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**No. 5**



**Monday**

**10th August, 1953**

# **PARLIAMENTARY DEBATES**

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## **HOUSE OF THE PEOPLE**

**OFFICIAL REPORT**

**(Vol. III contains Nos. 1—25)**

**(Part I—Questions and Answers)**

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THE  
PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

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HOUSE OF THE PEOPLE

Monday, 10th August, 1953

*The House met at a Quarter Past  
Eight of the Clock*

[MR. DEPUTY-SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

PURCHASE OF FRENCH AIRCRAFTS

\*312. **Shri A. K. Gopalan:** (a) Will the Minister of Defence be pleased to state whether it is a fact that the Government of India has concluded an agreement with a French Firm for the purchase of a number of modern jet fighters for the I.A.F.?

(b) If so, what are the terms of the agreement?

(c) How do the prices of the French aircraft compare with the prices of aircraft from other countries?

**The Minister of Defence Organisation (Shri Tyagi):** (a) to (c). The Government of India have concluded an agreement with the French Government and not with a French Firm for the purchase of the aircraft referred to by the hon. Member. It will not be in public interest at this stage to give out the terms of the agreement or details of the cost etc. I can assure the hon. Member that the choice was made after a very meticulous examination of the performances, suitability etc. of the aircrafts carried out by our test pilots; and that the Government are fully satisfied that the choice that has

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been made is the best in the circumstances. I might also add that in concluding the bargain Government have not only taken the present price of the aircraft into account, but have also examined the recurring cost of its maintenance etc.

**Shri Frank Anthony:** May I know what was the date of the manufacture of these aeroplanes?

**Shri Tyagi:** They are being manufactured fresh and coming hot to the country.

**Shri Nanadas:** May I know with what other countries the Government had consultations before entering into an agreement with the French Government?

**Shri Tyagi:** It was not with countries, but with big manufacturers of these aircraft. Their specifications, price details etc. were examined. Jet fighters of the latest type of development were available in France, and these are the aircraft which the French Government themselves had purchased, and we have also purchased them practically at the same price.

**Kumari Annie Mascarene:** May I know when the Members of this House will be allowed to look into the facts and figures of this transaction?

**Mr. Deputy-Speaker:** Whenever they want.

**Shri Muniswamy:** May I know whether it is a fact that some of our pilots have been sent to that place to learn the handling of these fighters?

**Shri Tyagi:** Yes, Sir. That is a fact.



**Shri Frank Anthony:** Will we have to import French personnel to maintain these planes?

**Shri Tyagi:** No. We have sent a team to learn the maintenance of these aircraft. Maintenance, flying, and all other details of the aircraft are being learnt by our own pilots who have been sent there quite in advance.

**Shri Joachim Alva:** May I know why the hon. Minister in charge of Defence did not accept my Short Notice Question on this very subject during the last session?

**Mr. Deputy-Speaker:** Order, order. That does not arise out of this question.

**Sardar Hukam Singh:** Have the French Government sold any such jet fighters to any other country before, or is this the first transaction which they have entered in for the sale of these jet fighters?

**Shri Tyagi:** Every manufacturer has got a different type and model, and there are various contrivances in each aircraft, of different types. We select the best according to our requirements.

**Shri N. M. Lingam:** May I know whether the U.K. firms who are leading in the manufacture of jet fighters, were consulted in the matter?

**Shri Jawaharlal Nehru:** With all respect to some hon. Members who are asking these questions. I must say that one does not go about consulting firms in such a way. One finds out what the various firms or Governments have to offer, and then one chooses the best in regard to price and performance. There is no public consultation or a committee meeting in such matters, which are partly secret, such as the performance etc.

In regard to this very matter, our pilots and others went there repeatedly to try them and to fly them. Their performance etc. was checked, the matter was considered. I should imagine, about half a dozen times separately by the Defence Committee

of the Cabinet. Reports, counter-reports, and counter-offers were all considered, and then this was finally decided upon; and I think seldom has so much attention been paid to any such matter as in this case.

#### INDIAN AMBULANCE UNIT IN KOREA

\*313. **Shri A. K. Gopalan:** (a) Will the Minister of Defence be pleased to state whether it is a fact that the Government of India have decided to relieve the Indian Ambulance Unit in Korea in July 1953, in two batches?

(b) What is the number of casualties suffered by the Unit during its operations in Korea?

(c) Were any of these casualties caused by bombing from American planes?

(d) What is the amount spent by the Government of India on maintaining the Unit in Korea?

(e) Who provides for replacement of equipments and stores?

**The Minister of Defence Organisation (Shri Tyagi):** (a) The unit as such is not being relieved, but the personnel are being replaced in two batches. The first batch is due to reach Korea by the end of August, 1953.

(b) Deaths            2  
Injured                18

(c) No, Sir.

(d) Rs. 4.30 lakhs approximately.

(e) The Headquarters, British Commonwealth Forces in Korea, to which the unit is attached.

**Shri Punnoose:** May I know what exactly is the function of this unit there, now that hostilities have ceased to exist?

**The Prime Minister (Shri Jawaharlal Nehru):** The unit is doing exactly the same work, because there is plenty of ill people. But as a matter of fact, this unit will be absorbed in the medical part of our troops, as soon as they arrive there.

**Shri Punnoose:** May I know whether our Government are committed automatically, to extend the services of this unit in that country, if hostilities break-out again?

**Shri Jawaharlal Nehru:** The hon. Member need not think of such direful consequences of such hostilities breaking out again. Apart from that, we are not committed to anything, except to do good work, and good social service, wherever we can and whenever we can.

**Mr. Deputy-Speaker:** It is hypothetical besides.

**Shri A. M. Thomas:** The hon. Minister stated that these casualties were not caused by the bombing from American planes. May I know how these casualties have been caused?

**Shri Jawaharlal Nehru:** One of the casualties was caused by illness in hospital; the other was in battle—I am not sure how it was, but I believe, it may be due to flying shrapnel or some such thing.

**Shri N. M. Lingam:** Is it a fact that in spite of the glorious services of our unit in Korea, India is not considered good enough to participate in the political conference that is to take place?

**Shri Jawaharlal Nehru:** I must say the hon. Member's question bears no relevance to anything at all that I know of.

**Mr. Deputy-Speaker:** I did not want the hon. Minister to reply at all.

**Shrimati Renu Chakravartty:** The hon. Prime Minister stated that after our troops arrive there, this Ambulance Unit will be attached to them. May I know whether they will be attached to our troops to look after them only or will they be equally allowed to look after the troops of South and North Korea?

**Shri Jawaharlal Nehru:** Perhaps, one of these days, I may be allowed to make a statement in regard to the

responsibilities we have undertaken in Korea—in about two or three days' time. Among those responsibilities is this Red Cross Work. Is there definitely on both sides. This Unit will be attached to them as well as to our troops, both.

#### CENSUS OF PHYSICALLY AND MENTALLY HANDICAPPED CHILDREN

**\*314. Dr. Rama Rao:** (a) Will the Minister of Education be pleased to state whether the Government of India had undertaken any recent census of (i) physically handicapped and (ii) mentally handicapped children in India?

(b) If not, do they propose to do so?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) No Sir.

(b) The matter is under consideration.

**Shri Nanadas:** May I know whether the Government are in a position to say whether any State Government has undertaken this work so far?

**Shri K. D. Malaviya:** Yes, the Rajasthan Government took a census.

**Shrimati Renu Chakravartty:** May I know whether any sections dealing with mentally handicapped children are there, attached to our institutions in Ranchi and other places?

**Shri K. D. Malaviya:** Yes, in Ranchi there is an institution for mentally handicapped persons.

**Shrimati Renu Chakravartty:** My question was this. Is there any section, or do the Government propose to develop any section, to treat mentally handicapped children, attached to these hospitals?

**Shri K. D. Malaviya:** No, I am not aware of any such thing.

बी एस० सी० साबन्त : क्या मैं माननीय  
मंत्री जी से जान सकता हूँ कि एजुकेशन  
विभाग की ओर से बच्चों की सैलस के बारे में

जो कमेटी बनायी गयी थी उसने कोई सेंसस ली है या नहीं ?

श्री के० डी० मालवीय : जी हां, सन् १९४४ में हेल्थ मिनिस्ट्री और एजुकेशन मिनिस्ट्री की संयुक्त कोशिश से बंधों की एक सेंसस ली गयी थी और उस गणना के अनुसार बीस लाख तादाद कुल निश्चित हुई थी। पर सम्भवतः इस से भी अधिक उनकी तादाद है।

**Shrimati Jayashri:** May I know whether the Minister is aware that there is an institution in Bombay to take care of mentally handicapped children conducted by the children's Aid Society?

**Mr. Deputy-Speaker:** The hon. Member is giving information.

#### MODEL CHILDREN'S ACT

\*315. **Dr. Rama Rao:** Will the Minister of Education be pleased to refer to the answer given to starred question No. 23 in the Council of States asked on the 17th February, 1953 regarding International Conference on Child Welfare and state what action has since been taken to bring forward the Model Children's Act by Government?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** The Government propose to introduce the Children's Bill in the Council of States and refer it to a Joint Select Committee during the current Session of Parliament.

#### GENERAL ELECTIONS IN PEPSU

\*316. **Shri Punnoose:** (a) Will the Minister of States be pleased to state whether the Government of India are contemplating fresh General Elections in PEPSU?

(b) If so, when will the General Elections be conducted and what steps have been taken so far in this direction?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Yes.

(b) As indicated in the President's Proclamation, it is the intention of Government to order General-Elections in Patiala and East Punjab States Union as soon as may be practicable after the Delimitation Commission has finally determined the territorial constituencies into which the State is to be divided, and the electoral rolls of the new constituencies have been prepared and finally published in accordance with law.

**Shri Punnoose:** May I enquire whether the delimitation of constituencies and revision of electoral rolls have begun in PEPSU?

**Dr. Katju:** The Delimitation Commission is functioning and I do not know exactly when it will be able to report on this PEPSU matter. So far as the electoral roll is concerned, according to the time-table given to me, the thing is in process and it is said that they expect to publish the electoral roll finally on the 14th of December 1953.

**Shri Punnoose:** In view of the statement made by the hon. Minister of States that General Elections will be conducted as early as possible in 1954, may I hope that that promise will be kept up?

**Dr. Katju:** It is not a question of my saying today. When I laid the Proclamation of the President on the Table of the House, I said that it was the intention of Government to proceed with the new elections as early as practicable. I stick to what I said then. There will be no delay so far as I can foresee.

**Sardar Hukam Singh:** What would be the minimum time required by the Government to hold the elections after the Delimitation Commission has finalised its proposals?

**Dr. Katju:** We have not yet received any.

**Shri M. S. Gurupadaswamy:** May I know whether the Government

has asked the Delimitation Commission to take up the work of delimitation in PEPSU first?

**The Minister of Food and Agriculture (Shri Kidwai):** Why should you ask?

**Dr. Katju:** It will not be very desirable on my part to make any suggestion to the Delimitation Commission. They are an independent body. They know the exact situation and I hope they will take stock of all things.

**The Minister of Law and Minority Affairs (Shri Biswas):** I may state that they are going to do so.

**Sardar Hukam Singh:** Do Government contemplate any changes in the election rules so that there might be greater confidence in the fairness and impartiality of the elections that are going to be held in PEPSU?

**Dr. Katju:** I have given the clearest assurance that so far as it lies in Government's power, we will see to it that these elections are carried out in the most impartial and fair manner...

**Babu Ramnarayan Singh:** No.

**Dr. Katju:**... so that the electorate may go and record its vote without fear of anybody in the world.

**Shri Velayudhan:** May I know, Sir, whether normal conditions have been restored in PEPSU and whether it has anything to do with the ordering of re-elections in the State?

**Dr. Katju:** You see the difficulty lies with the word 'normal'. I do not know what you mean by it.

**Shri Velayudhan:** Then why have you taken up the Government?

**Mr. Deputy-Speaker:** No questions and cross questions. The hon. Minister does not understand what 'normal' means here.

