

[Shri Abid Ali.] friends of the Party opposite are agitating that that particular section in the Bombay Industrial Relations Act should be deleted. In Indore also, Sir, some complaint was made by the All India Trade Union Congress and the Hind Mazdoor Sabha workers, because Madhya Bharat also has got a similar Act. There 15 per cent, membership is not liked. And again, a demand here comes that a union with 15 per cent, membership should be given recognition. Now we have to take all these facts into consideration, and the fact that trade union movement has advanced considerably, as also the fact that the Government desires that trade union movement in India should become stronger and stronger, and the workers should not mainly depend upon enactments and regulations about trade union rights, but they should have unions on their own strength would surely be strong and effective, as it is happening today not only in Bombay, Madhya Bharat and such other places where compulsory recognition is provided for according to law, but in other places also where unions are getting sufficiently strong and are being recognised by employers. And we want to encourage that system.

SHRI T. V. KAMALASWAMY: Do you want to absolve yourselves of the responsibility?

SHRI ABID ALI: We have our responsibility too, and in fact, this is part of it that unions should become effective, that workers should become organised, and if we give recognition only on the basis of enactments, then the workers' organisations will become weaker. We do not want that to happen. With regard to (he amending Bill, of course we want to bring a beautiful white Bill and" I hope it will come very soon. Sir, I oppose the Bill and if the hon. Member is not prepared to withdraw it, then I would request the House to reject the same.

SHRI T. V. KAMALASWAMY: He has not given any reason.

MR. DEPUTY CHAIRMAN: They are bringing a beautiful white Bill.

SHRI T. V. KAMALASWAMY: Why was it not enforced at that time—that beautiful white Bill?

MR. DEPUTY CHAIRMAN: It is put down in the Legislative Business. What is your reaction?

SHRI T. V. KAMALASWAMY: Then I would like to keep this Bill adjourned *sine die*.

MR. DEPUTY CHAIRMAN: I don't think it is possible. Either you have to press it to a vote or withdraw it. If they don't bring it you repeat this mixture.

SHRI T. V. KAMALASWAMY: Sir, Parliament is supreme and they have flouted it.

MR. DEPUTY CHAIRMAN: They are bringing another comprehensive Bill.

SHRI T. V. KAMALASWAMY: Sir, the House will be very ill-advised to rely on their promise. I would like to press this Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to amend the Indian Trade Unions (Amendment) Act, 1947, be taken into consideration."

The motion was negatived.

MR. DEPUTY CHAIRMAN: We will go to Budget discussion.

---

THE BUDGET (GENERAL), 1955-56  
GENERAL DISCUSSION—*continued*

SHRIMATI PARVATHI KRISHNAN (Madras): Mr. Deputy Chairman, in the midst of all the contradictory hallelujah that have been sung on the floor of this House as regards the

Budget, my voice, I hope, will serve

the purpose of bringing reality before the hon. Members. Let us see in what context this Budget has been presented. It has been presented to us in the context of increased production, increased unemployment, fall of prices of agricultural produce and lower purchasing power of the largest section of the people, with that much mooted objective for which so many of the hallelujahs were sung—the objective of the so-called socialistic pattern of society. It is in this context that this Budget has been presented and it is in this context also that I would appeal to the hon. Members to take a sober view of the Budget and to judge it because outside this House, throughout the vast length and breadth of our country, the Budget has caused grave apprehensions in the minds of the majority of our people, in the minds of large sections of our people because, what is the over-all picture that faces us today? Every section is being affected by the economic crisis and those sections are also being affected by this Budget except one section—the section of the monied vested interests, big business and the landlords.

Now, let me take it section by section. Firstly, the agricultural section who form the vast majority of the toiling people of our country in whose hands lies the power and the strength to create the wealth of a country like ours. What is the position among them today? On the one hand you have the prices of commodities falling very rapidly. I have before me some figures which are very revealing, figures which show that on an all-India scale, the price of foodgrain has fallen, from January 1954 to December 1954 from 381-5 to 319-3 taking August 1939 as a hundred. The industrial raw material price has fallen from 481-5 to 532-5. Prices of semi-manufactured articles have fallen from 361-5 to 346-6 and those of manufactured articles have risen from 364 3 to 374-2. This is the over-all price position in the country and you will see how the agricultural section has

been very severely affected and how, as a result of the fall in the price of agricultural produce, their purchasing power today is very much below what it has been for a large number of years. That is one side of the picture. On the other side you have the increased indebtedness of the peasants and you have the increased rents and levies and also cases of evictions increasing by thousands throughout the country. Let me just take one example to show how rates and levies are increasing on the agricultural classes. I would like to quote as an example how in U.P. the irrigation rates are. One of the principal sources of revenue today for the U.P. Government is that of irrigation rates. Here are the comparative figures from 1952 to 1955. In 1952-53 the net revenue of the U.P. Government from irrigation rates was Rs. 31 million and odd. In 1953-54 it was Rs. 41 million and odd and in 1954-55 it was Rs. 51 million and odd. This is the position where the source of revenue for Government, the burden of that revenue, is being placed on an already indebted peasantry, on a class that is recognised throughout the world, not only in this country, as one that is already being overburdened. This is the over-all picture and what do we find in this Budget offering as relief to this section of society in our country? There is absolutely no relief that we see for them. On the other hand they are being neglected and being made to bear the major part of the burden of the economic crisis in this country. The Census Report shows that 59 per cent, of our agricultural population are non-earning. Now we find that with the fall in prices of agricultural produce, their purchasing power is being further reduced. Of course we will have that age-old argument that if we raise the price of agricultural produce, then that means they will have an increased burden on the rural population because the selling price will be increased but we have got to see one thing. While the wholesale prices have gone down so much, the cost of living index has not gone down to a relative extent

[Shrimati Parvathi Krishnan.J and even the Times of India a paper which can by no means be taken to represent the agricultural population or the exploit sections of this country, even that paper wrote as recently as a month ago drawing attention to the fact that:

"Strangely enough, food accounts for nearly half the weight of Bombay's working class living index, the fall is hardly of three points from the August level." and then it goes on to say:

"Yet the disparity reveals that the living cost is out of tune with the wholesale prices."

So, this is no argument. If the Government is serious about giving real relief to the agricultural population and to the urban population, then it is only a policy of subsidised prices that can really solve the problem but we don't see any indication of it in the speech of the Finance Minister on the Budget.

Secondly, regarding the working class, which is another large section in our country, today we find a new song being sung, the song of the improvement in the standards of living of the working classes, the song of improvement in the wages they receive and so on and so forth and old figures, old as the Bible itself, being quoted to show how comparative improvement has taken place, but what is the reality? As I already pointed out, the cost of living has not gone down but on the other hand it is four times the pre-war level but at the same time relative to this, the emoluments of the ordinary workers have not gone up but their workload is increasing and the worker is asked to put in more work whereas his wage is not even what is called a living wage.

Sir, one of the most alarming things that is occurring before us in this country is the growing unemployment among the middle classes. I have here the unemployment surveying figures

for certain towns in" the country and this is what these figures have to say. They are very disturbing figures which will have to make us all think very seriously as to whether this unemployment question is really being tackled effectively by the Government or not. In Lucknow, these figures show that 10 per cent, are unemployed, of whom as many as 20 per cent, are matriculates. For Patiala the figure is 10 per cent, and for Calcutta the unemployment figure is 20 per cent, that is to say, one in every seven of the population. For ten towns of Bihar the figure is 15.4 per cent, and 7 per cent, are partially employed. In Travancore-Cochin 16 per cent, of the total male population and 13.2 per cent, of the total female population are unemployed. These are not figures that can encourage anyone to sit back and be complacent about the unemployment situation in our country. On the other hand, if we look at the Annual Review Number of the journal "Commerce", we find that there is a steady increase in the number of applicants who are registering themselves at the employment exchanges in the country. I would like to remind hon. Members that when considering these figures, we should remember that they do not include the large army of the unemployed people in our rural areas, in the countryside, the huge army of the unemployed people among the agricultural labourers. The employment exchange figures show that from the year 1951 to the year 1954, the number of people who have registered themselves with those offices has increased, from 3,28,000 to 5,88,000, and the most disturbing fact is that within the short, period of one year, that is to say, from July 1953 to July 1954, there has been an increase of 20 per cent, in the figures, from 4,93,000 it has risen to 5,88,000. That, Sir, is not a very happy picture, certainly not a picture that brings to the mind of anyone a socialistic pattern of society. On the other hand, it seems as if we are getting far away from that bogey of socialism, certainly not aiming at getting nearer to that pattern. That is what I want to remind hon. Mem—

bers about. What does the Taxation Enquiry Commission itself say? They say that the tax paying capacity of our people is nearly exhausted and in the average family budget in our country today as much as 70 per cent, of the income goes for food items and for clothing. Then what is left for meeting other necessities? What is there to pay the taxes that are to be imposed on them? That is the question I would like to ask of the hon. Finance Minister.

In this context, what is the policy that we are following? There is a policy which provides for a development rebate to the industrialists who have been making large profits and who are going to be given some compensation as a result of this Budget. This is the section of the Report of the Commission which has inspired the Finance Minister to take steps to implement their recommendation in this respect immediately. But even in implementing that recommendation, the warning of the Taxation Enquiry Commission has been forgotten, the warning that is given there that the selection of the industries eligible for the rebate should be made on the basis of their importance for national development and the need for special stimulation to secure their development, the actual selection being made by an appropriate body like the Planning Commission. They say that an expert committee of officials should work out adequate measures for preventing any abuse of this concession. And one of the members of the Taxation Enquiry Commission has himself expressed his views on this Budget in these words:

"It is difficult to understand how a decision can be taken in the meanwhile to extend the development rebate of 25 per cent, to industries and as it is the decision completely negatives the possibility of guiding investment in desired channels; it is certainly not consistent with economic planning."

Sir, while we see that such relief is being given to the industrialists, on

the other hand what is done for the consumers? Are the toilers being given any relief in this Budget? It is indeed strange that the Government gave relief to the tea plantation owners at a time when there was the slump in tea prices. They also saw to it that the workers shared the burden of that crisis, when certain concessions were withdrawn from the workers. This very Government today, when there is this tremendous boom in tea prices, does not see to it that the workers and the consumers get an equal benefit from that boom, in the same manner as they made the workers share the burden when there was the crisis. Why is there this differentiation when dealing with the majority of our people, the petty traders, the consumers and the workers? These people are forgotten and the industrialists, the big plantation owners, they are remembered without exception without any reminders even from their spokesmen on the floor of the House or their spokesmen outside this House.

In an India where the deterioration of the economic condition of the majority of the people is taking place, I would like to put before the Finance Minister certain very revealing figures showing the profits that some people are making. The industrialists even today say that whatever taxation is being introduced, they are also suffering like the common man. They say, "Any concessions that we may get are not enough." But why shed such crocodile tears on the floor of the House? Are we to have a socialistic pattern of society? Here are the figures of company profits from the year 1950-51 to the year 1953-54, in crores of rupees. In 1950-51, the net income, after taxes and dividends had been paid was Rs. 76 crores. In 1951-52 the net income was Rs. 108 crores. In the year 1952-53 the figure was Rs. 98 crores and in the year 1953-54 the figure has gone beyond all imagination, to Rs. 124 crores. And so these poor starving industrialists are being burdened so much that this Budget has come out to give

[Shrimati Parvathi Krishnan.] them compensation. Here I would like to draw the attention of hon. Members in a nutshell, to the concessions that are being given to our "long suffering" industrialists. Here are the concessions. Firstly there is this development rebate of 25 per cent, of the cost of all new plants and machinery installed. That is not enough. So secondly, there is a reduction in the export duties. Thirdly there is the abolition of the import duties on some raw materials. And next there is the permission to carry forward the loss on the business indefinitely instead of only for six years, as at present. Then there is the raising of the rebate for payment of insurance premium to one-fifth of the income instead of one-sixth of the income. There is then the establishment of the Industrial Credit and Investment Corporation with a grant of Rs. 75 crores interest-free loan and the guarantee of a loan of ten million dollars from the World Bank, with more loans from other foreign agencies. Surely, this is no small concession for the relatively small amount of taxation that is to be levied on them. This relief that is being given to them amply compensates them for any additional tax burden that might be put on this section of society in our country.

Now, take the common man, Sir, there is no corresponding relief for the burden that is being passed on to him. Firstly, there is no land for the peasants. Of course, I can hear people thinking aloud, hon. Members on the other side thinking aloud and saying that the Communists are here once again with their slogan. But, Sir, this is no Communist slogan. This is a reality confirmed by a Committee of the United Nations, the Committee for the Development of the Underdeveloped Countries. They have given priority to this and said that in the under-developed countries, unless and until the land problem is solved, unless and until the agrarian population is satisfied, the under-developed countries cannot hope to progress.

It is the U.N. Report, Sir, and a Report which has been drawn up by a committee of experts who have gone deeply into the matter and this too has not been taken serious note of. If it is a development rebate, yes, we rush into it. Our Finance Minister is very brave indeed, because he has no opposition, he has no fire to face there but, Sir, when it comes to a suggestion of this type from a serious body, then it falls on deaf ears or, it does not even come to the notice of the hon. Finance Minister. Similarly, for the working classes, where is the guarantee of employment? Where is the unemployment assistance for the working classes? Where is the assistance that the working classes have been asking for again and again? Where is the subsidised food for the middle classes and the urban population? Where is the relief to the distressed areas? None of it, Sir, is there in the Budget?

In concluding, I would just like to remind the hon. Finance Minister of the words of a very great poet of ours written two or three years ago. The great poet of Malabar, Poet Vallathol has written some words, some lines, which may almost be said to be the epitaph of this the first Budget ushering in the new socialistic pattern of society. These are the words of Poet Vallathol and the hon. Finance Minister and all the Deputy Ministers

and all those Members who have been singing their hallelujahs, would do well to remember these words and will remember this epitaph in the years to come:

"Enjoying unhindered the nectar of pleasure, the capitalist hero rejoices in his heavenly tower; but those that made the heaven for him, with hunger totter and fall somewhere and die."

SHRI S. C. KARAYALAR (Travan-core-Cochin): Mr. Deputy Chairman, within the limited time at my disposal,

I shall touch only upon certain points which seem to arise out of the Budget and the Budget speech. I shall first touch upon the question of production which has been referred to in the Finance Minister's speech. Reviewing the economic conditions during the year 1954, the Finance Minister has said that there has been a general increase both in industrial and agricultural production. This is true not only of the year 1954 but this has been a general feature during the period of the Plan, that is, from 1951 to 1964. The index figures for production will reveal the state of affairs very significantly. Agricultural production has gone up from 96 in 1951 to 114 in 1953-54 and industrial production also has registered a corresponding increase from 105 in 1950 to 135 in 1953 and again to 141 in the first half of 1954 but look at the problem from the point of view of money supply during the same period. It has been found, Sir, that money supply during the year 1951, that is the figure for 1951 end-March, was Rs. 1966 crores and it has been gradually going down from that year onwards and it reached the figure of Rs. 1751 crores in 1953 end-March, that is, there is a fall of more than Rs. 200 crores during the two year period but there was a slight increase during 1954 by Rs. 100 crores. When the volume of money supply fell by about Rs. 200 crores between 1951 and 1953, the price index also fell by 12 per cent. and when the money supply went up by about Rs. 100 crores, the index figure rose by about 4 per cent. This shows, Sir, in a significant way, that the volume of money supply has not kept pace with the growth of industrial and other economic activity during 1951 to 1954. The fall in money supply has had very wide repercussions on the economy of the country; although this is not very marked in North India, Sir, this has had very wide repercussions in the South, particularly in the State of Travancore-Cochin where the volume of economic activity showed a definite downward trend during the period when the volume of money supply came down and it

has had its repercussions on the employment situation in Travancore-Cochin. Economic activity has suffered a great set-back during that period and the volume of unemployment has correspondingly risen. That is one of the major problems with which the State Government has been faced. This aspect has got to be considered and there should be a scheme by which the trend of production may be watched in various areas comprising Inala and there should be a scheme for injecting money supply into the system where the trend of production shows a downward trend. This is very striking in the case of Travancore-Cochin. I should like to say that even in order to maintain economic activity at a particular level and in order to make provision for an expanding economic activity, the volume of money supply has got to be increased if the prices are to be kept at a particular level.

Sir, having said this much about production, I should like to touch upon the problem of labour in relation to production and industrial activity. An hon. Member remarked that the attitude of labour in this country has been killing industry. I will not go to that extent; I will say that the problem of labour in its relation to industrial enterprise and productive activity has been creating a very serious situation in the country, the magnitude of which has not probably been fully realised or recognised. Sir, if you take any newspaper at random and go through its columns, you will find a report in the columns of either a strike or an industrial dispute or some such thing.

SHRI H. P. SAKSENA (Uttar Pradesh):  
Or, a lock-out.

SHRI S. C. KARAYALAR: Or, a lock-out. What does it indicate? It is indicative of a deep rooted disease in the economic system. We are inclined to treat the symptoms of this disease and we do not propose to go deep into the matter and find out the root cause of it. What is the root cause of this disease which is affecting

[Shri S. u. Karayalar.] the economic system? I would like to point out that we have got to make a new approach in order to study the whole question and apply remedial measures before it is too late. The root cause of this is to be found in the way in which trade unionism is developing in this country. Trade unionism is essentially a democratic movement but it has developed certain tendencies in India which are not calculated to develop it on very healthy lines. It is not proceeding on democratic lines; it has developed totalitarianism. It has assumed the complexion of totalitarianism. I mean, Sir, that now it is under wrong leadership. In this connection, I will read out only a few sentences from a letter which I received only two days ago from the Chief Minister of Travancore-Cochin State. "A strike is going on in the Tatas at Ernakulam. This has been going on for the last one month or more. Work is at stand-still. The minimum wage which even an unskilled worker gets in Tatas is understood to be Rs. 102 per mensem. I am told that welfare activities on modern lines have been organised at Tatapuram for the benefit of labour. I feel distressed to think that a strike has been going on there for such a long period. I have had a talk with the representatives of the Union and of the Management about this question. I gathered that the trouble arose in the wake of the appointment of a Supervisor by the Management. None of the rights of labour recognised as such, has been violated by the Management. In the circumstances, should there have been a strike with all the attendant consequences? Look at the amount of man-hours lost as a result of the strike. I offered to refer the dispute for adjudication, but the leaders of the Union are not in a mood to accept the offer although the Management is." I should think that this is unsatisfactory.

**I P.M.**

Sir, this is one aspect of the whole question. I say that there is a deep-rooted disease in the whole economic system, which has got to be eradicated

ed by finding out the real cause and I say that the real cause of the whole disease is to be found in the wrong leadership under which trade unionism is developing. It has got to be relieved of these unsavoury features, namely, that of regimentation from the top and wrong leadership. In other words it means that it has got to be purged of the wrong leadership and it has got to be put on absolutely democratic lines. That is the remedy, Sir, in order to treat this evil that is overtaking our industrial and economic activities at the present stage.

