

50. [Postponed to 1th March 1955.]

**WORK DONE BY THE ECONOMIC WING IN THE
MINISTRY OF FINANCE**

51. SHRI M. VALIULLA: Will the Minister for FINANCE be pleased to state the progress of the work so far done by the Economic Wing lately formed in the Ministry of Finance?

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH) : The Economic Wing in the Ministry of Finance has been set up for the purpose of assisting the Ministry in assessing current economic trends, studying economic and financial problems and in formulating policies in the light of developments both within the economy and outside. Its work thus comprises economic reporting and intelligence, economic research and advice. The staff in position now includes, besides the Economic Adviser, a Deputy Economic Adviser, an Assistant Economic Adviser and several research officers. The progress of the work cannot, of course, be stated in quantitative terms, but the Economic Wing is shaping well.

**EXPENDITURE ON OVERSEAS STUDIES OF
STUDENTS OF SCHEDULED CASTES,
CHEDULED TRIBES AND BACKWARD
CLASSES**

52. MOULANA M. FARUQI: Will the Minister for EDUCATION be pleased to state:

(a) the amount spent by Government on Scheduled Castes, Scheduled Tribes, and Backward Classes students for studies overseas since 1947; and

(b) the specific subjects which they studied?

THE MINISTER FOR EDUCATION AND NATURAL RESOURCES AND SCIENTIFIC RESEARCH (MOULANA ABUL KALAM AZAD): (a) Rs. 3,75,070.

(b) A statement is laid on the Table of the House.

113 RSD—2.

Statement

| Subject of study | Number of scholars |
|----------------------------------|--------------------|
| Medicine and Surgery | .. 3 |
| Pharmacy | .. 1 |
| Civil Engineering | .. 1 |
| Structural Engineering | .. 1 |
| Mechanical Engineering | .. 2 |
| Electrical Engineering | .. 1 |
| Radio Engineering | .. 1 |
| Public Health Engineering | .. 1 |
| Aerodynamics | .. 1 |
| Textile Technology | .. 1 |
| Fuel Technology | .. 1 |
| Applied Chemistry | .. 1 |
| Electronics | .. 1 |
| Physics | .. 1 |
| Ceramics | .. 1 |
| Plastics | .. 1 |
| Meteorology | .. 1 |
| Machine Tools Practical Training | .. 1 |
| Agriculture | .. 4 |
| Agriculture Genetics | .. 1 |
| Sociology | .. 1 |
| Anthropology | .. 1 |
| Domestic Science | .. 1 |
| Education | .. 3 |
| Teacher's Training | .. 10 |
| Public Administration | .. 1 |
| Veterinary Science | .. 1 |
| TOTAL | .. 44 |

THE BUDGET (GENERAL), 1955-56—
GENERAL DISCUSSION—contd.

SHRI T. R. DEOGIRIKAR (Bombay) :—Mr. Deputy Chairman, I have great pleasure in giving compliments to the Finance Minister for the very able and far-sighted Budget that he has presented to the House and to the Deputy Minister also. The Budget is full of hopes not only for the present but for

[Shri T. R. Deogirikar.]

the future as well. This Budget is a budget of an economically underdeveloped country. Therefore, we are not expected to see any dazzling figures or any high ambitions in it. After all, we have progressed for the last eight years under these budgets and we hope that we will be making still greater progress in the years to come. The discussions on these budgets give us an opportunity for self-examination and self-study. Very often, Sir, we forget the fundamentals for which we work. We find that images are drowned in dresses, ornaments and flowers. Similarly, the objectives for which the Government exists are very often forgotten, and therefore, it becomes necessary for us to study fundamentals so that we may not lose sight of them. As I said, Sir, we have progressed, and progressed considerably well during the last seven years. We wanted to do away with poverty, we wanted to do away with illiteracy, we wanted to have more production in the country, we wanted to give more employment to our people, we wanted to establish law and order in the country, and we also wanted that India should be free from foreign aggression. These were the objectives with which we started when we took the reins of Government into our hands. It would be advisable to study how far these objectives we have brought into practice. Sir, we are going to achieve these objectives through democratic methods. But the objectives and approaches should not be divorced from each other. Democracy is after all a Government with the consent of the people, and we can get the consent of the people by goodwill and understanding. As I understand democracy, I consider humanity as the basis of democracy. If there are no human considerations in democracy, democracy does not fulfil its objectives to that extent which we expect it to fulfil. In the Avadi Congress, we have said that we want to establish a socialistic pattern of society in this country. I think that socialistic pattern is after all a human pattern. If

there are no human considerations in * a socialistic pattern, that socialistic pattern will not attract us. And if we want to establish that pattern, we must see that there is moral and material advancement of the people coming about. The Government has certain duties and responsibilities when this socialistic pattern of society comes into existence. I think that unless every man is given work when he demands, our objective of having a socialistic pattern of society will not be capable of fulfilment. So, the first essential of a socialistic pattern of society, so far as the Government is concerned, is the guarantee of work to anybody who wants it, and who is capable of doing it. From each according to his capacity and to each according to his work is the essence of a socialistic pattern of society, as I understand it.

AN HON. MEMBER: According to his needs.

SHRI T. R. DEOGIRIKAR: No, that is a communist pattern. Each according to his needs is a communist pattern, but each according to his work is a socialistic pattern. And even the communist have not been able to give to every one according to his needs. This pattern can be established not by law. Law can help us to a certain extent. But unless we have got the socialistic mentality, it is not possible to establish a socialistic pattern of society very successfully. But how to change this mentality? It is a psychological question. Unless I think that I must treat my brethren with equality and with justice, and unless I do away with the conception of values which are very much attached to money, I cannot change my mentality. The considerations of values in life other than money must prevail, and the sense of equality and justice must dawn on me, if I want to establish a socialistic pattern of society. Sir, many people are expressing doubts, and are also afraid that we are establishing such a society. But I want to ask them one question. In the first Five Year Plan, we have invested, or we are going to invest, round about Rs. 2,000 crores. Wherefrom has this

money come? It has come either from the taxes or from the loans that we have taken from the people. And if the capital is furnished by the people, does it not belong to the people? Government is simply an agency, but ultimately, the capital belongs to the people, the means of production belong to the people, the production itself belongs to the people. And then, why grudge the distribution? So, Sir, this as a natural evolution. As we go on implementing one Plan after another, the capital that we will take from the people will be of the people, from the people, and for the people. So there is nothing strange if we are going to have a socialistic pattern of society. Sir, we are going to progress by peaceful methods, and let me say that we have a proud privilege of living in this country at a time, in an age, when the world history is in the making. The very existence of humanity is in danger, because of the nuclear energy, the destructive part of it. And we are trying to avert it. Naturally, some of you may put a question as to what we have done to avert it. If for nothing else, at least for not increasing the expenditure on Defence, I must congratulate the Finance Minister. I think our development would have been impossible, if we had a five year plan for our defence services. So, the best thing, according to me, in this Budget, as well as in the previous Budgets, is that we have not increased our defence expenditure at all. There were certain moments, for instance, during the last year, when Pakistan was offered American aid and there was then every possibility for India to be panicky. But we made no departure from our ideal, and we did not at all increase our defence expenditure. All this planning that we have been able to bring about would not have been possible, if we had increased our defence expenditure. Not increasing the defence expenditure is one of the ways of implementing peace also.

The present position as has been stated by the Finance Minister is quite

satisfactory; at least not bad. The food position, he has told us, is well in hand; our industrial progress is good—Planning is not much behind schedule. The money market is responsive. The balance of payments position is not bad, and our national income is increasing. But there are certain paradoxes. As Shri B. C. Roy said the other day when he presented the Budget in West Bengal, there are some paradoxes. What are they? Along with this, our unemployment is also increasing.

PROF. G. RANGA (Andhra): Our agricultural prices are falling.

SHRI T. R. DEOGIRIKAR: That is another paradox.

SHRI H. C. DASAPPA (Mysore): The population is increasing.

SHRI BHUPESH GUPTA (West Bengal): That is the Congress way.

SHRI T. R. DEOGIRIKAR: But I am not very much worried about the present. I am thinking of the future, the future of India which we are going to build up. As we all know, our hopes are concentrated on the success of our planning. In this regard I should like to make a request to the Finance Minister that along with the presentation of the Budget, a Planning Budget should also be supplied to us. I know it is not possible according to the Constitution, but just as you supply us the Railway Budget or the Defence Budget, similarly you can supply a Planning Budget also. The progress report which you supply us is supplied rather late. We are not able to assess what progress we have made, unless we get a complete picture, unless we know how much capital we have invested, what the results are, what work remains to be done, etc. This is very necessary and I think our Finance Minister would take this aspect into consideration. Personally I think that our planning will not end at the end of 25 years. It is going to be a permanent feature, but the tempo will not remain the same. Otherwise,

[Shri T. R. Deogirikar.] planning has become an essential factor in our economic development. In this connection, I want to make one or two suggestions. One is that there should be a Central Ministry for Planning.

PROF. G. RANGA: We have one.

SHRI T. R. DEOGIRIKAR: It is combined with Irrigation and Power. I want a separate Ministry, and in every State also there should be a Ministry for Planning. We are keen on Planning here but the same keenness is not to be seen in the States. The Centre may be active, but the States are not so. Out of 18 States only 5 States have spent more than 50 per cent, at the end of the third year of the Plan period, and 13 States have not spent their quota. If we want to co-ordinate planning as a whole, there should be a Central Ministry for Planning and there should be Ministries for Planning in the States as well.

I want to make another suggestion. Works of the value of rupees one crore and more should be executed only by the Central Government. It should not be left to the States. Sir, I am not casting an aspersion on the States, but anyhow, I find that they are not as eager as the Central Government is for implementing the various plans.

PROF. G. RANGA: The question is about raising the money.

SHRI T. R. DEOGIRIKAR: The complaint is otherwise. We are not able to spend the money. In the first three years of the Plan, we concentrated our attention on agricultural production. We have raised our production from 6,60,00,000 tons to 7,10,00,000 tons but this increase in production is not entirely due to the various irrigation works, the various grow more food campaigns, etc. that we undertook. The Minister for Agriculture and other Ministers have admitted that it was because of favourable nature. If we want to see the effects of our planning, we will have to wait for two or three years more.

Then, I come to industrial production. Our Finance Minister stated in his speech that there has been an increase in the production of steel, cement, textiles, jute, coal, etc. but that there was no increase in sugar. I want to ask one question. Is the return of that increase in production ploughed back to capital as we expected? Has that production added substantially to our revenues? I do not know whether it is so. If we want to see the success of our planning, we must have either some addition to the capital or some addition in the revenue. Anyway, it is too early to judge the results of the Plan. Sir, so far as industrial production is concerned, we are happy that we have undertaken two big steel works, one in Rourekela and the other in the Bhilai region in Madhya Pradesh. Some sugar factories are also to be started and will be started very soon. That is about large-scale industries. When we come to small-scale industries, we find from the speech of the Finance Minister that 110 licences have been given, but I do not know whether these licences are for small-scale industries or big-scale industries. He also said that 226 licences for expansion have been given. To me personally it seems to be too negligible.

THE MINISTER FOR REVENUE AND CIVIL EXPENDITURE (SHRI M. C. SHAH) : Only for investments over five lakhs, Government sanction is necessary. For under five lakhs, they do not require any sanction.

SHRI T. R. DEOGIRIKAR: In the second Five Year Plan we will have more expenditure on industries, but underdeveloped countries have always the fear of consumption. This is a vicious circle. In one of the books I read, it is said that this is a vicious circle. Why are people poor? It is because they have no work. Why have they no work? It is because there are no industries. Why are there no industries? It is because there is no capital. Why is there no capital? It is because people are poor. Therefore, people are poor because they are poor.

SHRI BHUPESH GUPTA: People are poor because of the Congress.

SHRI T. R. DEOGIRIKAR: Congress? Where? In Andhra?

Under-developed countries have got to break this vicious circle, and unless this circle is broken, progress will be impossible. Sir, fifty per cent, of our people are in need of employment according to modern standards. The present dependence of 67 per cent, of our population on agriculture, according to me, is entirely wrong. Our land is capable of maintaining only 20 per cent, of our population on agriculture. We may shuffle and re-shuffle the land as we like but personally I think this problem is incapable of solution unless we divert the agricultural population to the industries, just as they have done in U.S.A. and other countries, and if you want to keep this much population on agriculture, then we will have to give them complementary industries to keep them alive.

SHRI P. S. RAJAGOPAL NAIDU' (Madras): May I know wherefrom that hon. Member got that figure of 20 per cent.?

SHRI T. R. DEOGIRIKAR: That is my calculation. I have not got it from anywhere. You can have your own calculations but I am sure it will come to the same figure.

SHRI P. S. RAJAGOPAL NAIDU: So it is a conjecture, not a calculation.

SHRI T. R. DEOGIRIKAR: It is a calculation after 2 or 3 years' study. I mean thereby that we will have to re-orient the whole of our economic structure.

SHRI LAVJI LAKHAMSHI (Kutch): I would like to know how he has come to this conclusion.

MR. DEPUTY CHAIRMAN: Aftur-wards.

SHRI T. R. DEOGIRIKAR: I will come to it within 10 minutes, if I am given that much time. There are two

problems before the country. One is the problem of production and the other is of unemployment. Unless we are able to solve both these problems simultaneously and have a balanced growth, India will not be able to progress much. I think if you want to increase your employment and if you want to increase your production, there is no other solution except starting small-scale industries. It was stated in the Planning Commission report that if you want to give employment to one person in the big industries, Rs. 1 lakh capital is necessary but if you want to give employment to one person in the small industries, then a capital worth Rs. 3,000 to Rs. 8,000 is sufficient. Our country cannot afford to start big industries. Of course basic industries are necessary but we cannot be too much after big industries. Coming to small-scale industries, I have got certain suggestions to make. If you want small-scale industries to prosper in our country, there is no person who can guide us as to what industries should be started. No doubt there is a corporation for that purpose; but I may tell you this. Instead of asking the people to go to the Himalayan heights, the Rishis sitting on the Himalayan heights should go to the people and tell them what industries should be started. In all other countries officers come to the help of the people. They don't sit in the offices. Their places are in the markets. They go to the capitalists, to those who have got industrial bias, make suggestions to them and persuade them to start small industries. That is necessary and I think unless we do that we will not be able to make much progress. The officers will have four-fold duties. The question of capital is there, guidance is there, technical know-how is there and marketing is there and he will have to look to all this or will have to draw the attention of the industrialist concerned. Sir, I don't know whether I am correct but there is not a single needle-manufacturing industry in India. I was reading the report on the Japanese industry by persons who had gone there and they said that.

[Shri T. R. Deogirikar.]

Hiroshima produces all the needles that are necessary for this country. The capital for that industry that was given there* was about Rs. 10,000 or Rs. 20,000. I don't understand why needle industry is not started here. The other day while coming from Bombay to Delhi, I had an occasion to see one of the nib factories. In Bombay in a small room the person had manufactured his own machinery and he is supplying from that small room 80 per cent, of the requirements of the Government. It was really a sight to see. From beginning to end, the whole machinery was prepared by that man. Even the capital is not more than Rs. 60,000. I know his difficulties and I promised to help him in whatever way is possible for me.

PROF. G. RANGA: What is his name?

SHRI T. R. DEOGIRIKAR: Mr. Kulkarni. I have seen the factory myself. 144 nibs are turned out each minute and the rates are 12 annas per gross. The Government of India has, with great liberality, accepted to give him 12 annas per gross whereas from foreign countries they are getting the nibs at Rs. 6 per gross. That is the present condition. There are so many other industries before me.

The third point that I wanted to impress upon the Finance Minister is with regard to the liquidated industries. During the war, many people thought that the industries will increase, and thoughtlessly they have invested lakhs and lakhs of rupees in those industries. Last year I made a suggestion that we should look into the liquidated industries and if there are any industries in need of capital and if you supply them with a small capital, all these industries will start working. I was enquiring the other day of one of the industrialists as to how many industries can there be like that. He said that about 25 per cent, industries are in that condition. I know one industry—one sugar factory in Kittur. The whole machinery is there but for some defect or other, the

industry is not going into production. So it is my earnest request that instead of starting new industries, you make an enquiry about the industries that have gone into liquidation, give them some help and let us see that that money is not wasted.