**Shri Punnoose:** I was referring to a report that appeared in the papers of a statement alleged to have been made by the hon. Minister that elec-

tions would be held in PEPSU in 1954. May I know...

**Dr. Katju:** I stick to that. That is quite all right.

#### DACOITIES IN PEPSU

**\*317. Shri Punnoose:** (a) Will the Minister of States be pleased to state how many cases of dacoity have been registered in PEPSU after the introduction of the President's Rule in that State?

(b) Is it a fact that it is the common agriculturists and middle classes who have borne the weight of attack of these dacoits?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Seven. (During the period 5th March to 27th July 1953).

(b) In these cases the people affected are well-to-do agriculturists or those who belong to the middle class.

**Shri Punnoose:** May I know how many persons have been arrested?

**Dr. Katju:** Well, according to my information one has been killed and 8 arrested, in two out of these seven dacoities.

**Shri Punnoose:** Have Government received complaints that innocent people are molested, picturing them as dacoits?

**Dr. Katju:** Not to my knowledge.

**Sardar Hukam Singh:** Have Government taken note of the statement of the President of the PEPSU Congress that appeared in the Press about, 4 days ago that this decline in the incidence of dacoities is a temporary phase?

**Dr. Katju:** I hope so.

**Shri S. V. Ramaswamy rose—**

**Mr. Deputy-Speaker:** The hon. Minister means 'I hope not'?

**Dr. Katju:** My hon. friend asked me whether have read that parti-

cular statement. I must confess to my great sorrow that I have not. But I share the hope that it is a temporary phase.

**Mr. Deputy-Speaker:** There are certain expressions which cannot be understood.

**Shri Damodara Menon:** I did not follow the hon. Minister. Does he hope that the decline in the incidence of dacoities will be a temporary phase?

**Dr. Katju:** I expressed the hope that these dacoities were a temporary phase.

**Mr. Deputy-Speaker:** I may assure hon. Members that there need be no hurry to understand one another. Questions must be put leisurely. Of course, unnecessary time need not be taken up and in the interval nothing need be wasted. But questions may be asked calmly, definitely, with confidence and loudly; and, equally well, the hon. Minister will take time to consider and answer.

**Shri M. S. Gurupadaswamy:** Sir, last month there was a Press report that some of the dacoits belonged to political parties in PEPSU. Is it true?

**Dr. Katju:** I really cannot answer that question.

**Shri S. V. Ramaswamy:** Has the law and order position in PEPSU improved after the introduction of President's rule?

**Dr. Katju:** Definitely.

#### MILITARY TRAINING ABROAD FOR OFFICERS

\*318. **Shri Raghunath Singh:** (a) Will the Minister of Defence be pleased to state how many officers and subordinates were sent abroad for training during the year 1952-53?

(b) What amount of expenditure has been or is going to be incurred on each of them?

(c) What is the basis of their selection?

**The Minister of Defence Organisation (Shri Tyagi):** (a) Officers—142 Subordinates—167.

(b) The expenditure varies with the duration of the period of training in each case. There are courses which run for 2 years or over while there are courses which may be of 6 months duration or less. For shorter courses, the general policy is to arrange for the same officer to take more than one course, one after another, so that the cost of additional passage for another officer is saved. The tuition fee also varies from course to course. The total expenditure that was incurred in 1952-53 is roughly Rs. 27,50,000.

(c) Selection is made on the basis of suitability for a particular course and the posts likely to be held by the candidates on return. The chief factors influencing selection are qualifications, seniority and experience.

**श्री रघुनाथ सिंह :** इस में नेवी की ट्रेनिंग के बास्ते कितने आदमी भेजे गये थे ?

**श्री त्यागी :** नेवी के लिये ज्यादा आफिसर्स भेजने पड़ते हैं, क्योंकि नेवी की सिखाई के बास्ते हिन्दुस्तान में इन्तजाम कम है और अगर सिखाने का इन्तजाम किया भी जाता है तो उसका खर्चा ज्यादा होता है और लड़कों की ज्यादा तादाद नहीं होगी, इसलिये खर्चा इतना करना मुनासिब नहीं होगा। इसलिये नेवी के लिये ज्यादा आदमी बाहर भेजे गये हैं, आफिसर्स की तादाद ४८ है और सर्वाइनेट्स की तादाद १२१ है।

**श्री रघुनाथ सिंह :** मिर्कनाइज्ड फोर्स ट्रेनिंग के बास्ते यहां से कितने अफसर भेजे गये ?

**श्री त्यागी :** जी हां, मैं मिर्कनाइज्ड ट्रेनिंग के पूरे माने नहीं समझ सका।

**सेठ गोबिन्द दास :** क्या इस बात का ध्यान रक्खा जाता है कि ये अफसर इन्वी

प्रकार की शिक्षा के लिए बाहर भेजे जायें जो कि उन को यहां भारतवर्ष में नहीं दी जा सकती ?

**श्री स्वाामी :** जी हां, अब ज्यादा से ज्यादा इस बात की कोशिश की जा रही है कि जितने भी शिक्षा के लिए बाहर भेजे हैं वह सब शिक्षा यहां हमारे देश में उन को प्राप्त हो सके। परन्तु बहुत सी शिक्षाओं को देने के वास्ते खर्चा बहुत ज्यादा करना पड़ता है और हमारे लड़कों की तादाद इतनी ज्यादा नहीं है कि इतने खर्च को किया जा सके, इसलिए बहुत सी चीजों में हम को अपने सीखने वालों को वहां बाहर भेजना पड़ता है क्योंकि इसमें बचत रहती है।

**Shri Muniswamy:** Sir, is the Minister in a position to give us the figures as to how many of these officers and subordinates come from Madras State?

**Shri Tyagi:** I am very sorry, Sir, that in the Army we are not generally in the habit of keeping break-ups province-wise.

**Shri Frank Anthony:** May I know if this training is confined to courses in Britain?

**Shri Tyagi:** No, Sir. These courses are mostly had in Britain but for some of the courses, because U.S.A. today happens to be highly technically advanced, we have sent some of our trainees to U.S.A. also, but only a very few. Most of the trainees go to U.K.

**Kumari Annie Mascarene:** To which countries are these officers sent for training?

**Shri Tyagi:** As I said, most of these officers are sent to U.K.; some to U.S.A. and Canada and one or two to other countries.

**Shri Kelappan:** To what category of the Army, Navy and Air Force do these officers belong?

**Shri Tyagi:** They belong to various categories according to their particular trades.

**Shri Nanadas:** May I know, Sir, how many are in U.K., how many in America and what sort of training they are receiving?

**Mr. Deputy-Speaker:** Shall we go into the syllabus here? So many questions have been linked together. The hon. Minister may kindly say how many students have been sent to U.K. and U.S.A. respectively.

**Shri Tyagi:** I have got a long statement in which these details are mentioned and I would like to have notice to give the total.

#### COMMISSIONS IN THE INDIAN ARMY

**\*319. Shri Raghunath Singh:** (a) Will the Minister of Defence be pleased to state the number, Statewise, of officers of the merged and integrated State Forces who were granted Commissions in the Indian Army?

(b) How is their seniority determined?

**The Deputy Minister of Defence (Shri Satish Chandra):** (a) A statement is laid on the Table of the House. [See Appendix II, annexure No. 18]

(b) Their seniority is determined by a specially devised "POINT SYSTEM" which takes into account previous commissioned service in the State Forces, training undergone at the Indian Military Academy or an Officer's Training School, courses passed, appointments held and honours and awards received. A copy of the rules regarding the Point System is also laid on the Table of the House. [See Appendix II annexure No. 19]

**श्री रघुनाथ सिंह :** अब तक कितने आदमी इस में लिये गये हैं ?

**श्री सतीश चन्द्र :** यह स्टेटमेंट में सब दिया हुआ है; ५२९ अफसर स्टेट फोर्स के अब तक भारतीय सेना में लिये जा चुके हैं।

**Shri Frank Anthony:** Of these 529, how many were given regular Commissions and how many Emergency Commissions?

**Shri Satish Chandra:** These 529 officers have been absorbed as permanent Regular Commissioned Officers in the Indian Army.

**Sardar Hukam Singh:** Did the Board constituted to make the choice or selection have any representatives from the State Forces?

**Shri Satish Chandra:** It is the Services Selection Board of the Indian Army which selects officers of all grades in the Army.

**Sardar Hukam Singh:** Was any member from the State Forces also associated with this Board when the selection was made?

**Shri Satish Chandra:** This selection was made after the merger or the integration of the State Forces. So the State Forces ceased to exist when these selections were made.

**Shri Veeraswamy:** May I know the number of scheduled caste men who have been granted Commissions in the Army?

**Shri Satish Chandra:** I have not got the figures for scheduled caste candidates as such, separately.

#### SHORT SERVICE COMMISSIONS

**\*320. Shri Raghunath Singh:** (a) Will the Minister of Defence be pleased to state whether it is a fact that a number of civilian technical graduates have been granted Short Service Commissions this year?

(b) If so, how many?

**The Deputy Minister of Defence (Shri Satish Chandra):** (a) and (b). No, Sir. 40 Civilian Technical Graduates, however, have been granted Permanent Regular Commissions with effect from the 8th June 1953 after successful completion of the Technical Graduates Course in the National Defence Academy.

**श्री रघुनाथ सिंह :** यह जो शार्ट सर्विस कमीशन में लोग लिये गये हैं, क्या इनके परमानेन्ट होने की कोई उम्मीद है ?

**श्री सतीश चन्द्र :** इस सवाल में यह पूछा गया था कि इस साल कितने आदमी शार्ट सर्विस कमीशन में लिये जा चुके हैं मैंने जवाब में अर्ज किया कि ४० आदमी लिये गये, और वह ४० आदमी परमानेन्ट रेगुलर कमीशन में लिये गये ।

#### CONFERENCE OF UNIVERSITY ENGLISH PROFESSORS

**\*322. Ch. Raghbir Singh:** (a) Will the Minister of Education be pleased to state whether the recommendations of the conference of University English Professors have been finalized?

(b) If so, what are the recommendations?

(c) Do Government propose to implement these recommendations?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) to (c). The recommendations of the Conference are to be considered by the Central Advisory Board of Education at their next meeting and only after that Government will take a decision thereon.

**Ch. Raghbir Singh:** May I know, Sir, how long the Government would take to implement these recommendations?

**Shri K. D. Malaviya:** These recommendations are to be considered in the next meeting of the Central Advisory Board of Education.

**Shrimati Renu Chakravartty:** May I know when is this meeting going to be held?

**Shri K. D. Malaviya:** November next.

**Shri Punnoose:** May I know whether representatives of all Universities are coming?



**Shri K. D. Malaviya:** Representatives of all Universities are expected to come, but exceptions are always there.

**Shri Punnoose:** I would like particularly to know whether the Travancore-Cochin University representative will be there.

**Shri K. D. Malaviya:** I will find out whether the Travancore-Cochin University is represented—Yes, Dr Sivaramasubramonia Iyer, was a delegate to the English teachers' conference.

**Mr. Deputy-Speaker:** Dr. Sivaramasubramonia Iyer is there.

**Kumari Annie Mascarene:** May I know whether the recommendations of this conference will be placed on the Table of this House?

**Shri K. D. Malaviya:** Yes. After the Government has considered them, they will be placed on the Table of the House.

#### ASSISTANT EDUCATION OFFICERS

**\*323. Ch. Raghbir Singh:** (a) Will the Minister of Education be pleased to state whether it is a fact that additional Gazetted posts of Assistant Education Officer for examination and Section Officer have been created in his Ministry and if so, how many?

(b) Were the posts advertised?

(c) What was the basis for selection?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) Yes, only one gazetted post of Assistant Education Officer has been created in connection with the work relating to the National Diploma and Certificate Examinations of the All-India Council for Technical Education. No post of Section Officer has been created exclusively for this work.

