

enquiries as to the procedure and so on and passed on the papers to the Home Minister requesting him to have immediate enquiries instituted into this matter.

SHRI BHUPESH GUPTA: In that case, I would request you, Sir, to communicate to the Government—and I would also appeal to the Finance Minister to accept this suggestion—to appoint a special committee of both the Houses to enquire into this matter since the matter is very serious. I would like to hear now as to whether the Finance Minister is agreeable to the appointment of a committee of both the Houses to enquire into this matter with full powers of enquiry.

SHRI C. D. DESHMUKH: In this respect, I can only repeat what the Prime Minister said when he made the statement in the Lok Sabha. He said that the House should await the receipt of the reports of the police investigation. Then, in the light of that report, it will be open to the House or both the Houses to take such decision as they think fit to take.

SHRI BHUPESH GUPTA: We would like to be associated right from the beginning. This is a matter of great importance and we would like to be associated with the enquiry right from the beginning. Why should we not come into the picture right now instead of having to wait till the police report is produced before us?

BUDGET (GENERAL), 1956-57— GENERAL DISCUSSION

(TJR)R. M. DESHMUKH (Madhya Pradesh): Mr. Chairman, I rise to congratulate the Finance Minister on the Budget that he has presented to us. Entering upon the first year of the second Five Year Plan, as we are doing now, the Budget presents the economic aspects of the country which are very encouraging, as also the marshalling of the resources of this country. It does not want my telling this House that for this able marshalling of the resources, our Finance

12 R.S.D.—3.

Minister, in co-operation with all his colleagues—the Finance Minister more so because he is more responsible perhaps than the others—is responsible.

The Budget presents really no very big surprises. It might have been, as was expected, a Budget which would have affected people more seriously, much worse than what it is now. For instance, it is heartening to find that the middle class has been more or less completely spared except in whatever manner it might be affected in an indirect way. So far as new taxation is concerned, I think those who are actually to be taxed under this Budget must themselves have been pleasantly surprised at the moderation that the Finance Minister has exercised in the levy of new taxes. A tax on dividends in excess of six per cent, for instance, cannot be said to be an unreasonable tax and cannot be said to be something that was not expected. In fact, when we are constantly hearing in this House hints thrown out about limitation of dividends, this in contrast to what is being urged in this House, is indeed a very great piece of moderation. The bonus issues similarly fall more or less in the same category. I am sure that the moneyed classes of this country expected under the circumstances of the budget of this year a far greater measure of taxation than has actually come to be imposed.

Sir, there are a few things so far as revenue receipts and the total budget is concerned which one notices. The first thing I personally noticed was that our budget is getting, shall I say, into a habit of starting with a deficit and ultimately ending up with a surplus. I think that is a very pleasant way of doing things. You start with a deficit, then you impose taxes to cover the deficit and then come up with a surprise and say that after all it has not worked out to be a deficit but that it has been a surplus. Now, knowing as we do that the Finance Minister does not believe in running into deficits on revenue account at any rate, and not even on

[Shri R. M. Deshmukh.] account at any rate, and not even on capital account; except for the emergencies such as we have in the financing of the Five Year Plan, this is one very pleasant thing to do for a Finance Minister and for which he deserves our congratulations. All that one wishes at the time of this budget' is that this habit will persist and our budget which is now shown as a slightly deficit budget will work out ultimately as a surplus budget at this time next year.

Another tendency which I think is very desirable and noticeable in this year's budget is that whatever we suffer by way of loss on our customs receipts is acquiring a tendency of being covered by enhancement of revenues derived from excises. This I consider to be a welcome feature because that involves and means that we are now producing more of our requirements within the country and importing less, comparatively, of those items from foreign countries. Now, on this account in spite of this tendency and in spite of this fact which is observable in this budget, our foreign trade, so far as value in money is concerned, has not suffered. In fact, the total trade in value has shown an increase of something like Rs. 70 crores and the articles, as the Finance Minister points out, that have contributed to something of a rise are as usual the jute manufactures, vegetable oils, raw cotton and shellac. What I would like to say in this connection is that I would like to see that our textile industry was in a position to make its contribution to a larger extent than it does for the country to earn foreign exchange which we are likely to require in enormous quantities and ever-growing quantities so far as financing of the Five Year Plan is concerned. I have a certain amount of acquaintance with this kind of trade and I only mention this because in this connection I have a suggestion to make. The foreign trade in textiles has been so much developed at a time when we could almost sell anything. Now, with competition coming back, difficulties are arising

and we have a body called the Textile Export Promotion Council which sends periodical reports and finds out what is happening. What is really happening is that when our customers had no other choice they were taking almost anything from us and that habit has persisted. Certain complaints that I used to hear in countries like South Africa, East Africa etc. and some of the reports that have come to our Commerce Department from foreign representatives are uniform. There are the same types of complaints and we are losing our markets. Now, we are not in a position to lose any market that we can help keeping. Therefore if we are losing our markets because of certain defects and faults on our part—and here I make no distinction between the merchants, traders, exporters, the manufacturers and ourselves as citizens of this country—we have got to take some steps to cure those defects. Some steps are being taken by the Export Promotion Councils that have been set up but apparently they have not proved to be adequate, because very much the same complaints that I used to hear 10 years ago still persist and I saw in the latest report the following defects enumerated among others—that the packing is bad; that the stamping and labelling is very defective; that goods are not according to samples; that the quality is not standard; and that there is delay in executing the orders especially when the prices in the internal market for the textiles are high which means that the contracts with foreign countries are deliberately put off with a view to making more money which can be made inside the country. I think, Sir, that there ought to be on the part of our business people a better sense of respect for contracts. Of course, they should also take care to meet the internal requirements of the country as well and this should not be kept dependent on the fluctuating fortunes of making good money in this market or that. And last of all one thing, for which internally we are blaming our "own railways, is that when disputes arise

there is an enormous delay in the settlement of claims. Now, we know how annoying all these things can be for a customer from a foreign country. When they happen to us we do not like it and it is but proper that we should concede, we should realise and we should appreciate that other people likewise are not likely to appreciate such things. Now, despite all the attempts, despite all the controls and despite all the favours—if I may use that word—that the Government is conferring on this industry, maybe because it is a vital industry, there has been no substantial improvement. And it is a very sorry fact and it is enough to realise that by the methods by which we have so far followed to cure these defects, the thing cannot be done. I would, therefore, suggest to Government to consider that so far as the foreign trade in textiles is concerned whether some kind of an experiment in State trading cannot be done? It is not a question of this manufacturer or that manufacturer; or this exporter or that exporter. It is a question of the reputation of the entire country that is at stake and it is not only restricted to the particular export trade, because once we get a bad name in one country, that is likely to affect all the trade and that bad name is likely to put us into difficulties over other things which may be perfectly good and with no defects whatsoever. This, then, is a suggestion that I wanted to make. I am in another way affected by this, because I am not interested either in manufacture, export, this or that, but I am interested as a grower. I grow cotton. Now, what has been happening is that the cotton control started in the interests of the millowners, for the consideration that we, the citizens of this country, should get our cloth requirements at a linked price. That is, unless we have control over the cotton, we cannot control the prices of the cloth. I am not forgetting the fact that the Finance Minister in his speech has pointed out that the general wholesale index is falling and has fallen. The fall in agricultural prices has

been arrested and the Government is ready to give support to the agricultural prices if it becomes necessary. With all that I would like the House to appreciate what is happening. All these controls over the mills have now been removed. It has now become a question of making the textiles available at a competitive level in the foreign markets and I am afraid that level is being very largely contributed at the expense of the growers in this country. There is a floor offered to us, which some time ago stood at Rs. 550 and which without any reason, without any investigation into the cost of production—as there is in the case of production of everybody else in the country was reduced to Rs. 495. Well, that has not done so much harm recently, because it has never been reached. But on the other hand, the selling price that I should get as a grower, that is, my chance of sharing in the prosperity of the country when it arrives, has been artificially put down. I mention the recent instance. I am entitled without apparent, calculated harm, to get prices, the maximum of which is set at Rs. 820. That was on a certain basis. They have revised the basis also but that need not detain us here. Now it is different. But things have so happened that I am practically now held up to the position of not being able to get more than Rs. 700. Now for this interference on the part of Government to prevent me from getting what I am entitled to get, according to their own rules and regulations and their own calculations—maybe it is entirely in the interests of our foreign trade—but then when the manufacturers are not doing their part, I think that I have reason to have a complaint.

There have been increases in industrial production figures, because the index has gone up to 159—which is nearly 160. For 1955 the agricultural index has also gone up to 115. Now, that is a very heartening beginning for the Second Five Year Plan and all round. The position is ably and adequately summarised in the memorandum which should make us glad that

[Shri R. M. Deshmukh.] We are entering upon the new Plan under very good auspices. In this able memorandum that has been given to us, which has made the budget and all this sea of figures understandable at least to me, this summarises the position: —

"The year 1955 was marked upon the whole, by a rise in the industrial output, a substantial increase in the production of commercial crops (1954-55) accompanied by a pronounced fall in *kharif* foodgrains, an appreciable fall in the average wholesale and consumer price levels in spite of a rising trend during the latter half, an expansion of money supply accompanied by increased bank deposits and credits, and a surplus on the external payments accounts during the first eleven months."

[MR. DEPUTY CHAIRMAN in the Chair.]

Now, Sir, that is indeed a very heartening picture and we can, with the amount of experience acquired out of the First Plan enter upon the Second Plan with a certain amount of confidence. In the whole of the Finance Minister's speech and in the budget what interested me most was paragraph 21 of his speech, where on page 10, he says: —

"Experience has shown that measures for imparting relative stability to agricultural prices cannot be fully effective without properly organised and integrated facilities for credit and marketing."

And in connection with that he has described certain measures that have been taken and are being taken in connection with the set-up of the structure described by the Rural Credit Survey Committee in order to bring up the whole credit facilities and other facilities in the rural areas. So far, it is broadly correct to say, the Plan has been mainly urban. If we heard in this House any criticism about the Plans, it was always referring to some kind of areas where concentration of populations exists. If it

was that we heard of unemployment, it was always the educated unemployment that we were picturing before us. If it was housing, it was industrial housing, it was sweepers' housing, it was low class housing, middle-class housing, Government housing, railway housing, this and that. But not anything for rural housing. At present, rural problems are more or less treated by the framers of the Plan as if they are self-financing and self-liquidating problems. You just increase production and it is presumed therefrom, arithmetically, that so much production having increased, so much unemployment has been removed. Now that is a very happy thing for statisticians—but in the rural areas, what is wanted is a little more effort and a little more direct interest than has hitherto been taken. The Second Plan, I realise, has a different objective for itself and I do not contend that that objective is wrong. But, side by side with that, I think that we ought to do a little more than Community Projects and Extension Blocks and just letting things work themselves out as to the rest. I am sure that the Government probably in their very long-term plan has all these in view. But then, what is wanted is that the feeling of frustration in rural areas has got to be prevented from materialising.

Another thing that I would like to point out to the Government is—and I take this opportunity of doing so—that this land reform business has been pending far too long. There have been too many people advocating very different things and too often, and too recklessly. The result has been that there has been a large scale disturbance in the minds of holders, in the minds even of the tenants who are to be the holders of tomorrow and in the minds of all those who have to do all kinds of transactions connected with rural areas, rural credit and rural finance.

All this is the picture everywhere—at least in the area with which I am familiar. This instability, this

uncertainty has created such a large measure of disturbance that most of the people whom I have met and with whom I have discussed this matter, do not feel at all certain as to what their future is going to be. I would like to point out to the Government that it is necessary that some amount of stability, at whatever stage or measure Government feels is called for in the interest of the country, has got to be established and established without delay. Unless that is done, I am sure that all the conceptions about expanding rural facilities by means of co-operative credit societies and adequate links for processing, marketing and all that, are not going to establish themselves. They are not likely to take root.

On the other hand, it has also got to be considered—and I am glad to find from the draft outline of the second Five Year Plan that Government has made up its mind on certain aspects of that problem. For the last four or five years, I have been urging upon the Government Departments that it is necessary to fix a standard by which the person who in future, is exclusively expected to live on agriculture and make agriculture

&his sole occupation is expected to live. Nobody in principle objects, j^for instance, to the imposition of a reasonable ceiling. Nobody objects to giving the tenants all the protection that they need from eviction, from exorbitant rents and such things. Nobody, in the last resort, even objects to the tenants acquiring the holder's rights that they do not possess today. The question really comes to this, as to where you are going to fix the ceiling and what is the criterion by which you fix the ceiling. Nothing has been offered so far. But I am glad to see that the second Five Year Plan gives us a certain amount of idea. The idea roughly is that the family holding will be that extent of land whereby a person's net income for a family of five will be Rs. 1,200 a year, and the ceiling will be three times that, except in cases of ver> large families where it has been made

I permissible that the ceiling may go up to six times that is going to be the working data, but even if we have three times the family holding as a ceiling, it means that a person who makes agriculture his exclusive occupation has got to live by and stick to the maximum standard of Rs. 60 per month.

Now, I would like somebody—or anybody who is concerned—to consider whether a decent standard can be had with Rs. 60 a month to maintain a family. That is the maximum—it may be less, it may be Rs. 20—if he has only a family holding. Now, a person has got to tie himself down to that standard of poverty before he makes up his mind to settle down to agriculture as a vocation. That is not even the standard of a *chaprasi* in a district court. If that is the intention, who will be the types of persons that the Government expects will stay on land? I am glad that this question is to be taken up more carefully hereafter. The answer often given to this is that there is land hunger and it has got to be satisfied. Therefore, ceilings have to be imposed, lands have to be taken away from the people and have got to be distributed. Yes, to a certain extent I agree and I agree at once. But even if the whole land were to be distributed by a simple arithmetical calculation, it is not possible to supply land to all the landless. The problem of the landless is not going to be solved by a distribution of land because there is just not enough land in the country. Therefore, in addition to this distribution of land, there has to be some other process which, of course, is under consideration. But linking and co-ordination of such things as small industries and other measures that are being conceived and contemplated for increasing employment have got to be linked together and a machinery has got to be set up to bring them together, but so far as the Government's expectation is concerned that those persons should make a living out of the lands and do nothing except concentrate on land and its cultiva-

[Shri R. M. Deshmukh.] tion, that will not give them a comfortable living condition or the possibility or the chance of a comfortable living condition by the standard contemplated.

