttar Pradesh): May I, Sir, suggest to my

hon. friend that he may set an example in the matter of regulation of debates here on socialistic pattern so that everybody may have an equal opportunity to speak and the time may also be equitably distributed.

MR. CHAIRMAN: That is the last thing he is saying.

SHRI BHUPESH GUPTA: I am finishing. If Mr. Parikh takes away one hour and ten minutes, I cannot help it.

DR. R. B. GOUR: One hour and 20 minutes.

SHRI BHUPESH GUPTA: Mr. Chairman, I speak with anguish about the food situation, because apart from the natural calamities that our country faces, we have got a highly complacent Food Minister. Uttar Pradesh has given us one Food Minister after another, although it has not given us enough. But, at the same time, we find this Food Minister making promises on the floor of this House. You will remember, Sir, last August, he very grandiloquently said, "Wait for two weeks; the food prices would come down crashing." Then he went on repeating this bold performance. I would ask him: what happened to the prices? Why are the prices rising today? Why has food become scarce? Why do famine conditions prevail all over the country so much so that the people of Bengal are reminded of the nightmare of the great famine of 1943? Why is Rajasthan slowly but steadily drifting into hunger? Why are the eastern parts of Uttar Pradesh and Bihar crying in agony and sorrow? These are the questions I put before the Government.

Mr. Chairman, the food situation requires bold handling. Sir, there has been a lot of tall talk: "We want to grow more food." I would ask the Government to open cheap grain shops wherever there are scarcity conditions. I ask them to rush foodgrains to the States where food is needed. I would ask them to take steps to provide test relief and other kinds of

[Shri Bhupesh Gupta] relief so that the conditions are combated. I would ask them to introduce modified rationing in those areas. I would ask the Government to open a large number of fair-price shops throughout the country instead of restricting them, so that food could be sold at a price the people can command. I would ask them to take drastic action against profiteering and hoarding. I would also ask them to prevent the speculative advances that are being made to food speculators so that they cannot hold the country's food in their hands when the people suffer.

These are some of the measures among the many that have to be taken up if the food situation has to be faced and improved. Above all, I would ask the hon. Food Minister to shed his complacency and open his eyes to the realities of the situation. The trouble with the Government is that it flees in the face of facts instead of facing them. Therefore, here is a situation which requires all our outright drive. They say that there is plenty of food in the country. I do not go into any debate about this matter. If there is plenty of food, how is it that millions are starving today? How is it that we hear of starvation deaths from various parts of the country? How is it that the talk of hunger is looming all over the land? Therefore, there is no use telling the people about production. All that you need today is to come forward with vigorous measures to fight the scarcity and famine conditions. In that effort, you shall have the cooperation of every party, provided they see that you are not making speeches, you are not trotting out fantastic statistics, but are interested in solving the food problem.

Finally, I would ask that the Plan be saved. They have brought the Plan to a crisis. The crisis of the Plan is yet another crisis. We had warned that the inflation which upset the price-structure of the Plan would raise the Plan outlay, so much so that you are faced with a situation like

this now. Our warnings were not heeded. Probably, they were then not articulate for the hon. Finance Minister. But, anyway, what we said then has come true today. There should not be any whittling down of the Plan. There shall not be any quarter to those who want the Plan targets to be curtailed. We say, "Here is a Plan by no means adequate for the requirements of the country. We stand by these targets of the Plan. No matter princes or millionaires, get the money from them and carry out the Plan targets".

Mr. Chairman, this is the point I make because I might be understood otherwise as if I give any support to the curtailment of the targets of the Plan. If anybody spells danger to the Plan, it is Shri T. T. Krishna-machari. If any policies manacle the progress of the Plan, it is the financial proposals that he has made. We want to come and save the Plan from being torpedoed by the policies of the Government and by the financial measures of the Government. Therefore, I say, you discuss this matter with us and then we shall offer our suggestions and you can change your mind. We shall see that money is available. We want to see that the Plan advances and the living conditions of the people progress. We shall see that the success of the Plan is ensured by the people themselves. This is how we approach the matter. Therefore, it is not a question of tax or no tax. We want the Plan to be successful—even a bigger Plan. But our problem is one of facing this Government. For that, I say, the present policy with regard to the resources in particular and generally the economic policies of the Government demand a bold recasting and re-orientation. Unless we have the courage to do so, unless the Minister does so, I think we shall never be out of the wood and at every point, there will be danger, there will be wreck. Therefore, I say, let there be a change of policy. It is possible to reconstruct the country without hitting the poor and it is possible to ensure the success of this Plan.

MR. CHAIRMAN: I have got here a letter signed by a number of Members saying that we should put a time-limit. But they also say that leaders of parties may, however, be given extra-time. The two leaders of the two parties have been given extra time.

SHRI N. R. MALKANI: Is it extra-time and not excessive time?

MR. CHAIRMAN: Of course. So far as other speakers are concerned, Dr. Kunzru may be given a little more time.

SHRI K. S. HEGDE (Madras): May I make a small suggestion? Some of those who got no opportunity to take part in the discussion on the President's Address may be given preference.

MR. CHAIRMAN: We are trying to do it. There will be no lunch interval. We are sitting till six of the clock today. The same thing will happen tomorrow and then we will see. And so far

SHRI D. A. MIRZA (Madras): Sir, are those who have spoken on the President's Address disqualified from speaking now?

MR. CHAIRMAN: But the same people should not expect to speak on everything. Other people will also have to be given opportunities. That is the meaning of it. It must be an equitable ratio. That is what it means.

SHRI J. S. BISHT (Uttar Pradesh): But they are different subjects altogether.

SHRI D. A. MIRZA: Sir, this is a vast subject. We should be given an opportunity.

MR. CHAIRMAN: So far as the other speakers are concerned, the time-limit will be 15 minutes each.

SHRI M. GOVINDA REDDY (Mysore): Mr. Chairman, Sir, the country is committed to the Plan, *a plan which is bold in its aspects and scope, is vast and which makes a heavy demand on our resources. So, one can understand the difficulty in which the Finance Minister is placed in finding these resources.

[MR. DEPUTY CHAIRMAN in the Chair]

Particularly, one can visualise that the field from which he can cover these resources is narrowed down to the minimum. Every one wishes that his proposals were as sweet as his voice, but his proposals cannot be so. And I have no hesitation in giving my full support to proposals that he has made by way of direct taxation, although I am one who has been aggrieved by one of his proposals. Sir, I do not know why he has his eye on unmarried persons and why he should be obsessed by them. I am sure he won't be getting more by way of not raising the exemption limit on allowance for unmarried persons. On the other hand, Sir, he should have been sympathetic towards unmarried persons who need solace. It is wrong to suppose that unmarried persons have no burdens on them; it is wrong to suppose that unmarried persons can save money because they have no demands on them. Anyway, Sir, it is a thing which I can easily escape from if I like. Sir, he is tempting me to become a tax-evader. I can easily do so. Sir, if two unmarried persons between themselves come to an agreement and marry, now that the Special Marriage Act provides for divorce, it will be very easy to defeat the Finance Minister's purpose.

Now, Sir, I shall come to the excise duties. And here I have a lot to say. Sir, these excise duties have imposed a burden and a strain on the low-paid and the low-income groups. We forget, Sir, to consider one other group which is there in this country, and that is the 'no-income group'. We have a large number of people who have nothing to sacrifice and nothing to

[Shri M. Govinda Reddy] spare. In a large part of my country I can show hundreds of people in each Taluk who go just with a strip of cloth four inches wide and twelve inches long to cover their shame. They have nothing else, and in the Finance Minister's own State, Sir, such people abound. They are there in Kerala and in Orissa. There is not a State where you do not have people who have no income at all and for whom just to get a meal a day is itself an ordeal. What has he got to sacrifice? Of course, if you want him to sacrifice, you are welcome to take that strip of cloth.

SHRI K. S. HEGDE: On what item he has been taxed?

SHRI M. GOVINDA REDDY: Well, there is tobacco. My hon. friend knows all that. They have nothing. Still they take tobacco, they consume tobacco. In those classes there is that large habit of chewing tobacco. My friends know that he is paying on tobacco and he is paying on sugar. Although sugar is a thing which only the rich people or the people of middle class are supposed to use, yet they have tobacco to chew. And sometimes, not less often, the prices of gur will be as high as those of sugar. So, Sir, it is not a question that should be asked as to the items on which he has to pay the tax. Well, we have to raise his standard of living. Then, Sir, there is the other class known as the low-income group. The low-income group is naturally affected by excise duties. The justification for imposing excise duties is that they have a wide basis and the volume of tax that could be collected will be large and they do not impose an unnecessarily heavy burden on any particular class. I agree with this justification. That may be true, Sir, of England; that may be true of U.S.A., of Canada and even of Russia or China, but that cannot be true of India. There is a limit to which we have to draw upon excise duties. Well, that limit, in my humble opinion, we have already reached. So, my earnest appeal to the Finance

Minister is that he should now stop levying excise duties. I will support him if he has got to levy any excise duties on those articles which the low-income group and the no-income group do not use. But since that is not possible, I would like to suggest that we have to halt imposing excise duties at least for such time as the First Plan would begin to yield concrete or tangible results.

Sir, the other justification is that a very great purchasing power has been injected into the masses. Well, this theory is advanced as a justification, but when we practically view it, it does not bear any analysis. It is true, I agree, that purchasing power is injected by the heavy amounts we are spending on our developmental expenditure. But what is the percentage of this power which is injected into the masses? Much of the developmental expenditure is in the shape of machinery and plant. Well, the little that is spent in the form of labour is spent on people who are nomadic and to whom there is no assured living. They go from project to project, and if one project is completed, they stand the danger of being discharged and they go without labour, and that cannot be said to be the purchasing power which is injected into the masses. Therefore, Sir, this justification should not be availed of. Well, whichever way we look at these things, the excise duties, it must be admitted, have imposed a very heavy strain upon these classes. I would only like the Finance Minister to verify these things from the low-paid officers, the low-paid clerks and the low-paid teachers. It is only they who know their difficulties. Sir, I had some occasion by accident to come to know the miseries of one man. It was so demoralising and it was so sad. It created in me such an anguish that I pursued this matter and went and enquired about the lives of two hundred low-paid people. Sir, there are things which I cannot say on the floor of the House. The limits to which they have been driven, the depths to which they have been driven, one

cannot exaggerate. Sir, it is only a thing which should be experienced. Sir, we have to add up the burden which we have been imposing on these low-paid people, the people whose earning power is very low. We are imposing excise duty on sugar and many other things which they use. Add up the tax paid on these things and you will find that the cumulative effect of all these things would be too heavy. Well, they, in relation to the people who have got higher earning power, are paying more excise duty than the people who have got ability to pay more but who do not pay more. Sir, nobody borrows a cigarette from Mr. Jain or Mr. Parikh, but as soon as a chaprasi goes out, the very friend of his asks him for a bidi, and he takes it. That tobacco is a thing which is taxed. And do we surmise how many people there are whose purchasing power is very low and whose earning power is almost nil? Sir, one can very well say "Don't smoke and don't take sugar". But, Sir, it is a habit which has grown and which is very difficult to give up. We must realise that. So, Sir, I would appeal to the hon. Minister to realise this and give some sort of relief to these low-income and no-income groups.

Then, Sir, there is another thing. There is a super-Finance Minister. He is invisible and his taxation proposals do not require the sanction of Parliament. His first taxation measure was the introduction of naya paisa. As soon as we introduced the decimal coinage system, the price of everything has gone up and that is likely to remain permanently. Well, the other tax which this super-Finance Minister has imposed is a tax resulting from these Budget proposals. Anybody can go into the market and find out that the price of everything has gone up. Take any cold drink, coffee, tea, or purchase an onion or anything else, you will find that the price has gone up. The shopkeeper bases the justification for the rise in prices on the Budget proposals. This is a thing which falls only on the

consumer. The consumer cannot avoid this, nor can the Finance Minister help it. We must realise that the consumer is facing all these difficulties. If we had no other resources and had been compelled to find some resources somehow, then alone asking these people to pay more would have been justified.

I heard the speech of Rajkumari Amrit Kaur. She wanted a salt tax, I think it would be unwise and inadvisable, if the Government should accept that suggestion. I am sure that Gandhiji must have turned in his grave when she made that proposal. That cuts into the roots of our socioeconomics and that is why Gandhiji was against it and it could not be done.

I was also very sad to hear her suggest that prohibition should be scrapped. I know that prohibition has not succeeded to the extent we expected. I know the causes; I have been responsible in some way for introducing prohibition in my State as a first step. I know its effects. I know it has not succeeded, but that does not mean that we should give up pursuing the policy of prohibition. There should be some means by which we could improve our administration; we may find better personnel, better methods of making prohibition very effective. To suggest the scrapping of prohibition—coming from a disciple of Gandhiji—is something which I could not understand.

She also suggested so many economies. There I agree fully with her, but may I ask why she did not suggest these things to her Cabinet colleagues when she was in the Cabinet.

DR. R. B. GOUR: How do you know that she did not do it?

SHRI M. GOVINDA REDDY: She made some very good suggestions for economy which she should have followed herself, pursued them vigorously, when she was a Cabinet Minister. When she was hopping from country to country, was she thinking

[Shri M. Govinda Reddy] of her country? Why did not she advise her colleagues

RAJKUMARI AMRIT KAUR (Punjab): May I say for the information of the hon. Member and the House that my going abroad did not cost our Government anything. It was always at the invitation of the Governments concerned. You may look into the records. I never took any ehprasi, or personal assistant or private-secretary with me anywhere.

SHRI M. GOVINDA REDDY: I thank her for the explanation. She could have done a great service to the country if she had suggested these economies to the Cabinet.

Coming to the other means that could be found, the Taxation Enquiry Commission have suggested several other means. One is that an All India Taxation Council should be formed under Article 263 to bring about co-ordination in taxes between the Centre and the States. I wish to know whether any steps have been taken in this connection. Talking about tax evasion, they say that the tax-dodgerr, should incur the penalty that is being incurred in the United Kingdom. The Taxation Enquiry Commission disapproved the compromises which the Income-tax Officers arrived at with the defaulters. They have also suggested ceilings on personal incomes. I would like to know if this is still being examined. They have suggested non-tax revenues as a means of supplementing revenues. There was a suggestion made by them of examining a proposal to establish fiscal monopolies in order to augment State revenues. There was a Committee appointed to go into the question of State trading. I would like to know whether this question is receiving further consideration. In fact, the Taxation Enquiry Commission banked a lot upon these resources, resources that should and could be made available by expanding non-tax revenues.

One other thing they have sugges-ed as a supplementary means by

which the Plan could be assisted is by establishing economies and rationalisation in expenditure. The importance of this cannot be over emphasised.

As I have no time left, I only mention these points and leave out the other points. In the end I earnestly appeal to the Finance Minister To exempt writing and printing paper. He has exempted newspaper print, and I am thankful to him for exempting kerosene. We shall be thankful to him for exempting printing paper. The importance of this cannot be overstressed. In this country the poorer classes find it hard to buy textbooks. We want them to be educated. We want the illiterate masses to become literates. Let the advisers of the Finance Minister examine what it costs to buy a textbook, what it means for a father with two children to buy textbooks continuously. I do not have the break-up of the revenue that he would be realising by taxing printing and writing paper. This, I am sure, will not be giving him very much. I would humbly request him to examine this again.

The price of the post-card also should not be raised. The post-card is the poor man's telegram. Its price should not be enhanced. We can enhance the price of such things as are not in use of the common man. I would also request him to give up the tax on third class travel. The people who travel in third class are people—a large section of them; I do not say all of them—who cannot afford to pay even the present fares. I do not mean that all of them cannot afford to pay, but at least 40 to 50 per cent, of them cannot afford to pay even the present fares. The travelling conditions also are very hard. I would be very happy if the Finance Minister can find a way of exempting railway travel from additional taxation.

SHRI K. MADHAVA MENON (Kerala): Mr. Deputy Chairman, I should like to congratulate the Finance Minister on his courage. Knowing

him for so many years so well as I do, I am not surprised at his courage. He has a peculiar and—if I may say so—an uncanny way of being blunt and he is nothing if he is not forthright and—if I may say so—brutally frank. He has not minced matters and not attempted to sugar-coat his bitter pills of taxation. In the Budget presented, the all-embracing tax proposals have shocked many. Though heavy taxation was expected, I do not think anyone anticipated that they would be so all-embracing and exhaustive. Though every section of the people must be prepared to make sacrifices for the sake of carrying out the Second Five Year Plan, yet it may be questioned whether the new burdens that have been imposed have been imposed on persons who can stand them. It is true that we are marching on towards a socialist society but it is doubtful whether even those who may welcome a socialist society will approve of all the taxation measures. I don't want to go into the details nor have I the time for it. I want only to say that from the ordinary man's point of view, the burdens imposed by the Budget are formidable. As I stated before, the Finance Minister has not spared anybody. The stream lining of the Budget will hit hard the middle-class people. The increase in the postal rate and the tax on passenger fares cannot be defended on any grounds. It will hit the poor man terribly. Comparatively the rich man considers it *infra dig* to write or receive a postcard. It is the poor man that uses the postcard. It may be cold logic to say that the cost of a post-card is about double the cost that is charged for but cold logic will not develop or improve economic conditions. Similar is the case of taxing the passenger fares. The higher class passengers are infinitesimally small. The vast majority of the people travel and can afford to travel only in third-class. Even the present fares are high and any increase will be too much of a strain. This will, I am afraid, only increase the ticketless travelling and corruption. The increase in the excise duty on tea, coffee, matches, sugar,

etc. and the freight charges on Railways will naturally raise the prices of consumer commodities and, to the ordinary man, this will be the proverbial last straw.

Everybody is keen that the Second Plan succeeds and should be worked out as planned. But my doubt is whether straining things to a breaking point is going to serve the purpose. The vicious circle of increase in prices, increase in wages, increase in the cost of production and further increase in the price of commodities etc. will go on expanding and in actual practice, the cost of living will increase much more than is anticipated by the Finance Minister. In spite of what I have said, I know that we have an ambitious Second Plan costing crores and I can realize the unenviable position of the Finance Minister in his hard job to make both ends meet. I very much doubt whether the Finance Minister will relent. So we have to bow to the inevitable.

In this connection I have to bring to the notice of the Finance Minister the difficulty of double taxation which the coffee-growers are growing under. My State produces a good portion of the coffee produced in India. Coffee is an agricultural produce but the income from coffee produced is being taxed by the Income-tax authorities at 25 per cent, of the total coffee income, perhaps presuming that a portion of the income derived from coffee plantation is from a non-agricultural operation. This was challenged before the Income-tax Appellate Tribunal, Madras which held that no portion of coffee income could be subjected to Central income-tax. In spite of this, the Income-tax authorities continue to assess coffee income for Central income-tax. The State Government is levying a heavy agricultural income-tax. They tax the entire coffee income without taking into consideration the 25 per cent, of the income that is taxed by the Centre for income-tax. That is, 25 per cent, of the coffee income is being subjected to double taxation. I request the Finance Minister to rectify this mistake.

[Shri K. Madhava Menon.] I don't want to go into other details. But I must say that the remarks of Rajkumari Amrit Kaur were more provoking and the remedy suggested by her was more provoking than the taxation proposals themselves. She has suggested scrapping of prohibition. In the first place, it is a matter for the States and not for the Centre. It is all easily said that boot-legging is going on. I don't deny that there is evasion of prohibition laws but it is idle to deny the advantages that have been received by prohibition. That she should have said that Mahatma Gandhi, if he had been alive, would have asked the prohibition to be scrapped because of mistakes that are being committed, was very unfortunate. Mahatma Gandhi always said that the money realised from prohibition is tainted money. If people are evading the prohibition laws or it is not being administered properly, the right course is to administer the laws properly and to punish the lawbreakers. I say that the money from excise revenue on intoxicant liquor came mostly from toddy which was drunk by the poorest of the poor. I don't understand why we should tax the poorest of the poor for our Plans or other work? Why should the people suggest that that money may be taken for other purposes? If they are so considerate, let people drink freely and don't tax it at all. It was most unfortunate that a reference was made by a person like her that prohibition should be scrapped to find funds and she also suggested a tax on salt. Mahatma Gandhi in fact intensified the independence campaign by disobedience of salt laws. For a person like Rajkumari Amrit Kaur to say that we should impose a tax on salt, to find money for our Plans was rather unfortunate.

I have nothing more to say and I thank you for giving me this opportunity.

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SHRIMATI PUSHPALATA DAS (Assam):
Mr. Deputy Chairman, it is the fashion for the Members of the Party to always congratulate the

Finance Minister when he presents the Budget. I also want to congratulate him only for one thing—his boldness to face the criticisms and his mad love for the Plan and his earnest desire to see that the Plan gets through. Only for that I feel like congratulating him. For the Second Plan is not a Party Plan, it is a national plan and everyone of us is really keen that the Plan must get through.

Now I come to the point of this Second Plan which is a national plan and with which every party, even the people who are in the Opposition like the Communist Party, Socialist Party and others, agreed and congratulated when that Plan was launched. Now for that Plan when he wants us to find the money, why are we critical today? In the Second Plan there was mention that regional disparities would be removed. That was the inspiration for those who were in the distant places of this land, namely, the eastern-most corner or the southern most corner. They thought that the socialistic pattern of society which the Congress had envisaged in the Resolution that was passed in Avadi Session would come into being. It captured the imagination of our youth. They felt that something was going to happen and the face of India was going to be changed but I feel rather sad to confess that there is no conformity in what we say and how we act.