(b) No.

(c) The present incumbent who was already officiating as Assistant Education Officer was appointed, by transfer.

**Ch. Raghbir Singh:** May I know whether the U.P.S.C. has been consulted in this matter and in appointments like this?

**Shri K. D. Malaviya:** It is not necessary that the Commission should be invariable consulted for temporary appointments.

**Ch. Raghbir Singh:** The present post being of a superior one, is it not necessary that the U.P.S.C. should have been consulted earlier?

**Shri K. D. Malaviya:** At present the post has been temporarily filled up pending return of the officer from the Delhi Polytechnic where he is working now as registrar. The U.P.S.C. have been informed.

**Shri Velayudhan:** May I know if it is the practice of the Ministry to appoint officers first and then later on get the sanction of U.P.S.C. with a view to regularising it?

**Shri K. D. Malaviya:** It is not the policy of the Ministry but where it is necessary it has to be done sometimes on a temporary scale for a year.

**Shri Nanadas:** What consideration was given to selecting a scheduled caste candidate for this post?

**Shri K. D. Malaviya:** I want notice to answer that question.

#### SMUGGLERS ON INDO-PAKISTAN BORDER

**\*326. Shri Nageshwar Prasad Sinha:** (a) Will the Minister of Finance be pleased to state whether any, and if so, how many, smugglers were shot dead by the Indian Police between January and May 1953 on the Indo-Pakistan border?

(b) Are any of the smugglers under arrest also and if so, how many?

(c) What amount worth of property and other goods were recovered from those shot dead and those arrested?

**The Deputy Minister of Finance (Shri A. C. Guha):** (a) Seven smugglers were shot dead on the West



Pakistan border. All the seven persons were killed in encounters with Customs-cum-Police Patrol Parties. There was no firing on the East Pakistan border.

(b) During the period January to May 1953 twenty persons in all were arrested by the Police; of these four have been tried and convicted under section 307, Indian Penal Code and the remaining sixteen are still under trial.

(c) Property worth about Rs. 2,700/- and Rs. 11,230/- was recovered from those shot dead and those arrested, respectively.

**Shri Nageshwar Prasad Sinha:** May I know whether those shot dead were Indian nationals or Pakistani nationals?

**Shri A. C. Guha:** One was an Indian national; the others were Pakistanis.

**Shri Nageshwar Prasad Sinha:** May I also know whether Pakistan has promulgated an ordinance allowing the border police to shoot at sight the smugglers and, if so, whether any Indian national has been shot dead under this ordinance?

**Shri A. C. Guha:** I have no information about the Pakistan ordinance; but as there were shootings and counter-shootings from this side—from that side also there were shootings and counter shootings. On that side, twelve persons died of which one was an Indian; the other were Pakistanis.

**Shri Nageshwar Prasad Sinha:** May I know whether livestock are also lifted in the course of smuggling.

**Shri A. C. Guha:** This sometimes happens; but there are no reports at present about that.

**Shrimati Renu Chakravartty:** Has Government any information about the large scale smuggling going on between Basirhat and Taki in the course of which foodgrains are going

over to Pakistan and other goods come across to our side?

**Shri A. C. Guha:** I think there may be some truth in these reports, but still I am inclined to believe that the reports are some times exaggerated.

**Shri Namdhari:** Is it not a fact that a large number of these smugglers were communists?

**Shri G. P. Sinha:** What are the important commodities smuggled between India and Pakistan?

**Shri A. C. Guha:** On the import side uncurrent silver coins and silver bars, feeding nipples, charas, white English nettings, white drills and English cloth etc. On the East Pakistan side mostly betel nuts. On the export side tilla and jari goods, cardamom, big and small black pepper, cheap quality Indian cigarettes etc.

**Shri G. P. Sinha:** Is it a fact that cheaper biri leaves are being smuggled into East Pakistan?

**Shri A. C. Guha:** There may be some cases like that.

**Shrimati Renu Chakravartty:** In view of the fact stated in the course of his reply to my supplementary that there is some truth that smuggling is going on, may I know now many prosecutions have been launched?

**Shri A. C. Guha:** I have already stated that several prosecutions have been launched; some have already been convicted. Some cases are still pending before the courts.

**Shrimati Renu Chakravartty:** Have there been any cases in which police and customs officials have also been implicated in these smugglings?

**Shri A. C. Guha:** I have no report like that.

#### REPORT OF THE SECONDARY EDUCATION COMMISSION

\*327. **Shri B. C. Das:** Will the Minister of Education be pleased to refer to supplementaries to Starred Ques-

tion No. 35 asked on the 18th February, 1953, in the Council of States and state:

(a) whether the Report of the Secondary Education Commission due in May, 1953, has been received;

(b) if so, whether a copy of the same will be laid on the Table of the House; and

(c) if not, what is the delay due to, and when is the Report expected to be received?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) to (c). The report of the Secondary Education Commission is in the press and will be placed on the Table of the House as soon as available.

**Shri B. C. Das:** May I know whether the Commission has covered the entire country in its tour of investigation?

**Shri K. D. Malaviya:** The Commission has covered the entire country and all the subjects that come under the purview of secondary education.

**Shri B. C. Das:** Has Government's attention been drawn to the complaints in the press that the Commission did not give proper time to the educationists?

**Shri K. D. Malaviya:** I am not aware of that.

**Shri Velayudhan:** May I know whether the Commission has anything to do with the reorganisation of elementary and primary education?

**Shri K. D. Malaviya:** This was the Secondary Education Commission.

**Shri B. C. Das:** May I know the expenses incurred on this Commission?

**Shri K. D. Malaviya:** I have not got those figures.

#### CRASH OF I.A.F. SPITFIRE

**\*328. Shrimati Renu Chakravarty:** Will the Minister of Defence be pleased to state:

(a) whether it is a fact that an I.A.F. Spitfire crashed in Gandhighat near Calcutta on the 28th May, 1953, inorning killing the pilot;

(b) if so, whether any enquiry was made into the reasons of the crash; and

(c) if so, the results thereof?

**The Minister of Defence Organisation (Shri Tyagi):** (a) I am sorry to inform the House that an I.A.F. Spitfire aircraft crashed at Barrackpore airfield on the 28th May 1953 killing its sole occupant the Pilot. Flying Officer S. Kumar. The Pilot was detailed to carry out a local training sortie. The possibilities are that immediately after becoming air-borne, there may have been an engine failure. As a result he tried to force land and in doing so in a limited space the aircraft hit a telegraph post and crashed to the ground. The Pilot was killed instantaneously.

(b) and (c). A court of enquiry is holding an investigation and its report is awaited.

**Shrimati Renu Chakravarty:** Is it not a fact, Sir, that the number of military aircraft involved in accidents this year is more than that during the corresponding period of last year?

**Shri Tyagi:** I am afraid I have not got the figures ready, of the number of accidents that took place. Probably they are not higher.

**Shrimati Renu Chakravarty:** May we know whether any compensation is paid to the pilots killed in flying these military aircraft?

**Shri Tyagi:** After the investigations are made, there are rules according to which such pilots as are killed are paid some compensations by way of pensions to their families, and

certain other concessions of which I have not got ready information.

**Shrimati Renu Chakravartty:** Are they also paid pensions and gratuities outstanding against the pilots killed?

**Shri Tyagi:** There are rules governing this. If the hon. Member is anxious, I shall make them available to her: they are public property.

**Shri Sarangadhar Das:** May I know Sir, if the Spitfire which was involved in the accident was entirely burnt out, or is being salvaged?

**Shri Tyagi:** It was destroyed practically completely; it cost about one lakh and fifty thousand rupees.

#### HIGH ALTITUDE RESEARCH STATION

**\*329. Shrimati Renu Chakravartty:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state whether a suitable site for the location of the High Altitude Research Station has been selected?

(b) If so, where and at what height?

(c) Who are the Members of the High Altitude Research Station Expert Committee?

(d) What are their emoluments?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) No, Sir.

(b) Does not arise.

(c) A statement giving the required information is placed on the Table of the House. [See Appendix II, annexure No. 20.]

(d) The members received no emoluments.

**Shrimati Renu Chakravartty:** May I know if there is any proposal at all for setting up this High Altitude Research Station?

**Shri K. D. Malaviya:** Yes, Sir. A proposal was there, but since there are some difficulties, the whole question

has been examined, and is still being examined *de novo*. As full information is received, we shall concretise the proposal.

**Shrimati Renu Chakravartty:** What are the difficulties—is it a question of choosing the site or any other?

**Shri K. D. Malaviya:** The first difficulty is of getting the personnel who would go up 16,000 feet and find out the place. Since 1948 expeditions were made in Sikkim and Lahaul. Some other areas have also been surveyed in order to come to a decision about finding out a suitable place for locating the high altitude research station.

**Shrimati Renu Chakravartty:** What are the actual items of scientific research which are proposed to be undertaken at this research station?

**Shri K. D. Malaviya:** There are many. The main object of setting up this research station is to study snow and glaciers; astronomy and solar phenomena; astro-physics, and cosmic-ray radiation etc.

#### TRAINING CENTRES IN THE PUNJAB

**\*330. Prof. D. C. Sharma:** (a) Will the Minister of Defence be pleased to state how many training centres for Army and Air Force are maintained in the Punjab?

(b) Is there any scheme to open more centres?

**The Deputy Minister of Defence (Sardar Majithia):** (a) The following Army and Air Force training centres are located in the Punjab:—

(i) Gorkha Training Centre, Dharamsala;

(ii) Training Centre Border Scouts, Palampur; and

(iii) Flying Instructors' School, Ambala.

(b) No.

**Prof. D. C. Sharma:** May I know, Sir, if there is a lot of over-crowding at these centres and whether it will not be advisable to open more centres.

**Sardar Majithia:** There is no over-crowding, Sir, and the training centres were located there on account of their suitability.

**Prof. D. C. Sharma:** May I know, Sir, if the training facilities available at these centres are really adequate?

**Sardar Majithia:** I have already categorically said that they are adequate and it is not considered that anything more is necessary.

**Shri Nanadas:** May I know whether there is any scheme to open Army and Air Force training centres in other States, especially in Andhra?

**Sardar Majithia:** That does not arise from this question, Sir.

**Shri Achuthan:** May I know, Sir, whether it is the policy of the Government to open these centres throughout the country or in some States only?

**Sardar Majithia:** I have already stated that we have found it necessary and expedient in the interest of the service to open centres at certain places.

#### MONUMENTS

**\*331. Prof. D. C. Sharma:** Will the Minister of Education be pleased to state:

(a) whether Government contemplate to bring more monuments in the Punjab, PEPSU and Himachal Pradesh under the Protection of Monuments Act; and

(b) whether Government have brought out any literature concerning the protected monuments already in these States which can be of use to visitors?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) No, Sir.

(b) The Department of Archaeology have not published any guide on the protected monuments in these States but a monograph on Agroha Excavations has been published by Mr. H. L. Srivastava, ex-Joint Director General of Archaeology, and the Ministry of

Transport have produced a pamphlet called 'Kulu and Kangra' in which mention is made of some of the monuments in these States.

**Prof. D. C. Sharma:** May I know, Sir, as to what is the procedure to bring these monuments under protection?

**Shri K. D. Malaviya:** Monuments are examined by the Department of Archaeology from the historical and other points of view and if from the archaeological and historical points of view they are considered important they are included in the list of protected monuments.

**Prof. D. C. Sharma:** May I know how the Ministry gets to know about the existence of new monuments and how do they pass order with regard to their usefulness for being protected?

**Shri K. D. Malaviya:** There is an organisation of the Department of Archaeology, which gives the information and then the whole question is examined.

**Prof. D. C. Sharma:** May I know, Sir, if that organisation is really functioning or is in a moribund condition? I know there are so many monuments in Punjab. P.E.P.S.U....

