

COUNCIL OF STATES

Monday, 26th May 1952

The Council met at a quarter past eight of the clock, MR. CHAIRMAN in the Chair.

MEMBERS SWORN

Dr. M. D. D. Gilder (Bombay).

Dr. Raj Bahadur Gour (Hyderabad).

MR. CHAIRMAN : I have to inform the Members of the Council that I have received the following message from the President. The President writes :

I have received with great satisfaction the expression of thanks by the Members of the Council of States for the Address I delivered to both the Houses of Parliament assembled together on the 16th May 1952.

BUDGET (GENERAL), 1952-53— GENERAL DISCUSSION

MR. CHAIRMAN : Now we have general discussion on the Budget. Mrs. Lakshmi N. Menon.

(No response.)

MR. CHAIRMAN : Yes, Nawab of Chhatari.

SHRI A. S. KHAN (Uttar Pradesh) : Mr. Chairman, before I make a few observations about the Budget that has been placed before this House, I would like to submit that the period of three days that has been allotted for the general discussion of this Budget which is so huge is most inadequate. It will not be possible for us to examine thoroughly and do any justice to this Budget if we have no time at our disposal. The time, i.e., three days is, I should say, quite insufficient for the purpose. We are supposed to be elders in this House. Therefore, it is not possible for us to go through this Budget fully during this short period of only

three days. I therefore trust, Sir, that next year you will see that some more time is allotted for this purpose.

Now, coming to the Budget itself, I feel that, considering the economic situation in the country and also the atmosphere of misgivings and tension in the international field, our Budget is not bad. I have noted with great satisfaction when the Finance Minister said that he thinks that the downward trend of the prices has been beneficial. I agree with him absolutely there and I do hope that the Government will do nothing to stop this downward trend of prices because I think the man in the street stands to benefit thereby. I also noted that the Finance Minister said that the business people had to sustain some losses on account of the fall in prices. It is true, Sir. But I am sure our businessmen are not so unpatriotic as to come in the way of the masses of our country who stand to gain by the fall in prices. If the businessmen are not having the same amount of profit as they expected, it does not matter; the purchasing power of the rupee has gone up and therefore there is no real loss in that sense. I would even welcome a further pushing down of the trend of the prices. I would like to suggest whether the time has not come for the Finance Minister to reconsider our policy of devaluation.

Sir, during the last elections, we find that the people have shown their great confidence in the Congress organisation of the country. They have returned Congressmen in a thumping majority all over the country. This has meant more responsibility on the shoulders of the Congressmen. I am sure, Sir, that the Government as well as the Members of this House will leave no stone unturned to see that the era of abundance should dawn in India during next 5 years. There is no doubt some discouraging features had to be faced. There are famine conditions prevailing somewhere on account of drought, and somewhere on account of floods. But the Government has been doing its best to remedy as far as it lies in their power. Let us hope we are going

[Shri A. S. Khan.]

to have better luck this year and let us try to create a new era of peace and happiness for the country.

Sir, I now come to the question of food subsidy. I welcome the appointment of Mr. Rafi Ahmed Kidwai, the Food Minister. I have known him for some time. He is a silent and strong man and I think we need a man of this type now to be able to solve the food problem. I hope that the Food Minister will be able, even without subsidy, to arrange things in such a manner that the prices may not go high. In fact I was very much pleased to find only in today's papers that he is seriously thinking of removing restrictions on the movement of food grains from one place to another and from the rural areas to the urban areas.

I further think that in certain rural areas food grains are being sold at less than controlled prices. After all, controls were intended to keep the prices low, and not to prevent them from going lower still. I feel, Sir, that the removal of restrictions on inter-State movement of food grains will do a lot of good. I would like to suggest to the Food Department to cut down their commitment by fixing a minimum income for those who are to be rationed. Those who can buy from the open market will be allowed to do so. If this is done, there will be no reasons for us to think that in future the prices will not move down and settle down at a lower level.

Sir, I feel sorry, that the Finance Minister has reduced the food subsidy. I know his difficulty ; it was not possible for him to restore it. If all the efforts on the part of the Food Minister have the desired effect, then the difficulty arising out of the abolition of the food subsidy will be more than balanced by the efforts of the Food Minister to give relief to the people. However, if his efforts do not succeed, we may have to reconsider our policy, and restore the subsidy.

I would not like to deal with other subjects, as I would not like to take up the time of the House. I know there are so many people who would like to survey other aspects of the Budget; if everyone likes to deal with the whole Budget, much more time will be required than is now at our disposal.

SHRI B. GUPTA (West Bengal) : Mr. Chairman, as we begin our discussion of the Budget, I would like to remind the House of the principles on which a Budget should be based; because I feel, Sir, that those principles have been abandoned here. The Budget of a country like ours, as indeed of any other country, must be an instrument of national and economic advancement. The present Budget is unfortunately the very antithesis of what a people's Budget ought to be. Whatever may be the complexion of Mr. C. D. Deshmukh—he is very particular about complexion,—the Budget which he has produced doubtless bears the complexion of a colonial Budget, the Budget to which we have been accustomed in the days of the British, the Budget which has kept India under colonial subjugation and exploitation, the Budget which gave us unbounded misery and caused mass starvation and death. We have got in this Budget a repetition of the same old British Budget. I would like to mention, Sir, that this colonial exploitation is hardly concealed in these Budget estimates of Shri Chintaman Deshmukh, our Finance Minister. In this Budget there is no prospect of industrial development ; on the contrary, the national interests of our country are doomed to stagnation and decay. Agriculture here is not even properly dealt with, let alone any given promise. If you come to those classes, those categories of our people who are genuinely interested in the industrial development of our country, the middle classes who are suffering to-day under all kinds of economic exploitation, the working class whose cost of living has gone up, which is faced with starvation and retrenchment, the agrarian population whose cost of living has gone up and which has been rapidly impoverished all over the rural areas

and are today on the brink of utter ruin and in the midst of a famine,—all these classes have been faced with the grim prospect of national extinction. That is the spirit in which these Budget estimates have been prepared. That is the prospect which this present Budget holds out for the masses of the country. Therefore, Sir, this Budget is the continuation of the deadly legacy of the imperialist past, a legacy of India's malefactors who stood in the way of India's progress, namely, the British, the architects of our decay and death. Sir, the Finance Minister has drawn a picture, has given an appraisal of the situation in his White Paper, which holds good even today according to the Government's scheme of things. This is a false picture, as false as it can be. Here, it is possible for this gentleman to depict a picture of the sort from this imperial city; for, after all, he does not seem to see beyond the perimeters of this city; he does not see that India is in the midst of a terrible famine; he does not see that the workers, peasants and middle classes and even the industrialists who are interested in national advancement are all faced with a terrible crisis; he does not see that there are classes of people in this country, whose economic conditions have been fast deteriorating. On the other hand, he sees a rosy picture before him, a picture which he has tried to prop up today by a jugglery of figures which bear no relation whatsoever to the realities of the present situation. I can understand Shri Chintaman Deshmukh.....

DR. RAGHUBIR SINH (Madhya Bharat): On a point of order, Sir. May I ask, whether it is not unparliamentary to name a particular Member on the floor of this House?

SHRI B. GUPTA: May I ask you, Sir, to send for Mr. Chintaman Deshmukh to be here? He can be easily here, if he chooses to.

MR. CHAIRMAN: Mr. Chintaman Deshmukh, the Finance Minister, is here; the hon. Member has not seen him evidently.

AN HON. MEMBER: Only those who have eyes can see!

SHRI B. GUPTA: Sir, I would request my Congress friends to kindly listen to what I am saying.

DR. RAGHUBIR SINH: Sir, my objection is that a Member should not be named on the floor of this House.

PROF. G. RANGA (Madras): Sir, it is quite in order to name a Minister by his name, and also by his designation; there is nothing wrong in that practice. Only, he should be named in a respectable manner.

SHRI B. GUPTA: Now, Sir, I shall deal with the facts as they are, and not as they have been presented to us by the hon. the Finance Minister who has been good enough to be present here, to listen to another point of view.

First of all, Sir, I should like to deal with the foreign trade of our country; because on that depends very much the future of our country; it depends on how we conduct our foreign trade, how we conduct our international relations in the field of international economy. Here, as we shall see, our foreign trade is nothing but a device to forego our economic independence in favour of the Anglo-American imperialism. As many of the Congress Members will have known, nearly 30% of our trade is controlled by the British. We are in the Commonwealth. The hon. the Leader of the House said the other day that it is not the British Commonwealth, for the word 'British' has been dropped. I would like to take this occasion to remind him that Mr. Churchill in his speech in connection with the Accession Proclamation of the present Queen, used the word 'British' deliberately, to set at rest all doubts as to the nature of this particular Commonwealth.

However, if we take into account the Anglo-American trade with India, we find nearly 43 per cent. of our trade is accounted for by the Anglo-American imperialists, that is to say, the Anglo-Americans have the big, lion's share in

[Shri B. Gupta.]

this foreign trade of our country. And this foreign trade, we find, is so directed as to use our strategic materials for their own war programmes, to exploit our country in order to feed their gigantic war machine, in order to feed their war plans and indeed their war which they are waging in various parts of the globe.

Now, we find that whereas the British trade is there, the American trade is also on the increase, the American penetration is gradually increasing. Before the war, 9 to 10 per cent. of India's trade was with the United States of America, whether it was export or import. Now we find that nearly 16 to 20 per cent. of our trade is taken up by the United States of America. Sir, does it mean that we are getting any benefit from this trade? I shall come to that later, but before I pass on to that topic I should like to remind Congress Members here who may have forgotten their past pledges, but who would like to be reminded of their past pledges in this House, that between the fiscal years 1948-49 and 1950-51 the annual imports from the United Kingdom averaged 142 crores, from the United States of America 104 crores, exports to the United Kingdom averaged annually 116 crores and exports to the United States of America averaged annually 87 crores. This is how the Anglo-Americans have captured our market. This is how the Anglo-Americans have intruded upon the shattered, broken economy of our country.

Now, Sir, if you contrast it with our trade with other countries, which do not belong to this capitalist bloc, which do not harbour any imperialistic aims, which do not go in for colonial plunder, you will have seen, Sir, that with the Soviet Union our annual imports in the corresponding period averaged only about 5 crores whereas our export to the Soviet Union came to only 3 crores. That is how we are dealing with those nations. Yet, one-third of mankind is outside that damnable capitalist bloc which is formed by the Anglo-American imperialists.

MR. CHAIRMAN : Use moderate language. Nothing is lost by it.

SHRI B. GUPTA : I am sorry, Sir, when I think about the capitalists I feel a little indignant.

MR. CHAIRMAN : You must be superior to your passions.

SHRI B. GUPTA : Now, Sir, this negligible trade with the Soviet Union has given great satisfaction, if the hon. Finance Minister will kindly note, to the Anglo-American imperialists. The United States National Security Council, in a statement issued last year—I think it was in July—said with great jubilation that India's trade with the countries of what they call the 'Communist bloc' had decreased to less than 1 per cent. That is how they express their jubilation and it is on this ground that the United States National Security Council, I hope the hon. the Finance Minister will kindly note, recommended supplies of materials and trade with our country on the part of the United States.

Sir, that is the way we are conducting our foreign trade. The Americans, as we know, Sir, have disrupted the international trade. They have driven a wedge between the East and the West. They have blocked all international economic intercourse with a large part of the world without whose cooperation, whatever the ideological and political differences, the world cannot progress. Now, they have done it. I can tell you, Sir, that there is a deliberate attempt on the part of the present Government to keep India tied to this terrible trade blockade that the Anglo-American imperialists have created. This blockade is meant not only to break the economic relations that existed before, but this is also meant to forge a new bondage, to attack new countries economically first and then politically, to do away with the sovereignty of various countries and then to subjugate them. Now, we find we are in the midst of this terrible situation. The present Government, instead of trying to pull us out of this terrible mess, have

[Shri B. Gupta.]

deferred category to Britain have declined from 47 to 20 per cent. That is the way these stewards of public finance are dealing with our financial affairs.

Now, Sir, if you look at the position of our trade, we find again that we remain, as ever before, the suppliers of raw materials and the market for their manufactured goods. As a result, we find that the colonial character of our trade remains unchanged.

The hon. Finance Minister has referred to many things, but one thing he has not referred to. He should be at least true to his own class, the capitalist class. Between 1948-49 and 1950-51, the imports of machinery of all kinds to this country from abroad averaged Rs. 84 crores only whereas the imports of food grains during the period averaged Rs. 154 crores. Whereas even Mr. G. D. Birla would say that we want at least Rs. 200 crores worth of machinery in this country to keep the machines going, we find that in the Fiscal Commission Report it has been stated that the Bombay textile mills alone would require for the replacements and renewals Rs. 100 crores worth of machinery. But we find here that Rs. 84 crores worth of machinery has been imported. But all of these machinery are not useful for industrial expansion or industrial development. Some of them are absolutely useless and others do not go in for production at all in the way they should go. Therefore, the figures, the actual figures of machinery imports, are really much less than Rs. 84 crores.

Now, Sir, as a result of this trend of trade, we are running into a deficit in the balance of payment which after all reflects the crisis in a colonial economy. It is useless to have moonshine talks here and in the Budget speeches when India is running into a terrible deficit. These deficits have gone on increasing continually except for 1950 when, after devaluation in the preceding year, in September, we had some kind of surplus.

Sir, I will not go into the details of it. Even according to the statement of the Finance Minister, the deficit in the last year in the balance of payment amounted to Rs. 129 crores, but if you take the total deficit account of the Congress regime, you will find that our deficit in the balance of payment has come to nearly Rs. 330.5 crores. How have these deficits been met? These deficits have been met by exhausting our sterling resources and other foreign exchange assets. And we find that in the last five years Rs. 215 crores of our accumulated sterling, accumulated out of hunger and misery during the war years—accumulations forced upon the people of India who were dying in countless millions in the Bengal famine—these accumulations have been squandered away to finance this colonial trade and now we find our sterling reserves have been halved.

Sir, Mr. Chintaman Deshmukh, our Finance Minister, has come to an agreement with his opposite number in Great Britain. What is that agreement? We have been told that we shall get 35 million worth of sterling releases and some 310 million sterling would be removed from the blocked account to the current account. All these things we have been told. And we have also been told that if we require more than 35 million, we will have to consult the British. Why must we have consultations with the British? They have taken away our sterling. They have blocked our sterling. This money belongs to us and if we are a sovereign nation we have the absolute right to our sterling; we must be allowed to spend it whichever way we like in our national interests. But that is not to be. During the last few years released sterling have been allowed to accumulate in the British Treasury when we need them to import goods, because the British Government is not in a position to supply the requirements of our industry. They will not allow our sterling to be expended in some other country. That is how our sterling balances have been dealt with. Is there any indication in the Finance Minister's speech or in his Budget tha

we are going to be saved from that political and economic robbery on the part of the British? Let me ask: "Do the British industrialists, capitalists, who are sitting in Calcutta, consult him before they send their remittances to England?" Why should not the British people consult us here at least when we are supposed to consult them. They have taken away our money. They keep this money and then tell us that we must consult them. I know the inspiration of this policy. It is there in Mr. Churchill's War Memoirs—the latest, the fourth volume, entitled "The Hinge of Fate"—which clearly suggests that the sterling balances should belong to England. The manner in which even the paltry sums have been given to India shows that Mr. Churchill is dictating. That is how our Finance Minister, Mr. Chintaman Deshmukh, is signing away India's economic independence at the counter of that monstrous enemy of Indian freedom, Mr. Winston Churchill.

Now, Sir, this is how our Ministers have been handling our affairs. The sterling balances have been halved, as we know, and according to the estimates of the Finance Minister, by 1957, we will have nothing left as sterling balances except a small sum for covering our Currency Reserve. That is how the sterling balances have been squandered without bringing any benefit to our country. That is how India's hard-earned sterling accumulations, which should have been utilised for industrial progress and development, for national advancement, have been squandered away in England. I would remind him that he continues to pay the sterling pensions to the British officials, and these pensions come to the order of Rs. 9 crores a year. Therefore, the British officials, the I.C.S. men, whom Pandit Jawaharlal Nehru described as "kept services" and so many other things in his Autobiography, have retained their Indian pensions. That is the new consorting that has been started. Pandit Jawaharlal Nehru talked about consorting with strange bed fellows, but I think this consorting has no chance of rapid divorce. On the contrary, it is being

cemented by payment of pensions out of sterling balances.

Mr. Chairman, I would not go into very great details about the foreign capital, because the hon. Finance Minister does not bother about it. Yet, in India, 65% of our industrial capital is foreign capital. It is not estimated as to how much of it is British, but it is believed that between six to seven hundred crores of rupees are British capital. That is continuing to rule our country. The British are occupying a strategic position, and the present Finance Minister does not care to touch them. They are left absolutely free. That, of course, is in consonance with the economic policy of the present Government which was enunciated in 1948.

Now, Sir, we find that in Calcutta the jute industry which is earning foreign exchange, which is an earning industry, is in absolute control of the British. Fourteen managing agencies are controlling 55 mills and 81% of the total loom strength. Thus they control the industry. Some Indians have got shares here and there, but the decisive control remains in British hands. Likewise, we find that in the case of the tea industry, which is again an important industry, British capital has got a large percentage of shares. There we find a handful of managing agents, five managing agents, controlling not less than 77 tea gardens. That is how they are carrying on their economic depredations in our country. The same is the case with shipping, foreign insurance and foreign banking. Everywhere we find the domination of the British capital. The hon. the Finance Minister is so charmed by the Mountbattens that he does not even refer to them when he prepares his Budget. In the first year of the transfer of power, i. e., from August 1947 to 1948, the British industrialists sent their profits to England and they were not even taxed in India. A question on this point was raised in the Provisional Parliament. It was then stated that they could not be taxed because the income-tax legislation had to be altered.

[Shri B. Gupta.]