Now having said this much, Sir, I will come to the taxation measures that have been proposed in the Budget. Sir, generally speaking the trend of the taxation measures is to put a curb on consumption. Sir, it is well-known that the level of consumption both of food and other articles of necessity is very low compared to the level obtaining in other countries. In the present stage of development of the economy, Sir, it is absolutely necessary to raise the level of consumption instead of putting a curb on consumption. Whatever may be the case for putting a curb on the consumption of articles which may be considered to be luxury articles, having regard to the general pattern of consumption in the country, there is a case for pushing up the level of consumption of the necessaries of life, namely, cloth, sugar and things like that. But if you look at the structure of the new taxation proposals, Sir, they are intended or designed to put a curb on consumption of essential articles, of articles of necessity. Now, Sir, having made this general remark, I will examine a few of the proposals relating to taxation. Sir, in the first place I wish to say—that the proposal to increase some of the excise duties and the proposals to levy new excises on certain articles is in pursuance of the policy announced last year, namely, that the tar structure of the country has got to be stabilised by a system under which more and more articles will come

under excise levy. In other words, the shift in emphasis will be from customs to excises. Of course so far as it goes as a general proposition it is quite all right, but in regard to the imposition of an excise or the increase of the excise duty on particular articles, each levy has got to be very closely watched and studied in relation to its effect upon the industry concerned and the effect upon consumption. Take the case of the proposal to levy an increased duty on sugar. The proposal to increase the excise duty on sugar is a very simple proposition. It appears to be very simple at first sight, but it is a very complicated thing. I will explain what I mean by saying that it is a very complicated thing. This matter of raising the duty on sugar has received the attention of the Taxation Enquiry Commission. They have rushed to the conclusion that it can bear an enhancement of duty and they have come to this conclusion on the sole ground that in spite of the levy of a duty and the increment of the duty from time to time, the consumption has gone up to a considerably high figure of about 15 lakh tons during the year 1953. Sir, this is a very shortsighted view of the matter. The consumption of sugar is largely determined by the price structure of *gur*. If there is a great disparity in the price levels of *gur* and sugar, then the consumption of sugar will go down. But if the disparity is reduced very much so that the price levels of the two commodities are more or less the same, then the preference will be in favour of sugar. That is exactly what happened in 1953 when the price level of sugar was very low, and that should not be taken as a guide for determining that the consumption of sugar has gone up. Sir, this is a view which does not seem to have been appreciated or seems to have been overlooked by the Taxation Enquiry Commission. I am sure, Sir, with the present structure of the price of *gur* and sugar the consumption of sugar will surely go down, and in that state of affairs, the industry, I take it, will have to absorb the effect

of the new increase in duty. In other words, if the industry has got to absorb the effect of the increase in duty, then the profit of the industry will be considerably reduced, in which case, Sir, the proceeds of income-tax from the industry will be considerably reduced, so that the effect of the increased duty on sugar\* will be offset to a greater extent by the fall in income-tax revenue. This is an aspect which has got to be considered very carefully. »

And then there is another aspect of the whole matter. Sir, the Government have announced a policy of stepping up the production of sugar as a part of the Five Year Plan and then they have also announced a policy of encouraging cane-growers by inducing them to offer more cane to the sugar factories and for this purpose they have announced a bonus system which was only today reiterated—I think a statement was laid on the Table of this House today in answer to a question. The statement says: "Government have also taken a decision for the first time to apply on a voluntary basis throughout India a formula for linking the price of sugarcane to the price of sugar." Sir, this policy of giving a bonus to the sugarcane growers cannot be given effect to in view of the fact that the industry will have to absorb a major portion of the increase in duty. If it is done the profit position will be considerably affected and therefore they will not be able to offer any inducement to the cane-growers in the shape of a bonus. Sir, these are aspects which have got to be considered.

And then finally, Sir, as I said, it is going to affect the consumption because of the great disparity in price between sugar and *gur*.

These aspects must receive the earnest consideration of the Government and they must think twice before giving effect to the enhancement of the duty on sugar.



[Shri S. C. Karayalar.] Now I come to the question of income tax.

THE VICE-CHAIRMAN (SHRI V. K. DHAGE) : Will you take more time? You have already taken five minutes more.

SHRI S. C. KARAYALAR: All right, Sir. I will cut short my remarks. Sir, one proposal is to introduce a new slab, of Rs. 7,500 to Rs. 10,000 and also to increase the rate on that slab. That is not a move in the right direction. That will affect a large group of assesseees belonging to the lower income group. That will affect their savings; that will considerably affect consumption also. In fact, these are the people who require relief. So that is not in the right direction and I object to the very slab itself. I suggest that the question must be reconsidered carefully. This slab must be removed and the old system restored.

Then, I come to the question of earned income relief. Sir, It is proposed that earned income relief will automatically lapse when the income reaches the level of Rs. 40,000; that is, between Rs. 24,000 and Rs. 40,000 automatically there will be a readjustment and by the time the level of Rs. 40,000 is reached, the earned income relief will go. Let us see what relief is. This relief is granted having regard to the fact that human machinery requires depreciation allowance and also in view of the fact that earned income is of a very precarious nature. These are the principles on which earned income relief is given. As a matter of fact, if you apply these principles, earned income relief ought to be given at higher levels also. So the old system deserves to be continued. This readjustment in the granting of earned income relief ought to go. If you apply the principles on which earned income relief is given, this readjustment seems to be unwarranted.

T want to make another suggestion in regard to dividends. It is treated as unearned income. I should like to suggest that dividends, particularly

from risky capital, should be given the benefit of earned income because there is a great risk involved in putting in equity capital. Sir, this ought to be treated as earned income and proper relief should be given.

The question of development rebate was also referred to. There is a section which seems to feel that development rebate ought not to be given indiscriminately to all industries. That is a very wrong attitude to take. Development rebate has to be allowed not on the basis of what is called the ordinary depreciation but it stands on an entirely different footing. And that has been recognised by the Finance Minister himself in his speech. It is contended that development rebate ought to be given only to certain industries to be specified and not to all industries. But, Sir, I should like to say that there is no case for any kind of discrimination between, one kind of industry and another in the present set-up of things because all investment is now directed along defined channels which are specified in the Plan. The industrial and economic activity is now proceeding along defined channels and not at the discretion of the private entrepreneur. There is no scope for any kind of discrimination between one kind of industry and another so long as the entire economy is under the direction and control of the Government. So I would like to stress that this development rebate should be given to all industries when they intend to instal new machinery. The object of giving this rebate is to induce people to go in for new and modern types of machinery and instal them. So, this rebate should be given to all industries.

Sir, I have got many more remarks to make but in view of the time factor I would request that these points may be considered by the Government and I would say something during the consideration of the Finance Bill.

SHRI LAVJI LAKHAMSHI (Kutch): Sir, this is the last Budget of our first Five Year Plan. In order to assess the effects of our first Five Year Plan, I

suppose we have to direct our enquiry in three directions, namely, increase in production, psychological effect on our people and psychological effect on our administrative machinery. So far as increase in production is concerned. I submit that we have made considerable progress in the matter—both in the agricultural produce and in industrial products. In so far as the psychological effect on the people is concerned, their urge for co-operation and participation, though limited, has been displayed in the field of Community Projects and National Extension Services. It has been proved that our people have played a very considerable part in the matter of the development of our country. The most refreshing part is to note the great psychological effect on our administrative machinery. It was common knowledge and experience that our administrative machinery which has had a bureaucratic training under the foreign rule could only think of checks and restraints and such other impediments in the way of any development that was suggested by the people. The first Five Year Plan has succeeded in bringing them to a new aspect. They are fast unburdening themselves of this load of bureaucratic training that they have had. To that extent this Plan has made a very marvellous achievement and I hope, Sir, that in future when our other Plans are taken up whatever remnants of this bureaucratic training that they have got will also disappear completely.

Coming to the Budget proposals, we find, after examining the credit and the debit side of revenue as well as capital outlay, that there will be an overall deficit of over Rs. 340 crores. The Finance Minister proposes to meet this deficit by two ways, firstly by what he calls the printing press and secondly by what he calls prudent finance. This printing press will be utilised to the extent of about Rs. 318 crores and the prudent finance will come into play to the extent of Rs. 21 crores and odd. Many experts and economists were wondering at this deficit financing and its possible inflationary

effects. I admit that in any economic activity of this gigantic nature there is\* a possibility of error but we know that our Finance Minister if ever he errs, he errs always on the right side. We know that with increased production there must be a corresponding increased money supply. If that is not there, there is the possibility of the economic equilibrium being disturbed and therefore I am sure that this play of printing press will not have any inflationary effect on our economy.

Now, coming to the proposals relating to what he calls prudent finance, I am afraid I cannot agree with his claim for prudent finance cent per cent. To some extent it is prudent having regard to the fact that now a new emphasis is sought to be given by our Resolution at Avadi, that is, the establishment of a socialistic pattern of society. If we examine these prudent finance proposals from that angle, I submit that they do not come to our expectations. This prudent finance is divided into indirect taxation and direct taxation. In the field of indirect taxation I would limit my remarks only to the proposed taxation on woollen fabrics and cotton textiles. I would submit that in the interests of the development economy, employment, and all other things, there should be one integrated policy so far as this clothing part is concerned, that is the cloth part of the economy is concerned. It is an essential commodity. What are the essential necessities of life? We put food, clothing and shelter under these. — So, clothing is an important item. The policy with regard to that should be a little more rational, particularly in view of the fact that the aim that we have set before us at Avadi is socialistic pattern of society. I would submit that there should be the greatest encouragement for the export of our manufactured cotton textiles. We find here still remnants of the export duty on our cotton textiles. There should be no such duty and we must make the maximum effort to export. We must give the maximum encouragement for the development of our ex-

[Shri Lavji Lakhamshi] port trade in cotton textiles, in order firstly, to earn foreign exchange, and secondly, out of the gains made to support our national cloth producing activity in a way that I am presently suggesting. The local consumption should be so related as to encourage to the greatest extent the handloom and hand-spinning, because it is one of the major or rather the most major source whereby we can give relief to the problem of unemployment. In the field of small scale industries and cottage industries, this production of cloth plays the most major part. Therefore, I would submit that the prices for the local produce of textile mills, production of textiles for local consumption should be so related that they should not discourage hand-spinning and hand-weaving. In fact, they should encourage hand-spinning and hand-weaving. If we examine from that point of view. I do not find very encouraging signs in the matter of the taxation proposals over these textiles. We find again that some attempt has been made at rationalising this classification, etc. Formerly the excise duty on cloth was being levied on the basis of linear yard. Now, they have started levying it on a square yard basis.

' That is more rational. Again, according to the original classification we had, the textile millowners tried to escape. There were four classifications, that is, superfine, fine, medium, and coarse. That was rather an artificial classification and experience proved that it was a wrong way. Now, there are only two classifications. I still believe that a more scientific way would be to levy duty *ad valorem*. Because what escapes in this is, for example, coating. It is more valued when compared to other prices, it escapes the financial burden which otherwise falls on other varieties. This can all be obviated if there is an *ad valorem* levy of taxation on these textiles. And that should be to such an extent and of such a nature as to encourage our handloom and hand-spinning.

Now, Sir, I come to direct taxation. /As for the rest I find myself in agree-

ment with the general policy that the Finance Minister has put before us, that is to say, the other manufactured articles. Having regard to the increased industrial activity, other industrial goods could come in for the excise duty in order to meet the gaD that might possibly develop due to our increased industrial activity. That is to say, there will be a gap in the customs revenue. Now, coming to direct taxation, in income tax we do find some sort of an increased levy in the various sectors or various slabs of income. But what we were looking forward to was the acceptance of the principle of a ceiling on income. This could easily be done by levying income tax over certain incomes which would act as a ceiling. Today it is not fixed, although there is some increase at the very high level, that is to say 87 per cent. When the total income will be beyond thirty lakhs, they propose to levy 87 per cent, and odd. But even as the Finance Minister is reported to have said there will be still persons who will be making more than a lakh of rupees net income. There will be about a hundred odd more persons making an income of more than a lakh of rupees net. My submission is this, that at least byway of accepting this principle of bringing down this disparity between the lowest and the highest income, there should be some ceiling rate, for incomes over a lakh of rupees. I would still urge and submit to the Finance Minister to reconsider this position and make a suitable amendment in his income tax proposals; to further amend it whereby nobody would be able to make such an income, or at any rate there should be an incidence of taxation, on incomes beyond a lakh of rupees net, to the extent of fifteen annas and eleven point nine, nine, nine pies in the rupee. Of course, there is an argument that incentive will be lost if this is done. I would ask, incentive for what? Incentive for more money than a lakh of rupees? After all, for what does he need more money after getting a lakh of rupees? Even a lakh of rupees is too much. Even fifty thousand rupees is too much.

Por living in ordinary comfort, for a normal decent living, one does not require more than twenty thousand rupees a year. I would leave it to the hon. Members of the House to consider what one would do with a large amount of money over a lakh of rupees. It would only lead to unsocial incentives. Incentives to that kind of life should be taken away. Incentive to good life should always be given.

Then, Sir, the Taxation Enquiry Commission has suggested the lowering of the exemption\* limit from Rs. 4200 to Rs. 3000. I think, the Finance Minister should have taken up this suggestion particularly having regard to the fact that when he raised this limit to Rs. 4200 he made an argument that he will be lightening his burden by about seventy thousand cases. That is one thing. At any rate, at that time the prices prevailing were such that he thought that Rs. 4200 exemption limit was all right. I submit, Sir, that the first argument, according to me, does not cut much ice. That 70,000 more cases or one lakh more cases will increase employment. But price factor is certainly a thing which requires consideration. At any rate, today the price indices have shown a considerable lowering at least in the sphere of essentials of life, for example, food grains, food-stuffs, clothing etc. Now I would also submit that mere ceiling on the sum would not be enough. It would no doubt be one of the steps towards the establishment of a socialistic pattern of society, or it would no doubt be an earnest towards the establishment of ; a socialistic pattern of society. But ' we should also put a ceiling on the limit of property that one could possibly possess. And here, I think, the Estate Duty Act could be brought into play to bring about the desired result. And while I am submitting something about this estate duty, I am also thinking of certain loopholes that are existing in this Estate Duty Act. There are loopholes in the field of transfers without consideration and transfers 'for considerations of natural love and affection. In this matter there is

some tightening up required indeed. And the Finance Minister had suggested that he could always bring in amendments to the Act, whenever necessary. So I would submit that from the point of view of fixing a ceiling on the property, as also from the point of view of filling up the gaps, he should take necessary steps in the light of the suggestions that I have made.

Now coming to my home State, Kutch, I must say that it is one of the three Part C States which are on the border, and which are not given the benefit of the provisions of the Part C States Act pertaining to Legislatures and Ministries. Very recently we read in the papers that in Manipur, one of the three Part C States, there was an agitation for the extension of the benefits of this Act, i.e. the establishment of a Legislature in that State. I would submit that in so far as our State is concerned, we do not agree with the agitation that is going on there, because at the time when that Part C States Act was being enacted in 1951, it was by common agreement and after mature consideration that we came to the conclusion that having regard to their possible developments, as also to their geographical position, the provisions of the Act about Legislatures and Ministries should not be extended to these States. And we agreed to it. This movement particularly after the appointment of the States Reorganisation Commission, according to me, was ill-timed, or at any rate, it was more a political show rather than a genuine desire for the establishment of what are known as democratic institutions. I would say that in the interests of development, and also to keep the administrative machinery in tone, it was necessary that some sort of a machinery should have been adopted, or should have been put into effect. And that was to utilise the electoral colleges. In all the States, Sir, there are electoral colleges which elect the Members of the Rajya Sabha, and each State has a thirty-member electoral college. These electoral colleges could be utilised for advisory purposes

[Shri Lav ji Lakhamshi.] They could inform the people about the day-to-day working of the administrative machineries, which could be kept in tone. At the same time, that would have some educative value. I hope the Government will take into consideration the suggestions which we have already made.

It is very gratifying to note that our State has made a considerable progress in the matter of development. Particularly in the sphere of agricultural advancement of our country, on which the main emphasis was laid, in so far as our part of the country is concerned, it has received considerable impetus from the first Five Year Plan. We could have done still better, if we had an administrative machinery at the head of which there had been a man with more imagination and with more initiative, particularly in the last three years, because when there are no Legislatures and no Ministries, that is to say, when people do not come into direct touch with the administrative machinery, it is only the head of the Administration, who has to be a man with initiative, with imagination and with urge for development. (*Time bell rings.*) I am sorry, Sir.

THE VICE-CHAIRMAN (SHRI V. K. DHAGE) : You can take two or three minutes more. You do not speak very often. Therefore I have no objection to your taking two or three minutes more.

SHRI LAVJI LAKHAMSHI: Thank you, Sir.

There is one more point, Sir, to which I would like to draw the attention of the Home Minister—the Home Minister is not here, but I hope the Deputy Finance Minister will convey it to him—and that is about the law and order position. If you just look at the map, you will find that Kutch is just on the border of Pakistan, on the south side of Sind. In the last two or three years, we have

had at least not less than three to four dozen cases of raids there. Dacoits from Pakistan came over to our portion of the country and committed loot, and even, murder. And at no time were any of these three dozen cases traced or caught. Of course, so far as the Centre is concerned, particularly my hon. friend, the Finance Minister, is concerned, he does not deprive us of the money part of it. In 1948, our Police Department Budget was only Rs. 5 lakhs. Today it is Rs. 22 lakhs. So, so far as the Centre is concerned, there is absolutely no complaint. It is the local administration that is concerned, Sir. Thank you.

SHRI TRILOCHAN DUTTA (Jaramj and Kashmir): Mr. Vice-Chairman, noted economists and veteran parliamentarians have spoken on the Budget but it is primarily as a lay man that I speak. For a person like me it is very difficult to get at the hard reality, having to travel through a maze of figures and the labyrinthine mechanism of the Budget. A person like me loses the way in that pursuit.....

SHRI M. GOVINDA REDDY (Mysore) : You have not got lost.

SHRI TRILOCHAN DUTTA. Thank you for the compliment. I am likely to lose my way in that pursuit and thus I am worse off than Abhimanyu of Mahabharat. who, as a result of a prenatal coaching but only incomplete, knew how to enter the Chakravayuh but not how to get out. The Finance -Minister seems to have fortified himself, made himself impregnable behind a formidable array of facts and seemingly irrefutable reasoning. Whether it is the only wizardry of a financial expert, I cannot say. Only the time can tell.

Coming to the Budget, the Finance Minister's review of the economic conditions presents a very hopeful picture. He talks of the maintenance

of the over-all stability attained by the economy in 1953. There has been a general fall in prices reflected in living costs in various industrial centres. There has been a marked improvement in the agricultural production of the country resulting in a great deal of reduction in the import of foodgrains. Industrial production during the year has also increased over a wide area. Cement, yarn, cloth, jute and steel have registered an increase in production—the only exception is sugar. The pace of industrial development in the country has also accelerated. The Finance Minister is satisfied with the progress made by the State Industrial enterprises. As a result of a general improvement in the economic situation of the country, there has been a revival of investors' confidence and a substantial increase in money supply. The balance of payments position is also satisfactory although there is bound to be a relative shortage of foreign exchange owing to the planned development programmes. So far as 1954/55 is concerned, as a result of savings, the revenue deficit will come down to Rs. 5 crores only. As for the year 1955/56, the deficit on revenue account is Rs. 347 crores and the over-all deficit is Rs. 340 crores. The Finance Minister ends on a note of confidence and while he calls upon the nation to spare no efforts to maximise our resources, he assures us that the budgetary deficits of this order carry no threat of serious inflationary pressures. So far as this picture is concerned, it is all right but the basic thing, the yardstick of economic progress and the justification for calling upon the nation to make more sacrifices, is, I would say, the degree and the pace of translation into practice of the Directive Principles of State Policy laid down in the Constitution. Let us judge the picture as it is presented and the sacrifice that the nation is called upon to make from that angle. Where the determining factor in the economic situation is the rate of

planned economic development in the country, not less important is the amount of confidence you are able to create among the people, the response you evoke and the cooperation that you win.