Then, there is the question of compensation. Special formulae are being evolved. All these formulae, I think, are very unfair to say the least. After all, let us take the care that the Government takes in this respect in other fields. For instance, Government has recently acquired life insurance. Now, look at the care that the Government takes to relieve the capital that the Government expropriates or acquires in order to enable the persons concerned to rehabilitate themselves in life. But here fanciful formulae are being evolved. They say that the compensation will be so many multiples of the land revenue or so many multiples of the rental value. That has nothing to do with the market value. This is not comparable to any formula accepted with regard to other businesses. All that I wish to say is that this question needs to be considered.

Then, the next question I would like to ask the Government is, 'Do they really wish that there should be no drift from the rural areas to the urban areas?' I find that in the Finance Minister's speech he gives certain reasons to explain the increased unemployment in the urban areas. One is better registration. Two is a certain amount of drift from the rural to the urban areas. Now, this is very significant. After all, even to take one's chance for employment, one has to go to the urban area. If, in addition to that, the Government were to ask people to tie themselves perpetually to the standard of living that is contemplated, naturally there will be drift to the urban areas. I have suggested these things because all these matters, I take it, are not as yet finalised, and I hope that all these matters will be considered. It is not enough to say how much income one will get to live on. The price level

also becomes very material in that connection, because this Rs. 1,200 will not bring me any comfort unless the prices also are linked up with the commodities which I will have to buy for my living. It is possible to elaborate this point, but I think that what I have said is enough to indicate the facet of the problem that is not generally heard of or mentioned to any great extent in assemblies as a rule. I will therefore conclude my speech by expressing a few hopes about the future and about this Budget.

My first hope is that the foreign aid envisaged should materialise and go on materialising without inhibitions as the Finance Minister has said for at least the next Five Year Plan period. My second hope is that our immediate circumstances will not subject us to the need for increasing our Defence expenditure in this Five Year Plan period. My third hope is that our citizens responsible for handling our exports and imports will develop a sense of responsibility and would strive to acquire reputation for the country rather than just 'make money for themselves. The fourth hope that I entertain is that the surplus habit of our Budgets will continue and, such other eventualities materialising, will carry us to success in the second Five Year Plan, as we are now claiming in the light of our experience with the first Five Year Plan. I wish the Government and the country all success in their undoubtedly good intentions about our progress and prosperity.

SHRI BHUPESH GUPTA: Mr. Deputy Chairman, I think I will be failing in my public duty if I were not to open the discussion from this side by voicing our emphatic protest against the imposition of excise duties on cotton fabrics, soaps manufactured by non-power units, strawboards, non essential vegetable oils, and so on. I will deal with that question later. I would only draw the attention of the House to a number of telegrams which we have received from different parts of India, protesting against the iiapari-

tion of excise duty on soaps manufactured by non-power units as also on other vegetable oils and so on. In the press I find that there are reports to the effect that immediately after the Budget proposals had been announced the price of cotton fabrics had been going high. In the Calcutta market, for instance, in a matter of a few hours cotton dhoties began to sell at prices two rupees per pair higher than the previous price. Similarly in the case of strawboards and oils.

SHRI C. P. PARIKH (Bombay): By two rupees?

SHRI BHUPESH GUPTA: It is quite clear that these proposals are hitting the common man. Then, I would also protest against the postal rates which have been increased, namely, registration fees and telegram charges. They also hit the common man. It is no wonder that this Budget is very well appreciated by business concerns. Here is a report in the Statesman of today which says; speaking of the Bombay Stock Market:

".....the stock market took a generally constructive view of the Central Budget."

This is how the Bombay Stock Market which had prior knowledge of this Budget had been reacting to the proposals of the hon. the Finance Minister. Then, Sir, with regard to direct taxes—income-tax and others—businessmen are not very much worried about them. In the same report you also will find:

"The tax on cotton fabrics is not expected to be a major burden to the textile industry and it is said that the rise in excise levy could be passed on to the consumer without seriously impairing the offtake of cloth in the country."

This is how the textile bosses are viewing this matter, that they would be easily in a position to pass it on to the shoulders of the consumer. Then in the *Times of India* there is also a report to the effect that on the whole the situation is good:

"The general impression is that direct levies of Rs. 9 crores may not descend very heavily on the expanding economy."

Then the Finance Minister has also been congratulated from similar quarters for his reliance on Union excise duties rather than on direct income-tax and so on. This is how the country has reacted to his tax proposals. Various sections of the people have reacted to it and I can tell you that as far as the business bosses are concerned, they expected a much higher taxation on them in view of the second Five Year Plan. After all, the matter had been debated in the Congress Party, on the Congress platform. There has been a lot of talk about socialistic pattern of society and it seems that the Congressmen are in a hurry to run to that society—that is the impression they give to the country. Naturally, the businessman sitting at the counter in the stock exchange thought that probably the Finance Minister, who I am glad does not believe in false words and therefore does not mention the words 'socialistic pattern' in his budget speech, would not touch them. I like the Finance Minister. He is a matter-of-fact man. He leaves the phraseological acrobatics to those gentlemen who assembled in the Amritsar session. He sits at the public exchequer, before the counter of the nation and he knows what business he is transacting. Therefore he cannot afford the luxury of words or to indulge in this kind of thing which they don't mean, viz., the socialistic pattern of society and all that. I need not say very much. We would like them to move along that direction but the way they want to traverse would leave them into the stock exchange and some such quarters. I am not going into that. At the same time, I would certainly welcome certain of the tax proposals which have been made as far as the bonus share is concerned. I hope the Finance Minister will not grudge me if I say that it is we who have been pressing for some kind of action against this institution called bonus

[Shri Bhupesh Gupta.] shares. Halting, hesitant, with his mind split on the subject, with courage failing at every step, he has, nonetheless taken some action—all to the good. We wish him luck and a speedier and most decisive journey in that direction. Then tax on dividends is also a welcome thing. I am not going into it at this stage. Then rebate which is cancelled in respect of certain undistributed profits is also a measure which commands support from us. Then the registration charges on certain companies is a welcome feature. Then again, there is a slight increase in the tax in the highest slab of income-tax. We accept it and I only wish that this was started from a much lower slab. Rs. 1,50,000 is a very high income even for the very great ones in the Congress regime to imagine. I should have thought that the Finance Minister would start with a much lower slab to increase the taxation there.

Coming to his budget speech, this time he has made a bigger speech it seems and this is the last speech as far as this Lok Sabha is concerned and by no means his last here because if the Maharashtrians don't fail him, then the may be returned to the other House and present another budget there. Anyway, I don't know what has happened to his resignation letter but this speech, anyway, is a big speech. He deals with various things. First of all he gives an assessment of the economic situation in the speech. Then he gives you an idea of the actuals for the current budget as to the receipts and expenditure. Then his other speech makes proposals for the next year—his financial proposals. Now I will deal with all these aspects.

But I wish to begin with his assessment of the economic situation because many of his suggestions are based on that assessment, not to speak of the approach in the matter. Now he has said in his speech that the national income of the country has gone up by **18 per cent.** Previously we had been

told that it had gone up by 15 per cent. Now I find it is 18 per cent. I don't know and I am not an expert in this matter, but I note the discrepancy between the two statements—the two types of statements on the subject. Anyway I take it that it has gone up by 18 per cent. Then out of that, the hon. Finance Minister has tried to draw a very rosy picture of the situation and it seems some hon. Members on that side of the House are infatuated by such a picture. For their benefit and also, if I may say, for reminding the Finance Minister,, because he is a knowledgeable person and he only needs reminding, I would like to say a few things on that particular topic. This rise in the national income is something which is not new. Even under the British, there had been variations in the national income. For instance, in 1911 the *per capita* national income was Rs. 49 according to official estimates. In 1921-22, i.e., in about a decade, it rose to Rs. 116 according to the Simon Report. These are official figures. I make a little margin for the variations in prices; but the only thing I would like to emphasise in this connection is that the national income had been rising also under the British and there had been such variations. Yet we know that in a capitalist economy the national income goes up, the quantum of national production goes up side by side with the absolute and relative impoverishment of the people and the masses. This is nothing new. Therefore when you talk about welfare economy, the progress of the country, of the elevation of the condition of the people, you would be interested in judging this whole question not merely from the point of view of—important as it is—what had been our achievements in the field of production of wealth but how the wealth of the country produced by the toiling people has been distributed among our people. Because in that examination shall we be able to discover as to whether and to what extent, this increase has benefited the masses. I take the Government figures. According to them in **1950-51.**

the national income was Rs. 9,110 crores and in 1955-56 it has risen to Rs. 10,800 crores. Now you will see that in this period which roughly covered the Plan Period, the increment has been of the order of Rs. 1,690 crores. Now this is the position. There again you will find that out of this increment, Rs. 780 crores have come from the agricultural sector. In other words, 46 per cent, of the increased national wealth has come from the agricultural sector. I would like the hon. Members to note this fact. That is, it has risen from Rs. 4,300 crores to Rs. 5,230 crores in the agricultural and allied sectors; that is a rise of Rs. 780 crores or 46 per cent, of the total. What does it mean? It means the rise in the national income is by and large based on our agriculture. It is understandable since the agricultural sector constitutes the biggest sector in our economy and so rise should be there. But that brings us to the other questions. What are they? One is that it is very unstable. As you know, rise in the agriculture is due to monsoons and also for other reasons and irrigation has also played some part but this is a very unstable factor. If for instance, there were to be failure of monsoons for a number of successive years, the agricultural output would go down and that would depress again the national income of our country. As a matter of fact you will find that in the recent summary report circulated by the Ministry of Food and Agriculture in 1955, the acreage under cultivation has gone down by 7 millions and the production of agriculture here, in cereals has also gone down by 3 million tons. These facts are stated in this report.

Now if you take certain States, you will find that the decline has been also there. For instance, in West Bengal, in one year—last year—it came down by 1.5 million tons compared to the bumper yield of 1954 as a result of which Dr. B. C. Roy had to say that there was a delicate balance between the production and the needs. Now there you get an instability in the

whole situation as far as the national income is concerned. I am not dealing with the question.

MR. DEPUTY CHAIRMAN: You may continue after lunch. The House stands adjourned till 2-30 P.M.

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

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

SHRI BHUPESH GUPTA: Sir, when we adjourned, I was discussing the question of national income. I was trying to point out the instability in our national income. Now, Sir, I would like you also to note the fact that if during the last five years or so national income has gone up by Rs. 1,690 crores, so has the population, because we have an increase in this period, according to the official figures of no less than 2-25 crores, that is to say, more mouths to feed and more people to whom wealth should be distributed. Therefore, Sir, this figure has to be studied from an objective point of view, the fact about the rise in national income.

I would now touch on the other aspect of the matter and that is the question of distribution of national income. I find in the Finance Minister's speech there is no such effort on his part to indicate as to what has been the direction of the distribution of national income.

Sir, I would like to point out here what Dr. V. K. R. V. Rao wrote in a journal about two years ago. He pointed out that incomes below Rs. 25,000 a year had fallen from 81.9 per cent of the total taxable income in 1931-32 to 65 per cent in 1950-51 while those above Rs. 25,000 a year had risen from 19.1 per cent in 1931-32 to 35 per cent, in 1950-51. These incomes exclude corporation incomes. If these are to be taken into account the pattern of the change in the distribution shown by the table—it refers to the table—would be reinforced still further—

[Shri Bhupesh Gupta.] ther. Then he pointed out, on the basis of the analysis he gave, that the range of inequality had been widening. Now, Sir, in the Memorandum that had been circulated about the second Five Year Plan, it was also admitted that the disparities in the national income had grown and, as you know, it is said by eminent people, people belonging to the Congress Party, that the rich had become richer and the poor poorer.

I find other statistics that relate to 1951-52. There I find more than 99 per cent of the population have income below the taxable limit, that is to say, 99 per cent of our population do not reach this category at all and the income-tax that is gathered is gathered from less than 1 per cent of the total population. Again in the same statistics it was shown that there are about 4,737 assesseees with an income of more than Rs. 1 lakh and out of them the bulk of the income-tax realisation is made. Now they constitute about 0013 per cent of the population. This is how the position stands today, and I think, Sir, during this period the situation has not at all improved. On the contrary concentration of wealth has taken place in the hands of fewer persons.

Then about the distribution of the national income I come to a bigger question. As I have pointed out, much of this increment in the national income is accounted for by the rise in agriculture. But how have the agriculturists fared? They are the real producers of the nation's wealth. Now due to the falling prices, due to evictions, due to reasons which go to hit the peasant masses they have been denied practically the benefits of the growing rise in the national income. Today you cannot say that the wealth produced in the fields of our land has gone into the hands of the tillers of the soil. On the contrary, we find in our country, despite the rise in national income, growth in agricultural production, hundreds of thousands of people have been evicted from their lands,

thrown to the wolves of starvation and hunger and they are trying to find a living for them. Such is the condition today. This would be true of the industrial workers also. When I come to deal with that subject I shall elaborate that point. Even with regard to the middle-class the position is no better. As you know, middle-class unemployment is growing. Since I am dealing with the Central Government Budget I would like to point out in this connection here that amongst the Government of India employees there were in 1954, 9,01,000 civil employees. 59 per cent of them get between Rs. 51 and Rs. 101 as their salaries—I am not including the allowances here—and if you take into account those who get over Rs. 101, that number comes to about 1,33,000, and they account for 9'2 per cent, of the total number of employees under the Government of India. That is the state of affairs with regard to the people and you can well imagine what the conditions would be like in the broad sections of the middle-class population in our country. Therefore I can say on the basis of this analysis of facts that an overwhelming majority of the people, say, 85 to 90 per cent of them have been practically denied the benefits as far as the distribution of this national wealth is concerned. This is what I would like to mention in connection with the rise in the national income. We are very happy about the fact that the national output is going up and it should go up and we are very happy about this matter. At the same time we are unhappy over the fact that despite the fact that the tillers of the soil and the workers at the wheels of industry are producing the wealth by the sweat-of their brow, these people are being denied even the minimum justice and benefit out of the national wealth which they are creating.