I am now coming to the close of my speech, Sir, since the time is short. I do not know if you would give us a little more time out of the Congress quota. I shall relate a story which is not known to many of them. Now, Sir, if you look at the Budget structure, you will find that 85 per cent. of our land is concentrated in the hands of the zamindars. Not even 15 per cent. of the holdings are economic holdings. This is more or less mentioned in the Report of the Planning Commission. We find that this dismal picture is hardly avoided. It is true that food production has increased here and there, but the food production, in absolute terms, has declined. In 1947-48, in the territories which fall within the Indian Union, 44.4 million tons of food grains were produced. Now we find only 41 million tons are being produced. Therefore, there is a net decline in production. The story does not end there. The yield per acre has declined. On the Grow More Food campaign Rs. 88 crores have been spent, with the result that in the course of the last 5 years, they have produced only 24 lakh tons of food grains, a mountain producing mice. In the Congress regime, mountains do produce only mice in very large numbers. As against that background, we find a diversion of food crop lands to jute production, with the result that we have lost, right up to the year 1951, 3,50,000 tons of food grains in the country, which is suffering from famine, undergoing famine, all the time. It is a scandal that the food problem should have been handled in so reckless a manner and the production of jute should have been so increased to supply hessian to the American war lords.

Sir, the hon. the Finance Minister has also said something about the industrial output. These look very good to those who are not conversant with the conditions of this country at all. If you look at the industrial index of production published in the *Economist*, you will find that in 1951 it was only 104, whereas in 1947-48 it was 105. That is the position, Sir. Now, there has been a slight increase registered here and

there. But that does not alter the picture at all. The improvements in the important industries are almost negligible. We are deficient in so many things and in so many sectors. You produce some cement here and some cloth there, and some sugar yet in another place. You portray a picture as if we were progressing industrially. We find in the Budget estimates that out of Rs. 192 crores of capital outlay, only 10 crores have been set apart for industrial expansion. That is quite in consonance with the Planning Commission's Report and the Report on the Colombo Plan. As you know, Sir, the Colombo Plan is based on the assumption that India and Pakistan must remain backward countries and must continue to supply raw material to the foreign countries. Only 9 per cent. or so of the capital outlay is set apart there for our industrial expansion. Now, the same thing is there. This is dictated by the British financial sharks. From the Budget estimates there is little prospect of industrial advancement of India. Rs. 10 crores for a country like ours for industrial advancement is a caricature of planning. We want more money for industrial advancement. We want to save our country industrially so that we can drive out the American and British industrialists. We only want to prevent them robbing our country. We want to utilise our natural resources so as to make our country self-sufficient. But that is completely outside the Budget schemes.

Mention has been made of the price-fall. There has been some fall in prices but it cannot be said that the conditions of the people will improve on account of that. After all you must remember, Sir, that the food prices have increased in some cases between 50 and 100 per cent. If you take the budget of the working class families where 57 per cent. of their income is spent on the food items, you will find how the food price will affect them. Decline in some wholesale prices does not mean at all a fall in prices of consumer goods. On the contrary, Sir, we find that the consumer goods are registering an increase in some sectors. Most certainly in the

sector of food, the prices are rising. It is useless to talk about prosperity arising entirely out of the so-called fall in prices.....

SHRI T. S. PATTABIRAMAN (Madras) : On a point of information, Sir. The hon. Member was saying that the peasant, the cultivator, in the past five years, has suffered very much. At the same time he complains of rise in the cost of food grains. May I know how he proposes to reconcile both these two factors?

PROF. G. RANGA : He can make the point in his own speech.

MR. CHAIRMAN : Yes, he can make the point in his own speech.

SHRI B. GUPTA : I shall now deal with two items, the revenue side and the expenditure side of the Budget. Look at the revenue side. The same thing that the British would have done is there. 25·8 per cent. of the revenue comes from direct taxation, whereas the bulk of the revenue comes from indirect taxation. The proportion of the revenue that comes from indirect taxation is very high. The incidence of indirect taxation is upon the poor people. It should be the other way round. I leave it at that. We find that direct taxation has been reduced whereas indirect taxation remains the same, and this will be burdensome to the people. We find that what the British would have done has been repeated. We find the hon. Finance Minister is not even doing what the American or British do in their Budgets. The proportion of direct taxation in relation to indirect taxation is higher in their countries. On the expenditure side, the test of a Budget lies in how much money you are going to spend on Education and Health Services. Here, in this Budget, we find that 1·5 per cent. of the revenue has been earmarked for Education and Health Services, whereas of the revenues nearly 50 per cent.—Rs. 197 crores—has been set apart for what they call 'Defence'—for the military. Now, this is not a Budget at all : the bulk of the money is spent on Defence.

And if you add to it the expenditure on civil administration, we find that another 12½ per cent. has been set apart for expenditure on Central Civil Administration. Now, Sir, if 62 per cent. of our Budget is to be eaten up by the military and the civil administration—what the Congress leaders used to call, in their undegenerate days, "the bureaucracy"—is that economy? Is economy practised that way? We find money is spent on food imports. Food subsidies have been cut. Economy has been practised there, but it has been practised at the cost of the people. Food subsidies have been reduced by nearly Rs. 14 crores. The grants for the refugees have also been reduced by Rs. 4 crores. Food subsidies should have been given bountifully to help our people to overcome famine and hunger. The refugees—victims of Congress treachery—have been given at the rate of Rs. 10 per head, assuming there are 1 crore of refugees in this country, for relief and rehabilitation. Against that, they have provided in the Budget estimates a sum of Rs. 4,50,20,000 for privy purses for Indian Princes, some of whom are called Rajpramukhs and others Uprajpramukhs and so on. This gentry has been assured of a sum of Rs. 4½ crores. On an average, it comes to Rs. 90,000 per head per year. Wonderful are the ways of our welfare State! They give Rs. 90,000 to the multi-millionaires whom Jawaharlal Nehru once called the "Fifth column" and Rs. 10 per head per year to the refugees who have been slaughtered at the altar of the Mountbatten Settlement—the victims of Partition. We feel bitterly about this, because we come from that part of India which has been partitioned, causing boundless misery, whose 50 lakhs of refugees are still roaming the streets of towns and the villages for shelter and food. We have very strong demands to make upon this Government. The States have been given nothing. Madras and Bengal are in need of Central help, but they are given practically nothing. We want more money from the Centre for putting things right, for pulling ourselves out of this crisis. Famine is stalking, and we want a little more money to give to the refugees and

[Shri B. Gupta.]

to the famished people of Rayalaseema and 24-Parganas. From Bengal they have taken as jute export duties alone in the last four years Rs. 45 crores, and we have been given probably Rs. 5 crores or even less. We feel that the allotment of funds should be really based on the criterion of the welfare of the State. More money should be given to the States so that they can handle their economic problems.

Sir, one last word and I have done. Let the Finance Minister say whether this Budget is any different from the Budgets which his predecessors had produced in this country. Let the Finance Minister say how the poorer classes are going to benefit from this Budget. Let the Finance Minister say how this Budget is going to save our country from economic and political dependence of Anglo-American imperialism. Let the Finance Minister say how this Budget is going to give solace to the dying people of Rayalaseema and of 24-Parganas. Let the Finance Minister say how this Budget is not a negation of Congress pledges, a violation of all that is honourable and decent in public life. Let the Finance Minister say how this Budget does not write a dismal chapter in India's economic history. Let him answer these questions when he rises to sum up the debate.

SHRI S. N. MAHTHA (Bihar): Mr. Chairman, in presenting before you my remarks this morning, I shall try and avoid as much as possible digressing into or wandering about in the high realms of international policies or raising an emotional controversy in this House between a socialist State, a welfare State or a communist State and thereby embitter the discussion. I hope, Sir, without going into minute details of the Budget, to confine myself mainly to replying to some previous speakers. I should, however, refer to one statement made by the Governor of a State. I shall do so because I consider that statement highly germane to our present deliberations. Addressing the two Houses of the Legisla-

ture of his State, the Governor of Bihar is said to have made a reference to the strident challenge of communism in this country and to have drawn the attention of all of us to it; he is reported to have said that that challenge had to be met by the Five Year Plan, by our Community Projects, and by schemes of land reform. Sir, we have heard statements of that nature in this House recently, and also in the other place and from various platforms in India. These are excellent statements. But they obviously suffer from two weaknesses, and unless we remove those weaknesses, we may not attain our objective. The first weakness is financial, with which we are mainly concerned this morning. Soon after the Governor had made his utterance in the State of Bihar, the Finance Minister of the same State spoke in a somewhat different strain. He spoke somewhat on these lines. He said that unless Bihar was given a larger share in the income-tax proceeds and other grants by the Union Government it would not be possible to execute the Five Year Plan, and that the standard of administration and development in that State, already very low, could not be raised even to the level of the other States and might in fact drop down further.

SHRI H. D. RAJAH (Madras): On a point of order. The other day you ruled that any reference to the other House cannot be made here. Is it permissible to refer to a subordinate Legislature or the statement of a Finance Minister of a State to be quoted in this House? I want your ruling on this point, Sir.

SHRI S. N. MAHTHA: I was not commenting on any discussion or debate in any Legislature. I was referring to the apprehension in the mind of a State Finance Minister with regard to our ability to finance our Five Year Plan. What is true of Bihar may be true of many other States. I am afraid that when the Finance Commission visits Bihar, and, in its own time, other States in India, it will have to face more and more of the details of this argument

and I hope the Finance Commission and ultimately the Finance Minister will look into them sympathetically.

Sir, while presenting his Budget to the Provisional Parliament in February last the Finance Minister brought out a White Paper. The White Paper at one place said that substantial provision has been included in the Budget for the coming year for capital and development expenditure and for loans to State Governments to assist them in financing their development schemes. It is on page 4. Our provisions for capital and development expenditure broadly followed the pattern laid down by the Planning Commission in the draft Five Year Plan. Sir, this House or many Members of this House ought to remember that the Five Year Plan envisaged that the Centre will produce a revenue surplus of the order of Rs. 26 crores a year for five years continuously. Sir, we find that in the Budget before us there is a provision of Rs. 3 crores to meet the Central Government's share of the expenditure on the Community Development Projects which are being undertaken in pursuance of the Anglo-U.S. Technical Co-operation Agreement under which the U.S. Government is contributing 50 million dollars. In addition, a provision of six crores of rupees is made for loans for three other projects in the capital Budget. Sir, another two crores of rupees have been provided to subsidise industrial housing schemes and there was an increase of five crores of rupees in the provision for loans towards industrial housing. But, Sir, this does not seem to be the whole picture necessary to be presented to us. We do not want that our schemes should sink mid stream. I, therefore, feel that the Finance Minister or the Minister for Planning should have laid before us a fuller financial picture so as to assure us that our planning schemes will not eventually suffer for want of funds.

Sir, I shall now refer to the other weakness, the second one. Sir, I am sorry to find that we have not so far been able to enthuse the people of India sufficiently about our plans—the Five Year

Plan, Community Projects and the rest. Sir, our plans will fail or succeed only to the extent that we are able to inspire the people of India about them. Perhaps we seem to have erred on the side of propaganda or lacked in publicity, but then the fact remains that we have not so far been sufficiently able to educate our masters—I mean the people of India—with regard to the benefits of our plans. Why should it have been so? This Government is more fitted than most other Governments of the day to carry the people with them. They have vast sanctions behind them—vast sanctions from vast electorates in this country and the blessings of vast multitudes. And, Sir, if this Government neglects that important part of the work, I think the results will be disastrous. If our plans have ultimately to suffer or fail for want of publicity or for want of properly educating the masses with regard to the benefits of the plans; I should think Sir, that the results may be fatal. Should we be able to enthuse our people sufficiently there is no reason why we should not find voluntary labour for many of our schemes like minor irrigation works, etc. Sir, I should not forget to thank the Government for whatever they have been able to do for the State of Bihar during some of our most anxious months. I think the help rendered by Government to Bihar was very timely and in a measure sumptuous and that the people of my State were extremely grateful to them.

I shall say a word about food. It is impossible not to do so. I would not wish the food problem of this country to be treated as a party problem. It is not a party problem. It is an all-India problem and an all-parties problem. I should remind the House, Sir, that the Prime Minister stressed the need of co-operation while speaking in the other House the other day. He stretched his long arm of co-operation and he asked for a hand of co-operation and assistance from all the parties. He wanted all parties to come and join and face this common menace and this common problem that faces the country—food scarcity. I would, therefore,

[Shri S. N. Mahtha.]

advocate, Sir, the formation of an All-India Food Council representative of all parties—Congress and Communists alike—or at least representatives of all such parties as would join in a common endeavour.

Sir, during the earlier debate on the President's Address, one or two Members—particularly Shri J. P. Srivastava—referred to the shrinkage of land under food production and the gradual diversion of land towards cash crops, money crops, like sugarcane, tobacco, etc. Sir, let us here pause for a while and see how that happens. I will give you an instance. In areas from where rice is procured for being sent out to rationed towns, paddy levy orders are issued and the agriculturist is asked to part with his paddy at a price anywhere like Rs. 8 to Rs. 13 a maund, but when, Sir, this paddy reaches the rationed towns in the shape of rice, rice is offered to the consumer at a price anywhere between Rs. 25 and Rs. 30 a maund. There is no sufficient justification for these prices. I would humbly submit, Sir, that the agriculturist is asked to part with his paddy at a price which is very unremunerative and does not meet the cost of cultivation and the consumer is asked to pay a price for rice which is far beyond his purchasing capacity. So I feel, Sir, that a good deal of rationalisation is called for here and it is possible to rationalise because the margin is so wide. Sir, I understand that the Food Ministers of the States are going to assemble here next month to meet the Minister of the Centre and I think that this matter should be given serious consideration then. There is a wide margin between the price paid to the cultivator and the price charged to the consumer and there should obviously be a fair rationalisation.

I shall conclude, Sir, by saying a word to the Education Minister. I had thought that I shall say something about the propagation of Hindi, but I wish to leave that to some other speakers who I anticipate will speak on the subject.

I would only say something about one point which was raised in a previous debate by Mr. Rama Rao, i.e., the introduction of military education in our schools and colleges. There is no reason, Sir, why we should not do so. We are not non-violent to the extent that we do not maintain army. We have an excellent striking force and there is no reason at all why we should fight shy of introducing military education in our schools and colleges. After all it is not very expensive to do so. Perhaps an instructor to each institution and some equipment. The cost can be met jointly by the Centre and the States. And if the worst comes to the worst we can raise the tuition fee a bit. But I believe, Sir, there is nothing that disciplines a nation more than military training, nothing that imparts more morale in times of crisis except military training and I would therefore submit that the Education Ministry, if it should do nothing else it should in all earnestness consider these schemes as early as possible.

PROF. G. RANGA : Mr. Chairman, I am in whole-hearted agreement with my hon. friend Mr. Mahtha in what he said regarding the prices that are being paid for our food as it is procured from our peasant. I agree with him, Sir, when he said that the prices that are paid to our producers are not remunerative, whereas the prices that are charged to the consumers are too high. Therefore, there is very great scope for rationalisation in this regard. This is a point, Sir, that I have been making for a number of years in the other House and unfortunately the Government of India have not been able to tackle this problem as it ought to have done. The difficulty is that the Government of India, led by the Congress and the other political parties also which claim to speak for their towns, which are also represented in both the Houses today in some strength, are more interested in the towns than in the villages, in the urban population than in the rural population. Therefore naturally they have been trying to feed the town people, and silence them into political quietude by subsidising

their food, whereas they have been neglecting the real needs of our peasantry in our villages, and even suppressing them, if I may say so, economically by forcing them to part with their food grains at very unremunerative prices. The time has come now, when the Government are obliged to consider as to how they can satisfy both the sections, especially the vociferous people in the towns, and at the same time, withdraw these food subsidies. For them to adopt a new policy, I would like to suggest to them, first of all, the removal of restrictions on the movements—I have already made the suggestion on an earlier occasion—of food grains from one district to another and from one province to another. Secondly, Sir, to organize or allow an open market for all the surplus produce that may be left with our peasants so that they would be able to sell their food grains in the free market at fairly better prices, more remunerative prices, so that they would have some inducement to produce more on the same land that is under food crops cultivation, and also to spare some more lands for food crops cultivation. Thirdly, Sir, it is necessary to reduce the total number of people who have to be on the ration supplies. Fourthly, there is no sense in the Government restricting the number of people who may be fed by any of these rich people in their marriages in towns and saying that the number should not exceed a particular maximum limit of 25 people to whom only the Government would be selling the rations at these cheap rates. On the other hand, I think it would be better for them to remove these restrictions, by simply saying that Government would be willing to supply ration quantities at controlled prices which may be fixed by the Government, up to a particular limit, and thereafter these consumers should be free to entertain as many people as they like to, to serve as much food as they would care to, provided they can purchase these food grains either in the open market or from the Government themselves at higher prices, prices which may be fixed by Government themselves. This is not a capitalistic scheme; this is a scheme which

has been in vogue for a number of years in many of the countries behind the 'Iron Curtain'. Even our hon. the Prime Minister was acquainted with it; he used to mention it also to some of us; but unfortunately, this has not been implemented by the Government of India. I would very much like them to implement the same immediately. If they were to do it in this manner, it would be possible for Government to ensure food supplies at fairly reasonable rates to the consumers, at the lower income strata, in the towns, while at the same time, they would be able to tax heavily those people who can afford to pay, and make them pay and in that way make good much of the difficulty, and get over much of the difficulty that they have been experiencing. I think, Sir, it would be better if Government were to assure our producers that all that they produce would not be taken away by their procurement officers, but only one-third or at any rate not more than one-half will be taken away, and the rest of it will be left with them to be sold in the free market. Lastly, Sir, a rational system of fixing the prices of food grains should be adopted by Government; and that should be based upon the payment of minimum wages for agricultural labour. Until and unless we satisfy agricultural labour by paying them decent wages, wages that can be paid to them in a non-exploitative manner by those who are obliged to invite their co-operation, it would not be possible for us to expect harmonious co-operation between agricultural workers and peasants. We must make sure of this harmonious co-operation between these two sections in order to assure ourselves of continued and increased production of our food grain requirements. Unfortunately, Sir, the Agricultural Wages Act was passed a considerable time back, some three or four years ago; and once before the time limit had to be extended but most of the State Governments have not been able to fix these minimum wages nor have they been able to establish the Wage Boards and other machinery that had to be brought into existence. The result is that today the Government of India are unable even to fix the remunerative

[Prof. G. Ranga.]

prices. It is good, Sir, that when it came to the fixation of prices for the controlled commodities, in the industrial sector, Government had had to pay for their own industrial labour. But when it came to agricultural labour, they did not even develop any scientific conception or practice of fixing any controlled prices. Sir, the result is that now we are face to face with a great depression. My hon. friend Shri Chintaman Deshmukh does not wish to agree with this, as his speech shows.