Then I have a fourth suggestion viz., with regard to policy. The Government should unequivocally make a declaration that particular industries will not be nationalised. You don't name the industries, you can name the capital and you can say that industries with a capital of less than Rs. 3 lakhs will not be touched for 50 years to come. Those who start these industries are always in suspense.

PROF. G. RANGA: That is so.

SRI T. R. DEOGIRIKAR: The sword is always hanging on their heads. If on the other hand you want to say that you would nationalise all industries, it is my personal request to Government to take over all the industries. You don't pay them any compensation for 20 years but this state of suspense is very bad. So the question of policy with regard to small-scale industries is equally important. Then labour laws question comes. I saw a good many industrialists and each one of them complained to me that these labour laws are killing the industries. I don't know whether it is a fact.

AN HON. MEMBER: It is not a fact.

SHRI T. R. DEOGIRIKAR: If they are not killing them, kill those industries, they say. That is their view point. Let the Government take into possession all those industries and let them run them. I know several persons who are prepared to offer their industries. Like Shramdan and Bhoo-midan they are ready for this Yantra-dan. Let the Government take them over and not pay any compensation. It is becoming difficult to conduct the industries—small-scale industries—under present conditions. I am on* of the sufferers—I am a trustee, not

a proprietor—but I know the difficulty. Government passed an Act one day and on the second day we are burdened with a liability of Rs. 3 to 4 lakhs.

SHRI BHUPESH GUPTA: He is not a proprietor.

SHRI T. R. DEOGIRIKAR: I am not a proprietor, Mr. Gupta; don't be afraid, and I don't want to be one. Then I want to bring to your notice the problem of footwear industry. That is very important. One day I was walking in Bombay and I took a fancy to count the footwear—as to how many people had footwear—from Portuguese Church to Sandhurst Road, and I went on counting and in a city like Bombay I found 25 per cent, of the people were without any footwear. Then I put questions to people and my present information is that in India not more than 10 per cent, of the people have footwear. On the other hand we are exporting hides to the extent of Rs. 25 crores every year. Is it creditable, I ask? In India we are having less consumption of footwear and less of soap. With regard to that I have got another suggestion. If you start one industry, don't suppose that that industry will be successful. There should be linked-up industries. Unless you produce more, the consumption will not increase. On this point I have an authority in Ragnar Nurkse who in his book "Problems of Capital Formation in Underdeveloped Countries" says:

"Production creates its own demand, and the size of the market depends on the volume of production. In the last analysis, the market can be enlarged only through an all-round increase in productivity. Capacity to buy means capacity to produce."

PROF. G. RANGA: They are dependent on each other.

SHRI T. R. DEOGIRIKAR: So unless we start building up industries, we cannot increase the demand also. Take

for instance the eleven sugar factories proposed to be started in Maharashtra. People living now in those areas do not get anything at present. But when these factories come up, these people will also begin to earn something. And then how are they going to spend their money? If you start a soap factory or a footwear factory in that area, naturally the people will get into habit of using footwear and soap. In Rourekela and Bhilai you will be starting new industries and the people will be able to spend their money. How do you expect the people to spend their money if you do not start some industries in those areas? So that is my request.

As regards unemployment, it is really difficult to find out the figures of unemployment. We have got to get these figures, for they are very necessary. Let the Government give us the figures every year, as to how many fresh persons were employed during the last year. My hon. friend here asked me the question. "How do you arrive at the conclusion that 20 per cent, of the people can live on agriculture?" Well, I can give him certain figures. According to American standards, in India, 1 crore and 4 lakhs of people are capable of living. According to U.K. standards, 2 crores and 60 lakhs are capable of living and according to the U.S.S.R. standards, 6 crores can live; and lastly, according to the standards of China, 75 crores of people can live in this country. These are the figures. So it is clear that there is unemployment. The other day I had been to Dang which is a district in Maharashtra in the Bombay State. Mr. Shah knows the place very well. And there I was really horrified at what I saw. This small district produces timber worth a crore of rupees and do you know what those labourers get? Out of this wealth of Rs. 1 crore, they get only Rs. 5 lakhs. And what is worse, they get employment only for 60 days. There is no possibility of any agriculture in that hilly area. Therefore, my suggestion is that you should start some suitable industry there. I went into the huts

[Shri T. R. Deogirikar.] of these people of Dangs and asked them, "Where do you sleep? Have you not got any mats to sleep on?" They replied, "We sleep on the floor." Then I asked them, "How do you cook your food? Where are your utensils?" "These are our vessels", they said and showed me some earthen pots, "We cook our food in these earthen pots." Sir, we are going to have a socialistic pattern of society. But if the Government makes a survey of these backward areas, they will find plenty of wealth existing in those areas, but the people there are starving in the midst of plenty. Out of this one crore of rupees that I said, the contractors get Rs. 50 lakhs and what do the poor labourers get? They get only Rs. 5 lakhs. Instead of trying to change the whole social structure, if you concentrate on areas like these, I think you will be getting money in plenty for the poor.

I have a mind to make a suggestion to the framers of the second Five Year Plan asking them to start a newsprint factory in the Dang area. All the timber there is being sold to Bombay and other places. The grass of the place is sold for making cardboard sheets. Bamboo is also there in plenty. Out of this bamboo, we can have a small unit for newsprint production.

As regards employment, I want to make one suggestion and that is this. We have got at present 34,400 miles of railway line in this country. If you calculate the mileage per 100 sq. miles of the area of the country, it comes to about 3.5 miles of railway line for 100 sq. miles. In England the figure is 23.

AN HON. MEMBER: How 3.5 miles?

SHRI T. R. DEOGIRIKAR: The area of India is about 12,00,000 sq. miles and the total mileage of our railways comes to 34,400 miles. So it means we have about less than 3 miles of railway line for every 100 sq. miles of our country. If you double the railway mileage from 34,000 miles to 68,000 miles, I think you will be giv-

ing employment to many people. Instead of trying to find out what industries should be started, since you have this monopolistic industry in your own hands, why don't you have it in your Five Year Plan to double the railway mileage?

SHRI B. C. GHOSE (West Bengal): Where is the steel for it?

SHRI T. R. DEOGIRIKAR: You will get it. Anyway, I do not want to impose burdens which are not within the reach of the Government. But if it is possible, why not have this expansion programme? You will then be able to employ at the end of 20 years at least 10 lakhs people on the railways.

AN HON. MEMBER: Only that much?

SHRI T. R. DEOGIRIKAR: I am modest in my calculation and so I say 10 lakhs. So why not have this programme?

Sir, the taxes are increased by Rs. 74 crores in two years and the expenditure has increased by Rs. 98 crores. There is a gap of Rs. 340 crores to balance the Budget. I am sorry that this year too the import duty on areca nut has not been reduced, though I spoke very vehemently about it last year, it still continues. But I found that even the importers and the growers were not of my view. Therefore I have no grievance on that score, as everybody seems to be benefited because of this additional import duty. Nobody is looking to the interest of the consumers. That is the present state of affairs which is very lamentable. Anyway, I have no objection to taxes and loans. Last year our Finance Minister stated that we were taxed from the skin to the bone. Let him tax us still more. But let him also realise that if you levy the taxes, it is your duty to give security of life to the people with regard to their employment. I think India is such a country where 99 per cent, of the people will part with their property if you give them service and

with security of service there will not be any class struggle. The Communists have all failed in their attempt, though they tried it for over 27 years, class struggle is an impossibility in India. You have seen that even the ' Princes have parted with their property. The zamindars have also parted with their property. How can anyone say that India is a capitalist country? It is far from it.

SHRI BHUPESH GUPTA: To whom? j

SHRI T. R. DEOGIRIKAR: To you. i

SHRI BHUPESH GUPTA: To me?

SHRI T. R. DEOGIRIKAR: Yes, they have parted with their States and if you ask them, they will part with their own properties also.

SHRI S. PANIGRAHI (Orissa): But, nobody is asking them for it. That is a matter of great regret.

SHRI T. R. DEOGIRIKAR: I tell you there will be no trouble if you take away all their properties but the question is not one of taking away or taxing the public or even taking loans from the people. The fundamental question is that we must ensure work and more production. Everybody who asks for work must be given work.

Sir, we are now pegging our hopes on the second Five Year Plan. So far as industries are concerned, in the Planning Progress Report for the three years which was submitted to us, it was stated that Rs. 178 crores were to be spent on industries and out of this only Rs. 34 crores were spent. So, as I said, we are depending entirely upon the second Five Year Plan. I do not mean to say that the people should do nothing, but it is the duty of the Government to see that people get employment and instead of seeing and discussing the Budget figures, a few rupees here and a few rupees there—that is also essential—if we discuss as to how we are going to make progress in the coming years, it will be worthwhile. I wish

our country to prosper with the prosperity of the Plan. Our Ministers are, after all, our own Ministers and they can be persuaded to accept whatever reasonable suggestions we make. There should, after all, be goodwill and understanding on both sides; if there is goodwill and understanding, we will surely progress.

With these words, Sir, I support the Budget.

SHRI B. C. GHOSE: As the Finance Minister has stated, the main purpose of the Budget is to secure the implementation of the Plan. It is also designed to lay the foundations for the establishment of what he called a Welfare State as enshrined in the Constitution. In the examination of the Budget, Sir, I shall bear those two considerations in mind, although there will be ancillary topics which will crop up. How far has the Plan progressed? Now, Sir, when we speak of the progress of the Plan, it is in financial terms that we measure it. We do not know as to what actual work has been done. We are not supplied, as Mr. Deogirikar said, with any information on that. I do not know if that is not one of the main reasons why there is a demand for physical planning instead of financial planning. A lot of discussion has lately taken place on that question. I wish the Finance Minister had supplied us with the material in regard to those discussions. There were meetings of the Panel of Economists; certain papers were read and certain conclusions were also arrived at. I wish that he would lay some of those materials before us so that we can also form our judgment.

Coming to the actual financial progress of the Plan, we find that we are faced with certain difficulties because the Finance Minister is rather uncommunicative in this matter. In the Budget speech he stated that there was a discussion some time ago -on the Progress Report and that there will be occasions for further discussion and, therefore, he would not give any information in his Budget speech. But,

[Shri B. C. Ghose.] Sir, there are certain difficulties. For example, during the Budget discussion last year, he gave us certain figures. Upto 1953-54 the expenditure was to be of the order of about Rs. 945 crores and the revised figure for 1953-54 that he mentioned was about Rs. 411 crores although in the Progress Report we find that the same revised figure has been again revised and put at Rs. 335 crores, and it came only six months later. In the Budget for the current year, there is a provision of about Rs. 571 crores or Rs. 572 crores. We do not know what the revised figure is and the expectation was that in the last year—that means in the Budget year—there would be expenditure provided at about Rs. 792 crores. We have not been given information as to what the Budget figure is. But actually in the first three years, with the revised figure for 1953-54, the expenditure is about Rs. 885 crores; probably, actuals would be less but let us take it at about Rs. 880 or Rs. 875 crores and we may expect another thousand crores in the last two years which gives us about Rs. 1900 crores or so and the shortfall would be anything between 15 per cent, to 20 per cent. That is my estimate and I should like to have the figures from the Finance Minister. Before I come to the reasons for this failure in implementation, we must also examine, for a moment, the position of the resources. As is well-known, it is the States which have been remiss in the matter of raising resources; they were to have contributed from revenues about Rs. 410 crores, and in the first three years the contribution was about Rs. 160 crores only. We can put it in another way as well. The States were required to raise about Rs. 232 crores through additional taxation of which roughly Rs. 80 crores was in fact contributed by the Centre as a result of the Finance Commission's Award, so that they had only to contribute about Rs. 150 crores of additional revenue. In the three-year period, they have contributed less than Rs. 30 crores. That is the figure which is given. I believe, in the Taxation Enquiry Commission's Re-

port. That presents us, Sir, with a very difficult situation. I ask you, how can one plan and implement it if the estimates go away to such an extent? I believe that when the Plan was first formulated, there were discussions about resources that could be made available by the Centre and by the States. The States must have committed themselves to the finding of some measure of resources. Now they do not find those resources but, at the same time, the Centre is in the unpleasant situation that it cannot refuse assistance because the Plan fails. Now, not only do the States not find the necessary resources but at the same time, they go on increasing their non-development and non-plan expenditure. If that happens, as has been pointed out by the Taxation Enquiry Commission, then it is difficult, as I stated, to implement a plan satisfactorily. We have to see as to whether any machinery could be set up to guard against this. Mr. Deogirkar suggested that there should be Planning Ministries both in the Centre and in the States and that expenditure over a certain figure should be reserved only for the Centre. Now, that is probably not possible but the point is whether the Planning Department of the States could not be integrated with the Central machinery in some measure so that the Centre could always see as to how much resources were being raised and how the schemes were being implemented, not two years after but immediately. If that is possible then something could be done; otherwise, this difficulty will always block the proper implementation of the Plan.

Now the resources, I believe, will have been short by about five or six hundred crores if the expenditure will be of the order of about 1900 crores. That will be the measure of deficit financing and by deficit financing I mean real resort to Nasik, not the drawing down of cash balances or sales of securities.

PROF. G. RANGA: This is done first and that comes next..

SHM B. C. GHOSE: In the matter of this deficiency, the Finance Minister says in his Budget speech of this year. "The success of the second Five Year Plan will, in my view depend upon two main factors, organisation and finance". I believe, however, in so far as the first Plan is concerned, there has not been any difficulty with regard to finance. Deficit financing could at least be resorted to to the extent that there was a necessity for undertaking expenditure, and if there is deficiency in the implementation of the first Five Year Plan and if it has failed, it is primarily because the organisation has failed. In respect of the second plan the question of finance may also become very important. What has been the effect of the plan so far? Four years have elapsed. Has the plan succeeded in promoting development so as to raise the standard of living and to create as quickly as possible as the Finance Minister had said conditions in which full employment is reached and maintained? Is saving and investment taking place satisfactorily so as to sustain the desired development in economy? I am afraid not, and there are many indicators which show that the desired result has not been achieved. First there is the palpable fact of unemployment. It has been discussed at great length and I do not want to dilate upon it any further. Then there is the second fact also of the import surplus. Mr. Deogirikar referred to the fact that the balance of payments position has been very satisfactory but that is an unsatisfactory indicator in our present conditions. We should have an import surplus, particularly in regard to import of machinery. The Finance Minister himself in his speech last year stated with regard to the fact that we have not drawn upon our sterling balances that "this is an indication that the level of economic activity in the country so far is not high enough to create any large demand for external resources; in other words the optimum level or tempo of development has yet to be reached." "Now this continues to be true even this year, I mean the current year and

although our imports have been large that was because of the fortuitous fact that we have had to import large quantities of sugar. I looked into the figures of imports and the import of machinery seems to be constant all through the plan period, something between Rs. 80 and 90 crores or more precisely round about Rs. 85 crores. Only in 1949-50 was it over a 100 crores of rupees. There is yet another factor, namely, that in spite of a fair measure of deficit financing our old sources of revenue have not been expanding; I do not refer to fresh taxation. I may recall here that during the budget discussion in March 1953 I had asked the Finance Minister as to whether projecting himself into the future he could say that Rs. 290 crores would be the limit of deficit financing and the Finance Minister replied: "I still hope so" (but that hope is not fulfilled) "because some of this money that I am putting out ought to come back by way of tax and other revenues." Now if you take out income-tax or even the total tax revenue you will find that they have not been expanding in spite of some measure of deficit financing. There may be some variations on account of customs, but that is a thing apart. Sir, it is not my purpose to say that there have not been indications of progress in the economy. Certainly the production of agriculture and of industry has increased; those are undoubted facts. But it is like progress in a stagnant or even deteriorating economy. In India we have to face too serious problems first in regard to employment. There is the existing unemployment. Then there is, in the second place, a rising population. It is therefore necessary for the economy to achieve a new dynamism and secure an expansion of resources greater than the rising tide of population. The Finance Minister himself calculated that what we need at the lowest is about two million jobs every year over a period of six years. If we cannot achieve that position the result may be what the *London Economist* says, "the dynamism of decay in the heart of the economy."