**Mr. Deputy-Speaker:** I request all hon. Members to attend to the business of the House.

**Shri Raghavaiah:** May I know, Sir, whether this Committee elected last year, has met at all for at least one time after the election?

**Shri K. D. Malaviya:** This Committee is meeting very shortly.

**Shri Raghavaiah:** May I know whether there is any report submitted by this Committee regarding the deplorable state of affairs in the maintenance of these relics?

مستتر آف ایجوکیشن ایڈز نہجدرل  
 دیویسز ایڈز سائنٹیفک رسرچ (مولانا  
 آزاد) : کمیٹی لس غرض سے نہیں بنائی  
 تھی کہ کوئی رپورٹ دے

[The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): The committee was not constituted for submitting any report.]

#### AEROPLANES BUILT IN INDIA

\*332. Prof. D. C. Sharma: (a) Will the Minister of Defence be pleased to state how many aeroplanes have been built in India in the year 1952-1953?

(b) What is the total cost of these planes?

The Deputy Minister of Defence (Sardar Majithia): (a) and (b). Certain number of aircraft of operational requirements have been assembled and overhauled. I regret it is not possible for me to give any information regarding them for security reasons. In addition, four HT-2 trainer aircraft have been manufactured during the year 1952-53. The initial cost of these aircraft is estimated to be about Rs. 1 lakh each, but when production increases, the cost would be considerably less, that is between Rs. 60,000 and 75,000 depending on the number of the aircraft for which orders are placed and the equipment to be fitted on each aircraft as per purchasers' requirements.

Prof. D. C. Sharma: May I know, Sir, what types of aircrafts are built in toto and not assembled?

Sardar Majithia: I really have not been able to follow what the hon. Member means by in toto. As was given in the answers in the last Session, the "62-Aircraft" is designed and built in India. The only foreign thing is the engine which has been imported.

Shri M. L. Dwivedi: May I know, Sir, what percentage of these parts are manufactured in India?

Sardar Majithia: I have already stated that except for engine of the "62-Aircraft" which is imported—I may also add some flying instruments also—the rest of the aircraft is built in India.

सेठ गोविन्द दास : माननीय मंत्री जी ने यह कहा कि इन वायुयानों के इंजिन हम को बाहर से मंगाने पड़ रहे हैं। मैं यह जानना चाहता हूँ कि क्या वह इस बात का प्रयत्न कर रहे हैं कि ये इंजिन भारतवर्ष में तैयार किये जायें ?

Sardar Majithia: Yes, Sir. We got hold of 300 of these engines from U.K. at a very low cost. Plans are already under active consideration by which we will, in the very near future, start producing aircraft engines.

सेठ गोविन्द दास : माननीय मंत्री जी ने एक बात और यह कही कि जब हमारे यहां पर अधिक संख्या में वायुयान बनने लगेंगे तो इन का खर्चा प्रति वर्ष घट जायगा। तो कितने वायुयान प्रति वर्ष बनेंगे, क्या इसका कोई अनुमान है ?

Sardar Majithia: We have got 300 engines for this particular type of aircraft and the Ministry expect that we will produce that also. On that basis I say that the cost will come down to very nearly Rs. 60,000.

श्री एच० एल० द्विवेदी : मैं यह जानना चाहता हूँ कि इसी क्रिसम के बने हुए विदेशी हवाई जहाज की जो कीमत होती है उस में और हिन्दुस्तान में बने हुए हवाई जहाज की कीमत में कितना फर्क होगा ?

Sardar Majithia: The equivalent basic trainer which is available is possibly a bit more expensive than the price that we will have to pay for this when it goes fully into production.

Shri Jaipal Singh: In view of the fact that HT-2 has turned out to be a very successful trainer aircraft, do Government envisage the expansion of the present rate of production with a view to meeting the demand of South East Asia?

Sardar Majithia: That is a very wide question. We are already considering

that aspect of getting into the foreign trade.

**पंडित डी० एन० तिवारी :** हिन्दुस्तान में जो हवाई जहाज बनाए जाते हैं उन में कितने मूल्य के पार्ट्स हिन्दुस्तान में बने हुए होते हैं और कितने मूल्य के विदेश से मंगाए जाते हैं ?

**Sardar Majithia:** I have already stated that but for the engine and a very few flying instruments, the rest of the aircraft is entirely manufactured in India.

**पंडित डी० एन० तिवारी :** मैंने मूल्य के विषय में पूछा था, कीमत पूछी थी।

**Sardar Majithia:** I did not follow the question. I would put down that no more than 10 per cent. of this cost is foreign.

#### MOVABLE ASSETS OF GOVERNMENT SERVANTS

\*333. **Shri Dabhi:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that the Planning Commission has in the Five Year Plan, recommended that public servants should be required to furnish a return of each year concerning movable assets acquired by them or their near relatives during the preceding year;

(b) if so, whether Government have accepted this recommendation; and

(c) if so, whether Government have passed orders for the implementation of this recommendation?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) Yes.

(b) and (c). The full implications of the recommendation made by the Commission are being examined and the details regarding implementation are being worked out.

**Shri Dabhi:** May I know whether the recommendations of the Planning Commission equally apply to the

immovable property acquired by public servants and their near relatives and whether all classes of the public servants would be required to furnish the returns?

**Shri Datar:** So far as the immovable property is concerned, we have already got a rule under the Public Servants' Conduct Rules according to which they have to furnish a statement of the immovable property purchased by them.

**सेठ गोबिन्द दास :** सरकारी नौकरों के सम्बन्ध में वह जो व्यवस्था की जा रही है, इस में क्या मिनिस्टर भी शामिल रहेंगे ?

**Shri Datar:** Sir, we are dealing with the question of public servants and the Ministers are not public servants. They are governed by other rules.

**सेठ गोबिन्द दास :** क्या यह सब पर लागू होंगे ?

**Shri Datar:** All classes of public servants whether in the State or Central Government would be required to furnish such a return.

#### WRITTEN ANSWERS TO QUESTIONS

##### INDUSTRIAL FINANCE CORPORATION

\*324. **Shri Hoda:** (a) Will the Minister of Finance be pleased to state whether the report of the Enquiry Committee appointed to examine and report on the working of the Industrial Finance Corporation has been considered by Government?

(b) What are the recommendations that have been adopted by Government?

(c) What are the recommendations which Government could not agree to and why?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) to (c). The report is under examination of Government.

**ENQUIRY AGAINST FORMER SECRETARY OF  
COMMERCE AND INDUSTRY MINISTRY**

\*325. **Shri Heda:** (a) Will the Minister of Home Affairs be pleased to state what are the findings of Sir Arthur Trevors Harris, who enquired into charges of corruption and professional misconduct against the former Secretary of the Commerce and Industry Ministry?

(b) What action have Government taken on them?

**The Minister of Home Affairs and States (Dr. Katju):** (a) and (b). The case has been referred to the Union Public Service Commission for their advice, and till that advice is received it will not be desirable to furnish any details.

**HARVARD AIRCRAFT**

\*334. **Shri K. P. Sinha:** (a) Will the Minister of Defence be pleased to state whether it is a fact that some cadets of the I.A.F. Academy, Jodhpur stealthily removed a Harvard Aircraft and took the same to Pakistan without permission?

(b) If so, what steps have been taken by Government to punish the persons at fault?

**The Minister of Defence Organisation (Shri Tyagi):** (a) Yes.

(b) The two cadets were tried and sentenced by a Criminal Court to 18 months simple imprisonment, and a fine of Rs. 750/- each.

**COMPENSATION CLAIMS FOR RELEASE  
OF LANDS**

\*335. **Shri S. C. Samanta:** (a) Will the Minister of Defence be pleased to state how many cases of compensation claims for the release of requisitioned lands and buildings are at present lying undecided with the Lands, Hirings and Disposals Service?

(b) What is the number of cases in which buildings and roads were constructed?

(c) Is it a fact that as regards lands mentioned above, Government have no responsibility?

(d) Do Government propose to demolish or auction the existing buildings?

**The Deputy Minister of Defence (Sardar Majithia):** (a)—

Lands	1,169
Buildings	799
Total:	1968

(b) 1169.

(c) Government are responsible for payment of compensation for property, whether lands or buildings, requisitioned by them.

(d) Under the existing arrangements requisitioned lands have to be restored to their original condition after they cease to be required by Government. The buildings have therefore to be auctioned for their demolition value unless the owner of the land waives his right and is prepared to buy the buildings for their transfer value.

**UNESCO REGIONAL CONFERENCE**

\*336. **Shri S. C. Samanta:** Will the Minister of Education be pleased to state:

(a) whether the recommendations of the UNESCO Regional Conference held at Bombay in December last have been examined by Government; and

(b) if so, the steps that have been taken or are proposed to be taken in future?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) and

(b). The recommendations of the UNESCO Regional Conference on Free and Compulsory Education have been brought to the notice of State Governments who are primarily responsible for such education. So far as the recommendations relating to technical assistance which may be furnished by UNESCO are concerned, the States have been requested to furnish details of any requirements that they may have in the way of Fellowships and Scholarships, supply of books or advisory missions etc.

EXTENSION OF MUNICIPAL AREA IN  
IMPHAL

\*337. **Shri L. J. Singh:** (a) Will the Minister of States be pleased to state whether it is a fact that Government are contemplating the extension of municipal area in Imphal?

(b) If so, what steps are contemplated in that connection?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Yes.

(b) The Imphal Town Fund Committee have made investigations and have already made a slight extension so as to include the College Colony, Palace and Police Bazar area. A Committee consisting of three advisers has been formed to examine whether the area can be extended further.

CENTRAL ORDNANCE DEPOT, DEHU ROAD  
(STRIKE)

\*338. **Shri Vittal Rao:** (a) Will the Minister of Defence be pleased to state whether it is a fact that the workers of the Central Ordnance Depot, Dehu Road, went on strike from the 1st June, 1953?

(b) If so, was the strike resorted to as a protest against retrenchment in the Depot?

(c) How many workers were retrenched?

(d) What efforts were made by Government to absorb them in employment?

(e) What compensation or relief has been paid to the retrenched workers?

(f) Have the retrenched workers been allowed to continue to live in the Government quarters and enjoy other facilities of the hospital etc., in view of their being unemployed and with no means of livelihood?

**The Deputy Minister of Defence (Shri Satish Chandra):** (a) Yes.

(b) Yes.

(c) 930.

(d) Every possible effort was made to absorb the retrenched employees in  
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other Defence installations and other Government undertakings. 270 of the retrenched employees were found alternative employment.

(e) None, as no special retrenchment compensation or relief is admissible under the rules.

(f) No, Sir.

SINGLE JUDGE EXERCISING POWERS OF  
A HIGH COURT

\*339. **Pandit M. B. Bhargava:** Will the Minister of States be pleased to state:

(a) the part 'B' and part 'C' States, where only a single Judge is exercising the powers of a High Court; and

(b) whether there is any scheme before the Government of India for setting a Bench of High Court Judges or a Bench of the Judicial Commissioners in such Part 'B' and Part 'C' States?

**The Minister of Home Affairs and States (Dr. Katju):** (a)—

Part B States— None

Part C States ... Ajmer

Bhopal

Vindhya Pradesh

Himachal Pradesh

Bilaspur

Manipur

Tripura

Kutch.

(b) No, Sir.

HALI CURRENCY (DEMONETISATION)

\*340. **Shri Krishnacharya Joshi:** Will the Minister of Finance be pleased to state:

(a) the total amount of Hali currency that has been returned to the Government treasury after the demonetisation of Hali Currency in Hyderabad on the 1st April, 1953; and

(b) the total amount of I.G. currency supplied so far by the Government of India to replace the Hali currency in the State?



**The Minister of Finance (Shri C. D. Deshmukh):** (a) The net amount of Hali Sicca currency retired in the Hyderabad State with effect from the 1st April to 30th June 1953 comes to O.S. Rs. 14:06 crores.