Now, Sir, I would like to deal **with** another question on the subject **and** the two subjects which I have chosen for discussion are industry and agriculture. References have been **made to both these aspects of our economy**

but before I deal with the industry I should like to dwell at some length on the question of foreign capital. Now although the publication entitled "The Survey of India's Foreign Liabilities and Assets", which is the latest publication, was available to the Finance Minister, which is full of revelations, we find the Finance Minister makes no reference to it or does not try to explain the position as it is told here. I think this is a matter which calls for some thought on the part of hon. Members in this House. The problem of traditional exploitation by foreign capital, particularly by British capital, is completely ignored in the Budget speech. That is why the Survey does not find any reference in his speech. Yet we cannot think of overcoming India's *economic* backwardness or economic dependence without eliminating the traditional exploitation of this British capital which not only has a grip over our economy but exercises a deleterious and harmful influence on it apart from the fact that it uses the resources of the country in a very very reckless manner, as is seen in the case of the metallurgical coal.

In June 1948 when the last survey was undertaken, foreign business investment amounted to Rs. 2,37,37 crores, according to the old census. Now, Sir, this has gone up. According to the latest survey, the book value of the total foreign investment stands at Rs. 419 crores as on December 1953. The Survey points out that between June 1948 and December 1953 there has been a gross inflow of Rs. 180 crores of foreign business investment in our country. This is of course partly offset by the repatriation of foreign capital of the order of Rs. 50 crores. Thus between June 1948 and December 1953, in 5½ years we get a net foreign investment of about Rs. 132 crores. No wonder the other day, on the 27th of February, speaking in the foreign affairs debate in the House of Commons, the British Prime Minister, Sir Anthony Eden, gloated over the fact that since the end of the war, 100 million pounds sterling had been

I invested in the business in India. And he was referring to private investments. This is the fact. We know before they left in 1947, their investment was of a very high order. Since then there has been a gross inflow of investment of Rs. 180 crores. And these traditional plunderers of India have always had the lion's share of it. Within these five and a half years, British investments in business have risen from Rs. 209'95 crores to Rs. 347'06 crores which is an increase of Rs. 137'11 crores. Next, of course, comes the United States of America, with a business investment going up from 17'96 crores to 30'91 crores. The predominance of British capital was not only maintained but was increased. In 1948, 73 per cent of foreign investments belonged to the British. By December 1953, British share in our foreign investments stands at 82 per cent of the total of all foreign investments.

Now let us see where these foreign investments are taking place. That is of vital importance when we are talking in terms of a developing economy. We find that manufactures claim Rs. 64'1 crores, trading Rs. 30'43 crores, utilities Rs. 18-69 crores, plantations 19-91 crores, and so on. You find that these tea gardens absorb a lot of foreign investments. As is shown by the Reserve Bank Survey, Rs. 60 to 70 crores are re-invested profits of foreign concerns. These tea gardens are making enormous profits. For instance in 1954, it came to Rs. 4 crores and in 1955, if you take only the remittances, they come to Rs. 12 crores. In 1952, when the Plan had just started, the remittances of the tea plantations came to Rs. 115 crores. From Rs. 115 crores in 1952, that is to say, a year after the start of the Plan, we have now reached a stage at the end of the Plan period when they are in a position to remit as much as Rs. 12 crores outside this country, out of the profits made in the plantations of our land.

Now, I turn to the manufacturing side. Here we find that these foreign investments are not taking place in

[Shri Bhupesh Gupta.] the industrial fields which are vital for the development of the country, although, we do not like these foreign private investments in our vital industries. In this also it will be seen that cigarette and tobacco attract a lot of foreign capital. In this period they have come to about Rs. 19'48 crores. Tobacco is followed by mineral oils and products with Rs. 868 crores. Indeed, a careful analysis shows that except for electrical goods and iron and steel which account together for barely Rs. 8i crores, most of these investments have gone to the secondary industries where they can command enormous profits and where expectations were of a high order, but which are of secondary importance, looked at from the point of view of the country's economy. Nothing perhaps would be a greater falsification than to suggest that foreign investments are taking place for the development of our economy. On this subject, when we confront the Government we are told again and again that such investments are necessary in order to ensure the development of our economy. But the facts disclosed by this survey belie this statement, and this claim or argument on the part of the Government. This investment is taking place for plundering the resources of the country, for exploiting the cheap labour of our land and for pumping out the wealth of our country, to some other foreign land.

Significant also is the fact that out of the sum of Rs. 419 crores in 1953 about Rs. 349 crores, that is to say, over 83 per cent belong to the category which is not the "portfolio" investment, but what is known as the direct investments and that is another factor which should cause alarm to hon. Members. Eighty-five per cent of the new business investments is made in industries which are under the control of foreign capital. They fall within the category of direct investment. All this I am stating from the Survey which we have got before us. You will find that in 1953-54 there were about 822 foreign concerns in

India whose paid-up capital was about Rs. 1,228 crores, as against Rs. 944 crores total paid-up capital of Indian joint-stock companies. I do not say that all that capital has been floated here. But these are powerful elements in our economy and they occupy this position now. "We should have thought that the State power would be used in order to oust them from their entrenched and vested positions. On the contrary, we find that these elements are allowed to continue their exploitations as of old. I do not say that they enjoy the same privileges and the same political power and the same advantages as they used to enjoy in the past. But from the evidence supplied to us, we have seen that they are having a sort of bumper profit in this period.

Now I come to the subject of earnings. In 1953, the total liability on investment accounts was Rs. 38' 58 crores of which Rs. 34-48 crores or 89 per cent was payment on the foreign business account. And of the foreign business investment, 90 per cent belonged to the direct category. I do not want to weary the House with figures of the earnings. I need give here only a few facts. In tea, the profit earned come to 18 per cent. In rubber goods it is 23 per cent of the paid-up capital. In mineral oils and products the profits come to 12 per cent. This is what is happening. These are official figures. If you go into the concealment of accounts, the figure will be much higher. It does not require stating. "The earnings of existing investments are also likely to be larger with a continuing increase of the national income." This is what has been stated in the Reserve Bank Bulletin. Sir, the process of such exploitation is not likely to decrease. On the contrary, it is going to increase. This is something said by the Reserve Bank Bulletin. This is on the basis of the figures up to December 1953. Hon. Members may rightly ask, "What about the recent year?" The fourth Annual Report of the Consultative Committee on the Colombo Plan states this:

•It is believed that the rate of foreign private investment in succeeding years has been maintained."

This is based on the latest Report of the Committee on the Colombo Plan. Indeed, the Government's behaviour also corroborates this, for, in the last year, 33 applications from foreign firms, involving a capital investment, of Rs. 19'09 crores were sanctioned by the Government of India. Therefore, all these facts clearly tell us that investment is taking place at a high rate and if anything, it is increasing.

Now, who is responsible for it? I say, the Government of India's policy is responsible for it. At the* time of the Debate on the Company Law reform, the Finance Minister said:

"We believe that foreign investment will be necessary in our country for many years to come."

He has taken it for granted that for many years his dispensation will continue and that the foreign capitalists would flourish in our land. Then, the Planning Minister, Shri 'Gulzarilal Nanda, in his speech at the Colombo Plan Conference, extended an invitation to the British private investors to enhance, what he called, their traditional role as major investors in the country. He expects them to play that role in an augmented way. What that sort of investment means and with what consequences, are all well-known to us; they are part of our history.

In the second Five Year Plan, a provision of Rs. 100 crores has been made on account of foreign private investment in our land. This is what we have in our Plan. Nothing is being done to undermine or oust them from our land. I will be told that repatriation is taking place. As I have already referred to, repatriation to the tune of fifty crores of rupees took place during that period but let us see how that repatriation is taking place. Certain foreign concerns are being sold at inflated prices to the Indian nationals and they are being bought. For instance, the shares of

the British India Corporation were purchased by one Mr. Mundra. I understand he happens to be the son-in-law of the great Mr. Birla and he bought the shares of the British India Corporation at a much higher price; he paid Rs. 16 a share when the market value was Rs. 9/8. He was cornering the shares. Similarly, Jessops had been purchased by the same gentleman and he paid Rs. 42 per share while the prevailing market price was only Rs. 35. This is how the national assets are being dissipated by these people. These people are paying much higher prices than the market prices in order to corner the shares and take possession of the industries. We would like to take over these industries and we would not like to pay them anything. On the contrary, we find such a policy pursued as enables these moneys to be spent for purchases in such manner. What does this mean? This means that these moneys go outside the country or the sellers reinvest the funds so obtained in existing industries already under their control. In either case we do not stand to gain much, these are national assets and they should not be sold out of our hands. This is something to which I should like to draw the attention of the hon. Minister.

During the same period, the foreign trade has not improved much. I know about the balance of payments and things like that but we are not concerned with the balance of payments figures; we are concerned with the fact as to what has been the direction of the trade, what has been the component in that trade and whether there has been any diversification of trade. You will find that between 1953-54 and 1954-55. Indo-Soviet trade went up from 1 per cent, to .3 per cent. Of India's total foreign trade, only 3 per cent, goes to the Soviet Union; our trade with the Soviet Union is very much negligible. Out of a total export of about Rs. 518 crores, goods worth Rs. 1'5 crores went to the Soviet Union; in the year next it was 2-12 crores out of an export of Rs. 572 crores. As regards our imports, dur-

[Shri Bhupesh Gupta.]

ing the first period we had imports worth sixty lakhs of rupees out of a total import of Rs. 550 crores; in the next year it was Rs. 1-61 crores out of a total import of Rs. 610 crores. This is what is happening. That is to say, trade with that part of the world is negligible. At the same time, India's export to U.K. alone accounts for 28 per cent, whereas India's import from U.K. alone accounts for 24·8 per cent of the total import; the lion's share still remains with Britain. A certain share goes to the U.S.A. but that is not negligible Compared to what goes to Britain. We would like to know as to why trade with the Soviet Union is not developing in spite of the trade agreement of the year 1953. We know, Sir, that the monopolists are opposed to it, especially the foreign monopolists do not like that our trade should develop in other direction, that it should be diversified and, above all, we should have any trade with the Soviet Union. Yet, Sir, we know that the world today is not something which is the property of the Imperialists and the capitalists; there exists in the world what is known as a socialist system—it has become a world system—and that system accounts for more than 25 per cent of the world's territory, more than 35 per cent of the population and 30 per cent of the industrial output of the world. Therefore, until and unless we develop our trade in that direction, that is, with that part of the world, I think we cannot overcome our economic dependence and backwardness and launch out on the path of reconstruction of our economy along independent lines. It is very well known that an economic co-operation agreement was signed between the Prime Minister of India and the Leaders of the Soviet Union when they came here on the 13th December, 1955. We think that this agreement offers very great possibilities for the development of India's economy and for overcoming our economic dependence on Britain and U.S.A. Not only regarding trade but also in other res-

pects, we would like to watch with keen interest as to how the Government develops trade with the Soviet Union, because the agreement that I have read is an agreement which is to the advantage of India as much as to the advantage of the other party. It is an agreement of mutual benefit; there is no string, economic or political, attached to it and the whole thing is conceived with a view to helping and developing our economy.

SHRI H. P. SAKSENA (Uttar Pra desh): May I just ask my friend, Mr. Gupta, whether trade with the Soviet Union will not mean foreign investment wfaich he has been decrying all along?

SHRI BHUPESH GUPTA: Mr. Sak sena is very very interesting but on this subject, I would hold discussion with him later because it is a little complicated. It is not foreign private investment.

SHRI H. P. SAKSENA: I am accu* tomed to comprehend and understand complicated things. That has beeu my game throughout.

SHRI BHUPESH GUPTA: It will take much of my time if I were to explain but the Soviet Union does not make any private investment in your country because there is no private, capital in their land at all.

Now, Sir, what I feel is that the monopolists will come in the way of the implementation of the agreement For instance, here is the annual number of the *Eastern Economist* and I need not go further into its history. This is a paper and its family acquaintance is well known. It says,

"In economic affairs, it is a terrible error to see the emergence of major co-operation between the Soviet Union and India in a form which significantly reduces our dependence on the Free world, except possibly in specific items like steel."

This is what the *Eastern Economist* writes. This is the mouth-piece of **the**

Birlas, and even after the development of friendly and fraternal relations with the Soviet Union, they do not like to have any dealings, except in regard to the steel plant because the dependence on the free world had to be maintained. I know and you know what this "free world" means. This is purely enslavement so far as we are concerned and this is what I would like to draw attention to. I think Mr. Saksena reads these things. It is necessary to know as to what the ruling class and these people, the lords of finance think when we are dealing with such countries. They are financially powerful and they have got their fingers on many aspects of our economy. They still command certain political influence on our land. These people have their own way and they will try to make nonsense of the agreement. That is why we ask that the agreement with the Soviet Union should be fulfilled for this fulfilment would help strengthen our economic development.

Now, Sir, the Finance Minister does not say anything about shipping. I should, have thought that there would have been some mention about shipping; I find that the hon. Minister for Railways knows nothing either. I thought the Congress Members would know because, speaking at the meeting of the Standing Committee on Transport of the Congress Parliamentary Party on March 2, 1955, Mr. C. H. Bhabha, a man of their choice.....

SHRI H. C. DASAPPA (Mysore): 1956.

SHRI BHUPESH GUPTA: Yes, said:

"It is reckoned that freight paid out to non-nationals for the service of carrying our goods is of the order of about Rs. 150 crores."

That is to say, he said, for the enlightenment of the hon. Members in this House, hon. Members belonging to the Congress Party, because we are enlightened as far as this thing is concerned, that Rs. 150 crores are paid out every year to the foreign

bottoms which carry Indian goods. I am not vouching for that figure but Mr. Parikh seems to be a little fidgety about it and I think he will tell you that the payment is of this high order. Then, Sir, I come to the question of

industry. I have told you 3 P.M. what is the position about the

British capital in our economy, and the foreign capital.