Now, so far as the prices of oilseeds, jute and cotton goods are concerned, their prices have gone down terribly. Especially in the case of jute, the prices have gone down to as much as 33½%. The time has now come when Government should give careful attention to the question of fixing minimum prices for these commodities and also several other commodities. It may not be long before our peasants come to be faced with actual insolvency in their own economy, unless this step is taken forthwith. It would be high time for the Government to consider the setting up of the necessary administrative machinery to fix these minimum wages and take sufficient steps to maintain the bottom for these prices. Recently, my hon. friend had said that they have already given out an assurance to the producers of cotton that if the prices of cotton goods were to go down below a particular limit or some sort of limit, which they themselves had not indicated, Government will be willing to go into the market and purchase them. But they had not taken the trouble to say at what prices they would consider the question of stepping into the market to buy these goods. There was some precedent, I believe, during the war time, when the other Government had fixed some such thing, and developed some such machinery to fix the minimum prices, and also to provide sufficient funds in order to maintain that minimum price. I dare say, my hon. friend the Finance Minister is acquainted with it; I am sure, if he looks into the past, he will find it.....

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH): Sorry to interrupt, Sir; no price has been fixed, already for cotton.

PROF. G. RANGA: I am glad I have got the information. I would like my hon. friend to do the same thing for *gur* also, and also in regard to oilseeds and jute. We have very little time to lose.

Now I come to my next point. I am obliged here to criticise my friend rather than offer any constructive proposal or any alternative. My point is that his appreciation of our economic conditions is not satisfactory. If one were to read his Budget speech very carefully, one would come against a number of discrepancies, and inconsistencies, if I may say so. I do not wish to go into all these things. I need only mention the misapprehension that has been created in my mind, that my hon. friend does not seem to have taken sufficient care to examine, when he was making the proposal for the imposition of export duties and also to enhance the export duties, whether it was the right time to impose these export duties, whether the same was not going to harm our own export market, whether it was not going to injure the interests of speculators, not only businessmen and traders, but also the producers of our own oilseeds, jute and various other commodities. For a few months after the imposition of these export duties, the internal prices had gone down terribly; we made representations to my hon. friend but he would not listen to us then; he was too wise, he wanted to stick to his steps when he came to make his February Budget speech while presenting his interim Budget. Now he had found that our income from these export duties was not what it was expected to be. And, what is more, even the income from our export duties and also the excise duties had gone down. He expected then a surplus of Rs. 8 crores; he comes here after three months and says that he expects only a surplus of Rs. 2 crores. He could not possibly imagine that within these three months, these things are likely to happen; to

some extent at least he could have anticipated these reactions, following up on his own actions in imposing export duties. Therefore he is wrong in his own expectations to the tune of Rs. 6 crores.

This shows, rather indicates, that somehow or other our Finance Minister as well as his Ministry do not seem to have a good enough grip upon our own economic situation in this country.

Then, Sir, I come to the suggestion made, or rather the impression that was sought to be created by some of our friends that we are under a colonial economy. This is an extraordinary thesis. It is a party thesis and to deal with it in a party way I would take very much time and therefore I need not go into detail about it. But, at the same time, I would like to warn the House that we are face to face with two different theses: one is our own national economic thesis and the other is this thesis that comes from these friends that it is a colonial economy, because our friends are under the impression that we are living or we are labouring under a colonial economy. They say they are in the right in saying that India should be liberated. Therefore, the struggle that they carry on in this House as well as outside is a struggle for liberating India and for that reason naturally they think that what we are today doing in this country is only to maintain a sort of *status quo* which is not worth having, a *status quo* in which the 360 millions of our people are economic slaves and also political slaves. Therefore, my friends must take upon themselves the mission of liberating us from our own economic slavery. As I said, Sir, I am not able to accept this thesis. I do not consider that we are living in any colonial economy at all. On the other hand, we freed ourselves from colonial economy on the 15th August 1947, thanks to Mahatma Gandhi's leadership, thanks to the sufferings and sacrifices made by millions of our people working both from the Congress as well as outside. And from that time onwards if we had agreed to international co-operation in the economic sphere we have done so with our eyes open.

Sir, I had the honour of being an *ex officio* Adviser to one Delegation at the Geneva Conference. I happened to be there in my capacity as a friend of our people who are fighting for the economic freedom, for the economic status, of our own country. And what I examined was and what we all examined was whether in regard to every item—whether of import or export—it was going to be of any good to us. It was not being examined in an isolationist manner at all. It was being examined in juxtaposition to items of other countries' import and export. We had also to consider the position in which our imports and exports stood and in the end we tried to make a sort of a plan. We fought hard and we did not commit ourselves finally even at Geneva. It was only at another place—at Havana—I speak subject to correction in regard to the name of the place—it was only at the next place that we came to a definite understanding, and we joined that international organisation. There were certain countries which unfortunately would not even take part in those conferences. It is not India's fault.

My friends tried to take to task our Government as well as our country for not having international trade with Soviet Russia and other countries behind the Iron Curtain. Whose fault is it? I would like my hon. friend, the Finance Minister, to assure us on a later occasion whether at any time the Government of India had hesitated to come to any sort of agreement with Soviet Russia or Czechoslovakia or Poland or any of those countries in regard to international trade. I do not think they did, so far as my information goes. Whenever they are willing to deal with us, we are prepared to import their commodities, if they are good enough for us and if the prices are attractive enough. Only the other day the Food Minister said that Soviet Russia was willing, was good enough to offer to export to us some food grains. We jumped at it. So was the case in regard to China. But then our Government was rather too hasty.

[Prof. G. Ranga.]

Therefore they simply accepted the offer without asking what the price was going to be. Later on they found that the prices that were quoted by China as well as Soviet Russia were much higher than we would have been expected to pay.

SHRI P. SUNDARAYYA (Madras) : On a point of information. The Government spokesmen themselves contradicted this. The prices that China quoted are lower than.....

PROF. G. RANGA : My friend would tell the House later on whether I was mistaken in my information. But the point is this. If Soviet Russia wishes to trade with us, I do not think either our businessmen or our general public or the Government stand in the way at all. Nobody prevents our own people here to export their goods to Soviet Russia. If Soviet Russia is willing to take our jute goods, then she is welcome. If she is willing to take our *gur*—if they take a fancy for it—we have got plenty of it and we are prepared to export it. If my hon. friends would be good enough to use their good offices in persuading Soviet Russia and other countries behind the Iron Curtain to purchase more and more of our commodities, I can tell you, Sir, I would use my influence, for what it is worth, with the masses and also persuade our Government to do their best to step up our exports to those countries. Similarly, if Soviet Russia has got worthwhile things to export to this country, we are quite willing to take them.

Then there is the conception 'economic blockade'. I want to know what this economic blockade is. Economic blockade—well, if we mean the same thing by the same phrase and are really keen about a proper definition of these things—would mean this that we are going to boycott Soviet Russia for any kind of dealings with us in regard to our economic affairs. We have not said so. I do not think the United Kingdom has said so. I do not think the United States of America has said so. If they had said so, well, my friends

are welcome to quote. But I do not think any such thing has happened. But on the other hand, do we or do we not want international economic co-operation? Even by their own profession, Sir, they want it. But they would like the trade to be more with Soviet Russia than with anybody else. That is all. I am, Sir, in favour of more and more economic co-operation between different countries.

A quotation has been made from the National Planning Commission. At the same time, that has been attributed to one gentleman called Mr. Birla. May be, my friends are very angry with him. I also was angry with him but I do not wish to be angry with anybody now for the simple reason that I do not want to single out a certain group of persons and quarrel with them and forget the need for the universal co-operation of all sections of our people for the economic development of our country. That apart, it was not Mr. Birla who said that; it was the Planning Commission which was quoted. What is wrong with it? It only means this; that if you must have international co-operation on an economic basis you must be prepared to do away with a bit of your own so-called 'sovereignty' and expect the others also to do the same thing; so that they must be prepared to negotiate one with the other and thus help the free flow of commodities from one country to another. But this extraordinary conception of national sovereignty raising its head and preventing free world trade will make our plans go away.

The next thing is this. There seems to be a lot of talk that merely because we are getting a lot of assistance from the Commonwealth of Nations—we got something from New Zealand—and from America, we are going in for economic slavery. Sir, I think I am right when I say that in the inter-war period Soviet Russia simply did the same thing. I find she went out of her way to give all kinds of inducements to various capitalists and industrialists from various countries in Europe to go and invest their monies and instal

their machinery in Soviet Russia in order to develop her economy. She went out of her way also to pay special salaries and special allowances far above what were being paid to the best of them in Soviet Russia in order to induce people of other countries—engineers and other experts—to come to Soviet Russia and develop her industries. If that was good for Soviet Russia, Sir, surely it should be considered to be good enough for us to invite ‘know-how’ from other countries. If Soviet Russia is prepared to help us with ‘know-how’ India would be very glad to welcome them. Now, I want more and more of this ‘know-how’ people to come down to India, I want more and more money from abroad to come down to India and be invested for the development of our industries. My complaint and my charge against this Government is that it has been rather too slow in the development of our industries. There was a talk of the establishment of two iron and steel factories in this country with a capacity of 500,000 tons each. Now we are informed it is merely 250 or 300 thousand tons. They want us to be satisfied with this. I do not want to be satisfied with that. But in justification of this they tell us that they do not have the necessary finance, the necessary machinery, nor do they have the ‘know-how’ nor the technical details. Then how are these things to be developed? Therefore, they have to negotiate with other countries. Most of the other countries are not willing to export or help us. For instance, there was the expansion of communications by the Post and Telegraph Deptt. The Swiss people were invited to come down here after having dealt with so many companies of other countries. In the end they took three years. They were so unwilling. At long last they are going to develop. We want this development. How can we have it if we say: “Touch me not; I am completely independent; I do not wish to have anything to do with anybody else.” That is not the way to develop our country.

Then, Sir, my friends here are one with those friends also in blaming the

National Planning Commission for laying greater stress on river valley projects, smaller projects and agricultural development, the achievement of self-sufficiency in our country and all the rest of it because they want speedier development of the towns, their industries, their proletariat with which it will be possible for them later on to establish a proletarian dictatorship in this country. They can have it their own way. My friends are co-operating with them and they are patient with them also. I am not in complete agreement with the report of the National Planning Commission. I wish the Commission had laid much greater stress on the river valley projects. Our friends are talking of employment, full employment. Which will provide more employment—large-scale industries or small-scale industries or agriculture? Agriculture comes first in providing the most employment. Next comes cottage industries, then come the small-scale industries; then alone the large-scale industries. It is true the large-scale industries will provide employment in an ancillary fashion at a later stage to professionals in towns, and also my friends who have got to deal with the proletariat. But, if you want the real economic development of our country, you must think of developing agriculture and cottage industries. And their community projects are very good. I agree with that, but my complaint is that they are so few. They cannot touch even the fringe of the problem. More and more of them are needed. Very much more money has got to be sunk in all these river valley projects and these cottage industries. What is it the Finance Minister proposes to do for these cottage industries? He proposes to give them Rs. 50 lakhs. Is it enough, is it a sensible thing even according to him to offer this for an industry which employs 40 million people? If you are a true financier, you should do one of two things. Either stop this and say that you are helpless. This Rs. 50 lakhs is not going to bring any results at all. Or raise it even during this period at least to the level of Rs. 40 lakhs and make it an annual grant. They have not made it an annual grant. And

[Prof. G. Ranga.]

this Government wants us to believe that it is a friend of cottage industries. My hon. friend should bother about it because they have got the votes from these people. They claim the majority of votes in this country and these 40 million cottage industry people must have given much of their support to our friends because they are wedded to Mahatma Gandhi and his faith in them.

A long time ago I suggested, Sir, that they should have a special Finance Corporation for the cottage industries, but we were told that it is the function of the State Governments. But we know in actual practice that the State Governments are not in a position to do any good. We should devise some way by which it would be possible for Government to supply up to 33½ per cent. of the capital which would be needed by the State Governments for being advanced as credit to those people who are employed in cottage industries and small-scale industries so that they may be able to have the advances and with these advances they can develop their industries on a co-operative basis.

Then, Sir, I take up the housing problem. We have millions and millions, in fact crores of millions, of agricultural workers in our villages. Is there no housing problem for them? Some time ago the Madras Government said it was going to give free house site. It has not met with much success because there was not enough money. This Government wants to proceed with a housing scheme for industrial labour. I have no objection to it. It is good. Mr. Nanda is very thoughtful about industrial labour. He fights for the people for whom he has been standing all these years. He should also expect some of us to speak for agricultural labour. What is it that the Government proposes to do for these people? This is not the first time that I am mentioning it, Sir. Even in those days of the National Planning Commission, when we were trying to take necessary steps in co-operation with my friend Mr. Deshmukh himself to give birth to this national plan, I made this suggestion

that there should be a housing scheme for agricultural labour. They have not done anything till now. They do not even propose to do it. I deplore this failure of Government and I hope my hon. friend will do something for it.

Then, I agree with the Prime Minister when he said the other day in another place that this country has very good reason indeed to be proud of the laboratories that have come to be established in this country. I congratulate the Government on this. But my complaint is that not enough money is being provided for work to be carried on in these excellent laboratories. They are beautiful buildings with plenty of comfort and all the rest of it, but if you do not have a test tube in your laboratory—I am putting it at its absurdest level—if you do not have sufficient money, you cannot make the fullest possible use of these laboratories, and I would like Government to give some attention to this.

Then, Sir, there is this Damodar Valley Corporation. I think my hon. friend has read the report of the Estimates Committee where we have made some very useful suggestions for the reconstruction of the Damodar Valley Authority and its powers. I would like my hon. friend to think of a new policy for all these river valley projects in such a way that these river valley authorities will not become too autonomous and I request my hon. friend the Finance Minister and his advisers and colleagues to see that they are connected with the Union Government so that there would be sufficient assurance to us in regard to the economy, in regard to the speed with which these constructive activities are carried on, in regard to the manner in which the local talent is utilised and so on.

I am glad that the Vizagapatam ship-building has been taken over by Government. But that is not enough. They want to develop another port, the Khandla Port.

That brings me to the other point which my hon. friend was making.

He said that we were spending an enormous amount of money on defence. I do not think we are spending too much money. If we look at it from the world point of view, not from the frog-in-the-well fashion, we have some grievance. I would like to thank this Government for sparing as much as 50 per cent. of our total revenues for defence forces alone. If we look at the political atmosphere, since the birth of our free India, we have had trouble with Pakistan. Soon after the achievement of our freedom, this Kashmir trouble came. We are where we were. Some friends are anxious to take us this way, other friends are anxious to take us the other way. In between we find ourselves. Are we to keep ourselves completely helpless? In the earlier days there was the British Empire to protect this country. Today there is no British Empire. Today, fortunately, there is no British Commonwealth either. We have to depend on our own defence forces. We have got to fend for ourselves. We have to defend our own country against enemies, not only enemies nearest to our own borders but also enemies far away. New enemies also have cropped up among our own people, in our own country, who would like to bring ruin upon our own heads. In order to be able to defend ourselves we need defence forces. I have heard people employed in the defence forces complaining about the inadequacy of the scale of wages paid to them. I was myself responsible in bringing pressure upon Government to see that new scales of pay and allowances were provided for these men. I am pleased with these, our own young men. Are they 'not Indians'? They are our own people; they are patriots. They are ready and have taken a vow to risk their lives in the defence of this country. Therefore, I would like them to be properly looked after, as they would like us to look after them. At least let us try to do something. My hon. friend Mr. Deshmukh is expecting some economies to be achieved in the expenditure of the defence forces. I would like them to assure the defence forces that money would be made use of in order to provide the ranks as

well as the officers of the defence forces with slightly better facilities than they are getting today. Sir, they have done extremely well for our nation on the Kashmir front. We owe a debt of gratitude to these brave men. I want my friends to realise that this country cannot be bamboozled into weakening her defence forces. I would like to endorse the suggestion made by some hon. friend there. He suggested, "Let us also give training to our college boys so that we can have quite a large number of reservists and territorials and all that." I would like that suggestion to be explored. I think it has been explored. Some sort of system was introduced some years ago, and some progress is being made. Much more progress ought to be made and let us make it, not in order to reduce the defence forces. I do not think that what we have is enough. Look at the expenditure we are incurring on the Navy. Is it at all a Navy? What sort of Navy do we have? It is a sort of ram shackle, a second-hand Navy, which we have purchased from England. They have been ready to sell these few old ships to us. Look at the Navy. I was told two years ago that we were in serious trouble with some other countries. Whereas we have been able to purchase only old aircraft, our neighbour has purchased the latest types of aircrafts. Ours is more or less out of date. I do not wish to say anything more than this. Look at the recent accidents. Why have they occurred? One of the reasons is, so far as I can see as a layman,—I would like to hazard the guess—that these things are out of date. We are not spending over too much. Let us try our best, if we can, to raise more money.

Lastly, Sir, I am a little unhappy with what my hon. friend has said. Is he going to introduce another Finance Bill or not? If he is not, I think it is a wrong thing. Our rich people have to pay a little more than what they are paying today. They have got to be made to pay a little more. I admit that it is not good taxing anybody too much. It makes them manufacture three accounts. Hitherto they were keeping only two accounts.

[Prof. G. Ranga.]

Recently there is a third account to show to my hon. friend Mr. Tyagi, so that they can get away from the findings of the Finance Commission. I do not want this inducement to be offered. I do not want again that the incidence of taxation in regard to these various direct taxes to be so high as to create a greater incentive to people to write these three accounts. Nevertheless, we have given a lot of relief in the last 5 years to them. Is it not time that my hon. friend should come forward with some taxation proposals so that they can be made to pay another Rs. 20 crores? One point that my hon. friend on this side has made. He said too much money is being collected in the shape of indirect taxation, and only a little in the shape of direct taxation. I do not mean to say that too much can possibly be taken from the rich people. But, nevertheless, something more has got to be taken from them. In the last 5 or 6 years, so much more money is being taken in the shape of export duties as well as excise duties—so much less from the rich

AN HON. MEMBER : Take more from the Nizam.