(b) Between the 26th January 1950 when Indian currency was made legal tender in the State and 30th June 1953, Rs. 62 crores worth of Indian currency has been put in circulation in the State.

### सामुदायिक योजनायें

\*३४१. श्री बाल्मीकी : क्या रक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) सामुदायिक योजनाओं को सफल बनाने के लिए फौजों ने क्या कार्य किया है ;

(ख) कहाँ कहाँ कार्य किया गया है ; और

(ग) सरकार को इस सम्बन्ध में कितना रुपया व्यय करना पड़ा है ?

**The Deputy Minister of Defence (Shri Satish Chandra):** (a) and (b). The Armed Forces personnel have not been employed directly in connection with the Community Project Schemes but they have been made available from time to time, to the Civil Administration for various types of work. The following are some of the recent instances:—

- (i) Evacuation of the village Katarki in connection with the Tungbhadra project;
- (ii) Sowing of seeds in Rajasthan; and
- (iii) Saving of the lives of fishermen on the Madras Coast.

The latest instance of military assistance to the civil Government was at Rohtak on the 13th July 1953 when, at the request of the Deputy Commissioner, Rohtak, two trailer fire pumps and other equipment were sent in-

charge of an engineering party, to pump out water from low-lying areas of the Women's Hospital and the Government College and certain other areas of that town which were under 5 feet of water following heavy rains. But for the timely assistance, the Hospital and the College and possibly certain other residential areas of the town might have been in grave danger on account of the floods.

(c) Unless a special arrangement is agreed to in any particular case, the broad principle for sharing expenditure between the Central and State Governments in such cases is that only additional expenditure is charged and no recovery is made from the State Government concerned on account of normal pay and allowances and rations of the Service personnel, except when any units are specially raised for the work. Details of expenditure incurred in the above cases are not readily available.

### EXCHANGE BANK OF INDIA AND AFRICA

\*342. **Shri K. G. Deshmukh:** Will the Minister of Finance be pleased to state whether the liquidation proceedings of the "Exchange Bank of India and Africa" have been completed?

**The Deputy Minister of Finance (Shri A. C. Guha):** According to the information available with the Government of India the liquidation proceedings of the Exchange Bank of India and Africa Ltd. have not yet been completed.

### ROYALTY FOR KNOW-HOW

\*343. **Shri K. C. Sodhia:** (a) Will the Minister of Finance be pleased to state the total number of industrial schemes sanctioned by Government in which Indian firms are required to pay royalties to the foreign firms for technical know-how?

(b) What was the total amount of royalty so paid during 1952-53?

(c) What are the terms in general, for the payment of such royalty?

(d) What was the total capital investment of such undertakings?

The Minister of Finance (Shri C. D. Deshmukh): (a) The information is being collected and will be placed on the Table of the House in due course.

(b) Remittances to foreign countries during the period 1952-53 on account of royalty payments to foreign companies amounted to Rs. 39.65 lacs.

(c) Each case of royalty is considered on merits and the terms of individual agreements vary. It is, therefore, not possible to generalise regarding the terms of such agreements.

(d) Government have no information

#### MUSIC AND ART

\*344. Shri H. N. Mukerjee: Will the Minister of Education be pleased to state:

(a) the nature of assistance rendered by his Ministry in 1952-53 to institutions for the development of music and art; and

(b) the number of such institutions and their distribution State-wise?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) The nature of assistance was generally financial.

(b) The number of institutions given financial assistance during 1952-53 was eight. Four of these institutions were in Delhi and one each in Uttar Pradesh, Bombay, and Madras. The eighth was the National Academy of Dance, Drama and Music.

#### CENTRAL ADVISORY BOARD OF ARCHAEOLOGY

\*345. Shri H. N. Mukerjee: Will the Minister of Education be pleased to state:

(a) how many meetings of the Central Advisory Board of Archaeology were held in 1951-52 and 1952-53; and

(b) how far their recommendations if any, have been implemented?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) One.

(b) As far as possible.

#### TOBACCO GROWERS

\*346. Shri S. N. Das: (a) Will the Minister of Finance be pleased to state whether the scheme for association of village officers with the existing system of control over tobacco growers has been finalised?

(b) If so, what are the important features of the scheme?

The Deputy Minister of Finance (Shri A. C. Guha): (a) As stated in reply to Starred Question No. 526, by Shri K. R. Sharma, in this House, on 20-11-52, a scheme for the association of village officers with the existing system of control over tobacco growers was discussed with the Government of U.P. in August last. With the concurrence of that Government, it has now been decided that the scheme may be tried on an experimental basis in a few of the Western Districts of Uttar Pradesh and arrangements to implement this decision are in train.

(b) The essential features of the scheme were also briefly indicated in the answer to Starred Question No. 526, referred to in (a) above. For the convenience of the House, I may be allowed to recapitulate them.

(1) Cultivators of tobacco will have to register themselves with the Village Patwaris,

(2) Crop cutting experiments will be systematised, and

(3) Verification of the cultivators' declarations will be made by the Central Excise Inspector in the presence, as far as possible, of a Panch, Mukhia or other respectable resident of the village.

A detailed statement showing the various features of the scheme is also laid on the Table of the House. [See Appendix II, annexure No. 21.]

#### NATIONAL SAMPLE SURVEY

\*347. **Shri H. N. Mukerjee:** (a) Will the Minister of Finance be pleased to state what is the amount of money spent so far on the National Sample Survey?

(b) Is it a fact that there have been differences over the methods and approach regarding collection of data for the said Survey between the Indian Statistical Institute and the Gokhale Institute?

(c) How far, if at all, have the services of statistical experts attached to different departments been utilized for purposes of this Survey?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) The total expenditure on the National Sample Survey upto 31st March, 1953 amounts to about Rs. 74,58,000.

(b) Yes, Sir.

(c) The Survey is being conducted under the guidance of the Statistical Adviser to the Cabinet. The Plan of the Survey was approved by the Standing Committee of Departmental Statisticians. The Central Statistical Organisation is associated with the Survey and the statistical experts attached to different Ministries are consulted where necessary.

#### POTATO CROP

\*348. **Shri Sarmah:** Will the Minister of Defence be pleased to state:

(a) whether (i) potato crop of the cultivators was destroyed by field firing (by the army) at Neamati (Jorhat, Assam) in 1944-45 and (ii) whether Government agreed to pay compensation for the same;

(b) whether Government decided to pay certain sums as compensation to respective cultivators and called upon

them to sign "Declaration of Acceptance Forms" and the cultivators did sign accordingly as early as November, 1952; and

(c) the reasons for withholding payment to those who signed the "Declaration of Acceptance Forms"?

**The Minister of Defence Organisation (Shri Tyagi):** (a) (i) and (ii). Yes.

(b) Yes. Government decided to pay compensation to nineteen persons who were asked to sign "Declaration of Acceptance Forms". Only sixteen persons signed the "Declaration of Acceptance Forms" and three declined to sign.

(c) Payments have been made to the persons who signed the "Declaration of Acceptance Forms".

#### AGRICULTURAL LOANS

\*349. **Shri Dasaratha Deb:** (a) Will the Minister of States be pleased to state whether the information promised by the Minister of States in this House in reply to starred question No. 1698 answered on the 29th April, 1953 regarding the minimum and maximum limit of agricultural loan granted to tenants of Tripura has been collected?

(b) If so, in how many cases did the local administration grant agricultural loans according to that statement?

**The Minister of Home Affairs and States (Dr. Katju):** (a) and (b). The information asked for in Starred Question No. 1698 is as follows:—

- |   |        |
|---|--------|
| (i) number of applications received for agricultural loans..... | 25,768 |
| (ii) number of persons to whom loans.....                       | 25,768 |

Question No. 1698 did not refer to the minimum and maximum limits within which the loans were granted but the amounts actually advanced ranged between Rs. 100 to Rs. 1,000.

## ZINC (SPELTER) COMMITTEE

\*350. **Shri Buchhikotaiiah:** Will the Minister of Natural Resources and Scientific Research be pleased to state whether the Zinc (Spelter) Committee have submitted their report?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** Yes, Sir. The report is being examined by Government.

## STERLING BALANCES AGREEMENT

\*351. **Shri Buchhikotaiiah:** (a) Will the Minister of Finance be pleased to state the main conditions of the agreement signed between India and the U.K. in July, 1953 relating to the release of sterling balances?

(b) What is the period of duration of this agreement?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) and (b). I would invite the Member's attention to the copy of the Agreement placed on the Table of the House on the 5th instant. Copies are also available in the Library of the House.

## AJANTA AND ELLORA CAVES

\*352. **Shri Muniswamy:** Will the Minister of Education be pleased to state whether it is under the consideration of Government to take colour paintings and sculptures of the Ajanta and Ellora Caves?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** A proposal to microfilm and/or photograph the paintings and sculptures of the Caves is under consideration.

## GENERAL ELECTIONS

174. **Th. Lakshman Singh Charak:** Will the Minister of Law be pleased to refer to starred question No. 552 asked on the 5th March, 1953 and the supplementary question raised thereon and state:

(a) whether the Election Commission has since prepared a report about

the General Elections held in 1951 showing details under various heads

(b) whether any summary of the report has been prepared both about the General Elections and the bye-elections held from time to time; and

(c) if not, when Government propose to ask the Commission to do so?

**The Minister of Law and Minority Affairs (Shri Biswas):** (a) The report is not yet ready.

(b) and (c). It is not proposed to publish a Summary of the Report either about the last General Elections or about the bye-elections.

## NATIONAL SAVINGS CERTIFICATES

175. **Shri V. P. Nayar:** Will the Minister of Finance be pleased to state the figures of encashment of National Savings Certificates in each State during the years 1949-50, 1950-51, 1951-52 and 1952-53?

**The Deputy Minister of Finance (Shri A. C. Guha):** A statement containing the required information is laid on the Table of the House. [See Appendix II, annexure No. 22.]

## REHABILITATION FINANCE ADMINISTRATION

176. **Shri V. P. Nayar:** Will the Minister of Finance be pleased to lay on the Table of the House a statement showing:

(i) the names of officers drawing monthly salaries of Rs. 500 and above in the Rehabilitation Finance Administration;

(ii) the date from which each such officer started drawing Rs. 500 p.m. or above;

(iii) the last posts held by each such officer before joining the Rehabilitation Finance Administration with salaries drawn then; and

(iv) their present salaries?

**The Deputy Minister of Finance (Shri A. C. Guha):** A statement giving the required particulars of officers in the Rehabilitation Finance Administration drawing monthly salaries of

Rs. 500 and above is laid on the Table of the House. [See Appendix II, annexure No. 23.]

#### REHABILITATION FINANCE ADMINISTRATION

177. **Shri V. P. Nayar:** Will the Minister of Finance be pleased to state:

(a) the total number of employees under the Rehabilitation Finance Administration as on the 1st July, 1953;

(b) whether recruitment of the staff in the Rehabilitation Finance Administration is made through the Employment Exchange or the U.P.S.C.;

(c) if so, the number of posts filled by selection through either of these bodies;

(d) whether the Rehabilitation Finance Administration advertises the vacancies in the Organisation; and

(e) if not, the reasons therefor?

**The Deputy Minister of Finance (Shri A. C. Guha):** (a) The total number of employees of the Rehabilitation Finance Administration as on the 1st July, 1953 was 635 of whom 151 were class IV employees.

(b) The Administration's general practice till March, 1951 was to select candidates from amongst the applicants registered with them. Since then all vacancies occurring are notified to the Employment Exchanges and selection generally confined to candidates recommended by them. However, in a few cases where candidates so recommended are not found suitable, those who had directly applied to the Administration are also considered. The same practice is followed in filling up posts in the Branches.

(c) The number of posts filled from amongst candidates recommended by Employment Exchanges has been about 160.

(d) In the case of vacancies in higher grades, for instance Superintendents of Advances, Chief Accountant etc., applications were invited by advertisement in the press.