Now according to the Directive Principles of State Policy, the State is pledged to give to all citizens adequate means of livelihood; right to work, (this is very important) right to education and to public assistance in cases of unemployment. It has pledged to all workers, industrial agricultural or otherwise, a decent\* standard of living, full enjoyment of leisure and social and cultural opportunities, ownership and control of the means of production, to serve the cause of the nation as a whole, the people as a whole, to avoid the running of the economic system in such a manner that the wealth or means of production are concentrated in a few hands and so on. Let us judge the Budget as it is or the situation as it is presented from these standards. Let us see what the condition of the poor is today. The Finance Minister has told us that so far as the industrial sector is concerned, certain fall has been there in the price index but what about the teeming millions who live in the villages? As the Finance Minister has admitted himself, there is a fall in agricultural prices. We have to see whether there has been a corresponding fall in the things which these villagers need. If they make the sacrifice for us to bring down the cost of foodgrains, we have also simultaneously to provide them the bare necessities of life at a reasonable cost which has some bearing with the means of income which is only the production of foodgrains or say, the cash crops. If we have to take the country on the road to progress, we have to look not only to the cities. We have to look to the population of the villages, who constitute the bulk of the people of

[Shri Trilochan Dutta.] this country and there I support Prof. Dinkar who reminded us that the essential culture of India was entrenched in the villages although I don't agree with him when he came to ridicule Delhi and the culture of the urban population. There I think his expression was poetic. A poet always delves deep down into the past and then comes out and projects into the future Without taking into consideration the present and the requirements of the present. The Finance Minister has himself admitted that the unemployment in the country is on the increase and although in his speech on the economic policy in the other House he had said that we will have to create 20 million jobs every year, he has not given any indication in the Budget speech as to how we are going to create those jobs if we have to meet this great challenge, not only to our leadership and our Government but to all the thinking people in the country. We have to see, those of us who can think and who know, it is their responsibility to see that the country is brought out of economic stagnation, this process of low income and low savings.

The Congress, Sir, has placed before the country the objective of the socialistic pattern of society. It is a very correct objective. As Panditji has said, it is an outlook, it is a reflection of the feeling of the people. Sir, if we claim to represent the people as we do, and if the feeling of the people is such, then why don't we come to the logical conclusion and see that all steps are taken which will lead us with all reasonable speed to the achievement of that objective? After all, we have had recourse to planning. Why do we fight shy of certain terms? For instance "regimentation," a term much abused and much misunderstood. But whether we use the term or not, we have in practice to carry out the sense of the term, that is to see that our policies are realistic, that for the achievement of the objective that we

have set before us, we actually trunk of the conditions that are necessary for the achieving of that objective. We have to be realistic and objective. We do not have to be visionary, or go by certain theories which do not apply to our country. It is that very objectivity which forces us not only to let the private sector exist, but to allow it a reasonable amount of incentive and free-play within certain well-considered limits. Of course, we cannot permit any unrestricted licence to go away with the lion's share of the earnings of the people. The other day Dr. Ramaswamy Mudaliar was talking about the perquisites and he said that those perquisites should not be taxed. I say that they should be taxed. The Taxation Enquiry Commission in its report has said that it has been found that the managing agents get half of what accrues to the shareholders, and just as the figures given by my colleague, Shrimati Parvathi Krishnan, show, the amount of money which the industrialists, which this private sector has been taking away, has been mounting year by year.

Coming now to the taxation, Sir, there are four broad principles of policy which also formed the terms of reference of the Taxation Enquiry Commission. These are that the taxation should be such as (1) to lead to a steady reduction of the inequalities in income and wealth, (2) to suit the development programme of the country and the resources required for that, (3) to lead to capital formation and maintenance and development of private enterprise and (4) to be able to deal affectively with the inflationary and deflationary situations. Therefore, I would submit that in respect of certain additional taxes that have been proposed in the Budget, I would like to say that before additional taxation is levied, the Government must exhaust all avenues of economy in the expenditure of the existing resources. Waste should be avoided, leakages plugged. Today we have to see that anti-social elements, both inside the services and outside are curbed. Government must come down heavily

on corruption and nepotism and lack of patriotic fervour. We must guarantee to the people and must provide for them the most efficient and economic use of the funds that exist. Even the Taxation Enquiry Commission has said that the demand for a high-powered commission to go into the present expenditure of the Government is a very great necessity. That demand is justified and the Government must see that whatever funds they have at the moment, whatever resources they have at the moment, are efficiently and economically used. If the Government do that, I am sure that so far as the people are concerned, they would accept any amount of sacrifice for the sake of the country and the nation. So, this problem of taxation is not only an economic or a fiscal problem, but it is a human problem and therefore calls for great qualities of leadership. We have to enthuse the people, to convince them that we are running the Administration for their good, for the common good, for the largest good of the largest number. We have to convince them on this issue in a human way and I am sure that the people will come out with all sorts of sacrifices, and accept all types of hardships that they have to undergo for the common objective, which is to build a socialistic pattern of society.

THE VICE-CHAIRMAN (SHRI V. K. DHAGE): Are you likely to take a little more time?

SHRI TRILOCHAN DUTTA: Just a few minutes more, Sir. We know that our country is under-developed. We know that we have to catch up with the more advanced countries, if we are really to justify the great position which the correct and wise policies of our Prime Minister have given to our country. If we are to maintain that position, we must be a developed country, an economically advanced country, and as such we know that we must reconcile ourselves to increasing taxation.

Every day, Sir, the critics of the Government express fear about the

likely impingement of foreign aid that we get, on our independence, the reactions that it will have, the influence that it will exercise on our maintaining an independent line, a correct line of neutrality. If we are to maintain our independence, Sir, it is only crystal clear that we have to depend less and less on foreign aid and more and more on our own resources which can come (i) by borrowing and (ii) by taxation, and as such we must enlarge the role of taxation and of borrowing, coupled of course, with judicious deficit financing.

Since my time is running short, Sir, I will not go to individual items, but broadly speaking I would say that instead of taxing the requirements of the common man, additional taxation should be levied on luxury consumptions, there should be taxation on wealth and property, especially unearned increments in the value of the latter. I support some of my hon. friends who spoke before me that the ceiling on personal incomes must be fixed. After all, talking of incentives, I think the time has come when we should really change our conventional ideas regarding these incentives, regarding the kind of life that befits the higher occupations and ideas that a person must expect rewards and profits before he can work for the common good of the people. All these conventional ideas must go.

So far as the people are concerned, so far as the common man is concerned he should be spared the additional taxation because he has already very meagre living standards and very frugal consumption levels. It is the higher income groups which must be taxed and it is in expenditure that we must economise first before we really ask the people to pay more taxes.

Coming to my own State, Sir, I have only to thank the Government of India for the due regard that it has given to my State and it "has helped my State to share in the development which is happening in



[Shri Trilochan Dutta.] India now. It is a very sound principle, Sir, that disparities are removed and the Centre in consequence of that policy, has been giving financial and all out help to my State as a result of which, there are vast development projects going on. The standard of living of the people has risen and there is peace and tranquillity in my State. I am only sorry for the people on the other side who are under enemy occupation and who are writhing under his heels and who, unfortunately, are not today with us to share the benefits of being with our mother country and permanently with her.

THE VICE-CHAIRMAN (SHRI V. K. DHAGE): Mr. Malviya. I hope you will not like me to draw your attention to the fifteen minutes limit.

SHRI RATANLAL KISHORILAL MALVIYA (Madhya Pradesh): I will try to be as brief as possible, even though I have much to say.

I will confine my observations to some of the pressing problems with regard to the Labour and Production Ministries. I have to draw the attention of the hon. Minister here as also of the hon. Minister of Labour to the deplorable conditions of housing among the colliery workers. This question has been raised for the past . many years but the conditions have not changed and the workers in the coal mines are living in virtual black holes. Congestion is very heavy in the houses there and all attempts which, have been made to improve the conditions have failed. I have been a Member of the Coal Mines Labour Welfare Advisory Committee for the past seven years and I am also a member in the Housing Board of that Board; proposals of various kinds have been made and Government also tried its level best to persuade the employers to improve the housing conditions but all attempts have failed and I am ultimately taking this opportunity to voice the grievances

on behalf of the colliery workers from the floor of this House. I may briefly give you an idea of what is being done and how the situation stands today.

As the hon. Members would be aware, the Coal Mines Labour Welfare Fund Act came into operation in 1947 and a Labour Welfare Cess is being levied on the consumers at the rate of six annas per ton of coal and coke despatched from the collieries. Collections for the year 1953-54 amounted to Rs. 1,21,00,000 and odd and this amount has been distributed among the General Welfare and Housing accounts in the ratio of 7:2. The progress made by the Coal Mines Labour Welfare Fund Organisation towards general welfare of the miners is very satisfactory. Central hospitals, regional hospitals, anti-malaria operations, multi-purpose institutes, adult education centres, women's welfare centres, recreational facilities such as mobile cinema vans, games, sports, etc.. have all been provided and it is doing very good service but then, so far as housing is concerned, you will be surprised to know, Sir, that more than Rs. 2 crores have accumulated in the Housing fund and because this amount could not be spent, a sum of Rs. 1,35,53,200 had to be invested in Government securities.

THE MINISTER FOR REVENUE AND DEFENCE EXPENDITURE (SHRI A. C. GUHA) : Why should it not be spent? It is, after all, an autonomous body. I think.

SHRI RATANLAL KISHORILAL MALVIYA: I will explain the difficulties in the course of my speech. In the year 1949, Government decided to construct 50,000 houses and, up to 1951 alone, they decided to construct 10,000 houses. With this object in view, they started the construction of the township of Bhuli. 1,566 houses at a huge cost, if I remember aright, of Rs. 70 lakhs were constructed. This township proved a failure.

SHRI A. C. GUHA: Where is it?

SHRI RATANLAL KISHORILAL MALVIYA: Bhuli is near Jharia. On 31st March 1954, many years after its completion, out of 1,566 houses, only 640 were occupied by the colliery owners for their miners and 132 were occupied by the Police, Postal and other Government Departments, shop keepers and contractors etc., and 794 houses are still lying vacant. The idea of creating a township was, therefore, given up and the basis of granting a subsidy to the colliery owners was adopted. On this basis, the subsidy which was first given to the colliery owners was 20 per cent, and later on it was raised to 25 per cent. This also failed to attract attention of the owners. Applications for the construction of 2,767 houses only were received by the Coal Mines Welfare Fund Commissioner during the past six years whereas the requirement is 50,000. Even out of the 2,767 application, only 1,386 houses are reported to have been completed by 31st March 1954. The attention of two ex-Labour Ministers, the hon. Shri Jagjivan Ram and Shri V. V. Giri, was drawn to this deplorable state of affairs in the intervening period and both of them threatened the colliery owners with legislation in the general meetings of the Labour Welfare Fund and a special sub-committee on coal miners' housing was, as a result, constituted in the middle of 1953 at the request of the colliery owners. I was one of the Members of that Committee. I was not hopeful about the results in the light of what had happened in the past. I therefore proposed that in the same way as six annas a ton was being realised from the consumers, a cess of four annas per ton may be imposed on the colliery owners and the construction of houses should be undertaken by the Government itself. This proposition, due to a majority against me, was not accepted and the housing position today remains as it was ten years ago

and labour is still suffering. It has now been proposed by the employers that they should be given loans on the lines of industrial housing schemes of the Ministry of Works, Housing and Supply; that too, Government has done and in the month of March 1954 that scheme of grant and loan, 37 per cent, loan and 25 per cent, subsidy by the Government had been sanctioned, but to your surprise, Sir, you will find that not a single application has come from the employers up to this day and no progress has been made in this respect. In the last meeting of the fund which was held on the 6th of January 1955 the employers came with still a fresh proposal in which they suggested that 50 per cent, of the houses required at every colliery should be constructed from the fund, and for the remaining 50 per cent., the fund should advance, colliery owners loans without interest repayable in 20 years. Sir, this amount of Rs. 2 crores which has accumulated with the Government is not sufficient even to finance this scheme of the employers. After all, according to their latest proposals, they are prepared to invest 50 per cent, though through loans. So when they are going to contribute there should be no hitch on their part to accept a cess of 4 annas per ton and make their own contributions in easy instalments. We have calculated that if this cess continues for ten years the houses will be completed and the worries of the Government and the worries of the workers will go. I therefore very earnestly request that the Government should take very seriously into consideration the imposition of this cess of four annas per ton on the employers and undertake this scheme.

Now a word about the Government, railway collieries themselves. I tried to find out in the Budget if any provision has been made by Government for the construction of houses in their own collieries. I am sorry

[Shri Ratanlal Kishorilal Malviya.] have found none. In this connection I may mention, Sir, that as far back as 1953 I had submitted a proposal to the hon. Minister for Production giving a concrete scheme. I do not know what has happened to it. When the Government is not coming forward with their scheme, how can they expect the private employers to come forward with the scheme? The Government have so far been in a privileged position. Almost all the house<sup>1</sup>\*, so far have been constructed by the fund. The housing in the Government collieries also, their sanitation, the roads, lights, the improvement of the old quarters which are of match-box design up to this time, should be undertaken to give confidence to the workers and also to make their living conditions better. Now, Sir, another point to which I want to draw.....

THE VICE-CHAIRMAN (SHRI V. K. DHAGE): It is time; you can take a minute more.

SHRI RATANLAL KISHORILAL MALVIYA: How many minutes more, Sir?

THE VICE-CHAIRMAN (SHRI V. K. DHAGE): One minute more.

SHRI RATANLAL KISHORILAL MALVIYA: I will request for five minutes.

THE VICE-CHAIRMAN (SHRI V. K. DHAGE): There is some other thing fixed up.

SHRI RATANLAL KISHORILAL MALVIYA: I will try to finish quickly and I will only touch the points.

Another important point which I want to say is about the nationalisation of the manganese industry. The recent crisis has proved the necessity for it though the crisis was very temporary. The Government gave there

duty and reducing railway freights but the condition of the workers worsened. Mines were closed and they were retrenched in large numbers without any retrenchment or lay off relief and they suffered a lot. It is time, Sir, that attempts should be made by the Government to nationalise the manganese industry. 90 per cent, of the manganese trade consists of our exports and we are defamed in foreign countries about the quality, etc. A commission should be appointed to go into this question. With regard to the manganese industry I will emphasise one more point and that is the creation of a statutory labour welfare fund for the manganese workers. It is about eight years back that this fund was created for coal mine workers but nothing has so far been done for manganese workers. It is gratifying that a reference is now pending before the Tribunal. The manganese worker is the most neglected and ignored man among the working class. I propose—it is based on the calculation of prices, profits and manpower that I have made; there is no time to go into details thereof—that Government should consider my proposal to levy a cess of Rs. 5 per ton on manganese and a welfare fund may be created on the lines of the fund meant for the coalmines and mica mines. Now briefly, Sir, I will only say.....

THE VICE-CHAIRMAN (SHRI V. K. DHAGE) : May I suggest that you take some other opportunity? You have covered all your points.

SHRI RATANLAL KISHORILAL MALVIYA: Then one minute. Sir, and I shall finish.

There is the question of retrenchment in the cement industry. It has created stir and caused consternation among cement workers. The Industry enjoys virtual monopoly and bright prospects. If the Industri.il

Committee on cement held in Hyderabad in March 1954, gives the employers option to retrench, the position must be reviewed and retrenchment totally stopped.

% The last point to which I attach great importance is the question of grant or loan to the University of Saugor. That University is facing financial difficulty. The hon. Minister must be knowing that the founder of that University Dr. Hari Singh Gour donated two-thirds of his property which comes to 50 to 60 lakhs of rupees at the present valuation of shares. This property in the form of securities and shares is spread all over the world and it will take many years to recover the money. The site has been described by our Chairman, Dr. S. Radhakrishnan, as Chairman of the University Commission, as the most ideal and beautiful site in this country and one of the best in the world, and the foundation stone for its library has been laid by no less a person than our Prime Minister. The library is under construction, but it is at a distance of about three miles from the existing site of the University which continues in *kacha* and bamboo Military barracks over the repairs of which along\* about Rs. 1 lakh annually is spent unnecessarily. What will the library by itself do? Crores of rupees are lying with the Education Ministry unspent. I request the hon. Finance Minister to consider the case of Saugor University for a grant of loan under the Plan or independently for the construction of the University buildings such as lecture, theaters, laboratories, staff quarters and hostels etc. This, if necessary, be recovered in long easy instalments.

Thank you, Sir.

श्री मन्थलीशरण गुप्त (नाम निवृत्त) :  
श्रीमन्, गत वर्ष की भांति इस बार भी मुझे  
माननीय वित्त मन्त्री से कुछ निवृत्त करने

का जो अवसर दिया गया है, उसके लिये मैं  
आभार प्रकट करता हूँ ।

हमारे मंत्री महोदय केवल बाहरी अर्थों के  
ज्ञाता नहीं हैं, वं भीतरी अर्थों के भी ज्ञाता हैं ।  
वं कवि भी हैं, कवीवद भी । उनसे किसी  
अनर्थ की कभी कोई आशा हो सकती है, इस  
बात को कौन स्वीकार करेगा ? फिर भी  
सुकुमार बच्चों को भी दूध पाने के लिये कभी  
कभी आंसुओं का मूल्य देना पड़ता है । मैं  
अपना निवृत्त हंस कर ही उपस्थित करूंगा ।  
पहला पद्य है :

आय और व्यय के लक्षों की  
लिपि सदैव काली काली,  
जली हमारे घर होली  
तां, अभी दूर है दीवाली ।  
विनय पत्रिका लिखने में भी  
अब तां बाधा आई है,  
कागज का जो मूल्य बढ़ा है  
इसकी किसे बधाई है ।  
आई रहे डाक के भाई  
गून्थों का गतिरोध वही,  
बची रंल से कटती कटती  
शिक्षा का साभाग्य यही ।  
अविवाहित यदि विवश हो गये  
विवाहितों की सुविधा में,  
तां कुमारीयां बच जायेंगी  
वर पाने की दुविधा से ।  
अर्थ सरल, लिपि कुटिल, कीठन है  
क्या देखें अपना लेखा,  
आप, हमीं पलटें तां पलटें  
अपने कर्मों की रंखा ।  
खुला इधर यह कच्चा चिट्ठा  
घुला उधर होली का रंग,  
जो होना होगा सो होगा  
न हो आज अपना रस भंग ।

अंत में एक आर्या सुनिए :

चिंतामणि जो चाहे  
भरसक हम सब उसे वही बलि देंगे,  
पर क्या उसे पता है,  
आगे अपना अभीष्ट किससे लेंगे ।

SHRI RAGHAVENDRA RAO (Hyderabad): Sir, I join in congratulating the Finance Minister for presenting such a welcome Budget, which happens to be his fifth incidentally that of the first Five Year Plan.

Whatever may be the total economic effect of the new taxation, in some quarters however, it is felt that their social effect may be depressing. It is said that the proposals practically hit all without any distinction. But in a way the critics may say that inhuman and social terms, in terms of cost of living, the burden falls heavier on those who are economically weaker. Could not the ethics of taxes in some measure be related to the actual conditions of life?

The Budget which incorporates some of the recommendations of the Matthai Commission is significant for its attempt at rationalisation of the structure of direct taxes and incentive for new investments in industry in the shape of development rebate. The Budget is an honest attempt, quite in keeping with the aims of the Constitution and undoubtedly in line with the Congress ideals as declared at Avadi. We know that the pattern of life which the Constitution envisages assures such essentials as education and employment for all and equality in distribution.

[MR. DEPUTY CHAIRMAN in the Chair.]

The Taxation Enquiry Commission with these ends in view has rightly tried to find the necessary resources for development, as was required in our first Five Year Plan, sir, the Commission was concerned with taxation as such but it found itself faced with the fact that the character and distribution of public expenditure modified the economic effects of taxation. It is therefore advocated that a similar Commission to deal with the system of expenditure is an urgent necessity and would be most welcome.