As far as our foreign policy goes, we Congress people feel proud that India has actively participated in foreign affairs and that we have found a place in the counsels of nations. But when we come to the home policy, internal policy, we feel as a Party that we have not been able to keep the word that we gave to the nation. I come from an under developed area. Recently there was some talk of establishing one of the heavy industries there but now we have come to know that due to certain difficulties, transport bottlenecks and others, they are not going to establish that industry there. I speak

about the oil refinery. Sir, we have learnt a lesson. If we neglect any undeveloped State then the result will be just as what happened in Kerala. After five years, it will be very difficult to face the electorate again and to convince them that we are acting up to what we say. I do not understand this at all. If we can spend lakhs and lakhs of rupees for crude oil, why can't we afford to remove the bottleneck and provide transport facilities to that area where prices are rising. All commodities are expensive. When you face those people again after five years, what explanation will you give and how would you say that you are raising their stature and that you are taxing them for purposes of the development of our country? They have not seen the D.V.C. or the Bhakra-Nangal. They are only concerned with whether they would get some facilities, whether food prices would remain as they are or go down, etc. They do not understand this talk of high finance. They understand that they must get something to eat and they want to be a little free from all this trouble. The question of unemployment must be tackled and this must be removed. They must live as citizens of a free nation. But the point is, how to convince them that we feel for them? The Prime Minister said last year, while speaking after the discussion on the Five-Year Plan, that he felt for the State which had a transport bottleneck. He also said at the same time that heavy industries will have to be developed as otherwise there will not be produced any iron or steel and things like that for the development of our country. We understand everything but things are different. I was talking with a party friend, a business man of Calcutta about the oil refinery and he said that nothing is done on sentiment and that it was a question of economy. He also cited certain technical difficulties. I said that on sentiment were fought so many things; a nation was built on sentiments. You fought for certain princi-

pies and sentiments. You may neglect this as a mere sentimental thing but after five years you will not be able to approach the people of that border State. The prestige which the Congress had built up in Assam is slowly receding and we saw the result in the recent General Elections. After five years, what sort of an explanation would we be able to give to the people as to what we have been able to do for them. I am not advocating the cause of that State merely because I come from that State but I am talking about the southernmost State also, wherever there is backwardness. Why should it be like that? The Opposition parties get hold of those places and they exploit the sentiment of the people there on account of this thing because action does not conform to what you say. Therefore, in these backward areas, you have to convince people that you are doing things for their own good. The food prices are rising not only in Eastern Bihar and other places but in my part also, which is a rice growing area, the prices have gone up; they are Rs. 33 to Rs. 38 per maund of paddy. In the border districts which suffered after partition, food prices are very high, the freight charges are going up and transport bottleneck is there. So, how can we congratulate the Finance Minister? Yesterday, Mr. Parikh was speaking from this side and in his speech he said that the common people will be hit. The point is that somehow everyone feels that under the present Budget the rich is going to become richer and the poor poorer and that the middleclass people are going to be simply wiped out. We got independence but Gandhiji always warned us and said that though we have attained political independence, we have not won economic independence and that we must concentrate more on the constructive side of work. For the economic development of our country he stressed on the development of cottage industries. In our Plan also, we want to give fillip to the cottage industry no doubt but in actual practice, do we give that fillip? They do not sometimes get loan in time and sometimes there is difficulty

[Shrimati Pushpalata Das.] in getting credit and all that. If we economise in other fields, I think we can help the Plan to a greater extent. The other day I was reading the "Eastern Economist" in which there was an article about the community, projects and the question discussed therein was whether they had failed or whether they were giving satisfactory results. So many evaluation boards were constituted under the Planning Commission. A board was constituted of non-official members and it was under the Chairmanship of Dr. V. K. R. V. Rao, an eminent economist, and he has given an eminent report and the picture given of the whole thing is that these community projects are not giving satisfactory results and also that the problem and the difficulties are there. Here, inefficiency is not only in the administration but sometimes in the implementation boards and in the district officers too. When we fought for independence, we said that we would stop the wastage of Public Fund but when we really came to power, we found that there are so many responsibilities and problems. That is why the party in power should not be criticised like that. The Opposition friends are in an advantageous position. They can offer destructive criticism also which we cannot afford. I also request them not to offer destructive criticism because today Congress is in power and after ten or twenty years who can say that they would not be in power. History repeats itself like that. When they are in power, the psychology of the people is not going to be changed. If we encourage them for our ends, if we exploit them for certain things, the same weapon will be thrown against those who will be in Government later on. Whichever party we may belong to, for the sake of the future generations, we must come with constructive suggestions and wherever weakness lies we must try to rectify them. Now, in regard to food prices, when nature was kind to us, we were very complacent and the moment nature stiffened, food crisis came and we

started blaming inflation. We said that as a result of the objectives of the first Five Year Plan being achieved people had become a little rich to buy more and that we were eating more or that we were hoarding. All these things are there. If we are hoarding that shows that people have no confidence in the Government. They think that Government is not able to presuppose the needs of the people and so at times crises happen and that they must be careful. If there is a suspicion in the minds of the people that Government will not be able to presuppose that a crisis would set in and that they must have some hoarding then this is something of a 'no-confidence.' We must be careful. What is the use of having expert committees after the crisis. They will come and report and we will not abide by the recommendation; we will throw it in the waste-paper basket after spending so much of money on committees. As a Member of Parliament, I feel sometimes that certain committees for which we are nominated could have their sessions during the Session period instead of the off-Session period. This way expenses by way of travelling allowances, etc., could be saved, and we could find time to go to the constituencies. By saving this expenditure we will be helping the Exchequer. During the second Five Year Plan period we want to industrialise our country and the stress on the cottage and big industries must be one and the same, equal. While I was coming from Assam, I was informed in Calcutta that they were unable to utilise the power generated by the D.V.C. and that they had asked the Calcutta Electric Supply system to buy current in bulk, reducing its own production. I get the same report from some other friends also about the Bhakra-Nangal system. They are unable to utilise the energy that they are producing. They do not think about these matters beforehand. They do not give that importance which we should give for under-developed economy and for cottage industry. For the second Five Year Plan also.

we can harness our idle energies, that is, our human material which we have got. In Russia they used force when their Plan was about to fail. They wanted to use that energy and they forced the people to come and give their leisure time. Here, we are not forcing but a party which could give the clarion call to the nation to fight for freedom to face bullets, to kiss the rope of death and to face other difficulties for the sake of the country is unable to do this. Of course, the Bharat Sevak Samaj is there, a non-official organisation. There are some other parties also, the Socialists, P.S.P., but they also have not been able to enthuse the people to the extent we expect. There is also, I find, some red tapism. You have these students' camps and other camps and you have money given by the Education departments but sometimes they are so tight about this one pie business that the students get into trouble. The schools and colleges reopen and nothing is done. When we go to them again, the students say, "We do not have any faith in you people. You promise certain things but you do not do them." Even in the case of the Bharat Sevak Samaj we find this difficulty. The Bharat Sevak Samaj under the second Five Year Plan is working to raise the enthusiasm of the people. In that also we are failing due to certain things. I think we must be alert to this situation and we must see that our Second Five Year Plan does not fail due to our inactivity or complacency due to which you are suffering and which is going to bring ruin to our country.

I do not want to take much time. My main point is just to show that, for the success of the Second Five Year Plan, if you want to create enthusiasm in the people, there must be equitable distribution of the industries, and the distribution must be made in such a way that no State has cause to feel that it is neglected. If that feeling is there especially in the southern and eastern States it is a very dangerous thing. I find such a feeling there in my State which is a border State and is the eastern fron-

tier of India. So these States should not be neglected and the frustration that has come upon the people must be checked. If that is not done now, it is no use repenting after five years if the Plan does not succeed as expected. Things are happening in that way and that is why I want to give this warning.

Now, I agree with my friend, Mr. Parikh, who has made the suggestion that III class railway fares and the price of post-card must not be raised. Mr. Reddy also has pointed out that and I do not want to repeat them. So I echo their voice in this respect. Let not the common people feel so much frustrated that every burden falls on them and not on the rich people who can bear it. The Prime Minister in his speeches has said that we will have to go in for tax but we should see that the burden is not increased on the common man. We must stick to that. I do not say that the Finance Minister has not got that in his mind, but the thing is he must adjust his plan in such a way that even from his party there should not be such a revolt, which will just retard the progress of the Second Five Year Plan.

With these few words, Sir, I thank the Finance Minister for his Budget speech and request him to revise his Budget in the light of the criticism offered.

SHRI AHMAD SAID KHAN (Uttar Pradesh): Sir, I was hearing the speech delivered by the Leader of the Communist Party when he was accusing the Finance Minister of being in league with the monopolists here and the foreign capitalists and it brought to my mind a piece of Urdu poetry. It runs thus—

زاهد تہنگ نظر نے مسجد کافر جانا

اور کافر یہ سمجھتا ہے مسلمان ہوں میں

The translation is that the narrow-minded virtuous man thought that I was unbeliever although the unbeliever himself thought that I was a Mussalman. The same is the position

[Shri Ahmad Said Khan.] of the Finance Minister to-day. The Leader of the Communist Party-thought that he» was in league with the capitalists and monopolists although if you ask the capitalists of India they would say that to-day there is a Finance Minister adorning the seat who has imposed more taxes on them than any other Finance Minister in the history of India. Therefore I do not agree with the criticism made by the Leader of the Communist Party.

Now, coming to the Budget I would like to say a few words. In para. 2 of the White Paper, Government was pleased to say, "The country's economy was, however, more or less fully stretched by the end of the first Plan and the increase in developmental outlay in the first year of the second plan has been followed by a significant rise in prices." In making this statement Government had admitted two things, number one, that the economy of the country was fully stretched by the end of the first Five Year Plan; number two, that in the first year of the Second Five Year Plan inflation is raising its head. These two things have been definitely admitted by the Government here.

Now, further on, in the White Paper they have complained of the decline in exchange reserves and voluntary savings. They have also said that import payment has increased from Rs. 335-3 crores in 1955 to Rs. 476-8 crores in 1956 and that during the same period export has declined from Rs. 303 crores to Rs. 288-3 crores. The balance of payment position according to the White Paper is this: "During the ten months ending January, 1957, the foreign assets held by the Reserve Bank declined by some Rs. 236 crores against a rise of Rs. 5 crores in the corresponding period last year. A drain on reserves of this order cannot but be regarded as serious." I agree with the Finance Minister there that a drain of this order cannot but be regarded as very serious.

Further, if you look at the expenditure you will find that the expenditure of the State and Central Governments was Rs. 1019 crores in 1953-54, and it has risen to Rs. 1894 crores in 1956-57. This definitely shows that in these four years our expenditure has nearly doubled, with the result that they have themselves admitted in the beginning of para. 11: "While domestic availabilities showed only a moderate improvement in 1956, there was a continuous expansion in demand during the year. Public expenditure, with the larger money incomes thus generated, has been a major factor in the steady growth of demand in the Indian economy in recent years." In other words, what they have said in para. 11, if put in the language of the man in the street, comes to this that there is more paper currency in the country than is justified by the volume of goods in the market. And that is the reason why the prices are going high. After seeing all these things, the Government themselves have agreed that the real remedy is to re-phase the Plan. They have said there, "At the same time the implementation of the development programme has to be phased in a manner which contributes to an orderly transition to higher levels of investment in subsequent periods. Any phasing of Plan expenditure which leads to excessive strains on the economy in the initial years would only impair the chances of continued progress from year to year." I absolutely agree with these sentiments expressed by the Finance Minister.

I would also like to draw the attention of the House to one other thing. The index of prices has gone up very high. If you take 1939 index as 100, in 1957 the index has gone up to 424-4. This is proving without the least doubt that inflation has set in and the real remedy is to re-phase the plan so that there will not be too much money in circulation.

Now, I would like to say a few words about the taxation proposals

submitted by the Finance Minister. I am glad that he is not going to tax terosene but I would like him to allow the matches also to go without further taxation because matches are also an item which is used not only by rich people but also by the poor people. I would also recommend that Postcards and the fare of third class passengers should not be taxed further.

I would like to say a few words about the wealth tax. I know that it will affect a few rich people only and as far as poor people are concerned, it will not affect them but I would like the Finance Minister to think of me. It will be very irksome and very irritating for a person to give a full catalogue of his possessions, particularly for the ladies. I hope my lady sisters will excuse me if I tell that ladies hesitate to disclose all these things even to their own husbands. It will be very hard on them to give a list of all their jewellery...

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): Do the husbands disclose all their assets and property to their wives?

SHRI AHMAD SAID KHAN: May be; but it will be very hard for them to place a list of their ornaments and jewellery into the hands of government officials. Moreover, this evaluation of movable property like furniture and other things will cause a lot of hardship. The subordinate officers, I am sure, will try to make money out of it and my suggestion to the Finance Minister is this. He should keep this wealth tax but wealth for the purposes of this Act should be only that wealth which is giving some return to its owner. For instance, shares, securities, buildings given on rent, anything which is giving any return to the owner should be regarded as wealth. Otherwise, the house in which the person is living, furniture, carpets, cutlery, crockery and things like these should not be regarded as wealth. Moreover, we want to raise the standard of our

people; we do not want to reduce it and this will have that advantage also.

A few words I would like to say about the expenditure tax. Personally I do not like it at all and I think that it should be dropped. A certain Professor made the recommendation and I would point out that those recommendations were not accepted by his own Government. Why has the U.K. Government not introduced this tax in their own country? We are going to accept and experiment with a thing which has not been experimented anywhere in the world. Anyway I am of the opinion that it should be dropped. It has got very many defects. In the first instance, nobody would like to give a full list of expenditure of his private life to a government official for scrutiny. After all, private life is private life and if one is to be honest he has to give full details of his private life to the government officials because of this taxation. And if he is not going to give these full details, then we are encouraging our own people to be dishonest. We are forcing them to present to the income-tax officer a fake and untrue account. This is one of the great defects in this.

SHRI GOPIKRISHNA VIJAIVAR-GIYA (Madhya Pradesh): The income-tax officer will keep those details about his private life and expenditure confidential.

SHRI AHMAD SAID KHAN: Yes; the income-tax officer will keep it confidential but I can assure my friend that even to their confidential friends sometimes people do not divulge all their secrets. A certain person belonging to a political party may be paying subscription to the party. Perhaps he would not like this to be brought to the notice of the income-tax officer; the party itself may not like that it should be brought to the notice of the income-tax officer. So there are many such defects in this.

Then, there is another thing. Because of this tax, the people will

LShri Ahmad Said Khan.] have to reduce the number of their private servants and it may lead to unemployment. Personally I do not like it at all. They have given Rs. 24,000 as the maximum. Suppose a wife gets T.B. How is the man going to send her to Switzerland for treatment if there is this limit? If the Government is persistent that this should remain on the Statute Book, then I would say that they should add that expenditure on medical grounds, on educational grounds or on religious grounds would be exempt from this limit. Suppose a man wants to go on pilgrimage throughout the whole of India, how are we going to tell him that he cannot spend more than Rs. 24,000? If it is the intention* of the Government that this tax should be kept on, then I think they should exempt such expenditure. With these taxes I am not certain whether next year our savings will not be less than what we had this year.

Sir, there are other methods of raising money and I would like to suggest one to the Government. It has already been experimented by the Government. When they nationalised the Imperial Bank they did not pay all the shareholders. They gave them shares of the State Bank. I think that is a very good method and I think wherever things are nationalised, 49 per cent of the shares should be put back on the market. The control will remain in the hands of the Government and at the same time they will be able to get the money back. This was tried in Hyderabad and in Hyderabad I found that the shares were purchased by the people. I think if this policy is adopted, they will be able to raise money. As far as this tax is concerned, I think it should be dropped.

SHRI SURENDRA MOHAN GHOSE (West Bengal): Mr. Deputy Chairman, within the short time at my disposal I do not know whether I shall be able to do full justice to such an important subject before us. Naturally I shall have to leave big gaps

in the points which I want to make and I may be misunderstood even. Taking that risk I want to point out one thing. The hon. the Finance Minister in his speech has rightly emphasised one aspect. That is, we have got before us the Five Year Plan and that we have to find out the money to finance it. So far as planning is concerned, we have entered into the Second Five Year Plan after completing the First Five Year Plan. I would have thought that the hon. the Finance Minister should have gone round the country and tried to ascertain the opinion of the general mass of the people regarding the First Five Year Plan and the various aspects in its operation. There is no doubt that it has created great enthusiasm among the people; no doubt it has raised high hopes and some confidence in the minds of the people that something very great is going to be done for them. But at the same time throughout the country wherever we may go, we find one criticism about the cost of this Plan. I am not talking about the money allotted for the various projects, but what the people have to pay for them.

Sir, the hon. Home Minister yesterday mentioned that we are bringing the common man under the administrative control of the Government more and more. We forget one thing that this administrative control through this budgetary proposal and other things is creating an atmosphere of totalitarianism in the country, although we have got a republic and a democracy here. So the people ask us whether they get in return the full value of the rupee paid as tax. For every small item to be done they have to go from their home to the headquarters not once but over and over again, month after month, year after year, and even then they cannot see how long it will take for the authorities to come to a decision about certain matters. That is the situation in the country, and I can say, Sir, that every Member of this House including Ministers and all Government officials, everybody has got the same

feeling, the same experience that nothing is finalised, that it takes years and years to come to a decision. Unless we can do something to clear up the atmosphere, unless we can do something to create that confidence among the people that everything they desire will be attended to as efficiently as possible, that everything will be done as quickly as possible, I think the country is not going to accept the tax proposals as they are before us today.

Sir, there is another point about some of the tax proposals. There is duty on cement and steel, and it seems to me that the Central Government will be the largest buyer of cement and steel for their construction work. For them it will be only a book transfer, a book adjustment of accounts, but what will be its effect on the State Governments? They shall have to buy cement and steel at a higher price, and consequently in order to balance their budget in the State they shall have to impose new taxes in the State which will again fall on the common man.

Then, Sir, about the lowering down of the income-tax to the level of Rs. 250 per month. This will affect large numbers of Government servants both in the Centre as well as in the States and, as we see today, agitation is going on for increasing the dearness allowance of Government servants. On the one hand we will tax them and on the other hand we shall have to increase the dearness allowance for them. Then with regard to those who are employed in private business firms, the business firms also shall have to increase the dearness allowance of their employees, and the prices of the goods which they will produce will also rise up. Therefore, ultimately the burden of these tax proposals will fall mostly on the common man. Of course the common man wants that this Plan should go through, there are no two opinions in the country about the Plan as such. But the man

grievance of the common man is that the cost of this Plan is taxing him so much that it has become impossible for him to bear any more burden. So, when I say that we shall have to do something to clear up the atmosphere, the first thing in my opinion is that the Government servants do not feel their responsibility for taking decisions—and they have got also good reason for that because in a democratic set-up they feel that questions will be asked in Parliament, "we do not know how to answer, we will be taken to task for doing certain things or for not doing certain things". Therefore, they hesitate and they pass on files from one department to another department. In my opinion steps should be taken to fix up graded responsibility on Government servants so that when something is not attended to properly, we can fix up the responsibility on the individual Government servant. Simply by appointing the C.I.D. and other people to keep a watch over the Government servants this corruption will never go, unless you make them realise that they are also serving their people and their country and that they have got fixed responsibilities. Otherwise this atmosphere of suspicion, this atmosphere of indecision and inefficiency, this atmosphere of corruption will never go. That is my opinion.

Then, Sir, one or two words about my young friend Shri Bhupesh Gupta—who is not here now. He said something about the Plan, that it should not be curtailed in any way. I do not know whether he will have the same remark about China. I shall read out to you—this is the "Economist", London, dated 9th March: "All the available evidence from Peking indicates that the State Council is now holding down the pace of the current Five-Year Plan which ends this year. The Plan which went out of hand in an exuberant gallop last year will finish the course at a steadier trot, easing down as it passes the post. There

[Shri Surendra Mohan Ghose.] have been frank and repeated admissions of waste, inefficiency and extravagance in 1956" etc., etc. So, I would not feel shy in thinking that, if our resources are not enough to finance the Second Five-Year Plan, we should be bold enough to spread it over one year more so that the country can bear the strain, and between the time we also should make a supreme effort to remove this soul-killing inefficiency in 'the administration.

In order to create confidence among the people, they must be made to feel that this Government is theirs, this administration is theirs and that the Government is there to serve them, to help them, to guide them and not to harass them. I could have cited instances after instances of the kind of harassment the people are undergoing today. But I do not want to take the time of the House. I simply give one item of waste. Some .ion. Members have mentioned about waste and Shri Parikh has suggested also something. But I have not in my mind the suggestions made by Shri Parikh to curtail the expenditure on motor-cars for the Ministers and other things. But I have in my mind one kind of waste. I am told that some of the machinery which has come or is coming and which was to be installed this year before the rainy season would not be installed because the contractors who were given contract to construct the basement for this machinery have failed to complete their work. If you look into such cases, it will be found that \ve have got a few people who are generally given contracts for such work— people who have got a larger number of contracts than they can manage. Therefore, such a failure occurs and on account of their failure, the machines will lie idle for another year and the consequent waste will qlso be enormous. So, I would like to draw the attention of the hon. Finance Minister to this aspect of the question. It is not only cutting down

expenditure here and there, but also seeing that the work is done efficien!-ly, If some of the chosen contractors cannot fulfil their contracts, then new contractors should be given chances. That is my point. I am not saying something in despair. I do not agree with the Members of the Opposition in their criticism about giving some relief to the richer sections of our people. The whole Budget proposal is to be taken as one and the Finance Minister has given very useful and logical explanations for every proposal he has placed before us. ¹/Ve may or may not agree with many of them. But, so far as his own arguments are concerned, so far as his own case is concerned, he has placed the same very clearly before us. The intention is to give some relief for giving a little more impetus to the productivity of our country from which we will get much more. Therefore, it is not a question of giving relief to the rich and taxing the poor, although, because of the overall structure of the tax proposal, in effect, the burden will fall on the common man. In my opinion, the common man would not have grudged it if he could get the full value of the money in return for what he pays. I know of cases where people, for five or six years, have been going here and there, but they have not got any relief.

(Time bell rings.)

I will say only one word more and I have done.

Last year, on the 16th April, the hon. Finance Minister who was at that time Minister of Commerce and Industry uttered in the Lok Sabha a word of caution about our planning. I am quoting from his speech. He said:—

"I find an echo of these reactions in a book written by Professor Arthur Lewis, entitled 'The Theory of Economic Growth.' I am quoting from that book.

"The rate of economic growth can be too high for the health of society."