PROF. G. RANGA: That has been a constant factor with us.

SHRI B. C. GHOSE: Yes, but we have to overcome that factor; that is our problem.

Now the fact that our financial resources have proved unsatisfactory has led us to exploit all avenues, such as, fresh taxation and deficit financing. But before I come to an examination of the financial and fiscal measures for securing funds for development, reference may be made to certain interesting considerations which are well known but which have gained added importance on account of the recommendations of the Taxation Enquiry Commission. The Taxation Enquiry Commission says that the money burden of increasing the tempo of development can be reduced for example by certain measures, *e.g.*, by harnessing voluntary labour as in the community development and national extension service schemes. But at the same time the Commission is realistic enough to realise that although this source should be fully exploited, it does not hold out hopes of any large measure of exploitation, that means, increasing investment to any large extent. But there is another suggestion in regard to the development of small and medium scale industries which is interesting and the Taxation Enquiry Commission observes in the following terms

SHRI M. GOVINDA REDDY (Mysore): On what page?

SHRI B. C. GHOSE: On page 88 it says:

"As unemployment in India is largely structural as well as seasonal, the former arising from lack of complementary resources * * • stepping up of capital formation should, over a period, certainly promote employment. But because of its capital-intensive character, the scope for increasing employment in large-scale industry is limited and considerable reliance has to be placed on small-scale and cottage industries involving

ing small capital investments. Industrialisation is normally presumed to require a high degree of capital intensity and to result inevitably in an increase in unemployment of a technological kind. While this may be unavoidable to some extent, in a community where seasonal and disguised unemployment is of large dimensions as in this country, the basic problem of development consists precisely in how to utilise more adequately new forms of capital suited to the specific environment, resources and aptitudes of the people themselves.

The better way of forming capital under these conditions is often to make the best use of that factor which is most abundant, *viz.*, labour, not to displace it by capital which is relatively scarce. With the population growth that is taking place, undue insistence on intensive capital investment would not be realistic. Extensive investment suited to abundance of labour would help to keep down total capital requirements."

Now that does not mean that we are against large-scale industries. They will be necessary in certain sections and they will have to be set up.

But what is necessary I believe is that our outlook should undergo some transformation. There is a tendency—I do not say with everybody—which is reflected even in the Government to attach too much importance to large-scale industries. That is not quite suitable for our purpose. I believe in the first Five Year Plan it is to these large projects that we have devoted most of our attention. Whenever we speak of the Plan we refer to Sindri, Chittaranjan, Rourekela and so on. Rourekela of course has not yet been developed.

PROF. G. RANGA: There are river valley projects also.

SHRI B. C. GHOSE: Yes, there are river valley projects. They are necessary. I do not say that they are not

necessary. They are necessary but we have neglected the question of the smaller industries although a lot is being said about it. I know that committees have been appointed; boards have been set up and money is being provided but it appears to me that the problem has not been very seriously tackled. And only lately I find that there is a growing consciousness even in Government circles of the importance of the problem. For example, it is a happy sign that more attention is going to be paid to rural credit and a start is being made with what we might call the nationalisation of the Imperial Bank of India and some other State Banks.

An HON. MEMBER: They are only taking shares.

SHRI B. C. GHOSE: 51 per cent, share-holding is nationalisation to my mind. I hope it will work in practice and bring good results.

Similarly in the case of small industries there was a very good suggestion by the Ford Foundation Team about the setting up of a Small Industries Corporation. Now, Shri Deo-girikar has also spoken about small industries. To my mind the most important problem facing the small and medium size industries is this that the demand and the production has to be equated, has to be correlated. It is no good merely giving them just finance and technical knowledge; but orders have to be secured for them and those orders have to be distributed to the small industries and supplies obtained according to standards. If that is done, I believe a lot will have been accomplished for the small-scale industries. I can refer to a specific case. Take for example the idle engineering capacity round about Howrah which was developed during the last Great War. That is all going to waste. All the same, the Government is purchasing all kinds of things. That idle capacity could be utilised. It is of course only with the demand

in the public sector that we can make a start.

Now, coming to the question of resources, namely, taxation and deficit financing, let me take up deficit financing first. I must first of all congratulate the Finance Minister for the way in which he has used this weapon of deficit financing. I must also frankly admit that when he first broached this proposal we had apprehensions, primarily because of the large size of deficit financing suggested. Many of us had apprehensions, because it was a new weapon and expert opinion was against it. But the Finance Minister has shown that under certain conditions, a large measure of deficit financing can be resorted to without any evil effect.

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH): Even last year I mentioned this.

SHRI B. C. GHOSE: I admit that. As a matter of fact, India is, I believe, destined to provide very interesting lessons in monetary and financial experiments, particularly in regard to deficit financing. As I was saying, even last year we had resorted to deficit financing in a fairly large measure and it has not produced any bad result. I agree with him that if we can take sufficient note of the warnings which may come about, if we do not transgress the limits, then there is no harm in resorting to deficit financing. That is a change—I frankly admit today—that has come about, and I do not quite agree even with the observation made by the Taxation Enquiry Commission that the place which deficit finance can occupy in a programme of planned development cannot be of a quantitatively significant magnitude in a country like India. There are two expert opinions even on that. Some say that its effects will be felt more quickly in India; some say that its effects will not be felt so quickly. I am not concerned with that. What I am concerned with is this that we can resort to deficit financing so long as we do not transgress the limits. There are many economic indicators, as the Finance

[Shri B. C. Ghose.]

Minister knows very well. The first is, for example, the price level. Then there is the balance of payments position. The only disquieting question is that once we start on deficit financing, whether when the amber light is there we shall be able to stop because the apprehension is that on account of the momentum gained we may not be able to stop and may then crash, as happens to the driver who drives too fast. If that danger is taken proper note of, I do not see any risk in taking recourse to deficit financing.

Coming to taxation measures, there are a lot of things to be said. Of course, the Finance Minister has now the assistance of the recommendations of the Taxation Enquiry Commission. He can always refer us to that and say, "Here is an expert committee. If I did this or that, here is my support for my action." I must frankly say that we have not had sufficient time to adequately digest the arguments and recommendations of the Taxation Enquiry Commission. But let me first state what the Taxation Enquiry Commission says about further taxation. It is agreed, because we have embarked upon a development plan, that we must gather as much from taxation and borrowing as we may. But with regard to additional taxation there are certain observations made by the Commission. For example, it says: "Additional taxation of a wide range of luxury or semi-luxury products at fairly substantial rates, accompanied by broad based taxation of articles of mass consumption at comparatively low rates, is, therefore indicated." It also says: "Restraint on the consumption of higher income groups must, of course, be greater than in respect of low income groups." It also goes on to enunciate another very wholesome principle: "It would not be incorrect to state that taxable capacity shrinks with impecunious and unpopular policies and ineffective governance, and expands with beneficent and competent administration. Public expenditure in India had been moving increasingly towards benefi-

cent expenditure but not perhaps Towards economy and efficiency as well." Now that requires to be underlined.

In the light of these considerations let us examine the proposals which the Finance Minister has placed before us. Of course, another question might be asked as to whether there was any necessity for fresh taxation—a question which the Finance Minister himself poses; because he knew that is a question which everybody would ask him. If we are having deficit financing to the extent of Rs. 340 or 350 crores why not Rs. 20 crores more? He says that we must raise as much resources as possible from current revenues. The public must be prepared to make the maximum contribution to current revenues. I am not quite sure whether he means for covering the deficit on current account. If that is - so, I believe then he lends himself open to the charge which a financial columnist has made, namely, that on the Budget day there is a tendency on his part to underestimate revenues and overestimate expenditure so as to show that further taxation is necessary to cover the gap. I should think that that is a charge which is not undeserved. In my opinion it is not merely for making up the deficit on current account but also for financing development plans that we must raise as much resources as possible from taxation. And let me proceed from that point of view and examine whether the imposts proposed are fair. Now I am afraid I cannot say that they are fair. I think their incidence would be—if we have only two classes—more on the poorer classes than on the richer classes, but as has been pointed out it will be mostly on the middle classes. The wealthier classes and the business community appear to be in a much happier position. That is also indicated by the reaction of the business community, particularly on account of the concession given in the matter of the development rebate. If you take that first, we might refer to an observation of Dr. Rao, who was a member of the Commission. He says it was never the intention of the

Commission to make it a general development rebate; that even the business men who wanted the depreciation rebate to be converted into a development rebate had not asked for 25 per cent.; that was beyond their expectation. The Commission had intended it merely for the producer goods or capital goods industries and not for any and every industry. It was for the purpose of, as Dr. Rao says, funnelling expenditure or funnelling savings and investment into certain desired channels. Now, when we come to the excise duties, I believe they will certainly bear very heavily on those who have lower incomes, particularly the excise on cloth, also on sugar and paper. The same is true of the other excises also that have been imposed, such as on sewing machines, electric fans, bulbs, batteries. Electric fans and electric lamps are not luxuries today. Where-ever you have electricity they are essential. Of course, so far as the villages are concerned which are not electrified, the question does not arise; but wherever there is electricity it is not that it is a luxury article. And in the proposals I do not find any imposts or any increase in taxes on luxury articles, although that was indicated in the Taxation Enquiry Commission's Report. Is it the Finance Minister's contention that there is no further scope? If so, I think that is not quite true.

Now, with regard to these fresh taxation measures that he has proposed, I want to make one or two suggestions, namely, whether he would make any difference between large and small producers. For example, if you take sewing machines or electric fans, there are units which produce eight to ten thousand a month and units which produce five hundred a month. The same may be the case with electric bulbs and other goods. Whether, as in the case of soap, any differentiation would be made as between the small manufacturers and the large manufacturers? I would strongly urge upon him to consider

sympathetically the case of the small units. There was some concession in the matter of soap 'excise.

SHRI C. D. DESHMUKH: Soap manufacture is a cottage industry.

SHRI B. C. GHOSE: About sewing machines I am told that in the Punjab parts are produced and they are then assembled. What is going to happen to them? Do they also come under this excise? But I would urge upon the Finance Minister to consider the case of the smaller units. And, again, with the smaller units there is another difficulty about payment. I wonder if Government can make certain facilities available to them. If the excise has to be paid before the goods can be taken out, that would entail a very large increase in working capital and many of the smaller units have not sufficient funds to pay the excise at the very beginning. I would strongly urge upon him to consider whether any concession can be made in that regard.

Now, Sir, I have not much time to dilate on the taxation measures. There is only one point to which I should like to make a reference and that is about the discrimination that he has brought about against unmarried persons. I agree that he has the authority of the Taxation Enquiry Commission and other experts in favour of his proposal. I am perfectly aware of that, but there is one consideration I should like to place before him. I am not quite sure whether he is aware that there is a serious move afoot in Parliament that unmarried persons should form an association—may be even a trade union and wait upon the Finance Minister

SHRI M. C. SHAH: Under the chairmanship of Guha!

SHRI B. C. GHOSE: I am not going to reveal all the names now, but I have heard the names also mentioned —there are Cabinet Ministers as well who are interested, I am told—but why I am suggesting this is this. Unmarried persons are assisting the

[Shri B. C. Ghose.] Finance Minister in the present state of our economy is aggravating his problem, namely, that of over-population. I am sure he will appreciate their services and I believe on that account, if not on any other, and at least in our country, there should be a tax rebate for unmarried persons

SHRI V. K. DHAGE (Hyderabad): Those who produce less!

SHRI B. C. GHOSE: I am sure that when he was framing his budget proposals the Finance Minister had not given consideration to this fact. Now, the taxation measures, Sir, are not meant merely for raising revenues, but they have other effects and probably also other objects as well, namely, reducing inequalities. In that respect, the Taxation Enquiry Commission has also to say something interesting. It is on page 154 of the main report. It says: —

"The disparity in consumption levels prevalent at present in this country is a matter of common observation and there can be no doubt about its demoralising effect on the large masses of workers in the country as regards their willingness to accept higher tax burdens and yet work harder. The disincentive effect of higher taxation on the will to work on the part of the higher income groups is generally exaggerated. There is need for the upper income groups to adjust themselves to the reductions in money rewards that the changing social and economic conditions of the country necessitate. It is unrealistic to stress the disincentive effect of income-tax progression on the upper income groups, while the tax system calls upon the lower income groups who constitute the masses of the country to contribute an increasing portion of their meagre incomes. It must be remembered that even with the present compa-

ratively high rates of tax, the range of inequality between the disposable incomes of the few and the many is wider than in many countries where the rates of taxation on higher incomes are, in fact, lower. The fixing of a ceiling on personal incomes on the basis of a reasonable multiple of the per capita or per family national income is a matter to which we have given much thought and it is our view that there should be a ceiling on net personal incomes after tax which generally speaking should not exceed approximately 30 times the prevailing average per family income in the country."

Now, Sir, there is a lot of talk, as we heard also this morning, about the new orientation in the Congress ideology, about the 'socialistic pattern of society'. I find, however, that the Finance Minister probably has an aversion to the term 'socialistic pattern of society', because he never uses it. In his Budget speech, he is content with the term 'Welfare State', I believe, Sir, that if one has read the reports of what was said at Avadi about the differences between 'socialistic pattern' and 'socialism', one can only say that all that was said was pure rant. The reason why a new name was taken was given to be the fact that we have launched upon planning. How does it necessitate a new term, if the Congress has launched upon planning? That, on that account only, from a 'Co-operative Commonwealth' we must change our goal today to 'a socialistic pattern of society' was quite unnecessary. But, Sir, for myself, I do not see any difference, if a socialistic pattern of society is really meant to be achieved, and is really to be worked for. For myself, I can say that I see no difference between 'a socialistic pattern of society' and 'democratic socialism'. And I hope that the Congress will implement what they have said that they intend to do. And if they do it, nobody will be happier than our-

selves, because we will then have been rendered superfluous. But we know that they won't do it. That is the justification of our continued existence.

SHRI V. K. DHAGE: That way, Mr. Deshmukh is quite honest in his Budget.

SHRI B. C. GHOSE: But as I said....

Mn. DEPUTY CHAIRMAN: It is time.....

SHRI B. C. GHOSE: I shall take two or three minutes more and finish. As I said, if we want a socialistic pattern of society, or—to use a shorter term, because I see no difference—a socialist society, then one necessary thing that we should aim at is that there should be a ceiling on incomes, that there should be a correlation between the lowest and the highest incomes. We said that it should be ten times or twenty times. Behind this suggestion we have now got the authority of the Taxation Enquiry Commission, which also thinks it desirable that there should be a ceiling. I am quite prepared to concede that it is not probably possible to achieve that aim immediately, but I would like the Government to make a declaration here and now that in course of five years, by the time we come to the end of the second Five-Year Plan, we shall see to it that this is implemented. Even that will give some earnest of Government's determination to implement what they say they intend to do, namely, that they want to establish a socialistic pattern of society.

Now, to sum up what we have achieved during the last four years. I can probably do no better than quote a sentence from what Kingsley Martin wrote in an article entitled "The Andhra Elections" in the New Statesman & Nation of the 26th of February, 1955. He said:

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"Looking back over these seven years since the British left India, I see that the prophets of disaster have been confounded, but hopes of social change have not been fulfilled."

That, I believe, Sir, is a correct measure of the Government's achievements and failures in this country.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2-30 P.M. The House adjourned for lunch at four minutes past one of the clock. The House re-assembled after lunch at half past two of the clock, MR. DEPUTY CHAIRMAN in the Chair.

SHRI J. N. KAUSHAL (PEPSU): Mr. Deputy Chairman, I want to make a few remarks on this Budget not from an economist's point of view but from the point of view of a layman and one who has studied it from a purely commonsense point of view. The first thing that strikes one when one has a look at the Budget is that it is a deficit Budget. It is deficit on both accounts, the Revenue as well as the Capital accounts. The question arises: Why could not this deficit be avoided? That is the first question which presents itself to everybody. But it seems that it could not be avoided. The deficit on the Revenue account is mainly on account of two reasons. The first reason is that the defence expenditure which takes practically one-half of the revenue cannot be curtailed because of the present international situation, and the other is that the expenditure on the nation-building activities cannot also be curtailed. Therefore, the Finance Minister is justified in presenting a deficit Budget. He has tried to cover up the deficit on the Revenue account to a certain extent, although the whole of the deficit on the Capital account has been left uncovered. A layman would ask why.