We find that non-development expenditure is still substantial. It is pointed out that out of each rupee of

the total expenditure, nearly ten annas are spent on non-development purposes and the remaining six annas equally divided between social services and economic development. Today the role of public expenditure in Indian economy is however modest; estimated at Rs. 1,170 crores for 1953-54, the combined expenditure of the Central and State Governments forms only 11 per cent, of probable level of national income. Some experts think that Indian tax revenues are hardly seven to eight per cent, of the national income, a proportion which is much lower than most of the under-developed countries.

With a revenue and expenditure estimated at Rs. 468.76 crores and Rs. 498.93 crores respectively, including the capital account, the overall deficit is estimated at Rs. 340 crores or so. The estimated yield from new taxation may reduce the deficit by Rs. 21.70 crores; the rest to be met by deficit financing. The Matthai Commission, however, on this vexed question of deficit financing has been cautious only against long term point of view. In the matter of deficit financing, the Finance Minister has followed the same line as was set out in his first Budget. Except this one deficit financing aspect, the Budget has in everything else practically followed the Commission's general attitude.

Sir, coming to the question of employment, besides the proposals of the possibility of employing surplus agricultural labour in capital formation through Community Projects and National Extension Services, there is need for emphasis on small scale, cottage or capital goods industries and reorientation of the educational system. Emphasis on more employment would naturally raise hopes, especially when great importance is attached to the growth of cottage and small scale industries. Only the other day we were told that the 29 crore or so acres of land can hardly maintain even a half of the 36 crore population. This brings us to the question of industrialisation as the only alternative.

There is in this connection of development of industries an urgent necessity of fuller exploitation of the production capacity of all such cottage and small scale industries at their present level of technology. This itself may require a careful and exhaustive study of physical resources such as those of raw materials, transport and marketing. Of course, financial grants have been made to the State Governments and here and there showrooms and emporia also might have been started. But before anything can be done to tackle the problem of cottage industries, a beginning has to be made somewhere else. Could there be a better one than the collection of data and classification?

So far no all-India survey of cottage industries has been undertaken by the Government. All that has been done in these seven years is some sporadic studies which have purely local value and are of little relevance when the problem has to be tackled on an all-India plane. Perhaps, a few selected artistic handicrafts at best might have received too much attention. Cottage industries have some genuine problems, such as those requiring to make them more and more popular and useful for every day life. The aim of the revival of these cottage industries should be to make the products worth-while and available at every door, even in far off countryside, to brighten those homes and little hamlets.

In the end I would like to say one more thing. While opening the debate the other day, Mr. Deogirikar, in his earnestness to solve the problem of unemployment suggested the starting of one more railway line throughout the country. I would, in this connection, to meet the partial solution of unemployment, suggest implementation of compulsory primary education throughout the country immediately. This at least in a way would meet the growing educated unemployment and at the same time we would be having universal primary, secondary or basic education. Instead of waiting for long, during the next Five Year Plan period

no primary school-going age boy or girl all over India would be left illiterate. This, I venture to suggest, may find employment to lakhs of educated unemployed, maybe temporarily if it is made as an emergency measure. Without any extra heavy investment we can profitably succeed in this if we could only adopt in every village our age-old school system under ideal and natural surrounding? worthy of our cultural heritage as has been followed at Santiniketan. With these words, Sir, I welcome the Budget.

SHRI S. PANIGRAHI (Orissa): Mr. Deputy Chairman, I congratulate the Finance Minister not because he has presented or prepared the Budget, but he has brought about stability in the economic and financial position of the country. We have been hearing so many criticisms from so many critics not only today but for the last so many years. Those critics of our country who prophesied seven years ago that we won't be able to retain our independence for long must surely be confounded today, because today we have not only weathered the storm that overtook us seven years ago politically, economically and in all spheres, but also India has been referred to very often by the leading powers of the world as the stablest democracy in Asia. Our counsel is sought for by most of the leading powers of the world at the time of international crisis. Our Prime Minister is very often universally acclaimed to be one of the great statesmen of the world. So, Sir, we have so many achievements both internationally and internally. We have secured stability in all spheres, in the financial and economic sphere also. And for all these achievements our present Government, Congress Government, must be proud. But unfortunately some stupendous problems yet remain to be solved. If we do not remember our own short-comings and demerits and defects, if we do not remember the problems which have not been solved today or which we have not been able to solve, then we will be too much self-complacent. So.

LSHRI S. Panigrahi.] I want to remind you, Sir, and to refer to some of the problems which deserve immediate solution.

The first problem to which I want to draw your attention is the problem of education in our country. Our system of education requires an overall change, and drastic change, because the low standard of living of the people is mainly responsible for and associated with the system of education we get. For a better standard of living we need the type of education that will equip our children for a purposeful role in life. At present we are still following Lord Macaulay's outmoded formula of so-called Western education. We do not want our country to be flooded with incompetent and half-hearted graduates. Our schools should not waste children's time by pumping useless information into their heads. The children's aptitude should be judged in such a way that they are trained for the vocation for which they have the greatest aptitude. We must build "social foundation upon which our country can flourish. The nation's future depends upon its children, but we seek to ignore this very important aspect completely. To us the basic system of education or the compulsory primary education means nothing except a bare slogan. Although we have been guaranteed compulsory education in our Constitution, no effort is being made up till now to achieve that goal, the goal to make every child educated in our country.

The next problem I want to bring before you, Sir, is that a country's progress is not measured by the luxuries of its favoured few but by the standard of living of the masses. But unfortunately the standard of living in our country is too low. What is the purpose of having some cars or aeroplanes, and a few television sets when hundreds of millions of our compatriots do not have the bare necessities of life—food, shelter and clothing? Poverty, illiteracy and

disease these three are our evils and we must try our utmost to eradicate all these evils as speedily as possible. Today we need teachers, we need nurses and doctors. But we pay our existing teachers salaries at which the better-class domestic servants even would not agree to serve. We need about three lakhs of doctors according to a former Director-General of our Medical Services, but we have only about fifty thousand.

SHRI S. N. DWIVEDY (Orissa): Sir, there is no quorum.

*(The quorum bell was rung.)*

MR. DEPUTY CHAIRMAN: (After a count) Now there is a quorum.

SHRI S. PANIGRAHI: Sir, we have surplus doctors in a country like ours that needs them in their thousands. We are a nation of paradoxes. Similarly, we require about eight lakhs of nurses, but we have only ten thousand of them despite the fact that hundreds of thousands of eligible young women in cities languish in unemployment.

When I refer to the problem of unemployment, Sir, I do not want to deal with this matter in detail because almost all the Members have spoken about it, but I want to draw your attention particularly to the State of Orissa. It is a rich State. They have a bright future in the sphere of industry. Orissa is very rich in minerals; it is very often said to be the granary of India. In this State there are more than 21,000 people who are unemployed. In the month of January alone, more than one thousand people have enlisted their names in the Employment Exchange offices. So, the Government must take the problem of unemployment seriously and some immediate steps should be taken, so that the young people of our country, particularly of Orissa, should not be frustrated. Their mind should not be diverted to anti-social activities. I say this because unemployment always brings frustration and frustration leaves to activities which are anti-social.

The next point that I want to put forth is the problem of our diplomatic representatives. We have so many diplomatic representatives. We have diplomatic representatives in about fifty countries, who are lavishly equipped, live sumptuously and with a large staff of sinecures. In London our High Commission is the largest of the diplomatic missions in the U.K. with a staff of five hundred persons. In other words, Sir, we assume a false air of prosperity abroad when our country is grovelling in poverty. Why can't we cut our expenditure on diplomatic missions abroad to a level commensurate with our financial status? Then, Sir, there is some wasteful expenditure on officials extravagantly going on foreign missions frequently. They should remain at home, doing some hard work. Sir, another peculiar habit that we find is the employment of an army of officials and clerks on miserably low wages, when competent men could be recruited on respectable salaries. In this regard, I would request the hon. Finance Minister to introduce some radical reforms in the pay structures that are existing in the country today.

Then, Sir, I want to draw your attention to another problem which has not yet received due attention of the Members of this great House. That is the problem of the so-called ex-Rulers of former States in our country. I say this because those who have opposed the Budget have done so for so many reasons. I realise the difficulty of our Government. There are some Members in the Opposition who have opposed this Budget sincerely and with some principles and programmes behind them, but some have opposed it only for the sake of opposition. And because of such opposition, our Government is not able to bring about some drastic changes and bring about any radical reforms. In regard to these ex-Rulers, our Government has, not brought about any radical te-form. It is a matter of great joy and satisfaction that we have recently declared a rorifilistic pattern of society.

to be our ultimate goal. We have pledged ourselves to create a socialistic pattern of society. But on the other hand, we find that even after seven years of independence, having declared our aim and policy, we are still feed • ing hundreds of Rajas, Maharajas and ex-Rulers, and thereby creating a class of parasites. They have no responsibility at all. They have no work to do. But still they are paid to a great extent. Sir, Gandhiji was very often criticising and challenging the Governor-Generals of India that they should not be paid so highly, when the average income of an Indian was only six pice at that time.

SHRI RAGHAVENDRA RAO: What about Rs. 421?

SHRI S. N. DWIVEDY: That is also too much.

SHRI S. PANIGRAHI: NOW in a free India, at a time when vve have pledged ourselves to the establishment of a socialistic pattern of society, we are granting privy purses to the ex-Rulers of Indian States to the extent of Rs. 5 crores, and the amount is increasing day by day. We do not realise. Sir, that most of these ex-Rulers have created history of havoc and terrorism. Most of them committed excesses, and yet they are being paid so heavily, so sumptuously, from the State exchequer. This, to my mind, is certainly inconsistent with our declared ideals of democracy and socialism. This is certainly a challenge to our ideals of democracy and socialism. With these comments, Sir, I support the Budget.

SHRI H. C. DASAPPA (Mysore): Mr. Deputy Chairman, I should join with my hon. colleagues, at any rate, with those who have welcomed the BucUitt in extending my support to It. The speech of the hon. Finance Min?.s>ftT which was delivered to the Lok Sabha the other day was one which was not only very lucid and clear, but which u also one which created confidence in



[Shri H. C. Dasappa.]

t&e land. Sir, in a country like our?, with a vast population and with various complex problems, it is almost impossible to present any Budget which will command universal acceptance and support. What we have got to see is whether it keeps in view the main Directive Principles which the Constitution has laid down and the policy that we are expected to adopt. When some of my friends were suggesting that after ad this was not placing before the country a very enthusiastic programme and it had not taken the policy laid down at the Avadi Congress into consideration. I thought they were not doing justice to the estimates before them. I feel, Sir, that I am one of those people who are not anxious that the entire picture of this pattern should be unfolded immediately. There are many people who want clarification at every stage. I think, Sir, it has been one of the curses of this land that we always seek for too much of clarification. It is far better that we agree to the fundamentals first. And so long as the fundamentals are on the right side we accept them and give them a trial in actual working. After all, what does this socialistic pattern mean? It means, increased production, removal of unemployment, raising the standard of living and eliminating inequalities in wealth. I think these ought to be sufficient fundamentals for us to act upon and let us test this Budget on the basis of those principles. Then we should see whether there is a fairly happy balance in the estimates between the claims of the different sections of the people. There is another way of appreciating this Budget and that is how far our policy has secured our currency soundness both inside and outside an amount of prestige. Judged from that, I think the prestige of our currency stands very high in foreign countries. Compared to some of our neighbouring countries, I am sure it is much better and therefore by and large this is a Budget which ought to be welcomed. This does not mean that I am in entire agreement I

with the estimates—that I wholly,—during this Holi time,—agree with the Budget. There are certain things with which I may be inclined to disagree. Let me first of all say where I am inclined to disagree with it and that is the one to which hon. Members have already referred. There is an attempt to increase the taxation by increasing the rates of excise duties. So far as the income-tax is concerned, I don't have any difference with the hon. Minister but what I say with regard to some of these excise duties is that they are rather wrongly timed. I agree that if we want to mop up a large amount of money, we have got to resort to some of these broad-based duties which have their incidence on practically all the population—the rural and the urban but I am sure even the hon. Minister will not deny that these excise duties, by and large, will be a heavier charge on the rural population than on the urban. There is an attempt to show that even the urban people have got to pay but I don't want to go to any other foreign authority than the Taxation Enquiry Commission itself which says that the larger contribution does come from the rural areas. I don't think that is a matter on which anybody is going to.....

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH): Larger population.

SHRI H. C. DASAPPA: You must mark my words. I was not referring to population or to incidence but even on that I will have a word to say. The large contribution, I said, comes from the rural areas. He says that is because of larger population. It is true but even let us test it .....

AN HON. MEMBER: The rural population have a lower income.

SHRI H. C. DASAPPA: Let us judge it by the other standard of his ability to pay. After all he lives on the margin. There is hardly anything for him to spare. Are we, to howsoever little an extent it may be, to take

it out of him? There is hardly any time. I wish I had more time but let me proceed to other aspects. I was saying that the prices of agricultural crops are falling. It is again not a matter which can be denied. Because even the Rashtrapati has said in his address that the agricultural prices are falling. Is this the time for us to levy some of these duties which fall heavily on the agriculturist? It may be said that after all this is a momentary affair and during the year the prices may recover but it must be obvious that the farmers and ryots don't keep their stocks, they have not the capacity to keep their stocks for so long. This is the time when they have to sell and many of them cannot help doing so. But even per chance the price mounts up during the course of the year, we cannot say that it is the farmer who is going to reap the benefit of it. Again it may be said that if the rains withhold, it is likely that the prices may go up. If the rains withhold and there is to be a kind of scarcity of foodgrains, where can the farmer find the grains to sell and the money to pay. It is only when he grows anything that he can sell and he could have some margin to buy the necessaries of life. So I would beg the hon. Minister to consider this almost universal request on the part of the Members to see that the levy of some of these excise duties which fall heavily on the people may be reconsidered and the inconvenience it might be causing may be minimized. The other day we were talking about paper and the tax on paper. If we are going to give a tremendous fillip to education—I also pleaded for compulsory education— all over the land because the socialistic pattern will be nothing without education—are we again to increase the price of paper, the exercise books and so on and make it more difficult for a man to have the advantages of education. So these things can be reconsidered with a view to meet the desires of the people.

I would like to just touch one or two more points. That is with regard

to what my hon. friend, for whom, I have always very great respect—Shri Ramaswamy Mudaliar—sa'id. He was saying about the private sector and the public sector that there ought to be no difference. It appealed to us very much. It was exceedingly well received when he-, said that it should be open for the Government to take up even industries which are now supposed to be belonging to the private sector but then at the same time he coupled that statement with the other remark "that it should be open for the people to take up the basic or the key industries. Now there it is difficult for me to agree. The policy of April 1948 which was adopted as a result of the Tripartite Conference of 1947 is a very wholesome and desirable policy and if once we would open ajar the door there, I am afraid we will be in for a great deal of trouble. It is not fair for us to make it appear to the industrialists and entrepreneurs to think that they can also start these basic and key industries and just when they are about to start them, then bang the door against them. It is not fair. Let us know clearly what the public sector is. But I agree that the private sector should always be open to the State, not only the Centre but to the other States as well, for more than one reason. When an opportunity is given to the private enterprisers and they don't avail themselves of that chance to start those industries which are so necessary for the consumers as well as for the national development, what are we to do? Are we to sit with folded hands or are the Government to - take up those industries? So I can see no justification for the fears entertained by our industrialists. I am sure if they are coming forward, the Government themselves would be only too ready to give them all the concessions that they need and the encouragement. Another reason is that it is a very fruitful field for us to increase our resources. I am not speaking in tie air. The Taxation Enquiry Commission has referred to the successful running of industries with a view to increasing the resources of the state in Tranvan-

[Shri H. C. Dasappa.] core-Cochin and in Mysore, and other States like Madras and Hyderabad are following.

SHRI J. S. BISHT (UttarPradesh): Will he enlighten us with regard to Mysore industries? Were they put on an equal basis with private companies with regard to labour laws, income-tax, fair competition, free tender etc.?

SHRI H. C. DASAPPA: With regard to everything it was on a par except one thing— income-tax. Of course, the Constitution itself says that any State-owned industry is free from income-tax but what does it matter? Whether I recover income-tax from the Government factory and put it into the treasury here and then re-distribute it or take the same in the shape of profits it means the same thing. So it does not make any difference whether we recover or not the tax from our State-owned industries.

SHRI J. S. BISHT: But the cost of production comes in.

SHRI H. C. DASAPPA: It does, to some extent but what I am saying is, I am talking with regard to revenue resources. This is a way of minimising the incidence of taxation either direct or indirect on the people. That is a thing which has been tried and tried successfully. Take for instance our Railways. They give us a very substantial return—at any rate 4 per cent, return plus Rs. 7 crores and that is not bad from the Railways. Therefore, what I say is, j p.M. that would be one of the ways of developing the resources of the States, which need them more even than the Centre. The Centre can mint money, they can augment their resources through treasury bills and they can resort to paper money. It is not possible for the States to do that. Therefore, I suggest that when we talk of State-owned industries, it should not be at the level of the Centre only, but the States

also and every State of the Union should also take up some of these industries.

Sir, I am afraid I have got very little time left and so I have to do a little touch and go on some of the remaining points, at this late hour. We have certain problems of financial integration. Now one of the things that will arise is this. Under the-Federal Financial Integration, the life of the term relating to payment of the net revenue gap which is only 10 years. For the first five years the-Part B States are going to have the full revenue gap and in the next five years it has got to taper off into 60 per cent, of it. That means that at the end of the ten years it should take advantage of the divisible pool, just: as any Part A State. I am afraid that, this arrangement will land most of the States, at any rate some of the-States, into very great difficulties. There are three or four States now which take advantage of the net revenue gap and not of the divisible pool. The full net revenue gap in their cases may be more than the share in the divisible pool. I would very humbly request the Finance Minister to apply his mind as well as get the Governments of the respective States to see how best the demands of these States which are taking advantage of the net revenue gap can be-met.

In this connection one other thing also presents itself to my mind and that is to say, the scales of salaries that prevail in the States and in the-Centre. There are many departments of the Centre functioning in various States. There you see side by side higher scales of salaries for Central services and for the local State services perceptibly lower scales of salaries. This is creating a problem by itself and I think this should be the concern of the Centre also not to create an embarrassment of that magnitude in-the States and something must be-devised to equalise these salaries.

SHRI C. D. DESHMUKH: Reduce the salaries?

SHRI H. C. DASAPPA: I would like to defer my views, I would not say it off-hand. It may be that you should take one step and we take one and we may possibly find a meeting place.

SHRI CD. DESHMUKH: Additional taxation?

SHRI H. C. DASAPPA: We will come to that. But so far as the question of additional taxation is concerned, the Centre always has a strong hand. They can always levy these increased excise duties and make it more difficult for the States to increase their sales tax duties and so on. Therefore, the Taxation Enquiry Commission has contemplated the constitution of an all India Taxation Council. That is what I say .....

MR. DEPUTY CHAIRMAN: It is time.

SHRI H. C. DASAPPA: Just one or two points more, Sir. I think the scope of the All India Council should not only be confined to the taxation measures, but also to other matters. I would point out that to usher a socialistic pattern of society into being, more has got to be done by way of coordination. It is obvious that for most of the welfare measures the States are responsible. Therefore, under article 26.3 of the Constitution we ought to have a council which will take into consideration all the developmental measures from time to time and see that they are implemented. At present, I am sorry to say some of the States have not implemented the Five Year Plan as it should be. I think on their own statement, some 13 States have not been implementing the Plan fully and what is more in the case of some, there is diversion of funds from the projects in the Plan

to some other things. Drawing up a plan, having blue-prints, is not enough' it there are not adequate arrangements for implementing the plan, for working out of projects properly.