PROF. G. RANGA : I was concluding but here is an interruption. This brings to my mind a very important point. I am not at all in favour of the statement made by my hon. friends, both in this House and in the other House, that Sardar Vallabhbhai Patel has done wrong in agreeing to give privy purses to these people. This country has got very good reason to feel proud of, and to feel grateful to, Sardar Patel and to my hon. friend Shri Gopalaswami Ayyangar, in having liquidated these States. In other countries, revolutionary methods have been employed, while here, more than 500 Indian States have joined the Union without a drop of blood. Sir, you are a philosopher. You have read the histories of various countries, and you have also studied the philosophical aspect of this matter, and you must have been struck with this extraordinary achievement in this country. My friend—I do not know whether it was due to

ignorance or heat of public speaking—said that all these zamindaris should be abolished in this country. But where are the zamindars? The zamindars are being liquidated. They have been liquidated in other States also. They are going the way of history. The Princes have gone the way of history. Revolution has been achieved in this country in a bloodless manner, in a Gandhian fashion, as contrasted with what has happened in other countries, where millions of people have had to suffer loss of limb and life, and lakhs and lakhs of these so-called exploiters had to be beheaded in cold blood, with the result that the social economy has gone away, and what is more, social matrix has gone absolutely mad and out of gear, and social perversion is probably ruling in Europe today, whereas we here, in this country, are going ahead as sane-minded persons towards that goal of social revolution envisaged by Gandhi.

I wanted to say many more things, Sir, but I do not wish to tire your patience. I thank you, Sir, for having given me this opportunity.

SHRIMATI LAKSHMI N. MENON (Bihar) : Mr. Chairman, I apologise to you and to the Members of this House for not being able to speak when I was called upon at the beginning of the session. Sir, it is not necessary for me to add to the arguments advanced by the speakers and the charges made by the Opposition parties. Yet, Sir, I must say that many of the arguments brought forward by the Opposition have no relation whatever to the Budget. On the other hand, this opportunity has been utilised to bring, in a tangible way, discredit to a Government which has mobilised all its resources for the stabilisation of the social order and economic life of this country. Sir, I must say something to refute the argument that our Government has been depending upon aid from the capitalistic countries. It is only natural that we should borrow capital from countries which are capitalistic. We cannot have capital from countries which have renounced capitalism. For the rest

I do not think that our Government has placed any restriction on things that the U.S.S.R. is in a position to export, namely, ideologies. The Opposition has proved up to the hilt that they are not only free to import ideologies but also make free use of them without any restriction whatever from the Government.

Sir, the Members of the Opposition who have criticised the details of the Budget have not fully justified the principles of public finance which they quoted. On the other hand, they have put before us the spectre which Marx had imagined stalked in Europe in the last century. Such spectres seem to have been multiplied and broadcast in plenty in this House. But I must admit that those spectres do not exist except in the minds and imagination of Members of the Opposition.

I do not propose to waste the time of this House by congratulating the Government on its Budget, because I think that in these times of crisis a surplus is not justifiable and we do find a number of defects, especially in relation to our educational policy in this country. You, Sir, were the *Chairman of the Commission on University Education*, and you yourself know how few of its recommendations have been implemented in our educational system. And now the Ministry of Education recommends another Commission on secondary education. What we want in this country is not Commissions and Reports, but more of direction in the policy of education in order to stabilise the economy of this country by bringing together the unifying forces. During the debate on the President's Address, we have seen how the tendency generally has been to emphasise the centrifugal forces in this country. There have been demands for separate linguistic provinces, and for so many other things which will make this country more and more divided. What we need in a free country, a country which has for the first time in its history come into political sovereignty, is an educational policy which will stabilise those tendencies by which alone we can have a united and free

India, and also a strong India. I am sorry, Sir, that in the "Activities of the Ministry of Education" there is nothing said, or nothing hoped for, in this direction. I come from a State which has played a distinguished part in our nationalist movement. I am also connected with the training of teachers in my State. I have seen how by not pursuing a unified educational policy we are undermining the freedom which has been obtained at such great cost and after such great struggle. Therefore it is that I view with great happiness the scheme of community projects, the draft of which has been circulated to Members of this House. Sir, a community, according to political thinkers, is both a structure and a process. Community activities are developed in response to the demands felt by the people themselves. I would like to pay special attention to the words "by the people themselves". Here we have a project which will be subsidised by external aid but which meets certain demands or certain needs of the community. But in implementing this scheme it is very necessary that we should not depend entirely upon external aids alone. After all, a community, as I said just now, is also a process. It must look to the needs that the community is aware of, the needs which the people of the community themselves want to have fulfilled. Is it possible to have such a project in a country where people are illiterate, where especially the women, who are the conservers of all that is fine and rich and beautiful in life, are illiterate? The recent census has shown to us that the pace at which women's education is progressing in this country is one of the unhappiest features of our life. One of the directives of State policy lays down that within 10 years of the promulgation of the Constitution, the Government will make provision for free and compulsory primary education for the whole nation. Yet we find very little has been done to implement this directive of State policy. Not only that. We find vast disparity in the literacy figures for men and women. In my own State, 4 per cent. of the women are literate, whereas 20 per cent. of the men

[Shrimati Lakshmi N. Menon.]
are literate. And what is the result ? We find that all the unfortunate things that happen in our society today—corruption and other ills—are due to the fact that we have not made any endeavour to educate women to build up proper homes or train their sons to be proper public servants.

I listened with great unhappiness to the kind of speeches that were delivered from the Opposition Benches. I also remember the stories that some of the speakers narrated. They referred to the stories they had heard from their mothers and from their grand-mothers. Not one of them said anything about the stories he had heard from his father or grand-father. That is an indication of the tremendous influence that women have in society. We want to educate women to enable them to build the right kind of society. How can women build up the right kind of society, and how can they give adequate support in the task of building the right kind of society, if they are not educated ? Today we find that all the projects that the Centre puts forward dry up in the desert sand of illiteracy in this country. Take your food policy. Why does it not succeed ? Because women do not know the implications of your food policy. Women do not know how to economise on their food so that we can do without foreign aid. The Government lays stress on food even in the community project scheme. And rightly too. But how are you going to develop any kind of project if half the population who are responsible for implementing that project are left out of the schemes of educational development ? Today there are schemes for compulsory primary education in definite areas. But wherever such schemes exist, they are available only for boys, and the reason given is that they have not got enough women teachers, and, of course, there is the eternal excuse of financial stringency. Even so, greater impetus should have been given to girls' education if some of the changes that are envisaged are to be introduced.

, Sir, the Commission over which you

presided has suggested that in the secondary stages there should not be no co-education. But the time spirit has gone farther than the report. In the secondary schools in Bihar State, which is regarded as a backward State educationally, girls are compelled by necessity to attend boys' schools. We also find from the statistical summary given to us that the cost of educating a girl is very much higher—nearly 1 1/2 times more than the cost of educating a boy in the primary school and 1.3 times higher than the cost of educating a boy in the secondary school. In the circumstances, don't you think, Sir, that we should have a policy by which we encourage co-education at all stages so that boys and girls could be educated at minimum cost ? These are some of the suggestions to which I would like the Ministry of Education to pay special attention. We spend a lot of money upon U.N.E.S.C.O. We spend a lot of money on university education. We spend a lot of money on something called fundamental education—I have not been able to grasp what it is. At the same time we have not been spending enough, not only to spread education as such, but even to give the policy a direction as far as States are concerned. This is a great handicap, because in other countries where the educational system has been stabilised, a different policy has been adopted. I would like to quote the instances of the U.S.S.R. and the U.S.A. There you have two countries having different economies, yet pursuing the same policy in education. In the U.S.S.R., although the nationalities have cultural freedom, and education is given in the mother-tongue, Russian is taught as a compulsory language in all the schools. Here, Sir, 15 years have been allotted for the propagation of Hindi. How little is done to realise that particular policy ? I wonder, Sir, whether within 15 years we will be able to conduct the deliberations of our Legislatures in Hindi. After all, Sir, this does not require much money. The question is again that we should have a policy, a definite policy and the machinery to implement it in right earnest.

Now I will say something about the U.S.A. There also, Sir, they have a problem of immigrant population having different traditions, different social background and different ideologies, yet when they come and become U.S. citizens, they forget completely that they are Russians or Italians or Germans, and call themselves by the name of U.S. citizens. I do not see any reason why we should not also have such a policy here and teach ourselves to regard not as Biharees or Bengalees but as Indians first, second and last.

Sir, before I conclude, I would like to repeat once again why the Government should pay more and better attention to provide adequate facilities for women's education in this country. Sir, this is not the first time that such a thing has been said. You who are an educationist yourself know it fully well that when you educate a man you educate an individual, but when you educate a woman you educate the home. Sir, there have been educationists in this country who have said that the country will be served much better if greater emphasis is laid on the education of women than on the education of men. Sir, I am not saying all this because I am a woman myself. While talking to an officer of the Communications Department the other day, I was told that his section has been employing more and more women as they are, generally speaking, hard working and less open to corruption. (*Interruption*). Therefore it is necessary that more women should be associated in the sphere of administration of the Government and unless they do that, the administration cannot improve. More attention should be given therefore to women's education. Sir, we find today that women have been given opportunities and more women are returned to the Legislatures. Sir, all the women assembled here as well as the women of the country outside the Legislatures are very proud of the fact that the Government have given them such opportunities. Today if there are more women in the Legislatures of the country, it is because the Government has stood by its pledges to the people.

Therefore, we hope that in other aspects of administration also, such as in the field of education, the Finance Minister will not grudge a few lakhs of rupees that he allots to the Ministry of Education. He can by all means cut the expenses in other directions but must not cut the finances for the implementation of educational projects because only by such a policy can you assure the stability of a country and its future. Then alone can all the dreams that the people had hoped become a reality. With these few words, Sir, I resume my seat.

SHRI H. D. RAJAH (Madras)
Sir, we have had in this House the financial proposals of the Congress Party through the Government and we have had the privilege of hearing the Communist group and other groups and in the middle we heard Prof. Ranga who is neither Congress nor Communist but pro-Congress to the core with regard to many items that have found their place in the Budget. But, Sir, I, as a common man and as a Sovereign Democratic Republican, who does not believe in any "isms" and whose reaction is very clearly discernible in this House and as a man with a right to vote once in five years, would like to present the miseries and difficulties of the electorate who are nourishing the hopes that this Government will be able to do something for the common man, the Sovereign Democratic Republican.

Sir, before I analyse the Budget, I would like to congratulate the Finance Minister for a noble sentiment he has expressed in his speech which he delivered in the other House and a copy of which was placed on the Table here. And that is this :

The edifice of our prosperity cannot be built on the props of outside assistance without sacrificing something vital in the nation's spirit but can be built enduringly only by the efforts of our own people.

Sir, this is the most noble sentiment any patriotic Indian can utter and my heart goes out to Shri Deshmukh in full measure and I hope, so long as he continues as Finance Minister, his actions will always be governed

[Shri H. D. Rajah.]

by this great sentiment he has expressed in his speech.

Sir, I find that this Budget—balanced as they will say—is a very unbalanced Budget. You will see, Sir, the figures, through which I will have the pleasure of carrying you, will show many discrepancies which are not on the basis of audited accounts but which are more or less on the basis of jugglery. Sir, the Railway Minister has presented the Budget and in that Budget he says that he has made a general contribution of 34 crores to the general revenues. But, Sir, you will find amazingly the Finance Minister has stated only 7 crores and 65 lakhs as contribution by the Railway Budget. Sir, may I ask where did this 27 crores disappear? Who has swallowed that money? How is it that the Finance Minister did not know the assets side on the one side and the liabilities side on the other? And I would like to ask what is the job of the Controller of Accounts who has been created by our Constitution? Now, if this is the kind of Budget that a Finance Minister has to produce and 27 crores can disappear from the assets, it is a matter for which I cannot congratulate the Finance Minister.

Secondly, Sir, I would like to emphasize this point further, that assuming that these Rs. 27 crores find a place back in the Budget, there will be a surplus sum of Rs. 30 crores. With these Rs. 30 crores you can do miracles. After all, there must be some relief from the groaning, taxation under which the common man suffers. After an expenditure of Rs. 203 crores on defence and about 20 per cent. of it roughly on civilian officers, what is left to the people? If the conception of a Social Welfare State is to be conceded, I may even agree with Prof. Ranga to tax the richest. Sir, there are various classes that constitute humanity—the small rich, the small poor, the poor, the rich, the richer and the richest. There must be a basis on which a rational taxation system is to be adopted by

any Government. It is easy to think of taxing the rich. But who is the rich? A man, who earns a lakh of rupees or so a year, if he is asked to pay only his tax honestly—and I suppose most of the rich people are not honest,—they do not pay the tax that they are called upon to pay in the proper sense of the term, for there will be nothing left for him as balance. If the text of the income-tax vocabulary is properly gone into, he has to pay nearly Rs. 60,000 to the Exchequer as tax, and if his standard of living is based upon this one lakh of rupees income, he has to maintain a family, send his children for education, and spend on so many other things and in order to produce that one lakh, he has to spend not less than 30 to 35 thousand rupees to maintain himself and his family. Then, Sir, what is left to him under a system in which there is no guarantee of social security to his family after his death? If you want to tax that income, I am one with you; if you want to see that a balanced intelligent Budget is produced with social service to humanity, to the common man in the street, I am one with you. Sir, this Budget is a conservative inheritance of the British tradition. Sir, the bureaucrats are guiding Shri Deshmukh and not Shri Deshmukh guiding the bureaucrats. If really, Sir, the noble sentiments that he has expressed are to find an expression in his work and in his method of rendering service to humanity, he will scrap this Budget himself. The Congressmen will support him in scrapping this Budget. Rs. 500 crores, I will assume, is the income that our country can produce. You can legitimately spend something to maintain an army which will defend our people. I am in full agreement with Prof. Ranga that our boys must be given a good deal, and a nice deal; but that does not mean that the intermediaries, the carriers of arms, the people who supply arms, must swindle us. That is what is happening. What about the jeep scandal which figured as a very important featured show in the Provisional Parliament? Has any attempt been made by our

Finance Minister to probe into the mysteries of these purchasing officers, to have a check on this unbridled conduct on the part of the high officers of our country with regard to the monies of the Public Exchequer being squandered? If the hon. the Finance Minister has his eye upon every man who asks for money, as to how he spends his money, if only he feels that way, if only he has got a control over the expenditure of our State, I beg to submit, Sir, that we will have more money with us for rendering service to humanity, rather than to be squandered about by the big tacticians and grabbers of our country.

I would like to analyse another statement of our hon. the Finance Minister. He has said: 'The abrupt change over from seller's to buyer's market is reflected in the consumer resistance which the products of a number of industries are encountering at the moment.' Look at the financial policy and the industrialisation policy of our Government.

Again, Sir, we wanted motor cars. For whom? For the very same rich who can afford to spend Rs. 10,000 for purchasing the motor car, or even Rs. 25,000. Suddenly we find this country flooded with assembly plants. They are not plants which will enable us to manufacture motor cars, they are only assembly plants. All these British industrial magnates transplanted their useless machinery which have become out-dated in their countries, with a view to assembling the component parts in this country. If you look at the balance sheet of The Hindustan Motors, you will find that, in seven years, Rs. 1 crore they have taken from the public in the form of share capital has considerably depreciated in value. The values of the shares have been brought down day by day by a process of eating up by the managing agents; and the value of the shares in the market today is Rs. 3 each. Out of Rs. 10 paid by the common man for a single share, Rs. 7 have disappeared as depreciation. That factory is today closed. To what purpose? They expect to produce about 500 motor

cars of that brand, and distribute them over a period of 365 days, to be sold to the Indian citizens. These motor cars do not find their place back into any other country, so they are to be in India. The net result is that the purchasing power of the common man being so low these cars are not sold. Hence the factory is closed. Why do you want a motor car factory in this fashion? Have an arms factory. I would understand if our boys are to be equipped with the most up-to-date arms to protect our country; if our military equipment is to be kept intact, do not go and buy the junks from the British fellows, but build Government factories for arms and save the country's economy. We must produce arms, become scientifically progressive, retain our money, get hold of knowledge, and employ our boys in the production of arms in this country, and thus save money. I am not here to suggest to you: "Cut the finances with regard to defence." I am not here to say a thing which is impracticable from various political points of view. I am here to say as a shrewd businessman: "Build up your show, retain our money and see that the economy is effected where it is possible."

Sir, I am sorry to find again the Finance Minister using the words which are not truly to be interpreted in the way in which he uses them. He uses the phrases: "The abrupt changeover from seller's to buyer's market is reflected in the consumer resistance,....." The consumer resistance is not brought about by the Finance Minister's policy, but it is brought about by the sheer inability of the poor man to purchase the goods at the prices at which they are selling. Whether it is the case of clothes or anything else that the average middle class man requires, he is not able to pay for the *dhoti* which he requires, or the *saree* which he requires for his wife, or the two shirts which are required for his son; an average man finds it impossible from the present economic structure of his income to pay for the goods that he wants

[Shri H. D. Rajah.]

Therefore, Sir, the consumer resistance has come. There is a slump, a depression. In order to meet that an intelligent Government will adopt measures to bring down the consumer resistance, to make available to the people the goods which they need immediately. That is the way in which the economy of our country must be properly harnessed.

Thirdly, Sir, the 81 crores of rupees which are adjusted towards the sterling balances for the deficit in our imports is not merely a paper adjustment. It is in that way that our sterling balances are being steadily and systematically consumed by the Britishers. Sir, suppose I owe my friend 10,000 rupees and I am also the monopolist for supplying goods to my friend. Naturally, Sir, the prices I dictate are the prices at which my friend is bound to purchase. When a situation of that nature has come, the 10,000 rupees that I owe my friend I can eat up in one year or in two years. That is the position. Therefore, you will find that we do not get any tangible benefit out of that myth. The sterling balances is a myth and in order to prop up that myth we have been there to help them so that they can swindle and an adjustment is always made like that. That is one of the worst features of our being in the sterling bloc. The sterling bloc is an Empire bloc and when so much is made of that we are a member of the British Commonwealth, it is surely nonsense. Because, Sir, that Commonwealth contains no other member except the fellows who were under the British heel all these years. There is not a single other independent nation of the world which is in that bloc, the Commonwealth bloc. Therefore, Sir, if we had a particular policy to pursue and if our Budget was based upon our independent economy, this kind of a Budget would not have come into being.