(e) As recruitment is generally made through Employment Exchanges, vacancies are not ordinarily required to be advertised.

#### LAND REVENUE COLLECTED IN PEPSU

178. **Shri Punnoose:** (a) Will the Minister of States be pleased to state the total amount of land revenue arrears collected upto 30th April, 1953 from various districts in PEPSU, district-wise after the introduction of President's Rule in that State?

(b) How much of this is in cash and how much in kind?

(c) In how many instances were arrests made or confiscation of property resorted to in the course of collection of arrears of rent?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Total collection Rs. 3,93,480. The amounts collected district-wise are as follows:—

1. Patiala	Rs. 13,890
2. Barnala	Rs. 1,01,241
3. Sangrur	Rs. 1,52,522
4. Mahandargarh	Rs. 3,489
5. Kapurthala	Rs. 2,853
6. Kohistan	Rs. 81,294
7. Fatehgarh Sahib	Rs. 2,792
8. Bhatinda	Rs. 35,399

(b) All in cash.

(c) None.

#### EDUCATIONAL DEVELOPMENT PLAN

179. **Ch. Raghubir Singh:** (a) Will the Minister of Education be pleased to state whether it is a fact that under the Five Year Education Development Plan, grants are given to State Governments for the establishment and development of various institutions?

(b) What amount is allotted to U.P. under this head?

(c) Which institutions in U.P. are selected for the purpose of these grants?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) Yes.

(b) and (c). A statement is placed on the Table of the House. [See Appendix II, annexure No. 24.]

#### PLANS OF NATIONAL LABORATORIES

180. Prof. D. C. Sharma: (a) Will the Minister of Natural Resources and Scientific Research be pleased to state the names of the architectural firms or the architects who prepared the plans for the different national laboratories?

(b) What is the style of these buildings?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) A statement giving the required information is laid on the Table of the House. [See Appendix II, annexure No. 25.]

(b) Modern financial style.

#### CULTURAL REPRESENTATIVES

181. Prof. D. C. Sharma: (a) Will the Minister of Education be pleased to state the names of the countries where India maintains her cultural representatives?

(b) What are the functions of these representatives?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) India maintains officers at Rome and Kabul designated as Cultural Attaches. All Indian Missions abroad, however, do cultural work.

(b) The main function of the Cultural Attaches is to promote better understanding of Indian culture through various activities such as organisation of art exhibitions, musical and dramatic performances, lectures, presentation of books and other media of publicity.

#### PURCHASE OF STORES AND EQUIPMENT

183. Shri H. N. Mukerjee: Will the Minister of Defence be pleased to state:

(a) the total allocations under Defence Services estimates for the purchase of stores and equipment since the year 1947, year by year;

(b) the amount spent for purchase of stores and equipment abroad since 1947, year by year;

(c) the amount spent for purchase of stores and equipment in India since 1947, year by year, giving separately the amounts for (i) items produced by Government ordnance factories, (ii) items of Indian manufacture other than of Government ordnance factories, and (iii) items of foreign manufacture partly or fully, but procured in India by the Defence Ministry; and

(d) the reasons for the increase, if any, in allocations for stores and equipment for the last three years?

The Deputy Minister of Defence (Shri Satish Chandra): (a) to (c). A statement is laid on the Table of the House, in respect of year 1948-49 to 1953-54. As regards the information relating to the year 1947-48, the figures for the post-partition period are not readily available. [See Appendix II, annexure No. 26.]

The figures for the whole year represent the expenditure for 4½ months of undivided India and for 7½ months of partitioned India and hence are not comparable with the subsequent figures for India only.

(d) The main reasons are:

(i) expansion in Navy and Air Force;

(ii) depletion of War stocks accumulated earlier;

(iii) replacement of old vehicles.

**DEFENCE ORDNANCE AND CLOTHING  
FACTORIES**

**184. Shri H. N. Mukerjee:** Will the Minister of Defence be pleased to state:

(a) the amount spent on the Defence Ordnance and Clothing factories from 1947-48 to 1952-53, year by year;

(b) the total number of employees employed by these factories year by year from 1947 to 1953;

(c) the main reasons for the decrease, if any, of the number of employees over the period; and

(d) the main reasons for the increase, if any, in the expenditure over the period?

**The Deputy Minister of Defence (Shri Satish Chandra):** (a)—

Year	Rs. in lakhs
1947-48 (Post Partition)	249
1948-49	916
1949-50	1532
1950-51	1742
1951-52	2154
1952-53	2092
(b)	
1947	40,524
1948	51,436
1949	57,251
1950	65,645
1951	68,889
1952	70,640
1953	69,641

(c) There has been no decrease, except for a fall in the labour strength by 1,000 (approximately) in 1953. The reason for this is a reduction in certain orders placed on Ordnance Factories by the Army.

(d) Main reasons for increase in expenditure are:—

(i) increased out-turn following the programme to manufacture a larger proportion of

war-like stores within the country.

(ii) expenditure on experimental work carried out in connection with the manufacture of new stores, which previously were imported;

(iii) Opening of new factories and restarting of factories which had been put on a care and maintenance basis earlier.

(iv) Rise in prices of raw materials.

(v) Overhaul and replacement of plant which was subjected to heavy wear during the war.

(vi) Revision of pay scales of labour following the recommendations of the Pay Commission.

**BANKING LIQUIDATION INQUIRY  
COMMITTEE**

**185. Shri S. C. Samanta:** (a) Will the Minister of Finance be pleased to state whether the Banking Liquidation Inquiry Committee's Report has been considered and decisions taken?

(b) If so, what are the decisions taken?

**The Deputy Minister of Finance (Shri A. C. Guha):** (a) Yes Sir.

(b) The Government have generally accepted the recommendations with modifications found necessary, on examination. The State Governments have been requested to implement recommendations pertaining to them which require administrative action only, while a Bill is proposed to be introduced in Parliament during this session for implementation of recommendations requiring legislation.

**GOVERNMENT OFFICIALS' VISIT TO U. K.  
AND WESTERN EUROPE**

**186. Shri Gopala Rao:** Will the Minister of Finance be pleased to state:

(a) the number, names and designations of Government officials who

visited Western Europe and the United Kingdom during April, May and June, 1953, separately;

(b) the purpose of such visits; and

(c) the total expenditure incurred by Government on each of them?

**The Deputy Minister of Finance (Shri A. C. Guha):** (a) to (c). The information is being collected and will be laid on the Table of the House as soon as available.

#### PRECIOUS STONES

187. **Pandit M. B. Bhargava:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the regions where geological survey has been carried out for emerald and the results thereof; and

(b) the total quantity and value of emerald and other precious stones exported out of India during the years 1950-51, 1951-52 and 1952-53 and the countries to which exported?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) and (b). A statement giving the information required is laid on the Table of the House. [See Appendix II, annexure No. 27]

#### BERYL

188. **Pandit M. B. Bhargava:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the places in different States where beryl is produced in India and the quantity and value thereof produced during the years 1950-51, 1951-52 and 1952-53;

(b) the total quantity and value of beryl consumed in India during the aforesaid years by Government and other private agencies;

(c) the purposes for which it was used; and

(d) the total quantity and value of beryl exported out of India during the aforesaid years?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) to (d). It would not be in the public interest to disclose the information requested.

#### सामुदायिक योजनाएँ

१८९. श्री बाल्मीकी : क्या रक्षा मंत्री यह बताने की कृपा करेंगे :

(क) राष्ट्रीय सेना छात्र दल के सेना-छात्रों द्वारा कहां कहां सामुदायिक योजना का कार्य किया गया है;

(ख) कहां कहां रास्ते बनाए गए हैं;

(ग) वे रास्ते कितने लम्बे हैं; और

(घ) कितनी लम्बी नालियां साफ की गई हैं ?

**The Deputy Minister of Defence (Shri Satish Chandra):** (a) to (d). Presumably the hon. Member is referring to the social work carried out recently by the N.C.C. cadets. A list of the work done along with the information asked for regarding roads and drains etc. is laid on the Table of the House. [See Appendix II, annexure No. 28]

#### DEARNESS ALLOWANCE

190. **Shrimati Tarkeshwari Sinha:** Will the Minister of Finance be pleased to state what will be the approximate saving to the Central Exchequer by withdrawing the dearness allowance from its officers drawing salaries exceeding Rs. 1,000 per month?

**The Deputy Minister of Finance (Shri A. C. Guha):** Dearness allowance is being withdrawn in three stages commencing from the 1st June 1953. The approximate saving on this account will be as follows:

Rs. 9.5 lakhs in 1953-55

Rs. 22.0 " 1954-55

Rs. 34.5 " 1955-56

Rs. 38.0 From 1956-67 onwards.



## POLICE

191. **Shri K. C. Sodhia:** (a) Will the Minister of Home Affairs be pleased to state the total strength of police—

(i) officers, and

(ii) jawans employed or paid by the Central Government for the registration and surveillance of foreigners during 1952-53?

(b) What was the total amount spent thereon?

(c) What was the total number of foreigners under surveillance during the year?

(d) Did the police bring to the notice of Government any activities of foreigners during 1952-53, requiring special action on the part of Government?

**The Minister of Home Affairs and States (Dr. Katju):** (a) (i) 162 (ii) 248. This does not include the staff employed at the Check Posts on the borders between India and Tibet, Nepal and Pakistan.

(b) Rs. 13,44,294. (This includes the cost of the clerical staff also in various States.)

(c) The total number of registered foreigners in India as on the 31st December 1952 was 78,349. The police have to maintain a general watch over their activities and also to see that the Rules and Regulations relating to the entry into, and stay in India of foreigners are properly complied with.

(d) Yes, where necessary.

## DISTRIBUTION OF SEEDS IN TRIPURA

192. **Shri Biren Dutt:** (a) Will the Minister of States be pleased to state whether there was any distribution of seeds recently done by the Agricultural Department in Tripura?

(b) What is the number of recipients of these seeds?

(c) What additional production is expected from such help during the year 1953?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Yes.

(b) 870

(Summer vegetable seeds 600.

Paddy seeds 258.

Jute 12).

(c) Paddy 87 tons.

Jute 16 bales.

## EXCAVATIONS IN KONAPUR AND MASKI SITS

193. **Shri Muniswamy:** Will the Minister of Education be pleased to state:

(a) what discoveries have been made by the recent excavations in the Konapur and Maski Sites of Hyderabad State; and

(b) whether they give any idea about the relationship between the Dravidian civilization and the civilization of Mohenjodaro?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) 3 pavements of rubble masonry were discovered during the excavations at Konapur carried out by the State Archaeological Department. No excavation work was done at Maski.

(b) No reliable evidence about such relationship is available.

## REDUCTION OF RECRUITING CENTRES

194. **Shri Raghunath Singh:** (a) Will the Minister of Defence be pleased to state whether it is a fact that the number of Head Offices of the Recruiting Organisation of the Army has been reduced to effect economy?

(b) If so, what are those centres?

(c) What amount of expenditure is saved on account of reduction?

(d) Is it a fact that the ex-employees of reduced centres are provided jobs elsewhere?

**The Deputy Minister of Defence (Sardar Majithia):** (a) Yes.

(b) The offices were located at Ambala, Ajmer, Patna and Nagpur.

(c) Rs. 1,82,460 per annum.

(d) Yes, as far as possible.

#### MILITARY HOSPITALS WELFARE SERVICE FUND

195. **Shri Raghunath Singh:** (a) Will the Minister of Defence be pleased to state whether it is a fact that the Military Hospitals Welfare Service Fund has been started for financing the activities and duties performed formerly by the Indian Red Cross Society?

(b) If so, what amount is contributed to this fund so far?

(c) What is the yearly expenditure on these activities?

**The Deputy Minister of Defence (Sardar Majithia):** (a) Yes Sir, to run the erstwhile Red Cross Welfare Service in military hospitals.

(b) Rs. 80,000 made up of Rs. 30,000 from the Flag Day Fund and Rs. 50,000 from the Canteen profits.