Now, I shall say a few words on the concentration of offices in Delhi. The position in this respect has assumed absolutely unimaginable proportions. It would be very desirable if some departments of the Government, some of the offices here, are transferred to other centres, just as for instance you have the Textile Commissioner's Office at Bombay, the Coal Commissioners and the Iron and Steel Controller's office etc. in Calcutta and so on. Curiously enough, when looking up the figures I found the head "new capital at Delhi", where money is to be spent on various buildings. If that is for the new capital, I do not know which is the old capital. Probably that is the heading which was being used in the past years, when the capita] which was at Calcutta was removed to New Delhi and the same heading has come down up to the present day.

Next I take up the question of housing. It has been said that the middle class people are not very much looked after. But I find here that there is a certain consideration for the middle classes also. It is not as if they are not In the mind of the Finance Minister. With regard to their housing there is provision. But when I think of housing problem and also hear the pleadings of hon. Members who are interested in labour that we must have labour housing, there I feel that we cannot agree with them. I am positively against labour housing as such. I am for Industrial housing. There should be no segregation of labour in any place at any time.

SHRI S. N. MAZUMDAR (West Bengal): But they should be provided housing accommodation.

SHRI H. C. DASAPPA: Yes, perfectly, right. There I agree with my hon. friend Mr. Mazumdar, that they should be provided with houses, but if he pleads for labour-housing alone, there I have got to disagree with him. I say this because if you concentrate all labour in one place, then it leads them to nurse a certain kind of feeling against others. If on the other hand you dove-tail the houses for them and for the rest of supervisory and managerial staff and develop the industrial housing and....

SHRI S. N. MAZUMDAR: But the capitalists would not allow the public to even go to these colonies.

SHRI H. C. DASAPPA: Why not? Let them have common places, common market-places, common playgrounds, common hospitals and other things in common. Then I am sure a feeling of fellowship will grow up between the various sectors of our national workers.

MR. DEPUTY CHAIRMAN: Now, you may close your speech.

SHRI H. C. DASAPPA: Yes, I close my speech. Thank you, Sir, for the time you have been kind enough to allow me.

DR. RADHA KUMUD MOOKERJI (Nominated): Sir, the Finance Minister deserves congratulations on his original economic thinking and the masterly manner in which he has been able to produce a working Budget under conditions of great difficulty and complexity created by developing expenditure and deficit which he has to meet by increased taxation and deficit financing. It is not for people who are outside the working of the Finance Ministry to intervene at this stage with any suggestion which might upset the delicate equilibrium of the financial system upon which the Budget is based. I would, therefore,

like to confine myself to certain general observations affecting the background in which the Budget has been produced.

The fundamental difficulty of the financial situation is the inadequacy of our national revenue, the appealing poverty of the people, which was noticed at the very outset of their enquiry by a body of detached foreign observers and experts. The report made by the Mission of the International Monetary Fund to the Government of India opens with the following statement:

"The basic economic problem of India is the wide-spread poverty of its people. The standard of living of the people of India is among the lowest in the world. In a country in which the greater part of the consumption of the poor consists of foodgrains and cloth, the amount of these goods consumed *per capita* may be regarded as a reliable indication of changes in the standard of living. The information that is available seems to indicate that the per capita consumption of foodgrains and cloth is lower now than in the 1930s. The standard of living of the lower income groups leaves almost no margin for reducing their consumption without impairing their health and efficiency."

Now, Sir, India's poverty may be assessed in various ways. Perhaps we can understand it better by comparing the figures for the revenue of a much smaller country like the United Kingdom which is only twelfth of the size of India. Whereas we get together a revenue of about Rs. 450 crores for the Centre and another Rs. 400 crores for the States, we shall still have to consider the colossal fact that the United Kingdom is able to produce a revenue of over Rs. 6,000 crores per annum and the United Kingdom is able to provide, out of this Budget,

the enormous sum of Rs. 340 crores even for education. The Finance Minister knows very well the small number of people who are capable of paying income-tax under the very generous limit he has fixed. Perhaps the assesseees will not number more than seven lakhs; as regards super-tax perhaps only a few thousands, about 14,000, are paying this tax. In this connection, I cannot but say that perhaps our Communist friends should have the satisfaction of finding that India has already become a classless society of have-nots.....

SHRI S. N. MAZUMDAR: Then, where is the necessity for a socialistic pattern of society? It is superfluous.

DR. RADHA KUMUD MOOKERJI: .....who will not be very much troubled by having to co-exist with the haves. There has been undoubtedly some improvement in the economic conditions marked by the following features: (i) downward trend of prices—of which the index which stood at 392 in 1953, and rose to 404 in early 1954, now stands at 360; (ii) the fall in the price of rice by 12 per cent., of wheat by about 30 per cent, and of pulses by 44 per cent.—I am saying that these are the features in the economy; I am not commending these features; (iii) the reduction of cost of living from the peak of 111 in 1953 to 97 in 1954; (iv) increased production of food grains by about 18 per cent, leading to considerable reduction in the import of food grains, saving of foreign exchange and increase of purchasing power leading to increase of industrial production; that is how I take this fact; (v) increase of industrial production in textiles, cement, jute, steel and coal but coupled with decline in sugar, and lastly, (vi) the balance of payments position including increase of Sterling Balances. But, my difficulty is this that with all this increased productivity and trade, it must be a matter of anxious thought that the results of this increase do not seem to have reached the masses and raised the

standard of their living to any appreciable extent. For instance, if statistics can be trusted, the average diet of an Indian continues to be below the minimum limit and standard of nutrition. In terms of calories, the average food of an Indian hardly amounts to 1,600 calories as against 2,990 in the U.K., 3,070 in Western Germany and 3,128 in the U.S.A. From this point of view, India is near the starvation level. In the U.S.A. the burning economic problem is the disposal of its vast agricultural surpluses which cannot be absorbed by any increased consumption of food because—it is very important—the consumption of food there has already reached the limit of nutritional standard. This is a record for any country. To view the matter from another angle, while the balanced diet of an individual should weigh 48 oz., the diet ordinarily available to an Indian weighs only about 25 oz. Now, I am quoting these statistics which are issued by the Ministry of Food and Agriculture and they themselves admit that our standard diet is below 50 per cent, of the required nutrition. These statistics point to the depressing fact that practical starvation or under-nourishment is still the lot of the average Indian who has yet to reap the results of increased food production of which he hears so much. Even as regards paddy, though its output has vastly increased, we must remember that the rate of yield of paddy in India still continues very low, being on the average only about 1,050 lbs. per acre per annum as against 4,050 lbs. in Italy, 3,580 lbs. in Japan. I again quote these figures from the bulletin issued by the Ministry of Food and Agriculture.

As regards the other necessary of life, namely cloth, the consumption of mill made cloth per head per annum is estimated to be only about 10 to 15 yards per head as against 22 yards in Japan. 85 yards in the U.K. and 64 yards in the U.S.A. I may almost say that the average Indian is practi-

[Dr. Radha Kumud Mookerji.]

cally going about naked. Thus the glowing picture of the progress of production the country is somewhat marred by these gloomy facts of consumption data relating to the level and standard of living of the common man, the masses in a Welfare State. I take it that these data of consumption are not doubted. In fact, my whole point is this that perhaps Government should present before the public statistics not merely of production but also the statistics of consumption so as to show the progress made in the rise of the standard of life of the common people. In those difficult circumstances, the Five Year Plan must achieve two things: first, prevent further deterioration in the present standard of living of the lower income groups and second, achieve the growth of production for raising the living standard. It must be remembered that in their present poverty, the people are incapable of making the effort needed to carry out the Plan. Further reduction in the consumption of the lower income groups for purposes of providing resources for the Plan will not make for success. Indeed, we should not forget the fundamental truth that investment in the health, strength and will of the people is as important to the economic progress of the country as investment in plant and equipment. From this point of view, inflation must be avoided lest it further reduces the standard of living. Production must be increased along with the level of consumption. The major danger of inflation to India arises from the need to finance the Five Year Plan for which her normal revenue and resources are not adequate. Thanks to the Finance Minister's skilful handling India has been receiving substantial assistance from external sources towards her planning and development schemes. He has estimated that during the four years of the Plan, from March 1951, we have drawn upon our Sterling Balances to the extent of Rs. 153 crores while in external assistance we have received about Rs. 50 crores and in loans nearly Rs. 100 crores. For

the financial year 1955-56, out of Rs. 30 crores needed for meeting the revenue deficit and Rs. 570 crores required for capital outlay and loans to States, Rs. 125 crores will come from loans, Rs. 52 crores from small savings, Rs. 74 crores from foreign aid and Rs. 86 crores from remittances and other transactions leaving a gap of about Rs. 340 crores to be made up by the issue of Treasury Bills. The Finance Minister has shown considerable capacity in so handling the dangerous weapon of deficit financing that it has not resulted in any appreciable inflation. Deficit financing thus far seems to be justified and it has led to increasing production. If it does not result in inflation it becomes a profitable investment yielding dividend. Deficit financing is related to the structure or system of taxation. Compared to the volume and value of our industrial production, the taxation of individual income in India continues to be very heavy.

I have got statistics to show the different levels of taxation for different countries.

MR. DEPUTY CHAIRMAN: It is time, Dr. Mookerji.

DR. RADHA KUMUD MOOKERJI • How many minutes remain, Sir?

MR. DEPUTY CHAIRMAN: It is time already. There is another eminent doctor waiting.

DR. RADHA KUMUD MOOKERJI / I want only three minutes, Sir. So my point is this that India compares very unfavourably with even a country like the U.S.A. where the level of taxation of individual incomes is much lower and in this connection I also wish the Finance Minister to consider the latest tendencies in certain industrially advanced countries of forwarding a movement for slashing taxes. Indeed the lowering of taxes in those countries is always accompanied by an increase of production because reduced taxation is a great fillip to saving.

Now in conclusion since my time is up I wish the Finance Minister to consider two taxes about which I am rather worried, namely, first the tax on paper, which, in my humble opinion, will be really a tax on the spread of knowledge and education in the country. Any increase in the price of paper will mean an increase in the price of text-books in all stages of education, from primary upwards, and therefore I wish the Finance Minister to seriously think whether he cannot regard paper as an essential commodity which is deserving of being exempted from taxation.

And now as regards the new excise duty on cloth and so on, many speakers have already said that this increase in the cost of cloth which is used by the middle-class especially in West Bengal will hit them hard and add to their cost of living which is already high.

Lastly I do not appreciate the tax on woollen fabrics in view of the fact that the woollen industry is practically a cottage industry, a home industry and also in view of the fact that woollen industry is a seasonal industry. I do not know whether some relief may be granted to those who are engaged in the woollen industry.

**डा० रघुवीर (मध्य प्रदेश) :** उपाध्यक्ष महोदय, मैं सर्वप्रथम माननीय वित्त मंत्री महोदय का अभिनन्दन करता हूँ कि उन्होंने इस आयव्ययक में देश की उन्नति के लिये एक नया पग उठाया है। हमारे आयव्ययक का प्रथम उद्देश्य उत्पादन में अधिकाधिक वृद्धि करना है। यह वृद्धि किस प्रकार हो ? जनता की जो नाना प्रकार की शंकाएँ उत्पन्न हो रही हैं उन शंकाओं का समाधान करना परमावश्यक है। वित्त मंत्री महोदय अच्छी प्रकार से जानते हैं कि जिस जनता के भाग को, जिन उद्योगपतियों को, उद्योग चलाने का अनुभव है वे भयभीत हैं। कितनी मात्रा तक, यह कहना कठिन है। किन्तु, इस आयव्ययक

द्वारा उनका वह भय दूर नहीं हुआ है। यह परमावश्यक है कि शासन दो सूचियाँ बनाये। एक सूची उन उद्योगों की, छोटे और बड़े, जिन्हें कि जनता अपने हाथ में ले सके और जिनको निर्भीक हो कर वह चला सके, साथ में ही दूसरी सूची उन उद्योगों की बननी चाहिये जिन्हें कि शासन अपने हाथ में ले और जिनको वह चला सके। केवल सूचियाँ बनाना ही पर्याप्त नहीं होगा। किन्तु, इन सूचियों में यह निर्देश करना भी आवश्यक है कि इस नई योजना के प्रथम वर्ष में कौन कौन सी योजनाएँ और कौन कौन से उद्योग हाथ में लिये जायें, कौन कौन से उद्योगों को शासन हाथ में ले और कौन कौन से उद्योगों को जनता हाथ में ले। जिस समय यह सूची बन जाय कि इतने उद्योग हमने जनता के लिये रख छोड़े हैं उस समय भी शासन को यह प्रतीक्षा नहीं करनी चाहिये कि जनता सामने आये और उन उद्योगों को अपने आप हाथ में ले, क्योंकि आज हमारा उद्योगपति उतना शिक्षित नहीं है, उसके पास ज्ञान की उतनी सामग्री विद्यमान नहीं है जितनी कि शासन के पास है अथवा हो सकती है। शासन का यह कर्तव्य है कि जिन उद्योगों को, छोटे या बड़े उद्योगों को, वह जनता के लिये रखना चाहता है उन उद्योगों के लिये जनता को जानकारी भी दे कि इस प्रकार से तुम इस उद्योग को चला सकते हो, इतनी इसमें लागत होगी और जो लागत और अन्य सुविधायें इन उद्योगों को चलाने में चाहिये वे सुविधायें और वह रूपचा उनको मिलना चाहिये। किस प्रकार से मिले इसकी बड़ी सुन्दर योजना, जो कि कार्य रूप में परिणत हो सके, बननी चाहिये। यदि हमने यह योजना न बनाई तो मुझे इस बारे में बड़ी आशंका है कि हम जो करना चाहते हैं वह नहीं कर पायेंगे। जिसको अंग्रेजी में "Physical targets" अर्थात् उत्पादन लक्ष्य कहते हैं वह लक्ष्य योजना के साथ साथ देना चाहिये। केवलमात्र इतना कहना कि हम इस वर्ष में इतना व्यय करेंगे यह मुझे पर्याप्त प्रतीत नहीं होता। इसके बहुत अधिक प्रमाण आपके सामने



[डा० हचुकीर]

विद्यमान हैं, मुझे देने की आवश्यकता नहीं है।

एक और बात है जो कि वित्त मंत्री महोदय के सामने रखना चाहता हूँ। आज हमारे यहाँ कुछ ऐसे उद्योग चल रहे हैं जिन पर शासन का अधिकार है और कुछ दूसरे ऐसे उद्योग हैं जिन पर उद्योगपतियों का अधिकार है अथवा जनता का अधिकार है। क्या देश का यह आदर्श है कि सारे के सारे उद्योग शासन के हाथ में चले जायें? यदि शासन की यह इच्छा हो कि सब उद्योग शासन के पास चले जायें तब तो मुझे कुछ नहीं कहना है, किन्तु यदि शासन का उद्देश्य यह है, उनका लक्ष्य यह है कि देश में अधिक से अधिक उत्पादन हो, तब तो उसे कुछ नये पग उठाने पड़ेंगे।

मैं आज कुछ ऐसी बात कहने वाला हूँ जो सम्भवतः राजनीतिक दृष्टिकोण से बहुत अभिन्नवर्दी नहीं होगी, किन्तु, वह आवश्यक है मंत्री दृष्टि में इसीलिये मैं उसे कहना चाहता हूँ। वह यह है कि जनता के चलाये हुये उद्योगों में और शासन के चलाये हुये उद्योगों में वही प्रतियोगिता होनी चाहिये जो कि जनता के चलाये हुये उद्योगों में काम करती है। किसी प्रकार का एक आयोग निश्चित होना चाहिये अथवा कोई समिति बननी चाहिये जो कि प्रति वर्ष देश के शासन के चलाये हुये उद्योगों में कितना व्यय हुआ, कितना उत्पादन हुआ और जनता के चलाये हुये उद्योगों में कितना व्यय हुआ और कितना उत्पादन हुआ। यदि जनता के किसी उद्योग में उत्पादन ठीक न हो, व्यय अधिक हो अथवा अपव्यय हो, कुप्रबन्ध हो तो शासन का कर्तव्य है कि वह इसके लिये कोई मार्ग निकाले कि यह कुप्रबन्ध और अपव्यय समाप्त हो और यदि आवश्यकता पड़े तो शासन उन उद्योगों को अपने हाथ में ले। किन्तु, जहाँ हम इस बात को कहते हुये नहीं डरते कि यदि जनता किसी काम को नहीं कर सकती तो शासन उसे अपने हाथ में ले क्या इसका उल्टा कहने में हम डरें? नहीं, मुझे उसके कहने में सर्वथा भय

नहीं है। यदि शासन ने किसी उद्योग को अपने हाथ में लिया और एक वर्ष, दो वर्ष या तीन वर्ष के पर्याप्त अनुभव के पश्चात् प्रतीत हो अथवा निश्चित हो कि शासन की अर्थशास्त्र जनता अथवा उद्योगपति इतने कार्य को अधिक अच्छी प्रकार से चला सकते हैं और देश में उत्पादन अधिक कर सकते हैं, व्यय को घटा सकते हैं तो क्या हमारा यह कर्तव्य नहीं होगा कि हम इस experiment से इस प्रयोग से और उसके परिणामों से लाभ उठाएँ और जो कार्य शासन नहीं चला सकता उसे हम जनता को दे देंगे। जनता और शासन के बीच में यह आदान प्रदान बित्तनों दिनों तक चलता रहेगा उत्तरे दिनों तक देश को लाभ होगा। इस सम्बन्ध में प्रशासन का व्यय administrative expenses एक भव्यता स्थिति है। मैं अभी जर्मन की एक छोटी सी पुस्तिका पढ़ रहा था "Deutschland Taschenbuch" उसमें प्रशासन के व्यय (administrative expenses) के सम्बन्ध में तीन चार पीछे हैं जो कि वित्त मंत्री महोदय को मैं जर्मन में ही पढ़ कर सुनाता हूँ :

"Verwaltungs-Kosten,—Die. personalausgaben der verwaltung einschliesslich der Laender-behoerden fuer die Kriegs-opfer-versorgung betragen (1952) knapp 3%, die Sachaufwendungen 1% der Haushalts-summe, An ihnen sind die Zentralstellen des Bundes in Bonn mit etwa null Komma Vier (0,4%) pro Zent and den Personal-und 0,01% an den Sach-ausgaben betezligt."

इसका अर्थ यह है कि १९५२ में जर्मनी के केंद्र तथा प्रान्तों का प्रशासन व्यय (administrative expenses) सम्पूर्ण आयव्ययक, अर्थात् बजट का केवल चार प्रतिशत था। इसमें से २ प्रतिशत बतन आदि पर तथा एक प्रतिशत उनकी प्रयोग्य सामग्री पर था। इस शीश में कुछ पीछियों की सहायता के व्यय भी सम्मिलित हैं। यदि प्रान्तों को छोड़ दें तो केवल केंद्रीय प्रशासन का व्यय तो ०,४ बतन आदि पर तथा ०,०१ सामग्री पर था, अर्थात् १० सहस्र में से केवल ४२ व्यय हुआ। केवल पुस्तक देख कर मैं नहीं समझ सकता कि हम अपने व्यय के साथ

कैसे इसकी तुलना करें। मैं इस बात को मंत्री महोदय के सामने रख रहा हूँ कि वे आगे इसकी जांच करें। आज जो हमारा administrative expenses प्रशासन व्यय) है वह २२ प्रतिशत है, ११२ करोड़। पिछले वर्ष वह १८ प्रतिशत था। हमको निश्चय करना चाहिए कि जितना प्रशासन पर व्यय बढ़ता जा रहा है, क्या उसके अनुकूल हमारे देश में उत्पादन भी बढ़ता जा रहा है। यदि उत्पादन नहीं बढ़ता जा रहा है, तब तो यह बड़ा नाश है, व्यक्तियों का नाश है, धन का नाश है, समय का नाश है—इन सब का सदुपयोग होना चाहिए। यह जाति का, शासन का क्षयरोग है, यह क्षयरोग प्रति दिन बढ़ता जा रहा है। विकास का अर्थ क्षय नहीं, अपव्यय नहीं, विकास का अर्थ क्षय को रोकना, अपव्यय को रोकना है...