Then he went on quoting. Ultimately, he said: —

"Speaking for myself, with the little knowledge that I possess about planning in other countries, I would not commit this country, if I have any say about it, to a type of planning which, while it may seem to meet our immediate needs and aspirations, would in actual fact be impossible of achievement. It does no good to flatter ourselves that we can do something more than what is actually possible. It would, in my view, be equally undesirable to undertake an expansion for which we may have to pay a price that is too high in terms of social, and may I also say, spiritual costs "

Sir, I may appeal to him whether he is not.

SHRI T. T. KRISHNAMACHARI: May I tell my hon. friend that that was exactly what I said then; that is exactly what I say about deficit financing.

SHRI SURENDRA MOHAN GHOSE: Please go round the country and see the reaction of the people whether you are not really killing the soul of the people. The atmosphere in the country is not so much against the taxation, but the price which they have to pay to get anything done by the Government administrative machinery. That is universal throughout the country, from the high to the low.

Therefore, I make an appeal to consider whether he is not doing something which is killing the soul of the people.

Thank you, Sir.

SHRI N. RAMAKRISHNA IYER (Madras): Mr. Deputy Chairman, Sir, I should contribute my need of tribute to the Finance Minister for his bold Budget proposals and for the lucid

speech with which he has ushered in the Budget. In particular, I am thankful to him for that small handbook entitled 'Economic classifications' which has been really very revealing to me. I come from the Madras State Assembly where it took two Budget sessions for me to understand the ramifications of a Budget, and I was wondering how I would be able to follow the Budget here which is more intricate. But for a lay-man, the handbook 'Economic Classifications' is really very helpful. It gives us an idea as to the income the Government gets, how it spends on its administration and on capital formations, how it spends it by way of grants, by way of loans and all that.

Sir, I have been listening to the speeches here. There has been a chorus of discontent about the taxation proposals, and also the way in which the Plan is being implemented. I only wish to remind the hon. Members of the House that we should not forget three or four things when we try to sponsor a growth in the economy—in an under-developed country like ours. First of all, the common man particularly will

2 P.M. not be in a proper frame of

mind to understand the economic growth which we are fostering for him. He will not be in a position to react properly to the various steps that we take to implement our programmes.

[THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU) *in the Chair.*]

For example we are going to give him the actual services either under the public sector or under the private sector, as also other commodities and utilities. We will have to lead the common man properly and not wait for his demand. Otherwise there won't be any economic growth in an under-developed country. There won't be the necessary technically-trained personnel to implement our programmes to start with. Therefore, there is bound to be a certain fall in efficiency, and also there is bound to be corruption.

[Shri N. Ramakrishna Iyer.] Lastly, Sir, we should also understand that in a sponsored growth like this the resources are not there simply to be tapped. In a country like ours where the internal saving is limited and the foreign assistance cannot be relied upon, we have to depend upon the compulsory savings which should be available in our country by way of taxation. Therefore, when we think of developing our country, we should not fight shy of a heavy deal in taxation. If we bear in mind all these factors, we will be able to appreciate the approach which the Finance Minister has made while making these proposals.

Then, Sir, I have to make one or two observations just qualifying what I have said. In regard to the services and the utilities which we are providing to the country, we are not giving the right emphasis to the real amenities which the common man needs. The Finance Minister himself mentioned something in his speech about rural housing. For health and environmental hygiene and so many other things which go to make the common man happy, we are not spending as much as we should spend. Sir, these things should get priorities in the Plan, priorities over other things which may be relegated to the later years. So also in the matter of providing vocations for the rural population wherein five persons out of every seven are a burden on the land. The present Budget proposals have not made allotments sufficient to wean away the existing burden on the rural population by providing cottage industries or small industries or initiating such mechanical units.

About the Plan itself, Sir, I do not say that the Plan structure should be altered or the physical targets should be reduced. But I feel that some economies could be attempted and the Plan expenditure could be brought down to Rs. 4,800 crores as originally envisaged. For instance, Sir, in the matter of food production, at first we thought of an increase of 15 per cent.

at the end of the Second Five-Year Plan. Then we thought that that would be insufficient and we said that we could step it up to 25 per cent. That increase is to be achieved without incurring any further cost, i.e., we should be able to raise our physical targets without increasing our investment. If that is possible the other way about will also be possible, namely that the present targets should be retained as they are and the expenditure to achieve those targets should be reduced. Sir, as a layman I am not able to help the Finance Minister with any suggestions, but I feel uncannily as a common man that about a 10 per cent, reduction or pruning will be possible in this Plan expenditure. For instance, when we go through the various allotments for this year, I feel that we can do away with some of the items with regard to improvements in the matter of broadcasting. There are so many items which can be relegated to later years, to the third Plan, if necessary, and to that extent we can reduce our expenditure. The expenditure that goes to capital formation in this Budget is nearabout Rs. 900 crores. If my arithmetic could be followed, I feel that we can save about Rs. 70 or Rs. 80 crores or even up to Rs. 90 crores. Sir, I would suggest that there should be a sort of pruning committee attached to every department which should go through the expenditure now in the context of the experience gained during the First Five-Year Plan.

Then, Sir, with regard to inefficiency in the implementation of the Plan, as I said earlier, inefficiency is bound to be there. But we should try to multiply skills as rapidly as possible by imparting suitable training. We have enough untrained material in this country which can be very useful. The only thing that we have to do is to find out some method of instilling skill, like-in-service training and understudy training.

Then, Sir, as regards corruption, yesterday the Home Minister was kind

enough to elaborate on the plans that he had to check corruption. But one thing we should not forget, and that is this. Officials are part of the community and if they are prone to be corrupt, they simply reflect the canker in the community itself. Therefore weeding out corruption is not merely an act which deals with the services, but weeding out corruption is an act which deals with the morality of the people.

Then, Sir, as regards the impact of these Budget proposals on the public, I agree with the previous speaker that the country has become Plan-conscious. That may not be on all levels, but on the whole the people have become Plan-conscious. But the real thing that we want is that our people should have an intelligent appreciation of the burden of taxation that they are going to bear. Sir, our people are dumb, docile and ready to put up with any kind of taxation. But that is not the attitude that is necessary to make the Plan a success. Our people should be ready to understand and intelligently follow and appreciate the incidence of such taxation. But they can understand it only if the living costs do not go up. If the living costs do not go up appreciably, then our people would certainly understand the need for taxation. When there is such a disparity between public investment and available resources, a rise in living cost is bound to happen in any planning. Also by the incidence of taxation if the cost of living goes up, there is a clamour for more wages, for more payment, and then there is bound to be a rise in the cost structure itself. There is bound to be a rise in the expenditure on the Plan itself on account of the rise in the cost of fuel, transport, cement, construction materials, etc. These contribute to the rise in the price factor. I request the Finance Minister to be very wary and find out methods by which he can tackle these forces when they tend to push up prices. I do not think that it will be beyond the resources of any intelligent Finance Minister as the

present one. With great boldness he has proposed these taxation proposals and I hope that with equal boldness he will enunciate and initiate proposals to curb down the rise in prices. I only wish that friends here do not merely to echo platform sentiments but try to devote their minds to understand the implications of the Budget proposals and understanding the very fundamentals of what we are trying to do. Thank you, Sir.

SHRI M. SATYANARAYANA
(Nominated): Mr. Vice-Chairman, as a layman, I cannot talk of matters connected with high finance. I have to submit that the present Budget proposals as they are being discussed now, to me, are more theoretical and academic rather than practical. To those who are acquainted with the people of this country and their poverty and also the conditions in which they are living, this Budget of the Central Government will not be of any interest, as this does not go far enough to help them, either to enable them to increase their living standards or their prosperity or to get any extra income. This Budget is not of our own creation. The methods by which we budget, the methods by which we collect taxes, the methods by which we prepare our estimates, are a legacy of the past and were connected with our predecessors. We are carrying on the same old-fashioned budgeting. It is generally said during the last ten years we have been trying to make our financial position as useful as possible, as profitable as possible, to all classes of people. The great concern which is expressed in this House as well as elsewhere is the concern about the common man. Very often I fail to understand, whenever I hear the term 'common man', what exactly is meant by it, whether it is meant to convey the man who lives in a village and gets even today only 6 annas a day as wages, or whether it is meant to convey a man who gets about Rs. 3 to Rs. 4 a day by way of wages in an urban area or city area, or whether it is meant to convey a man who works from morning till

[Shri M. Satyanarayana.] evening and gets hardly enough to make his both ends meet, whether the common man is the man who lives in the slum areas of Calcutta or Bombay or lives in the streets or the pavements. If we take the average, it will be just like the weather average and would mean nothing. If we take the appalling conditions in which the villager lives, according to me, the present economic condition is not at all useful even to 90 per cent, of the population of this country. It is useful only to a small circle of people. It does not touch the people who live in the outer circles of national life, whether they live on cottage industries or agriculture or any such thing. I do not know whether we are serious in doing anything to that common man in whose name we talk a good deal, in whose name we run the Government, in whose name we conduct elections, in whose name we consider, we solve national and international problems. For another 5 or 6 decades I do not know whether any improvement is going to be made in the position of the common man by budgets of this type. In this country there are places even today where in spite of the fact that we have injected into our financial system nearly eight times more currency than we had in the year 1939, there are people who have not seen a rupee. They are yet to see a rupee. They are yet to find what that rupee means to them; they are yet to know how they are going to better their conditions of life by spending that rupee. Actually their conditions have not changed at all. Therefore, the best thing would be that whenever we talk about and make our Budgets, not only should we think in terms of a money economy, the money that is going to be spent or collected by these Budget proposals but also the activity, the incentive, that these proposals would give to the people. That should be the main consideration. Taking that into consideration, according to me, this Budget does not go far enough. It is said every year that we are increasing our expenditure to enable the people

to have a better standard of living. The First Five Year Plan, it is said, was a great success. It is a success only as far as we hear, but as far as we see today, we have the following experience: Our experience is not uniform, and our experience cannot also be uniform. What has been the result of spending nearly Rs. 2,000 crores? What is the result that this has yielded? To what extent has this helped the country? These also we should consider. It was said that the First Five Year Plan was based mostly on agriculture and its improvement and prosperity. If that is so, I do not know why even after six years of the beginning of the Plan, even today we are crying for more food and our country is still suffering from want of enough food. Why should it happen? I don't know but there are figures and the figures are being given that we are improving. Probably those figures also are not satisfactory as they are being quoted today because the land which was under plough in 1950 is still the same. More land has not been brought under the plough. The irrigation facilities were there in 1950. More facilities have been brought on paper but more irrigation has not been used by the people. The other day it was said that we have completed certain projects and that *the* projects have not begun to work and the land is still there. These are the facts which we see. Because the people have not at all moved on the lines on which either the planners or the Government or the leaders want them to move. Supposing we give water to a particular land where the project has been finished, the tillers of the soil addicted to the various old types of ploughing and old types of cultivation, don't at all want to change. Unless and until the Government has a plan to change their modes of cultivation and the crop planning, it is not possible for them to change and sometimes the Government also helps to see that they don't at all change. Supposing there is an area where only the dry cultivation is used and the people are addicted only to dry cultivation, if we all of a sudden introduce

wet cultivation, they refuse to do it j because the dry cultivation is cheaper. It is today paying them more. He gets more money. It does not at all force a man to part with the result of his cultivation to a very large extent and he pockets the money and pays less wages. Therefore why should he change his cultivation for the purpose of spending more money? So he would not do it. Therefore unless and until the people's habits also are changed and each cultivator is told that he can get more money, not only that but it will be more patriotic to produce more and not only it is patriotic but that when he gets more money, he can enjoy that and conditions are created by which not only he can enjoy the results of his money but the people who have been oppressing them not to enjoy those conditions are also changed or altered, it is not possible for the man to change simply because more money is given to him. This is what has to be done. How can that be achieved? It may be argued that it is probably just the experience of a particular area and this cannot be generalised. My own feeling about it is when we make an estimate of the over-all picture of the academic resources either from the view-point of poverty from which people are suffering or the money which the people are enjoying in the whole country, from the view-point of various aspects, the country should ; also be organised in a decentralised ! way on the basis of various zones I which can be made self-supporting from the view-point of agriculture or small-scale industries, from the viewpoint of heavy industries, etc., so that whatever money is injected, it goes into the country in a very equitable way. Probably it may not be very easily understood or done as it is not possible, as we have been trying to understand our country from a notional point of view that it is one and indivisible. Take, for instance, a State like Kerala. There every day we hear cries that there is no food but I don't know whether you take into consideration or whether my friends from Kerala agree with me,

that from the view-point of money making, I don't think that Kerala is worse and if Kerala is having sufficient money, if they are not having food, the only point is more food should be sent there. If that is the question where money is made and there is no food there, that should also be taken into consideration. It should also be seen that the income that the Government gets is so distributed from the view-point of the Central taxation that a particular region is not taxed more than another region. This will happen only when we have a proper appreciation of the distribution of wealth by way of activities, either industrial or agriculture, and when we have a proper assessment of the wealth distribution of this country according to the region, according to the commodities, that we produce, according to the activities, according to the industries, either small-scale or big-scale industries otherwise it is not possible. There will be a kind of lop-sided economy. A particular area will be suffering from want of food and other area will be having too much of food and there will be difficulties. Take another instance. There are some areas where the money, on account of various activities, is injected in such a way that the local people get plenty of money and prosperity on account of their situation. I don't know whether we can compare the prosperity of Punjab with that of Madras. Punjab is not only agriculturally prosperous but is so even from the point of view of industries or even from the view-point of employment. If we consider, probably the difference will be that Punjab will be considered to be, on a *per capita* basis, at least 3 or 4 times richer than Madras. How will we balance it unless and until we have an assessment of the income that is derived in that particular area on account of Governmental activities or their own activities or activities sponsored by private sector? Therefore this assessment is absolutely necessary in order to decide what are the steps that we should take for the purpose of making the effects of our economy reach all the States. It is

[Shri M. Satyanarayana.] necessary that there should be a reassessment of the whole structure of the income receiving groups in various areas so that this distinction and disparity between one area and another either from the view-point of population or region may be completely avoided.

THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU) : Please try to wind up.

SHRI M. SATYANARAYAN: There are one or two suggestions about which I just wanted to make a reference. Yesterday it was said, in the course of speech by an eminent ex-Minister that the Government, for the purpose of getting more income, should levy salt tax. It is strange that such a suggestion should have come from a person who had occupied a very high post and who enjoys not only the reputation of a great public worker but as a great companion of Mahatma Gandhi. This salt tax levy has got a history of its own and we have a sacred sentiment. I oppose any type of suggestion that the salt tax should be levied. It is argued generally that the salt tax, after all, is a very small tax and it does not affect the people very much. Whether it affects or not does not matter. If it does not affect, why should it be levied? For it need not at all be considered that only by re-imposing the salt tax can we get the income necessary for the plan and so I oppose it and it should not at all be reconsidered.

Another suggestion is that prohibition should be scrapped. This has been on the anvil of our programme for a long time and for about 25 to 30 years we have been discussing it as to whether we should have prohibition or not. Why has this question been tacked on to money economy? It is a question wherein the poor man as well as the rich man completely lose their moral perspective. Therefore if any suggestion is made that prohibition should be

scrapped and the people should be allowed to drink, to that extent it is all right but that they should be taxed and that the tax should be got for the purpose of implementing the Plan, that probably the whole country will oppose and all people, to whichever section they belong, will consider that to be very sinful and it should not at all be considered that prohibition should be scrapped and that the taxes on liquor should be revived by Government for the implementation of the Plan. Whether we are illiterate or literate, it does not matter but if we are going to get more money by making people drink and with that money we are going to be literate, probably that literacy will not be of any use. Probably it will be considered as sin. -It is better to forget what we learn rather than educate children with money received from liquor and toddy-drinking.

Sir, I have got plenty to speak but my time is up. I generally support the proposals and while supporting them, there are only two points which I would like to mention. One is, generally it is said that this money or these additional taxes are required for the purpose of successfully implementing the Plan. I fail to find from the figures, to what extent the money that we are taxing is* going into the Plan and to what extent it is going to normal expenditure. One point I have seen. Take, for instance, Defence expenditure. We had this revised estimate of nearly 203 crores of rupees and now it has become Rs. 253 crores. Out of the difference of Rs. 113 between the last year's budget and this year's budget, nearly fifty crores of rupees go in for Defence expenditure and Civil Administration takes away nearly Rs. 60 to Rs. 70 crores out of which probably a large slice goes. with the exception of a few crores for industry, for education, etc., for the purposes of paying the salary of the people. I do not know whether it can be called really an' extra expenditure which is meant to be used exclusively for the Plan. It is necessary that we should have more money. Let us also know that nearly 40 per

cent, of the new taxes that we are imposing now is going to defence. People also should be told that this is not exclusively for the Plan but that it also goes for defence. Whether it is necessary or not is entirely a different question but the other aspect of the question should not be forgotten and that is, we are in a situation where defence has become necessary and more money is necessary. People must also be told that they are paying not only for the fulfilment of the Plan but also for protection and that will give them a little more of satisfaction.

There is only one more suggestion that I want to make before I resume my seat. It has often been said in this House as well as in the other that there is a good deal of waste and that waste has got to be avoided. It gave me immense pleasure when I heard the Finance Minister the other day giving a very vivid description of the steps that he had taken when he found three or four officers not having enough work. He said that he removed those officers from his Ministry. I wish the other Ministers could also take action likewise. It is really a waste of human energy and waste of money. We are now considering waste of money along with waste of human energy when we find that the Plan is not putting forth its maximum result. I suggest that there must be a permanent commission to look into the avoidance of waste of human energy and waste of money. This commission should not be attached to any particular Ministry; it should be an independent body like the Auditor-General's organisation and it should go into the work of every Ministry not only in the Centre but even in the States in order to see that all possible waste is avoided and that it is made a complete success.

With these words, Sir, I resume my seat.

SHRI KISHEN CHAND (Andhra Pradesh):
Mr. Vice-Chairman, I have carefully listened to the speeches of

hon. Members and I find that there is unanimity on one point and that is that this Budget is going to tax the poor. I would agree with the Finance Minister, as has been pointed in several newspapers, that if you take any particular tax, for instance, the tax on tea or on sugar, it really amounts only to one pice per cup of tea. Similar is the case with other taxes. If you analyse them you will find that the tax on kerosene which has now been withdrawn amounts only to a quarter pice per day and so on but the cumulative effect of all these taxes is that the common man feels that he is being made to make greater sacrifices than the other sectors of society. I would request the hon. Minister to study this proposition. This Budget may be academically very sound; his taxation policy may be sound academically but its effect on the people is such that it antagonises them. We are doing all this for the sake of the Five Year Plan and why are we concentrating on the Second Five Year Plan? It is because we want to improve the lot of the common man and we are determined that the Second Five Year Plan should be completed and that money should be found for it but in order to complete the Second Five Year Plan, if we alienate the sympathy of all the common people by imposition of small bits of taxes on a large number of commodities, we will not be able to create any enthusiasm for the Second Five Year Plan. I submit, Sir, that though the hon. Finance Minister may try his level best, yet unless he can create enthusiasm amongst the common people, amongst the mass of our people, for his Budget and for the Second Five Year Plan, it will not be a success. Sir, it is suggested that the Second Five Year Plan may be extended or it may be reduced. I do not agree with that; I maintain that the Second Five Year Plan must be fulfilled and it should be fulfilled in the same period of five years and that it should not be scaled down. The old question will crop up of how to find the money. So, instead of making just general remarks, I will

[Shri Kishen Chand.] try to concentrate on how to find the money so that we may make a success of the Second Five Year Plan, get the enthusiasm of the people and not tax them in such a way that they feel the pinch. After all, money has to come from the people; it is not going to come from outside. People are going to subscribe to it but it is the method of taxation, the approach to taxation, the human psychology, which has to be considered. First of all, I will say, Sir, that one way of financing the Plan is to reduce our expenditure which is met out of revenue. Several Members have spoken about the phenomenal rise in the Defence expenditure. We can never compete with the great powers of the world, Russia or the U.S.A. or the U.K., about military expenditure. It does not matter whether we spend the entire amount of the Second Five Year Plan on our Defences, even then we cannot compete with these Great Powers and we can never have atomic weapons of that scale.

SHRI J. S. BISHT: What about those who are standing right across our borders?

SHRI KISHEN CHAND: Even for those who are standing right across the border, are they going to be equipped with atomic weapons?

SHRI J. S. BISHT: Who says that?

SHRI KISHEN CHAND: The hon. Member realises that the little island of Formosa is being equipped with atomic weapons; South Korea is being equipped with atomic weapons; Viet Nam is being equipped with atomic weapons and, without the hon. Member knowing it, if Pakistan is also equipped with atomic weapons, what is he going to do about it? It is not necessary that it should be broadcast that Pakistan is going to be provided with atomic weapons. Without our knowing it, if Pakistan is equipped . . .

SHRI B. B. SHARMA (Uttar Pradesh): Does it follow that we should not have any Defence at all?

SHRI KISHEN CHAND: I am not saying that. The only question is that Defence expenditure has shot up by Rs. 50 crores during this year. This is the estimate. The whole question is, can we afford it? I maintain, Sir, that an expenditure of Rs. 200 crores should have been enough. Whether you spend another fifty crores of rupees is not going to make any material difference. We are not able to get the atomic weapons and we do not believe in them. The whole point is whether by the purchase of a few outdated and outmoded secondhand small destroyers or mines sweepers for the Western Coast we are going to have any effective weapon against Pakistan. Most of this money is being spent really on the development of our Navy and our Air Force and even in the matter of the purchase of Air Force equipment, we are more or less going in for old and outdated things. The result is, Sir, that money is being spent but effectively our fighting force is not improving and I would humbly beg the hon. Finance Minister to very carefully consider this question. The Government is responsible for the security of our country and I am sure that our hon. Prime Minister is wedded to the banning of nuclear weapons from the world. He is making efforts but I think they are not strong enough; he is not making the fullest effort for mobilising world opinion for banning the atomic weapons but, even assuming that full effort is being made, will it not be better that we spend this money on the industrialisation of the country, on the fulfilment of the Second Five Year Plan? After all, the military strength of any nation depends upon its industrial potential. If we do not have the industries which are going to back the Army, no wars can be fought. It is not a question of numbers. These days wars are fought with equipment and for the maintenance of equipment, industry is most essential. As I said before, I would suggest to the hon. Minister that he should see his way to having some reduction in the Defence expenditure from the enhanced figure of

Rs. 253 crores to the original figure which was adopted last year of Rs. 203 crores.