[Shri J. N. Kaushal.] when an overall deficit of Rs. 318 crores was being left uncovered, a deficit of about Rs. 30 crores could not be left uncovered, because if that deficit was also left uncovered, fresh taxation would not have fallen on the middle classes, but I would say that if the Finance Minister has not left that deficit uncovered, he has not acted against the accepted principles of public finance. It is an accepted principle of public finance that it is always prudent to cover a Revenue deficit by current taxation, and that is why fresh taxation has been resorted to for the purpose of covering the Revenue deficit. But again the question arises that the whole of this deficit has not been covered, even though fresh taxation has been resorted to. There is still a deficit of about Rs. 8 crores which has been left uncovered. I for one am not able to find a direct answer for not covering that deficit also. The only reason that strikes me is that probably we have come to the saturation point and that it is not possible for the Finance Minister to tap fresh sources of taxation. Well, if this is so, then I would like him to throw some light on this point, because, if the nation has come to the saturation point in this regard when we are in the midst of some very bold plans, the situation is very dangerous. We require to keep a constant eye on our economy, because in an under-developed country if taxation reaches the saturation point, then constant vigil and constant scrutiny is needed, so far as our economy is concerned.

Then the other point from which the Budget should be judged is whether this Budget provides some incentives for better production and for the industrialists to come forward and do their best, and to put it negatively, whether the proposals here are such that they do not put a definite disincentive in the way of the industrialists and the next point from which this Budget should be judged

is whether it provides for a better and a more equitable distribution of wealth.

From the point of view of the first standard I have mentioned, the Budget provides for two concessions as incentives to the industrialists. One is in the way of a 25 per cent, development rebate on the initial cost of a new plant and machinery, and the other is that business losses can be carried forward indefinitely and not for six years only as at present. These are concessions but I feel that they are not very attractive or big concessions. With regard to the second point whether the Budget contains any proposals which will definitely retard production, which may definitely prove to be disincentives. I must say that this Budget does not contain any such proposals. Therefore, all that can be said of this Budget is that it is a neutral Budget.

With regard to the other standard whether this Budget provides for a better and a more equitable distribution of wealth, my reading is that a beginning has been made in that direction, but no jolt has been given towards socialism. One of the proposals is the lowering of the export duty; this is in the nature of a revenue concession. In the other proposal regarding income-tax changes, the trend is only towards rationalisation. What has been taken from the unmarried man is tried to be given to the married man. Some slabs have been reduced, and some super-tax limits have been lowered. This only means that an effort has been made to rationalise things. With regard to taxation, I cannot say that the rich have been taxed heavily. On the other hand, taxation has been made to spread on as large a section of the community as possible. Probably the Finance Minister has acted on the well-known maxim of plucking feathers from the goose without injuring it. It would have been much

better if the middle classes had been left out of fresh taxation, because sugar and cloth are the two consumer goods, the taxation on which will fall mainly on the middle classes, but perhaps here too there is justification for the Finance Minister, because in an under-developed country, it is not possible to find out ways and means of taxation, where the middle classes may escape the whole of it. This can be done only in those countries which are very highly advanced industrially.

Therefore I feel that this is a very cautious Budget. No great stride has been taken in it towards socialism, which has recently been proclaimed to be the aim of the Congress when they want to bring in a socialistic pattern of society. The other question which at once needs our pointed attention is regarding the deficit on the capital account. This deficit is a huge deficit. It is the single largest deficit in any one year and the question would normally arise—are we safe in that method? Are we safe in resorting to deficit financing? For the present, as we have been told in the speech of the Finance Minister, the position of our economy is sound. We have made tremendous progress on the food front, industrial production is also rising, the balance of payments position is very good and the prices are showing a downward trend. All these things are of course there and we can relax a little but supposing the monsoon does not turn up in good time and our food position again becomes not very sound as it is today, then, can it be said that in those circumstances also the deficit financing can be resorted to with equanimity? The Finance Minister would naturally try to give an answer that in our present position of economy it is very good but then he is not to concern himself mainly with the year 1955-56. He has to look forward to the future also and in the nature of the exigency of the monsoons which we may have to face way time, are we safe in resort-

ing to deficit financing to that extent? The other question which is very much connected with the present one is—does our budget fit with our Plans? The First Plan as we all know, ran into about Rs. 2,200 crores and there also we had to resort to deficit financing. The Second Plan which is yet in the making, we are told, is going to be to the tune of Rs. 5,000 crores and there also we are going to have largely deficit financing. The four main accepted sources from which money can be found are taxation, loans, foreign aids and lastly deficit financing. Is our Finance Minister in a position to tell us whether the three heads *viz.*, taxation, loans and foreign aids and the last category *viz.*, the deficit financing, are going to be in the ratio of half and half or it is going to be still less? If we have no indication as to what foreign aid is coming and we are mainly left with the printing press, then of course, it is a very bold experiment and we have to be very cautious about it. The next question which strikes me is regarding the position of the various States in India. We all know that the States are mainly balancing their budgets by the aid which they are receiving from the Centre. They are not exploiting their sources of taxation to that extent to which they should. This is also susceptible of two explanations. One is that it may be that there too the saturation point may have been reached and the second is that the States are not depending on self-help. On the other hand there is a tendency of complacency on their part because the Centre comes to their help whenever they need finances. On that matter also I would like the hon. Finance Minister to enlighten us regarding the position of State finances and their bearing on the Central finances.

In the end I would draw the attention of the House to one thing *viz.*, that we are spending huge amounts of money in these days. Have we

[Shri J. N. Kaushal.] made sure that every penny which we spend is well spent because that is of the utmost concern to the common man. Regarding the huge projects which we have undertaken—are we sure that the watch and the vigilance over the expenses is as tight as it can be and the money is not being wasted or is not being thrown down the drain, as they call it because the common man is not satisfied that the whole of the amount which the Government is spending is actually well spent. So I would therefore request the hon. Minister to tighten up his check and control on the expenses which run into crores of rupees as the burden of taxation falls very heavily on the common man.

SHRI BHUPESH GUPTA: Mr. Deputy Chairman, we have been presented with the last Budget in the Five Year Plan period as the Finance Minister has himself told us in his Budget Speech. I was trying to characterise this Budget as to what it looks like. Now I have come to the conclusion and I think that before I deal with the various aspects of the Budget, I should give you in a few words as to what the Budget is like. From the point of view of development and expansion of the national economy, this Budget and its proposals are barren and bankrupt. That is number one. Secondly, from the point of view of the consumers and the people who are already under heavy taxation, this Budget, if I may say so, is a highway-man's budget. I shall presently tell you why I call it a highway-man's budget when I deal with the taxation proposals. The hon. Lady Members are smiling there. I don't know how their domestic problems will be affected by this.

SHRI B. C. GHOSE: Is it highway-woman's?

SHRI BHUPESH GUPTA: Women are always high in esteem. I am talking about highwaymen. We are dealing with the economy of an un-

der-developed country and when we say that we know that even the present Finance Minister would agree to what we say. In fact he has been telling his friends abroad when he goes to Ottawa, United Kingdom or U.S.A. that we are an under-developed country and that we require so much of their blessings and help. I should have thought that the major premises of an under-developed economy should have been taken into account in making proposals for budget. After all a budget in our economy must essentially be an instrument of national planning. Let me deal with the main question. What is the problem today? On the one hand, we have got labour power, on the other hand we have got enormous resources in material in our country. That is to say, we are gifted with men and material resources which we don't fully utilize. It has been stated in the Five Year Plan itself that the plan would try to find new employment for about 52 lakhs of people and at the same time would find employment for about another 32 lakhs of partially employed people. Taken together, about 84 lakhs of new jobs are to be found, he said. The figures are not repeated these days; but Dr. B. C. Roy, presenting the budget in the West Bengal Assembly, made that point very clear as far as the Five Year Plan is concerned and presented what he called, his paradoxes.

Now let us see as to how we are faring on the question of employment. It has been stated in the Budget Speech itself of this year as in the speeches of other years that unemployment has not at all been solved. He has not exactly used these words but he has given the figures of growing unemployment in the country, relying of course on the figures that are available only in the Employment Exchanges. According to the employment exchanges which give only a partial picture of the entire situation, you will find that the number of unemployed registered there stood at

4,93,000 in July 1953. It rose in December 1953 to 5,22,000 and now it has gone as per this Budget Speech to 5,81,000 in November of last year. Therefore, it is clearly going up. One would have thought that the unemployment curve would have come in a downward direction, after all this planning and spending of money, that the problem of unemployment would have been somewhat tackled so that at least these figures might show a decline. But instead of showing any decline, the figures on the contrary are going up. The hon. Finance Minister does not say what he is going to do; he has only given certain vague promises that in the course of the next five years he will be finding a number of jobs, that he will be creating a number of jobs to absorb some sections of the unemployed people of our land. Coming next to our State, you find Dr. Roy speaking in the West Bengal Assembly pointing out that in Bengal alone there were about one million people asking for jobs but who could not be given any jobs. This is the official figure he has given and so the actual figures should be much higher. He says it has become such a problem for him that he could not tackle it without substantial assistance from the Central Government. He also made the declaration that in order to absorb the unemployed in jobs, in order to find jobs for these people, he would require not less than Rs. 700 crores worth of investment. I am not going into the details of these figures. That, in short, is how the Minister in a Congress Government in a State wanted to stress the importance and the seriousness of the problem and suggest his own solutions.

According to us, Sir,—who are familiar with these problems because of our activities among the workmen classes and among the people in general,—we find that the figures of the unemployed are much higher and this will be borne out by some of the sample surveys that have been conducted by the Government or at the initiative of the Government in cer-

tain places. I would like to tell you only what the Calcutta survey has discovered. The Calcutta survey shows that the working force consisted of 40·3 per cent, of the population. Of the aggregate working force, roughly one-fifth was unemployed and half of the unemployed were of the white-collared group, with qualifications ranging from matriculation upwards, indicating that though unemployment was bad enough, it was worse still in the case of the white-collared group. We know that unemployment among them has gone up to the extent of 28 per cent, as against 20 per cent, in the case of the normal working classes of the population. The Bombay survey produced the same sort of result, the same appalling figures. Surveys taken in other places, in certain specified spots, have brought out the same picture in sharp relief. Therefore, I say, unemployment is growing all over the country. And you find that with this growing unemployment, there is also the retrenchment of workers taking place. For instance even today, in Calcutta, there are about 15,000 employees of the local Food Ministry who are going to be unemployed. Some of them have been provided or have been promised alternative jobs, but the majority of them still remain in great uncertainty as to their future employment. This is what has been going on for the last three years or so. Although the production in the jute industry has gone up, you find no less than 50,000 workers have been retrenched and that can be found from the records of the jute mills. If you look into them you will see that the number employed in the mills has gone down by 50,000 in the course of the last three years. Of course, the capitalist classes here are asking for the support of the Government in order to carry through their plans of rationalisation. If that were permitted, it would mean disaster to the people and lakhs and lakhs of workers would be thrown in the streets as unemployed, threatening the entire economic fabric of the country.

[Shri Bhupesh Gupta.]

Then, in the countryside, what do we find? There also you see the same picture of poverty and unemployment. Recently a report has been published by the Government dealing with agricultural labour and how it works. According to that report, about 86 per cent, of the agricultural workers are employed only for six months and for the rest of the year they are idle. More or less the same view had been earlier expressed by Mr. V. T. Krishnamachari who is the Vice-President of the Planning Commission in his report on the Grow More Food. There he writes: "In other words roughly four-fifths of the agricultural population can find work in farming operation for a third or a fourth of the year and the rest for about double this period."

What I want to stress in this connection is that in the countryside, millions of workers, the agriculturists, are divorced from their means of production, that is to say, the land, and so remain unemployed and so their labour power is not being utilised for the development of the country for no fault of their own. This, Mr. Deputy Chairman, is a very serious situation which calls for close and objective study by the Government. But Government, unfortunately is interested in trotting out its own statistics, statistics which are backed not by the realities of life as we see them, not by the look of the people as they turn out before us, but by certain official assertions which have no relevance for us except that they prove the doggedness and the dogmatism on the part of the Government. Sir, I wish the hon. Finance Minister would give up that frame of mind and begin to look at people at large, rather than at certain men at the top who naturally present a very fascinating picture.

SHRI M. C. SHAH: We look at you.

SHRI BHUPESH GUPTA: I have told you the situation as far as the unemployment is concerned. And

Finance Minister has also referred to—when he attended the Ottawa Conference when the Commonwealth Finance Ministers had the *majlis* there.

SHRI M. C. SHAH: There was no *majlis* at Ottawa.

SHRI BHUPESH GUPTA: There our gallant Finance Minister went and told those people that the unemployment figure here was about 20 million or so. He wanted to stress that in order to get a little more American aid. That is how they are looking at things. We certainly are interested in that figure and he should have acted on the recognition of that fact. But in the Budget you find nothing of the kind.

They speak about the development of the material resources of the country. We are an under-developed country. We certainly have material resources. We are not starved of natural resources for nature has given us bountifully. There are also certain industrial concerns and factories and companies in our country. Here, in the annual number of the publication called "Capital" of last year—that is to say the number which came out in December 1954—it has been clearly stated that 50 per cent, of our industrial works installed capacity lies idle. That, Sir, is a very, serious matter. And let it be noted that this is not a Communist propaganda. This is stated by a full blooded bourgeois paper which stands for big monopoly, and it says that nearly 50 per cent, of the installed capacity in our country remains idle today under this regime. And our capitalist friends and their political representatives have not even cared to see to it that these means of production which they have grabbed are fully utilised for production in our country. Incidentally they themselves would have also made a little more money out of the bargain, but even then they did not care to do it. Then, if you study various industries in the country, you will find the actual state of affairs. In

engineering industry you find that the unutilised installed capacity is somewhere between 25 and 50 per cent. 3 P.M.

Now, the Moolgaonkar Committee's Report is there to tell you the story; I need not repeat that. In the belting industry the unutilised capacity is to the extent of 69 per cent. That is there in the memorandum submitted by the Indigenous Belting Industry which is no Communist concern. You will also find that the small and medium industries are remaining idle to the extent of 60 per cent, to 70 per cent, of their installed capacity; that again occurs in the brochure published by the Federation of Small and Medium Industries in West Bengal. These are facts taken from your people and from your friends, to tell you something about the horrible things that are happening, to show that in an under-developed country vast industries or sectors of industry are remaining unused and idle. Then there is the indigenous soap industry; I do not have, at the moment, in mind the Lever Bros., who have grabbed our soap industry but whatever is left to us is lying idle. 70 per cent, of the indigenous soap industry remains unutilised. Here again, it is a very high figure.

Turning, Sir, to land, we find that out of a total cultivable area of 340 million acres, 58 million acres are current fallow. This is a very serious thing and 35 million acres grow one crop only although it is possible to bring in some more land under cultivation and grow not merely one crop, but possibly two or three. According to the Report published by the Planning Commission it appears that the Central Tractor Organisation reclaimed or could reclaim in the first three years only 8-10 lakh acres as against 14 lakhs targeted for. This is not much of an achievement and we know the reason for it. The waste lands are lying in the hands of the zamindars and the rich people and they would not be distributed among the agricultural labourers and the poor peasants. In certain States, the

Government had become the landlord by acquiring the lands after paying compensation to their landlord friends, but there even they have not cared to distribute the unused waste lands amongst the peasantry so that food production could go up in our country. We are regaled with all kinds of stories about high food production and all that as if the land is flowing with milk and honey. This is what they tell us. The target had been over-reached and all that kind of thing and they are happy with the situation. There is nothing to be so happy about it. After all, it is stated in the Third Progress Report of the Plan published by the Planning Commission that 21 per cent, of the production increase in the case of food is accounted for by monsoon and rain. You see that; I do not think the great ones in the Congress regime have become so powerful yet to control the rains; they may try for it but have not yet succeeded. Therefore, 21 per cent, comes that way. If we did not have rains, we would not have had this 21 per cent, increase. I would like to remind the House of what Dr. Roy has said while dealing with this subject. He said in his Budget Speech—"1953-54 had a bumper rice crop and the production reached the figure of 5,220,000 tons of clean rice. This made, complete derationing of rice possible. On account of the widespread flood and drought in different parts of West Bengal, production has again fallen to 3,738,000 tons in 1954-55. There is again a delicate balance between production and requirement." If you examine these figures, you will find that in only one year the production in one State had fallen by about 1½ million tons and this is undoubtedly an indication of what might happen if we go on so complacently about the food situation in the country. Therefore, I say, Sir, that so far as the food situation is concerned, we are not yet out of the woods; may be we are happy in this year or that year but the point is the problem of food has not been solved finally and it remains to be solved.