Sir, I will take you further to the position that the deficit has continued

during the first four months of the current year and is reflected in the drop of 81 crores in the amount of our sterling balances between the end of December 1951 and the end of April 1952. That means the Finance Minister has provided, so to say, 81 crores for a deficit of 4 months. Now, what will be the fate of this country if this import policy is pursued? For 4 months 81 crores have gone. I put it, Sir, as a businessman, it is eating the capital. How long can the nation's money which has come into your care be eaten up from its own capital? It is just like a joint stock company or entrepreneur who has taken shares from various people, produced a capital of 1 lakh of rupees and in the course of five years eaten up the whole lot. That is the budgetary position that has been placed *before the country*. If you multiply 81 crores by 4, you get the figure of 324 crores. Sir, in all humility I ask you, can our economy and our economic position bear this deficit of imports to the extent of 324 crores per year? If you are able again to adjust your financial arrangements by looking at the sterling bloc, which is a phantom, and utilise that again for the payment of these 324 crores towards that deficit, what is the economy that our Government is running? And to what extent can I look forward to the carrot that is dangled before the donkey? The carrot is always dangled before the donkey, never reaching him and he has to follow on. That is the kind of feature that we find in this amazing Budget in which 81 crores are adjusted. Then, again, is it anticipated by our Finance Minister? He says it is not a case of frittering away the country's assets. The deficit could be said to be in a sense a planned deficit. He has made the statement before. We also had to pay higher prices for whatever supplies we could obtain. When he admits that he had to pay higher prices for whatever goods he had to import into this country, does he mean to say that it was a planned deficit? Did he plan in advance to pay more and more to the exporters? Did

he plan in advance that whenever we had to get the goods we had to pay the price dictated by those exporters? Sir, I ask you to save the honour of our life. He is a man actuated by motive, pure and simple. But I, Sir, rather pity him than accuse him. Sir, he is a victim of circumstances. He has inherited a machinery that can never deliver the goods to humanity. But he must be able to feel that the goods are here, the owners are we, we must dictate as to what we should get and not those hidden bureaucrats who understand nothing, who have no pulse of the people in their heart and who are soulless, feelingless, stupid in certain respects and they cannot dictate to our Finance Minister to produce a Budget like this.

Sir, I once had occasion to look at the spirit of a bureaucrat. I had gone to him, a man who is a civilian who was promoted to his present place by us after certain civilians got out of our Secretariat, an Indian, and he told me in these words: "No Parliamentary can help you; no Minister can help you; here I am the monarch of what I survey and I alone can deliver the goods."

I would name that man but I do not want to name him here. But, Sir, imagine the spirit that lies behind a statement of that nature. Can we expect from this kind of Government any redemption? I want the structure to be re-orientated, renovated, improved, to be a structure of service to those who pay for a Government. That is the point I wanted to stress and I thank you very much for the way in which constructive suggestions are asked, and if the Finance Minister alone will consult the various interests in both the Houses, he will have ample evidence that a decent, proper social service structure by a Government can come into existence.

SHRI V. S. SARWATE (Madhya Bharat): Sir, experienced judges and even juries know well that it is a weak case which requires long argument and long denunciations reveal an indefensible case. The Budget has been

denounced, but I am amazed to find that either the facts are not challenged or if they are challenged, they are strangely based on un-informed or ill-informed understanding. I will take one or two instances. One is amused to find that it is suggested that this Budget gives no relief to the middle class people. During the course of the last five years if any Budget has given relief to the middle class, it is this Budget. The inflationary trends in the market have been checked and we find that the index figure has gone down considerably. Any one who cares to read would find that in 1949 the index number was 381, in 1950 it was 400, in 1951 it was 439, in January 1952 it was 430, in March it came down to 364.9 and it is now almost stabilising at 370. So, that would show that what gives relief to the middle class is the lowering down of the index figure.

I will give one more instance of how the inflationary trends have been checked. In addition to those signs which have been given by the hon. the Finance Minister, one would find that the note circulation has been decreasing. In 1949 the notes in circulation were to the tune of 1208 crores, in 1950 December they were 1225 crores, and in December 1951 they were 1160 crores.

Another ground for denunciation was this, that this is a colonial Budget which gives more trade to the Anglo-American bloc. In another breath the same hon. Members continue and say that we are poor people and the poor people of this country want something more to eat, something with which they can fill their belly. If food imports are to be made and if America gives them to fill our belly, can they be refused? The hungry man never cares from where the food comes. If it comes and satisfies his hunger, he is satisfied.

Therefore, the Government has to see that the food imports are made whether it be from Russia—unfortunately there are no food imports from Russia—if they are coming from America, all right, they are welcome.

[Shri V. S. Sarwate.]

What should be cared for is to see whether our exports are comparatively increased. For the present I will deduct the imports on account of food. Deducting that amount of food imports, which is an extraordinary item, we see the proportion between the balance of imports and the exports is satisfactory

One more thing which ought to be seen is this : whether we are exporting more of raw materials or more of manufactured goods. One finds from the statement that whereas in 1950 we exported about Rs. 94 crores of raw material and Rs. 292 crores of manufactured articles, in the year 1951-52, we have exported 138 crores of raw materials and Rs. 376 crores of manufactured goods. What I mean is that we have been exporting comparatively more of manufactured goods than raw materials. Some raw material would have to be exported also, but the main portion, the main bulk of our export trade should be of manufactured goods, so that our people should have sufficient work here. The most astounding statement and denunciation came when it was said that the Budget is made in such a way that the Railway Budget surplus was shown to be Rs. 34 crores but in this Budget, the revenue has been shown as only Rs. 7 crores ; that, being under the control of the bureaucrats, the poor Finance Minister has been unable to control them, and therefore only Rs. 7 crores have been shown. None so blind as will not see, and none so perverse as would not read the explanation given in the explanatory note. If the hon. Member would have referred to page 9 of this explanatory note which has been circulated to every Member, he would have found in the heading 'Railway' how this, which is to him a puzzle, has been explained. The Rs. 34 crores are there all the same.

SHRI C. D. DESHMUKH : Is the hon. Member there ?

MR. CHAIRMAN : He is not here.

SHRI V. M. SURENDRA RAM (Madras) : The hon. Member ought to be here to hear the criticisms. He is probably talking to somebody outside.

MR. CHAIRMAN : His friends will report to him.

SHRI V. M. SURENDRA RAM : His attention ought to be drawn to that.

SHRI V. S. SARWATE : There is a Convention which the Parliament has in this respect. It is laid down that from the Railways they take at the rate of 4% as dividend on the invested capital at charge in the Railways. The sum of Rs. 34 crores which comes to the revenue represents this dividend on the investment made in the Railways. For purposes of accounting in this Budget, a sum of Rs. 26 crores is shown as interest. "Rs. 26 crores this year, and Rs. 26.35 crores next year have been taken in reduction of expenditure under interest and the balance treated as contribution to revenue." So the House will know, and the general public at large will know, the way in which things are criticised and denounced.

I must really congratulate the Government on having a Finance Minister of this type who prefers to act rather than speak, who allows events to justify his actions and his actions to realise his objectives. That is the sort of Finance Minister who is wanted. He is certainly hopeful, but at the same time sober. He is responsive, but still wedded to his principles. That is what is wanted.

Is there nothing to commend in the Budget ? For the first time in the history of the country, there has been a coordinated plan for the future five years, to the tune of Rs. 1,400—1,500 crores. Is this not something of which the country should be proud ? There are certainly things which require reconsideration. I would myself presently request the Finance Minister

to revise certain of his plans. I would make other suggestions also, but taken as a whole the Budget is the best in the circumstances. It leaves a surplus of Rs. 3 crores on the revenue side.

Now, what most struck me, and would strike people like me, is that there is a hopeful indication in this, that there is a Community Project envisaged in the Budget. What was wanted was this. Government have been thinking of more production in materials. Nothing was done by way of more production in the intellectual, in the psychological, world. What is wanted at present is this—that, along with the increase in the material production, there must be enthusiasm and a spirit of co-operation—not a spirit of criticism only, destructive criticism and wrong-informed criticism to add—what is wanted is a co-operative enthusiasm and if anything is calculated to achieve this in this Budget, it is this scheme of co-operation, this community programme. And everyone in the House who has the benefit of the country at heart should encourage this programme and make it a success. As at present envisaged in this community programme, the expenditure on each project is to the tune of Rs. 65 lakhs on about 2 lakhs of people. The total cost of all the programmes for the country would be really beyond the powers of a poor country like ours. So, if we have really to meet the requirements of the total 7 lakhs of villages, there should be created a psychological enthusiasm and co-operation and the spirit of working to make up this deficiency in financial resources. That is what is wanted. I would like, Sir, with your permission, to bring one matter to the notice of the hon. the Finance Minister. I come from Madhya Bharat. In Madhya Bharat, there was a river valley programme called the Chambal Programme. This was initiated by the Indore Government and a survey was carried out by the Madhya Bharat Government later on. Eventually the Centre also encouraged it. Up to the present, one crore of rupees has been spent on this

project. Some time back, a committee was appointed to see whether it was economically and technically a sound project, and it has reported that it is sound. In spite of all this, it has not been given priority in the Five Year Plan. According to the estimates, the cost of this project is 34 crores to be spent during the coming four years, and this would ultimately bring 1·2 million acres of land under irrigation. It will give a recurring income of one crore per year and an offset price income of 6 crores. Two Part B States Governments, the Rajasthan Government and the Madhya Bharat Government, are interested in this project. I am sorry that what we have done in Madhya Bharat did not receive any support from this Union. We are not allowed to do things anew and we are not also helped. There is a saying in Maharati that your own mother, the real mother, would not give, and the step-mother also is not allowed to beg. We are in such a plight. Therefore, I feel that because it is a project which had already commenced before the Indian Union was formed and one crore of rupees had already been spent on it, and further it is sound technically and economically, it must be included in the Five Year Plan. Part B States are labouring under certain disadvantages. In addition, they should not be made to labour under these difficulties also.

One word more, and I have done. The Finance Minister has in his Report stated that he is making arrangements for providing facilities of withdrawal by cheques from the post office savings accounts. This facility may be at present available in one or two places. It must be extended. It will require very little additional expenditure. It should also be considered if it is not desirable or necessary that the rate of interest on post office certificates and savings should be raised. The same reasoning by which the bank rate was increased will probably apply here also. Government are taking money in the way of deposits. If the rate of interest is increased, the amount of postal bank savings, cash certificates and other

[Shri V. S. Sarwate.]

certificates would increase and that would give us more money. I would say that the Finance Minister is very cautious. Last year, the hon. the Finance Minister put down the corporation tax at 35 crores, and it has been put down at 30 crores this year. If he puts it at 32 crores, even then our Chambal Project, which will require only 2 crores this year, could be proceeded with. I would suggest this for his consideration.

SHRI H. D. RAJAH : Sir, I apologise to the House for two mistakes I committed in my speech. One is in regard to 27 crores, of the Railway Budget, which has not found an entry in the General Budget. I find now that it has been taken on interest account. The second is with regard to the 81 crores. I multiplied 81 crores by 4 instead of 3.

SHRI H. P. SAKSENA (Uttar Pradesh) : You committed many more mathematical mistakes.

SHRI KISHEN CHAND (Hyderabad) : Sir, this being my maiden speech, I crave the indulgence of the House. I rise to make a few practical suggestions which can easily be incorporated without altering the main structure. I am constrained to submit that in its present form this Budget for 1952-53 is neither of the common man, nor for the common man, nor by the common man. It is true that in the capital Budget some money is being spent on great river valley projects, hydro-electric schemes, grow-more-food campaigns in the shape of community projects and the establishment of a few basic industries. Except for these facts, it is a replica of the bureaucratic Budget of 1938-39, with the additional disadvantage that military and civil expenditure has increased five-fold, the Princes and ex-Rulers continue to enjoy fat privy purses and their accumulated wealth wrenched from the toiling masses is free of income-tax, etc. The hon. the Prime Minister has stated a few days back in the other House

that the Congress stands for liberating forces, and that it has taken the nation towards Purna Swaraj and economic equality. And yet we find that the Rajpramukh of Hyderabad gets a privy purse of 50 lakhs from the Centre, and another subsidy of 50 lakhs from the State of Hyderabad in spite of the fact that he has established trusts of nearly 40 crores for himself and his family, enjoys immense palaces and the accumulated wealth without payment of any tax like income-tax or any other tax. And yet, Sir, Government cannot give a small increase in the dearness allowance to their under-paid employees for lack of funds. I submit, Sir, that this is not leading towards social justice or equality.

The Socialist Party has always been pressing that one way of bringing down accumulated riches is to impose estate and death duties, but the Congress Government, under pressure of big businessmen who have subscribed large sums to party funds, is keeping that Bill pending for the last four years, and has now circulated it for public opinion. I suppose, Sir, that it will be still in circulation for the next five years. We have only limited sources of income and therefore we will have to make adjustments and cut down our expenditure. The sources of revenue for the States are very limited. They depend entirely on the contributions of the Centre for making progress in their health and educational schemes and for developing their natural resources.

I shall begin with expenditure on privy purses and allowances of Indian Rulers. This is given on page 13, item 54B. It is stated to be more than 4½ crores, i.e., the net contribution from the Central Government is 4½ crores. Actually, the revised demand is about 5½ crores, but 75 lakhs is recovered from the State, and so the net contribution is 4½ crores. Can we afford really 1½ per cent. of the total revenues to be utilised for the benefit of these 200 or 300 ex-Rulers who exploited the

country for the last 200 or 300 years and who have accumulated vast wealth and are not paying any income-tax at all? I submit, Sir, that this amount of 4½ crores should be immediately reduced to half a crore. The total payment will be 1½ crores, of which ¾ crore will be recovered from the States and so only half a crore will be paid. If this is distributed over 200 or 300 Rulers, everyone will get over half a lakh of rupees and I think they should be quite satisfied with that amount which is more than what we are paying to our Governors and even to our Vice-President.

Then, I come to Civil Administration, which is becoming costlier and costlier every day. In the bureaucratic days the Congressmen had complained that the top-heavy expenditure on the I.C.S. was a drain on the resources of this country. The expenditure at that time was barely Rs. 10 crores. The salaries of the I.C.S., now converted into the I.A.S., have been considerably reduced, and the Executive Councillors, with annual salaries of Rs. 80,000, have been replaced by popular Ministers who get only half the salary that was paid to the old Executive Councillors. I admit that conditions in a democracy are different. An independent country has many responsibilities like foreign Embassies, etc. Besides, democracy is an expensive method of Government. But in spite of all these arguments in favour of an increase in expenditure, no explanation can be given for a six-fold increase, to the sum of Rs. 56 crores, and the expenditure is still rising. In the 1950-51 actuals it is stated to be Rs. 48·8 crores. Then, in the Budget estimate of 1951-52 it became Rs. 54·29 crores, and now it is put down at Rs. 55·98 or nearly Rs. 56 crores. Since the end of March 1951, during the period of 14 months, hardly any new departments have been opened, and there is no justification for an increase of Rs. 7½ crores or nearly 15 per cent. of the expenditure incurred in 1950-51. Every year, before the preparation of the Budget, each Ministry is asked

to submit details of its requirements. Every Ministry wants to copy any innovation introduced in any other Ministry, and a few additional posts are demanded, leading to an increase of a few lakhs in the total amount. The number of Joint Secretaries, Deputy Secretaries and Assistant Secretaries with all the prefixes in the dictionary is extraordinary in our country. If somebody could coin a few more prefixes, the number of such posts will increase substantially. There is only one way, and that is for the Finance Minister to fix a ceiling to the expenditure of each department. Every department can suggest adjustments within its allotted amount, but no extra grants should be given. We are keenly awaiting the report of the Retrenchment Committee which may result in a saving in the expenditure on Civil Administration. May I suggest to the hon. Finance Minister that, considering the actuals of 1950-51, Rs. 50 crores be fixed as the ceiling expenditure on Civil Administration, thereby making a saving of Rs. 6 crores on this item?

Similarly, in the matter of direct demands on revenue, that is, expenditure on revenue-collecting departments, the increase is still more phenomenal. In the actuals of 1950-51, the direct demands on the revenue are stated to be Rs. 12·5 crores. In the Budget estimates of 1952-53, they are stated to be Rs. 15½ crores. During the same period, the income from these sources has diminished—I refer to page 2 of the first statement—from Rs. 362 crores to Rs. 360 crores. This means that the income has gone down, and the expenditure in collecting it has gone up! I would like hon. the Finance Minister to examine this item carefully. There should be some relation between the tax collected and the amount spent in the collection of the tax. There are certain items like opium where the income is less than the expenditure incurred on collecting the tax. It is a very surprising thing that the income collected from opium is about Rs. 2,20,00,000 while the expenditure is Rs. 2,60,00,000. The tax-collecting departments have

[Shri Kishen Chand.]

generally a strong claim on the hon. Finance Minister and additional staff is often demanded under the garb of strain of extra work, and it is readily sanctioned by him. The expenditure on tax-collecting departments should be correlated to the amount of tax collected. I submit that on the analogy of the actuals of 1950-51 it should be fixed at $3\frac{1}{2}$ per cent. of the actual amount of tax collected. On this basis, the expenditure on tax-collecting departments, that is, the direct charges, will be only Rs. $12\frac{1}{2}$ crores, and will bring about a saving of Rs. $3\frac{1}{4}$ crores on this one item only.