Then, Sir, about civil administration a like thing can be said, that the expenditure is mounting up by leaps and bounds during the last five or six years after independence it has increased by nearly 40 per cent. I am very glad to learn that the hon. the Finance Minister has made some reduction in his Ministry. It is a very welcome example and I hope that this example will be followed by other Ministries. But just the reduction of one officer here and one officer there will not suffice. We want real reduction, back to the figure of 1950, which will mean really a reduction of 40 per cent. Now all the additional staff which has grown up during the last five or six years will have to be done away with.

Then, Sir, the hon. the Finance Minister has provided for a food subsidy. It is a very welcome thing and I am very glad. But it is a subsidy of Rs. 25 crores only. The total food production in the country is of the scale of about 5,000 crores of rupees and for that scale of 5,000 crores of rupees a subsidy of Rs. 25 crores is not going to take us very far.

Then, Sir, there is some clash of interest between the various States. Now there are certain States which specialise in cash crops. I particularly refer to Kerala. They have cashewnut, they have cardamom, they have coffee, they have tea, they have copra, and so many other things, which are all cash crops.

SHRI PERATH NARAYANAN NAIR (Kerala): They are export commodities.

SHRI KISHEN CHAND: I agree. They are export commodities. But the peasant gets the money all the same. The whole question is this. I don't say that Kerala should be deprived; what I am saying is: The hon. the Finance Minister by giving

20 RSD.—5

a subsidy is not really tackling the problem. The subsidy is so insignificant on the one hand; on the other those States which are food-producing States, they are not getting the benefit from it while the States which are producing mostly cash crops are going to get all the benefit.

SHRI PERATH NARAYANAN NAIR: Foreigners.

SHRI KISHEN CHAND: They are getting double benefit. If they are foreigners you get rid of them. I am one with you that their estates should be nationalised. It is a separate question. Simply because a few of the estates are owned by foreigners it does not alter the position and the struggle between the States where they are producing cash crops and where they are producing foodgrains will continue whether the foreigner is there or not.

Sir, I come to the list of taxes. The hon. the Finance Minister . . .

THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU): You have only three minutes more. So please try to conclude your speech within that time.

SHRI KISHEN CHAND: I began at about 2-35... .

THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU): At 2' 30 you began your speech.

SHRI KISHEN CHAND: If I am given 25 minutes, Sir, . . .

THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU): I am sorry; it cannot be done.

SHRI KISHEN CHAND: Now, Sir, let me take up direct taxes. The hon. the Finance Minister has lowered the taxation level from Rs. 4,200 to Rs. 3,000. Before the war, In 1939 the exemption limit was Rs. 1,500. The hon. the Finance Minister will agree that the price index has gone up since and is nearly four times what it was then. That

[Shri Kishen Chand.]

means that if in 1939 the exemption limit was Rs. 1,500 it should be, on the arithmetical basis, Rs. 6,000 now. The predecessor of the present Finance Minister had raised the exemption limit to Rs. 4,200 and there was a suggestion in his speech that it might be further raised. The idea was that though a large number of assesseees numbering 4 or 5 lakhs will be brought in now by lowering the exemption limit, their contribution will be very small. But the burden on the income-tax officers will be very great. It will be so great that unless the strength of the income-tax staff is more than doubled the tax which is to be realised from the four lakh persons will be neglected. Compared to the extra expenditure on the additional staff to be provided for collecting the tax from these 5 lakh small assesseees their contribution will be insignificant. So I think it is in the interests of the Finance Ministry and the Finance Minister that the exemption limit be raised from Rs. 4,200 to Rs. 4,800 instead of its being lowered to Rs. 3,000. The result will be that the number of assesseees will go down still further and the staff will have plenty of time to carefully examine the accounts of the present assesseees and to collect the taxes due from them in full and in particular the new taxes which have been levied, the wealth tax and the expenditure tax. Here I would draw the attention of the Finance Minister to Prof. Kaldor's report. The hon. the Finance Minister has not fully followed Prof. Kaldor's report. He has tried to balance it in this way that if you levy a wealth tax and expenditure tax, income-tax, and supertax have to be reduced. If you don't do that as the hon. the Finance Minister has suggested, by the levying of wealth tax and retaining income-tax and super-tax with surcharges on unearned income at 84 per cent, within a year or two the rich people whose capital is about 40 to 50 lakhs of rupees will start selling their assets and equipment. I do not think

anybody has sympathy with them. It is very good if they start selling it. But if their selling their assets has a bad effect on the economy, we should be very careful and see that it does not lead to bad effects on our economy. I am sure, Sir, one result of this heavy 84 per cent levy in the shape of income-tax and super-tax with surcharges plus the wealth tax and expenditure tax will be that the money market will become still tighter. It will become exceedingly tight because, if 84 per cent is paid in income-tax and super-tax, etc., it leaves only 16 per cent, and probably that much must be left for an individual's expenditure. Then where is the wealth tax and expenditure tax to be found? The result will be it will lead to greater blackmarket-ing, it will lead to greater black-market money and people will be living on blackmarket money. Also interest rates will go up further. Even now, Sir, the interest rate in the market is about 15 per cent and it is a common practice that the money-lenders will only give a receipt for 6 per cent and the remaining 9 per cent will be pocketed. You take any contractor. The contractors are getting large contracts from Government. There are the big river valley projects and other big works going on. All these people want cash money. They go to moneylenders or financiers and they charge not less than 18 per cent interest but they will never give a receipt for more than 6 per cent. You are allowing that. You are forcing the economy into wrong lines by adopting a wrong method of economy. If you want to follow Prof. Kaldor, follow him fully because, after all, he is a great economist. But, if you pick and choose, then don't put the blame on Prof. Kaldor. We take only the bad points from Prof. Kaldor's report leaving out the good points, and yet we want to blame him because it is not successful. I submit, Sir, that in this indirect way the hon. the Finance Minister has affected not only the few rich people but his proposals are affecting the indus-

trial organisation also. By levying a *very* high rate of income tax and corporation tax, of nearly 53 per cent, on companies and with the additional wealth tax on companies, the result will be that the industrial concerns are not going to have any reserves and the prices of industrial products will go up. And when the prices of industrial products go up, the general price level will be increased with the result that there will be demand for higher wages and if that is met, then it will lead to further rise in prices. After all, the industry cannot run a loss. You take away 55 per cent of the profits in the shape of taxes. (*Time bell rings.*) Sir, ...

THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU): Please wind up.

SHRI KISHEN CHAND: There is much to say but I will only once again appeal to the hon. the Finance Minister. He can try new methods and new experiments and antagonise the entire people of the country. Theoretically his scheme and his plan is perfect but in practice it will prove an utter failure and his object of fulfilling the Second Five Year Plan may be completed on the money level but it will not be able to help in benefiting the people for whom the Plan is being made.

SHRI K. S. HEGDE: Mr. Vice-Chair-" man, Sir, the first reaction to the budget proposals was one of panic. Everybody felt that the taxation had been very severe and almost unbearable. Undoubtedly, all of us expected that we would be taxed heavily but none expected that the tax level would go to the extent to which it has gone now. But then the question comes on a cooler reconsideration, what is the other alternative? There is no pretension that the taxation has not been heavy. If we are determined to work out the Second Five Year Plan, is there any other alternative? Two suggestions have been made from different quarters. Some of the critics have suggested that our Second Five Year Plan should be curtailed, while others have suggested that the

Five Year Plan may be extended to a Six or Seven Year Plan. I do not know whether our Second Five Year Plan can ever be curtailed. The least that we can do for the future generation is to fulfil the Second Five Year Plan. The economic gap that is prevailing in the country is so great that any attempt at curtailment of the Second Five Year Plan is bound to have not only a bad psychological effect but also bad economic consequences. I do not think that it is even proper to consider the question of the curtailment of the Second Five Year Plan. This does not mean that there are not items in the Second Five Year Plan which can be either dropped or postponed for a better day. Questions like adult education, social education and a number of other items are undoubtedly necessary but I do think that they can be advantageously postponed to some later time when our economic conditions are better. Considering the second question as to whether the Plan should be extended to a Six or Seven Year Plan, here again I enter my emphatic protest against extending the Plan beyond the time that we have fixed. There is no reason to extend the Second Five Year Plan. In the very first year of the second Plan if you think of extending the Plan, you will be doing the greatest injustice and incalculable harm to the Plan. I do not think any person who has the interest of the country and the interest of the Plan at heart would ever suggest the question of extending the Plan. If we discard both these proposals, then have we any other alternative but to tax ourselves heavily?

Now, the criticisms that have been levelled against the taxation proposals are firstly that the taxation has been rather heavy on the common man. The common man has been greatly maligned. In order to appreciate the objectives behind the Plan we must first find out what exactly are the reasons for imposing the taxes that have been proposed. Undoubtedly, one of the main reasons is to get as much revenue as possible

[Shri K. S. Hegde.]

but there are other and more important reasons which compelled possibly the Finance Minister to impose certain of the taxes which are in a way bound to affect the common man. In his speech he has elaborated the reasons and if we care to know it, we will find the economic soundness behind them. Our foreign exchange has gone down to the minimum level; at present our reserves are hardly Rs. 500 crores and that has been considered to be the minimum that could be possibly had and we cannot allow going below that level. If that is to be the case, certain excise duties are certainly inevitable. The idea in taxing sugar, steel and cement and other items is mostly with a view to conserving our foreign exchange or to build up our foreign exchange. Take, for example, the question of sugar. The idea in taxing sugar is not merely to get revenue but if it could restrict the consumption and if that quantity becomes available for exporting, to that extent we will be able to build up our foreign exchange. That is the main idea and I presume that was in the mind of the Finance Minister apart from getting revenue. Which common man cannot advantageously reduce his consumption of sugar by one-eighth of what he is consuming today? Let us be honest to ourselves. Is it impossible for us to reduce the consumption of sugar by one-eighth? And if by that—and then you need not spend more on sugar and your taxation will not be more than what you are paying today—a certain amount of sugar becomes available for export, to that extent we will be able to build up our foreign exchange the question of steel and cement. Possibly it is not well-known that the price of the imported steel is much more than the price at which steel is sold in the market today. So also in the case of cement. It is because of the pool that the price level is kept down. Today what is happening is, everyone, rich and poor, who is building a house is using steel and cement more and more.

There are certain advantages but conveniently, I should think, substitutes can be used and to that extent we can save the steel and the cement. That is one of the objectives behind the taxation proposals so far as steel and cement are concerned.

Sir, I shall not go item by item. Take, for example, the surcharge that has been suggested on the railway fare. Of course, it may need some revision and when the Finance Bill comes up, certainly we will suggest some changes; whether they will be acceptable to the Government or not, it is a different matter. One thing is certain that the object behind the surcharge on railway fare is this. We are finding today that the engines of the railways are more and more utilised for passenger traffic in preference to goods traffic. Comparatively speaking, more people travel in this country than in others. That is what the experts think. (*Interruptions.*) I shall be as deaf to the interruptions of the hon. Member as he was to the interruptions from this side of the House.

Now, it is generally believed that the railway fare in this country is cheaper than possibly in any other country in the world. I am not saying that the conditions of travel are happy; far from it. But all that is being now thought of is, could we at least for the next five years advantageously reduce railway travel thereby making available more locomotives, wagons and other things for transporting goods? That is one of the objectives that is behind the surcharge that has been levied on railway fare. It is from this viewpoint that we have to consider levy. It is very easy to be critics of a proposal for taxation. You ride on the popular enthusiasm when you criticise the proposals but as Members of Parliament, being responsible for running the Government, it is our duty to examine and see whether the objectives behind these taxation proposals are laudable or not and whether our final objective of fulfilling the Five Year Plan is not one to which

we must proceed with determination I and see that nothing halts the progress of the Plan. It is true, Sir, that there is large room for 3 p.m. economies in the administration. Many Members have dwelt on them and I do not propose to detail them. But one thing is certain that the general opinion is that the Governments of the day, whether it be Central or States, have not worked out the possible economies. Of course it is also possible to exaggerate the story of a wastage; it is easy to be critical after the event. In fact, just now an hon. Member from Bengal read out certain article about the working of the Plan in China where a different system of government is functioning. Even in a country like China after implementing the Plan they have found that there was a large possibility of economy, that there was a great deal of wastage, and that there was a great deal of corruption. In working out a major plan of the type of the Second Five Year Plan there is always the possibility of wastage, that can never be denied. But that is no excuse whatsoever at all for not making the maximum effort at economising. As I said, and I repeat again, first of all you must convince the conscience of the people whom you are taxing to the bone that this money is utilised well. I do say as a first priority, I would request, that there should be no pomp and pageantry in the ministerial or governmental circles. It is not a question of mere economy, it is a question of psychology. I find, not so much in the Centre but in certain States, luxurious cars being utilised by the Members of the Cabinet, and they live a very luxurious type of life too. Whether that will not have a psychological effect on the public is a matter for the Government to consider. When you ask everybody to tighten his belt, the first persons who should set an example undoubtedly should be the persons who are in charge of running the administration. The difference between maintaining a big car and a small car may be very negligible, but at the same time the psychological effect is very great, and

that should be borne in mind. When we are asking the people to make the maximum possible sacrifices, it would be right on their part to expect us to use their monies in the most economic manner possible. Similarly it is also true, Sir, that the administrative machinery is expanding possibly at a rate which is unnecessary for the purpose of discharging the duties that are imposed on it. The moment you have a department you must have a Secretary, and no Secretary thinks that he is occupying a good position unless he has three or four Deputy Secretaries, and in his turn the Deputy Secretary must have his Assistant Secretaries, and so on and so forth. There is a feeling—I do not know how far it is correct; after all I could not have as intimate a knowledge as a member of Cabinet could have—that most of this duplication or at least a substantial portion of it has been unnecessary and that there is large room for economising expenditure on this head. In fact the Finance Minister, has himself shown the way, and he has also shown to the public that there is room for economy here. I do not know whether we should not pursue the matter with full vigour in this matter.

Again in several matters our expenditure is at least considered by the public as wasteful. Take the case of Delhi. There is a great deal of building activity going on—absolutely necessary in some respects but considered as totally wasteful rightly or wrongly by the public in some respects. Look at some of the buildings that have been put up. Just close to the Western Court we have the Jan-path Hotel. It is neither architecturally good nor probably should we have spent so much money on a building like that at a time when we are so short of money.

SHRI B. B. SHARMA: I think they demolished certain bungalows standing there.

SHRI K. S. HEGDE: Look at the Ashoka Hotel on which we have spent about Rs. 2 crores. Naturally

[Shri K. S. Hegde.] the people will get agitated in their minds when they hear, after being taxed to the extent that they have been taxed, that their monies are being spent like this. These things are necessary, I do not deny that, but we have not reached that stage of spending—We could certainly wait for a future date when we could spend on these matters. For the time being let us confine ourselves to the absolute essentials which have got a productive value or which have an important bearing on the social and economic aspects of our life. That is why I say that in the matter of expenditure there is room, and large room, for economy, and I am quite sure that the Finance Minister who has taxed us very heavily, and rightly too—I have no blame for it—will also see that every pie of our money that is collected is well utilised and utilised for the economic development of this country.

SHRI SHRIYANS PRASAD JAIN (Bombay): Mr. Vice-Chairman, this is a Plan Budget. The Finance Minister has put up his proposals to meet the Plan resources. I share with him all the earnestness and anxiety with which he wants to implement the Plan.

Sir, much has been said in the name of the common man. As a matter of fact the Plan itself is for the benefit of the common man. He is at present in the lowest rung of the ladder, and if the Plan is implemented, he will be the most benefited person. The level of others might come down but the level of the average common man is bound to go up.

Sir, if we want that the Plan is to be implemented, we have to find the resources. We have to pay the taxes, whether we may like them or whether we do not like them. We have to pay them smilingly or grudgingly. There is no way out of it. If we do not want to pay these taxes, then we should put ourselves the question

whether we want the Plan or whether we do not want the Plan. If we want the Plan, we must be prepared for the maximum sacrifice which can be placed at the disposal of the Government, but if we do not want the Plan, I have nothing to say. But my own feeling is that we should not accept defeat. We must go on with the Plan. It may be that we may not be able to achieve the targets which we have placed before ourselves, but we should not lose courage and we should not leave it in dejection.

Sir, this is the first time when the Finance Minister has reversed the process and has rationalised the tax structure. He is trying to place the tax burden equitably on every section of society. He has given relief somewhere, he has increased the burden elsewhere and if we take the sum total, we will find nothing much to grumble about. It is true, Sir, that he has given us a very heavy dose, it is true that heavy inroads have been made, but that was inevitable under the circumstances. We may bring to his attention various hardships or make some proposals which can improve the tax structure, but if we are going to suggest to him that the entire excise duty or the excise duty on sugar, matches and things like that should be removed, then we cannot expect that the Plan will go in the manner it should.

The reduction cannot be done in a big way. There is a possibility of some adjustments being made here and there. But the ultimate object that we will have to bear in mind is the Plan and if it is to be a success, we must accept his proposals in a cheerful spirit.

Sir, having said that, I would rather like to say about the financial stringency in the country. Stringency in the money market has become very significant. The unsatisfied demand for money has become increasingly pronounced during the last year.

The main contributory factors for this scarcity of funds are, according to me, the financing of the new projects; rise in prices of raw materials, plant and machinery; financing of crop movements and fall in foreign exchange reserves resulting from excess of imports over exports.

Commerical banks have tried to meet the situation in their own way. Thus, in order to meet the demand, they have reduced cash balances which have gone down during the year ended February 1957, from Rs. 93·5 crores to Rs. 88·3 crores, that is, a drop of Rs. 4·7 crores. They have also liquidated their investments in gilt-edged securities which have come down from Rs. 382 crores to 351 crores or a fall of Rs. 30·70 crores. They have also resorted to increased borrowings from the Reserve Bank, and these have moved up by Rs. 46·4 crores to Rs. 84·8 crores.

Sir, commerical banks have had to resort to the above measures because their resources have not risen proportionately to the increased demand. It is very unfortunate that, to the proportion money supplies are increasing, the deposits of the banks are not increasing. Their demand rose by only Rs. 61 crores during the year ended February, 1957, from Rs. 625 crores to Rs. 686 crores, while their advances and Bills discounted, rose by as much as Rs. 168 crores, from Rs. 689 crores to Rs. 857 crores.

Monetary authorities too have tried to assist the market. They have not only increased the funds available to trade and industry through liberalisation of the Bill Market Scheme, but have extended support to the money market by buying gilt-edged securities. The usance bills discounted by the Reserve Bank rose from Rs. 1967 crores to Rs. 58·85 crores, while the investments rose from Rs. 49·67 crores to Rs. 51·6 crores.

There was also an increase in the total money supply from Rs. 2,109 crores to Rs. 2,262 crores or a rise

of Rs. 153 crores of which note issue accounted for Rs. 92 crores and deposit with the public Rs. 61 crores. And any undue increase in money supply must be avoided in order to prevent inflationary tendencies in the country.

The problem before the country, therefore, is how to meet the legitimate demand for funds without creating inflationary tendencies during a period of substantial development expenditure.

One of the suggestions to improve the flow of funds into the money market relates to the attraction of savings from rural areas. This is not ; being done on a scale as it ought to have been done. The assistance of the Government of India and the Reserve Bank is needed for this purpose. My suggestion is for the provision of security and safe keeping of cash and other assets in the rural areas; provision of co-operative insurance through insurance companies; permitting banks to establish a wage structure in consonance with the living conditions prevailing in rural areas and not according to the wage structure fixed by the Bank Tribunal, further, the Reserve Bank should not insist on credit being provided in rural areas through only co-operative societies, for it is not at all cheap. The expansion of commercial banks in rural areas will augment credit there through making use of agencies which have commercial dealings with agriculturists at present such as sugar factories, ginning presses, rice and oil mills, etc. They will not only draw rural savings, but provide organised credit to the agriculturists. Lastly, there should be a scheme evolved to induce people to part with their gold so that it may prove the basis for getting money from abroad.

Sir, having said all this, I do not say that an attempt is not being made in this direction, but much more has to be done if we want that trade and industry should get their requirements and needs from the commercial banks.

[Shri Shriyans Prasad Jain.] I would like to say now something about the tax structure and I will begin with taxation on wealth. In search for new sources, the proposal of a wealth tax has been made by the Finance Minister. Mr. Kaldor, the famous economist, has suggested a proposal, but his proposal was somewhat different from what has been done here. He suggested that a tax on wealth should only be proposed when the tax structure—the income and super-tax—is brought down considerably, that is, from As. 14 to As. 7 in a rupee. The Finance Minister has made an attempt and has tried to decrease the higher slab from 93 per cent, to 84 per cent. But this is not enough. If a person pays 84 per cent. . .

SHRI BHUPESH GUPTA: Unearned.

SHRI SHRIYANS PRASAD JAIN: If you appreciate the difference between earned and unearned income, you will note that I am talking of unearned income.

SHRI T. T. KRISHNAMACHARI: The hon. Member is concerned with earned income and the other hon. Member is concerned with unearned income.

SHRI BHUPESH GUPTA: The hon. Minister is concerned with both.

SHRI SHRIYANS PRASAD JAIN: The unfortunate position is that I work from morning till evening, but in spite of my sweating so much, I get only a little. (*Interruptions.*) My suggestion will be rather different because I am more concerned than anybody else.

Sir, I was speaking about tax on wealth. Tax on wealth is a tax on capital, and capital which is the main spring of all economic activity, if taxed, will shrink and thus deprive production of its means. For, capital yields income and where both capital and income are subject to tax, the payment of tax on both reduces income and diminishes savings. With

the fall in savings which are the source of future capital, formation of capital either becomes nil or negligible. #

SHRI BHUPESH GUPTA: Where will it go?