[Shri Bhupesh Gupta.] There is another factor; the consumption of food is much less today than it was before the War. As you know, Sir, before the War, the consumption per adult per day was about 16.3 oz. whereas now it is 15 oz. or even less. I have taken these figures from the Government publications. They will say that we do not need much food now but after all, you would know that we cannot live on Congress propaganda alone; we require a little food even if we are to swallow the propaganda that you put across the country. You have been in power all these years and at least you should have given people enough food so that they can have sustenance,—so that they can have the required calorific value to live properly.

I am glad that the gracious Finance Minister is walking in and I would like to tell him that I was giving certain figures to show that the solution of the food problem had not been so great as to enable us to be complacent about it. I give certain figures given by the Finance Minister of one of the States; there, in one year, food production had fallen by 1-5 million tons and I quoted his speech here. We recognise that certain improvements had been made: but they are not such as to make us think that we are on the right path. This is what I want to say in this connection. In this situation, naturally the problem is to face realities; they have to be faced and faced by us as also by the Government. In this situation, Government should realise that the important thing is the development of our country and the expansion of our economy. They are now talking about the next Five Year Plan but that would not be possible unless, on the one hand, we mobilise the material and manpower that we have got into productive "channels and, at the same time raise the living standards of the people. The Finance Minister sometimes says good things—sometimes. He said in the Lok Sabha on the 30th of Decem-

ber 1954, "the principal aim of economic policy in an under-developed country, apart from any Directive Principles in the Constitution, must be to promote development so as to raise the standard of living and create, as quickly as possible, conditions in which full employment is maintained". Brave words, no doubt; I would like the Finance Minister to live up to such brave words and prove himself brave in action also. As you will find, Sir, production by itself, may not amount to much. It is important, no doubt, but it is the working class people, who, despite humiliations, despite harsh treatment from the employing class and the Government, are running the wheels of industry and are turning out more goods and more materials. We congratulate the working class for it and if the Government wants to take a little credit out of that, we do not grudge it. We thank the proletariat which is generous and liberal in such matter; at the same time, it must be realised that this production by itself does not amount to much. After all, the success of your economy and expansion of your economy depends on how you create the internal market. The expansion of the market, therefore, becomes a vital factor for the development of the economy of our country and this is something which we are not alone saying. Even the Federation of Indian Chambers of Commerce and Industry, meeting in Kanpur, stressed this point and said that distribution today is as important as production, if not more important. They were thinking of markets; similarly, Mr. Birla, the great friend of the great

ruling class

MR. DEPUTY CHAIRMAN:
Order, order. Do not mention names.

SHRI BHUPESH GUPTA: Very well, Sir, that gentleman of the Birla Bros., also made such a statement. You see, I am quoting an authority.

MR. DEPUTY CHAIRMAN:
Please avoid names.

SHRI BHUPESH GUPTA: They also said that distribution becomes very important but we find that the Gov-

ernment has gone totally wrong; Mr. Deshmukh, the hon. Finance Minister, has gone totally wrong and I shall deal with that now. He is thinking in terms of a developing economy. The Second Five Year Plan, we are told, is somewhere in the brewing. I do not know where exactly the brewery lies but it is brewing somewhere and we are told here, in his Budget Speech. He is a very case-hardened administrator. He is not bothered about phrases and phraseological stunts as some Congress leaders would do. He point-blank said "The success of the second five-year plan will, in my view; depend upon two main factors, organisation and finance. In an economy in which monetary rewards are the principal device for directing real resources along desired lines, the availability of finance is a crucial consideration." But finance is, in a sense, a token. I sometimes think what a wonderful person he is. He can dish out monopolistic arguments with a kind of coverage, with a kind of dressing which would take in even right-thinking people sometimes. Now there I join issue with him. His approach is entirely wrong. Now what does this "monetary rewards" mean? He would not go into that, a very clever and intelligent person, who has known the game for a long time. But for common people, for you and me, for the man in the street monetary rewards' mean profits, dividends, interest and all that sort of thing. Now, Sir, what does it mean in that case? It means that our development is to depend on the profits. Thus the hon. the Finance Minister is making a complete surrender to the monopolist class. Make your profits. Earn your money and develop the economy of our country. Sir, would he advise us to live in a fool's paradise, to believe that these gentlemen of the monopolist class would just accept the monetary rewards and all that or in the possibility of getting such rewards develop the economy of our country? Never never will they do so. On the contrary, as we know from our own experience, they divert

their financial resources not to productive channels but to channels where it is possible for them to earn very high profits and quick returns. This way lies their life. Therefore you find speculation is flourishing in this country. Therefore certain very important financial concerns like Tatas are investing money for buying buildings in Calcutta. Some of the big buildings have passed into the hands of the big industrialists who thought that was the way to make money and that was the source of their investment and all that sort of thing. Now there is no control over it whatsoever. They are left absolutely free to do as they like and in an economy which is greatly unbalanced and where the monopolists and the speculators have a very strong say by doing so you leave matters entirely in their hands and they make money. They are not interested in the development of the economy of our country. Therefore we find today some monopolists like the State sector business. When they talk about the public and private sectors, however much the Ministers may quarrel in their Cabinet over the issue of the private and public sector the monopolists in the country, they like it because they know that if the public sector is developed in the particular way with a monopolistic bias in order to subserve the economy of the private sector, there is nothing to grudge about, there is nothing to grumble against. It can be tolerated and put up with for a time. We had seen these things in England. We had seen these things in Germany. We had seen these things in other countries where the capitalist class did not much bother about this private and public sector but on the contrary accepted a certain amount of public sector. Thereby I do not mean to say that I am opposed to public sector. I want it to be a real public sector instead of it becoming something of a reserve for the capitalist class. Then, Sir, you find how he leaves the whole thing to them. To try that way he won't get money. On the contrary money ! will continue to be diverted into

[Shri Bhupesh Gupta.]

channels which is not really the main hannel, which are not fundamental from the oint of view of the development of our economy.

Then you come to the question of his attitude towards them. The attitude is defined here. Now if you look at the performance of these people you v/ill find that during the last few years they have not found money for the private sector. Things had been left to them but they had found very little money for the private sector. In 1949 the investment in the private sector was about Rs. 63 crores; in 1950—Rs. 70-8 crores; in 1951—Rs. 59-69 crores. Then in the first two years of the plan period it comes to Rs. 52 crores and in third year it is estimated at Rs. 44 crores. Therefore investment in the private sector is much less than what it used to be before the Plan, in the earlier days. Now why is this Plan? What is the plan for? Therefore if the industrial investment cannot be stepped up, why this Plan and all this talk about this planning and all that sort of thing?

Again, Sir, you will find that in the Plan itself the target has been put at Rs. 233 crores. Now it is not possible to fulfil such targets or to make such investment because the control remains with them and it is they who decide as to where the money should be invested and they are not interested in making investment for developing the economy of the country, where there is risk, where you cannot earn immediately certain profits, where profits are deferred, but they go in for investment where they can get quick money and at high rates without losing any time. Now that is what, we find, is happening in this country and an intelligent person like the Finance Minister should have taken note of this thing. Now in these years he has been very kind to this monopolist class and it was not he alone, his predecessors too had been very kind to these monopolists. He is undoubtedly carrying that inheritance. His predecessors had given

tax concession after tax concession to the monopolist class. A number of taxes in the early years of the Congress rule had been abolished, as you know, and coming into his position he had also done something for them to avoid his feeling "I have not done anything for them". Nor would the monopolists complain, that the Finance Minister had left the monopolist class in the lurch and did nothing for them. You know, Sir, his approach is entirely different. He had developed new techniques of helping them.

He had advanced money to the Indian Iron & Steel Co., about Rs. 7.9 crores, then Rs. 10 crores from the Equalisation Fund and then the World Bank had given a loan to that company to the extent of 31.5 million dollars and this money had been guaranteed by his Government naturally with the benevolent support and approval of our great Finance Minister. Then come to the Tatas and they are of course very great. But before I come to the Tatas I should mention that the agreement between the Iron & Steel Co., and the Government is that if necessary, in order to make it possible for the Company to repay the loan, the retention price of steel would be raised, that is to say, the consumers would be hit, so that the gentlemen who had been so much favoured with this loan would repay the loan at the time mutually decided on. If the Iron & Steel Company said: "We cannot pay the money now", Government cannot compel them to pay because the agreement mentioned that the time of payment should be mutually decided.

Then of course you come to the great Tatas. It is free of interest and Rs. 10 crores have been granted to them. Now, Sir, Rs. 10 crores have been given free of interest without any control whatsoever, just saying, 'take the money and do whatever you like'.

Then the Atul Products has been favoured with a loan of Rs. 3 crores. Then you have the great institution, the Industrial Finance Corporation about which I wish we had a chance

to debate. There I find within the last two years ending June 30, 1954, Rs. 20,73,75,000 have been sanctioned as loans and the disbursed amount comes to about Rs. 12,88,65,752. But do you know where the money has gone? The money has gone to the cotton textile, the cement, the paper, the chemical, ceramic and glass industries. Between them they have got Rs. 10,24,25,000. A few favourite people have got the money. It is there in the Report of the Industrial Finance Corporation. While it is the small industries that should be given help—it is the down-and-out who should be given financial assistance to the Government—the money is moving into places where they do not need the money. Sir, it has been stated in the Sixth Annual Report of the Industrial Finance Corporation that loans have been given in cases where they themselves could find the money, where the companies could find the money by issuing debentures or by other means and that money had been given also to certain individuals and concerns against whom income-tax evasion cases were pending. This is what is stated in that Report. What sort of administration of public funds is it when you give loans out of public funds or semiofficial funds to those gentlemen against whom charges of evading income-tax are still pending?

Sir, in this present Budget the Finance Minister has not forgotten his monopolist friends. There is the fascinating word 'rebate on development'. It is a wonderful thing. Mr. Ghose also referred to it. Now, Mr. V. K. R. V. Rao, who was a Member of the Taxation Enquiry Commission the Report of which has been presented before us, has said in a statement: "The Taxation Enquiry Commission had gone thoroughly into the whole question and had expressly decided against the grant of such a development rebate for all industries. What they had recommended for all industries was the continuation of the initial depreciation allowance but at a rate of 25 per cent, on the condition that it should be taken into account for determining the written-down value of an asset. The Commission had wanted to use the development rebate as a specific form of tax incentive for promoting investment in selected categories of industries. They had, therefore, confined their recommendations for a development rebate exclusively to certain categories of industries of national importance". Then he says: "But it is difficult to understand how a decision could be taken in the meanwhile to extend the development rebate of 25 per cent, to all industries." Mark the words "25 per cent, to all industries". He goes on: "Such a decision completely negated the possibility of guiding investment in desired channels and is certainly not consistent with economic planning". This is coming not from me—I may tell the Finance Minister—but from a gentleman in whom I assume he has confidence and that was why he was put on this Commission. This is how therefore the concessions are being given.

MR. DEPUTY CHAIRMAN: Your time is up.

SHRI BHUPESH GUPTA: Sir, I say this is a wrong approach. You will find that the industrial concerns of our country are making annually a profit of about Rs. 225 to Rs. 250 crores out of which no less than Rs. 50 crores could be reinvested, could be used for expansion and that sort of thing, after replacements. Now, in the Budget there is no plan to fully tap that source. Here I should say that when I mention that some of the industrial concerns are making profit to the extent of Rs. 225 to Rs. 250 crores I do not have in mind the small and medium size concerns because they are making only very little profits. Some of them are closing down or have already closed down. Now I will give you the nature of concentration that is taking place in industry.

Take West Bengal which is an industrial centre. There you will find 151 concerns with capital assets of over Rs. 20 lakhs comprising only 2.2 per cent, of the total number of industries account for Rs. 93,24,00,000

[Shri Bhupesh Gupta.] or 50 per cent, of the total paid-up capital whereas 5,099 concerns with capital assets of over Rs. 10,000 but up to Rs. 1 lakh comprising 75.2 per cent, of the total concerns account for Rs. 6,32,00,000 or only 3.4 per cent, of the total paid-up capital. I am taking this from the Report of the Con-Knitted on State Industrial Finance Corporation in West Bengal published in August 1951. The amount which I have mentioned, Rs. 225 to Rs. 250 crores, is going not so much to the smaller concerns as to the bigger ones. That is to say, the lion's share is being grabbed by them. The Finance Minister has placed no proposal before us to get that money for the development of the country. On the contrary he has given certain concessions to them. Sir, he himself said in his speech on the economic policy debate last year in December that the foreign concerns are sending put from India no less than Rs. 3.0 crores by way of profits and interest every year. This is very important, and I think that the Government should have found some ways and means of tapping these profits and utilising them for the development of our country. I know that whenever I make this suggestion he will say that he has fundamental difference with me. He will say there is the Constitution: he will say there is democracy. A number of such phrases will be lined up one after another in order to assail my argument. I tell you, Sir, that it is quite possible without shedding whatever democracy you have, without offending the Constitution—the Finance Minister is by no means a revolutionary—it is possible even within the framework of this Constitution to tap that source and divert it to the development of the economy of our country. But nothing of that sort is being done and the money is being allowed to be taken out. Actually the figure will be much higher if you take into account all the Insurance Companies, Shipping Companies and others. It will come to Rs. 100 crores or more and that goes completely out of the country. Yet we find hon. Ministers and hon. Members on that side of the House

giving lectures on capital formation. Capital can be formed but it has a way out. You have powers to tap that capital. But because of your certain political commitments with the British you do not do such a thing. I say, Sir, the time has come when they must do something about it. Then the monopolists are again making huge profits.

Ma. DEPUTY CHAIRMAN: Wind up, Mr. Gupta. You have taken five minutes more already.

SHRI BHUPESH GUPTA: Sir, I am developing an important point.

MR. DEPUTY CHAIRMAN: All the time you have been making only this point.

SHRI BHUPESH GUPTA: All the time I have been in Parliament. What can I do?

MR. DEPUTY CHAIRMAN: Anyway, finish it.

SHRI BHUPESH GUPTA: This money of the monopolists is not being utilised. All their hoarded money is there. There is no use talking about Estate Duty and all that which do not bring in much money. The time has come for the Government to take charge of all this hoarded money of the Princes and the big landlords. But what are they doing? They have started paying compensation to the big landlords. That should be withheld. We are not in that state of economy that we can pay compensation to the big landlords. Whatever our political views may be, I think we can agree on one point that this is not the time that we should disburse our public funds for paying compensation to these big landlords who have not become destitutes.

Then the pension money is not being utilised. No less than Rs. 10 crores is being given every year as pension to the British officials abroad. I think we can use this money for development purposes. We have given enough pension to them. All these seven

years you have kept your word. Now in public interest, in the interests of the people, do not bother about it. Withhold payment of pensions and utilise this money for the development of the economy of our country. Sir, I think these are very legitimate demands to make of the Government.