श्री सी० डी० दशमुख : यह राष्ट्रीय सम्पत्ति का प्रतिशत है या आयव्यय का प्रतिशत है ?

डा० रघुवीर : आयव्यय का प्रतिशत है।

वित्त मंत्री महोदय को मेरे विचार में पंचवर्षीय योजना का आयव्यय अलग ही देना चाहिये था। मैं मानता हूँ कि समस्त आयव्यय इसमें आ गया, किन्तु उसमें से प्रत्येक वस्तु को अलग अलग निकालना और उसकी जांच करना हम लोगों के लिए उतना सरल काम नहीं है जितना शासन के लिए। तो मैं चाहूँगा कि जिस प्रकार रेलवे के लिए आयव्यय अलग रखा जाता है उसी प्रकार, जैसे उचित हो, पंच वर्षीय योजना के आयव्यय में अलग अलग कामों के लिए अलग अलग व्यय जनता के सामने रखा जाय।

श्री जे० एस० बिष्ट : प्रोग्रेस रिपोर्ट में तो यह चीज है।

डा० रघुवीर : उसमें भी एक एक आइटम देखना पड़ता है।

अब मैं हीन अर्थ प्रबन्धन, अर्थात् 'deceit financin' की ओर आता हूँ।

इसका क्या अर्थ है, क्या प्रयोजन है तथा इनका क्या परिणाम होगा। हीन अर्थ प्रबन्धन का सर्वव्यापक उदाहरण युद्धकाल का अर्थ प्रबन्ध (इकोनॉमी) रहा है। संसार में हीन अर्थ का अधिकतम प्रयोग द्वितीय नं किष्पा था। आज उसका परिणाम यह है कि जब पौडवमी जर्मनी में नया शासन बना, जब उन्होंने नया Constitution (संविधान) बनाया तो धारा ११०, उपधारा (२) में उन्होंने लिखा :

Der Haushalts-plan wird vor Beginn des Rechnungsjahres durch Gesetz fest—gestellt. Er ist in Einnahme- und Ausgabe aus-zu-gleichen.

इसका अर्थ यह है कि आर्थिक वर्ष के प्रारम्भ से पूर्व आयव्ययक नियंत्रित किया जाना चाहिए और इस आयव्ययक (Budget) में आय तथा व्यय का अवश्यमंत्र संतुलन होना चाहिए। मैंने अपने दिनों से जो जर्मनी में वित्त विभाग में विरासत है, इस विषय में पूछा तो उन्होंने कहा कि हमारे शासन में deficit financing का सर्वथा निषेध है, हम किसी भी प्रकार से नये नोट छाप कर कर्ज का अधिक प्रचलन अपने देश में नहीं करते। क्या वास्तव में यह इतनी भयानक वस्तु है ? मेरा विचार इस विषय में अधिक बोलने का था, किन्तु आज समय इतना थोड़ा है कि मैं अधिक न बोल कर केवल इतना ही कहूँगा कि जिस प्रकार से ही, हीन अर्थ प्रबन्धन जिसका हमारे मंत्री महोदय ने प्रचलन किया है, उसमें हमारे देश में किसी प्रकार की हीन नहीं पड़ने, ऐसा प्रयत्न किया जाय। हमारे यहां मूल्य उठते नहीं उठते तो इस बात का प्रमाण है कि अभी तक इससे लाभ ही हुआ है। किन्तु मैं प्रार्थना करूँगा कि क्या हम निश्चय कर सकते हैं कि किसी समय यह हमारे हाथ से बाहर न निकल जायगा। नहीं कर सकते हैं, क्योंकि आज हमारे यहां अर्थ विज्ञान econometrics का ज्ञान शैक्ष्य अवस्था में है। मैं चाहता हूँ कि केवल Statistical Department में ही नहीं किन्तु मंत्री महोदय के वित्त विभाग में भी, वित्त मंत्रालय में भी, अर्थविज्ञान (Econometrics) का एक

[डा० रघुवीर]

उपविभाग होना चाहिए जिससे वह सारं वर्ष भर स्थिति का निरीक्षण कर सके।

एक दो और बातें हैं जिनके सम्बन्ध में मैं दो चार शब्द कहूँगा। वह यह है कि जो व्यय हम पंचवर्षीय योजना में करना चाहते हैं वह हमारे यहां व्यय नहीं हो रहा है। पिछले तीन वर्षों में सम्भवतः केवल ४० प्रतिशत व्यय हुआ है। इसका क्या कारण है? अभी तक इसकी पूर्ण खाज सम्भवतः नहीं की गई और न ही अभी तक इसका कोई संतोषजनक उत्तर दिया गया है।

एक बात जो सब सज्जनों के सामने है वह यह है कि व्ययकारी अधिकारी (spending authority) और स्वीकृतिदायी अधिकारी (Sanctioning authority) ये दोनों साथ साथ नहीं चलते रहे हैं। जो व्यय करना चाहते हैं उनको रुपये की sanction (स्वीकृति) चाहिए, और जो स्वीकृति देने वाले अधिकारी हैं उनको यह संतोष होना चाहिए कि व्यय ठीक से होगा अथवा नहीं। यदि इन दोनों अधिकारियों के बीच में समय का नाश होता है तो मैं वित्त मंत्री महोदय और शासन के उन अधिकारियों से कहूँगा कि उनको सर्व-प्रथम एक पाठ पढ़ना चाहिए, और वह यह है कि 'कालो वित्तम्, Time is money'। जो समय मंजूरी मांगने में, स्वीकृति मांगने में, नाश हो गया उसके लिए उत्तरदायी कौन है। क्या वित्तीय विभाग उसके लिए उत्तरदायी है, अथवा दूसरे विभाग उत्तरदायी हैं? किसी न किसी को उसका उत्तरदायित्व लेना चाहिए।

दश के भीतर मूल्यों का नियंत्रण, उत्पादन में वृद्धि, दश के बाहर आयातों (import) का नियंत्रण और निर्यातों (e-ports) की वृद्धि। जब हम दश में विकास करना चाहते हैं तो हमको नाना प्रकार के यंत्रों की आवश्यकता पड़ेगी और यह तो सुप्रसिद्ध बात है कि जो अर्ध विकसित अथवा अपूर्ण विकसित (undeveloped) दश हैं उनको अपने विकास के लिये उन यंत्रों की आवश्यकता

पड़ती है जिन्हें वे अपने दश में नहीं बना सकते। इसके अतिरिक्त भी जिस समय लोगों के पास अधिक रुपया आता है तो विदेशों से आयातों की संख्या और मात्रा बढ़ जाती है। इस संख्या को जहां आप नियंत्रण में रखेंगे, वहां इसके साथ यह आवश्यक है कि (exports) (निर्यात) में वृद्धि करें। यह तभी हो सकता है जब दीर्घकालसाध्य योजनाओं के साथ साथ शासन अल्पकालसाध्य योजनाओं का भी प्रारम्भ करे। उनका समय निश्चित होना चाहिए कि योजना छः महीने में पूरी होगी, या एक वर्ष में होगी। युद्धोत्तर कालीन यूरोप में दो घोषणाएं चलाये गये थे, यही घोषणाएं जापान में भी चल रही हैं "उत्पादन करो, नहीं तो सर्वनाश होगा" जिसका अंगरेजी अनुवाद इस प्रकार है "produce or perish"। दूसरा घोषणा है "Export or perish" अर्थात् उत्पन्न पदार्थों को बाहर भेजो, नहीं तो सर्वनाश होगा। सब उत्पादित पदार्थों का स्वयं उपभोग न करो, अन्यथा नाश होगा। इसी प्रकार हमारे दश में नये प्रकार के, नई आवश्यकताओं के अनुसार घोषणाओं की परम आवश्यकता है। मेरे विचार में वे घोषणाएं इस प्रकार होंगी कि "उत्पादन करो और दारिद्र्य के विकराल मुख से बाहर निकलो"। जब हम उत्पादन करना चाहते हैं, तो यह आवश्यक है कि हम दश की मनावृत्ति को इस ओर लाएं। यह मैं मानता हूँ कि यह क्षेत्र वित्त मंत्री महोदय का क्षेत्र नहीं है, हम सब का यह क्षेत्र है कि हम दश की मनावृत्ति का परिवर्तन करें, हमारे दश में हड़तालें बंद हों, श्रमिकों में राष्ट्र भावना प्रचलित की जाय, विकास की भावनाएं उनमें विद्यमान हों, उनमें श्रम की कामना उत्पन्न हो। श्रमिकों के जो वास्तविक कष्ट हैं वे दूर किये जायें। जैसा कि कुछ समय पहले अल्प-राशि संचय (small savings) के लिए प्रचार किया जा रहा था वह कुछ बंद सा हो गया है, मंद पड़ गया है, परन्तु अब भविष्य में उसका गाम गाम और नगर नगर में प्रचार होना चाहिए। हम जो कृत्रिम धन (created money) बना रहे हैं, और जिस गति से नोट

छाप जा रहे हैं उसी गति से *pari passu* समान अनुपात (deficit financing) भी वृद्धि होनी आगे बढ़ते जा आयातों का हिनाअर्थप्रबन्धन अर्थमङ्गल सिद्ध हो ।

उद्योग के पश्चात् में आजीविका के प्रश्न पर आता हूँ । शिक्षितों की आजीविका के विषय में अभी तक कोई योजना इस प्रकार की मुझे दिखाई नहीं पड़ी, जिसके द्वारा शिक्षितों को आजीविका दिलाने का प्रबन्ध किया जाय । जहाँ आज शासन का यह कर्तव्य है कि शिक्षा का प्रबन्ध कर उसी प्रकार से शासन का आज यह कर्तव्य भी बन गया है कि जो शिक्षित हो जायें उनकी आजीविका के भी साधन वह जुटावे । इस सम्बन्ध में एक नहीं अनेक योजनाओं की आवश्यकता है, और एक एक प्रान्त में उसकी आवश्यकता है । अभी तक व्यक्ति स्वयं अपने लिए काम करता है, दूसरी ओर शासन, इन दोनों के बीच में सहकारी संस्थाओं की पर्याप्त मात्रा में स्थापना होनी चाहिए । अनेक योजनाएं हो सकती हैं । शिक्षितों और अशिक्षितों को मिला कर नई बस्तियां बननी चाहियें । हमारे गाँव हमारे लिए लज्जा के स्थान हैं, हमारे दरिद्र कृषक हमारे लिए लज्जा के स्थान हैं । हमारे नये गाँव किस प्रकार के हों, हमारी नयी खेती किस प्रकार की हो, हमारा रहन सहन किस प्रकार का हो, इसके लिए आदर्श गाँवों की स्थापना होना आवश्यक है । इन आदर्श गाँवों की स्थापना में हमको नये शिक्षित युवकों का सहारा लेना चाहिए और नव शिक्षित युवकों को साथ लेकर और उनके साथ आवश्यक मात्रा में अशिक्षितों को मिला कर, हम नई बस्तियां बनायें । एक बस्ती में १० हजार से २५ हजार तक की आबादी हो । उस बस्ती का क्षेत्रफल १० वर्गमील से लेकर २५ वर्गमील तक हो सकता है । जो मैंने अनुमान लगाया है उसके अनुसार कम से कम एक करोड़ या अधिक से अधिक

तीन करोड़ ५० एंसी बस्ती में लगेंगे । यदि प्रत्येक प्रान्त में १० या १५ बस्तियां इस प्रकार की बना दी जायेंगी तो ये बस्तियां इनमें बसने वालों का ही कल्याण नहीं करेगी किन्तु शेष गाँवों में रहने वालों के लिए भी आदर्श होंगी कि भविष्य का भारत इस प्रकार का बनेगा । इन बस्तियों में रहने के लिए घर बनेंगे, खेत बनेंगे । जैसा कि अमेरिकन कहते हैं और जापानी कहते हैं कि जिस देश में नये घर बनते हैं उस देश में समृद्धि सुनिश्चित है क्योंकि घर बनने से देश में कोई ऐसा उद्योग नहीं जा आगे न बढ़े । गाँवों के लिए हम कम से कम क्या कर सकते हैं, न्यूनातिन्यून हमारा उनके प्रति क्या कर्तव्य है यह हमें सोचना है । क्या एक एक ग्रामीण यह अनुभव न करे कि राज्य हमारा और हमारे लिये है । प्रत्येक गाँव तक एक सड़क चाहे वह कच्ची हो अथवा पक्की हो, वहाँ पहुँचनी ही चाहिए । उनको पीने के लिए शुद्ध और स्वच्छ पानी मिलना ही चाहिए, और खेती के लिए जितना प्रबन्ध हो सके, उतना होना चाहिए । हमारे प्रजातंत्र राज्य का यह कर्तव्य है कि हम अपने एक एक ग्रामीण की ओर देखें कि वह संतुष्ट है अथवा असंतुष्ट, जिससे ग्रामीण अनुभव करे---मेरे लिए बहुत कुछ हो रहा है । भारतवर्ष की प्राचीन प्रार्थना की सफलता का यह युग है, और इस युग के लाने में हमारे वित्त मंत्री महोदय कर्णधार हैं ।

“वयं स्याम पतयोर्ययीणाम् ।

सुगृहाः सुवाससः

स्वस्था दीर्घायुषः

समृद्धाः सुखिनश्च ॥ ”

SHRI KAILASH BIHARI LALL (Bihar): Sir, I thank you first of all and then join in showering my congratulations and thanks on the Finance Minister also. Of course, as I was thinking, I have divided into three classes all persons who have congratulated him. First, those who have read the Budget rightly and criticised him or spoken about him and showered their admiration upon him;

LShri Kailash Bihari Lall.]

second, those who have read and understood wrongly and have showered their congratulations on him; and third, those who might have read or might not have read and might not have understood. And I place myself in the third category, although I join in congratulating and admiring him. I should say I really understand and appreciate that in the Republican democracy of socialistic pattern to frame a Budget in the present time is no less an acrobatic feat as that which the circus people perform at the cost of their life or breaking their limbs and neck. So, our Finance Minister if he has attempted at this tune to frame a Budget to suit the democratic pattern, Republican democracy, moulded in a socialistic pattern, it is not an easy task for him. So I have consoled myself and I believe that in the circumstances whatever he has produced is surely to be praised. But I will offer my few suggestions just as I have done during the course of the Railway Budget and I will try to place before him the one thing that I have not been able to understand. Of course I have no time. Last night I saw a dream and in that dream—although I could never think of going in any delegation—it seems I was accompanying a delegation to some foreign country to study the democratic system. And it so happened that in some land the plane developed trouble and it force-landed in some place. I do not remember what kind of country it was, but of course it was a democratically ruled country. We were well received, given relief, and then we were taken to Parliament House also of that country. And there I found that they were making experiments in parliamentary system. But the members were divided into three categories: some were hour members; some fifteen minute members; some ten minute member?; some were quorum members; and some were 'ayes' and 'noes' members only, and I was

really surprised. I thought that this can afford some remedy for our Finance Minister to frame the Budget in future, so that it may suit all kinds of Members in the House. I leave my dream there, although it is a long story. How we were escorted, etc. all those things I leave them there.

I now come to my understanding or misunderstanding about certain things in the Budget. One thing is that I have not been able to understand this socialistic pattern while wading in the jungle of voluminous Budget books—of course, it was very difficult to grasp. Here and there one thing that I saw was our Prime Minister getting Rs. 27,000 per year, whereas his Secretary is getting Rs. 48,000 per year. I could not find how this socialistic pattern will mould itself under the circumstances. I have been unable to understand this—I may be wrong but I am amenable to correction by the Finance Minister. I thought that perhaps there is something wrong somewhere in our economic system in our social life and even the Finance Minister may be finding it difficult to adjust that. Because you will see that we are moving in a vicious circle. In a way the social structure of our country has repercussions upon the education; education has its repercussions upon the social structure; and about finding employment for the people. In this way we are moving in a vicious circle. For instance, at present our education is such that although we profess that we should have a classless and casteless society,—but I could not reconcile with it—there are schools meant only for the children of the big people. Public schools for those who are getting thousands and thousands and those who can afford to send their children to such schools and to prepare them for public service. The other day we heard about culture and thin<sup>^</sup>li<sup>^</sup>)» th»t. S<sup>^</sup> WMH can understand when there is that

ideal placed before our country, how do we expect humbler folks not to follow that, not to entertain the idea that the humble people also may think of sending their children to such schools and hope that they may get thousands and thousands as salary? So, when this thing is in the minds of the people to get so much salary, then what kind of education you will have? It can only be service seeking education and it has got repercussions upon the whole system of education. It is a long, long story. As I have very little time, I leave it here but it is reflecting upon every sphere of our life, on account of this education. And then this education is again reflecting upon other economic spheres. For example, you have heard all along how our agriculture is languishing. Who will think of going to agriculture if this be the condition of agriculture? Everybody with the type of education he is getting is always aspiring and thinking of coming to Delhi and then having high posts in Government service and enjoying motor car and pleasures of life that Delhi can provide. So, if that is to be your ideology, you cannot have people looking to agriculture. In our ancient days. Sir, there was a proverb

‘उत्तम खेती मध्यम दान नि- But, now, we find that 'sewa'

कृष्ट सेवा  
has been assigned the first place, and 'kheti', i.e. agriculture, has been reduced to the lowest place. Nobody thinks of taking to agriculture. My humble suggestion in this regard is that there should be some amount of austerity fixed on our public service. Then only our young men will begin to think of agriculture. Agriculture can only improve when it becomes paying. Even some days back, I had a talk with Vinobaji about this bhoodera *yajna*. Land is being given to the people as a gift, but I feel that agriculture cannot improve by dividing the land to the people. You cannot solve this problem like that. There are landless people who are enamoured of *bhoo-dan yajna* because they think in terms of cash value for that gift of

land. They may not till the land themselves? On the contrary, they may mortgage that land, because still that idea persists that land has got some value. They may receive it as a gift and then they may mortgage it, because agriculture never attracts them. One day a man came to me and said "My son has passed B.A. Now you try to get him some job." I asked him "How many bighas of land have you got?" He said "I have got 400 bighas of land". And I told him. "Your son can engage ten graduates under him, if you take to agriculture." But he said "Agriculture is not paying, and therefore he must try for some service." Now, Sir, this is the position. You can understand it. We have reduced agriculture to this position. Nobody is attracted towards agriculture. The education that is imparted in these days is not such as to attract them towards agriculture. The modern education attracts people to go to towns and lead a luxurious life, with big salaries, with motor cars, bungalows and all sorts of amenities. So long as this is your ideology, you can never expect agriculture to improve. So I say that if you at all want to set right the economic structure of your country and solve unemployment, problem, you must make people turn their face from this public service. Now what is the position? Public service is a thing\* to be coveted. This thing must be taken out from the minds of the people. Public service should not be coveted for people. Mahatma Gandhi, when he wanted to attract the people to the service of the country, always asked them never to think of any pleasure of life or any reward. Can't we tell our people in the service of the country today, "You should also put the same austerity checks on yourselves and never think of enjoying life in the Government service"? Today, Government service is nothing but enjoyment of life. So long as this ideology is before the country, you can never think of peoples producing more and more wealth.