SHRI SHRIYANS PRASAD JAIN: The capital will go into the air, it will not be found anywhere.

A tax on wealth not tally retards the formation of capital but also depreciates capital values of many forms of property. For holding of property attracts tax liability and the fact that taxes have to be paid before a particular date or in a particular time, may either cause the tax-payer to make forced sales of his property or keep his resources in liquid form.

Sir, the probable damage that the tax on capital does is the freezing effect on the free flow of capital into the market. In other words, it affects liquidity of capital. For instance, shares issued by joint stock companies are usually subscribed for three reasons. Firstly, their holdings bring income by way of dividends; secondly, there are hopes of a future appreciation in their values and thirdly, when funds are needed, shares can either be disposed of or offered as security for raising loans. But if these holdings are taxed, their marketability is affected since the demand will fall off in respect of all those shares the yields of which are reduced owing to the tax. And what is worse is that shares which do not yield income at all as, for instance, in the case of new companies, will have no buyers at all, owing to the liability of the recurrent property tax. Consequently, new floatations in the capital market will find little investment support. This will retard progress of rapid industrialisation, as the tax will divert funds away from the capital market.

Then, Sir, there is another difficulty which I want to bring to the notice of the Finance Minister, and that is about double taxation. At present the com

pany as also the individual are taxed. If a tax has to be levied, it should be on the individuals and not on the companies. If a person is holding a share of the public limited company, in that case that company as well as the individual are taxed. My humble submission to the Finance Minister is that he should very kindly consider this proposal and see that something is done to avoid double taxation as far as possible. I can anticipate his argument, because he can say that the formation of joint stock companies in India is somewhat different from the other companies. That is true so far as the private companies are concerned, but I am referring to the non 23A companies in which the public are substantially interested.

[MR. DEPUTY CHAIRMAN in the Chair.]

Sir, as regards the new companies, I have got one more suggestion. There are two kinds of new companies. There are companies which start new business and for some years to come there is no possibility to earn any income. Therefore the tax will be paid out of the capital of the companies. There is also another type of a company but in that company a new undertaking has been established or formed. Therefore, to exempt the tax of a new undertaking taken in the old company, some provision may be made till that new undertaking is able to stand on its own legs and start production. The new undertaking's assets may not form part of the old undertaking for the purpose of the wealth tax. If that is done, the new undertakings will be able to stand on their own legs soon. . .

SHRI C. P. PARIKH (Bombay): What about the subsidiary companies?

SHRI SHRIYANS PRASAD JAIN: My suggestion holds good for subsidiary companies also, if they are also new.

With regard to assessment, Sir, this is a new proposal and a new scheme which has been put forward. Therefore it requires a delicate handling,

and I would request that the administration in respect of wealth tax should at least in the initial stages, be conducted with considerable leniency, because there is a possibility that the people who may put up their returns may have to face too many questions from the income-tax officers. Therefore in the initial stages sympathetic consideration may be given.

As regards expenditure tax, Prof. Kaldor's proposal was that it should be levied only when the tax structure goes down to 45 per cent. Sir, when we are short of resources and when this new tax has been proposed, I would like to make one suggestion that the expenditure on health may be exempted from this scheme, that is to say, the medical expenses should not be counted while calculating what should be the expenditure tax. (*Interruption.*) Suppose a person falls ill and he wants to have the treatment. (*Interruption.*) Even today nobody can go to a foreign country for this purpose unless he obtains a certificate from the Inspector-General of Health. Unless that certificate is obtained, nobody will be allowed to go outside for the purpose of health. Therefore, there is no difficulty on that score and every proper check can be had.

SHRI C. P. PARIKH: What about post-graduate education?

SHRI SHRIYANS PRASAD JAIN: You can put forward your suggestion. I have no objection. Probably Mr. Parikh is contemplating foreign studies. But as regards health. . .

SHRI BHUPESH GUPTA: Our capitalists are very healthy.

SHRI SHRIYANS PRASAD JAIN: The parents may be non-assesseees and if the child supports the parents, that should also be included. Well, Sir, these are my suggestions and I think that they will have some psychological effect on the people who are¹ feeling the pinch. After all this taxation is for the benefit of the people

[Shri Shriyans Prasad Jain.] and if we are indirectly giving any benefit to the people, it would be very much welcomed.

SHRI H. D. RAJAH (Madras): Mr. Deputy Chairman, the proposals of the Finance Minister have sent throughout the length and breadth of this country a wave of indignation and horror which are not easily to be replaced. Being a common man living in these uncommon times, I went about the markets of Delhi and tried to ascertain the public feeling of an average citizen and also that of the workers.

SHRI P. D. HIMATSINGKA (West Bengal): Do you understand their language?

SHRI H. D. RAJAH: I can speak Hindi much better than those people who can't read out even written answers to the questions. When I came to know their reaction, what I felt was that the Finance Minister has promised the citizens of this country excellent monuments, if they are no more in this land. The implementation of the Five Year Plan is the criterion in every respect, if you go through his speech. You will find that like the old lady in a Hindu undivided family he has put his fingers in everybody's pocket and he has tried to pick out as much as possible with, of course, certain softness to those who are his favourites, namely, the higher capitalist class. He has tried to pinch the pockets of the poor who can no more live a decent or an honourable existence.

Now, coming to the proposals which are of an indirect nature, no man is left off. The Congressmen, the communists, the capitalists, the labourers, all are hit. And above all, the worst-hit man is the middle-class man who ekes out an existence by earning about Rs. 200 to Rs. 250 per month.

SHRI B. B. SHARMA: How many of them do?

SHRI H. D. RAJAH: Four or five lakhs of people. This is the clerical section of the population which perhaps props up this Government, the intellectuals and the educated classes who are sustaining any Governmental structure, the poor clerks, the Under-Secretaries drawing Rs. 300 or Rs. 400 a month, the head-clerks. In fact, the whole hierarchy of Government and company machinery is the worst-hit on account of the taxation proposals. Now, many people have pleaded for them, and therefore there is no need for me to plead on their behalf. All that I can say is that they will be reduced to the position of slum-dwellers and in the course of the next five years as progressive or regressive measures are adopted, there will be only two classes in this country, viz. the multi-millionaires and the slum-dwellers. All the rest of the people will be practically wiped out. For instance, let me take the case of the tax on petrol. You think that petrol is used only by the car-owners who are using big sedans or small cars of 14 H. P. In the scheme of things, this is nothing compared to the public transport buses. Everywhere throughout the length and breadth of this country hundreds of thousands of people have to use for their movement the transport buses, and this increase in tax which is equivalent to 20 per cent, of the cost on petrol has hit them very severely and throughout the length and breadth of this country, the bus fare has been increased proportionately.

SHRI P. S. RAJAGOPAL NAIDU (Madras): The Railway fares have been increased. Why not bus fares?

SHRI H. D. RAJAH: I will come to that. By this increased tax on petrol, the buses which are used to take children to their schools and back to their homes will now charge more. A small man getting Rs. 100 a month, if he is spending now Rs. 7 for taking his child to the school and back to the house, will have to spend Rs. 5 more. There will be a five rupee increase for each child. If a man earns Rs. 109 a

month and he has three children going to school, now he will have to spend Rs. 15 more out of his small income for this purpose. So is the case with sugar and everything. Therefore, the improvement of the individual for whose benefit you are implementing your Five Year Plans is going to be in the reverse direction. With regard to the other taxes of an indirect nature, many friends have put forward arguments, and there is no need for me to repeat those arguments.

Now, coming to the Plan, it visualises a deficit of roughly Rs. 2,000 crores, and on an average it works out to a deficit of Rs. 400 crores per year. Out of these Rs. 400 crores, the new taxes put together will give a revenue of about Rs. 75 crores. Still, there is a deficit of Rs. 325 crores. Formerly the planners visualised aid from foreign countries and deficit financing. Now, deficit financing is going on and aid from foreign countries is almost nil. The Finance Minister has spoken of foreign exchange difficulties. May I remind him that when he was Minister for Commerce and Industry, he and his henchmen had given out import licences freely. . .

SHRI SONUSING DHANSING
PATIL (Bombay): Is the word 'henchmen'
parliamentary?

SHRI H. D. RAJAH: Why not? That has been responsible for the depletion of our foreign exchange, and we have not been able to equate them by our exports. We still lag behind to a very large extent in the creation or accumulation or acquisition of foreign exchange. He says:

"Foreign exchange policy is thus a matter of delicate balancing and it is a balancing, if I may say so, in which a favourable turn of the wind could make a material difference."

Like the old Micawber, he is waiting for something to turn up. We have to take positive steps by which we can earn foreign exchange for the

purpose of meeting the heavy expenditure on planning. But what is it that we are doing? We are importing food. We are importing food to the extent of 11 lakh tons in order to keep it as a buffer. You had been importing food before, and I know what fate that food met with. Worms ate it up, and there was only the husk which you brought out and sold at a low price. Especially when you purchase wheat from America, they are hard businessmen, capitalists to the core; they give you wheat on their own terms at 15 per cent, more than the normal price because you are having deferred payment. You have also to pay interest on the capital. Recently, you exported silver from this country which the Britishers in this country had borrowed from them. They are clever people. After the First World War, the British had taken many millions of dollars from America for their expenditure. For two or three years they made certain deferred payments but afterwards they completely repudiated it and nothing happened. The cousins were allowed to flourish. If you go on borrowing at this rate to feed the people in this country, you will ultimately mortgage this country and its freedom to these foreigners forever. That is not the way in which you can tackle your food problem in the country. We were told all these years that the food problem had been tackled, there would be enough for us to eat and that the problem would be to whom to export food from this country. But now there is scarcity and there is a spiral of rise in food prices. There is nothing surprising about the rise in food prices, because the Nasik Press is printing notes freely at your command. When you have been minting money in order to meet your deficit financing, purchasing power to some extent goes into the hands of the people, and naturally the merchants increase the prices. But the question is not so much the increase in prices but the capacity of the people to pay those prices especially for food. I would suggest to the Finance Minister a simple method. Instead of giv-

[Shri H. D. Rajah.] ing money to the people, print several crores of rupees and directly distribute them among the people who are in the villages so that this money will not go to the contractors and multi-millionaires. This I base upon the fundamental factor that the Five Year Plans have to be implemented by contractors, multi-millionaires, and major companies mostly owned by foreigners and the other elements who are hangers-on of the Government of India. If the amount which is to be collected from the rural people and the innocent masses are to be helped, this is the way, instead of giving 15 to 20 per cent, profits to these people. If you print notes and distribute them among the villagers, easily all this money will be in their own hands. That is all the difference. To bring about socialism, you cannot enter into vandalism. The socialistic concept of a welfare State is that it is responsible to the citizens of the country. In case of ill-health, hospital facilities should be there. In case of starvation, food should be given free by the State. So far as education is concerned, every child should be given educational facilities. But casteism is rampant and people cannot get their sons admitted in technical schools and colleges and so many other difficulties are put in the way of our citizens.

Therefore, we have to go into the fundamentals of our economy. I have been shouting, telling and crying hoarse in this House that our basic structure is faulty. Our difficulty is not merely our paper currency, our difficulty is the value that is to be attached to the rupee. Of course I come back to the old story. Mrs. Lakshmi Menon said the other day that Mr. Rajah's demand for the severance from the Commonwealth membership is an annual fair. Let me tell that lady today that it is not an annual fair. It has become a daily fair. The severance of our British connection, from the Commonwealth, is highly necessary so that you can become a truly independent and powerful nation and your rupee

should be de-linked forthwith from the Sterling so that the honour and greatness to the rupee is attached not because you are attached to Sterling and all the evils that go with it, but because of the fundamental fact of this rupee being backed up by the sweat, labour and toil of 36 millions of our country.

SHRI BHUPESH GUPTA: 300 millions.

SHRI H. D. RAJAH: Yes, 300 millions. If the natural resources of this country are great, the rupee is only a medium or vehicle. By printing 50 or 100 crores of notes at the Nasik Press, we cannot increase the wealth of this country but backed up by a powerful worker, a man who is capable of putting in 10 to 12 hours work, like in America or Russia and if you produce more wealth in this country then it has a meaning and value for your rupee. So long as that value is not attached, you are downward and your colonial economy—I hate to use that word—will be always uppermost and prevalent in this country. I shall stretch it a bit further.

This country's export is in the region of Rs. 800 crores and its import is roughly Rs. 1,000 crores. Of course there are capital goods, there are consumer goods. If the capital goods are concentrated for the purpose of import and consumer goods are restricted to a very large extent, especially the manufactured goods, you can save foreign currency. But let me tell you an underlying truth which many people have not recognised in this land. By having the rupee attached to Sterling all our transactions, or mostly in this country, take place in the name of Sterling. So long as that is there, the honest looter, the broker, I mean the British, get in both ways by our import and export, roughly Rs. 50' crores as unseen profit to them. That is a very important aspect which I attack.

Secondly, by this process, we don't get actual value for the stuff we send out and we have to pay more through our nose for the stuff we have to import. Then I ask in all sincerity, what is the purpose of importing cloth from foreign countries? Now we fought a battle under the able leadership of Mahatma Gandhi. We said 'there is no question of buying the foreign stuff, especially the British stuff' and there was burning of foreign cloth. I burnt all my foreign clothing. We burnt and picketed the shops which were selling the foreign stuffs.

SHRI C. P. PARIKH: They are buying our cloth.

SHRI H. D. RAJAH: You are also importing. If you ban your imports, I shall feel very happy.

Shri C. P. PARIKH: Then they will not buy at all.

SHRI H. D. RAJAH: Others will buy. It is a question of our import and export and the same principle we adumbrate. Which country has served a foreigner better than the national? You can see that wonderful spectacle only in India. Of course Mr. Parikh may have so many associations with foreign firms, especially British firms, and he may feel chary about my open remarks but I am telling that if you go anywhere—you are going round to all places and I don't know under "whose direction the other places which are held by the Britishers are being visited—you will find in no country the export trade or import trade being predominantly controlled by the foreigners as a whole.

(*Time bell rings.*)

I will then sit down. I need not speak at all. You must give me 10 minutes more at least.

Ms. DEPUTY CHAIRMAN: Fifteen minutes you have taken.

SHRI H. D. RAJAH: Not for me. Then why should you ask me to speak ? Mr. Krishnamachari, the Finance Minister, took one hour and thirty minutes and at least one-third of it I should have.

Therefore if you want to know the effects of these moves in this country, you should fundamentally change your political and economic concept of life and you should take over all the import and export trade in your hands. We should be the predominant agents and whatever orders or indents are placed, they should be placed through Indian firms.....

SHRI BHUPESH GUPTA: It is a State subject.

SHRI H. D. RAJAH: Then you will see that the position is improving and foreign exchange is held by us and not being allowed to foreigners. I am not pleading like the Communists. Of course, they have also come round to a decent position since they have assumed office in Kerala. I say to the Governmental authorities that for a period of 5 years let us plug the profits of foreigners in this country. If we plug the profits and if you don't allow them to take back to their homes, all that money will be available in our hands and you offer them 4 per cent. interest till you keep their money. That will give you a substantial amount for the implementation of your plan and to that extent you will save foreign exchange and that will be in your possession. I don't say that you appropriate them or misappropriate their funds. I don't say that; expropriation is the policy for Government. I don't say you nationalise them in which case you will have to pay them compensation. I say a fair and decent thing. Please plug the profits of foreign firms in this country. Mr. Parikh said yesterday that out of 200 companies, roughly about 100 companies are owned by foreigners whose income exceeds Rs. 20 lakhs after paying all taxes.

SHRI C. P. PARIKH: Because we cannot do that work.

SHRI JASPAT ROY KAPOOR: Let alone Mr. Parikh, can your insurance help us in any way?

SHRI H. D. RAJAH: That is the way you can bring about a betterment and higher status. If you plug those profits, I mean the profits of all foreign-owned concerns which means tea industry and other industries that are looting here and offer them a decent rate of interest, the Governmental rate of 4 per cent., take away that money, then you can utilize them for your foreign exchange.

Regarding private remittances, you have fixed certain amounts. I feel that it is wholly unnecessary. Whatever remittances are to be made, you can scrutinise them in the way in which it is to be done, and create a situation which is favourable to our country.

Now I am coming to his proposals with regard to expenditure and you see that there is an item of expenditure which has only increased by about Rs. 60 crores—from Rs. 133 to Rs. 191 crores, under Civil Administration. I don't know but yesterday somebody was telling that this Vote on Account is the most heinous thing that we are ever facing but here you see the octopus, the bureaucracy, how it has stretched its head, how it has spread itself in the course of one year. The Civil Administration budget demands an increase of about Rs. 60 crores to be spent. . .

SHRI C. P. PARIKH: It is Plan development expenditure.

SHRI H. D. RAJAH: Then debit it to Plan development expenditure.

SHRI PERATH NARAYANAN NAIR: The salary is Rs. 33 crores.

SHRI H. D. RAJAH: We expect the poor man to pay Rs. 60 crores by way of higher cost of post-cards. We expect the man who takes some sugar to pay more and so on. If one Minister gives up his pomp and the security people around him, they can save Rs. 85 lakhs which they expect to get

through post-cards etc. Our Ministers' extravagance or squander-mania cannot be compared to that of a country which is having four times the wealth that we are having in this country.

In each place, wherever we go, they work hard. If I go and see a Minister or a Chief Secretary in a foreign country, he does not sit like a Nawab and send for the file from somebody else. He understands your problem, he types out a letter for you and if you have to see somebody else, he gives you a letter and he telephones and contacts the other man and gives you connection to him. There is an end of the matter. Your circumlocution, your red tape and your Nawab durbar are the things that make the administration so costly and heavy that people cannot feel the burden of it but they are only dying. Mr. Krishnamachari may say, "I am doing all this for the benefit of the masses". It is equivalent to saying, "The patient is very much suffering. An operation is needed and I am determined to operate him. The operation was successful but the patient died".

SHRI JAI NARAIN VYAS (Rajasthan): Mr. Deputy Chairman, when we took the Budget figures with us I mean the literature, we felt the weight of the literature but when we studied a little we felt the burden also. When I talk of the burden of the Budget, I do not think of the burden imposed upon the wealthy people through taxation. I would not tell you about the concessions that we have given in regard to earned income but what I feel is that some problems have not been tackled very carefully, for example, the food problem. I am not very much satisfied with what has been said about the food problem. Coming as I do from a scarcity area and an area which is always starving and which always sends its population out to seek food from outside, I give great importance to food than to other items mentioned in the Budget. Sir, I see some contradictions in the statements made by the Finance Minister and the Food Minister in regard to

food affairs. The Finance Minister says that the output of wheat was a little lower than last year. Why was it lower than last year? I cannot understand it but the Food Minister says that production went up by 25·9 per cent, and that there was an increase of 11 per cent, or something like that in the production per acre also. We produced 8·6 million tons of wheat as against 8·3 million tons of last year and we have got a marketable surplus of 3 million tons. We have increased our food production and we have got a marketable surplus and yet prices are going high. The Food Minister says that the prices have gone high from Rs. 13¼ per maund to Rs. 15 per maund but I think the figures are not correct. If you go to Delhi, it may be Rs. 14 or Rs. 14½. In Jodhpur it may be something more than that but if you go to other places, towns and villages, the prices of wheat have gone considerably higher. Wheat has gone up to Rs. 22 per maund. This is a very high price and the people have to pay it. If we rely on these figures which have been supplied by these figure-makers, I may say, Sir, that the Ministers will only become figureheads. They should examine the figures correctly before they utter a word in the House here or in the Lok Sabha. Then, Sir, about Rajasthan, I am told that there is scarcity in one Division, namely the Jodhpur Division and that some quantity of wheat has been sent there. This is what the Food Minister says but we cannot know what has been sent there. He has given statements of the quantity sent to other places. He is sending 15,000 tons per month to U.P. and this quantity would continue to go up to September, 1957, and the question of supplying or not supplying wheat to U.P. would be reconsidered. He has sent 35,000 tons of wheat to Bihar and already four trains have reached there. As far as West Bengal is concerned, he is sending 3,000 tons of wheat per month and 6,000 tons have been sent as an additional supply. In April and May, 14,000 tons of rice has been sent against a demand of

15,000 tons. For Kerala also, 78,000 tons of rice have been sent between January and April. Now, when the Food Minister has sent and has clearly mentioned that he has sent these quantities, why has he excluded Rajasthan in the matter of clarifying as to what he has sent and what he has not and what he is going to send.

DR. R. B. GOUR: Did the Rajasthan Government ask for it?

SHRI JAI NARAIN VYAS: I cannot say about Rajasthan Government. I am not in the Rajasthan Government. I am a Member of the House as the hon. Member is. That is my difficulty.

Now, Sir, the only thing which can give a little satisfaction is that he has promised to give a sizable stock of grains when we need them. It is my own experience as an administrator, that you keep stocks and you can bring down the prices. Rajasthan has to face scarcity every time. No place is there which has not faced scarcity. I had experience of two places. Banswara was a scarcity area only a couple of years ago. We got sacks and sacks of wheat; it may be 2,000 bags or 3,000 bags or 4,000 bags. Whatever the stock, it was collected in the Collector's office and every month we used to take away say 200 bags and replace them. This created a psychological atmosphere. In Jodhpur, when I was Chief Minister of that place, we got ready a very good stock of wheat and that kept the prices lower. Unfortunately, Sir, we are not creating that psychological atmosphere in other places of India now resulting in people thinking that the stocks have been exhausted and that they should make hay while the sun shines.