Several Members have spoken about the Defence Budget and the urgent need for our country to spend such large amounts of money on this item. I will again draw attention to some figures which have been given in this book. You will see that in 1950-51 the expenditure on the Defence Services has been stated to be 164 crores. If you will see on another page, under the capital head, it has been shown that the capital outlay on Defence is Rs. 4,18,00,000; the two items together making a total of Rs. 168,30,00,000 representing the total expenditure actually incurred by the Government of India in 1950-51 on Defence. In 1951-52 that expenditure has risen to Rs. 180 crores, and in the capital outlay it has risen to nearly Rs. 13 crores; the two together come up to Rs. 193 crores. From Rs. 168 crores we come up to Rs. 193 crores in the Budget estimates for 1951-52; then in the revised estimates, it comes up to Rs. 197 crores. The two items in the revised Budget estimate are: on revenue account, Rs. 181 crores; on capital outlay, Rs. 16 crores. In the Budget for 1952-53, it becomes Rs. 198 crores on revenue account and Rs. 17 crores on capital Budget account, making a total of Rs. 215 crores. I am afraid that it is possible that in the revised Budget estimate it may be increased to Rs. 220 crores. That means, during the period of 14 months

since March 1951, our Finance Minister has estimated an increase of Rs. 47 crores in the expenditure on Defence.

Well, Sir, during the last 14 months the danger of world war has considerably receded, and our relations with Pakistan are more cordial. One should have thought that our Finance Minister would have reduced the Military Budget below the 1950-51 figure, from Rs. 168 crores to about Rs. 160 crores. But what do we find? We find that it has been increased by at least Rs. 50 crores. And out of this Rs. 215 crores, if you further analyse the expenditure on the Military Budget, you will find that Rs. 92.78 crores is for pay, allowances and pensions of the services. It is clearly stated in this book that the expenditure on salaries and pensions of the Defence Services is Rs. 92.78 crores. The remaining amount of Rs. 122.3 crores is for armament, its maintenance, transport, etc. We are a peace-loving nation and want a general reduction in armament. But our deeds are contrary to our professions. The nation wants food at cheaper prices, and the hon. Finance Minister has no money for food subsidies. He has no money for grants for Education and Health Services. What should be spent on those services is spent on destructive weapons. The choice is before the country. I would recommend that the military budget, including capital outlay, be fixed at the ceiling of Rs. 170 crores, that is, Rs. $1\frac{3}{4}$ crores more than the actuals for 1950-51; the rest of the money, amounting to Rs. 45 crores, must be saved and spent on more rapid nationalised industrialisation of the country. Even from the defence point of view, the armed strength of a nation depends more on its industrial strength than on the number of divisions.

Sir, our armies have given a very creditable account of themselves in Kashmir and all honour must go to them for raising the prestige of the Motherland in the world. But in these

days of total war, the eventual deciding factor in any conflict is the industrial potential of the nation.

And now, Sir, I would like to refer to a few items on the income side. The Socialist Party has declared its policy of nationalising all industries starting with basic and key industries. We aim at a social structure in which the extremely rich and the extremely poor do not exist. With the imposition of death duties, capital levy and nationalisation of industries, a stage will be reached when the collection of income-tax from individuals will become almost nil. The State will become the sole employer and will have to be a model employer giving every facility to its employees for leading a free and happy life, free from insecurity and want, housed in ideal surroundings and with all educational and health facilities. If the nationalised industries do not pay any income-tax, the Budget structure will be upset and I suggest, Sir, that a beginning be made with the Railway earnings. It is a great national undertaking in which over 800 crores of rupees have been sunk at pre-war price-level. At the present level it is worth over 2,000 crores. The hon. Minister for Railways has rightly put 30 crores in the Depreciation Fund as the cost of replacements is very high. But the payment of 4 per cent. dividend on the original cost of 800 crores is too low. The Railways must also pay income-tax and corporation tax on the net profit of 65 crores arrived at after allowing double the normal depreciation rate. The income-tax together with surcharge will be nearly 17 crores and corporation tax $11\frac{1}{4}$ crores and the Railway revenues can well afford to pay this tax. It may be noted that the import of machinery and all railway stocks is free of customs duty and so we must keep this in view also while calculating the figures. If the same railways had been run by any private agency and as they would have made a profit of Rs. 70 crores, the hon. Finance Minister would have claimed from them the sum of at least 35 crores as taxes only. When these railways become nationalised, they pay only 34 crores of rupees towards interest and are entirely exempt from all taxes. As I said, just

now, a day will come when almost all the industries are nationalised and on that day if the nationalised industries do not pay any income-tax, then we will not have any income at all on this side from direct taxes. That is why I submit, Sir, especially in view of the fact that in this House we are representing the States and the States are entitled to the share of 50 per cent. in the earnings of income-tax, we should lay special stress on this fact that by not charging income-tax on the railway earnings, you are depriving the States of their share. As I said before, one of the sources of income of the Part A and Part B States is 50 per cent. of the income-tax. They are being deprived of their share by not charging any income-tax on the railway earnings.

Similarly, Sir, the Posts and Telegraphs Department which is also a commercial Department should also pay income-tax. As I said before, and I will have to repeat it again, all commercial departments are going to be nationalised one day or the other and if we are not going to charge any income-tax, there will be no income from income-tax at all and in that case how are we to balance the Budget?

Well, Sir, if the increased income and reduction in expenditure is taken into account, the total income will be nearly 433 crores because $404\cdot98$, i.e., nearly 405 crores, has already been stated here and if you get this income-tax and the corporation tax from the Railways amounting to 28 crores, the total will come to 433 crores.

SHRI C. D. DESHMUKH : The hon. Member is under the impression that the States get a share of the corporation tax also.

SHRI KISHEN CHAND : I will make the position quite clear. Railways pay two taxes—one the income-tax amounting to 17 crores and another corporation tax amounting to 11 crores. That is, the Railways will pay 28 crores. The States are entitled to 50 per cent. share of the income-tax only. When the Railways pay 17 crores towards income-tax, naturally the figure of income-tax will increase and when it

[Shri Kishen Chand.]

increases, the States are entitled to 50 per cent. share and therefore they will get 8 1/2 crores extra on this account. I have not said that the corporation tax will be distributed because it is clearly stated in the Constitution. So, as I have already said, the total income will rise to 433 crores.

While, on the expenditure side, the present expenditure has been shown to be 401.25 crores, if the privy purse is reduced from 4 1/2 crores to half a crore, there will be a saving of 4 crores in that item. If the expenditure on direct demands is reduced from 15 3/4 crores to 12 1/2 crores, there will be a saving of 3 1/4 crores on direct demands. Similarly, if the expenditure on Civil Administration is reduced from 56 crores to 50 crores, there will be a saving of 6 crores. On Defence also we can make a saving of 45 crores. Like that, if you calculate all these savings, the net expenditure will come to 343 crores and the net income to 433 crores thereby giving us a surplus of 90 crores. So I submit, Sir, that if the hon. the Finance Minister is able to get this big surplus amount of Rs. 90 crores, he can easily give about 40 crores to the States to be distributed among them on their need basis or on their development basis and partly on collection basis. This amount of 40 crores will go a long way towards the development of the States and the balance of 50 crores will be spent on nationalisation of industries. They will in their turn give returns, when they become productive.

Lastly, Sir, I find that the hon. Minister has not said anything about the sterling balances. The rate of release is very slow, and we get only 3 1/4% interest on the balances. The British and Commonwealth nationals are carrying on trade in this country in which they earn over 6% profit, which is being sent out of the country. May I suggest, Sir, that some of these undertakings may be purchased from their present owners and the payment may be made out of the sterling balances? This will be in consonance with our

policy of nationalisation. We do not want to confiscate anything, only we want to exchange the sterling balances with the industries in the hands of British nationals. Recently, the British Government has announced the repatriation of British capital from China. Is it possible for the Indian Government also to persuade the British Government to convert at least 500 million sterling from our balances into industries now owned by British nationals in India? It has been estimated that the total investment of foreign nationals in India is of the scale of about a thousand million pounds sterling, so that this exchange of 500 million pounds sterling would only mean a reduction of about 50% of foreign investments in India. I submit, Sir, that the hon. the Finance Minister has a great opportunity to place the financial structure of the country on a firm foundation, but it requires a bold policy, and not mere tinkering in adjustments.

[THE VICE-CHAIRMAN (SHRI M. L. PURI) in the Chair.]

SHRI M. VALIULLAH (Mysore) : Sir, I am one with these gentlemen who say that we should produce more. I do not think that there is any individual in this House whose idea is that we should produce less. But the question is how to produce more? It has been pointed out that other countries are producing more and more. Even war-devastated Japan has improved her standards of life, and is able to sell goods to India and other countries. But how is it that we are not able to recover from our stagnation and produce more? There are three methods which I have been able to discern in the speeches made by the different Parties here. My Communist friend said that we should abolish the jagirdaris, that we should not pay them any compensation and that we should do the same to industries. The second method is nationalisation. The Socialists say, "Nationalise all the industries in this country, and then we can produce more." The policy of the Congress is not to take these violent measures of the

Communists and not to nationalise these industries as a whole as the Socialists say, at one stroke, but rather to build on things as they are, and for that purpose, many methods can be adopted which can do a lot of good to the country. As a matter of fact, you can even persuade the industrialists to go on with their own work. We have got ample industries in which Government can progress. Therefore, Sir, the Government have been pleased to appoint this time a Minister for Production whose duty will be not to come in the way of the industrialists, but to ask them to go forward in a very firm manner, to produce more, and to establish more Government, i.e., nationalised industries. Sir, if we have not produced more, we should consider, under what set up we are working. No doubt, the war has had an effect upon all the people in the world. We too have suffered under the same difficulties. In addition to that, we had the Partition, and the consequent displacement of persons, followed by wholesale slaughter of persons all over India. We had to recover from all this. That is a special point which we have to consider when we criticise that we have not produced more. Another thing that has been pointed out by our Finance Minister is that we are swayed by the vagaries of nature. The rains have not come at the proper time and in the proper places. These two additional reasons explain why we have not been able to cope up with the things. I hope, Sir, that conditions will improve and that we shall be able to do something more. Now, as it is, we are not able to produce as many things as other countries in the matter of machinery, tools, instruments or many other raw materials, and we were not able to get many essential articles as there was a big race for these raw materials because of the Korean War and the tension between the East and the West, i.e., the two blocs; and under these circumstances, we were not able to compete with those countries in purchasing the raw materials that we wanted. When there was a Raw Materials Conference, we were able to get something. When such is the position, if we are

able to get some help from a country, whether it is America or England or Russia, it does not mean that we belong to that particular group or that bloc. What we want is machinery and technical knowledge. If we get our requirements from America or England, does it mean, Sir, that we have become the camp-followers of the Anglo-American bloc? I would like to know the things which Russia can offer to us. I am also interested in Russia; I would like to be friendly with Russia, to be benefited by that country, and also to benefit that country if possible. I would like to know from my hon. friend what are the things which Russia can offer us, what are the things which Russia cannot offer us, and what are those countries which can give substitutes for the goods which we have asked America or England to supply us.

SHRI H. D. RAJAH : On a point of order, Sir. Are we having a debate about Russia and its capacity.

THE VICE-CHAIRMAN : It is no point of order at all.

SHRI M. VALIULLAH : Now, Sir, what has happened? We are compelled to take things from other countries because we have not got those articles from Russia. For instance, there was the close of the Abadan Oil Refinery. While Russia was not able to supply oil, America was able to do so. Under such circumstances, it cannot be said that we follow the country from which we seek help.

There was another thing which my hon. friend on the Opposition Benches was pointing out, and that is to the effect that the hon. the Finance Minister has not said anything in the Budget speech about the sterling balances. The hon. the Finance Minister has pointed out that his speech should be read along with the White Paper and the speech he gave to the Provisional Parliament in February 1952. Therein it has been pointed out that this is the final position with regard to the sterling balances. We have to get 35 million pounds every year for a period of six years; in addition 310 million pounds are also to be transferred from Account No. 2 to Account No. 1, i.e.,

[Shri M. Valiullah.] to the current account. However, that transference will have to be done after consultations. In addition, Sir, we can also utilise the unspent money of the previous year for the next year. Also we can take after consultations from the subsequent year something in case our needs exceed five million pounds. If my hon. friend had gone through that White Paper, he would have known that clear mention has been made about the sterling balances.

There is another point which I would like to touch upon. With regard to the balance of payments position, he is not able to give any indication. No doubt, the prices of commodities are changing every day, and he says it will be difficult to calculate. All the same the calculation has to be made in a rough manner ; it may be a conjecture at best ; but yet it has to be made, and an approximate indication has to be given as to the balance of payments. It has been stated that the position in 1951 is not the same as in 1950. Reason given is that the position in 1950 could not be kept up in 1951 as the devaluation of the rupee took place in 1949. If for devaluation in 1949, the position could be kept up in 1950, why should not the position be kept up in 1951 also? How is it that my hon. friend the Finance Minister has advanced that reason, I am not able to understand. I think he will clarify that point.

My hon. friend on the Opposition Bench has pointed that we should scrap this Budget. If we do that, we come up to a blank page with no Budget at all. Sir, in what manner has this Budget to be replaced by another? Instead of pointing out any alternative and constructive proposal, the hon. Member has been saying that the Finance Minister is only a Minister of theory, without any practice.

Sir, about the food question also there is some discrepancy and I would like to have a clarification, because I have not been able to understand it. The President in his speech, Sir, was

pleased to point out : "The amount saved from the food subsidies has been diverted to financing minor irrigation schemes which will yield more food grains in future and thus help in solving our food problem." Here, Sir, in the Budget what I see is that from 25 crores it has been reduced to 15 crores. It has not been explained if these 10 crores are to be used for irrigation purposes, it is not clearly brought out. The Finance Minister has pointed out that out of 10 crores, 5 crores are for community projects. I have not been able to go through all the big volumes supplied to us. I hope my friend will be able to explain the discrepancy between the President's statement and the figures indicated in his Budget in respect of irrigation.

SHRI B. C. GHOSE (West Bengal) : Sir, though only about three months intervene between the presentation of the two Budgets, yet they reveal a significant change in their mood. In February this year the Finance Minister said there was justification for sober satisfaction. Last week a more sombre attitude characterised his appraisal of current conditions. He emphasised, "On any view of the future which one could take there could be no room for complacency or for the relaxation of the efforts to raise the maximum amount of resources for the country's development." A rather grim future and the necessity of girding up our loins and being prepared for more and more hardships,—the drastic reduction in the food subsidies is the first glaring unpleasant indication—appears to be the keynote of the Finance Minister's last week's address.

Sir, I have a number of observations to make on the Finance Minister's speech, but I am aware that I shall not be able to refer to all of them or even to dilate on such of the points as I might be able to mention. I will, therefore, very briefly mention my main points. In the first place, there appears to be no close or conscious correlation between budgetary policy and national economic conditions, which I appreciate is not

possible until such time as we adopt as a policy social accounting based on estimates of national income and expenditure. Until we are in a position to do that, I am afraid we cannot utilise budgetary policy as a measure of achieving economic stabilisation. We have not got the necessary statistics. I understand a National Income Committee was set up some time ago. I should like to know what success may have marked the labours of that Committee and also whether, in the conditions which obtain in India, the Finance Minister thinks that we can at all utilise budgetary policy as an effective and conscious instrument for effecting economic stabilisation.

In the second place, I should like to submit, Sir, that the revenue Budget as distinguished from the capital Budget, does not represent a true picture and there is, if I might say so, a certain amount of window dressing, although that is a trait which is not peculiar to this year's Budget only. The Finance Minister has himself observed that in the revenues of the Budget year, he has taken an amount of five crores as advance collection of income-tax. Then there are many items in the capital Budget which do not create income-yielding assets and should have been debited to revenue, particularly in the defence capital Budget. If due account is taken of all these factors, then on the present estimates of income and expenditure the revenue surplus would surely be converted into a substantial deficit.

There is one point I may mention in this connection, a point which is now under investigation by the Finance Commission. I feel that the share allotted to the States of the income-tax pool is meagre and should be increased in fairness to the States. If the Finance Commission should take that view and increase the States' share, to that extent there will be a diminution in Central revenues.

A third feature of the Budget is the large and growing cost of administration to which also other Members have referred, and also its inelastic character.

A necessary concomitant is the "meagre outlays on national social services." Incidentally, these words are not mine but have been culled from a publication by the United Nations entitled "India". The inelastic character of our expenditure is clearly pointed out in this year's Budget. For, faced by a fall in the income, all that the Finance Minister could do to cut down expenditure was to raid the food subsidies. He could not touch even one pie of administrative expenditure. It was calculated that for 1950-51 the proportion of revenues spent on general administration was about 10 per cent., while the proportion was only 7 per cent. in respect of essential social services like education, research, health and medical services. I am of course referring only to Central Government expenditure, although I am aware that when talking about essential social services we should also take account of the expenditure incurred by States as these are questions within the competence of the States. But even so, the amount that is expended on social services is very meagre. I do not think that the proportion will have changed even today and, if at all, it must be to the disadvantage of social services.

In the fourth place, expenditure under capital Budget is no indication of capital formation in the country, even in the public sector. The nomenclature is rather deceptive. A very large portion of the outgoings is accounted for by loans to State Governments for various projects, say, for the grow-more-food schemes, and withdrawal of deposits. I should like to have from the Government an estimate of their assets at the end of every year.

In the fifth place, I should like to have from the Government an estimate of the anticipated deficit in our balance of payments for the Budget year. Now that natural economic forces are reversing the inflationary trends, the problem of balance of payments is likely to be henceforward more important and formidable. It is desirable, therefore, that the Government should give us some estimate

[Shri B. C. Ghose]
of the anticipated deficit and the way they intend to meet that deficit, so that trade and industry may know as to what consequences are likely to follow.

In the sixth place, Government, Sir, are increasingly taking upon themselves the functions of businessmen. I should like Government, therefore, to furnish us with some commercial accounting of these business activities. A commercial balance sheet of every industrial enterprise undertaken by the Government may be circulated along with the Budget papers. For, only then we would know the measure of efficiency with which these Government enterprises are being conducted.

In the seventh place, in recent years it appears that the progression of a tax structure has been reduced. In the words of the publication to which I have already referred, "This appears to be something more than an automatic cessation of war taxes. Direct taxes have lightened more than indirect taxes, and within the direct tax structure, the concessions have been more important in the higher ranges." That is, the tendency has been more towards regression and yet the effect on the capital market appears to have been insignificant.