Now, Sir, we are told that industrial production has gone up. We are very proud of the fact that the men at the wheels of our industry, the workers, despite all attacks on them, despite all cuts in their living standards, in their rights have proved true to the country and have produced wealth. It is a glory to the working class, not to the capitalist class. That is what I want to say. The credit goes to them. Now there has been a rise of 40 per cent production in the Plan Period if you take the years 1950 and 1955. It is 40 per cent rise. Now if you compare it with 1946 we find that the rise that has taken place is about 46 per cent or so industrial production. At the same time the productivity of worker has also gone up by 38 per cent over 1946. This is a very important fact, because you will find that explains many things, what is happening there. Now the workers are paid more or less the same real wages they were getting in 1939, before the war. That was low wage. It was so low that every commission appointed, even under the British, recommended that it should be increased. Now that was the wage which was keeping them below subsistence level of life, and of this thing we know. Now what do we find there? In 1950 the net income from industrial factories was Rs. 550 crores, out of which Rs. 193 crores were distributed as wages, and Rs. 39 crores as salaries, that is, between wages and salaries it was Rs. 235 crores or in other words 42 per cent, of the earnings. Profits accounted for, in the same year, to Rs. 318 crores, that is to say, 58 per cent, of the total income. In 1954 we find that earnings came to Rs. 760 crores

[Shri Bhupesh Gupta.] out of which Rs. 207 crores were distributed as wages and Rs. 42 crores as salaries, making a total of Rs. 249 crores or 33 per cent. There again we find huge profits, Rs. 511 crores, that is to say, 67 per cent of the total earnings. Therefore, Sir, you will see that in the outturn due to their increased production the share of the workers and the employees has declined, but the share of the profiteers and those people who get the money at the top has increased. Now you will find that the profits, including dividend, rents, interest, etc., rose from Rs. 318 crores to Rs. 511 crores, an increase of Rs. 193 crores. Almost the entire income from the industries was taken over as profits to be distributed in the form of dividends, interest, rents and taxes. As far as the workers and employees are concerned, out of that rise, only Rs. 17 crores came to them. This is the state of affairs in our industrial economy. That is why I would like to say that this production has been obtained as a result of intensive exploitation of the workers and also because of the rise in the productivity of our labour. This is what one must realise when we talk about the increase in industrial production. You will find that although the production has gone up, the industrial employment remains more or less at the same level—may be slight increase. In some industries it has declined as in the case of coal and jute. In the new industries a slight increase has naturally taken place, but the overall picture would be one where you find that in the matter of industrial employment we remain more or less in the same position. It only means that, when you are creating more wealth by making the same number of workers work, their productivity has gone up and you are making wealth by intensification of exploitation of the working class when you deny them a greater share in the national wealth ■ they create.

Now, Sir, about the public and the private sectors mention has been

made, but you will find that although in the First Plan there was the provision of Rs. 101 crores for the public sector, only Rs. 60 crores could be spent. They say Rs. 60 crores. Why Rs. 40 crores could not be spent we do not know, but that is the position. I know some of the achievements, the Indian Telephones, the Integral Coach Factory, the Chittaranjan, the Sindri and the manufacture of penicillin, D.D.T., etc. These are matters of achievements as far as the First Plan is concerned. But, as you see, the allocation was negligible and out of that only 60 per cent could be spent and the rest could not even be spent. This does not speak well of those men who are at the helm of our affairs today.

Now, Sir, about the private sector, there again Rs. 383 crores were earmarked out of which again only Rs. 340 crores could be spent. Now the Draft Plan will tell you that a considerable portion of increase in production has been obtained through fuller utilisation of the existing capacity as in textile, sugar and vegetable oil. Page 109 of the Draft Plan is before the hon. Members. Now this is how the production is taking place. Therefore I say that despite the fact that some increases have taken place—which we all welcome—I cannot say that the industrial economy has very much strengthened because I find that these increases are due to utilisation of the installed capacity—and yet full utilisation has to be made—and by intensification of exploitation of the labour. Of course there have been certain cases where expansion has also taken place, but I should like to touch on the other aspect of the matter. Now you cannot think of industry without taking into account the lot of the working class. There the unemployment is growing. Reference has been made to this problem, but I think the problem has been considerably underplayed in his Budget Speech. Now the live register at the time of the First Plan, March 1951, showed 3-37 lakhs. In December 1955, more or

less at the end of this First Plan, the live register shows 6·92 lakhs as unemployed registered there. This is I an under-statement—how you know, because many people do not have the facilities to register themselves and that this data suffer from serious limitations is stated in the Draft Plan itself. Now here again I would like to point out that today, according to this Draft Plan, there* are \$3 lakhs of people, who are unemployed. This is gross underestimation, but even there they say that in the next five years another 10 millions will be added, to the labour force and they would find employment for only 8 millions. It means that even after the Second Five Year Plan 7 million people or so would be left without employment, that is to say, job-seekers will remain -without employment, and this is what is stated in the Report itself. It is said that the unemployment position would remain^ more or less the same as it is today. We think that if the situation is not £,improved, then it will certainly deteriorate as it has deteriorated in the last five years.

As far as the middle-class unemployment is concerned, the position is serious. For every 100 persons employed in Calcutta 27·3 per cent were unemployed and seeking jobs. As far as middle-class in general is concerned, the figure is that for every hundred, 47 were job-seekers. Now we have got the paper produced by the Study Group of the Planning Commission which says, "5·5 lakhs of people above the Matriculation standard are unemployed." This is educated unemployment and this is the position. In another five years the number would be added to by 14·5 lakhs. This is what we are getting. Even now we find that the Government is not preventing this kind of thing, this growth of unemployment. Today we find in the Press that nearly 18,000 workers in the Damodar Valley Corporation are threatened with retrenchment. And not only that; the Government is pushing through their plans of retrenchment and the Chairman is turning down 12 R.S.D.—4.

all the suggestions made by the employees or the workers. So we find that unemployment is growing all over the land and the Government have become just on lookers and in some cases by their support to the employers . they are helping the growth of unemployment in our country.

As far as the village industries are concerned, here it is stated very clearly that the position is bad. "If the cottage and small industries have not fared well so far one reason is the stagnancy of the economy and the second is the lack of demand." There again unemployment has grown as a result of this kind of stagnancy. As a matter of fact, the cottage and small scale industries are faced with a supreme crisis and they are not yet out of the wood despite the fact that the Government has made some allocation of funds for them. There are a large number of unemployed and this vast labour force is not utilised for industrial production and is allowed to run to waste. What does unemployment mean? It depresses the labour movement and thereby it enables the monopolists to dictate terms to the working people. It also depresses the living standard of the people because every family gets a load of unemployed people and therefore its standard of living goes down. That is what is happening in our country today and we find that the Labour Minister, or for that matter, the Planning Commission is not even paying sufficient attention to this problem.

Now, I should like to touch on agriculture. About agriculture I would like to point out that food production has certainly gone up. I do not deny that.

MR. DEPUTY CHAIRMAN: You must close now. It is one hour.

SHRI BHUPESH GUPTA: Sir, for one hour, there is a fifteen minutes margin

MR. DEPUTY CHAIRMAN: The Chairman was prepared to give you only 45 minutes. You have taken one hour.

SHRI BHUPESH GUPTA: One hour was finally settled.

MR. DEPUTY CHAIRMAN: You have only three minutes left now.

SHRI BHUPESH GUPTA: I have not spoken for one hour.

MR. DEPUTY CHAIRMAN: You have spoken for 57 minutes.

SHRI BHUPESH GUPTA: Let me proceed.

MR. DEPUTY CHAIRMAN: Please finish soon.

SHRI BHUPESH GUPTA: As far as agriculture is concerned, I would like to draw the attention of the hon. Members to some facts. I would like to give some facts. And I am told in the other House, Mr. Feroze Gandhi was given a little more time, because he was giving facts, by the Deputy Speaker or the Acting Speaker. It was very good and I think it is a very laudable example for us to follow.

SHRI H. P. SAKSENA: So is our Deputy Chairman.

SHRI BHUPESH GUPTA: I do not say anything about you, you are great in your own right.

Now, Sir, the total sown area comes to 350 million acres. 50 million acres we had under irrigation even before the Plan and the Plan has added only 17 million acres. So we have got a total of 67 million acres of irrigated land which works out to 19 per cent. of the total sown area in the country. It is not a very big performance for the Government to get jubilant over. According to the Planning Commission the holdings of 75 per cent of the agriculturists are below the economic level. Their existing debts come to Rs. 900 crores and their annual borrowings amount to Rs. 750 crores. And we know that the vast population in the countryside, nearly three-fourths of the population, does

not have work for the whole year; for a greater part of the year they are idle. We find again according to the Planning Commission that after all this ceiling they can expect to get only 17 to 18 million acres of land for distribution all over India. That is what we are told in the report of the Planning Commission. Obviously, the question of distribution of land would not be "solved unless we get more land for distribution among the poor peasants and agricultural labourers. As far as food production is concerned, I have already referred to it and I would only like to point out that if you take rice production, you will find that it has not gone up very much; cotton also not very much, if you take undivided India. Now the kind of thing in which production has gone up most is certain categories of coarse grains and pulses. In the short time at my disposal I would not like to deal with these things but I would only point out that the position is not very satisfactory even in this respect.

Now, there are evictions taking place. Despite the fact that a ceiling was to be imposed nothing has been done. The tenancy right has not been given to the tenants. As a matter of fact the ceiling has not been imposed and the position in the countryside is that evictions are taking place and repression is going on all over the country—I can mention a number of States—in the Punjab, Bihar, Andhra, Orissa, West Bengal, and so on. In all these States such things are happening. At the same time a provision has been made for compensation and I am told that in the budget of the Government of West Bengal Rs. 76 lakhs is set apart for paying interim compensation and as far as Bihar is concerned with whom we are forced to merge, I find that the provision for compensation is of the order of Rs. 160 crores and that they are thinking of starting payment of this compensation. This is the position as far as the villages are concerned. Everywhere there is a sign of decay; a sign of destitution,

sign of suffering, sign of hunger, sign of poverty reigning supreme in the countryside. The whole land is presenting a spectacle of sorrow and the time has not come for us today to say that everything is very fine and everything is very well in this regime.

MR. DEPUTY CHAIRMAN: It is time, Mr. Gupta.

SHRI BHUPESH GUPTA: Let me go to the budget proposals.

MR. DEPUTY CHAIRMAN: The main charge against you is that you do not keep your word. The leader of the Communist Party should not lend himself to such a charge.

SHRI BHUPESH GUPTA: Let me finish the financial proposals.

Now, Sir, as I have mentioned, we are opposed to the Union excise duties but here I should like hon. Members to bear in mind one fact that in almost all the States this year there is not only a deficit in the budgets but there are also proposals for increased taxation. In Bihar, West Bengal, Madhya Pradesh, U.P., Madras, Andhra, in all these places there is deficit and at the same time new proposals are being made for increased taxation. All kinds of taxes are being imposed on the people and many taxes are being enhanced. The Union excise duty in 1950-51 was Rs. 68 crores and according to this budget next year it would come to Rs. 170 crores—a colossal rise. At the same time you will find that income tax, including corporation tax, was Rs. 173 crores in 1950-51 and this year it will be only Rs. 190 crores. That is only a slight rise. The Government is relying more and more on taxes on the people and that is why Union excise duties are going up whereas income tax is not going up. Direct taxation is rather falling compared to the total revenue of the Government, not to speak of **total** budget receipts of the Government

Then I ask, 'why only two annas on bonus shares?' Bonus shares should be discontinued and the money should be obtained by the Government for investment in directed channels. Bonus shares are being utilised by our capitalists for investment in channels which are of secondary importance and which help them to carry on their exploitation. Then, Sir, there is the dividend tax. It is good but I would only say that all higher dividends should be taxed at higher rates. I need not say much about registration fees. As for income tax I say you start this taxation of 91 per cent from a much lower slab because it is possible for those people to pay.

Sir, we expected relief as far as the common people are concerned but that is only crying in the wilderness. You will never give any relief to the common man. I think the Finance Ministry has developed, to say the least, a pick-pocket mentality and whenever it gets a chance, it thrusts its hand into the pockets of the common man. As far as public finance is concerned, I think our whole policy has to undergo a reorientation but before that I would ask, 'what about income tax and super-tax?' The arrears come to over Rs. 300 crores. You are not collecting money from where it is due. Why are you allowing these people to evade taxes? Is your income tax collection machinery not efficient enough to collect all that is due? I am not talking about hidden income though that is also considerable. Death duty should be increased. Capital gains tax should be imposed. Why not, because twenty per cent of the capital gains has gone to these people who have got investment in industries? Money should be got from them. And husband and wife are two separate persons suddenly! We know our literature, culture, so many things. When it comes to tax, husband and wife are separate, they keep separate accounts. Sir, I think, this is very important Now, have them taxed. I think Mr. Parikh has made that suggestion.

[Shri Bhupesh Gupta.] This suggestion should be seriously thought of and they should be considered as one as far as the higher level is concerned.

Sir, then we suggest that certain industries in the State sector have to be developed. Otherwise, we shall be confronted with the situation in a developing economy, either we will go in for taxation or for public debt, or foreign loan or for deficit financing. Public loans come to Rs. 2,454 crores—Central Government public loans—and we pay interest charges to the extent of Rs. 60 crores. And State loans are also there, which again are mounting high every year. Already in 1955 the loans of 'A' States came to Rs. 728 crores, with an interest charge of Rs. 9'53 crores. Now, we are not opposed to borrowing money, but if you do not have other avenues of resources, your public liabilities will grow and the nation will be indebted and we will have to pay every year huge sums as interest charges. Simultaneously you have resorted to deficit financing. Normally, it is a means of exploitation of the people, hitting the people, but I will not go into the mechanics of it. But I know now that they are launching on deficit financing on an adventurous scale. Rs. 390 crores of deficit financing will be resorted to in the course of one year and already, I think, they had resorted to deficit financing of the order of Rs. 450 crores. I think you are over-reaching yourself. Even if I concede that a measure of deficit financing is permissible in an underdeveloped economy, you are overreaching yourself and launching on deficit financing on a scale which you will not be able to control. And the inflationary pressure which is already noticeable is bound to grow and the entire economy will be upset and the common man will be hit. *(Interruption)*. That is why we demand that the nationalisation of certain British concerns should be undertaken as a State revenue yielding source. Why can't you take over some of the tea plantations

in West Bengal and Assam? They will yield you revenue. Why not take the Calcutta Tramway Company and the Calcutta Electric Supply Corporation? At one time you will remember that when we mooted the idea of nationalisation, they were very much opposed to it.....