Now, this will be my last them?. The Minister has launched on a scheme of taxation. Sir, I understand¹ the necessity of taxation, although I feel that the money should be found from the rich, and not from the poor. Now, Sir, I would only like to remind him that today the incidence of direct taxation, Central taxation, has increased by about 316 per cent, compared to 1941-42. Then, Sir, that of indirect taxation has gone up by 511 per cent. In the same period. This is a very serious situation. I think it should be taken note of. Then, you will find side by side that with this increase in indirect taxation, the direct taxation is falling. In 1954-55, 70.6 per cent, of the tax revenue, as against 48 per cent, in 1946-47 was collected through indirect taxation, while the direct taxation has fallen from 47.3 per cent in the latter year, i.e. 1946-47, to 28.7 per cent, in the last year, i.e. 1954-55. It is stated also in the Report of the Taxation Enquiry Commission: "The percentage of direct taxation to total tax receipts had risen from 12 per cent, in 1938-39 to 45 per cent, in 1944-45 but had fallen to 24 per cent, in 1953-54." Therefore, we find as the direct tax is falling, the incidence of indirect taxation, which hits the people, is correspondingly growing.

Sir, in the State revenues, again in the progress report you will find 75 to 80 per cent, of the state revenues are accounted for by such taxes as land revenue, state excise tax, and other taxes such as sales tax. I am talking about our budget of the West Bengal State. There you will find that out of 45 crores and 76 lakhs, 24 crores and 59 lakhs would be collected by means of taxing the people. That is to say, 53.7 per cent, of the revenue would come from the people. The per capita

incidence comes to about Rs. 9-41, which is exorbitant if you keep in mind the living standard and the paying capacity of our people. Compared to the pre-war year, it is more than six times; and compared to last year it has gone up by 13.3 per cent. Then, according to the Congress Parliamentary Party, at a meeting held in December last it was made known to the country that in certain cases betterment levies—I am talking about the hon. Members of the Congress Party here.....

MB. DEPUTY CHAIRMAN: Order, order.

SHRI BHUPESH GUPTA: municipal taxes, according to the Congress Parliamentary Party's own admission, had gone up by 400 per cent. I have not cited a single figure from the Communist source. I have quoted figures from the official sources, from the source of the ruling party. I think we are not in a position when we can impose more taxes upon the people. Yet we have to pay more for our cloth; we have to pay more for our sugar; we have to pay more for other necessities which he has named—electric fans, bulbs, paper and what not. May I ask, could he not have found money from other sources? Was it necessary to raise additional taxation in a way which hits the people, so much so that the *Statesman* has characterised his budget as "A SEVERE BUDGET"? *Statesman* is their friend, as you know, Sir. It writes:

".....on a preliminary analysis appear not only to bear on a wide section of the people but also to weigh severely on a small section of direct taxpayers." This is what the *Statesman* says and other papers are also saying the same thing. And this is taking place at a time when very many papers have written that the purchasing power of the people has fallen. I will give you one quotation which the *Times of India* has written. "There are, however, two flies in the ointment....."

MR. DEPUTY CHAIRMAN: Mr. Gupta, he has read all those things. Why do you repeat them?

SHRI BHUPESH GUPTA: Only to remind him. I know he is a very learned man but it should be my duty and a privilege to remind him. I should like to remind the hon. Minister of what the "Times of India" wrote and I read it: "There are, however, two flies in the ointment. The relief in costs and prices has been almost wholly provided by the agriculturists, whose incomes dropped during the year by roughly 17 per cent, without providing corresponding relief for them in their production costs, while the employment situation continues to be a source of anxiety." This comes from the mouth-piece of a multi-millionaire whom they are serving. Sir, I say—this paper says—It has fallen by 17 per cent, as far as the agriculturists are concerned. And so, the agriculturists have got no compensation whatsoever and he comes down with a heavy hand on the agriculturists, and the employees in the urban areas, and asks them. "Pay money because I have to fulfil a Plan; carry out certain projects", which go to help those people high up, and the people with big money. I think this is not fair, this is not an even-handed deal, if I may use that word. Sir, therefore, I say the hon. Minister's entire policy is based¹ on getting money from the poor people and helping those people—the monopolist class—who make money and earn huge profits. Certain production and other things may develop, but the point today before the country is, who are the masters of the land, whether the money is being divided among the people, whether the purchasing power of the people is going up; whether the standard of living is improving (*time bell rings*); whether the problem of unemployment in the countryside and in the industrial areas is being solved. Such are the vital questions and problems—problems of life and¹ death with which we are confronted today. I should have thought that the Finance Minister in presenting his last budget in the First Five Year Plan period would have done better to find certain remedies in order to bring relief to the people and turn the corner in that direction. Much talk has

been made about the socialist pattern, egalitarian society and socialism and what not. I say, Sir, this is not a journey to socialism. There is not a particle of socialist pattern in it and, therefore, the hon. Minister has been well advised¹ not to go in for phraseological acrobatics; in his Budget Speech he has avoided such phrases. But I can tell him that these phrases are utilised and these phrases are being resorted to by the political propagandists of the Congress Party in order to deceive and bamboozle the people. When the Finance Minister is out on the road as a highwayman to rob them, I say contradiction is there. Their tactics belie every single word of their professions.....

MR. DEPUTY CHAIRMAN: Please wind up. You have taken more time.

SHRI BHUPESH GUPTA: I know, Sir, I have taken more time, but he is taking more money. (Laughter.)

MR. DEPUTY CHAIRMAN: Order, order.

SHRI BHUPESH GUPTA: Sir, every single word of their professions and protestations is being belied by their tactics and here we are getting a demonstration of how the budget proposals have been conceived with the object of serving the monopolists and hitting the common people. And we know the people will draw their own conclusions and know how to fight every one of these budget proposals which hits them. And, Sir, that is the only hope that we have got left. Today, the Finance Minister's speech would make no sense because he lives in a different world, speaks with a different voice and speaks for a different class of people—not for the exploited and the have-nots in our country. I, therefore, hope that the country will take note of the last budget of the First Five Year Plan and will decide as to what action they should embark upon against this Government and the financial policies which threaten to cause ruin and disaster to

the country, speaking from the point of view of the national economy.

PROF. N. R. MALKANI (Nominated) : Sir, I suggest that there should be some time limit for speeches, because there are so many speakers to take part in the discussion

MR. DEPUTY CHAIRMAN: We shall see from the next day.

SHRI C. P. PARIKH (Bombay): Mr. Deputy Chairman, budget proposals this year are very important, because they have been formulated after the receipt of the recommendations of the Taxation Enquiry Commission. In the first place, Sir, I would like to congratulate the Finance Minister and his whole staff, and even the members of the Taxation Enquiry Commission, and their staff, for keeping these proposals secret, "because the proposals were expected to be of a revolutionary nature. And I think, Sir, all those who were taken into confidence and who have kept the confidence of the Finance Minister, and the Chairman of the Taxation Enquiry Commission, deserve great credit on this account.

Now, Sir, in his speech, the Finance Minister has clearly laid down how we have progressed in the matter of agricultural and industrial development. Mr. Bhupesh Gupta may be blind to the facts which are existing, because he may be dreaming in a different land, and especially with the news of election results from Andhra. In this connection, Sir, I will say that the industrial progress has been very rapid, the industrial index has gone up by about 145. There has also been a very good progress in the sphere of agricultural production and other matters. But I do not want to dilate on any of these. Known factors which are known not only in India, but also in the world. The way in which we have made progress in the first three years is indeed remarkable, and I think, Sir, the confidence that we have gained in formulating our policy

of the future gives us encouragement to take bolder steps in formulating the proposals for agricultural and industrial development on which this Budget has some bearing. Now, Sir, according to the Planning Commission, the national income would have risen, by 5 per cent, by the end of the Plan period. I think, Sir, Mr. Bhupesh Gupta will know that in the first two years, the income has risen by more than 5 per cent. This is an advance, if he wants to know the actual facts that are existing. The Planning Commission has estimated that the national income will be doubled in 27 years, and the Finance Minister. I think, recently, in one of his public speeches has said that the national income is expected to be doubled in 1971. But I, for my part, think that the national income can be doubled by the end of the Third Plan period, provided we are going on proper lines and we receive cooperation from all sections of the communities and from all political parties, for the development of our country.

Now, Sir, I will come to the taxation proposals. Before I come to direct taxation, I will just point out the great departure that has been made boldly in the matter of renovation, replacement and extension of machinery for industrial development. The prices of machinery have risen by three to four times than the pre-war level. And the Finance Minister, has well rejected the demands of the industrialists for re-valuing the worn-out machinery. Our machinery has been worn out during the war years, and I think, Sir, it requires immediate replacement, if we want to maintain our productivity, and productivity at a lower cost, by modernisation of the machinery. The jute industry especially requires great attention, so also the textile industry. Therefore, there is a great departure in giving to the Industries incentive for replacing, renovating and modernising their machinery. And new extensions and new schemes also will come into being

[Shri C. P. Parikh.] on account of the concession which he has made in the matter of development rebate. I think, Sir, if the industrialists want to save super-tax, and if the industrialists want to maintain their profits, they will have to renovate and modernise their machinery.

Now, Sir, with regard to the arguments which were advanced by Mr. Bhupesh Gupta and Mr. Ghose, I find that the main argument which Mr. Ghose advanced was about fixing a ceiling on income. Now, Sir, if Mr. Ghose pays a little attention to what he has said, he will find that the Finance Minister has adopted some measures by which the incomes are practically taxed to the extent of 89 per cent. Mr. Ghose was very wise, and I think, not crazy like Mr. Bhupesh Gupta, in saying that he would be satisfied even if the ceiling on incomes takes place after five or ten years. I congratulate Mr. Ghose for taking a sober view of these matters, in order that our country may advance, not putting any obstacle in our way, as Mr. Bhupesh Gupta is used to do.

Now, Sir, if one reads these proposals carefully, he will find that incomes of over Rs. 1,50,000 have been made to bear a taxation of 89 per cent, practically. So the residuary income that will remain with a man will be to the extent of 11 per cent. Now, Sir, our country is second in the world in the matter of having such a high taxation on individual incomes. In the United Kingdom the taxation is to the extent of 92½ per cent, and in no other country does such a high level taxation exist. Even in the United Kingdom on this, slab the taxation is less. I am pointing out these things in order to show that the Finance Minister implemented this recommendation immediately on receipt of the Report. And I think, the principle of equality of incomes will soon be established on account of this proposal. But the expropriation of all the income—cent per cent—that is

left to the Communist Party. But the Congress Party and the Socialist Party know very well how to create money and how to utilise it, and how the initial enterprise remains. Mr. Ghose should be satisfied when I say that in the next five or ten years even this 89 per cent, may be gradually raised to 95 per cent. I think he will not quarrel over the difference of 5 per cent, because he has made sober arguments in a very sober way.

SHRI B. C. GHOSE: It is not a question of sober argument. It is a question of ideology. If you believe in socialism, then there should be a correlation between the highest and the lowest incomes.....

SHRI C. P. PARIKH: Sir, we have an ambition to raise the lower income* groups, to double their income, in as short a time as possible. The Congress is working in that way, and I may point out to you that the lower income groups should have their income doubled in two or three years' time. Steps are being taken in this direction.

SHRI B. C. GHOSE: That is all right.

SHRI C. P. PARIKH: That is very good. I see that you are satisfied, and that you are open to conviction.

Now, Sir, with regard to section 23A, a great departure is made by helping the public revenues and taxing the moneys which the big people in public limited companies did not distribute as dividends, lest they may have to pay super-tax. Now, Sir, the Finance Minister has plugged the loophole, and he has now laid down that the public limited companies, the affairs of which are managed "by six persons, will have to distribute the dividends. Now, Sir, the individuals cannot escape paying the super-tax. Now, Sir, there were other loopholes also by way of entertainment allowance, by way of travelling allowance and by way of other concessions, of

which the directors of companies, individual persons and officials took advantage. And all those concessions now have been withdrawn. Any profits made out of these will now be considered as income to be taxed. This applies to all the officers, the I.C.S., officers, and even to all public-men, whether in business, commerce or any other category. That loophole is also plugged. That also will bring substantial revenue.

Another concession that he has made is with regard to the carrying forward of losses and that is a very great concession, because if we are taxing the profits we must also take into account the losses. Previously in the matter of taxing profits at the time of liquidation of a company, only the profits of the last six years were taxed. Now, even the profits made fifty years ago will be taxed. That is another loophole which has been plugged.

These are various proposals and if anyone dispassionately considers the Budget, he will concede that the Finance Minister has gone to the greatest limit in direct taxation. I think it has reached the saturation point in our present economy. He does not want to go further because he knows that the industrial and commercial community is important for building industries. He wants to see that the experience of these persons is not lost to the country, but it does not mean that when the administrative cadre of the country develops, he will not go further, and therefore Mr. Ghose's apprehensions may be laid at rest on that account.

Then I will refer to some of the recommendations of the Taxation Enquiry Commission with regard to future taxation. First with regard to Estate duty, over which many of us are dissatisfied. I will say that the expected revenue from the Estate duty cannot be realised by the present method of assessment. Naturally there will be divisions of big properties among children, grandchildren, daughters, sons-in-law and every

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near relative. Therefore, revenue will be lost. I must say that when hereditary incomes are sought to be divided, they should be taxable. If we want a really democratic society, such properties should be taxed in order that such subdivisions of the property may not take place. A rich man may enjoy what he earns, but if he wants to make a gift in favour of his son, the State must have a claim on it. That is the point I am arguing. With regard to that there are certain recommendations made by the Taxation Enquiry Commission. They say that there are difficulties in giving a statement of the assets and liabilities and also that the present level of Estate duty is low and that gift tax may be introduced at a later stage. These remarks in my opinion show that the members of the Taxation Enquiry Commission were not unanimous on that point, and therefore this compromise has been arrived at. I think that if we keep our eyes open, we can see that there is no difficulty.

Another recommendation is with regard to the bonus shares. So far as these shares are concerned, only the last holder pays the super-tax on redemption. Actually the tax should be collected when the first holder who receives them sells them for cash, because he receives cash. This process of avoiding super-tax by selling shares by the first holder or by transferring them to somebody who is not liable to super-tax should be effectively plugged.

With regard to investment, this is very necessary for the rapid industrialisation of our country. If Mr. Gupta will read the figures of the import of manufactured goods, he will see that the import of manufactured goods has gone down to Rs. 275 crores. If he sees the import pattern, he will see that we are now importing mostly raw materials in a stage that they can be processed in the country, and the imports of manufactured goods is every year going down. With the plants now under construction, this figure will go down still further. The setting up of additional iron and steel

[Shri C. P. Parikh.]

plants will push this still further down. He is talking about 50 per cent, unutilised capacity of engineering industries. The bottleneck here is iron anti steel of a particular quality which we do not produce now, and I think this difficulty will not be obviated unless and until we are self-sufficient in iron and steel. No country in the world can afford to make everything required by it, but we shall be able to reduce the Rs. 275 crores worth of imports which we are having now to Rs. 125 in a period of three or four years when iron and steel becomes more and more available.

With regard to industrialisation to which my friend has not paid any attention, I will say how progress is being made. Iron and steel is well in hand. The electric machinery industry is also under negotiation and I think that in about three months we will see that some plant exists in the country. With regard to heavy chemicals, also, we have only the last ingredients but not the first basic materials. This also we are trying to make good. So, the only industry in which we are deficient is the shipbuilding industry, to which the Government should pay greater attention. Our mineral wealth also is not exploited to the extent necessary, and I think that a large amount of money has to be spent on research work, if we want to utilise our mineral resources for drugs, chemicals, dyes, etc. Great researches will have to be made in that respect. More and more money should be allotted for the Bureau of Mines. We should send out our research scholars abroad to see how things are done there. I think that the money spent on this will be repaid thousand times. I think this is very important.

Then, Sir, I will come to the next point, i.e. about excise duty, which is indirect taxation. The main thing is that before imposing any excise duty,

we must know what the capacity of our people is to pay taxes. The National Sample Survey Committee's report is there. Paper No. 2 has been published. They have taken survey of the families in 11,000 villages. This report will show what the position is in our rural areas. The families which have an income between Rs. 120 and Rs. 600 form 20 per cent. That means that one-fifth of the families in India are living at the subsistence level. I think that we should adopt quick measures to see that the income of these people is increased. If Government cannot increase their income to, say, Rs. 1200 in a period of three years, I think there must be something wrong with their administration, or with their policy in the industrial and agricultural sectors. We shall have to raise their living standards. This kind of poverty should not last and I think that, if we are desirous of building up a Welfare State, then it is the duty of the Government to see how these families can get an increase in their income. This is the main criterion which we should have in judging about what excise duties to impose.