Lastly, what significance have the trends revealed in the Budget on our planning schemes, on the Five Year Plan? It appears to me, Sir, that the financial implications of the Plan at least may require re-examination. As another hon. Member had said, it was estimated that there would be a revenue surplus of Rs. 26 crores every year over the next five years for the financing of the Five Year Plan. I doubt very much if that will be achieved. Then, the response of the capital market may not be as good as was expected in the Plan. Then, there is no doubt that we have wasted some of our resources mainly on account of the defective assessment or absence of any machinery for review-

ing needs and achievement and correlating them. I can cite for instance that we have imported plant and machinery in many industries in excess of our present requirements and to that extent, so far as the immediate period is concerned, we have wasted our resources.

It might be suggested that what I have been trying to do is to impart a very sombre view of the financial picture. But that is not my intention. I am aware that there are bright spots as well in the Budget, but I am afraid I shall not have the time to dilate on them. But I agree with the Finance Minister that the situation is such as will permit of no complacency. We cannot expect any buoyant tendency in our revenues at least in the immediate future. On the contrary, if war or near-war conditions do not supervene, the tendency is likely to be in the opposite direction. Then, whatever reserves we had on Partition have been eaten up. Our debts have increased I believe from Rs. 2,100 crores in March 1947, i.e., about the time of Partition, to Rs. 2,600 crores in March 1952, and of this about Rs. 600 crores are uncovered, although I am aware that the Explanatory Memorandum points out that all of it is really not uncovered. But, even in respect of the debt against which we have income-yielding assets, there are items such as debt owed by Pakistan, Rs. 300 crores, and by Burma, Rs. 48 crores, and I would like to have from Government some idea of the position of these debts and the prospects of their repayment. Then, about the sterling balances. After we have maintained what is necessary for Currency Reserve, very much will not be left to us—about £200 million—to be used up by 1956 or 1957. I do not know how far or to what extent we can depend upon foreign assistance, or if it would be wise enough even for us to depend upon foreign assistance, consistent with our independent economic status. Therefore, we shall have progressively to depend upon our own resources, not only to meet our ordinary expenses, but also for development expenditure.

Now, Sir, I should like to offer a few suggestions, one or two of which will have some bearing upon the balance of payments position.

First, we must tackle the food problem. It should not be insuperably difficult to increase our food production by ten per cent., whatever may be the methods necessary. We have a planning machinery and if we cannot increase our food production with the whole of this planning paraphernalia that we have in a period of four or five years, let us candidly say we are not very serious about planning at all.

In the second place, we must economise our expenditure as far as it is possible. I believe, Sir, that in spite of what the Finance Minister said in his Budget speech there is room for effecting economy in expenditure even now. And it is very heartening that Government have already started in this direction on the very well-known maxim—at least the papers say so—that charity should begin at home.

In the third place, I should request the Government to initiate a more positive policy with a view to help our industries to obtain markets abroad. I think with some amount of effort, we could have a market in the near-Eastern countries, in Ceylon, Burma and the far-Eastern countries. What is necessary is that Government should undertake a market-survey of these countries and find out in what way our products are deficient in relation to the goods that are selling in those countries. The reports which are sent by the Trade Commissioners now are not sufficient for the purpose. I am aware normally this function should be done by the industry itself, but let us be candid and admit industry is not in a position to do that either because it has not the resources or the vision. But with Government initiative in the matter, I feel that much can be done which would assist industries at a time when they are faced with over-production, and be also to the advantage of the country.

And, lastly, we should be more serious about the planning machinery.

We must have a planning machinery not merely to make plans on paper, but also to execute them. I believe it will be quite true to say that we have no machinery now to supervise the execution of our plans. Unless we do that, in spite of the hierarchy, the massive hierarchy that we have built at the top, nothing much, I am afraid, will be done in that direction.

There is just one point to which I want to refer as it relates to a subject which is very important in the province from which I come, viz., West Bengal, and that is the refugee problem. Other speakers have also referred to it. Sir, I believe the total number of refugees from Pakistan was about 82 lakhs of which 50 lakhs came from West Pakistan and about 32 lakhs from East Pakistan. Of the total expenditure incurred on refugees by Government, expenditure on refugees from East Pakistan would not be more than 15% or 20% of the total expenditure. Sir, I am not saying this as a matter of complaint against the expenditure that has been incurred on refugees from West Pakistan. For all I know the expenditure there also may be too little, but what I want to emphasize is that the treatment shown to East Pakistan refugees has been even worse. These refugees live under conditions which beggar description—in godowns and ram shackle hutments; and some of the dwellings are just coming down. If you do not help these unfortunate people with sympathy, kindness and consideration, but condemn them to live under abominable conditions, I am afraid we shall lose them as good citizens and be only assisting to strengthen the forces of disruption.

DR. N. DUTT (West Bengal) : Sir, at the outset, I must congratulate the hon. the Finance Minister for producing a well-balanced Budget. He has drawn up the Budget very cautiously. But I feel he has under-estimated the revenue and over-estimated the expenditure. In spite of that, he has shown a credit balance of 3 crores and we do not know how many crores are there still up in his sleeve. In spite

[Dr. N. Dutt.]

of the dwindling of his credit balance, he has not thought fit to impose any fresh taxation. We have been taxed to the utmost. I think the taxation has reached saturation point, and I must thank him on behalf of the taxpayer and also the industrialists that he has spared us from a new imposition. We also congratulate him for reducing the export duty on jute. Jute is a major product of Bengal, and by reducing the export duty he has helped some movement of jute in our country. But the trouble is that in spite of the reduction of the duty, the agriculturists are suffering. The prices that the agriculturists are getting have been halved. So, it is necessary that some sort of steps should be taken to protect the agriculturists from the manufacturers. In the case of cotton, Government has fixed a floor price, and by the floor price they protect the agriculturist in the matter of the cotton industry. But, in the matter of the jute industry, there is no such floor price, and so if the export duty is further reduced, the profit will perhaps go to the manufacturer and not to the agriculturist. This is an important point to which I want to draw the attention of the hon. the Finance Minister. Tea is another big product of Bengal. This is also an exportable product. We need in this commodity also some help by way of reduction of both excise duty and export duty. You know, Sir, that tea industry is now suffering. It is having a very bad market. In order to help Bengal, we must have reduction of these duties as well.

Sir, I have been listening to the speeches delivered by previous speakers, in which the question of foreign capital was dealt with. We have seen that for the last few years our taxation has reached the saturation point and the capital market has become very shy, and very few new enterprises have been started. Even now I know that some very big reputed English firms, who wanted to raise capital, could not raise the 51 per cent. capital required. So, now, industrial enterprises have come to a

standstill and this is causing unemployment. I have generally heard most of the speakers here speaking only about the workers and the agriculturists. They were asking that the price of foodstuffs should be reduced. As soon as the price of foodstuffs is reduced, do you know what will be the position of the agriculturist? It is on account of the high prices of vegetables, etc., that he is now able to make both ends meet. As for the working classes, our whole attention is concentrated on 40 lakhs of people who are working in organised industries. Out of 4,000 lakhs of people we are concerned only with these 40 lakhs. Where is the rest to go? Very few opportunities can be given to the middle class people. You know that everywhere the middle class people are suffering most on account of inflation, on account of loss of income, on account of lack of new enterprises. Big industrial enterprises, again, employ 80 per cent. as manual workers and 20 per cent. only as middle class employees, as clerks, etc. This is the class which is suffering most in our country today. In Bengal particularly this problem is much bigger, for, in Bengal, the number of manual workers is less. The middle class is practically 50 per cent. To this has been added the problem of the influx of refugees coming from East Pakistan. Most of the people who have come from East Pakistan are middle class people. They are mostly lawyers, teachers, medical men or intermediate landlords. All these men have come to us. You cannot ask them to go to a factory and work as a manual worker. It is not possible. We have got to do something for them. So, Bengal's middle class problem is becoming very serious. Our Chief Minister is seriously thinking of solving this state of things. He has tried several means. But no means can succeed unless there is ample finance behind it. Recently we have undertaken some Community Projects with American aid and we hope this will go to a certain extent to solve this problem of poverty of the middle class. This project is restricted. It will give occupation to some middle class families, but

It will touch only the fringe of the problem. Apart from the Community Project, there are schemes for cottage industries. But what I fear is that it is very difficult to make out an economic living in cottage industries. Most of the cottage industries like handloom are all suffering. We have got to go to middle-sized industries. There is more scope for employment of middle class families in middle-sized industries. We shall be able to render help to a large number of middle class men. But the difficulty is this, that there will be shortage of finance. In order to tide over that, we must ask the middle class people to collect a little finance and the Government must help them with longterm loan from the Industrial Bank. Recently, a year back, the Bengal Government appointed a committee to formulate a scheme of Industrial Banking and submit a report. A report was submitted but nothing else has been done. So, the middle class people must be provided with some capital. All attempts should be made to provide the middle class people with funds from Industrial Banks. Any State Government which wants to take up this problem will only say that their funds are limited to run such a Bank. So my point is this, that in the Budget there should be some provision for the Central Government to advance say from 50 lakhs to 1 crore at a very low rate of interest to each of the State Banks in order to set them going. If this is made possible, something will be done for the middle class population. But this is a long-term solution. You have to consider also another point, I mean that the provident fund, gratuity, medical and other benefits are open to only a very small section of the employed middle class people. You are perhaps aware that an employed middle class man maintains another four or five unemployed, and it is these large numbers of unemployed men along with their sons and daughters that are not getting even medical treatment or school education. I speak from personal experience that many of these poor parents had to withdraw their boys and girls from schools because they were unable to pay for their school-

ing. Is it not necessary in the present set-up that at least free education and medical treatment should be given to the sons and daughters of the unemployed? I do not speak of the employed ones. The unemployed are nowhere. We cannot give them immediate help by starting middle-sized industries, and it will take a long time. Something should be done to give them immediate relief in the way of free education and medical relief. More and more schools are going into the hands of the Government, and the rules are becoming more and more stringent. We have been running some schools, and we had the system of free studentships and half-free studentships, but gradually, as the schools went under the control of Government, the Government abolished the system, and instead of getting more help, the people find that the system is becoming more inelastic.

The next point that I would like to draw attention to is the cloth control to which the Finance Minister has referred in his speech. This control is only symbolic. I do not understand how you can call it control when you regulate only 20 per cent. of the production. And 20 per cent. of coarse and medium cloth production means 10 per cent. of the total production. Let me say that it is practically a symbolic control, and this control is observed more in relaxation than in enforcement. What is the use of making a show of control?

Another difficulty is the quality control of cloths. So long as we had full controls, we knew that the Government intervened and gave their orders to produce certain quantities of certain qualities and they took the responsibility for their sale and distribution. But now they do not do it, and still they ask the mills to produce certain types of cloth and ask them to sell it, while the consumers do not want it. This anomalous position at the present stage should be removed by the Textile Commissioner by relaxing the quality control rules.

Over and above this, I appeal to the Finance Minister to consider whether he can do anything to reduce the excise-

[Dr. N. Dutt.]

duty on cloth. I know it has been decided that the Government are going to change from *ad valorem* duties to specific duties on fine and superfine cloth and retain the same duty on coarse and medium cloth. But what I would like to say is this. The rate of duty is very high and it is telling very severely upon consumers of fine and superfine cloth and therefore they are going in for more coarse and medium cloths. If the duty on fine and superfine cloths is reduced, then perhaps the consumers of India will consume more fine cloth and afford an opportunity for the export of coarse and medium cloth for which there is a great export demand. I believe that by the reduction of duty the Finance Minister will not suffer in any way; he will recover his whole amount from increased export duty. There will be more internal sale, and there will be more export demand, and he will thus be able to make up any loss which he will suffer by reducing the duty.

I only want to say in conclusion that the Budget has been well drawn up, but I wish more money had been set apart not only for education, but also for cultural activities outside India. We have been concentrating on cultural uplift within India. We have our Embassies, and we have our foreign delegations. If you go into British history, you will find that most of the Britishers who were appointed to Embassies wrote excellent histories on the religions and other cultural subjects concerning the people of the countries where they were posted. But what are our Embassies doing? In each of our Embassies there should be a cultural attache whose aim should be to study local histories, customs and manners and to bring that knowledge to India, and also to propagate Indian culture in those foreign countries. I wish to draw the attention of the Finance Minister to this point so that he can make some provision for it.

SHRI S. MAHANTY (Orissa) : Mr. Vice-Chairman, Sir, it has been a

custom more or less to pay compliments at the outset to the Finance Minister for his having presented us with a Budget, but of course towards the end they prove to be left-handed compliments. But I want to be more honest and sincere in expression of my reactions to the Budget that has just been presented to us. With due deference to the hon. the Finance Minister I would say, the Budget is nothing less than a great betrayal. Millions of tax-payers who had looked up to the Finance Minister in the first popularly elected Parliament for a little more relief from taxation for a little more food, a little more of the amenities of life, must have been left sorely disappointed. They would have not only felt disappointed, but desperate too. I call the speech of the Finance Minister cruel, colourless, cheerless and soulless. It could more appropriately have been delivered by a Chairman to his Board of Directors.

SHRI PRITHVIRAJ KAPOOR (Nominated) : On a point of order, Sir. Will you please ask the hon. Member to give a little more colour, a little more cheer and a little more soul to his speech? We can hardly hear him.

THE VICE-CHAIRMAN : There is no point of order.

SHRI S. MAHANTY : The hon. Member can give it better since he is an actor.

Sir, mathematical percentages and quotations of indices have been most successfully employed to present us with a hopeful and optimistic picture of our Republic of India, that is, "Bharat", that is U. P. plus Madras. But unfortunate as it is, 90 per cent. of India's tax-payers—be it said to the credit of the Ministry of Education—are illiterate, and they do not understand very much of your mathematical calculations or quotations of indices. Nor do they know very much about the movement of your price index number. How they will judge your Budget is : "What relief they are going to get from the taxes ; how much more food

they are going to get, and so on." Sir, after looking at the figures and mathematical percentages, probably they would have commented thus : "There is a crime here which goes beyond denunciation. There is a sorrow here which no weeping can symbolise. There is a failure here, which has toppled all your success." My scope is too limited here. Nor is the purpose of a mere general discussion on the General Budget to go into too much detail. I would only refer to some salient features of the Budget.

Of course the Finance Minister has proposed no new taxation. And, understandably enough, he has congratulated himself on the achievement. None would grudge him that satisfaction. But I would put a humble question to the Finance Minister : "Would he have dared to propose new taxes? Would it have been conscientious enough on his part to propose new taxations?" In this connection, I would invite the attention of the House to the consistent demand that has been going on for some time past, to rationalise the entire taxation structure in the light of the recommendations of a Taxation Enquiry Committee. But to my great regret I find that proposal has been put in cold storage. Nor is there any mention of it in the Finance Minister's speech.

In the meantime, I would also like to draw the attention of the House to a United Nations publication entitled "Public Finance : A Survey of India" by Mrs. U. Hicks. There the author has pointed out that direct taxes in this country have been reduced more than indirect taxes, and that within the direct tax structure, major concessions have been offered in the higher ranges. In the provincial field, the sales tax, which was originally intended for providing finance for development schemes, is mostly utilised to counterbalance the waste and extravagance in administration. This policy is disruptive not only for the Centre and the States, but ruinous for the average tax-payer as well. No less deplorable is the overlapping manner in which the Centre and the States are

exercising their rights of taxation. I would cite a concrete example here. The States impose taxes on luxuries, and the Centre exploits the same field of taxation too, in the form of Union customs and excise duties. Therefore, the need for rationalising our entire taxation structure according to the recommendations of a Taxation Enquiry Committee is a matter of supreme importance. I would in all humility pray to our Finance Minister—if prayer need be—to give a little more relief to the middle classes, because this has been a calculated policy of the Government to exterminate the middle class by indirect taxes and by a thousand and one means ; so that the hiatus between the extreme rich and the extreme poor could be filled very easily by steam-roller totalitarianism. The Prime Minister Mr. Nehru—I would rather call him the pontiff and high priest of democracy—now-a-days is almost rhetorical in his references to democracy. Well, Sir, I take pride in being a democrat and say that democracy is the highest political ideal which we must all pursue. In fact, the peace, prosperity, liberty and equality of Nations depend on the success of democracy. Therefore, quite understandably Prime Minister Nehru has taken up cudgels against communism, which is a negation of democracy. But with all humility, Sir, I would put you a question : What other alternative has now been left for an honest and upright Indian ? What other course have you left for the multitudes of Indians with empty bellies, with nothing to eat—injured and insulted? How do you hope that they will be always singing your praises ? After all you must not forget that without economic democracy there can be no social democracy. And communism is nothing but the inevitable—though violent—reaction to hunger and frustration.

The other day the hon. Member Mr. Kher, while refuting an allegation that the Constitution of India was drafted by 'pretenders', said that the Constitution was drafted by the genuine representatives of the people. Well, Sir, this is not the occasion when I should

[Shri S. Mahanty.]

give a reply, although I am sure I can give him quite an effective and convincing reply. But I would just draw his attention only to the Preamble of the Constitution where it has been said : "We, the People of India, to ensure this or that for the Indian citizens have drafted this Constitution." Sir, if you refer to other Constitutions of the world—the Irish Constitution, the American Constitution—you will find that no such grandiloquent preamble is there. The very fact that a Party which claimed itself as the sole representative of the people, and bequeathed its gift to the "Citizens of India"—a Constitution—shows that the Party was not the "People"—I would not call them "pretenders" of course because that is a very hard word. But they had not the sanction of the people. And if he (hon. Mr. Kher) wants to show that the Constitution-makers were the real and genuine representatives of the people of India, I throw him a challenge to declare the Directive Principles in the Constitution 'justiciable rights'. You cannot talk of social liberty, equality etc. without declaring your Directive Principles justiciable.

Now, Sir, I would draw the attention of the House to the recent withdrawal of food subsidy. Sir, on this point I should say that there ought to prevail today a psychological atmosphere in this country where democracy could thrive and survive, where people could be attracted more and more towards democracy, towards a synthetic ideal of life. But, Sir, what has happened ? Our ex-Food Minister after spending crores of rupees and fixing target dates for self-sufficiency from year to year, ever shifting and shifting, is now enjoying his well-earned rest in the Raj Bhavan of Uttar Pradesh. All our expenditure on the "Grow More Food", I will not hesitate to say, has been a fraud and a sheer waste. I am sure no other country on the face of the earth would tolerate such criminal waste of money in the public life.