SHRI M. C. SHAH: Now, this belongs to the State Government.

SHRI BHUPESH GUPTA: They thought that we were suggesting something sacrilegious. Today they are doing nationalisation in their own way. You have begun to see sense in what we were saying. I think, the sense should dawn upon you that these British concerns should be nationalised. That will offer you a big source of revenue. You really need all this source of revenue. Utilise the profits for nation building purposes, relieving the burdens on the people.....

MR. DEPUTY CHAIRMAN: That will do.

SHRI BHUPESH GUPTA: Personal wealth should be taxed. I think the matter is under discussion and it should be taxed. Personal income should also be restricted. Beyond a ceiling it should be taxed and it should be mobilised for our development purposes. Then, Sir, blank transfer.....

SHRI M. C. SHAH: Sir, they take inspiration from the replies that we give.

SHRI BHUPESH GUPTA: When I come to touch the monopolists, you seem to be getting nervous. Is it another of your diseases?

SHRI M. C. SHAH: Sir, he is getting the inspiration from the replies I have given.

SHRI BHUPESH GUPTA: I know I am now on Ahmedabad multi-millionaires. Therefore, there too the drain should be prevented and the stamp duty should be collected.

Similarly, privy purse. In this budget again Rs. 5.45 crores has been

provided for the great princes of our land. Abolish Rajpramukhs in the States, according to the States Re-organisation Commission Report, and pay them money through the nose in your budget. Such is the morality that we are being treated to by the hon. Finance Minister. Let them go and let the privy purses also go. We are not prepared to give them any privy purse.

Finally, I would like to say that we are for the reconstruction and development of our economy and the budget should be so conceived that it helps to strengthen our economy, it helps to relieve the burdens on our people and enables the Government to find funds for the development of our economy, for the reconstruction of our land from quarters where the money lies. This is what we have been impressing upon the Government all these years and that is a counsel to which they are not paying sufficient heed. On the contrary we find that they are helping the monopolist elements. I find in the press that these gentlemen who came to negotiate with the Government from Canada and Great Britain about the insurance are quite happy. They are very happy about the arrangement the Government has made as far as the compensation is concerned. Why are you, in nationalisation, giving so much compensation to these foreigners, I would like to know?

SHRI M. C. SHAH: Sir, the Insurance Bill is coming.

MR. DEPUTY CHAIRMAN: The Insurance Bill is coming. You can have your innings then.

SHRI BHUPESH GUPTA: Similarly, I say the policy of pampering the monopolist class, the policy of strengthening them, also of helping them, the policy of giving them assistance—given to the Tatas and the Indian Iron and Steel Company—the policy of utilising the National Industrial Development Corporation for subserving the interests of the monopolist class, should be given up. The

time has come when we must try to oust the British and foreign elements from our economy. We must at the same time go the whole hog in curbing the position of Indian monopolists also. They exert a very foul influence on our economy, a very wrong influence on our economy, political influence, economic influence in all matters. We find that their influence is being exerted. Now, the Prime Minister—I end with the Prime Minister—in his speeches, spoke at some meeting of the businessmen yesterday—the Federation of Indian Chambers of Commerce and Industry. He advocated a rapid reduction of disparities which were bad socially, politically and even economically. And everybody, he said, must enjoy the same opportunity. That is what the Prime Minister preached to those people. The time has come for backing up such preaching at least with some practice. Tons of propaganda should be backed up by an ounce of practice. That is what we demand of the Government. Therefore, I say curb the monopolist; increase the wages of the working class—at least a 25 per cent increase in the wages should immediately be made for the working class; stop all retrenchment; give a fair price to the agriculturists; give lands to the tillers of the soil; and secure employment for the middle class; and do not allow anybody to retrench them. That is how you can proceed to rebuild the economy on solid foundations. That is how you can correlate the improvement of the conditions of our people with increased production of our national output. National advance is not something where multitudes of people starve and suffer, are under constant threat of unemployment and misery, while the prosperous people, the multi-millionaires shine and prosper and feel happy. This is not the way to conceive of national reconstruction. Therefore, the first budget does not augur well. I say, the Government has launched a scheme of taxation with a view to getting Rs. 450 crores by additional taxation—I which has to be invested in the Plan

[Shri Bhupesh Gupta.] Rs. 225 crores by the States and Rs. 225 crores by the Centre. I feel, Sir, that the beginning is not a good beginning. Retrace your steps; modify your budget proposals and impose tax on the rich; and relieve the poor from the unbearable burden of taxation. Money can be had if you know how to touch where the money lies. And the whole country will help you in getting the money from the rich, for the reconstruction of our country. With these few words, I say that we are very unhappy with some of the aspects of the budget and, in fact, the whole budget is a budget conceived in the old way, it is a conventional thing whereas the Budget should be unconventional in conformity with the requirements of India's economy and in conformity with the aspirations and desires of the people. People are waiting to rebuild the country. It is for you to extend your help and support to them; otherwise, you cannot get on and national reconstruction will be affected at every stage.

DR. SHRIMATI SEETA PARMA-NAND (Madhya Pradesh): Mr. Deputy Chairman, I do not know whether the hon. Member who has just sat down was breathless while speaking but, I for one, felt breathless while listening and there must be others who must have felt likewise. At least, I hope to speak at a lower speed so that it will enable me to regain my breath.

The Budget which has been presented has been one of accomplishments and holds out good promise. Many things have been achieved and the progress that was shown in food production has been maintained and has eased the food position to a great extent.

One of the great achievements, though not during the exact period of the Budget that has been presented, is the nationalisation of insurance. The hon. Member who just preceded me was pleased to refer to the speech of the Prime Minister. I feel that

anybody who would read that speech dispassionately and not with so much passion, would see that the Government has been trying to fulfil the promise that has been made regarding nationalisation and socialist pattern of society! I would not like to dwell on most of those aspects which deal with money, commerce and industry this time, but with an aspect that I consider most important, though it is not apparently seen by people as being important and that is education.

Education and health are the two most important aspects on the foundations of which the whole economic structure of the country has to be built.

MR. DEPUTY CHAIRMAN: Both are State subjects.

DR. SHRIMATI SEETA PARMA-NAND: Yes, but for both of them, we have got Ministries.

MR. DEPUTY CHAIRMAN: Co-ordination. You can speak on coordination.

DR. SHRIMATI SEETA PARMA-NAND: It is open to us to make suggestions on the floor of the House because that, I feel, is the object behind the debate on the Budget year after year; otherwise, there would be no progress.

MR. DEPUTY CHAIRMAN: Of course, to the extent that it is relevant

DR. SHRIMATI SEETA PARMA-NAND: In the light of what we see in the States and from that point of view, in the light of the experience gained, perhaps it may be necessary to change our ideas about certain subjects being State subjects or being retained as State subjects. The object of a debate also, incidentally, is that the Ministers should have an idea from even the members of the party of the way in which an outsider looks at the various schemes and the results, and from that point of view, It is necessary to offer a few suggestions.

And that is the view about the function of Parliamentary democracy as it was put by no less a person than Mr. Macdonald when speaking at the Parliamentary Studies Bureau here, the other day.

Sir, the aim of all our endeavours—political and social—today is the removal of ignorance as well as the raising of nutritional standards along with the removal of poverty and disease.

For the removal of ignorance, we have got an objective as contained in the Directive Principles of the Constitution—the giving of compulsory education up to the age of 14. And it is necessary, at this stage when we have advanced so far, to see how far we have been able to achieve that and if we have not been able to do so, what are the difficulties in the way.

The main difficulty that is put down* is almost finance, No. 1 and the lack of proper trained personnel, No. 2. With regard to both these, I feel that it is necessary to review the situation.

With regard to finance, to begin with, I would like to state that, though the money required for a student-population of about five crores on an average of Rs. 20 per head would be about Rs. 100 crores, it is all told—and the State Governments are spending something like—Rs. 75 crores or thereabout and our Central Government has, I find, a budget for about Rs. 23 crores. But that is not all for primary education. In spite of the various conferences that have been held to consider the different aspects of education, I have never found an attempt made to find out how much money is being spent under different guises or under different heads for education one way or the other, in the different Ministries. First, there are the States, then the Central-Government; then there are the National Extension Schemes; then there is the social education in the States and there are the Social Welfare Board and the Community Projects. The

Railways have some schools of their own. Some money is spent for tribal education. The Army has its own schools and there are the N.C.C. and A.C.C. They spent some money. The Defence Department spends some money on primary and other education. Labour Ministry spends some money on different aspects of education particularly secondary and primary, and to some extent and towards scholarships for technical education.

These are the ten or twelve different heads under which the money is being spent. If all this money were to be pooled together, it would be possible to allocate our resources in a way so as to even today make compulsory primary education possible. I would even go to the extent of saying that, as education is the foundation on which all the progress of our plans is based and as for want of education and proper national conception of our duties all the plans that we have are, so to say, sabotaged and as almost to the extent of half the amount that we allocate for the different items is wasted, it is necessary to see in what way we can give this education and make the people conscious of their duty to the country and create a national spirit in them. I may say that it is even necessary perhaps to levy a small tax—per capita tax if necessary—of one rupee or so, and for that reason, I feel that it would not be a bad idea if 'Education' is taken over by the Centre as far as finance and allocation of it are concerned, temporarily for a period of ten years and the administration is left, as is done in the case of labour and Tribal welfare, to the States or Central Administrative Agencies are set up in the States. That alone would make possible the conservation of our resources and carrying out of the Directive Principles that we have laid down for ourselves.

These Directive Principles have not to be treated lightly and if we have to show the highest respect for the Constitution, we have to give the topmost priority to this question, from

[Dr. Shrimati Seeta Parmanand.] this point of view. What is happen- I ing today is that money is being ; frittered away in different directions without one Department knowing, as far as education is concerned, how the money is being spent for that particular aspect of education by the other department.

I would like to mention scholarships. Scholarships is one example. This is being given in tribal areas by the Tribal Department and it is also being given by the Labour Department for general education. Though the same person may not always get scholarship for that same subject, it does mean that the work is trebled; the scrutiny of applications is also unnecessarily trebled and the time taken is very long leading to delay. With regard to teachers, that is another difficulty which is put forward for not introducing compulsory primary education. I would like to point out that instead of waiting till we can have completely trained personnel, we should try and explore all methods of getting teachers for the purpose of giving compulsory primary education. Very often the type of teacher that we have gets almost a starvation salary. For social education he gets about Rs. 10 a month. It is not enough to make him enthusiastic about his work, and the kind of education that he is likely to give to the children is not likely to achieve the objects which we would like to achieve, *i.e.* to make primary education the correct foundation for secondary education. So, for this reason, it would be possible and desirable to use the agency of part-time teachers, *i.e.* people who are educated and Who have nothing else to do, by inducing them or in some way making it compulsory for them to give some part of their time for teaching. Similarly, there was much talk about the conscription of students for teaching purposes, about their not being given their school-leaving certificates or their college degree certificates until they spent certain months

of their career at school or college in teaching in villages or in some other village developmental work. What I would like to say is that this type of teachers would not be as inefficient as they are considered to be because they have not had proper teachers' training, because their enthusiasm, and their desire to do service and their youth would make up for the training that these ill-paid teachers receive, teachers who are not able to-keep their body and soul together with the starvation salaries that they are getting. For this reason I feel that Government ought at this stage to see how far it is possible by conserving and pooling all these resources-together, to introduce compulsory primary education, if not up to the age of 14, to at least as high an age as is possible in the country. For this purpose, if they can take up at least half the State or a few States, that would bring about good results.

- There is another aspect of education which I thought I should mention here and which has led to the falling of moral standards. With our secular State, with the fast dwindling control of the home on the children, with the domestic problems like finance, scarcity of servants etc. which make it difficult for the mother as well as for the father to give more personal attention to the studies of their children at the lower stages in the schools, with the influence of the cinemas and with the cheap literature that is having its impact on the morals of the people, it is necessary to devise ways and means by which in our secular State, without giving religious education in the schools, the morals of the children could be looked after. Yesterday no less a person than Mr. Selwyn Lloyd who comes from a country where religion would not ordinarily be considered to play an important part in the daily life of the people, remarked that progress would not be of much use if the spiritual side of our life were to be neglected. If we see the present trends, that will soon happen in our country. With that view, the Government should, in

addition to what it is already doing, start children's clubs all over the country, where through the help of guardians and other people interested in the work, they would be able to achieve the object in view viz. raising the moral standards of the young.

Now, a word about the finances of the Education Ministry. You will find that the Education Ministry has surrendered almost Rs. 3 crores. The Budget Estimate was Rs. 16,36,68,900. The Revised Estimate shows Rs. 13,01,18,700. It is a pity that, when we are not able to give compulsory primary education and most necessary amenities like mid-day meals, etc., the Education Ministry should have surrendered the amount already given to it. In this way, the Social Welfare Board also has surrendered an amount of Rs. 1 crore. The Budget Estimate, was Rs. 2 crores 25 lakhs, and the Revised Estimate shows Rs. 1 crore 25 lakhs. If these amounts were to be spent, by foreseeing beforehand what would be the possible expenditure on some such items, in a few States at least, as giving more nutritious food to the children, mid-day meals, etc., it would have been a good pilot project from which not only would the Government have seen the results but also would have got an idea of what the expenditure would be as and when such schemes are undertaken on a larger scale.

Sir, I would like to mention something about the way in which money is spent on schemes like public schools. There is also what is called audio-visual education. What I would like to say is that in a country where it is not possible to give even compulsory primary education to children, to spend money out of all proportion on these public schools or some other new-fangled ideas like audio-visual education, is not correct. I call them new-fangled only because of our small purse. I do not minimise their importance in educational plans. We have to cut our coat according to our Cloth. We should not try to do too much window-dressing. It does not

matter whether the other countries think that India is not advanced enough to adopt these new ideas for the education of its children. To have one such school perhaps as a laboratory is a different thing from, demanding money to do these things on a very wide scale. There are 7,868 films, and 210 films under review, etc. There is a whole paragraph in the Education Ministry's report on this. It is on the second page, and for saving time, I am not going through it. To do all these things, I feel, is not to appreciate the relative importance of things. So, from that point of view also, I would like to ask why so much money in a poor country should be spent on public school education. It means that we are trying to give all the privileges to the people who have already money, something more than we give to the poor people. If the public schools are there and if they are going to continue there because they are not going to disappear tomorrow, I would like to ask the Ministry to consider why girls should not be admitted to the public schools. There are no public schools for them.