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Rs. 600 to Rs. 1,200 income per annum per family. They are 30 or 31 per cent., so 51 per cent, of the families in the rural areas have incomes of less than Rs. 1200—ranging from Rs. 120 to Rs. 1200. What a poverty it is—we must understand—that a family of five has to undergo with the present cost of living? How are they to support themselves? How are they living? We must understand that. Then what is the proportion of families with over Rs. 3600 per annum as income? That is 7.4 or 7.5 per cent. That is our wealth in the rural areas. We must adopt measures to eliminate this poverty and if it is not done, I think the great progress which we have made in agricultural and industrial side will be smashed. We cannot keep these people in this state for a long time. In order to improve their lot, I am offering some remarks on the various measures. My whole point is

that we have to make some sacrifice if unemployment is to be relieved in the country and if we are to provide fuller employment. There are two criteria—whether the steps that we are taking are for the benefit of the lower income groups whose income are under Rs. 600 and under Rs. 1200 and who constitute 51 per cent, of the rural population? I think from that angle we have to judge. We have to provide fuller employment, in the rural areas. If the Sample Survey Report is seen, 80 per cent, of the people got work only for 6 months in a year and for the rest of the time they are idle. As Mr. Deogirikar has pointed out, there is a right for work for every man who wants to work and work should be given to him. I think unemployment should be eradicated from the country and as regards underemployment, we should provide as many facilities as possible by revising the whole structure of our cottage, small and large scale industries because agriculture has also a limitation in absorbing people. By intensive cultivation, by double crops, etc. we shall be able to accommodate some persons but I think our land is limited, our irrigated area is limited and these will be taking some time. The Finance Minister has said that he would be able to provide 12 million jobs every year for 10 years and the unemployment situation will be relieved. That means on the average 12 lakhs a year for 10 years. I think in the first year it will be 6 lakhs, in the second year 7 lakhs, in the third year 8 lakhs etc. The first three year's average will be 7 lakhs. So the absorption of unemployed or under-employed will not be to the extent that will be necessary. What is the extent necessary—according to our population it should be 18 lakhs. That number is coming into the employment fold every year and if we are able to accommodate at the most optimistic estimate only 12 lakhs, where are the other 6 lakhs to go? That is the main question and how we should provide employment* to them? Efforts in increasing the irrigated area, in having intensive cul-

tivation, in having double crops, etc. will absorb some people. The investments that we are going to have during the next five years to the extent of Rs. 5,000 crores out of the National Savings—that we may have out of the deficit financing we may incur in the next five years and out of the loans that we may get from foreign countries, the absorption of these people will be to the extent of 12 lakhs a year and not more. Then we have to revise our whole economic and the industrial sector in order to absorb not 12 lakhs but 18 lakhs and for that agricultural intensification is necessary but *on* the industrial side, I think we have missed a good deal. We have not been able to say what number the cottage industries can employ. We have now, in my opinion, to divide the industries into producers and consumer industries. With regard to the producer industries, we may carry on ultra-modernisation methods because ultimately producers industries are important and the producer industry should be carried on in the most efficient way in order to stand international competition because we want to maintain our export trade and for that we shall require the most up-to-date machinery for the producer industries. There is no difference of opinion on that. With regard to consumer industries, we must have a classification. We must first see whether the article can be made on a small scale or on a cottage scale. If it can be made, then the expansion of that consumer industry on that article should be arrested. If the consumer-industry wants to have ultra-modern machines, it may be allowed to have it provided that it sells those goods in exports and for any goods sold in the country internally, a corresponding cess should be levied so that the benefit of modernisation does not go to the concern. That is the main point and I think this does not require any elaborate investigation by a number of Commissions and Committees. We are fed up with the problem of unemployment for the last 12 month* or two years and I think without

[Shri C. P. Parikh.] going into any Commissions and Committees, we must sit daily together and formulate/ the views as to solve this problem in as short a time as possible even before the end of the Session. Why can we not have it settled? If we have the mind, we can start to-morrow considering this question and some sort of programme can be arrived at as to what part the large scale industry will play and what part the small and cottage industries will play. We don't want to destroy what has been built up and we don't want to destroy the large scale industries that are existing but at least we don't want to expand them at the cost of the unemployment which is very acute in the country and which is daily growing more acute. The large scale industry can exist only if there is peace and contentment in the country and if unemployment is not relieved in the country, some day, it will be blown up.

With these remarks, I will come to the excise duty on cloth. Regarding the excise duty on cloth, I think the* hon. Finance Minister has done very well regarding the reclassification of the average count because there was a lot of abuse on account of the original system which was meant for different purposes. The definition of average count can be read only in the Finance Bill and I think some technical knowledge is necessary to understand that definition. What I mean is that this classification is good so far as the super-fine qualities are concerned. Average counts of 48 and over will have the same duty but he has classified the rest of the cloth under a category which is not superfine. From the experience that I have of the industry which I am conducting and also of the great knowledge which I have in possession on account of the number of mills with which I was associated as Chairman, I say with my knowledge that for the benefit of the country, we have to make another classification and that should be of 28 average count. For average of 28 to j 48 counts one class may be there for .

which in the texture of the cloth, Indian cotton as well as foreign cotton will be used. In the third class which is below 28 count only, Indian cotton can be used and no foreign cotton can be used. Now these three classifications should" exist and now point out to hon. Members of this House that with regard to 28 counts, that cloth is used in the rural areas and by the lower income groups of per cent, of them I have pointed out. live in the countryside and their income is Rs. 1200 and less. We cannot ask them to pay any increase in duty which is suggested in this Budget. I will. Sir, now point out what is the excise duty at present on such cloth. The duty existing at present on all such cloth is 6 pies per yard and the additional excise duty is for the purpose of helping the handloom products, and that is 3 pies more and so the total comes to 9 pies. From this the Finance Minister wants to raise to 1 anna 3 pies, including the handloom excise duty. That means an increase to the extent of 66 per cent. That I think, Sir, is unwarranted, and if that comes, it will hit all the rural classes. My argument is further reinforced if you look at the definition of the term "essential goods". This term includes coarse and medium cloth. And I think even for sales tax, no State can levy any sales tax on these essential goods, that is to say, on coarse and medium cloth, namely those that come in the 28 count and under, without the consent of the President. The lower income groups will not be hit. Parliament has the sovereign right also and has levied excise duty and we have acquiesced in that excise duty of 9 pies on coarse and medium cloth in order that the handloom industry may be supported and I think we have taken a wise step. But if now you levy an additional 6 pies, then we have to consider the proposal very carefully, and we have to give great consideration to the effects that it will have on the rural classes. I can tell you on facts as they exist today that all varieties of handloom products are fully supported. I may here invite the attention of

hon. Members to the fact that the weaving capacity of the mill industry has a ceiling and no mill can increase it beyond that ceiling by any means. So the weaving capacity in the mills is limited and our consumption is going up to the extent of 300 million yards every year. Therefore the handloom industry will be fully supported. At present the handloom industry is able to stand on its own legs and to lace any competition from the mill cloth.

The hon. Finance Minister has made the statement that in this he is only trying to draw a little on the profits made. Now, if you want to draw on the profits of the mills, I submit there are different ways of doing that. One of them that I would suggest is that industrial concerns should not be allowed to make more than 10 per cent, profit, that is to say 10 per cent, of their paid-up capital and reserve. That is the way to take away the profit. If the profits of any industrial concern having its own funds and capital resources exceeded 10 per cent. —and 10 per cent, is more than reasonable return—then I think that concern should be assessed on a graded scale for super-tax purposes. That is the way to do it. So I think this duty on counts of 28 and under should not be levied.

PROF. G. RANGA: May I request the hon. Member to consider this point—whether it would not give some protection to the handloom industry?

SHRI C. P. PARIKH: Yes, it does give protection and if it is raised by 9 pies instead of 6, it will give further protection. But what I am suggesting is something different—and Prof. Ranga also might be having it in mind—that the excise duty on average counts up to 28 may be raised by 3 pies and the revenue of Rs. 4-5 crores should not be appropriated to the general revenues, but it should be given as a bounty to the handloom industry, for subsidising yarn sale in order that the price of hand-

loom cloth may also come down. The cloth index has to come down and that is the main consideration. The cloth index has gone up to 401 and we must bring it down to 370, if the agricultural prices are going to remain at their present level. We are having so many impositions on manufactured goods and therefore manufactured goods are dear to the cultivator whereas the agricultural products are cheap and so he suffers.

With regard to the 28 to 48 counts, I want to make one important point which should be borne in mind. In this classification, 25 per cent, of Indian cotton cloth is used and 75 per cent, is foreign cotton cloth. According to the proposals of the Finance Minister, the duty on both of them will remain the same as he has removed the import duty on cotton. Therefore, I say that if for purposes of excise it is not practicable to differentiate between cloth made out of Indian cotton and foreign cotton, I think he should in the interest of the country, in the interest of the agriculturists who are growing the long-staple variety, impose a duty on imported cotton as was in existence before. On international grounds it may not be possible, or on the grounds of the Constitution, he may not be able to differentiate on the same type of cloth, one of Indian and the other of foreign cotton. If Indian cotton of the long-staple variety which is being grown more and more, is to be subjected to the competition of foreign cotton, then we have the right to demand of the Finance Minister that Indian cotton should be given preference in the matter of excise duty in relation to foreign cotton. Foreign cotton used must be at a disadvantage in the same texture of cloth. That is my whole point.

Next I come to this question of the levy of duty according to the volume of production. Mr. Ghose has already raised that point in a veiled manner. I may make it clear that in the match industry, the rates of duty that exist

[Shri C. P. Parikh.] are according to the volume of production. The bigger the size of the factory, the higher the rate of duty and the smaller the factory, the lower is the rate of duty paid. I think if you want to support the small-scale and cottage industries, this method of levying excise duty on differential percentages is necessary. This is necessary if you want to support the small units against the competition of the large-scale units. For instance, it is unfortunate that even though there are so many soap factories in the country, they utilise only 30 per cent, of their installed capacity and produce only 30 per cent. of the total output, and one factory is exercising the monopoly and meets as much as 70 per cent, of the country's needs. I think this should be allowed to continue and we must take some bold measure of differentiating the rates of duties, in the same way as we have done in the case of the match industry.

With regard to the other duties, I think they have been wisely levied. The Finance Minister referred to the unemployment problem and the need for the industrialisation of the country and he has very wisely levied duties on woollen fabrics, paper and paperboards, paints and varnishes. These are not essential articles and 10 per cent, duty should be paid.

I may now mention some duties that he, according to me, should have levied. On edible oils there should have been a duty in order that the *ghani* industry may survive. I do not know when he has levied duty on so many things, why on edible oils manufactured in mills by expellers, no duty is levied so as to encourage the *ghani* industry. This should be done in order that more men may be employed in this industry, men who are now without work and who are under-employed and whose income we want to raise. The same thing has to be said about rice and *dal* mills. I do not know why we should not put a handicap on them if at all we want to support the cottage industries making these products.

PROF. G. RANGA: The Planning Commission has accepted the principle,

SHRI C. R. PARIKH: They have accepted the principle. In the case of glass, glassware and ceramics, the Commission has said that duties should be levied because those industries have thrived on protection. They have said 'that a substantial duty should be levied. The Finance Minister may be examining the proposals.

I now come to the other problem of each according to his capacity and each according to his needs. Each according to his needs is acceptable but each according to his capacity is not possible in this country. In the present state of things, I will be satisfied if each man gets work for eight annas a day. The whole issue is sidetracked in this way because there are so many persons, who do not want to accept the jobs that are offered to them, but I say that they should only be offered jobs at eight, annas a day. That would help quite a lot, especially the people in the rural area.

I turn to the Report of the Rural Credit Survey Committee. That Report has been published and the Finance Minister has made a reference. Many hon. Members must have read that Report but the suggestions made by that Committee in the matter of promoting agricultural development, in the matter of credit, in the matter of warehousing, in the matter of distribution and in the matter of marketing, are before the Government.

SHRI R. B. SINHA (Bihar): Mr. Parikh, the Budget papers run into so many volumes and we presume that you must have gone through the whole thing. Have you found any chapter which deals with or gives information about the socialistic pattern of the State? If not, what do you suggest from this side to support the Budget, as it stands?

SHRI C. P. PARIKH: I do not want to argue about the socialistic pattern and the Welfare State and all that. I

only want that the families who are earning only Rs. 50 per month as their income should get double of that. That is the only thing that I want; let it be by whatever pattern you choose or •call. That is the main thing and that is what I am standing here for.

I think, Sir, that the Report of the Rural Credit Survey Committee is an important document and this House has the only opportunity now, when it is discussing the Budget, to discuss that also. Suggestions for revitalising and assisting the whole realm of rural credit have been made in that Report and in some items these recommendations come into conflict with the suggestions of the well-known Ford Foundation Team. They may be very clever in their own countries but they have made suggestions here that the co-operative system will go on on its own accord. We have got to see to the well-being of the agriculturists who are living a sub-standard life. The report has suggested four remedies and I shall shortly narrate. They have suggested the formation of a National Agricultural Credit Corporation which will give medium and long-term loans. The State has been asked to contribute five crores of rupees in the initial stage and five crores every year in order that agricultural production may be increased. If this is done, I think •the agricultural production which is suffering now for want of credit will be increased further and prices which are depressed at present on account of want of rural credit in the areas will •be maintained.

The next proposal is the appointment of a National Development and Warehousing Board. The Members of the Committee have very rightly laid stress on the establishment of Warehousing Boards in order that the commodities may be stored and advances may be given against such goods. This will enable the agriculturists, while selling and buying, to get about 15 per cent, more in prices. I know that it will take time to implement these recommendations but I think the sooner

they are implemented the better it will be for the agriculturists. The State should not come into the field ^-minimum prices and all that.

The third suggestion is with regard to Agricultural Relief Guarantees.

MR. DEPUTY CHAIRMAN: Mr. Parikh, there are two hon. Members who want to leave for Bombay today.

SHRI C. P. PARIKH: I will try to wind up, Sir.

The agricultural processing and marketing should be in the hands of the co-operative societies. The main recommendation is that if any agricultural society requires any plant for processing the goods, that plant should be requisitioned by the State and should be handed over to the cooperative society. We must boldly say here that the co-operative societies should hold monopoly for processing agricultural goods so that they can benefit.

One last word about the Imperial Council of Agricultural Research.

PROF. G. RANGA: Indian, no Imperial.

SHRI C. P. PARIKH: Indian, I am sorry. That word has gone.

I think that the Council of Agricultural Research should be assisted with funds for carrying on researches to the maximum degree. Agriculture is a matter of researches and of technical improvements. I will point out only one single instance: we have seen that the yield of rice per acre can be increased to five or six times by the Japanese method of cultivation. Many other methods exist in many other countries and we must send out research students to foreign countries to carry on researches so that we could adapt those results in our system. I say that the yield in the case of the agricultural commodities can be very easily doubled if we provide irrigation facilities.

[Shri C. P. Parikh.] fertilisers and researches. Even if we provide only irrigation facilities, the yield may be doubled.

I want to say only one word about deficit financing. Deficit financing has to be incurred and should be incurred but it should be incurred in such a manner that the cost of living does not increase to any substantial degree in the case of the lower income groups. At present, the Treasury Bills—at the end of March 1956—will be Rs. 850 crores. We are reaching the point where against a note issue of Rs. 1200 crores we shall have Treasury Bills of Rs. 850 crores. But, Sir, the Finance Minister is a capable man to handle the finances of our country and I think he can be relied upon to take care of deficit financing. He has got the experience of the last three years and we can rely upon him to see that he goes ahead with deficit financing only so long as it does not create inflationary tendencies in the country. With the progress that we may achieve in the next two years, deficit financing will be easier and may be avoided.

With these words, Sir, I thank you for the patient hearing that you have given me.

SHRIMATI RUKMINI ARUNDALE (Nominated): Mr. Deputy Chairman, I would like to speak not on the finances as such because I do not understand them, but I would like to speak on the results that come in certain aspects of India's life from the spending of money, which can produce results of far more value than the money" value.