SHRI S. N. DWIVEDY: May I know whether Ministers are included in your definition of 'Government service'?

SHRI KAILASH BIHARI LALL: All persons, even our Ministers. I have already told you that there is an anomaly, because the Ministers are getting less than what our Secretaries are getting.

AN HON. MEMBER: M. Ps.?

SHRI KAILASH BIHARI LALL: I haven't got much time at my disposal. Therefore you can form your own ideas about what I am saying, and you need not interrupt me.

Then, Sir, I plead my inability to understand one thing. We find that bachelors have been subjected to taxation. I really could not understand how it happened, when our Finance Ministry consists of the Finance Minister, who is, of course, newly married, and the other Minister in charge of Finance, who is a bachelor. I do not know how they could adjust this between themselves. What I could understand was that it must have some repercussions. One repercussion would be that people would be tempted to marry now, and that would affect the family planning programmes, which is again the problem of our Lady Member who is always after family planning. So I cannot understand how this has knowingly been done. And then another thing is that this raises the question of discrimination. Of course, it is a constitutional question. And it may be that somebody may take it to the Supreme Court even. For example, you find that the question of zamindari abolition, for several years, engaged the attention of the law courts and even the Supreme Court. I do not know what will be the fate of this question about discrimination between two kinds of citizens, married and unmarried.

Then the third and the most important thing that I would like to

suggest to the Finance Minister is that, of course, he should not run away with the idea that the unmarried persons haven't got any responsibilities in life and therefore they must contribute something to the Government's coffers. I know by my personal knowledge that sometimes there are unmarried persons who have even greater responsibilities than married persons. It is not a thing to laugh at. I say with all seriousness that there are some persons who always think that a married man's family consists of his wife and his own children. This is really a new thing that has come into our age. I know of persons who own the responsibility of their fathers much more than their own responsibility, and who refuse to enter the pleasures of life by marrying. I know of persons who have passed their life in very much distress in order to look after the families of their fathers. They have not married and they have maintained the families of their fathers, being responsible men in the families. They have sacrificed all the pleasures of life lest their fathers' families may not suffer. So I do not think that bachelors haven't got any responsibilities.

MR. DEPUTY CHAIRMAN: It is time to wind up, Mr. Kailash Bihari Lall.

SHRI KAILASH BIHARI LALL: Only one or two points more, Sir.

The other day, Dr. Mudaliar mentioned something about parochialism. And I think that parochialism can be condemned in as strong language as possible. There is no doubt about that. But you can understand as to why is it that this feeling persists in our country. Yesterday I was not here, because I was ill. But I read in the papers something about my friend, Mr. Bodra, who wants a portion to be parcelled out of Bihar, which perhaps he may not get. But I say that whenever there is injustice, this thing arises. So I will

suggest to the Government in all seriousness to see that there is no injustice done anywhere. Do not think in terms of parochialism. Don't think that when you are so high placed you can hoodwink people. This is no doubt only a pious sermon. If we have one tongue to speak with in the public, and some other tongue to speak with in private, we are practising parochialism all the time. The only thing to end this parochialism is this. You divide equitably all the services in the Central Government, and fix quotas for different States, and then you will see that parochialism will automatically disappear. But now there is always this heartburning and bickering, and people are trying to gain their object by this means or that means. This diplomacy exists amongst our own statesmen who have got a different tongue to preach that there should be no parochialism, whereas all the time they practise parochialism. You just place any man in some responsible position, and you will find that he will fill all the posts under him with people from his own State or his own area. So, all the time preaching only will never help you, unless you find out some remedy for the disease. Therefore, my suggestion to you is that you fix the quota for every State on a population basis, and you will then see that there will be no heartburning to anybody, and all will be well.

4 P.M.

MR. DEPUTY CHAIRMAN:  
Please wind up.

SHRI KAILASH BIHARI LALL:  
Give me only one minute. Another thing is about the equal distribution of industries. If you place all the industries in one corner of the country and starve the other parts of the country, that will also not solve your problem of ending the feeling of parochialism.

MR. DEPUTY CHAIRMAN:  
No more.

SHRI KAILASH BIHARI LALL: I will console myself and I thank you, Mr. Deputy Chairman.

SHRI C. D. DESHMUKH: Mr. Deputy Chairman, I am very grateful to the hon. Members of this House for their constructive and helpful criticism of the Budget. It has always been very moderate and even where there have been obvious misapprehensions, I am glad that they have made their observations because it gives me the opportunity of removing them. Even the Deputy Leader of the Communist Party was moderate and the strongest word that he used was "a highway-man's budget". Coming as it does from a Member of the Communist Party, it almost sounds like an encouraging term. I am sorry he is not there in his seat.

Before I deal with what is properly my province, *viz.*, the Budget, its character and the taxation proposals, I should like to deal with some points made in regard to the Defence Ministry by Pandit Kunzru and one or two other speakers. He referred to the slow progress of Indianisation in the Ordnance Factories. The facts are these:

On the 15th August 1947 the number of non-Indians was 96 and the number of Indians was 45, making a total of Gazetted Officers of 141. On the 1st January 1955, the number of non-Indians was 46 and that of Indians was 232 out of a total of 278. In addition, there is only one non-gazetted European Officer working as a Foreman in the Ordnance Factories. It is necessary that Indian Officers should get sufficient practical experience to fill the appointments which the Europeans, a decreasing number, are now holding. Then Shri Kunzru also referred to the question of establishing an Army Council, and he also referred to the tenure of senior officers in-



[Shri C. D. Deshmukh.] eluding the C-in-C Army. His suggestions have been noted by the Ministry. He does not perhaps expect an immediate answer to these questions. Decisions on such matters can only be taken at the highest level after full consideration. The Defence Minister's Committee, however, provides scope for fullest discussions on inter-Services affairs as well as liaison between the Services and the civilian officers at the highest level.

Then he expressed some anxiety in regard to the standardisation of equipment and that anxiety is appreciated. This fact is always kept in view and adjustments made as far as possible but I think he will recognise that there are advantages in not being dependent too much on a single source of supply if the same type of equipment can be procured from two or more sources.

Then he referred to the question of training at Khadakvasala. With the expanding requirements of Navy and the Air Force, it is difficult to give training in all the branches of these two Services at Khadakvasala. Army could perhaps arrange all its pre-commissioned training at the National Defence Academy. Whether to do so will not affect the inter-Service characters the Academy due to the preponderance of senior Army cadets is a question which must be thoroughly gone into. The Joint Services Wing has very recently moved to Khadakvasala. No change is contemplated in the present arrangements. The Government can however consider useful suggestions that might be made in this regard.

Then there was some reference to the location of installations on the new frontier. I think that was by Shri J. S. Bisht. Consequent on the partition, the question of locating installations on the new frontier has been receiving the attention of the

Government. The sanction for the construction of accommodation has been issued in some cases where permanent locations have been decided upon. Lastly there was a small point in regard to Civil Area Committee at Secunderabad. As the Committee is constituted, the elected members will enjoy the powers which have been delegated to such Committees in other Cantonments. As regards the Executive Officer absenting himself from office after 2 p.m., the matter will be, I am assured, enquired into.

That is so far as observations regarding the Defence Services go.

I shall now come to the Budget proper and shall first deal with the charge of loose budgeting because it is quite obvious that if the Budget is not what it pretends to be, professes to be, then obviously it has a bearing on the question of the quantum of taxation. Some hon. Members charged the Government with under-estimating revenues and overestimating expenditure in order to justify new taxation proposals. That makes out the Finance Minister to be a sadist in his tendency. Shri Jain in particular said that as in the previous years, this year's estimated deficit of Rs. 5 crores might also turn into a surplus. If it does, of course, no one would be gladder than the Finance Minister. It is true that in the earlier years of the Plan when both the revenue and expenditure were affected by the disturbances consequent on the outbreak of hostilities in Korea and the disturbances in international conditions, the revenue under Customs and Income-tax showed substantial variations. These years coincided with the period of extraordinary buoyancy of customs—revenue due to the post-Korean war boom—and the income-tax receipts also showed the effect of the special drive for clearance of income-tax arrears. These special circumstances are no more operative?

and actually during each of the last two years, customs revenue fell short of the revised estimate and this year too, but for the recent increase in the tea export duty and the large imports of sugar, we would not have been able to realize the budgetary figures. Income-tax revenue also fell short of the revised estimate last year and judging by the trend of actuals, the current year's estimate of Rs. 165 crores may only just be realised.

Turning to expenditure, it is true that there have been savings particularly in Defence Services and in certain civil heads but these again have been due to circumstances which could not have been foreseen at the time that the estimates were framed. The savings in the Defence Services for « instance were largely due to the delay in the delivery of stores. The short-fall in civil expenditure has occurred mostly in development expenditure some illustrations of which I gave in my speech already. The fact is that in the early years, administrative machinery was not fully geared to the effective implementation of the Plan and as a substantial part of the grants to the States for development are on a matching basis and are dependent on the ability of the States to raise their own part of the finances, sometimes expenditure under these heads falls short of the estimates. Considering the amount of the figures involved, I cannot say that such shortfalls will be entirely eliminated. But it is my belief that the scope for such substantial variations should be very much less now, because our administrative machinery has got into its stride and we are fully alive to the importance of implementing as much of the Plan as possible. Nevertheless, being aware of this tendency, I have left a gap of Rs. 8 crores in the revenue Budget to cover exactly such a contingency. This is not a sacrosanct figure. I may suggest Rs. 8 crores and

some other hon. Members might suggest Rs 10 crores. I can only as- sure the House that the estimates are framed with the utmost care, on the best possible information that can be gathered and to the best of our judgment, and that there is no deliberate over budgeting merely to justify the raising of unwanted revenue.

I think this is the proper opportunity for me to explain that it is wrong to imagine that we are raising revenue for all the development expenditure. That is not so, I made a point in my Budget speech that what I wished to do was to see that by and large, after making allowances, the revenue side of the Budget is balanced. The reasons are two. First, it is not essentially productive expenditure, and it is also of a recurring kind which does not add in any kind of a direct way, to the national income, and therefore it is best to pay our way as we go along. Secondly, if the Central Government were to set a bad example in this respect, then it is apt to be followed very willingly by the 28 or 29 States that we have in our Union and it is for this reason, for the sake of good principles of budgeting that so far as the revenue and expenditure sides of the Budget are concerned, we should try to balance them.

So far as the development expenditure is concerned, which is generally imagined to be for productive purposes, we have already agreed and we have practised it, that credit should be created to the extent necessary by resort to what is described as deficit financing. Therefore, hon. Members must not run away with the impression that heavy taxes are being imposed on the public for the sake of implementing the Plan. That would be a wrong idea.

SHRI S. MAHANTY (Orissa): Then for what are these fresh taxes being imposed?

SHRI C. D. DESHMUKH: The hon. Member has been unable to follow the position: I have said it is for balancing the Budget.

SHRI S. MAHANTY: What for?

SHRI C. D. DESHMUKH: I am now coming to the next side. The revenue must balance the expenditure. Regarding expenditure, there are only two charges that can be urged against the Government—want of economy and inefficiency.

SHRI S. MAHANTY: Yes.

SHRI C. D. DESHMUKH. The other charge I have disposed of; there is no deliberate over-estimation of expenditure and certain allowance has been made for shortfall in performance. That leaves us with the other matter, namely, that of economy and efficiency and avoidance of waste. Here one general proposition I would put forward and that is, one may agree or disagree with regard to the degree of economy that might be achieved and therefore hon. Members may not agree that the expenditure is going to be Rs. 495 crores, they may say that it will be Rs. 485 crores, but the principle still remains that after making these adjustments, if there is agreement on this fact, the revenue side of the Budget must be balanced. It is that proposition which I would like the House to accept. If once it is accepted, it is easy to agree on the details, as to how the balancing is to be done.

With regard to the economies, hon. Members have referred to the recommendations of the Taxation Enquiry Commission for a thorough careful enquiry into the whole question of public expenditure. Now, as I said before, perhaps not in this House, but in the Lok Sabha, so far as the problem of securing economies is concerned, it runs like a thread through all our financial control. In other words, it is constantly before us and is treated as part of

the day to day control of expenditure. We have an Economy Unit which has been continuously functioning and which examines the staffs of the Ministries from time to time, for suggesting economies. We have also recently organized an Organisation and Methods Division in the Cabinet Secretariat which will have under continuous review the organisation and methods of work in the various organisations so that wastes resulting from uneconomic methods of work are avoided. We have also the assistance of the Estimates Committee in the pursuit of economy. But when one talks of economies in expenditure, one has to remember two important facts. First, that in the context of the expanding economy and increase in expenditure on development, any net reduction in expenditure is not possible. I have not had the opportunity of going in detail into the figures supplied by Dr. Raghu Vira. I shall look into them and try to find out the reason why the percentage of expenditure on administration in Germany is so low as compared with the total expenditure. But in any case, each economy must stand as a case by itself. Our economy is expanding and therefore our administrative expenditure must go on progressively increasing. All that can be done is to secure that in this growing field, the tax-payer gets the maximum return for the expenditure. I do not mean to join issue with the last speaker who cavilled at the very high rates of pays which are enjoyed by officers. That takes us into very difficult questions as to what should be the remuneration of our public servants, as compared to the remuneration which is paid to people in commerce and industry and so on. In any case, my general answer would be that we wish today for the equalisation of the incomes, or rather the progress towards the equalisation of incomes done through taxation. From time to time, scales of pay are under

examination and we had about seven or eight years ago the Central Pay Commission which has laid down scales of pay which are very much lower than some of the protected scales of pay that some of the officers are enjoying.

SHRI B. K. MUKERJEE (Uttar Pradesh): But they have not been implemented.

SHRI C. D. DESHMUKH: They are being implemented when new people are recruited; they are not protected by the Constitution and they are under the new scales of pay.

SHRI KAILASH BIHARI LALL: But what is the difficulty in fixing a ceiling on salaries?

SHRI C. D. DESHMUKH: A ceiling has been fixed. Rs. 3,000 is the ceiling which has been suggested by the Pay Commission, and by and large, it is observed.

Now, we must also remember that at the present moment, anything that results in retrenchment of surplus staff is likely to create more problems than it solves. I am certain that if an economy committee went into the matter they will find that we are carrying 10 per cent, in the ministerial and the class IV staff as surplus. We have had to wrestle with this question for some years now and we cannot say that we have found a very satisfactory answer to it. We have found ourselves between the devil and the deep sea, on the horns of a dilemma. I have myself an open mind *on* the question, but I greatly fear that the result of any enquiry such as that suggested by the Taxation Enquiry Commission, would inevitably be the recommendation for overall cuts in establishment which it would be difficult to implement, particularly in the present context of unemployment.

We, at the Centre, are deeply conscious of the need for avoiding the

loss in the affectiveness in developmental expenditure to which the Commission have drawn attention and to the need for economy and the avoidance of waste. I am sure that this is shared by the State Governments as well. The Planning Commission keep an eye on the growth of non-developmental expenditure in the States and draw attention to any noticeable growth in such expenditure. On the whole, I feel that we are doing everything possible in this matter but, as I said, I have an open mind on the subject and will have the Commission's suggestions carefully considered, as I am bound to, together with the other suggestions of the Commission which are still to be examined.

The hon. Member who spoke penultimately, so to speak, Dr. Raghu Vira, made a very interesting suggestion. My reaction, *prima facie*, is favourable; I think there is a lot to be said for setting up some body which will *go* into the relative efficiency—the comparative efficiency—of the achievements of this mixed, economy, this public and private sector that we are running. I have my own purposes in view, apart from finding out whether we are spending money or wasting money, as the hon. Member said in regard to one particular enterprise of ours. I should like to find out how much money is being wasted by the private sector. That would be quite interesting.

SHRI S. MAHANTY: Two wrongs do not make one right, Sir.

SHRI CD. DESHMUKH: Neither does one swallow make a summer. Sir.

I shall next come to the question of some of the taxation measures. I should refer to- the income-tax, first. I have given figures the other day; they were in the papers but I would like to re-state some of them. Anyone who gets an income of Rs. 10,000, pays a tax today of Rs. 517; the proposed tax on him will be Rs. 508 per

[Shri C. D. Deshmukh.] year or, he has to pay about Rs. 9 less. I next take a person who has an income of Rs. 20,000; he pays a tax today of Rs. 1,993 and the tax that he will have to pay, if my proposals are accepted, will be Rs. 2,132, giving an increase of Rs. 139. No great change. Then we come to those who draw Rs. 30,000. They pay, at the moment, Rs. 5,603 and they will have to pay Rs. 6,332, that is to say, Rs. 729 extra. I think, Sir, most of the Ministers come in this class. Then come people with an income of say, Rs. 70,000. They now pay Rs. 27,915 and they will have to pay Rs. 31,401, that is to say, Rs. 3,486 more. Let us now come to the Plutocrats, persons with an income of one lakh. A person with an income of one lakh pays now Rs. 50,064; he will have to pay Rs. 54,369, that is to say, Rs. 4,305 more. Let us then come to one whose income is Rs. 2 lakhs. He pays Rs. 1,30,454 and he will have to pay Rs. 1,41,323 an increase of Rs. 10,869. You see, Sir, we are getting very socialistic as we jjo up. Then we come to the three lakhs category. A man pays Rs. 2,12,485 back to Government and now we are asking him to pay Rs. 2,29,916, that is to say, Rs. 17,431 more and lastly, Sir, let us take the person whose income is Rs. 5 lakhs. He pays Rs. 3,76,548. Now, we are asking him to make a further effort and pay Rs. 4,07,103, that is, his income will be a little under Rs. 93,000. The House might be interested to know that there are only 161 people with an income of over Rs. 5 lakhs; so, it is a manageable problem for the future. The number of people who get incomes over Rs. 7,50,000 is 74; the number of assesseees whose income is over Rs. 10 lakhs is 46.

SHRI GOPIKRISHNA VIJAIVAR-GIYA (Madhya Bharat): This does not include income from the lands.

SHRI C. D. DESHMUKH: I have got only the statistics regarding income-tax, not the agricultural income. I am hoping that the Estate Duty Will enable me to do something.

Sir, the proposal has been made that we should fix a ceiling on incomes and no doubt there is a recommendation to that effect in the Taxation Enquiry Commission's report also. I think personally it would be a mistake to reach a stage in which the tax is sixteen annas in the rupee because then there will be absolutely no initiative, I think it was for this reason that one hon. Member from Saurashtra suggested that it should not be sixteen annas but it should be 15-999 annas. There is certainly a germ of truth in his suggestion but I would not be quite so fierce. The best method, it seems to me, is to increase the rates as the incomes go up. The present maximum tax rate on individual incomes is Rs. 0/12/6 plus 5 per cent, on incomes over Rs. 1,50,000. Now, in my proposals, I have raised this by one anna and the tax rate now payable on slabs above Rs. 1,50,000 is 88-6 per cent, on the income. These rates, Sir, must depend on the economic conditions from time to time. .

"SHRI V. K. DHAGE (Hyderabad): Do these figure\* include the super tax also?

SHRI C. D. DESHMUKH: Yes, everything. Take the income of Rs. 5 lakhs. The tax payable in 1950-51, at the beginning of the Plan period, was Rs. 3,58,617, that is, 71-7 per cent. In 1954-55, the tax payable was, as I pointed out, Rs. 3,76,548, that is, 75-3 per cent. Our proposals if accepted will raise the tax to Rs. 4,07,103. which gives you a percentage of 81 -4. I think hon. Members even if they disagree in regard to the detail, are bound to agree with me that "we are acting in the right direction.