Yesterday there was a mention about prohibition. Rajkumariji said that prohibition has failed. To a certain extent, she was right because we know that this liquor-making industry has become a home industry in some places. That is a fact which we should admit and confess but then;

("Shri Jai Narain Vyas.] for Rajkumariji to say that prohibition has failed and for Rajkumariji to oppose prohibition at this hour of the day does not seem nice. She was Minister of Health in the Government of India. She could have protested at the time and she should have gone out of the Ministry. She is out of the Ministry at the moment and I do not "bother about it but she should have said that as a Member of the Ministry. "We should remember the name of Rafi Saheb especially when we are short of food. He had the courage to say that the figures which had been given to us were wrong. The Prime Minister did not agree for some time and ultimately this rationing business had to go. One should have the courage of his conviction to tell the truth when he is in the saddle also. Now, as far as prohibition is concerned, I feel that if it has failed to some extent, it is not due to the fact that prohibition is not necessary but it is due to some laxity in our law, some laxity in our methods of bringing that law into action. The other day, I was in Bombay and I was in a car. It failed at a place where the checking business was going on and I saw a man dead drunk coming from the other side of Bandra. I asked the sepoy standing there, "What is this? You do not allow anybody to come with a bottle of liquor but this man is dead drunk. He has taken liquor". He said, "The law does not permit us to arrest this man". So, you are arresting the bottle, not the man who uses the bottle. That is a wrong thing. All weaknesses which we have got in the law should be removed.

SHRI SONUSINGH DHANSINGH PATIL:
The law gives you ample powers to arrest the man if he is reasonably suspected.

4 P.M.

DR. R. B. GOUR: He can be arrested only when he is carrying a bottle of wine.

SHRI JAI NARAIN VYAS: He was there without the bottle. The bottle of wine went into his stomach; it was

not in his hand. That much I know, but if he can be arrested, I shall be happy. He was not arrested but I saw him fully drunk. In this connection another question crops up. If there is provision in the law to arrest a man and he cannot be arrested, then there is some weakness in the method. That weakness should also be removed.

One day I went to see a famous cave near Jalgaon. I was not the guest of Deokinandanji; I was the guest of someone else. While going to that cave, the Ajanta cave, just after crossing the river, on the right side I saw a very good Dak bungalow with a very big crowd. I asked: "Why is this big crowd here?" He said: "Well, this is a paradise for drunkards." I asked, "Why this paradise here?" The reply was, "This is in Hyderabad territory." So we keep some territories near about the places where there is prohibition. This is meaningless. Such territories should come over to the State where there is prohibition or they should also be declared as places of prohibition. Some measures should be thought of to make prohibition a complete success. I have my own experience about prohibition. Also I have seen places even in Bombay and it is a fact that home-made liquor is available there, but then the standard of living of the labourers has increased on account of prohibition. I have seen it in Rajasthan which is so notorious for drinking. All the princes and Jagirdars, used to drink, and there was no festival without drinks. Opium-eating was also among the drinks, and they used to prepare a drink out of opium.

SHRI .LAVJI LAKHAMSHI (Bombay) :
Have they given up the drink habit now?

SHRI JAI NARAIN VYAS: They are giving up their drink habits because of the psychological effect of prohibition. Now drinking has decreased and opium-eating has also decreased and those classes which took to drinking and opium-eating when they were in the former Indian States

are giving up that evil gradually. So at this hour of the day it can be said that prohibition has not fully succeeded. It is because we are showing some laxity in the matter in some States. We should insist on total prohibition not only in those areas where there is prohibition but all over India, Sir. This permit system should also be taken into consideration. I can allow foreigners to have permits for drinks or something else not allowed here. Of course somebody may misuse that permit also, against which we should guard. I find so many officers are given permits to drink. They drink in their houses. But the household servant also would think: Why he should not also drink? And he would go to some illicit distillery and manage to get a bottle for him, which is injurious to his health. I find that the Budget does not provide for total prohibition. It should have provided for total prohibition. Even if we have to spend some money on enforcing it, we should not mind it.

The third point, Sir, which I want to discuss is this. People have criticised the Budget for the proposed increase in railway fares. Well, increase in fares might be a necessity. I won't mind it. If I have got money in my pocket I can travel; if I have not I would not, and if I travel I get some money or some social benefit out of my travelling. So an increase in fares I won't mind but, at the same time I would ask Government to increase facilities, increase the amenities and increase the accommodation and increase the railway lines, the railway routes. These things should also be increased.

Another suggestion which I would like to offer is that there are certain items which have to be considered.

(Time bell rings.)

One item is tea; the other is cement. Some of my friends said that a tax on cement is not a tax on the poor man. Sir, it is a tax on the poor man too. We have to build houses now for the poor men also and if we do

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not build pucca houses it would mean that we have to build always old huts, cow-dung plastered huts. We should get out of this cow-dung plastering business.

I think, Sir, I should not tax much of your time because there is a lot of taxation going on in this House in regard to the Budget, but a couple of points I would make in two minutes' time if you allow me.

One thing the Finance Minister said was that thousands of people have awakened to new desires and new wants. It is a fact and those desires and wants should be fulfilled. This is also necessary, but I think the time has come when we should learn to observe austerity also. My friend on this bench said yesterday that we are fleecing the people. We are not fleecing the people; we are planning for the betterment of the people. While planning for the betterment of the people we should observe austerity. I praise the Russians in this regard. In their first Five Year Plan period a lot of construction activity was undertaken, in Russia, such as the building of dams, the building of factories, the building of schools and such other projects. And all the Russians readily accepted brown bread and black tea. We should also accept brown bread and black tea in order to see that our country goes up, high up not only in the estimation of our own people but in the estimation of the whole of the world. This austerity is necessary for us in the present circumstances of our country. New desires are quite good; new wants are quite good, but then these desires and wants may be kept in abeyance for some time so that by observing austerity now we may lay the foundations for a lasting higher standard of life in the future.

I have made my points, Sir. Thank you.

DR. RAGHUBIR SINH (Madhya Pradesh):
Mr. Deputy Chairman, the Budget that is before us has naturally attracted great attention from all the corners of the House, and save a few

[Dr. Raghbir Singh.] odd remarks here or there, attention has been mainly focussed on the taxation proposals. I do not propose to deal with that aspect of the matter. On the other hand, Sir, I want mainly to deal with an aspect of India's problems which is equally important, if not more and for reasons more than one.

Firstly we have been hearing continuously, Sir, the soundings of sabre-rattling across the border. There has been a continued political and military crisis in West Asia, which is being taken advantage of by the big powers, and last but not the least, taking advantage of the Kashmir issue, continued pressure is being exerted in a sort of a cold war with India. As such, Sir, I feel that it is high time that we, at least in this House, paid special attention to the defence problems of India.

Sir, I have repeatedly submitted ^t before this House—and once when the hon. Dr. Katju was the Defence Minister, I have pleaded with him—that efforts be made to make the Indian population military-minded. It is very necessary, Sir, that the Indian population should know the military responsibilities that are due from them. And as such I did ask and submit that more effects should be made to make the people know what our defence problems are. I feel that in our country there is still very great need for establishing sound democratic conventions of taking the representatives of the people into confidence in respect of defence proposals. Sir, I pleaded this and at that time Dr. Katju had promised that the new statement of activities of the Ministry would have a little different colour but, Sir, Ministers have come and gone, but like the eternal brook the brief statement of the activities of the Ministry remains unaltered. It is as stale as anything; it is anything but a statement of the defence matters. Sir, the memorandum on Defence Services estimates also does not give

us any idea as to what the Ministry is doing and how the defence affairs of the Government are proceeding. I know that in matters of defence security considerations prevail but if anybody goes about with open ears he knows that these security considerations prevail only in relation to the Indian people. It is not a new thing for us to hear that the countries which should not know as to what we have bought and sold and how we are going on with such affairs are told that India has been supplied this and 'would you buy this?' and so-the secret is out. The secret gets known to the very people from whom it should be kept as a secret. Sir, a country like the United Kingdom has more things to keep secret than any of us have ever to think of, but here are their statements from year to year, from 1952 onwards. They have been placed in the House and they are available for sale. I have got copies of the same and also of their latest statement on future defence policy which was laid in Parliament in April 1957. They give us more details as to what are the defence plans and proposals of the British Government. Sir, we expect that the Defence Ministry will at least take us into confidence and that these statements which are placed before us will tell us something more than, what they have done so far.

I will take only one instance. It was on July 28, 1956, a statement was made in the other House saying that the Government of India proposed to buy an aircraft carrier for the Indian Navy. Since then eight to ten months have elapsed and this brief statement of the activities of the Ministry does not contain any mention of it. I think we should know-^ we have been told that they were proposing to buy that and that was an open statement—what has happened and something should have appeared in this statement here. I think we have got to establish some sound democratic conventions and traditions in this respect in this country,

Now, regarding this question of aircraft carrier, I do not know whether India has actually bought the aircraft carrier or not but I was rather surprised as to why this decision was taken for unless and until we know whether it is a fast carrier or an escort carrier, whether it is a big carrier or a small carrier, we cannot possibly know what exactly its use can be but, Sir, a little reference to the history of the last war will show how many of these aircraft carriers were used therein and if a person were to know a little of major war strategy, in relation to India he would rather be surprised why one single carrier was taken by us. I too could not understand it. A single carrier would need a horde of destroyers to protect it and even then it is so vulnerable and once it is attacked, it is a total loss; it becomes completely useless, I was rather surprised and I could not understand why this course of action has been advised. Obviously, the Government of India must have been advised by someone. So I made a little research and I found out the answer. Where did I find the answer? I found it in the Outline of the Future Defence Policy of Great Britain. There they have said: "With this consideration in mind it is proposed to base the main elements of the Royal Navy upon a small number of carrier groups, each composed of one aircraft carrier and a number of supporting ships." That means the English pattern is going to be followed in India too—having a group of one aircraft carrier with many supporting ships. Obviously, the persons who had that in mind advised us to buy an aircraft carrier. But with an open ocean, with two big seas on either side, Arabian Sea on the one side and the Bay of Bengal on the other, I cannot understand what one carrier alone could do. If I had the choice, I would not have taken such a costly risk; I would have rather gone in for a small unit of at least three to six small submarines. They would have been more effective than this single aircraft carrier. I am sure even now people are there

who have not forgotten the terror and the ravages that one submarine did on the Madras coast. It was one *'Emden'*. Sir, that for a long time caused havoc in the Indian Ocean; that was in 1917. Submarines still hold their own in the modern warfare and from what I have seen, the submarine is so effectively being developed that it will continue to be an important factor. Now, I do not wish to further emphasize this aspect because I feel that some decision might have been taken by now. However, I feel that this purchase of one lone aircraft carrier is not the answer to our needs. We will have to think in future on different lines.

Now, I want to come to another point. I had suggested even before that while we have got a Defence Science Organisation and an Institute of Armament Studies, we equally need an Institute of Military Science. Sir, the military strategy and tactics are daily changing and Science of war is taking a rapid toll of the old methods. As such it is very necessary that we in India should continue to keep a very close watch as to what developments are taking place elsewhere. It was only the other day when I was taking notes of certain other things I found that one of the important new developments in the armies of other countries has been the Sterling Sub-machine gun which is more or less like a pistol and which can fire like a machine gun. It has been perfected by the Britishers and now actually the Canadians are manufacturing this and supplies have already been sent to one of our neighbouring countries in West Asia, I refer to Iraq. I should not be surprised if other neighbouring countries would also take supplies of this weapon. Their use of this weapon is going to be more effective. I am afraid we will have to take note of this and see if we can or should possibly make this weapon as one of the important equipments in our Army.

Finally, Sir, I want to come to one of the most debatable questions,

[Dr. Raghubir Singh.]

which is engaging the minds and attention of the people in the world, I mean the nuclear weapons. Somehow when anybody talks of nuclear weapons, we are always so much engrossed with one thing only, and that is the atomic bombs. But if we very closely examine the way things are moving in other countries, we will find that the atomic bomb is only one of those atomic weapons that are being perfected. There in the British statement of defence policy, they have already said that they are perfecting what they call nuclear guided weapons—air to air, surface to surface and from surface to air weapons—wherein they have been able to effect or completely change the fire power of their guns. In this connection I would like to bring to the notice of this House a news item which appeared very recently, only about five or six days back in the papers. This is what I read from the "Times of India" of Delhi, dated May 15th: "France battle-tested a sensational new guided missile against Soviet-built tanks during the Sinai campaign last autumn, it was disclosed in France on May 14th." This means that France or all these countries who are perfecting these atomic weapons are trying to get these weapons experimented by other countries who can possibly use them in what we call in history small wars. Sir, I would not be surprised, rather I should think, that it is only very natural, that some of these weapons may be handed over or sold to the countries who maybe anxious to take advantage of our peaceful policy. As such Sir, I wanted to bring this matter to the notice of the Defence Ministry so that, while we need not worry about the use or development of atom bombs, while we cannot possibly ever hope or expect to follow that line of policy, we will have to think, and very seriously too, of arranging for the proper defence of our country against any possible use of such small nuclear weapons which can definitely be used as part of the

regular equipment of their battle regiments. I think, Sir, that this is a very very important factor. By the introduction of the use of gunpowder in warfare the entire method of warfare changed and therefore as many as five centuries ago, when for the first time the gunpowder was used, all our old weapons overnight became antiquated. One of the reasons why we lost our independence then was that we did not take care to keep up with the science of war and we ignored the progressive development of missiles and weapons. Sir, my submission to the Defence Ministry is that it would be a bad day for our country when the historians may have to say that India did not learn from the past and did not get out of its ancient rut. Let our peaceful policy be not the peaceful conciliation of the weak and the senile of the imbecile. Let it be a peaceful policy of people who are strong enough to defend themselves. We should be in a position to successfully defend and oppose and ensure the failure of all those who want to dominate us or who want in any way to make us look low.

I hope, Sir, that these few suggestions of mine will receive the earnest consideration of the Defence Ministry. Thank you.

SHRI MAHESH SARAN (Bihar): Mr. Deputy Chairman, *everyone* wishes that the second Five Year Plan should be successfully implemented and that also in time. There is no denying the fact that it is the general wish of the people and of the Members of Parliament. The other point is that the people are willing to make sacrifices so that the Plan may be successful. But there is a big "but". Sacrifices can be made only where persons are capable of making sacrifices. My submission would be that the people in the villages who can hardly get two square meals, people who have no clothes to wear—what sacrifice can they make? For God's sake leave them alone and let them live happily. Let there be no feeling of antagonism

towards the Plan. Let them feel that the Plan will make their lives happy, will create new conditions in which they will feel more secure.

Therefore, Sir, I would very humbly submit that those taxes which affect the poor should not be levied. I have very great admiration for the great work that is being done, but all the same I feel, and very strongly feel, that we should try to make a little change in the second Five Year Plan. I do not want that the Plan should be slowed down, but a little change here and there will not affect the Plan much. I think that more essential things should be looked after first and the less essential things, the ones that are not immediately necessary, may be shifted a little bit further.

In this connection Sir, I would say that a lot of money is being spent on buildings. Buildings are not very necessary. The Ashoka Hotel has been talked about recently. Then there is the Janpath Hotel. Then there are capitals springing up everywhere. Then there are the staff quarters in the Railways. All these are not so essential. These have to wait for more essential things to be done. We are used to living in ordinary houses. We have lived all our lives there, and our generations also have lived in these houses. By living in those houses the people in the villages are happier and no taxes are paid by them. I think it is a very fine idea. Therefore my submission would be that we should be careful about these matters.

Now, Sir, as has been said by some people, there can be economy. We must think on those lines, not only on the lines of taxation and taxation. We should think of how to curtail expenses, we should think of building up a new spirit amongst those who are looking after our interests. There should be no corruption. I am told that a lot of money is wasted because it is not all spent but taken away by dishonest people. There must be a great check on such things

so that we might be able to save money in that way also, and that our mind should be more on the side of saving money, economising, rather than only taxing those who cannot pay. I do not mind many of the taxes, for example, taxes on cement, iron and steel, motor spirit, and things of that sort. Rich people who can pay should pay. They may pay more because they earn more in this world. They have to pay more because they have fleeced the poor and have become rich, and those who have been fleeced should be carefully looked after, and it should be seen that they are not also fleeced when a popular government is at the helm of affairs. Therefore, Sir, I humbly submit that it has to be thought many times before taxes on the poor people are levied.

Take for example the increase in the Railway fares. Last time also there was a suggestion like that and we appealed to the Railway Minister then not to do so because poor people cannot afford to pay more. They go in trains once in a while when it is very necessary and we are going to increase the railway fares even on distances up to 30 miles by 5 per cent. and by 15 per cent, for distances between 31 miles and 500 miles. I think that this is not proper. There are other ways and means of getting money. Do not tax those people who cannot afford to pay. That is my submission and that I have been repeating many a time. In regard to matches, if you go to villages, you will find that people there cannot even buy matches. Out of ten families, perhaps one family may be able to purchase a match box. It looks very ridiculous. Because the People in Delhi can purchase matches, why tax the poor people? If you go and see, you will find that no light burns in their homes because there is not money enough to purchase a match box. Even the buying of it is difficult for those people. So, I appeal to the Finance Minister to think carefully about these things and think why there is all-round oppose

{Shri Mahesh Saran.} tion to these taxes. We are not i opposing a tax which falls on the rich people, because they can afford to pay. They have derived their riches from the country; they must pay to the country when the need is great.

But to fleece the poor people is a thing which should not be allowed in a democratic country, by a democratic Government of ours. Take, for example, the post card. One might say: "We are raising it from 5 n. P. to 6 n. P." But one must realise that even this one n. P. is too much for the poor. Most of the people are without clothes; children have no clothes. Even women can, with difficulty, have clothes to cover their bodies. So, these small things have to be looked into. Do not make life a burden to those people. Do not break their hearts and do not let the feeling grow that in your enthusiasm for the second Five Year Plan, they are being fleeced. I am making an appeal to, and requesting, the Finance Minister to look to these things. There is sugar. Sugar is a thing which gives them some pleasure. They cannot buy it all the time. They only buy it on certain occasions like Diwali or Dus-serah. And you want to snatch that Utile joy just because you want to make a little more money. My submission is that the raising of tax from Rs. 5 62 to Rs. 11-25 per cwt. should not be there. It is really doubling it and the poor people who have some kind of pleasure should feel that, even when the second Five Year Plan is going through, they can have a little bit of luxury once in a while.

As has already been said, there are other taxes against which I raise no objection. The rich, as I said already, should be taxed. I do feel that the tax levy on the poor people is a matter which has to be thought of very carefully. I know it is being done with the best of intentions; it is being done in order to make the second Five Year Plan a success.

But I beg of the Finance Minister to think quietly and carefully whether he cannot do away with taxing the poor, whether he cannot think of other ways of raising taxes than by taxing the poor whose capacity to pay is absolutely nil.

Those are the points which strike me. Especially during these days when prices of foodgrains are rising high, to impose these taxes will be a great hardship to the people. All the zest, all the enthusiasm they have for the second Five Year Plan will go and they will feel morose and unhappy. Therefore, I beg of the Finance Minister to think twice before taxing the poor.

SHRI N. R. MALKANI: Sir, I have been in this House now for the last five years and this is the sixth Budget which has been presented to the House. Those Budgets, in a sense, were ordinary, cautious, prudent; then was nothing remarkable about them which could show that they were prepared by a clever Finance Minister. This Budget, to my mind, is a unique Budget. It makes a break in the sequence about the Budget which have been presented to us so far. It is bold; it is big, of course. To my mind, it is also unique. It is big. I say so because taxation is heavy. It was quite expected that taxation would be heavy. It is heavy, but I welcome it not because it is big—nobody wants a big Budget and a heavy taxation— but because it is spread over, distributed, very wisely. My friend thinks of the poor man. I think of the poor man also. Really, my friend, Mr. Parikh, was shouting the whole day just like Mr. Bhui»esh Gupta. But I always listen to him very attentively and respectfu// because he rarely loses his tenijw'r and is full of facts. Yesterday, he was talking of rich men being taxed. He shouted; I am shouting now. All shout that the middle-class people should be given relief.

I welcome the Budget because it makes no class distinction and I wel-

come, as it is obvious, that it is a Budget which is first Budget which makes the socialistic pattern genuine and real. We have been talking of a socialistic pattern. There was the pattern but where was realism. There was nothing.

HON. MEMBERS: It is here.

SHRI N. R. MALKANI: Now it is here. We have been shouting about the basic education pattern, but where is basic education which is real, genuine? Here is now a socialistic pattern become concrete. The Finance Minister has been receiving bouquets, brickbats but more of the latter. This was not unexpected from the other side. But the unkind-est cut of all was from a person, a former colleague, who used to receive bouquets and give bouquets but has been flinging nothing but brickbats. It was very unfortunate. It was very sad. It set at naught all my expectations of what she would say. I am very sorry for it.

Sir, I have heard my friends shouting that the burden of taxation is very heavy but not one says, what is the remedy. You say, "There should be no tax or low tax on sugar." Somebody said impose the salt tax, If one shouts against the sugar tax, twenty people will shout against the salt tax. (*Interruptions.*) It is not an easy matter, you see. You go on shouting from here and there but simply shouting without any suggestions will not do. My hon. friend, Mr. Parikh was. . .

AN HON. MEMBER: Why are you shouting now?

SHRI N. R. MALKANI: I am sorry: I have got a bad habit of talking fast and shouting. Even he did not tell me yesterday when I put him a question, but what is the alternative? What was the substitute and he gave no substitute.

I welcome the Budget because I think, on the whole, it is not merely heavy but it is just* and socialistic.

It is a national Budget. What is the alternative? Not even in this House or in the other House is there a suggestion that the Plan should be cut down, or that the Plan should be extended from five to seven years. If that is so and if the Plan is to be maintained and if progress is to be established, then we will have to pay for it with a smile, though the heart may not be so. We have got to pay.

There is, Sir, one thing which I want to emphasise as the hon. Minister has been emphasising, and that is, we must maintain the price line. It must not be disturbed very much. And the price line is dominated by food prices. It is all obvious. You yourself have been saying, Sir, that the food prices have increased, prices of cereals by 27·6 per cent., of groundnut by 26·5 per cent, and of groundnut oil by 31 per cent. Sir, these are not small percentages. These are substantial percentages. The Food Minister has been telling us stories that the rise is very nominal and it is not much, but I do not think so. The rise is substantial and we do not know where it will stop. But are we taking the proper steps to increase the production of foodgrains?