SHRIMATI LAKSHMI MENON (Bihar):
There are two.

DR. SHRIMATI SEETA PARMA-NAND:
Perhaps. But one swallow-does not make a summer. Why the benefits of public school education should not be given to girls, when we have accepted the principle of co-education, I cannot understand. In some place private agencies are running kindergarten schools; certainly there should be no objection to their providing kindergarten school type of education. But to provide Kindergarten education for a few when—again I may stress the point—when we are not able to give compulsory primary education to one and all, is a thing that should be again thought over. With regard to tribal scholarships, I would like to say a few words that the Government has, this year, allocated one crore and five lakhs as against one crore and thirty-five lakhs

[Dr. Shrimati Seeta Parmanand.] of last year. Though the demand is growing, the amount has been reduced but perhaps it may be possible, from so much of the unspent amount of Tribal Welfare Ministries all over the States—for various reasons they are not able to spend the money given to them—it may be necessary to supplement this but I would like to point out that the delays in disposing of these applications for scholarships almost nullify the advantage of the help given to the students. Now that the decision is taken it will be July before communications go to all States making it known that these scholarships are available. After that the forms would not reach all places and unless the scholarship applications are sent on the specific forms, they are not accepted. Then there will be so much time spent on scrutiny of applications that upto August that it would not be before November that a student knows that he is able to get scholarship. It has to be realised that when applications for admission in the Southern Universities have to be made in April, to be told that a scholarship could be given in November or October is almost like not giving the scholarship at all. So, the Ministry having known that one crore and five lakhs are available, should immediately put in a communication in all papers and send notifications to the various schools to make this fact known so that before the students disperse for home, after the matriculation examinations, they should be able to know that if they get a first-class, certain scholarships in certain amounts would be available to them.

For the National Library Rs. 6,76,000 have been allotted. I would like to mention here that the question of providing money for a building for the National Library in the capital is very urgent as it is unnecessarily affecting the proper growth of the Parliament Library. Under the Copyright Act, two copies **are** available one for this Library and

one for the Parliament Library, but it is not possible, as will be easily appreciated, that all books are useful for Parliament Library and this indiscriminate stocking of books which are not suitable, ki the Parliament Library, will again make double work for weeding out.....

MR. DEPUTY CHAIRMAN: You don't want a National Library?

DR. SHRIMATI SEETA PARMANAND: On the contrary I want a building to be immediately provided and I want a greater grant for the building itself—for a National Library. Merely providing money for books is no* enough but I think that if this money of Rs. 6 lakhs is available, at least half of it should be utilized to begin with, and more should be allocated next year,—for starting on the building.

Similarly I would like to refer to the expenditure that is usually incurred on brick and mortar not only for schools but for so many other schemes where, if this expenditure is saved with the assistance of all Governments concerned, the money can be given to the people. The example of Bolpur should be outstanding whew we all know that education—at least during Dr. Tagore's time—was given right in the open. So, for at least schools and other places, the system at present followed of at once taking up building construction should not be given the same priority. We have waited long for pre-fabricated schools which we were promised about five years back, after the failure of the pre-fabricating Housing Factory but for what reason this factory has been converted into making roof-sheets and some pipes and other things and the idea of constructing pre-fabricated one-room schools **has** been given up, has not be(3 clear. If the Government would pay its attention to that, I think primary education can be expedited much more **than** it is today. I would like to say • word with regard to teachers' **salarias**.

With regard to language teachers, the salaries for Hindi teaching teachers in the South, as was once pointed out by an hon. Member on the floor of this House, is only Rs. 20 and this is not even half or one-third the salary that is given to a teacher who teaches English. This inferiority complex has to be removed and a living wage salary even to these Hindi teachers ought to be given and they may be asked, if necessary, to take, instead of one class for one hour or two j hours, two or three classes but nobody is likely to take full interest by being paid such small salaries. Sir, the expenditure on holding conferences and more conferences has to be also curtailed. It has too dilatory effects. I know it for a fact that the work in the States gets seriously interfered with. The routine work in the States is not disposed of as it should be and the State schemes which are really to be the result of these various conferences are held up. Planning is easy enough, I should think though in itself it is a difficult thing, but what is more difficult is the execution and that is where most of our efforts are failing because when it comes to execution, our energy and enthusiasm, which are spent up in these conferences, are not therel for execution and that leads to greater frustration than anything **else**.

A word has to be said here with regard to schools that are under Part C States as they are at present and that is a thing that is common to schools all over the country and that is, that education has become very expensive even at the lowest stage. The way the text-books are changed every year, the way children of seven or so are expected to write with Ink.....

MH. DEPUTY CHAIRMAN: You may address the State Government It will be more relevant in the Nagpur Assembly.

DR. SHRIMATI SEETA PARMA-NAND: If I may point out the rele-

vancy of it, the conferences are all held here.

MR. DEPUTY CHAIRMAN: You are talking about text-books.

DR. SHRIMATI SEETA PARMA-NAND: If directions are to be given by the Ministry here who take a greater part in planning these, it will have greater effect and from that point of view, education is made cheaper. When there is no money even for the poor children to sit on covered floor, they are not even given old gunny-bags or ordinary durries but they are asked to sit on tattered gunny-bags, it is necessary to see that more money is saved this way for giving to these schools.

Lastly, with regard to the Education Ministry, I would like to say that the Social Welfare Board which is working under it has to think of a few things in order to make the money that is being spent, more useful. Being a new Department, it has made quite satisfactory progress in some respects but unfortunately, it has not been able to create real enthusiasm in the interior for work and that is, to some extent, due to the lack of personnel and particularly trained personnel among women. There again I may say, when education of women is being so badly neglected, it is not really reasonable and possible to expect that either the Social Welfare Board or the Labour Ministry for its social welfare work or even the Health Ministry for its nursing and other schemes, will be able to get the correct type of personnel and for that reason even the Social Welfare Board must see that through co-ordination with the Education Ministry and Ministries in the different States, *women's* education is looked after better than what 4 PM is being done today. Sir, another reason for the failure of the Social Welfare Board, so to oay, to deliver the goods, in the countryside, is that there are inordinate delays in the examining of these

[Dr. Shrimati Seeta Parmanand.] schemes and in the giving of the grants, so much so that people get ultimately tired of waiting. I have heard remarks from various organisations and board i to the effect that it is almost futile to apply to the Social Welfare Board for grant, for they say, "We have to wait so long, and we do not know whether any grant is coming at all, in one year or in two years." And that is because there are so many hurdles. Of course, some of these hurdles are necessary and in the interest of proper working.

MR. DEPUTY CHAIRMAN: It is only a year since this Board was started. Is that not so?

DR. SHRIMATI SEETA PARMANAND: No, Sir. It is two years now.

Sir, on a very important subject, important for children and for the coming generation, I would like to make a few remarks. Sir, I submit family planning is a subject which should receive greater attention. Just as it is the lack of proper primary-education which is at the bottom of some of the failures of some of our schemes, for our not having people who are able to understand the importance of our schemes, for our not having people who can be taught the importance of the national spirit, similarly, it is the ever-growing population that makes things very difficult for our country in the matter of food, in the matter of the problem of unemployment, I may add also the problem of over-crowding of trains and other things like that. Therefore, for all these reasons it is very necessary to devote greater attention to the subject of family planning and give up orthodox ideas on the subject. We should also see that more personnel is employed for this purpose. I would like to add that the way these contraceptives are sold so blatantly and shamelessly in the streets, particularly in Bombay, is something that should make many guardians and perhaps people in

authority think. I would like to suggest that just as the sale of sulpha drugs and other injurious drugs requires the certificate from the doctor, similarly, sale of these contraceptives should require not only a licence for not only selling, but also a certificate for the buyer from a doctor for purchasing them. I need not go into this subject any further. These suggestions are enough and I hope the hon. Health Minister who is responsible for so many progressive legislations, like the legislation on the sale of spurious drugs, the law for prevention of adulteration of food-stuffs etc. will also see to it that necessary measures are taken up in this direction also.

With regard to the scheme for giving mid-day meals, I would like to suggest this much to the hon. Health Minister. The hon. Minister herself said that she had the opportunity to work out the scheme in collaboration with the Education Ministry and the Food & Agriculture Ministry. She said that after one or two sittings and when the scheme in hand had to be finally worked out, some of the Ministries said they could not themselves take up the responsibility. I may point out here that so far as the preparation of any scheme is concerned, there may be five or six Ministries that would be connected with this matter and unless these Ministries co-ordinate among themselves and think out and work out their schemes, not only will there not be any satisfactory results, but the whole thing would lead to waste of time and also of funds. Therefore, for that reason, I would like to suggest that in addition to our other new and important efforts, in addition to delegations going abroad and similar measures it is necessary that this scheme of providing mid-day meals may also be tried. We know the contributory health scheme is being worked out in certain of the States only. Similarly this scheme also may be worked out in some of the States at least, to find out the results and its limitations as well as its implications.

»

Next I would like to say a word to the hon. Health Minister on a subject relating to the women in the medical profession. When this matter is to be raised by means of questions in the question hour, or at any other time, it is not found possible to put the matter with all its importance and significance within the time available. I would like, therefore, to mention here that the Women's Medical Service had been there from the time the Dufferin Fund was created. But later on, with the disbanding of the Dufferin Fund and also the abolition of the I.M.S. and their integration with the other State Services, women were given the choice to opt to the State Services. But the experience of these women is such that it makes one feel that they are not given the same treatment as is given to men. It should be the concern of the hon. Health Minister to see that these women, as a result of the action taken by the Centre and the Health Ministry, do not suffer, that their interests do not suffer. There are so many women here today, in the Lady Hardinge Medical College, who had applied with far better qualifications, for the posts of lecturers in the Lady Hardinge Medical College. But they were not selected and men with inferior qualifications have been selected. Women in the country, medical women from Bengal, some of them have spoken to me. Also the Nagpur Women's Association have written to me Women who have got a chance to put forward their grievances, have protested that the women in the medical profession have been really insulted by the way their applications have been dealt with in the Lady Hardinge Medical College. I would request the hon. the Health Minister to go into this matter and to take some steps to see that, by holding an enquiry if necessary, the wrong done is put right.

One word more, Sir, and that relates to the education of the children of the Defence personnel of our land. I would

MR. DEPUTY CHAIRMAN: I have got a very long list of names here and you have already taken 37 minutes.

DR. SHRIMATI SEETA PARMA-NAND: I will not take more than five more minutes. With regard to the children of those in the Defence Services I would like to say that these people are liable to be transferred even within twenty four hours' notice and so the education of their children suffers a lot. Apart from that there is the question of the language which is the medium of instruction in the particular part of the country. So these children and their parents have to face still further problems. For that reason, in the Defence Ministry or the Education Ministry arrangements should be made to establish four zonal schools ' for the education of the children of our military personnel so that these children would not have to compete for admission with the other children in schools, and whenever there is a transfer, the parents would be able to go without any worry about the education of their children.

Just a word more about the most important subject, or rather a subject of equal importance as the rest and that concerns the home-front, and the ordinary woman. Soap has already been mentioned. The hon. Finance Minister I am sure did not realise, sitting as he does in his bungalow, how much dirtier will people be in the coalfields and other places, now that soap is to be even more costly. Its cost has been going higher and higher and now there is a further increase. Therefore, that will be still more expensive for the poor folk. Similar is the case of other domestic articles like, tea, coffee and sugar, and even foodgrains Though they are not made directly subject to taxation, prices are going up higher and higher for some unknown reasons. That is because of the greed of the people concerned even though they themselves are taking dividends to the extent of 30

[Dr. Shrimati Seeta Parmanand.] to 40 per cent, in respect of tea shares. When prices of things including cloth, etc., go up, it should be the duty of Government to start, what are called, consumer stores for people with incomes below Rs. 500 or the low income group. That will incidentally serve to put a check on the prices.

Finally, Sir, I would like to add that so long as the primary needs of the people with regard to housing— we know, as we pass on in the trains or by roads how people live, not even in mud huts but in shacks, in jungles where tigers and panthers enter without any trouble—and other needs, for example, food, cloth, medical aid, etc., are not met, there should not be any unnecessary expenditure on things like audio-visual education or television for which fifty lakhs of rupees have been allocated in the second Five Year Plan. Incidentally, as the Finance Minister is looking here, I am reminded that I should ask him as to how it is possible to ask women to put in more effort with regard to small savings when the country is allowing such luxuries—it is not the initial expenditure of fifty lakhs of rupees but it is the purchase of the television sets etc., which would mean more foreign exchange. How is it possible when other luxuries like rayon silk and art silk are not stopped for people to resort to small savings and also to have recourse to and faith in handmade cloth and handmade silk?

With these few words, I would again like to congratulate the Government and the Finance Ministry in particular, for trying to give us a Budget with not more of taxation than there is. At the same time, they should make an effort to remove these anomalies and make the life of the common man better by checking the rise in prices of commodities.

SHRI C. P. PARIKH: Mr. Deputy Chairman, I am surprised at the vari-

ous remarks which Mr. Bhupesh Gupta offered on this Budget in his long speech. He first of all forgot to notice and mention the great industrial and agricultural progress that we have made and the pace at which our country is advancing. If he had only paid a little attention, he would have noticed that we are going at a pace which is faster than our resources permit. This is a situation of which we have to be proud. Congratulations for this improvement in the economic field are due both to the Finance Minister and the Minister for Commerce and Industry because both of them have handled the affairs of the country in the economic sphere in such a way that it has given us confidence for the future. This assures us that we will advance with greater speed and take the proper rank amongst the nations of the world.