That which is the most valuable of all is that which is essential to our country, which is culture, which is the real spirit of our nation. We find that since India has become free there have been many remarkable changes. Everyone speaks about the socialism and so on but the most important thing is to see what is the way in which our country is true to itself. What is the

original contribution that we have made as a free country? I often hear this, "What has happened in other countries?" Now, it is a very good thing to know what is happening in other countries but if we are going to do everything in accordance with what the other countries do, it means that we are really following other countries and that we are not leading, nor are we making the unique contribution for which, I think, India stands.

And the unique contribution that we must make is to apply our independent and fearless judgment with regard to everything in life and to stand primarily for what I would call 'the Indian way of life'. Now it is true we have made much progress for we have certain unique features. In fact but for the unique features I would not myself be in Parliament because the very idea of nominating Members who are not politicians is in itself unique. These are excellent things. There is greater work for the promotion of art. In every field of activity there is effort for cultural contacts between different countries. There is effort of educating the masses. There is effort for helping the people who are in distress, social welfare work and so on. All this is magnificent and the effort that is being made for art is certainly one of the most vital because that which we are most proud of in our country is its culture. Wherever even our politicians go, when they lecture in foreign countries they don't speak merely about the industrial development but they speak proudly about the culture of our country. We are proud of our great cultural heritage and rightly so. But for that we have really very little to boast of in our country because that is the root, that is the seed and that is the basis of our past, our present and future. Now because of this great pride we have, we are making many many efforts. But I want to say this that it is very vital to realise that, though we are making efforts for the cultural rebuilding of our country, we should also realise while we are considering the money we spend on such things what

are our drawbacks, in what ways it is being done, how we can improve it, how we can change it and so on.

Now one of the things that I can say as an artist is that I feel very unhappy to see that so much is going on in the *name* of art than for *the promotion of art*. The intention is good; the meaning is good. But what is really happening as a result? I am afraid that even in these things we are ignorant and it is natural that we are ignorant. It is natural because we have had at least 150 years of education without an understanding of our culture, and how is it possible immediately to understand it? But what we should understand is that we do not understand. Unfortunately that is lacking and we find that people are expressing opinions, giving judgments, sponsoring art, sponsoring artistes and so on without knowing anything about it. If you- want to have something to do with law you go to a lawyer. If you want to have something to do with machines you go to an engineer but when it comes to art I am afraid that everybody thinks himself an artist and everybody thinks he is a critic and everybody gives judgments about it. Because of this what is happening now is that there is a great release in our country, a great power, the urge towards beauty. That power, has become almost like a Pandora's box because it has released things which are diametrically opposed to our culture, because we are all of us wrongly educated and we are unconsciously sponsoring that which is not real, which is not true and which is not beautiful. Some time ago when we were speaking on a Bill which had to do with the cinemas, everyone was speaking against the vulgarity and the ugliness one sees in them. But while on the one hand they well deprecated the vulgarity in the cinema, tomorrow they may approve of it if that vulgarity is promoted in the name of art and in the name of beauty. Therefore ugliness masquerades as beauty in much the same way as often violence

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masquerades as brotherhood. This is what is happening. In this connection I would like to make certain suggestions. It is not possible for everybody to know about art and therefore, there should be a certain amount of consideration, a certain amount of consultation and most important of all, a certain amount of humility with regard to art. The one who really knows something worth while of any subject would actually say that he knows very little. When one thinks that he knows everything we can be quite sure he knows nothing. I am afraid there are a large number of people who think they know a great deal about art. We have many many instances which I may mention. We have a great many performances of one kind or another. We have them when great visitors come here. We have performances under the sponsorship of some of our leaders in our country and I am invited to many. If I may say so, there are many that I feel rather ashamed to go to because I know very well that they are ugly and I know very well that unconsciously we are supporting cheap art. This is a great pity especially when we are presenting our art to foreign countries for we know very well that in their country their classical art, their most beautiful art, even if it is folk art, whatever art there is, is a live tradition. Because of this some of the great J*rtisjesin foreign countries have an *inffijufon* as to what is good even in India even if they do not know Indians, but we have not the discrimination to know how badly our art is presented. Unfortunately, this is the case now and this is how things are going on. I would like to see that a certain standard is kept, a certain form is kept, so that we do not sponsor everything and anything and everywhere in the name of art because unfortunately public taste is being exploited by a wrong kind of performance.

It is not only with regard to these performances but in other ways too we are imitators. However much we may say we are Indians I am sorry to say

[Shrimati Rukmini Arundale.] that while we are physically and politically free, we are not psychologically free. Psychologically, we are still thinking about foreign countries; we want everything foreign; we want to do exactly as they do and so we are un-Indian in many ways. If I may mention, an example we have the word orchestra. Of course, we call it by the Sanskrit name 'Vadya Vrindam'. But whatever the name you give, it is still an orchestra and is not Indian. I can easily also say it is not western because the westerner does not know what it is meant to be and certainly the easterner does not know what it is meant to be either. But we all think that it is something new which is being presented to India. So far as I know the uneducated people, the so-called uneducated people, do not appreciate it and perhaps the educated people even if they do not appreciate it, approve of it only because they think that others appreciate it. The cultured people do not appreciate it. According to me India has only three classifications of humanity; uneducated, educated and cultured. The educated are not always cultured but cultured people are sometimes educated. If we take the opinion of the cultured or of the uneducated; because so often the uneducated have better taste as they have not had the misfortune of wrong education, they have better sense of culture. They have natural intuition and we can find that we can get help from those masses of people whom we are trying to educate. One of the things I am afraid of when it comes to adult education is that we may educate them in our way and I am afraid of this particular form of education. We have to learn from them in this and in many other things in which we have no knowledge. The Government gives scholarships for helping artists and I know very well that when they are given these scholarships suggestions are made as to what they should learn in dance or music, how they should learn, from which teacher they should learn and so on and so forth. Is it possible just be-

cause we have a position we should know about art also? It is not possible. These are things I would like the Government to consider because our culture is so rich and great and we must do our best to preserve it in the right way so that one day people will look back upon 1955 onwards and say, "India's culture was at its height". I can easily say and with sorrow that India's culture is not at its height today. This is my own personal opinion, though in this particular respect there, may be many view points.

I would like to see culture in every aspect of life. I would like to see Indianisation in every aspect of life; an Indian outlook including, if I may say so, in the way that we dress. It is a strange thing that ever since we have been free more people are fond of Western costumes than they were before we became free. I am not against Western costumes. To me, they are not beautiful on Indians. This is only a private and personal opinion. But whatever it is, we are more un-Indian today than we were before we were free. I do not mind if people even want to wear foreign costumes, but they think they ought to, which, I think, is worse. We must produce an atmosphere for things Indian. People think that they cannot carry on; they cannot go forward; they cannot get positions; they cannot get privileges unless they wear Western clothes. Why should we respect people according to their clothes instead of according to what they really are? Should we not make an improvement on whatever psychology there has been years since?

SHRI H. C. DASAPPA: I believe the remarks apply only to men; or do they apply to women also?

SHRIMATI RUKMINI ARUNDALE: It applies to women also, not in dress but in other fashions that are being copied by them. The application of modern fashions by women to their sarees is something quite ludicrous. These are things that I cannot prove in a court of justice because art can be proved only by two things—sensitiveness and intuition. Let us develop

them and then we shall know art. All this applies to everything that is incongruous, ugly, lacking in simplicity, lacking in beauty and lacking in the right attitude to life. Leaving this, I would like to see Indianisation in every possible thing. Here in Delhi there are many functions taking place. Do we have Nathaswaram? Do we have | Shehnat played at all at these functions? We have a band playing *Jana Gana Mana*. For the first time when I came here to attend Parliament I heard this *Jana Gana Mana* being played. At least if it was in tune, it could have been forgiven but it was not even in tune and it was impossible to hear *apaswaram*. Unfortunately, my ears are developed enough to be able to detect *apaswaram*. I would therefore like to see the Indian atmosphere, and the Indian spirit in everything that we do. It does not mean that we are shut off from the beauty of other things from other countries.

If we are truly cultured in our Indian way, we can appreciate Western culture better. What is wrong today is that we are neither Indian nor are we Western. There are many other things. We have got Embassies and we have got Cultural Attaches in foreign countries. I have travelled a good deal and I know we must pay attention to this aspect.

May I add one thing about educational films? Really our educational films are very badly produced. We say that we do "not like the films because they are vulgar. The Western attitude is this: It is not the subject that matters but it is the way that the subject is presented that matters. In India we say that the subject is ugly or vulgar and on this basis a film is vulgar or not but we do not mind how badly it is produced. According to me ugliness is vulgarity. I have seen—I will not mention names—In a particular place a great monument, an ancient one, in front of which there were two young people, a young lady in shorts with a scroll in her hand speaking of ancient India. This scene

with this type of people is surely not typical of our country. We should keep an eye on these things and when we send a film abroad, there should be some kind of an artistic or spiritual filtering. Just as we say that we do not want ugly Hollywood films we should not send ugly Indian films outside. Ours is a different kind of ugliness. Ours is just ignorance; or it is only innocence—with good intentions. Let us make sure that it is not only good intentions but something more that is achieved.

Incidentally—perhaps this is out of place—I personally rebel a little bit against some of the reforms in which we try to be Indian while we can be Indian in more important other ways. I am not very keen about this Kumari, Shrimati and so on because these prefixes are becoming a new problem. If a woman is not married and if she is constantly called even at the age of 50 years a Kumari, it not only appears ridiculous but she also feels ridiculous. We have our own natural ways of calling people. We have had them for thousands of years—Shri, Saubhagya-vati, Shriyut, etc. Can't we get on with them? If not, let us have Mr. and Mrs. if necessary. This is only incidental and perhaps it is even unnecessary to mention it.

Then I would like to mention something about education. Education is the only way by which we can be Indian. What are we doing to make our young people Indian? What is the unique and outstanding feature of our educational work? We are educating the masses. Yes. They are becoming literate. But is literacy education? If we continue education in this way, more people will be educated but we are going to have more problems because they will come to know much better how to do things wrong than they would have known otherwise. Surely, it will become a problem. Today we are talking about colleges. We do not know how to manage our young people. It is absolutely essential that though this is a secular State there

{Shrimati Rukmini Arundale.]

should be some kind of a universal and spiritual education. Religious education, you may call it. We do not want religion that makes differences; we do not want barriers; we do not want narrowness; we do not want the bigotry that goes with religion but the essential principles of religion must be there. Indian culture will die without it. And it is because that spiritual attitude is not there that the Indian dancing, for example, has become a way of personal showing off. There is in it, no beauty; no grace; or purity with rare exceptions. This is so because our old outlook is going. It has been said by Kalidasa about our dancing that it is sacred art that appeals both to the *devas* and to the human beings. Today it does not appeal even to the human beings how would it appeal to the *devas*? I say that we need that background of religion because we need something to lift us ourselves. You may say: 'we do not believe in God', but the person who says that he does not believe in God really believes in God because he thinks that he is God himself and his opinion is the last word. We need a universal and spiritual outlook in every aspect of our life and I would like to see it emphasized in our education work as well. If religion is not there what is going to happen to us? We are proud of our temples in South India. People go to worship there. Surely, if religion dies, do you know what will happen? There will be more temples added to the Archaeological Department and surely those ancient temples are a far greater evidence of our culture than the present-day art that we are often presenting. We are proud of our ancient monuments, but from where do these monuments come? They are the result of our religion. We may say that we do not like religion, but we like the result of it. We like our ancient sculpture. We would like to put our Nataraja in our drawing rooms. If somebody in the old days did not believe in Nataraja there would not be Nataraja today in our drawing rooms. This is the sense of morality.

you cannot teach morality to you; people without it because every great man and every great woman of our country has possessed that outlook. This morning I was surprised when I heard that expert educationists were of the opinion that when the children are very young one cannot give them moral education. I am afraid I do not entirely agree with these experts because it has been known for centuries that the first seven years of the child is the most important period of a child's life. The Roman Catholics say, 'give us the child up to the age of seven and do what you like afterwards.' Coming to modern times what about the great educationist Dr. Maria Montessori? She said that the first few years of the child is an expression of the complete individual. The complete individual is already there; you only have to awaken that individual. We do not want to preach religion; we do not want to preach morality. No young person likes to be preached to. This is one of the reasons why we are not successful in our efforts. What the young want is example. What they want is atmosphere. What they want is upliftment and that must be done by creating an environment to lift them out of themselves. This environment must be given right of childhood, even perhaps before the birth of the child. This is an important aspect of education.

The second important aspect and the most important aspect is this. It is the education of the heart. After all, what is the use of anything in life if we have no hearts? And what is the education of the heart? Art, the teaching of art is one way of stimulating and refining the emotions; the love of nature; the love of beauty. the love of all kingdoms of nature. That is essential. It is known that tiny children love nature; they love flowers; they love colour; they love them more than they love human beings, except their fathers and their mothers. But when we grow up we lose human beings and they do not like anything else! Why? Because we

are educated out of it. Surely the most important part of education in keeping with the spirit of India is humane education. We need people who can love those who suffer. We speak about poverty, helping the poor people, social work, etc. Why should there be poverty, why should there be need for social work if we all had hearts? What we do not have is the feeling for suffering and that must be inculcated from childhood and every child must learn to love. They must begin with the animals and birds and see that there is no cruelty for they are unconsciously often cruel to the animals. Humane education must be part of our programme of education. When we come to that, unfortunately it looks as if that kind of education has to be given to grown-ups as well, because what is necessary today is to educate the educated, in other words, we have to educate ourselves because we ourselves do not feel for the suffering of others. We ourselves allow many cruelties to go on right before our eyes." Yesterday and the day before, we were talking about the Railways. When we go in a train we see little birds in large numbers packed in small baskets and transported. Nobody mentioned these things during the debates. What about the animals that are being taken abroad. Do we talk of it? Do we look at them? Do we feel for them? No, we do not feel, and I say unless we feel how can we expect young people to feel? I may mention in this connection one of the sad things that I find. I have here a Tourist Information Guide.' It was given to me when I went to South America. In the front page there is a beautiful quotation by Max Muller which says how beautiful India is. He speaks about the country that is "universal, in fact more truly human a life, not for this life only, but a transfigured and eternal life—again I should point to INDIA." Then we go on reading and one of the things that we do is the invitation, "You can come to India." What are the things for which you will come to India? One of them is to

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hunt. Must we pander to the lust for blood even in what is called sport? Is it Indian? Does it seem to be in conformity with our spirit, our great traditions of *Ahimsa* of which we talk? Let the poor people be cruel, because they are ignorant, but let us not be cruel, because we are supposed not to be ignorant. I would like to see such things omitted from our Tourist books and we should not hold out the bait of blood for tourists to come or earn money in that way.

And last, but not the least important, I would like to refer to a recent incident—the death of many, many monkeys in the London air port by suffocation. Is not a sad thing that hundreds and thousands of monkeys are being exported from India not only to London but to other countries? Not only is it wrong to export them, but all that goes with it. It is written in one of the newspapers: "Baby monkeys will still be left to die of starvation, while the parents will languish and die in laboratories. It is simply heart-breaking. We have appealed directly to the Indian Government, and through letters in their newspapers to the Indian people, but still this wicked thing goes on." I would like to point out to all of you and to all of us that we should feel for these creatures. Otherwise, we cannot speak about "Ahimsa" If there is anything which is the greatest and the most beautiful jewel in the crown of our country, it is our culture and the essence of that culture is kindness and compassion.

These are the few points that I would like to bring to notice of Government and the Members. Let not dollars be earned by such a trade. We speak about blackmarkets. Yes, but when money comes out of cruelty, the market is even blacker than the black-market. I speak in strong language but I do speak with humility. I also speak with appreciation. I have no feeling that everything the Government does is wrong. We are Indian people

[Shrimati Rukmini Arundale.]
and for me an Indian is above caste,
race, or religion and even above party
politics. What we must all think is
only that which will help our country
to stand out as the greatest, the most
beautiful and the noblest country in
the world.

MR. DEPUTY CHAIRMAN: The
House stands adjourned till 11 A.M. to-
morrow.

The House then adjourned at
five of the clock till eleven of
the clock on Friday, the 4th
March 1955.

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