(*Interruptions.*)

Sir, if we want to hold the price line—and we must hold it—if we want to carry out the Plan and not upset all our calculations, then the next point is to increase the production of cereals, and I rather think, Sir, we are not very serious about it, because we do not take up basic questions, we do not tackle fundamental questions. The fundamental question is land reforms. Unless we have land reforms with consolidation of holdings, with ceilings imposed on them and reasonable rents charged, unless we have these basic land reforms, cultivation will not improve. We have been told by the Planning Minister every year "Next year the land reforms will be completed", and the next year means six years now, and we are yet in the wilderness. To

[Shri N. R. Malkani.] my mind, if we want more production of cereals, land reforms should become a drive, a movement, so that in the next two years they will be completed. »

SHRIMATI T. NALLAMUTHU RAMAMURTI (Madras): Consolidation and conservation has been carried out in many parts of the country.

SHRI N. R. MALKANI: Sir, another thing which is very vital to my mind is that prices must be fixed ahead of the sowing season of important cereals, may be rice or may be wheat, wheat in wheat areas and rice in rice areas. I would even say cotton for the matter of that. It is a very important crop. We send delegations for all sorts of purposes. We sent a fine delegation to China. I wish we send more delegations of that kind to China. We sent a good delegation, and they gave us a very fine report which I have read, and a very important suggestion was that there should be fixation of prices for important staple products ahead of the sowing season. That is one of the most important reasons why in China production of foodgrains has increased very rapidly. I met the Secretary of Food and Agriculture Ministry, Mr. Thapar, and he said that there will not be much risk, as prices won't fall down much; they are on the whole tending to rise; Government will of course undertake a risk but the risk will not be heavy; we can provide finance against that risk and against any kind of landslides happening; it will be a few crores and no more, but the gains to the vast millions of peasants will be incalculable.

Sir, I would even suggest another thing. Why don't you accept rent in kind? Why don't you receive from the peasant not in cash but in kind? In several countries they are doing so. If you do that, you will have ample reserves which you can use whenever you want. You are having co-operative warehousing; you are having cooperative marketing, and on the other

hand, the complaint of everybody is that there is plenty of hoarding going on. It is true. The slightest disturbance in the price level, and hoarding begins, because food prices are very sensitive. Immediately they move up. There is the slightest panic about food and the prices shoot up. You must have grain in reserve. Why do you get it from Australia or why do you go about begging in America? Why don't you get your rent in kind, in the village, of these staple products? I would even go one step further and I say, you have savings mostly in towns, but not in villages. Why don't you have a drive for small savings paid in kind? If somebody has 5 seers of cotton or 5 seers of wheat, why can't you have that, so that the poorest man or the common man in the village can subscribe to your savings drive? It can be done. He may have no money to spare, but if he has something in kind, some staple product to spare, why can't you take it and keep it with you?

Sir, I need not dilate on other matters. So far as food production is concerned, we are doing well about irrigation, minor and major; we are doing or going to do well about seeds, stores and distribution; we are doing very badly about manures. But I do not want to waste my time about it. We must do much more about manures than we are doing at present.

Sir, coming to the Budget, I would say to the Finance Minister "Your Budget is sound, your mind is sound, your heart is sound, you are alert, and thank you very much, because you have made me alert and wakeful, and I realise my own responsibilities as a citizen of India." But I would yet request him very humbly to find out ways of making, what may be called 'marginal adjustments', and I have got two or three suggestions in my mind. For instance, about tax on railway fare, he says "5 per cent, on journey up to 30 miles". I would say upto '100' miles. Well, if he grudges me that or grumbles, I would say, make it up to, say, 50 miles. I would make another request also with great humt-

lity that the reduction of the income-tax exemption limit to Rs. 3,000 is a very low reduction. To tax a person who is earning only Rs. 250 per month is, to my mind, a heavy taxation.

SHRI B. B. SHARMA: What about those persons whose income is only Rs. 600 per year?

SHRI N. R. MALKANI: I am talking of those who are earning Rs. 250 per month, paying heavy rents, paying heavy transport charges, and paying perhaps even for their amusements and other things. In a town you have got to go to a cinema with your wife, or to a coffee house, now and then. You can't help it. I think, Sir, taxing Rs. 250 per month is, to my mind, rather heavy. Make it Rs. 300, so that we tax people getting Rs. 3,600 per year. But if you cannot do that, I would say, you are very sensible about distinctions of earned income and unearned income, direct taxation and indirect taxation. Why can't you make some provision or some allowance for a family with children? There is a child, two children or three children in a family, make a concession of, say, Rs. 500 for each child and exempt tax to that extent. You can fix a maximum. If you have ten children, you won't have a Rs. 5,000 exemption limit. Have it for three children only or two, and even that concession, so far as these children are concerned, would be, to my mind, a great relief. You have already made a remarkable distinction about married and unmarried people, the taxation differs about them. Why can't he have some further reduction about children, one, two or three . . .

(Time bell rings.)

Sir, these are little things. I am certain that he has a very keen and alert mind, and if he were to apply his mind to these things, he might be able to find a solution.

Then, Sir, there is just one matter about which my mind is in a doubt and confusion, the tax on cement I am in a sense, though a city man, very much village-minded, and I am

always thinking of villagers and how taxes that will affect the villages. I had recently been to Punjab, and wherever I had gone, there was a complaint that there was no cement. May I say that my impression was, that the Community Project Administration was one of the cleanest administrations? As far as I know, the C.P.W.D. or the P.W.D. is one of the uncleanest and the most impure departments to my knowledge. My knowledge may be very limited, but wherever I have gone, they say that the P.W.D., since independence, has gone to the tatters. And I am sorry to say that even the C.P.A. is following the same track. Cement is not available in the market but the cement of the C.P.A. is available in black market. The villager wants to put up his well and he wants other things. He has got bricks and there are many brick kilns, set up but there is no cement. They can't have their drains because there is no cement and they cannot build houses at all. You build palatial houses here. You live in these palaces here in Delhi and roundabout, but they cannot build at all because they have got no cement and you say "They do not need it". Sir, it is not fair in our mouth to say that they do not need it. When we are using cement and almost swallowing cement, some cement must be given to them also. I would request the hon. Minister to pay some attention to this and see if he could make a discrimination, distinction, between the two kinds of demands and somehow earmark about 20 per cent, of the production for rural areas and at a lower rate. With this I would be satisfied.

Sir, these are some of the suggestions that I have to make. I welcome the Budget. I heartily welcome it though my heart is heavy with the heaviness of the taxation proposed.

SHRI B. K. P. SINHA (Bihar): Mr. Deputy Chairman, it is with mixed feelings of trepidation and confidence that I rise to address this House. My sense of trepidation is heightened by the vehement attack made on the Budget proposals by the hon. Member

[Shri B. K. P. Sinha.] from Punjab who initiated the debate I am aware that she spoke with a sense of awareness and with full knowledge. It will be for the Finance Minister to reply to her criticisms in detail. I have, however, comfort in the thought "farther from the church nearer to god". Her suggestion for the re-imposition of the salt tax and for the scrapping of prohibition raised different thoughts in my mind. She had been associated with the Father of the Nation for more than a quarter of a century. The Father of the Nation had love, affection and admiration for her. We took her to be a devoted and disciplined disciple of the Father of the Nation. I felt when I heard her speech that the soul of the Father of the Nation must be writhing in pain, and if he were alive, he would have thrown up his hands in despair and cried "Et tu Brute, them fall Ceaser."

Mr. Deputy Chairman, this Budget has given rise to very unfavourable reactions, but these reactions in my opinion do not have much of reason behind them. They are instinctive. There is a financial adage that to tax and to please is no more given to man than to love and be wise. This Budget has imposed fresh taxation and imposed heavy fresh taxation. The result is that the rich are angry and the poor frustrated, and last but not the least, the great intellectuals have launched their attack on the taxation proposals. I am reminded in this connection of the criticism of a great statesman for whose intellect and personality I have great respect, a statesman who comes from one of the remote coastal regions of India and who of late has developed a passion for supporting many lost causes and developed a comparable passion for tilting at windmills. He says; referring to these taxes, especially the tax on wealth and expenditure that they would mean 'a great oppression, utter misery and general demoralisation'. His feeling is that the State will henceforth have the opportunity to go into every homestead and pry into the affairs of every family. "There is something in psychology

known as the fear complex—the fear of the unknown—but to that, of course, great minds are exceptions. However, after reading the press statement of this great statesman, I feel that even great minds are not exceptions to the general rule that the unknown always creates a fear psychology. I feel that his fears are unfounded. I am reminded in this connection of an episode from British police history. I am reading a passage from the book "Freedom under the Law" by Sir Alfred Denning about the history of the British police system. It was in the year 1829 that a regular police force was established by Peel in Great Britain and then great fears were expressed about it. I will read a few lines:

'In 1829, however, Sir Robert Peel brought into being the modern disciplined efficient force. It was regarded by many as a threat to freedom. Anonymous placards were broadcast reading 'Liberty or death'. Englishmen! Britons! And Honest Men!!! The time has at length arrived. All London meets on Tuesday. Come armed. We assure you from ocular demonstration that 6,000 cutlasses have been removed from the Tower for the use of Peel's bloody gang. These damned police are now to be armed. Englishmen, will you put up with this?'

In spite of these fears, as matters shaped themselves, the police in Great Britain, instead of being a danger to liberty, became one of the protectors of liberty. I feel, therefore, that we need have no fear on this score. While I was hearing the speeches of the hon. Members in this House and the criticisms against this Budget outside the House, I always felt that our approach has been a piecemeal one. We have been looking to each item and then criticising each item picking holes in it. Our approach is not integrated. It lacks perspective. In our pre-occupation with these individual items, in our preoccupation with the trees, we are in danger of losing sight of the wood. While passing judgment on this Budget, we have to keep

the background in mind. We are not budgeting in a vacuum. We are budgeting in a definite social context. What is that social context? It is one of mixed economy. Mixed economy presupposes division of society • into classes—rich, poor and middle classes. The next important background to the Budget proposals is our Second Five Year Plan. We have to spend and spend heavily if our Second Five Year Plan is to be a success. Our expectations about savings have been rather too optimistic. There is a shortfall in savings and there is a shortfall in loans. Foreign assistance is not forthcoming in the measure anticipated. Foreign capital also is getting shyer because some of my hon. friends have now developed the habit of advocating the confiscation of foreign capital and thereby financing the projects in

the Second Five Year Plan. B P. M. Sir, in these circumstances,

what method is open to us? The only recourse open to us is to fall back on our own resources and that is what precisely this Budget or the additional taxation proposals propose to do. The alternatives are not taxation and no taxation or taxation and lesser taxation. The alternatives are either we have taxation or we give up the Plan. There is a chaupai in Tulsi Das Ramayana as follows:

दोउ न होय एक संग भग्नलू

तसद ठठाभव फलाभव गालू ।

You cannot blow hot and cold in the same breath. Either you decide to have the Plan or give it up and give up taxation. If you have the Plan, you must be prepared to accept the taxes. Mr. Deputy Chairman, voices have been raised advocating the slashing of the Plan or what comes to the same thing, extending the period of the Plan. We seem to think as if we are living in an ideal world, in a world of make-believe* a world which is in a state of stable equilibrium, where peace shall never be disturbed. But facts are otherwise. We are living in a perilous world. The stable equilibrium of peace may be disturbed any moment. We have

to look ahead to that contingency and in view of that contingency we must put forth all our efforts, and if we have that contingency in mind, there is only one course open to us, that is, not only fulfil our Plan but fulfil it to the maximum in the shortest possible period. When Russia launched on her Five Year Plan, they adopted as their motto the Russian slogan—its English translation is—'Run to and run past'. Because the strength of the nation depends on a comparison with the strength of other nations. There are other advanced nations of the world and in this world, if in the shortest possible time we do not acquire a strength which may compare favourably with the strength of other nations, all that we have achieved by the struggle of more than a century may be in jeopardy. Mr. Deputy Chairman, if you bear this fact in mind, then it becomes imperative that we put greater emphasis on the public sector. Because the industries which constitute the public sector are really the basis on which the strength of a nation, or the strength of our nation, can be built. To starve that sector or to stint that sector is to budget for weakness. Some voices have been raised especially by the rich that this Budget inhibits savings, inhibits investments and that the private sector may be affected. It is just possible that it may be. These taxations may, to some extent, affect the anticipated development and expansion of the private sector but when a choice has to be made between public and private sectors, I have no doubt that the choice should be made in favour of the public sector and by imposing these taxes, we precisely propose to build up the public sector.

Mr. Deputy Chairman, in Russia we know when Lenin died, there was a struggle for power between Stalin and Trotsky. There was something personal in that struggle but that struggle was more ideological. While Stalin just.....

SHRI N. C. SEKHAR (Kerala): Is the struggle for power between Stalin

[Shri N. C. Sekhar.] and Trotsky closely related to the Five Year Plan in India?

SHRI LAVJI LAKHAMSHI: Don't encroach upon their monopoly.

SHRI B. K. P. SINHA: Stalin stood for rapid industrialisation of the country and for building up basic industries, fundamental industries.

DR. R. B. GOUR: YOU are looking at Russian politics from the angle of Bihar Congress politics.

SHRI B. K. P. SINHA: Maybe. Trotsky advocated that there should be greater emphasis on consumer industries but fortunately for Russia, Stalin prevailed. That is why when the war broke out, Russia could acquit herself very well.

(Time bell rings.)

Therefore while this heavy taxation may, to some extent, hamper the development of the private sector, it has to be borne, because this heavy taxation will go to build up the future strength of the nation.

Mr. Deputy Chairman, next comes the criticism from the self-appointed champions of the poor. I have been in this Parliament for nearly 8 years now. On every Budget the cry is 'The last straw on the back of the camel has been put. Don't add any more straw'. But for the last 8 years the back has not broken. I am confident that the back will not break because the back of a desert camel can break but the back of the Indian bullock is too strong and can bear any burden. After all what are we spending on? Why are we taxing? We are taxing precisely because we want to give a happier and more prosperous life to the common man. If we propose to give a more prosperous and happier life to the common man, there is no reason why the common man should not share in the enterprise or adventure of building India by contributing his mite to the tax fund. Mr. Deputy Chairman, individuals may be mortal,

and die, but nations are immortal. We are stinting ourselves today, we are labouring today willingly accepting this burden, so that our nation in times to come may be healthy, strong and prosperous. We are stinting ourselves today so that our progeny to come may be happy and prosperous. If we have this in mind, and if we explain these things to our Indian masses, who possess a sound fund of commonsense, they shall willingly share the burden. I shall take only a few minutes more.

(Time bell rings.)

MR'. DEPUTY CHAIRMAN: You have already exceeded your time.

SHRI B. K. P. SINHA: Only a few minutes more. There are some gloomy Cassandras who predict that whatever your efforts, your financial plans will miscarry and the plan will have to be either slashed down or will have to be extended. I don't know, I don't hope so but may be, that circumstances may force our hands to extend the period of the Budget or slash it down but in anticipation of this defeat, to slash it down today only reminds me of the Pickwickian solution of committing suicide to evade death because man is to die some time; to preclude that he must commit suicide before. But we await that and nobody commits suicide.

But, all the same, I feel, Mr. Deputy Chairman, that while looked at in this broad perspective, this is a good Budget which imposes burdens equitably on all sectors of society, the 'T's will have to be crossed and the T's will have to be dotted. I merely illustrate by urging for the consideration of the Finance Minister, if it is possible, not to raise the prices of post-cards and some edible oils because they constitute the necessities of the common man.

Mr. Deputy Chairman, finally I will take a few minutes only.

(Time bell rings.)

MR. DEPUTY CHAIRMAN: Please wind up. There are still 26 Members to speak.

SHRI B. K. P. SINHA: I would briefly refer to the speech of the Leader of the P.S.P. I was surprised when he made a plea for slashing down the Defence expenditure. Evidently he lives in an ideal world of make-believe. He does not seem to realise that we are in a perilous situation and nations which do not wish us well are arming and arming to the teeth. In the circumstances, to bring down the Army budget will be nothing short of criminal folly. I would, "therefore, urge that while we have to maintain the Defence budget as it is, the Defence Minister should consider whether our training and equipment cannot be diversified. We cannot be self-sufficient or self-supporting in armaments in a very short period of time. It takes time to build up Defence industries. During that period we have to import our armaments and we have to train our men in their use. Unfortunately, our training and equipment is entirely based on the Western pattern.

MR. DEPUTY CHAIRMAN: That will do. Mr. Kunhambu.

श्री ए० बी० कुञ्जम्बु (केरल) : श्रीमान्, इस बजट के द्वारा हिन्दुस्तान के लोगों के सिर पर एक बड़ा बोझ रखा गया है। यह बजट गरीबों के ऊपर बहुत ज्यादा बर्सेन डालने के साथ अमीर लोगों की रखवाली भी करता है। मैं अपने बचपन की याद रखता हूँ कि हर एक चीज का कितना कितना मूल्य होता था। मेरे बचपन में एक दमड़ी की चार बीड़ियाँ मिला करती थीं लेकिन अब तो एक दमड़ी में एक बीड़ी ही मिलती है और अब इस बजट के पास होने से बीड़ी का मूल्य कितना हो जायगा यह भी मैं सोच सकता हूँ। इसी तरह से अपने बचपन में जब पहली बार मैं अपने गांव से कालीकट गया था तो उस वक्त मुझे गाड़ी का किराया १ रु० ८ आना देना पड़ा था।

श्री 'के० सूर्यनारायण (अन्ध्र प्रदेश) : दूरी कितनी है ?

श्री ए० बी० कुञ्जम्बु : मेरा गांव कारिवैल्लूर है। तो अब मेरे गांव कारिवैल्लूर से कालीकट तक जाने के लिये २ रु० ६ आना देना पड़ता है और इस बजट के पास होने से यह किराया कितना बढ़ जायगा यह भी मैं सोचता हूँ। मुझे याद है कि मेरे बचपन में एक चाय के कप के लिये ३ दमड़ी मूल्य था और अब उसके लिये कालीकट में एक आना मूल्य है और यहां दिल्ली में जब मैं आया और एक दुकान में मैंने चाय पी तो उसके लिए मुझे चार आना देना पड़ा था। अब हम इस बजट पर विवाद कर रहे हैं, अभी पास नहीं हुआ है, तब जैसे ही इस हाउस में यह बजट आया उसके दूसरे दिन जब मैंने एक दुकान में जा कर चाय पी, तो उसके लिए मुझमें पांच आना लिया गया।

हिन्दुस्तान के लोग सोच रहे थे कि ब्रिटिश सल्तनत की हुकूमत इस मुल्क से जाने के बाद हमारी सुविधाएँ बढ़ जायेंगी, हिन्दुस्तान की जनता ने ऐसा समझ लिया था कि उसके जाने के बाद हम सभी लोग यहां सुविधा से रहेंगे। इस ब्रिटिश हुकूमत को यहां से गये १० साल हो गये हैं लेकिन इन १० सालों के बाद भी जनता को क्या सुविधा हुई है ? हर साल एक बजट आता है और हर साल जनता की ज़िंदगी में तरह तरह की कठिनाइयाँ बढ़ती जाती हैं। फाइनेंस मिनिस्टर साहब हमसे कहेंगे कि हिन्दुस्तान की योजनाओं को चलाने के लिए इस तरह के बजट लाये हैं और अब हिन्दुस्तान की दूसरी योजना को चलाने के लिए यह बजट लाए हैं। मेरी राय पूरी तरह से यही है कि हमें हिन्दुस्तान की दूसरी योजना को अच्छी तरह से काम में लाना है और उसमें कोई कमी नहीं ला सकते हैं। अब फाइनेंस मिनिस्टर साहब कहेंगे कि जब ऐसा है तो फिर योजना को चलाने के लिए

[श्री ए० बी० कुजाम्बु]

रुपया भी होना चाहिये। हाँ, यह जरूरी है कि उसके लिये रुपया होना है लेकिन रुपया कमाने के लिये हम दूसरे मार्ग क्यों नहीं सोचते।

श्रीमान्, मैं तो केरल का रहने वाला हूँ इसलिये हिन्दी में व्याख्यान देते वक्त शायद कुछ गलती हो जाय

श्री बी० आर० भगत (बिहार) : बहुत अच्छा बोलते हैं, आप।

श्री ज० रा० कपूर : आप तो बहुत सुन्दर बोल रहे हैं।

श्री ए० बी० कुजाम्बु : मेरा कहना है कि मेरे केरल में फोरेस्ट के रिसोर्सेज बहुत ज्यादा हैं और वहाँ काली मिर्च यानि पेप्पर बहुत ज्यादा है। कुल हिन्दुस्तान में १२ लाख एकड़ में काली मिर्च की खेती होती है और उसमें से केरल में १० लाख एकड़ में इसकी खेती होती है। वहाँ प्रिवार पीरियड (prewar period) में कुल १६ हजार टन कार्बो मिर्च होता था लेकिन पोस्ट-वार पीरियड में यह ज्यादा बढ़ गई है और पोस्ट-वार पीरियड में वहाँ २१ हजार टन काली मिर्च पैदा हुई। पहले १६ हजार टन थी और अब २१ हजार टन है। स्पाइसेज कमेटी ने केन्द्रीय सरकार को जो रिपोर्ट सबमिट की है, वह ईस्टर्न एकानामिस्ट में पब्लिश हुई है। यह कोई मेरी रिपोर्ट नहीं है। तो ३१ मार्च, १९५६ को जो रिपोर्ट दी थी उसमें स्पाइसेज कमेटी ने कहा था कि काली मिर्च से १९५१-५२ में २३ करोड़ १७ लाख रुपये हमें मिले हैं लेकिन काली मिर्च के खेतों में बीमारी फैल जाने की वजह से, डिजीज फैल जाने की वजह से उसकी उपज कम हो गई है। अब उसकी कीमत ६ करोड़ ६० है, जो कि पहले से बहुत कम हो गई है। १९५१-५२ में जब उसका मूल्य ४,००० रु० ६०० पौंड का मिलता था, तो अब ५०० रु० मिलता है। इसी तरह लेमनग्रास आइल का जब

उस साल में १२ बीटल का ४०० रु० मिलता था तो अब ६० रु० मिलता है। इसी तरह से डाइ जिजर, जिसका भाव पहले १,६०० रु० टन का था, वह अब ४०० रु० हो गया है। तो इस तरह यह जिजर जो पहले बहुत कीमती चीज थी, अब इसके भाव में बहुत कमी हो गई है। इस तरह आप देखें कि केरल में लगातार भाव की कमी होने के कारण ७५ करोड़ रु० की वहाँ कमी हो गयी है। ये सब चीजें वहाँ से विदेशों को जाती हैं और उससे विदेशों को १०० करोड़ रु० प्राफिट जाता है। मैं फाइनेंस मिनिस्टर से पूछता हूँ, उनसे अपील करता हूँ कि यहाँ हम एक पैरेलल मार्केट (parallel market) क्यों नहीं खोलते। अगर एक पैरेलल मार्केट यहाँ खुल जाय तो इन सब चीजों की अच्छी कीमत मिलने लगे और उससे केरल की एक करोड़ छत्तीस लाख की जनता को फायदा पहुँचेगा, उनकी रक्षा होगी और उसके अलावा इस सरकार को बहुत काफी रुपया मिल सकता है। योजना को चलाने के वास्ते वहाँ की सरकार को रुपया देना बहुत ही जरूरी है, इसमें कोई शक नहीं। योजना के वास्ते, पैसा कमाने के लिये और जरिये खोजने के बजाय गरीबों के ऊपर इस तरह से टैक्स लगाना, यह सरकार के लिये कोई अच्छी बात नहीं है। मैं समझता हूँ, अगर यह गलत चीज कर भी दी गई तो फिर इस हिन्दुस्तान के लोग इस टैक्सेसन के खिलाफ एक बड़ा आन्दोलन चलायेंगे; क्योंकि ये लोग अब तक बहुत ही कष्ट से जिंदा रह रहे हैं।

पहला आयोजन हमारा खत्म हो गया है, अब हम दूसरी योजना का पहला साल खत्म करके दूसरे साल में प्रवेश कर रहे हैं। ऐसे समय में हिन्दुस्तान की जनता के ऊपर टैक्सों का जो बोझ डाला जा रहा है उसके खिलाफ वह आन्दोलन चलायेगी। मैं पूछता हूँ कि इतना रुपया जो विदेशों को चला जाता है (समय की घंटों)

SHRI R. P. N. SINHA (Bihar): He may be given more time. He finds difficulty in speaking Hindi.