Mr. Gupta talked about ceilings on incomes but he forgot the meaning of the socialist pattern. He also forgot this fact that the Finance Minister is a believer more in deeds than in words and every para of the proposals of the Minister indicates advanced socialism and at a pace at which we will not fall down, a pace at which our advance will be sure and certain. One can desire a faster movement but at least one has to see the hazards. In formulating his proposals, the Finance Minister has considered all the hazards that may come in the way. With regard to the ceiling on incomes, Mr. Gupta has conveniently forgotten the fact that the slabs were raised only last year and the individuals were allowed to retain at the maximum of 88·6 per cent. Now, the slab has been raised to 92 per cent, and it has also been narrowed down. His own complaint is that it is not narrowed down for incomes below Rs. 70,000. K he only looks at the explanatory memorandum, he will find that the income that is left to an individual is not much. Hon. Members who advocate a ceiling on incomes may well remember that the income

that is left to an individual after the tax is paid is not much. Those who have an income of Rs. 85,000 retain Rs. 42,000; those who have incomes of a lakh of rupees retain Rs. 45,000 and those who have incomes of a lakh and fifty thousand rupees retain only Rs. 51,000, i.e., Rs. 6,000 more even though the increase in the income is Rs. 50,000. Further, those who have incomes of two lakhs of rupees are able to retain only Rs. 55,000. Practically very few persons in the country have incomes over this. Therefore, the maximum amount that could be retained even by a rich man in the country will be Rs. 50,000 or in that neighbourhood. Let us realise what ratio the new levy bears on the incomes that we have in view. In regard to this proposal, we have made a great advance. In the first Plan period, we have increased our per capita income by 18 per cent, although our target was only 11 per cent. That shows the achievement that we have made in the past. We have also planned for a further rise in income of 25 per cent. When we have achieved an increase of 18 per cent, while our target was only 11 per cent., if the public co-operation is there, if the co-operation of the opposite political parties is there, the advance may be more rapid and we will be able to attain a percentage much more than 25. Our average family income will be about Rs. 1,600 in a short time and even if we multiply it by thirty times, the figure comes to about Rs. 48,000. So, the objectives that the Taxation Enquiry Committee had in view and the recommendations that they have made are partially achieved. There may be a feeling in the minds of the members of the Taxation Enquiry Commission that the income of an individual should not exceed Rs. 30,000. It was based on a family income of Rs. 1,000. Does it mean also that over and above this Rs. 30,000 everything has to be surrendered to the State? Whatever it is, I think the Finance Minister has been very wise in pointing out the various slabs and various percent-

ages with regard to the residuary income in the explanatory memorandum that has been submitted to us. Now, whatever may be the income of the individual, we must allow him to retain a certain amount and this has been fixed at 8 per cent. Why has the Finance Minister allowed this 8 per cent? He knows very well the theories of Mr. Bhupesh Gupta and others but he has allowed this limit of 8 per cent, to remain with the people in order that they may have some incentive left, in order that they may not sit idle at home. There are certain persons, about five hundred in number, who will have left with them this 8 per cent, and if the Finance Minister takes from them instead of 92 per cent., 100 per cent., what will be the result? Why should they work at all because there will be nothing left to them? Therefore the idea of ceilings which we have in mind and which we are advocating, I think, Sir, is achieved and achieved in a large measure, especially when we see that in one year he has changed the slab. We can also anticipate that something more is coming in the future, also in the next Five Year Plan. He wants to go at a slow and steady pace without creating an unnerving feeling in the country. We have to realise that we have made great progress and we have to be proud of it. In the field of economy and finance we have to be very proud of the standing of our currency and of our public debt and all those matters for which our country has acquired economic and financial stability, which should not be lost sight of. Therefore this revision of slab is practically a way towards complete socialism in a period of five years. He knows very well that after two years he can narrow down the slabs. He is quite conscious of that, but he is connecting it, in *my* opinion, with the increase in national income which every individual will have and then multiply it thirty times. It is no use and we never mean that our present income of Rs. 1,200 per family will remain static. That income is to be Rs. 1,500 or Rs. 1,600

[Shri C. P. Parikh.] and when Rs. 1,500 or Rs. 1,600 is the income then Rs. 50,000 may be the tax-free income of higher income groups. I think, that is a position which Mr. Bhupesh Gupta has forgotten. Sir, he has gone further and he has said that there is not a word about the socialist pattern of society or anything of that sort in the Finance Minister's speech. But I say, Sir, it is not in words, but in deeds. First of all he has levied a tax on corporate enterprises in a judicious way, which even the Members of the Taxation Enquiry Commission had not the wisdom and the foresight to see. That is what I see. He has gone to the root of the evil and has found out how we should tax the people in order that private initiative and enterprise remain. I see, Sir, why the Members of the Taxation Enquiry Commission did not notice this matter and had not this foresight to recommend the measures which the Finance Minister is at present recommending. This is partially on account of some reasons and I know them. Whenever a volume of evidence is coming before the Members of the Commission, some persons do not want to disclose the real facts. Real facts were not disclosed and brought to the notice of the Members of the Commission and this omission in their recommendations seems to be on that account. The Finance Minister* has now gone and tapped at the root point of getting and mopping to the general revenues the excess income in the corporate enterprises because he has adequately touched the individual incomes. The corporate incomes were pretty large and why were they so large? In the industrial and commercial enterprises practically we are enjoying a semi-monopoly character and why are we enjoying a semi-monopoly character? It is because we are living in a planned economy and we have to utilise our resources to our best advantage and to the best advantage of the common man in order that his standard of living may increase. Therefore we have stopped imports

even though imports are cheaper than the costs of production in the country. That is not enough. We have also restrained the installed capacity in the country in order that our resources may not be wasted and may be utilised for better purposes. Now when the installed capacity in the country is limited what happens is that there exist efficient units and inefficient units. We want production and we want full production also of inefficient units, and we must have it. We are unable to make them as efficient as the best efficient units and the result is that some units earn 5 per cent and some units 25 per cent and over, and therefore he has wisely imposed tax whenever the dividends are declared over 6 per cent. Thus he has put his hands on the excess dividend paid by the company.

SHRI C. D. DESHMUKH: Only partially.

SHRI C. P. PARIKH: Yes, only over 6 per cent. Now, Sir, this 6 per cent has very well to be understood, because he has indirectly enunciated that 6 per cent is a reasonable return to an investor and I think, Sir, this is the first time it is being established that in a corporate enterprise you will have to be satisfied with a certain percentage of reward on your investment and that he has put it down at 6 per cent on the paid-up capital. That is a great principle which has been enunciated, and I think it is a great achievement in my opinion of the socialist pattern of society, which Mr. Bhupesh Gupta says that this Congress Government does not believe in. I think this is a first step taken in order to reduce inequalities and it will have great repercussions on the country in order to reduce the disparities in income, because the people will not be allowed to accumulate wealth to the extent that they have accumulated in the past. I might give you what has been accumulated in the past. Some shares which in 1905 were of the paid-up value of Rs. 1,000 are now

quoted at or are able to realise Rs. 1,50,000. This is not enough. Some shares are there which in 1928 had a paid-up value of Rs. 1,000 and they are now valued at Rs. 1,00,000. Now, Sir, this is also after paying interest during the interim period, remember that

SHRI J. S. BISHT (Uttar Pradesh): Which particular industry is that?

SHRI C. P. PARIKH: There is not much time at my disposal, but I have many cases which I can quote. Anyway that particular industry is the textile industry. There are other industries also. It is a long list and it will take a long time of the House if I am to give the list. These are examples before the country, which the Finance Minister very well knows. He is now coming to take away something from the excess dividends over 6 per cent, and he is proceeding in a very cautious manner in order that private initiative and enterprise may remain in the country. This is a method which has come in for the first time and I say, whether it is a slogan or whether it is a principle, a rich man has now to invest in industries or pay individual super-tax. That new theory has come in, which he is imposing on all persons who were accumulating their incomes in the past. Therefore what is the effect of it? From 6 to 10 per cent, he takes away 2 annas in the rupee. So what does it come to? Instead of receiving a dividend on Rs. 100 of Rs. 10, one will receive 94 rupees. Is that a hardship? I certainly consider it is not a hardship. Then, Sir, comes the case of 10 to 14 per cent, dividend. Take the example of 14 per cent. Instead of receiving 14 per cent, dividend hereafter one will receive 12 per cent, dividend. That is the cut that he has made. I am just pointing out in this manner in order to understand and explain because they are criticisms on the other side. Instead of 22 per cent, being given, one will receive 19 per cent. Instead of 30 per cent, dividend, one will now receive 25 per cent. 12 R.S.D.—5.

Instead of 42 per cent, it will now be 35 per cent. Instead of 50 per cent, it will now be 42 per cent.

[THE VICE-CHAIRMAN (DR. P. SUBBARAYAN) in the Chair.]

Now, Sir, why I am pointing out these figures is because during the last three days criticisms have appeared in the press that this levy will kill capital formation and will take away private initiative and enterprise. After all what cut has he made? For the small cut that he is making there is such an agitation in the press that capital formation will not be there and the initiative and enterprise will be killed. To disprove this apprehension I have quoted the above figures. Will the enterprise and initiative be really killed? I think, Sir, it is misleading those who do not understand the financial economy of the country and therefore in the press such a hue and cry is raised that the Finance Minister has been heavy on the industry and therefore capital formation will not be there. I cannot understand this, Sir. The sum that will be taken away by this is in the neighbourhood of Rs. 8 crores. The industry in the private sector has to invest Rs. 700 crores out of which Rs. 300 crores are coming from internal resources. So out of these Rs. 300 crores in a period of five years the Finance Minister takes away only Rs. 40 crores in order that the excess dividend may not be prejudicial in the larger interests of the country.

Now Rs. 300 crores for five years would come to Rs. 60 crores per year and out of this Rs. 60 crores he is taking away Rs. 8 crores. That is, out of Rs. 300 crores he is taking away in my opinion about Rs. 40 crores. Will there be no capital formation of the remaining Rs. 260 crores? I fail to understand that, Sir, in our country owing to the second world war, the ideas and notions about return on capital have been pushed up to a scale which this country cannot afford and which does

[Shri C. P. Parikh.] not fit in the present socialist pattern of society. I think therefore the Finance Minister has very wisely taken this step and I am quite sure that in the course of a few years, may be two or three years, there will be graded rising percentage of this tax and the slabs will be narrower from time to time, and there will be ultimate taxation to the extent of 75 per cent, in the case of excess dividends. At present according to the present slabs the companies pay seven annas including corporation tax and income tax. And there' will be this new levy of 3 annas when dividends exceed 10 per cent *i.e.*, about ten annas will be taken away. I think after some time when the Finance Minister has his hands on the pulse of the country he will consider whether to increase it or lower it because his whole idea is to have industrial development to the maximum extent possible. If industrial development does not show any fall then he may raise it to twelve annas.

With regard to the other point that the capital is shy, I ask, 'where will the capital go if it is shy?' There may be any return on capital, say 6 per cent., 10 per cent., 14 per cent., 18 per cent, or 22 per cent, but when the doors of excess return on capital are closed, then capital by itself will be diverted to channels which are considered necessary for the country. When everybody finds that it is difficult to earn more than 10 per cent., he will have naturally to invest in securities which fetch up to 10 per cent. The great difficulty that we have at present is that we are not finding adequate capital for producer industries; on the other hand we are finding ample capital for consumers' industry. I think members of industry, commerce and trade have always pleaded before the Planning Commission for higher investment in the private sector. At that time they thought that they would be able to make huge profits but now conditions are brought about when they would

not be allowed to earn very high returns.

Now, with regard to the bonus tax, the question is why is this bonus tax levied? Because in the past five years Rs. 77 crores were capitalised out of reserves as supertax will not be payable when reserves are converted into capital. Now, the Finance Minister has come to notice this fact and has decided to impose this tax in spite of the fact that there is no such recommendation in the Taxation Enquiry Commission Report. And I would invite attention to the remark made by the famous economist Mr. Rao who agrees with the way in which the bonus share is taxed to the extent of two annas. He agrees with the proposal of the Finance Minister. That has appeared only yesterday. So I say that the Finance Minister is watching carefully where to adopt a particular measure and where not to adopt a measure and he exercises his judgment and wisdom in arriving at vital decisions. Being a great financier, I think the way in which he has handled the economy of this country for the last five years, we have every reason to be proud of and especially because we have successfully to go through our development programme, his services are very valuable. We have maintained the highest economic and financial credit in the world and that is not a small achievement for a poor country which has not to beg before others. He has also handled the problem of deficit financing in a manner that we can be proud of because there have been no inflationary pressures. The bonus tax is only two annas in a rupee but this is also considered to be high by some persons. Those who are in business and industry know very well that whether the capital exists as bonus shares or as reserves it is all the same. The classification is not very material unless a number of shareholders combine to misuse it for which also sanction will now be necessary. So whether the capital stands as bonus shares or as reserves, it is all the same but the people want to convert

their reserves into bonus capital in order that they may not have ultimately to pay tax on that when they sell those shares to others on redemption. I think the hon. Finance Minister has already laid down the principle that no permission will be given for the issue of redeemable bonus preference shares. Most of the bonus issues in the past were redeemable preference shares. I think he has been wisely rejecting all such applications, and in future also applications for issue of redeemable shares should not be entertained because that way persons would evade individual super tax from being paid and if the ultimate holder happens to be a charitable institution, it may claim refund of income tax also. There is now bound to be a flood of applications to have the reserves converted into bonus capital and therefore permission has to be very judiciously and carefully given after examining whether it is necessary in the interest of the industrial development of the country. Some guiding principles will have to be laid down in this matter. The only thing I am unable to understand is why he has placed a ceiling on what tax bonus shares will pay because he has connected this with the total taxable income of the company in the year. Suppose the total taxable income of a company is one lakh of rupees. The maximum payable on account of excess dividend and bonus shares will not exceed four annas in a rupee. Suppose a company has a reserve of Rs. 10 lakhs and many companies have reserves five times their capital or more. Now if they come to capitalise all these ten lakhs, they are not required to pay two annas but they will escape by paying only three pies or six pies. So there will be a spate of applications to have the reserves converted into ordinary shares in order that in future 6, 8 and 14 per cent, excess dividends slabs may not apply adversely. Therefore these two annas should not be connected, in my opinion, with the income of the year, because instead of getting two annas you will get

only three or six pies according to the Finance Bill as it has been drafted.