Now, Sir, there has been some criticism of the development rebate and this is one of the major misunderstandings which I think I must clear. I must first explain the scope and effect of the development rebate. (1) It will not go to buildings, motor cars, typewriters, office equipment, etc., but only to plant and machinery installed for business purposes, and (2) although in strict theory, initial depre

development allowance is an interest free loan and the development rebate is a tax relief, in practice, the two schenes as recommended by the Commission compare as follows:

(a) In the first year both give exactly the same benefit to the assessee;

(b) In the second year the assessee entitled to the rebate gets an extra 4 per cent, depreciation over the one entitled to the initial depreciation allowance; and

(c) this difference gradually diminishes until at the end of the fifth year, the assessee entitled to the development rebate has still an un-absorbed cost of 33 per cent, while the assessee entitled to initial depreciation allowance is left with an unabsorbed cost of 23 per cent.

Now, it is true that I am making some sacrifice of revenue but I am hoping that this will give the necessary fillip to industrial development in general.

There was criticism that what was intended by the Commission to be a special incentive to particular industries is now being granted indiscriminately but I think that criticism overlooks the following points:

(a) While the tax machinery can to a certain extent be used for directing investment it has its limitations,

I should like to quote with approval what the Chancellor of the Exchequer said in the United Kingdom in this connection: "The tax machines..., if it is to work with reasonable smoothness and efficiency can deal only with broad general classes of expenditure".

(b) The second point is that to the extent that the tax machinery can be used for this purpose, it is being used. Under Section 5J-A, for instance, companies investing in

117 R.S.D.—6

other companies engaged in particular industries are given exemption from super-tax on the dividends received from such companies. Under the present Finance Bill, the scope has been slightly extended. Then again, confining this to industries producing capital goods alone would have meant the complete exclusion of the small producer from the benefits of this rebate. We are striving at the moment our utmost to develop small-scale industries and we thought that it would have been inconsistent with this policy to allow a tax relief to the bigger producer, to the exclusion of the small producer on whom we are going to rely to a very large extent for the production of consumer goods or for increasing the supply of consumer goods.

Now, Sir, I come to the excises. There was criticism—I think it was Shri Ghose who said it—that there was no increase in taxes on luxury articles. Now the Taxation Enquiry Commission has recommended, as hon. Members have no doubt observed, new excises on sewing machines, woollen textiles, paper, dry and storage electric batteries, electric lamps, electric fans, paints and varnishes, vegetable oils, biscuits, aerated water, glass and glassware and ceramics. In the present Budget Nos. 1 to 7 have already been included. Of the remaining, biscuits, glassware and ceramics can perhaps be considered to be luxury or semi-luxury articles. But then we are not aiming at utilising all the excises in one breath, because, as I said, our purpose was a very limited one, to try and find the contribution by indirect taxation towards bridging the gap between revenue and expenditure apart from the deficit which I chose to leave uncovered. During the 1954 Budget I explained that it was impossible to raise revenues of the order required to meet the country's needs—and I am talking only of the revenue and expenditure side—without taxing some articles of general consumption. So all that we could do was to take care that the burden placed on the

[Shri C. D. Deshmukh.] middle and poor classes was not excessive—not that there was no burden at all. It has been calculated that for a family of five consuming reasonable quantities of sugar, cloth, electric lamps, electric fans, paper, woollen fabrics, paints and varnishes, batteries and sewing machines, the annual extra expenditure on account of the new excises and increase in the old excises in the Budget is not likely to exceed Re. 1 per month.

Some hon. Members suggested that there should be a tax on vegetable oils. Now we considered this and we thought it was not safe to introduce this new excise on account of (1) the administrative problem involved and (2) its likely repercussions on the price of an important cash crop for the cultivator. Now as regards the administrative problem, there are over 3,000 power-operated factories in the country and therefore we feel that an extensive survey will be required in order that we should have the proper perspective and background before we proceed with the consideration of whether this is a good source of revenue or not.

Someone has calculated, Sir, the possible increase in the cost of living of the community as a result of the new duties. Assuming that all the other factors remain unchanged, the maximum net increase arising out of the new duties or increase in existing duties will be only of the order of 7 per cent, in the working class cost of living indices. If the experience of 1954 is a guide, the ultimate result *may well* be that there will be no increase at all, or if there is an increase, other factors like market fluctuations may have even a greater effect than a mere increase in excise and customs duties.

Sir, it is not my purpose here to enter into a detailed defence of the taxation proposals. I am free to admit that this year, since the Taxation Enquiry Commission's Report fell into my hands at about the time that the

Budget was being finalised. I did not really rely on it. In other words I had to solve the problem and I find say Rs. -20 crores and I had to exercise care in order to see that (1) I did not go in a direction contrary to the announced policy of Government of evolving a socialistic pattern of society and (2) I did not impose any levies which were not likely to be contained in the recommendations of the Taxation Enquiry Commission's Report. I have already said in my Budget speech that in detail the report still remains to be examined and therefore I did not attach that kind of sacrosanctity so to speak that one would feel inclined to attach to budget proposals in the normal way. There is another factor, Sir, and that is that when one has to broaden the position of taxation by imposing a large number of new excises, the difficulty one feels is that one has to act on information already in one's possession because if one started to collect details and particulars, then one would give rise to speculations in the markets and therefore this has to be determined always in the light of observations of Members of the House, of representations that may be received and so on and so forth. Hon. Members will be glad to know that I have already agreed to receive a very large number of delegations and deputations in regard to various matters, for example regarding ceiling fans. I have received representations in regard to paper, for instance, handmade paper. We never knew that the pulp that was used for hand-made paper was made by power and so on account of the drafting of that particular provision we find that even that hand-made paper is subject to taxation. Immediately we discovered it we are already taking steps to exempt that paper and a Press Communique is likely to issue this evening, in about twenty minutes time. So, as I say, we keep an open mind on this subject both as regards the size of the gap to be left uncovered and in regard to the appropriateness of any particular measure of taxation and we shall arrive at a decision only after all the

observations have been made and all the representations have been considered. So hon. Members can rest assured that the community will not be asked to bear any taxation which on examination is likely to prove burdensome.

Now hon. Members have made detailed points in regard to increase in income-tax rates on lower slabs and so on. I think I shall have other opportunities of explaining that there is a certain amount of misunderstanding there, as for instance, in regard to the tax rates on the slab Rs. 7,500 to Rs. 10,000 and also in the slab from Rs. 10,000 to Rs. 15,000 because in examining the effect of the changes made it would be incorrect to pick out one item and point out a certain amount of apparent unfairness in percentages. One must take the combined effect of all the changes made, and if this is done it will be seen that in the case of married persons the amount of tax payable up to an income of Rs. 10,000 is actually less than that payable under the existing provisions. This is only by way of example. There are other figures also where you will find that there is a saving—I shall not linger on this point very much.

Now I think it was Shri Jain who made some reference to taxation of perquisites. The changes proposed are fundamentally two (1) taxing of all entertainment allowances and (2) taxing of perquisites in kind. Perquisites in cash are even now taxable, such as house rent allowance, compensatory allowance, dearness allowance paid in cash and so on. The provision now proposed is substantially the same as in the existing U.K., U.S.A., Canadian and Australian law except that in the Australian Act—which is very useful—the allowances given to the Prime Minister and other Ministers are exempt—I had not discovered it before—subject to the maximum of £3,500 and £1,000 respectively. We feel that there is no real reason to distinguish between payments in kind and those in cash. At present in a number of cases we know that very high sums are

being paid as entertainment allowance, conveyance, etc.

Now, Sir, I come to criticisms of quite a different kind—I think it was Shri Deogirikar who referred to it —f: separate planning Budget. I think it was also Dr. Raghu Vira who said that a separate planning Budget should be presented along with the General Budget. Now if I understand the hon. Members aright, they desire to have a statement which would show the projected outlay on the plans for the coming year broken into suitable categories, and the revised figures of expenditure in the previous year along similar lines. Obviously, there is *no* such thing as a presentation of the resources position or of tax proposals with reference only to the Plan outlay. I cannot give a Budget because I cannot show the revenue side. If this interpretation of the hon. Member's suggestion is correct, I should like to point out that the kind of review for the past year and the prognosis for the coming year that they desire are attempted in the progress reports issued by the Plan-nine Commission. It is not possible to include these things in the Budget, for the Plan relates to the Centre as well as to the States, and it is virtually impossible, for practical reasons to get together all the data from the States well in advance before the presentation of the Budget. I need hardly remind the House that work on the preparation of the Budget commences about three months before the date of presentation, and it would be necessary to start it even earlier if a separate planning Budget had to be preserved. Some of the State Budgets are, in fact, presented to their Legislatures after the Central Budget. On practical grounds, therefore, I should think that a separate planning Budget is not feasible.

I also think, Sir, that the present practice of presenting a fairly detailed report on the progress of the Plan which, as Members are aware, includes estimates of likely expenditure and of the likely resources position in the coming year—a few months after



[Shri C. D. Deshmukh. | the completion of the financial year is quite satisfactory. This has the special advantage of the House having an opportunity to discuss the progress of the Plan as such, and judging from the experience of the debate we had a few months ago, I am inclined to think that the present practice is, in fact, better than the one suggested by the hon. Member. The Plan does come in for a review, though not comprehensively, even in the Budget debates, but there is advantage in having special progress reports on the Plan and considering them, as we do, separately, concentrating on the Plan as such.

Then one hon. Member referred, and quite rightly, to achievement in physical terms but I would like to point out that here again, the progress report does set forth achievements in various fields in terms of physical targets, such as, increase in irrigated area, in power generation, in road construction, etc. The Planning Commission has at present in hand a survey of various programmes under the Five Year Plan showing the progress made, as far as possible, in physical terms. This survey is expected to become available in the course of the next two months or so.

There was some reference to the failure of State Governments to raise adequate resources and the question of supervising their operations and co-ordinating their work with the Centre. Now, that raises very difficult issues. On the one hand much of the work of development falls on the shoulders of State Governments. We also know that their sources of revenue are restricted. We also recognise the importance of enabling them to carry on their administration on an even keel. Now, so far as the expenditure of the first Plan was concerned, that was governed by the award of the Finance Commission. I expect that within a few months—perhaps after the receipt and partial consideration of the Report of the States Reorganisation Com-

mission—we shall have to appoint a Finance Commission again which will have to go into this matter of enabling the States to carry out all the expenditure which falls on them by virtue of their development needs and it is only the residue that will be left to be borne by the Centre. But even there there are very difficult problems such as the problem of matching grants to the States for their education, health and other purposes to which the Centre attaches importance. The whole question is a very complicated one. We are from time to time studying the character of the expenditure that goes on the revenue and expenditure side in order to see if some of it could not be transferred to the capital side or what we might now describe as the development expenditure side and it may be that on examination we might come across certain items which are really not of a revenue nature but of a developmental nature and if that happens—perhaps not this year, but next year and the year after—then we shall continue that process of transferring some of those to capital expenditure so that it will not be necessary to raise taxation for purposes of that kind of development expenditure because that was the point that was at the back of people's minds when they referred to State finances.

Now. I come to the general question of deficit financing, balance of payments and so on and so forth. The question has been asked why with all the deficit financing there has been no deficit in the balance of payments, and why our external accounts position remains satisfactory. Now, this is a question which involves a certain amount of economic analysis but I shall try to deal with it. I hope hon. Members do not suggest that a satisfactory balance of payments position is an undesirable thing, or that it indicates some grievous sins of omission or commission on our part. Our balance of payments position may, for the time being, be regarded as satisfactory, but this is a relative term. In fact, there is nothing in the present

position to indicate that our foreign exchange resources are ample in relation to our expanding needs, or that there is room for any complacency in this regard,

I stated, Sir, that our sterling balances declined by Rs. 153 crores in the first four years of the Plan. We received external assistance of the order of Rs. 156 crores by way of loans and grants taken together. In these four years, the expenditure on the Plan, was probably around Rs. 1,400 crores. Relatively to this total the draft on foreign exchange resources has been quite considerable—over 20 per cent. The Plan is being stepped up further this year and in the second Plan we shall need much more foreign exchange for our direct developmental imports and also, I should think, for imports of consumer goods following upon increased incomes, depending on our consumption propensity which is not very high but which might rise higher with the increase in national income and general tone of development. Now with increasing money supply the "cover" needed by way of foreign exchange reserves will correspondingly go up though here again I do not wish to be dogmatic. There is no particular magic about the percentage of 40 per cent, which has been prescribed by our law. But that is the law today and it is the duty of the Finance Minister to ensure that there is 40 per cent, cover in gold and sterling for all the bank notes circulation of the country.

That brings me to the question of the extent of deficit financing that has taken place so far. In the first three years, this was quite small, thanks, firstly, to the exceptionally good tax receipts in 1951-52 as a result of the Korean war boom, and, secondly, on account of the low rate of spending in those three years. For the fourth year, that is, 1954-55, according to the revised estimates presented in the Budget, the expansion of Treasury Bills necessary by the end of the year should be Rs. 208 crores. This estimate is based on the revised figures

of expenditure by the various Ministries, but these also, it must be remembered, are estimates. It is possible—perhaps it is quite likely—that the expectations of the spending departments will not materialise to the full, and so, we may end up with a smaller order of deficit perhaps 200 crores, than the one just indicated. In other words, since in the first three years, the rate of spending in the public sector was low, the effect on the balance of payments position could not be large, and it may well be that it will be some time before the effect of the increased spending in the fourth year gets reflected in larger expenditure on imports by the recipients of new incomes. In appraising the net outturn on external accounts so far, one has constantly to remember that the last two years have been exceedingly good in respect of food production. I said that in 1954 our foodgrain imports were only 8 million tons as compared to 2 million tons in 1953 and 3.9 million tons in 1952. This has meant a large saving in foreign exchange. In other words, in the absence of this favourable factor, maybe we should have found it difficult to finance our import requirements even on the present scale.

Now, I go on to another question which has been raised, the question why our tax resources have not gone up as a result of the increase in incomes that has taken place in the last two or three years. This is a very difficult question to answer. A great deal depends upon where, in what sectors, expenditures have increased and new money incomes have been generated. To the extent that incomes increase in rural areas, the Centre may gain but little. It may not be reflected in the Central revenues. Moreover, one must not forget that the increase in real incomes in the last two or three years—which, after all, is by no means spectacular—has been accompanied by a fall in prices. This latter factor is apt to react adversely on some tax receipts. We do not yet have the latest national

[Shri C. D. Deshmukh.] income data, but, by and large, I should think, we are drawing into "the public exchequer a fairly constant proportion of national income. There are various special factors to be considered in this context. In the past, we recovered considerable arrears on , income-tax. These have now, happily, diminished, but the consequence, other things being equal, is lower aggregate receipts. Then, again, our import policy is fairly stiff, and we do not allow revenue considerations to come in the way of the developmental requirements of domestic industry. It is factors like these which necessitate my looking to other sources, like excises, especially on new items, and it is in this light that I wish the House to appreciate generally—I shall not go into details—some of the tax proposals for the year.

Then, what about the extent of deficit financing proposed in the next year? Somebody asked, is it safe? I have dealt with this question on many occasions. Now, Sir, there are no absolute norms or standards in this respect. One has to watch the economic situation constantly and carefully and one has to watch, as I said, the price indices, the foreign exchange situation and the employment situation. And if the employment situation and the fall in prices suggest that we should create credit in order to utilise unutilised resources, then there is every justification and, indeed, it is our object to go forward. So long as there are unemployed resources and so long as prices do not show any tendency to distortion, as I said, it is not only safe but desirable to resort to deficit financing. In other words, deficit financing has, at this stage, a positive role to play, provided it is linked to a well balanced plan. What worries us now is not the extent of deficit financing needed, but our limited capacity to apply it effectively to the furtherance of the Plan. In other words, our principal problem is not finance at all but of organisation and of the training of technical personnel.

Now, Sir, there are a few other points—the Budget is a barren and bankrupt one and a highwayman's Budget and so on. I do not think I should deal with these because they are just vague charges. I recognize with many other hon. Members, the importance of small industries and we have noted the various points that have been made in this respect, to find out what assistance those which are in Queer street require, arid so on and so forth. I have also noted a suggestion that there should be a survey of cottage industries. I shall have to find out how much material the Commerce and Industry Ministry have already in their possession. I would agree with the hon. Member who made the suggestion that if the material is not sufficient, we should take care to inform ourselves fully because, as I said, the development and the proper organisation of cottage and small scale industries is going to play a very big part indeed in our next Plan.

My time is nearly coming to an end now. There is this matter of need of evidence of a socialistic pattern in the Budget which I should like to deal with because many hon. Members have referred to the absence of this phrase in my Budget speech and they have tried to read all kinds of subtle meaning into this omission. Now, I should like to point out that socialistic pattern is not a kind of dogma. I claim that the place to look for the socialist pattern is not the Budget but the Plan, because the Budget is only for the implementation of a particular phase of the Plan. The increasing use of public saving to finance development in the public sector and the use thereafter of surpluses so generated to foster a process of cumulative expansion is essentially socialistic in its conception. The ownership and control of strategic industries by the State is a socialistic measure. The expansion of social services like education and health and industrial housing is also a move in the same direction. I take note of the suggestion made by one hon. Mem-

ber that industrial housing should not be a class by itself.

Now, estate duty is nowhere and never described or recognized as a pro-capitalist measure. Taxation of the rich, again, is evidence of the emerging socialistic pattern. Therefore I suggest that the use of the expression "socialistic pattern" should not be taken to imply the acceptance of a dogma or a set pattern. Indeed, that is what we were trying to guard against. We have before our mind's eye a broad pattern of economic and social relationships; we may call it the welfare pattern or we may describe it as a socialistic pattern. The object is to ensure social control over the means of production: in some cases, this may mean ownership; in others, devices or instruments of control may be adequate. It is also intended that the benefits of economic development should be shared equitably and this means, to an extent, redistributive taxation, such as the one that is part of the Budget proposals. But above all the task is to increase incomes at the lowest levels and this must be done through choosing a right investment pattern. That is why I emphasise again and again, the role that small scale and cottage industries are destined to play in our next Plan. It is here that the objectives of increased production, fuller employment and social justice meet. These are very big objectives and they have to be balanced at each stage. The way to do this is not to tear and uproot, but to build and create more wealth. Following or trying to build up a pattern is not to follow or copy an "ism".

I would like the House again to revolve this very important point that I am not taxing for purposes of development. I am taxing for purposes of balancing the Budget, although that is a process which is inherent in the whole business of fiscal policy and taxation. To the poet who said something about my being free to extract taxes and my not being aware of the

consequences that were likely to follow, my reply is this:

“भरसक कर जब दोगे,  
तब कर लोगे नीन सा संसार।  
उस पर मणिलालों से,  
होगी कल्याणरास की बौछार ॥”

#### MESSAGES FROM THE LOK SABHA

I. THE WORKING JOURNALISTS  
(INDUSTRIAL DISPUTES) BILL,  
1955

II. THE APPROPRIATION  
(RAILWAYS) BILL, 1955

III. THE APPROPRIATION (VOTE ON  
ACCOUNT) BILL, 1955

IV. THE ANDHRA APPROPRIATION BILL,  
1955.

V. THE ANDHRA APPROPRIATION  
(VOTE ON ACCOUNT) BILL, 1955

SECRETARY: Sir, I have to report to the House the following five messages received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

#### I

"In accordance with the provisions of Rule 157 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to inform you that Lok Sabha, at its sitting held on the 10th March, 1955, agreed without any amendment to the Working Journalists (Industrial Disputes) Bill, 1955 which was passed by Rajya Sabha at its sitting held on the 2nd March, 1955."

#### II

"In accordance with the provisions of Rule 133 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Appropriation (Railways) Bill, 1955, as passed by Lok Sabha at its sitting held on the 10th March, 1955

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