श्री ए० बा० कुजाम्बु : अब मैं केरल के बारे में एक-दो बात कह कर खत्म करता हूँ। अगर हमारे केरल राज्य का मुकाबला तामिलनाडु से या उत्तर प्रदेश से या बम्बई से किया जाय तो यह बात मालूम होगी कि हम लोग बहुत बैकवर्ड प्रदेश के हैं,—वहाँ कोई कारखाने भी नहीं हैं। पहली योजना में भी कोई कारखाने नहीं बनाये गये, दूसरी योजना में भी नहीं है। वहाँ एक साइकिल के कारखाने की जरूरत है, ताकि लोगों को रोजगार मिल सके। इसी तरह से वहाँ कागज का भी कारखाना खोला जा सकता है। इन कारखानों को खोलने के लिये वहाँ सहुलियत भी है।

हमारे केरल राज्य में एक स्क्वायर माइल (square mile) में कितने ज्यादा लोग रहते हैं आप लोग उसके बारे में भी चिन्ता कीजिये। एक स्क्वायर माइल में २,५०० लोग वहाँ रहते हैं। बेकारी वहाँ पर हिन्दुस्तान के सब प्रदेशों से ज्यादा बढ़ कर है और इसकी एक वजह यह है कि वहाँ कोई इंडस्ट्री नहीं है। खेतों के बारे में मैं यह कहना चाहता हूँ कि उनको सींचने के लिये कोई इरीगेशन का इंतजाम नहीं है। आज जब कि हम आजादी पाने के बाद के दसवें वर्ष में पैर रख रहे हैं, वहाँ पर इरीगेशन का इंतजाम न होने से किसान लोग अपने खेतों को छोटे बर्तनों में पानी भरकर या हाथ से पानी उलीच कर सिंचाई करते हैं, जो कि आजकल के ज़माने में पौराणिक युग की बात लगती है। हिन्दुस्तान के इस कोने में जहाँ हम रहते हैं, इस तरह की बात होना क्या ठीक बात है? तो इसलिये मैं कहूँगा कि दूसरे आयोजन में जो यह केवल ८७ करोड़ ६० दिये गये हैं, वह हमारे प्रदेश की गरीबी को मान कर बहुत कम है, कम से कम २०० करोड़ ६० देना बहुत आवश्यक है। जो प्रदेश पहले

से आगे बढ़े हैं, उनके साथ हमारे बैकवर्ड प्रदेश में फर्क होना बहुत जरूरी है और इस लिहाज से केरल के बारे में सरकार को कृपा की दृष्टि से देखना चाहिये। वहाँ १३६ लाख लोग रहते हैं और अनएम्प्लायमेंट बहुत अधिक है। वहाँ की बैकवर्ड कंडीशन दूर करने के वास्ते सरकार को विशेष ध्यान रखना चाहिये, यह मेरा निवेदन है।

SHRI P. S. RAJAGOPAL NAIDU: Mr. Deputy Chairman, Sir, the Finance Minister has come forward with a very severe budget this year. Perhaps in my experience for the last five years as a Member of Parliament I have not seen a more severe budget presented to Parliament. He has come forward with very heavy taxes for the purpose of success of the Plan. It is the objective of the Finance Minister to see that somehow or other the Plan targets are fulfilled, to see that the various development schemes that are made in second Five Year Plan are completed within the Plan period.

Sir, there are various criticisms made about the budget in the House. It is no doubt true that the taxes imposed are very heavy. The taxes are heavy not only on the poor people but on the rich as well. What is the remedy? We have come forward with a very ambitious Plan. The gap between the resources and the expenditure on the Plan is too wide and the only recourse we have is to resort to deficit financing and we all know what effect it will have if one resorts to deficit financing. So we have to raise the resources, if we have to achieve the targets that are laid under the Plan, only by more taxes. No doubt the Finance Minister had hinted during his speech in February on the interim budget that he would come forward with more taxes. Despite the fresh taxation of Rs. 78 crores in the current year the over-all deficit amounts to Rs. 275 crores which has to be met by the issue of Treasury Bills. The Finance

[Shri P. S. Rajagopal Naidu.] Minister has cast his net all round to raise finances for the Plan. People are asked to sacrifice for certain benefits which they are going to derive in the future. It is no doubt true; those who understand can very well realise that with a view to have prosperity in the future they have got to tighten their belts and have got to pay more to the Government now. But what is the percentage of population that know that they are to pay more now to have a great future? So there is wild criticism throughout the country. Even in the House we see that Members are not in full agreement with the budget. There has been sharp criticism both from the Opposition as well as from the Treasury Benches. The only course, according to me, is to cut down the Plan by scaling down the development expenditure or in the alternative the Plan period can be spread over to six or seven years. At the same time we have got to see that the industries which are very essential for our country should not be cut down under any circumstances. But there are certain other expenses— particularly for instance, I can say, the expenses on Community Development projects—which can as well be slowed down. We can extend the period in such case to six or seven years but definitely we should go ahead with heavy industries, like steel rolling mills etc. At the same time we have got to see that there is not much of waste and extravagance in the running of the administration and we should realise the full value of every rupee.

Sir, I no doubt welcome the tax on wealth but I welcome the wealth tax only on individuals but not on companies. It will be a burden on companies which work under a loss or which work with meagre profits* Bigger companies would either try to fritter away their resources or slow down their efforts at expanding their enterprises.

SHRI J. S. BISHT: Do you include private companies also in this?

SHRI P. S. RAJAGOPAL NAIDU: Yes; private limited companies.

SHRI J. S. BISHT: What is there to prevent everybody from converting themselves into private limited companies?

SHRI P. S. RAJAGOPAL NAIDU: If I have to answer the interruption of Mr. Bisht, it will take some time.

Sir, I have to say a few words on the foreign exchange position of the country. Now, we are all aware that there is great difficulty in earning foreign exchange but I have got one doubt as to why this sudden impact has arisen on the foreign exchange. The Planning Commission knew the amount which they would have to spend by way of foreign exchange on importing capital goods. Why did they not regulate it from the beginning itself? why did this strain on the foreign exchange come in so suddenly?

Secondly, the Government is not helping in any manner the people who have placed orders with foreign firms for the import of capital goods. Even when the license had been granted under the Industrial Development Act the import licence is withheld by the Commerce and Industries Ministry. And this has been done even in the case of co-operatives which the Government want to encourage. For instance, I may say that there are twelve orders which are suffering, so far as co-operative sugar mills are concerned. Orders had been placed some ten to twelve months back but they are asked now to negotiate with their suppliers in foreign countries for deferred payments and I find that absolutely no help is being rendered by the Government to these co-operatives in that direction. Even if any information is required, that is not being supplied.

Members might have noticed yesterday, when the hon. Deputy Minister for Finance replied to several supplementaries, even that little information which they wanted to get

as to how to negotiate for deferred payments was not supplied. As a result of all this, the foreign firms have either rescinded the contract or they want to alter the terms of the contract by raising the price of the goods. I hope that the Government will come forward as early as possible with a specific programme as to how to get deferred payments, how much, from what party and what is the sort of guarantee that the Government is going to grant.

SHRI C. P. PARIKH: They will have to send their representatives to foreign countries.

SHRI P. S. RAJAGOPAL NAIDU: While I am on this, I would like to say one more thing. The hon. Minister says that the levy on sugar is increased for the purpose of encouraging exports of sugar but when we apply for the import of sugar machinery, licences are not granted. Sir, I am not able to understand the policy of the Government in this matter.

Sir, a lot has been said about the scarcity of food in the country and also about the increase in prices of food. In my opinion unnecessary panic is caused by certain interested persons and groups in the country. They want to create panic amongst the consuming public and the merchants take advantage of this and try to hoard stocks. I have no time to read a small newspaper report published in the "Hindu" the other day. It is a very interesting report made by a miller to the representative of the "Hindu" in Vijayawada which is a great rice producing centre in India. There it is said like this. The miller has said that whenever the Minister comes forward with a report on the floor of the House saying that there are large stocks which are available, that there is no scarcity, the millers hoard the stocks and the prices increase.

Secondly, Sir, I am sure the hon. Food Minister will carefully see as

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to why so many wagons are being registered for the movement of rice, inter-State movement, from Vijayawada to West Bengal and Saurashtra. The normal registration of wagons in Vijayawada is 30 to 40 wagons a day for the movement of rice. The moment the Minister has said, or even before that, that there is no scarcity of rice in the country, we find hundreds of wagons are being registered to these two States, West Bengal and Saurashtra. There is some point in registering wagons to West Bengal which is rice-eating State. But why Saurashtra? I do not know. I was told that Saurashtra is not a rice-eating State and that the people there only eat bajra. The miller has said in his interview to the "Hindu" correspondent that the entire rice is being taken to those States for the purpose of smuggling it to East Pakistan and West Pakistan. When there is so much leakage of this commodity into East Pakistan and West Pakistan, it is no wonder that scarcity has arisen in respect of rice and that the price of rice has shot up in the country.

Much has been said about increase in the price of rice. Taking 100 as the price index for 1952-53 for rice, if that year is taken as the basic year, the price index is now only 103; that is, a rise of only 3 per cent. Sir, I shall just give some figures of the Economic Adviser to the Government of India on the price of rice. Taking it as 100 for the base year ended August 1939, in 1956 it is 549; in 1951 it was 544. The rise between 1952 and this year is only 3 per cent. Wheat: the maximum was 691 in 1948; now it is 528. Jowar: the maximum was 340 in 1949; now it is 249. Bajra: it was 307 in 1948; 281 in 1956. Cereals: 483 in 1951, 473 in 1956; and so on and so forth. There will be an impulse on the part of the agriculturists to grow more food only if the prices of foodgrains are on the increase to cultivate, otherwise there will be no incentive for them. I can say as an agriculturist that we have got greater impulse now to grow more because

Shri P. S. Rajagopal Naidu.] we are able to get some return after so many years. Now people come and say that the rise in price is abnormal; the rice is only 2 or 3 per cent in the case of rice and nothing in the case of wheat or jowar, yet so much is said in the House as well as outside that prices have gone up unnecessarily high. I am prepared to accept any challenge from any Member of this House if he says that there is unnecessary increase in price in respect of wheat and all that.

Sir, the hon. Finance Minister has mentioned about food subsidies. He creates a food subsidy of Rs. 25 crores in the Budget. This food subsidy is created only to maintain consumption at a reasonable level in terms of minimum nutritional standards. It is no doubt good, it is welcome that the Finance Minister should have created such a fund, but I would have appreciated if a similar subsidy had been created for the purpose of growing more food. It is done only for the benefit of the consumers. But what is the sort of subsidy that the Finance Minister has created for the purpose of encouraging the producers? Nothing has been done by him. For instance, Sir, take ammonium sulphate. The price of ammonium sulphate two months back was Rs. 350 per ton. Now what is the price? Rs. 380. Take urea. It was Rs. 400, now it is about Rs. 600. Then take ammonium nitrate. This is a new fertiliser introduced in our country, which is very good. What is the price of it? Rs. 600 and odd per ton. The percentage of rise is more than 20 in the case of fertilisers, and yet the increase in the price of foodgrains is only 3 or 4 per cent in the case of rice and nothing in the case of other foodgrains.

SHRI N. R. MALKANI: It is said here in the White Paper at page 7 that cereal prices increased by 27.6 per cent and groundnut and groundnut oil prices by 26.5 per cent and 31.8 per cent respectively.

SHRI P. S. RAJAGOPAL NAIDU: My figures are from the Bulletin on Food Statistics issued by the Economic and Statistical Adviser. (*Interruption.*) That is with regard to fertilisers. Take iron and steel. What was the price about four or five years back? What is the price today? Everyday their prices are increasing. The agriculturist requires only manure, fertiliser and iron and steel implements for his daily requirements. The prices of these things have gone up. Why not the Finance Minister create a subsidy for the purpose of encouraging agriculturists to grow more food? All these Rs. 25 crores that are to be spent on food subsidy will naturally be spent on urban population and the rural population is not going to be benefited. So, Sir, it is not too late for the Finance Minister to consider that aspect. I can even suggest that these Rs. 25 crores should be set apart as "grow more food" subsidy and not food subsidy. If more food is grown, the prices will fall, and naturally the consumer will be benefited. On the other hand, if you go on subsidising food, the prices of foodgrains will remain at the same level and the consumer will not be benefited.

DR. NALINAKSHA DUTT (West Bengal): Mr. Deputy Chairman, the discussions that have been carried on so far have been judging the Budget from two angles of vision: The main one is undue hardship of the common man, and the other is implementation of the Five Year Plan. One of my friends, Mr. Sinha, has already spoken on this point and said that either we must have implementation of the Plan which will necessarily mean at the same time that we have to suffer some hardship, or else we may delay or stop the Plan and pay less taxes. These are the two alternatives we have before us, and naturally the hon. Finance Minister is in a dilemma as to which to prefer, whether implementation of the Plan or less burden on the people. The Finance Minister has mentioned in his

speech four objectives: incentive to larger earnings and savings, addition to revenues, restraint on consumption, and progressive "taxation on incomes. As far as I can see, he has maintained three objectives, that is, by putting an excise duty, he has been trying to put a check on inflation, that is, by putting a restraint on consumption and also he is taking to progressive taxation on incomes. But what he is not doing is, he is not giving any incentive to larger earnings and savings to individuals as also to the private sector. He has framed the Budget from two angles, the first is, Five Year Plan and the second, anti-inflationary check. His excise duties are mainly not so much for increasing the prices as they are to restrict consumption. I think the highest excise duty he put was in September 1956 on cloth. He has taxed cloth to the utmost and I think no individual out of 36 crores of people can escape the cloth duty. It has practically supplanted the salt tax. Now, over and above that, he has put in some more taxes, particularly, the tax on motor spirit. Now-a-days, transport depends only on petrol and diesel oil and both of these are going to be priced higher. These are the loads that he is putting on the back of the common man. The cloth duty has broken his back. The common man could not buy the necessary quantity of cloth and that is the reason why there was a large accumulation of cloth in the mills. He has spared neither the common man nor the middle-class nor the people of the higher income group. He has not given the tax payer any benefit by reduction of administrative expenses which is consuming nearly 28 per cent, of our total revenues—191 crores of rupees. It is desirable that a High-powered Committee be appointed to see that the administrative expenses do not go up. If you read the Employment News, you will find that every month two thousand men are entering into the Central Government, of course, skilled and unskilled and the administrative staff. This is one way of

solving the fringe of unemployment problem. Now, for the mass unemployment problem we want the Five Year Plan to go through. There is no question about it and all sections of the House have supported it. Backward as our country is economically and industrially, we should see that our Five Year Plan is carried out within the five years, particularly in regard to solving the unemployment problem. Now, the previous Finance Minister promised us that by developing the country, he would make employment available to ten millions. I do not know what portion of this has got employment. The present Finance Minister has not made any statement about it. But the Director of the Employment Exchange says that every year, there are 20 lakhs of additional labour force on account of the increase in population. At present, there are five lakhs of educated people who are unemployed and this figure will go up to 20 lakhs in 5 years. This is a colossal problem. If we want to solve this problem, we want the industrial development of the country. Either we shall have unemployment or we shall have no Plan. So, everyone is agreed that the Five Year Plan is indispensable in the present situation, particularly in regard to unemployment.

Now, the whole trouble is with the Planning Commission—their recommendations which we accepted here in this House. The Planning Commission has made some unrealistic estimates both in regard to income as well as expenditure and foreign exchange. I will cite one instance. They estimated to raise by way of loan Rs. 240 crores and it was reduced by the Finance Minister to 170 crores of rupees. But the actual loan raised was only Rs. 158 crores. Likewise in regard to foreign exchange, they did not anticipate the inflation that was caused—how much of foreign exchange they would have to provide for and where they would find it. Naturally, the Five Year Plan is going to cost us much more

[Dr. Nalinaksha Dutt.] and the Finance Minister has also made a statement that it will be necessary to phase the Plan in some way.

Some of the previous speakers have already pointed out how money is being wasted in implementing this Plan. I hope the Government will give attention to this particular aspect so that there will be no waste. The Plan makers, I find, were influenced not by the old British economists, but a new economist, like Prof. Kaldor. On page 91, he says, "Our resources should be raised by taxes on wealth, on gifts on capital gains and on expenditure besides State trading, fiscal monopolies and so on". Our Finance Minister has practically carried out that recommendation in his Budget. It is unfortunate that most of these economists and theorists differ from one another and cause unnecessary trouble to the society. Two or three years back, much was said in favour of deficit financing—that it was a loan without interest and it was good for the country when there was an expanding market with more agricultural and industrial products. That deficit financing has caused inflation and has brought us misery. The present Finance Minister also is not much in favour of deficit financing, but he cannot help it, because we are incurring a deficit of Rs. 1 crore a day for development and other expenses and he has tried to reduce the deficit by a few lakhs by fresh taxes. It is rather unfortunate that the Members of the Planning Commission have been so much influenced by Prof. Kaldor's fantastic theories. The Kaldor theory was rejected even by Marshall as a Utopian goal. Prof. Kaldor himself writes in his preface to his book on the Expenditure Tax that he was criticised by Marshall saying that his theory was good, but it was a Utopian goal. Pigou said it was an impossibility of preventing dishonest citizens by replacing income tax by expenditure. Keynes says that perhaps it is

theoretically sound, but it is practically impossible. The Royal Commission rejected it outright. Hence, Prof. Kaldor's plans and theories were all rejected by the British economists and lastly, by the Royal Commission. It is rather surprising that Prof. Kaldor's theories have been accepted by our economists and by our present Finance Minister. For instance, Expenditure Tax is a form of taxation which, as the Finance Minister admits, has no backing as yet of historical importance. It is a double tax. A person earning more than Rs. 60,000 has got to pay Income Tax at a higher rate. At the same time, he has got to pay a tax on expenditure also. The object which has been mentioned by the Finance Minister is that he is going to check ostentatious expenditure. Well, ostentation is not always bad; it may be bad for that particular man, but it is good for the small traders like the caterer, musician, decorator, electrician and so forth. Some amount of money of the rich class does pass into the hands of the small trader. So, why not allow this ostentatious expenditure instead of stopping it by putting a tax on it? Now, he estimates that there are only 6,500 persons who can have this income. But I doubt very much whether even half of this will show their expenditure in a way the Government wants. Therefore, income under this head will not come up to the expectation of the Finance Minister. I think even the provision of Rs. 8 lakhs for collection will not come out of this tax. Therefore, it is not necessary now to include and provide for Rs. 8 lakhs for staff for the collection of Expenditure Tax. Now, my apprehension is this. A new type of taxation is being introduced. It seems as if it is innocuous. After some time, if the Government finds that it has a good income, it will go on increasing, just like the duty on cloth. First it was one pice for the encouragement of handloom industry and from one pice, it multiplied 8 and 9 times. My apprehension is that though the Expenditure Tax looks innocuous today, it will

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some day become a very hard nut to crack.			received from the Lok Sabha, signed by the Secretary of the Lok Sabha. "In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Industrial Disputes (Amendment) Bill, 1957, as passed by Lok Sabha, at its sitting held on the 20th May, 1957."	
ME. DEPUTY CHAIRMAN: Will you take more time?			I lay the Bill on the Table.	
DR. NALINAKSHA DUTT: I want a little more time, Sir.			MR. DEPUTY CHAIRMAN: The House stands adjourned till 11 A.M. tomorrow.	
MR. DEPUTY CHAIRMAN: Then you may continue tomorrow. There is a message from the other House.			The House then adjourned at six of the clock till eleven of the clock on Wednesday, the 22nd May, 1957.	
MESSAGE FROM THE LOK SABHA				
THE INDUSTRIAL DISPUTES (AMENDMENT) BILL, 1957				
SECRETARY: I have to report to the House the following message				