I will next come to the withdrawal of the one anna rebate. A rebate of one anna was given for undistributed profits which were carried to the reserve fund. Now that rebate is withdrawn and I think that withdrawal is justified because when companies distribute their dividends they often carry a large amount to the reserve. I think the industries have enjoyed practically a good period during the last decade and especially a very good period during war years. And if this rebate is now taken away, one should not grumble about it. Initial depreciation is also similarly taken away and it is only just and fair and when we are having development rebate to the extent of 25 per cent, we should not mind this. And depreciation is not really taken away; instead of being paid in the first year it will be paid from the fifth year or sixth year. He has actually taken away nothing; only he is allowing such depreciation to be adjusted after five or six years.

About the investment companies, he has raised the penalty tax from four annas to eight annas which I think is very necessary. The investment companies are mostly private limited companies in the control of only a few members or families. They have to pay individual super tax to the extent of twelve or fifteen annas in a rupee; instead they would like to pay a penalty of four annas. Sir, the Finance Minister has correctly put his finger on the weakness which was in existence last year and has rightly raised the penalty to eight annas.

Another point is about the tax on liquidation. Last year also he had made a great departure, a departure which will not be fully realised by those who are not aware of the balance sheet structure of the companies and their profit and loss accounts. All reserves of profits which are existing with the companies even

[Shri C. P. Parikh.] though they existed from 1910, 1920 or 1890, will all be subject to individual taxation on liquidation. They will be considered as dividend. He has made that change. But there was a lacuna and about that lacuna, when the Finance Bill came last year before the House, I pointed out to him that the word should be added *viz.*, whether the reserves are capitalised or not. At that time it might have been too late for an amendment to be accepted in this House. But now, Sir, I am very glad that he is also bringing the capitalised profits as also the profits which are not capitalised. And that also is a great thing. Mr. Bhupesh Gupta must understand what is a socialist pattern of society. Even though profits are existing in the companies at present, the position will now be either you invest or pay high supertax. Two proposals are before these persons who have reserved bigger funds in companies.

Then, Sir, I will come to indirect taxation. Mr. Bhupesh Gupta also said something which could not be understood. He mentioned the levy of tax on vegetable non-essential oils, soap, etc. I will take them one by one. The first is the levy of an excise duty of half an anna per pound on vegetable non-essential oils. Now, Sir, the word 'non-essential' as it is understood by the common man is something which is differently understood in the Government records or Government publications, or applications of Government with regard to an industry. It may be mentioned that groundnut oil, rape and mustard oil are also what we consider 'essential', but they are 'non-essential' from what appears also in the foreign trade statistics and everywhere. That is, what we consider 'essentials' are considered 'non-essentials' by Government. I will just read a remark about that because that is very important: —

"It is strange but true that
"vegetable non-essential oils" mean

the exact opposite of what they seem to mean. The term stands precisely for those major edible and inedible oils which are essential in the sense that they are important and necessary, that is, essential articles of consumption, industrial use or both as the case may be. Thus "vegetable nonessential oils" include cashew, castor, coconut, groundnut, linseed, mowa, mustard, til and certain other edible and non-edible vegetable oils."

Therefore, we have to see what is the effect of it. The effect of it can well be realised that eighty per cent of the oil crushing industry is of groundnut, rape and mustard seeds. The total seeds produced by the country are 58 lakh tons, out of which groundnuts are 38 lakh tons and rape and mustard seeds are 10 lakh tons. So, out of 58 lakh tons, 48 lakh tons account for groundnut, rape and mustard seed. I do not know whether it is expressly clear or not, but I think this excise duty is also to implement the recommendations of the Karve Committee. And Mr. Bhupesh Gupta must very well understand that point, because he is asking, on the one hand, for more employment and, on the other, he is opposing the excise duties that are being levied. How can you support any village industry or small scale industry, unless you propose a levy of tax or excise duty on the large scale industry which is being carried on? And the hon. Finance Minister, with regard to the edible oils—which are groundnut and mustard oils,—as well as artificial silk and soap, has gone into the matter with wisdom and foresight, which this House has to acknowledge. And it is no use hiding facts before Mr. Bhupesh Gupta, that this unemployment problem will be solved by such measures only and not by the violent speeches which he makes in the House, dissuading the members from the correct action which is to be taken. Now, Sir, when in this connection this excise on groundnut oil is mentioned, he must understand that

the measure will give employment to a large number of persons in the country. Soap also will do in a similar manner. In this respect my only suggestion to the hon. Finance Minister is that whenever an opportunity arises, the rates of levy of excise duty should correspond with the volume of production. In the match industry, the higher the volume of production of a unit, the higher the rate of excise duty. I have to request the hon. Finance Minister again that such a principle should be adopted, that is, the higher the volume of production of a unit, the higher should be the rate of excise duty. I mean a differential excise duty. I am pointing this out with special emphasis in the case of the soap industry. In the case of the soap industry one foreign firm is manufacturing the requirements of our country to the extent of 70 per cent. The Indian firms have the installed capacity to supply all the one hundred per cent, requirements of the country. But they are producing only thirty per cent. Just as in the match industry we have controlled the volume of production of the higher unit, in this manner the sooner it is controlled in other cases the better. And I think the views of many hon. Members which have been voiced on many occasions in this House will be taken notice of as early as possible—at least in the next budget. Therefore, my idea is that when we want to levy the excise duty for supporting the smaller and cottage industries, we should adopt the method of differential excises based on the volume of production.

The second suggestion I have to make in this respect is

SHRI RAJENDRA PRATAP SINHA (Bihar): And will that be applicable to the textile industry?

SHRI C. P. PARIKH: Every industry; wherever we want to develop the small scale and village industries it does apply. And Mr. Sinha should understand that it has already been partially applied to the textile industry. I am coming to that. It has

already been applied to the textile industry, which I will be explaining to him in order that he may be able to understand. The second point with regard to this that I have to mention is artificial silk cloth. Mr. Bhupesh Gupta, again, has to see and notice how employment is thought fit to be created and how excise duties are levied on a differential basis. This is a new system which is adopted of levying excise duties—on a shift basis. And I think if he reads the memorandum prepared by the Ministry of Finance, he will find on page 4, artificial silk fabrics. I think Dr. Seeta Parmanand wants that they should go. But even then, whatever it be, I think a very ingenious method of protecting the small industries has been evolved. The revised rates on such fabrics are as follows:—

Rates per loom per shift per month Present Revised

| | Rs. A. | Rs. A. |
|--------------|--------|--------|
| First shift | 22 8 | 27 0 |
| Second shift | 15 0 | 18 0 |
| Third shift | 11 4 | -10 0 |

I am unable to understand why in the third shift the differential rate has been reduced, but there may be reasons for it which I do not know now. But I am glad of this principle of levying the duty on the first and second shifts and increasing them, which will go a long way in giving employment in smaller factories or in a smaller number of looms. Shri Sinha asks, "What about the textile industry?" I think that he has not read the Budget in the way in which it has to be studied. In the case of coarse and medium cloth, there is an increase of 6 pies per sq. yard. That means that these two varieties will all bear an excise duty of half-an-anna per sq. yard, besides the existing duty of 9 pies in all, including the handloom cess. So, the coarse and medium varieties of cloth will be subjected to a duty of one anna and three pies per sq. yard. If he reads the Budget as a common man, he will realise this. Whenever it suits him,

[Shri C. P. Parikh.] he brings in arguments in support of his theory. In order to encourage the handloom industry, this excise duty is levied even on the coarse and medium cloth. We want to raise the production of handloom cloth from 1700 million yards to 3200 Million yards and such additional allocation should be there.

Shri Bhupesh Gupta mentioned figures of employment. He conveniently forgot to mention and I do not know why he forgot—one thing. The production of handloom cloth rose from 900 million yards to 1500 million yards and with 1600 yards more to be produced by handloom, is that giving employment to a large number of persons? When he is talking of employment, why should he

SHRI BHUPESH GUPTA: I was talking of tax at that time.

SHRI C. P. PARIKH: But whatever you were talking of, you admit for once only your sincerity that this tax and this excise duty are levied to support the handloom industry and the cottage industries. If you admit this, you will not oppose such levies, because we cannot reconcile the problem of unemployment as well as not levying excise duty. It is otherwise impossible. Therefore, I think that the Finance Minister has found the best way.

In my opinion, superfine cloth.....
(Interruptions.) I am unable to hear my friend, Shri Bhupesh Gupta. If he stands up and speaks I will give him a reply.

Now, with regard to fine and superfine cloth, the present duty has been raised by 6 pies per sq. yard. That is all well and good. The duty is fairly high. But I say that there is scope for still increasing the duty on fine and superfine varieties on two grounds. Persons who want to put on these two varieties may have to pay a little more because we have to import expensive **cotton for manufac-**

ture of these varieties. That is the main thing. Secondly, the mills which are concerned in the manufacture of fine and superfine fabrics are making bigger profits. On this occasion, I will say that in course of time, fine and superfine cloth should pay a little higher excise duty.

SHRI BHUPESH GUPTA: Is not the Finance Minister here?

SHRI C. P. PARIKH: I am suggesting and, not like you, destroying the arguments and the methods which he has adopted. It is only a suggestion to him.

Next I come to the case of regional development. The greatest need in our country is to locate the industries suitably in order that the disparities of various regions in the matter of industrial and agricultural growth are removed and the country developed to the maximum. In our country, we can no longer have large scale development in one area or region and poverty in the other. What are the causes of violence and other things that have occurred in this country? They are because certain regions are under-developed and certain regions are advanced. I think that the Licensing Committee of the Industry and Commerce Ministry will have to pay greater attention to this problem, in order that regions which are backward today are developed to the full extent. Unless this is done, I think that the great progress that we are making will be lost by the increasing discontent which may result in violence and which has resulted in violence in the last two or three months. I do not think that it is on a linguistic issue; it is the issue of poverty and the under-development of regions that come in the way and such causes are to be removed.

I now come to some of the points of Shri Bhupesh Gupta. He said that the levy of excise duty had increased the price of cotton fabrics in Calcutta by Rs. 2 per pair. Does he think that there are no Members in this

House who understand the prevailing rates in the country? It is well known that half-anna per sq. yard works out on ten yards only five annas and does it require any reasonable person to tell this at all?

SHRI BHUPESH GUPTA: You should be knowing that things go underground. You have forgotten that.

SHRI C. P. PARIKH: Mr. Bhupesh Gupta, I regret to point out to you that when you quoted the figures, you quoted them without understanding.

SHRI BHUPESH GUPTA: The figures I have quoted are true.

SHRI C. P. PARIKH: With reference to foreign capital, again he has come to the same subject. He always says that there should not be any foreign capital. But he fails to understand our problems. He wants to come in the way of the industrial and agricultural development of the country. We want money to the extent of 4800 crores of rupees. We are exploiting all our resources to the maximum. Even then, we have to incur a deficit up to Rs. 1200 crores which he knows. Even after incurring this sum, there is a gap of Rs. 800 crores which we have to meet by means of increased taxation which we want to levy. We are accepting foreign aid from other countries without any strings. Let us not forget that, when it comes from Russia, he does not mind.

SHRI BHUPESH GUPTA: I say foreign private capital investment. The hon. Member who understands figures should understand that there is a difference between a loan and an equity capital.

SHRI C. P. PARIKH: I say that investment that is required for the development of this country should also come from foreign countries and our country cannot be expected now to raise adequate revenue by any means.

SHRI BHUPESH GUPTA: That is another thesis, not what I have.

SHRI C. P. PARIKH: We require capital from foreign countries. We require machinery also from them because, without machinery, we cannot develop industry. Does he object also to machinery coming from foreign countries? But when the machinery comes from Russia, he does not mind. I think that it is Communist thinking—in order to mislead the people.

SHRI BHUPESH GUPTA: On a personal explanation, if the State takes machinery from Britain as they have done in regard to the steel mill, we are not opposed to it. But if you allow the British private investor to come and invest it here as equity capital and draw dividends, we are opposed to it. This simple enough thing such an eminent business man like Mr. Parikh forgets.

SHRI C. P. PARIKH: I am not forgetting the points. I am pointing out to you that when foreign investment comes to this country, it enters on certain terms and the conditions are that they have only 49 per cent, interest in the capital and 51 per cent, interest will remain in Indian hands. He knows it, but he wants to create a picture before the House in order that his theories may be advanced. The Finance Minister and this Government are wedded to a socialist pattern of society and not a Communist pattern of society which he tries to advocate. We very well know the difference between the Communist pattern of society and.....

SHRI BHUPESH GUPTA: Are you joining that socialist pattern of society?

SHRI C. P. PARIKH: I am willing to join any society which does good to the country and which believes in individual liberty and where there is no repression of facts and where there is no violence. It is unfortunate that some people still exist in this

country who want to retard the industrial progress of the country. I think that if their co-operation is forthcoming as pointed out by me earlier and if their co-operation is unstinted, then *per capita* national income will go up more than 25 per cent.

THE VICE-CHAIRMAN (DR. P. SUBBARAYAN) : Two minutes more.

SHRI C. P. PARIKH: Another thing is about foreign trade on which he waxes so eloquent, and very often.

SHRI BHUPESH GUPTA: I, forgot to say that we want Government trading in the matter of foreign trade.

SHRI C. P. PARIKH: Foreign trade. He asks us, "Why are you trading with Britain and other Commonwealth countries?" Is he blind to the fact that the trade is carried on both ways? We have to export as well as import. Trade cannot *K~pM*-always be only on one side. The Commonwealth countries with which we are developing trade connections are also buying from us as much as we are buying from them. Whatever countries are prepared to deal with us in

this way, we are prepared to deal with them. We have made no distinction, no discrimination, in this respect, and therefore it is no use bringing in time and again, and on every occasion, this Commonwealth connection and saying that this should be cut off. We cannot do without it. It promotes our economy, and if we miss this link, our problems will grow, because we are deficit

SHRI BHUPESH GUPTA: Were you not opposing this connection in the past when you paid money to the Congress fund?

SHRI C. P. PARIKH:..by nearly 1,100 crores in foreign exchange. He conveniently forgets that this is a headache for any Government.

SHRI BHUPESH GUPTA: I am not forgetting anything.

THE VICE-CHAIRMAN (DR. P. SUBBARAYAN) : The House stands adjourned till 11 A.M. tomorrow.

The House adjourned at one minute past five of the clock till eleven of the clock on Tuesday the 6th March 1956.