(c) The anticipated expenditure is about Rs. 80,000 yearly.

#### FORTS

196. **Prof. D. C. Sharma:** (a) Will the Minister of Defence be pleased to state the number of forts situated in the Punjab, PEPSU and Himachal Pradesh?

(b) How many of them are under the charge of the Ministry?

**The Deputy Minister of Defence (Sardar Majithia):** (a) Information has not yet been received from one District. There are 32 forts in the rest of the area.

(b) Two.

#### जम्मू काश्मीर सड़क पर दुर्घटना

१९७. **श्री रघुनाथ सिंह:** क्या रक्षा मंत्री यह बताने की कृपा करेंगे:

(क) क्या यह सच है कि मई के तीसरे सप्ताह में एक फौजी लारी एक गहरे खाई में गिर गई थी जिसके कारण २१ सैनिकों की मृत्यु हो गई थी;

(ख) यदि हां तो इस दुर्घटना के लिए कौन उत्तरदायी था;

(ग) क्या इस विषय की जांच की गई है; और

(घ) यदि हां तो उस जांच का क्या परिणाम हुआ है?

**The Deputy Minister of Defence (Sardar Majithia):** (a) Yes, Sir but the accident took place in the second week of May 53.

(b) to (d). A Court of Enquiry is in progress and its findings are awaited.

## PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

## OFFICIAL REPORT

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## HOUSE OF THE PEOPLE

Monday, 10th August, 1953

*The House met at a Quarter Past Eight of the Clock*

[MR. DEPUTY-SPEAKER in the Chair]

## QUESTIONS AND ANSWERS

(See Part I)

9-15 A.M.

## STATEMENT RE KASHMIR SITUATION

**The Prime Minister (Shri Jawaharlal Nehru):** Sir, certain events have occurred in the State of Jammu and Kashmir, with dramatic suddenness during the last two days, and I am therefore venturing to take some time of the House in placing before it such facts as are known to us. Not only this House but the country at large must have viewed these developments with anxious concern. The State of Jammu and Kashmir has been to us not merely a piece of territory which acceded to India five and three quarter years ago, but a symbol representing certain ideals and principles for which our national movement always stood and which have been enshrined in our Constitution. It was because of a community of these ideals and principles which brought the State, in a moment of grave crisis in October 1947, into the larger family of India. But even before that constitutional development took place, a devotion to

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these ideals and to certain common purposes had brought the national movement of the Jammu and Kashmir State in line with the struggle for freedom that inspired our people. In the Kashmir State it was the National Conference which represented this struggle and spoke on behalf of the masses of the people there. The association of the State with India, therefore had a deeper significance than even the constitutional link that was built up.

Much has happened during these years and we have faced trial and tribulation together. Even at the time of the accession of the State to the Union of India, it was made clear that it was for the people of the State to determine their future when suitable opportunities for this arose. The Union was a free union of free people without any compulsion on either side. It was recognised from the very outset that the peculiar position of the State made it necessary for a special position to be accorded to it in our constitutional relationship. Later, when the constitution of the Republic of India was drawn up and finalised, this special position was recognised and it was made clear that any change in or addition to that position would depend upon the wishes of the people of the State as represented in their Constituent Assembly. The subjects of accession were three, namely, Foreign Affairs, Defence and Communications. In an agreement that was arrived at last year, known as the Delhi Agreement, certain consequential and implied powers were

[Shri Jawaharlal Nehru]

defined. But the essential subjects of accession remained the three already mentioned.

I mention this because much confusion has been caused by forgetting this basic fact that we have all along stood for a special position of the Kashmir State in the Indian Union. Some people have talked of a "merger". That word of course is totally inappropriate in any event and, to the extent it meant something beyond the constitutional position and our present agreements, was opposed to our policy and those very agreements. Others advocated a weaker association which would also have been against the basic policy that had all along been agreed to and would have involved grave difficulties.

In recent months, an unfortunate agitation sought to undermine this basic position and created not only confusion but powerful reactions, more especially in the Valley of Kashmir. That has been one of the important causes of the difficulties that the people of Kashmir and of India have had to face. Unfortunately, some persons in the State were so affected by this agitation as to forget that community of ideals and principles which had brought Kashmir and India together. It was still more unfortunate that wrong advice was given by them to Shaikh Mohammed Abdullah who had been the acknowledged leader of the National movement in the State and the Prime Minister. Certain utterances of Shaikh Abdullah reflected this advice and created confusion in the minds of the people of the State. Disruptive elements, who had not accepted the principles on which the democratic movement in the State had been built up, took advantage of this position and attempted to disrupt the State. At a time when economic problems of grave import all over the State demanded attention and solution, the Government of the State was divided and ceased to function effectively.

A serious situation was thus created and there was a progressive tendency towards disruption. The Government of India were naturally gravely concerned at these developments, but they did not wish to interfere, except with advice, in the internal structure and administration of the State. Advice was frequently given, but unfortunately it did not succeed in bringing about that unity which had been shaken in the course of the past few months.

Some two weeks ago, two Ministers of the Kashmir Government, Bakshi Ghulam Mohammed and Mirza Afzal Beg, visited Delhi and had prolonged consultations with us. We pointed out to them the necessity for resolving their differences and working as a team in furtherance of the aims and objectives of the State. We assured them that we recognised the special status of the State and the Government of India did not wish to interfere in any way in internal problems which should be decided by the Government of the State. We were anxious to help, financially and otherwise, in the development of the State, and were interested in the maintenance of the security and internal order of the State.

A few days ago, we were informed that the differences within the Kashmir Cabinet had become even more pronounced and in fact Ministers publicly spoke against and criticised each other and advocated rival policies. The majority in the Cabinet adhered to the objectives for which they had always stood. One member of the Cabinet, Mr. Beg, however, progressively encouraged by Shaikh Abdullah, opposed these policies. A considerable majority of the Executive of the National Conference sided with the majority in the Cabinet and against the Prime Minister. The break was almost complete and it was impossible for the Government to carry on in this way.

When we were informed of this and our advice was sought, we urged that some way should be found for the

working of the Cabinet as a team on agreed principles and policies. This was an internal matter and we did not wish to interfere. Our interest was in a peaceful and progressive Government having the support of the people. Three days ago we learnt of the demand made by Shaikh Abdullah to one of his Ministers to resign and the latter's refusal to do so. Events then moved rapidly. We were informed of them, but our advice was neither sought nor given. On the 7th August, the majority of the Cabinet presented a memorandum to Shaikh Abdullah in which they pointed out that a factional tendency had been evident in the Cabinet and that this had been responsible for a progressive deterioration in the administration, that their advice had been disregarded and that the Cabinet, as constituted, could not continue. They communicated this memorandum to the Head of the State, the *Sadr-e-Riyasat*.

On the 8th August, the *Sadr-e-Riyasat* sent for Shaikh Abdullah and conveyed his deep concern at the serious differences which existed in his Cabinet. He impressed upon him the immediate necessity for restoring harmony and unity of purpose among the members of his Cabinet in the execution of his policy. Shaikh Abdullah could not give any assurance about the future and as to how he would be able to get over these differences. The *Sadr-e-Riyasat* thereupon suggested that an emergent meeting of the Cabinet should be held at his residence that evening so that the possibilities of securing a stable, unified and efficient Government for the State could be jointly explored. Shaikh Abdullah, however, did not agree to this. Later in the day, the *Sadr-e-Riyasat* wrote to Shaikh Abdullah pointing out all these facts and stating that in these conditions he had been forced to the conclusion that the present Cabinet cannot continue in office any longer and hence he had decided to dissolve the Council of Ministers. A formal order to this effect was passed and a copy of it was

sent to Shaikh Abdullah. In concluding his letter to Shaikh Abdullah, the *Sadr-e-Riyasat* said:

"I need hardly add how deeply distressed I was at having to take this action but the vital interests of the people of the State, which it is my duty to safeguard, leave me no alternative. I trust that this will in no way affect the mutual regard and cordial feelings that we have for each other."

Immediately afterwards the *Sadr-e-Riyasat* called upon Bakshi Ghulam Mohammed to form a new Cabinet. In doing so he stated that the continuance in office of the new Cabinet would necessarily depend upon its securing a vote of confidence from the Legislative Assembly during its coming session. Bakshi Ghulam Mohammed accepted this invitation and was sworn in as Prime Minister of the State.

I received information of some of these developments at 11 P.M. on Saturday night, that is night before last. Further information followed on Sunday morning.

Shaikh Abdullah had meanwhile gone to Gulmarg. In fact, the last order was served upon him in Gulmarg. Later he was placed under detention and so was Mr. Beg. I have not received the exact papers in regard to this matter yet, but I understand that this was done in the interests of the peace of the State which was threatened in various ways.

Some time after the news of Shaikh Abdullah's arrest became known yesterday morning, small processions in protest started in some parts of Srinagar and converged towards Amira Kadal which is a bridge. These processions became violent in some places and threw stones at the police and militia. On two occasions the police had to fire on the crowd, it is stated, in self-defence. Three rounds were fired on one occasion and four rounds on another. The total casualties were three killed and one injured. The dead body of one person was paraded through the streets.

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As it was Sunday, shops were generally closed and there was little obstruction to traffic. There were no communal incidents of any kind.

So far as is known, there has been no trouble in any of the outlying areas. By the evening the situation had improved considerably. Till last night, 35 arrests had been made.

The Indian Army personnel was not involved in any way. The situation was dealt with by the Jammu and Kashmir police and militia. One party, however, of the Central Reserve Police functioned in one place.

Shaikh Abdullah was taken to Udhampur where he is lodged in the Rest House and every comfort has been provided for him.

It is a matter of deep regret to me that Shaikh Abdullah, an old comrade of 20 years, should have come into conflict with our other comrades in Kashmir and that it should have been considered necessary by the Kashmir Government to place him in detention for the time being. I earnestly trust that this is a passing phase and that the leaders of Kashmir will co-operate together in the service of that beautiful and unfortunate land.

Last night, Bakshi Ghulam Mohammad, the new Prime Minister, broadcast a long speech in which he has referred to the recent developments as well as to the policies which he and his Government intend pursuing. I would commend this speech to the Members of the House.

I should like to repeat that we have considered these recent developments in Kashmir as an internal matter with which we should interfere as little as possible. On the larger issues our policy remains what it was and we shall stand by the assurances we have given.

To the Members of this House, to the Press and this country and the people generally, I would make an earnest appeal to exercise forbearance and restraint in regard to these events

which have followed each other in quick succession in the Jammu and Kashmir State. We must send our full sympathy to the young *Sadr-e-Riyasat*, to the Government and to the people of that State who are facing this crisis, and assure them of all the help that we can give them to bring about normality and a progressive administration which will serve the cause of the people of that State.

#### PAPERS LAID ON THE TABLE

STATEMENTS SHOWING ACTION TAKEN BY GOVERNMENT ON ASSURANCES ETC.

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** I beg to lay on the Table the following statements showing the action taken by the Government on various assurances, promises and undertakings given during the various sessions shown against each:

- (1) Supplementary Statement No. II. Third session of the House of the People, 1953. [See Appendix VII, annexure No. 1.]
- (2) Supplementary Statement No. III. Second Session of the House of the People, 1952. [See Appendix VII, annexure No. 2.]
- (3) Supplementary Statement No. IV. First Session of the House of the People, 1952. [See Appendix VII, annexure No. 3.]
- (4) Supplementary Statement No. VIII. Fourth Session of the Provisional Parliament, 1951. [See Appendix VII, annexure No. 4.]
- (5) Supplementary Statement No. VII. Third Session (Second part) of the Provisional Parliament, 1951. [See Appendix VII, annexure No. 5.]
- (6) Supplementary Statement No. V. Second Session of the Provisional Parliament, 1950. [See Appendix VII, annexure No. 6.]

- (7) Supplementary Statement No. VIII. First Session of the Provisional Parliament, 1950 [See Appendix VII, annexure No. 7.]