In this connection I would also like to draw the attention of the House to a

statement recently made by our new Food Minister Shri Kidwai wherein he gave us to understand that actually there was no food shortage in the country. But only the money was lacking. People were not able to purchase food grains which were being sold below the ration price in certain scarcity areas. That makes the position still worse. That means food is available but the tax-payers whose money is extorted in thousand and one ways are not able to pay for the same. Therefore I would say that any food subsidy is not a matter of charity. It is only an implementation of a sacred duty on the part of any Welfare State. Last year you provided a sum of 36 crores for food subsidy. This year, in the original Budget which was presented in the month of February, there was a provision of 25 crores. But now it is only a sum of 15 crores. And in the meantime over this reduction so many 'hallas' have been made and so many representations have been made in blood and tears, which have been most cruelly ignored. Therefore, I called it a cruel and soulless Budget. I cannot infuse soul into a soulless Budget. Here I would make a reference to hon. Shri Tyagi, now that he has been very kind enough to step in here. Last year he made huge concessions to the tax-evaders and concealers of income by exempting them from payment of huge sums of income-tax that accrued out of such concealed incomes including the penalties, that they would have been made to pay. Sir, "Tyaga" means renunciation. He could be "Tyagi" enough when the interests of the capitalists were in question. But when it came to the exploited people, and that too over a sum of 10 crores, the fists of the Government closed tight ! If he had not thrown money to those capitalists who earned money in utterly foul and sordid means, which I cannot too adequately condemn, it would have been available to the people and would have gone a long way in ameliorating their distress.

Sir, I am not a student of economics, yet I have a little knowledge of econo-

mics of course. The first principle of expenditure is the law of 'equi-marginal returns'. If we judge the estimates of expenditure that have been made in this Budget, we shall see that ordinary simple theory of economics has been ignored. We have not been provided with a copy of the report of the Public Accounts Committee. In the absence of it, it is rather premature to sit in judgment over many items of expenditure provided in the Budget. In the Ministry of Education's "Report of Activities for the Year 1951-52, and the Programme for 1952-53," I am surprised at the terrible waste of money. I find there is a good deal of 'culture' going on in foreign countries, over which huge sums of money are being spent. I want to put to the hon. the Finance Minister one simple question. It is good India is proud of her ancient culture. But what do we find? The culture that we find is that of beggars running at the doors of American millionaires. What is the culture you have got left in this country? What culture can you propagate except the culture of megalomania, of pious platitudes and of beggary? I would invite his attention to the fact that if these amounts which are spent in our foreign Embassies for their so-called cultural activities could have been saved, that amount could have easily gone in giving food subsidies to the needy people, who are clamouring for a little more food. What has been the expenditure in our Embassies? In 1951-52, there was a provision for Rs. 3,79,17,000, in the revised estimates it came to Rs. 4,12,04,000, while in 1952-53 the provision has been increased to Rs. 4,96,37,000. And in spite of all this, as if our foreign dignitaries are school children, a big sum is being provided to set up a Directorate to supervise them! I wish all this criminal waste of expenditure in our foreign Embassies could be avoided. After all, whom are they representing? Are they representing the ill-clad, half-fed Indians here? They might be representing the 'Neo-Moghuls' of New Delhi. They are not representatives of Indians. I wish, Sir, that money could have been saved, and utilised

in other vital items of expenditure.

THE VICE-CHAIRMAN: The hon. Member's time is up.

SHRI S. MAHANTY : Sir, I would crave your indulgence for only two more minutes. I would like to say a few words about our Defence. I shall be the last person to wish that our country should be in danger. I shall be the first to give my blood to defend this country in the event of an attack. My submission is only that the peace time Budget provides nearly 50 per cent. of our national income for Defence Services alone. I cannot imagine, why such a heavy expenditure should be incurred on this account. I am sure, Sir, if ever a war comes upon us, we shall have to go to the doors of our American friends, knock at their doors, and ask for more money; "*Arey Baba*, we have no money; give us some more money for our arms, to defend ourselves against our enemies."

With regard to the Kashmir question, we know, Sir, that several crores of rupees have been spent on it. I cannot understand why the Government is so reticent about telling us the exact amount they have wasted so far in Kashmir. What is the return it is going to yield? In Burma also, a similar situation exists. They owe us something like Rs. 76 crores and I do not know what our Ambassador in Burma is doing. But the Government of Burma have ceased payment from 1942 August. While such is the case, and while we ourselves are incurring loans and paying very heavy interest on our loans, we are gracious enough to offer loans to other countries also. It is like the Government of Orissa incurring loans to pay interest on loans to the Centre, incurred on account of Hirakud Dam Project. Then, again, to Nepal also, we have offered a loan of 15 crores. Coming to Kashmir, as I was saying a little while ago, we have wasted so much money. Yet the Commander-in-Chief of the Indian Navy in a Press Conference at Madras on April 24 said: "I do not yet know when we shall have an aircraft carrier for the Indian Navy."

THE VICE-CHAIRMAN : The two more minutes granted to the hon. Member are over.

SHRI S. MAHANTY : I would like to have only one more minute, Sir, before I will finish. Admiral Pizey was saying that "though we may have an aircraft carrier during this year, I do not know whether we will be able to man it, because we have not got enough trained personnel for it. It will take at least ten more years to have sufficient trained personnel to man our aircraft carrier if it is procured at all." That is the position of our defence ; yet we are spending more than 50 per cent on it, being a non-violent country. A country is not defended by its armed forces. The real defence of the country can only be effectively ensured by its people, who are contented and happy. Therefore you should increase their standard of living and infuse a little more of life into the people by giving them a little more food, so that they might find strength enough to defend their country. I speak, Sir, for those illiterate millions, those anonymous millions, those ill-fed and ill-clad millions ; let me tell you, frankly, Sir, they consider India not as their Motherland but as their cremation ground, not as their 'Janmabhoomi' but as their 'Smashan'. And what they consider their Rulers ? I leave it for history to record !

DR. K. L. SHRIMALI (Rajasthan) : Sir, we were given an assurance by the hon. Members on the Opposition Benches that they would make constructive suggestion in the Budget. But, to our great disappointment, all the speeches that have been made, particularly by the members of the Communist Party, indicate that instead of offering constructive suggestions, they wish to create chaos in this country. They refuse to face facts. The Congress has been returned with a thumping majority, but still they suppose that the Congress is not the representative of the people of this country.

Whatever the Government does, whether it is securing food for the

hungry millions from the United States or obtaining technical assistance for the development of the country or establishing trade relations with free democratic countries, is labelled by them as subservience to Anglo-American imperialism. The Communists are not interested in the development of this country. They merely wish to create chaos so that the country might be ripe for a class war and ultimately they might be able to establish dictatorship. This is the chief objective of the Communist Party. Their theories and methods have however been already exposed in the country. Intellectual classes, people who understand their methods, do not any more believe in their slogans.

Sir, I do not think it is necessary to waste one's time in meeting arguments—which are no arguments—advanced by the Members of the opposite benches. I should, however, like to confine my remarks only to one aspect of the Budget and that is the Education Budget. It was in 1938 that Mahatma Gandhi awakened our conscience to the need of education for the masses and since then our leaders have been seriously thinking and planning to introduce compulsory education in this country. In 1944, the Central Advisory Board of Education prepared a plan which aimed at an introduction of compulsory education within 40 years. But our leaders rightly felt that this was too long a period and therefore another Committee was appointed under the distinguished chairmanship of our friend, Mr. B. G. Kher, which envisaged that the country should be able to have a system of compulsory education within 16 years. Even this was considered too long and now in the Constitution we have accepted the principle that we should have a compulsory system of education within ten years. Sir, I do not in any way underestimate the difficulties which the Government had to face after independence. There were difficulties created by nature in the form of famines and there were difficulties created by men such as after effects of War and Parti-

tion. The hon. the Finance Minister has indicated some of the difficulties which the country had to face. We have been trying to fight inflation ; we have been trying to meet famines. In spite of these difficulties the country must however go ahead with the educational programme. It is true that in our Constitution education is the responsibility of the States, but, Sir, unless the Centre takes the responsibility to some extent we shall not have compulsory education in ten years or even more.

If we examine the Budgets of the States, we find that the proportion of expenditure which the States are incurring is very low as compared to the figures indicated in the Kher Committee Report. The grand total expenditure in all the States of the Indian Union in 1951-52 was 64 crores 99 lakhs and the percentage of the Education Budget to their total Budget was only 14.8. The expenditure on education per head of population was only Rs. 1.8. Now, if you compare these figures with the figures of educational expenditure in the free democratic countries like the United Kingdom and the United States, the difference is staggering. In the year 1948-49 the United Kingdom spent 3 million pounds over a population of 40 millions—about £ 6 per head—and the United States spent 12,000 million dollars for a population of 140 millions, i.e., nearly 85 dollars per head.

It is true that the States must find money to finance education. But even in the States there is a great variation with regard to educational expenditure. If you look at the Budgets and proportion of expenditure to the total Budget from revenue account, it ranges from 8.9 per cent. in West Bengal to 19.8 per cent. in Bombay in respect of Part A States, from 10.4 per cent. in Jammu and Kashmir to 21.8 per cent. in Mysore in respect of Part B States and from 1.3 per cent. in Andaman and Nicobar Islands to 26 per cent. in Ajmer. It is the responsibility of the Central Government that some of these backward States which

have been backward on account of certain historical or natural reasons do not continue to remain backward. It is the duty of the Central Government to plan the finances in such a way that these backward States which are spending even less than one rupee per head can come up to the standard which exists in other advanced States. In our country we wish to give equal opportunities to all the children and there will not be equal opportunity unless the Centre can find funds for these backward States which do not have sufficient finance to expand education. Sir, if we look at the Budgets of the different States, we find that they have nearly reached the maximum with regard to educational expenditure. During the last five years some of the States have doubled the expenditure on education and I do not think it will be possible for them to find or even to maintain the existing expenditure. Under these circumstances unless the Central Government come to their rescue, it will not be possible to launch any new schemes of educational expansion.

Sir, our country is passing through very difficult times. There are disruptive forces working in the country and unless we go ahead with educational progress and educational expansion we will give opportunities to these disruptive forces to destroy our democracy. Democracy is committed to free compulsory education. Democracy is committed to give equal educational opportunities to all the children and for the survival of democracy it is necessary that we should go ahead with educational expansion. The hon. the Finance Minister has assured us that he is trying to make an inquiry both into the civil and defence expenditure. I hope, Sir, that after the enquiry it will be found that some economy can be effected both in defence and in civil expenditure and whatever economy can be effected must go to educational funds.

SHRI S. N. MAZUMDAR (West Bengal) : Sir, I am not an expert on Budgets ; so I shall speak as a layman. I have listened to the speeches of my hon. friends who have tried to defend

[Shri S. N. Mazumdar]
the Budget and who have tried to prove the independent character of the Indian economy. But, after listening to their speeches, I stand as unconvinced as I was before.

I shall not waste much time, and I have not much time at my disposal. I shall cite only an example, but before that I shall try to answer the questions which have been put to us by some of our friends on the other side. I shall not waste the time of the House by repeating those questions. I shall simply answer them.

We stand for free and unfettered trade with all the countries of the world provided it be on the basis of equality, mutual advantage and without strings attached to it. And if you will permit me, Sir, to say so—if my hon. friends tend to forget inconvenient facts,—then I shall recall to them how the rulers of America behaved or rather displayed an insolent attitude before sending food to India. This is a matter of the recent past. And as regards strings attached to American aid—these facts are well known; these are published in newspapers—I need mention only one fact. There is an Act by the name of Battle Act passed in the House of the Representatives of the United States in October 1951 which is used as a big stick by the rulers of America towards the countries which are supposed to be in need of their aid, to prevent them from freely trading with other countries or rather, it would be more correct to say, to trade in a manner which would benefit those countries, and which would be detrimental to the monopolistic interests of America.

AN HON. MEMBER : Can it be enforced against us ?

SHRI S. N. MAZUMDAR : I can only say this much. There have been many instances when a statement from Washington discourages, or rather succeeds in discouraging, any State including the Government of India from taking any step which it intends

to take. However, Sir, time is short and I shall not be able to answer interruptions. I shall go on with my points.

Another point I would like to answer, Sir, is this : My hon. friend Shri Ranga referred to the fact that even in Soviet Russia foreign capital was encouraged in the post-Revolution years. Yes, it is a fact. But I think my hon. friend has very definitely managed to forget another side of the picture, that foreign capital was never allowed to dominate the economy of Russia, never allowed to exploit the workers. I shall speak very presently about the tea industry, about the tea garden workers, and I shall try to tell him, Sir, that here quite the opposite is the case.

As regards the offering of trade by Soviet Russia, many questions have been raised, and one of my friends who is not present here asked how the leaders of the Communist Party know that the Soviet Government is prepared to do so. But if my hon. friends will take the trouble of going upstairs to the library and consult copies of the "New Times", they will find the answers to many of their questions.

Now, Sir, I come to my main point. I shall speak about the tea industry. That is the main example I like to cite before the House to show that Indian economy is still colonial in its character. There is a crisis in the tea industry and according to newspaper reports, representatives of the Central Government are running post-haste to Calcutta to confer with the representatives of the tea industry. But, so far as I learn from the newspapers, Government has not thought it fit to consult representatives of labour.

However, it is well known that tea is one of our main foreign-exchange earning sources. And there is a fall in the export of tea. Why, what are the reasons given for this ? What is the actual position ? Why this

crisis in the tea industry? The main reasons are quite otherwise than those given. Till now, the United Kingdom has been the main consumer of Indian tea. But, as is well known, that consumption of tea by the United Kingdom has fallen and is falling, and that is due to the rearmament programme of the Government of Great Britain—a programme that has slashed the wages of the workers, that has forced the workers to reduce consumption of tea.

But, now again, I come to the question of the Soviet Union. Maybe, it would be unpleasant for many of my hon. friends. The Soviet Union has offered to purchase Indian tea also. A gentleman named D.K. Tejura went to Moscow to attend the economic conference and has returned from there and in an interview with a press correspondent he cited tea as one of the commodities which the Soviet Union is very willing to purchase. And if that offer is taken up, then a vast market for the export of tea is going to be opened up. But, Sir, there are difficulties.

But, what are the difficulties? The tea industry is under the monopolistic control of British capital. Eighty-six per cent. of the tea industry is under British capital, either directly owned or controlled through managing agencies. And this monopolistic control is being exercised by British capital not only to the detriment of the tea garden labourers, not only to the detriment of the Indian economy, but also to the detriment of the Indian owned gardens, particularly small and medium gardens. Voices of protest were raised in the Provisional Parliament against the manner in which this monopolistic control is being exercised by the I.T.A. which is dominated by British capital. Voices of protest were raised against the manner in which crop acreage and export quotas were allocated, about wagon priorities and other things. So, unless this monopolistic control is broken, it will be almost impossible to take advantage of this vast export market which is going to be opened up before us.

8 C.S.D.

It is the Indian tea gardens which have been worst affected by the recent crisis in the tea industry, particularly the small and medium gardens. About British control, how they are dominating Indian economy and how they are behaving towards workers, let me tell you that I have lived among the tea garden workers for at least full one year, sharing their life, sharing their food, sharing in their trials and tribulations, and I know very well that it would not be a euphemism to say that literally the profits of the British tea magnates have been gathered from the blood of the workers. And now an attempt is going to be made to deprive them of the privilege of ration at concession rate. Their wages are unusually low. They have no trade union rights. They are living in a condition of semi-starvation. They are having starvation wages and they have absolutely no trade union rights. The Royal Commission on Labour sat in 1929 and they also recommended the grant of trade union rights to the tea garden labourers including the right of trade union organisers to free access to the workers' quarters. Rege Committee in 1945 also recommended it. But that has not been implemented yet. So, I want to say that only with the confiscation of British capital can we bring this about. My hon. friend who has spoken just now accused us that the Opposition did not offer any constructive suggestions. I am sorry to say that if by constructive suggestions are meant suggestions which are intended to preserve the colonial character of Indian economy then we are not able to offer any such suggestions. About this question of confiscation of British capital, constitutional questions may be raised, but if such objections are raised, the Constitution should be amended. Then, I wish to jump to another point—about the Post and Telegraph employees and other Central Government employees. I do not find that any provision for the betterment of their lot has been made in the Budget. If I am wrong, I stand to be corrected. I do not find that any provision has been made for the betterment of their conditions.

[Shri S. N. Mazumdar]

I particularly like to draw your attention, Sir, to one very important matter, and that is in regard to the National Security Rules of 1949. These rules have been framed in such a manner that they are giving to the departmental heads almost arbitrary powers to dismiss any employee if he happens to incur the displeasure of his departmental head, and these rules are being utilised to prevent the Government employees from organising themselves into trade unions and agitating for their demands in a peaceful and legitimate manner.

Then I shall only make a reference to our tribal areas. I come from a district where there are not only Nepali tea garden labourers but also in the Terai where most of the labourers are known as *Adibasis*. I know their sufferings and I know their troubles. I know how they have been exploited so long not only by British but also by Indian exploiters. I find in the Budget that a provision has been made for tribal welfare in the tribal areas in Assam, and there, too, most of the grants which come under the head of welfare for tribal people go to the police, the Assam Rifles and general administration and only a very small portion is devoted to the economic development of tribal areas. But there are other areas where tribal

people live besides Assam and there the Government of India could pay attention to their legitimate and justifiable demands. About this also I hope to speak in detail in future.

Lastly, before I conclude, Sir, I wish to make one suggestion and I hope that this suggestion at least will meet with the approval of my hon. friends on the other side, because this is not directly connected with politics. I find that there is no provision for a new linguistic survey of India in the Budget. But, in my opinion, it is absolutely necessary. Last time a linguistic survey of India was undertaken in 1911, so far as I know, by Mr. Grierson. Since then, some of the findings and conclusions of Mr. Grierson have proved to be wrong, by later researches. Many of the languages that were described by Mr. Grierson as decaying, or negligible at that time have developed in full bloom by this time, and this question should therefore, I think, be now taken up. I think that provision should be made for a new linguistic survey of India. With these words, Sir, I beg to resume my seat.

The Council then adjourned till a quarter past eight of the clock on Tuesday, the 27th May 1952.