#### POINT OF ORDER

**Mr. Deputy-Speaker:** I am giving my ruling on the point of order. A point of order was raised by Shri Frank Anthony on the 5th August, 1953, after the Question Hour was over and while the Minister was called upon to lay papers on the Table, relating to the right of Members to raise points of order in general and in respect of the application of rule 291. The previous day, a point was raised by Shri Rohini Kumar Chaudhury who said that it was usual to raise points after the Question Hour. Obviously, it was not a point of order and in that context I stated by way of reply to Shri Frank Anthony's point that the point of order should relate to the business which was actually under discussion in the House and the words "at any time" in rule 291 should not be construed to mean to relate to any subject though it was not actually before the House or coming before the House immediately. All the same, I was prepared to look into the matter if Members so desired. Subsequently, some Members, including Shri Anthony, sent me a notice raising a point of privilege in connection with this matter. The point of order is not a point of privilege and, therefore, the notice was inadmissible. Nevertheless, I took the opportunity of inviting the signatories to a discussion on this matter on the 6th August, 1953 to hear their points of view. After hearing the Members and going through the various rulings given from time to time on this matter, the following conclusions emerge:

- (1) A point of order is an extraordinary process which, when raised, has the effect of suspending the proceedings before the House. The scope of rule 291 is not unrestricted

but subject to the consideration that any Member has got a right to raise any point of order at any time on a matter or any business then under discussion in the House, but he should do so there and then and not raise it after that business is over.

- (2) As regards any matter relating to the maintenance of order in the House or regulation of business or of its order before the House, a point of order can be raised at any time immediately the matter arises for consideration whether any proceedings are going on then in the House or during an interval between the termination of one item in the agenda and the commencement of another.

A point of order can no doubt be formulated by a Member at any time with due regard to the above considerations. It is the responsibility of the Chair, however, to decide whether the point so formulated is a point of order or not and his decision is final.

#### ANDHRA STATE BILL

**The Minister of Home Affairs and States (Dr. Katju):** I beg to move for leave to introduce a Bill to provide for the formation of the State of Andhra, the increasing of the area of the State of Mysore and the diminishing of the area of the State of Madras, and for matters connected therewith.

**Mr. Deputy-Speaker:** The question is:

"That leave be granted to introduce a Bill to provide for the formation of the State of Andhra, the increasing of the area of the State of Mysore and the diminishing of the area of the State of Madras, and for matters connected therewith."

The motion was adopted.

**Dr. Katju:** I introduce \*the Bill.

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\*Introduced with the recommendation of the President.



## ESTATE DUTY BILL—Contd.

**Mr. Deputy-Speaker:** The House will now proceed with the further consideration of the following motion moved by Shri C. D. Deshmukh on the 13th May, 1953:

"That the Bill to provide for the levy and collection of an estate duty, as reported by the Select Committee, be taken into consideration."

**Dr. Lanka Sundaram** (Visakhapatnam): The Estate Duty Bill, as it has emerged from the Select Committee is different in a large number of instances from what it was in the form in which it was introduced in the Constituent Assembly (Legislative) in 1948, and also in the form in which it was when it was introduced in this House in August last.

A large number of changes has been made by the Select Committee, which, I am convinced, has gone into the principles and purposes of this Bill as well as the clauses very thoroughly indeed. I am convinced that the changes incorporated in the Bill by the Select Committee or recommended to be incorporated in the Bill, are all for the better. Still, I must say that further changes must be made in this Bill before it can be permitted to go on the Statute Book. I do trust that the Government would give free scope for its Party Members to decide upon the merits of the various clauses of this Bill. In other words, I do hope that there will be the freest possible discussion and voting irrespective of Party considerations on this Bill, because I am convinced that this Bill has tremendous social significance for the country.

When I spoke on this Bill on the 6th November last, I made, among other things, five important points which I am grieved to say have not been met as a result of the discussions in the Select Committee. Briefly, with your permission, I would re-catalogue them for the benefit of this House.

I made a reference to what had been termed by me then as "the permissible consent of certain States to contract out of the obligations of this Bill". I would like to know from my hon. friend the Finance Minister as to the States which still do not come within the purview of this Bill, because I believe that this House is entitled to information as to which particular portions of this country have actually still contracted out of the operation of this Bill. My hon. friend makes a signal to me that it is only one single State. Even one single State should not, if I am not mistaken, be permitted to go outside the purview of this Bill.

The second point I raised was with reference to article 370 of the Constitution and the State of Jammu and Kashmir. Today, after having heard the solemn statement of the Prime Minister, I do not wish to go into that question, even though I must say that my friends from Kashmir who are my colleagues in this House should, as I stated on the last occasion in November last, do everything in their power to see that reciprocal legislation is resorted to in that State, so that the whole country will come within the ambit of this Bill.

The third point which I made the last time and which has not been met, to my mind, as a result of the labours of the Select Committee, is in regard to the yielding capacity of the tax or the duty under this Bill. I have got before me the proceedings of the House of the 6th November last. On that day I made a statement that the private sector is of the order of Rs. 1,500 crores and that it is the intention of the Finance Minister that he is not unwilling to see that private property is converted into joint stock companies. In fact, I said, and I am quoting: "In fact, he said that he would welcome such conversion of private property into joint stock companies. I hope I am quoting correctly." This is what I said then, and the Finance Minister was good enough



to interrupt me, according to the proceedings, and say that I had quoted him correctly, viz., that he would welcome the conversion of private property into joint stock companies. I raise this point now again here because the yield capacity of the estate duty is a matter of vital interest because the country is holding enormous hopes as to the possible revenue to be got from this particular tax measure from next year onwards.

The fourth point I then raised was in regard to incentives to production, capital formation etc., involved in the operation of this Bill. Last time the Finance Minister was good enough to say that according to the advice he had, he does not believe that this Bill would interrupt or obstruct capital formation in particular. I am not convinced as yet that once this Bill becomes law, capital formation would not be interfered with, and I would like to have further evidence as to the manner in which the Finance Minister hopes that in this age of planning and development the imposition of a death duty would not interfere with capital formation.

Last time I made a grievance of the operation of clauses 17 and 81—the rule-making powers, the unlimited rule-making powers, entrusted to the officers to be appointed as a result of the operation of this Bill. I am sorry to say that as a result of the labours of the Select Committee, nothing has been done to temper the irritations which are bound to arise as a result of the unrestricted, unlimited powers to be given for rule-making purposes under clauses 17 and 81.

I made a reference to all these points because I had hoped that as a result of the long labours of the Select Committee, these points would be met. I am making a reference to them today in order that, as the debate proceeds and the clauses are taken one by one, attempts would be made by my hon. colleagues, irrespective of party considerations, to ensure that this particular Estate Duty Bill would

not become an engine of oppression, but would be administered in a manner conducive to the healthy growth of economic conditions in this land. And I do hope that the Finance Minister, reasonable as he always is, will not object to such of the amendments which are tabled now, which are intended particularly to secure a proper and equitable measure of taxation.

Having said this, with your permission, I would like to analyse the social policy behind this Bill. Here I would like to refer—I am sorry my hon. friend Mr. Gadgil is not here—to the labours of Shri Gadgil who was the author of a book on estate duty and who had, to my knowledge, done enormous amount of work in and outside the Select Committee. Mr. Gadgil's thesis is based upon a type of social philosophy which, I regret to say, will not be accepted by many people in this country. In fact, when I look at the manner in which he has attempted to secure further rigours being imposed as a result of the provisions of this Bill, I am fully convinced that my hon. friend Mr. Gadgil looks, or tries to look, more gory than what some of my friends to my right are supposed to be painted red. In fact taking clauses 9 and 10 of this Bill, I must say that Mr. Gadgil was altogether on the wrong path when he said, or when he tried to say, that a man on death bed is never a free agent, with the result that gifts given out by any one should be *bona fide* gifts. I make a reference to clauses 9 and 10 in particular for the reason that the question of motive is irrelevant according to British law and the question of *bona fides* need not come in at all provided the two-year period is there; and in fact, a father can gift out his property absolutely to his own child, and still not foul the principles of this Bill. Mr. Gadgil's thesis is something different. He says a donee must prove the *bona fides* of the gift even though the British law is clear that once there is no enforceable legal interest in a thing gifted out by a donor, the question stops there.

[Dr. Lanka Sundaram]

I am sure that the House will bear with me when I say that Mr. Gadgil had a very powerful ally, and still has, in my hon. friend the Finance Minister from a different angle. When we were discussing the question of gifts for charitable and public purposes, the Finance Minister was understood by some of us to say that in this planning age, the purpose for which a gift is made must also be regulated by the State. In other words, the State has the right to regulate gifts made for charitable purposes. I will give you two examples. If Dr. Hari Singh Gour were living today, he would not be permitted, under the operation of this Bill, to donate his entire property to the Saugor University. If Mr. D. Lakshminarayana were living today, his vast property which was given away to the Technological Institute at Nagpur would not become possible under the operation of this Bill. If I understood the Finance Minister correctly, that is exactly the intention behind this particular Bill as provided by him.

**Shri B. Das (Jajpur-Keonjhar):** No. That was not what he said.

**Dr. Lanka Sundaram:** He said so.

**The Minister of Finance (Shri C. D. Deshmukh):** That was not in the age of planning.

**Dr. Lanka Sundaram:** I am glad the Finance Minister does not demur to my charge. As I understood him, the position was that even for educational and charitable purposes, the direction in which these gifts are to be made is sought to be controlled by the State. I consider this as something retrograde in character, because I believe any gift gifted out to the community, even for a communal purpose or for a particular section or caste, is a gift in favour of the entire community because it is gifted out to a portion of the entire community. I think I cannot state the case better than what I have stated, and I believe that when the House takes up clauses

9 and 10, attention would be devoted to this particular matter, viz., gifts gifted out for the benefit of the community. This must be examined, and I hope the philosophy of my hon. friend—I may say the strange philosophy of the Finance Minister, will not be permitted to go unscathed in the debate on this Bill. Because we have declared ourselves to be a Welfare State, and in a Welfare State, the moment a particular individual gifts out his property for the benefit of a section of the community, the welfare of the State as a whole, to my mind, is guaranteed or is provided for. Any way, the social basis or bases for this Bill must be properly laid out, and I am sorry that in spite of the labours of the Select Committee, this has not been done, and I do not see much difference between the Bill as it was introduced in August last, and the Bill as it has emerged from the Select Committee, in this particular regard. I hope the House will devote some attention to this point.

Without being unduly long, I would like to take up two groups of clauses in this Bill, to which the Select Committee has devoted considerable attention. The first group comprises of clauses 30, 31, 32, and 33. These deal with allowance for quick succession to property, exemption of interest of a Hindu widow dying within seven years of her husband's death, exemptions, and aggregation. I shall have occasion to intervene in this debate when these clauses are taken separately, but I am making a reference to them in order to show that every section of the House, irrespective of party considerations, has been exercising its mind on the operation of the clauses as drafted, and as finalised by the Select Committee, and I do hope that the Finance Minister, in the light of the vast number of amendments which has been tabled to these particular clauses, would not be unbending in his approach, when these clauses are disposed of.

The second group of clauses, which is bound to arouse a considerable amount of discussion in this House is that of clauses 61 and 62, which deal with the Controller and the Board. Judging by the amendments that have been tabled, I find that many hon. Members of this House are deeply exercised as to the amount of unlimited power given to these people, and the lack of proper procedure for judicial review in cases of dispute between the assessee and the taxing authority. I have myself given notice of amendments, but I will not labour the House on them in detail. But I believe that these two clauses, even more than clauses 30 to 33 are important to the assessee, once this Bill becomes law.

In order to show how important these two groups of clauses are, I would, with your permission, read out portions from my minute of dissent, and I shall be very brief. I had stated in my minute of dissent:

"In the Committee, I had pressed for the inclusion of exemption of a dwelling house, for the reason that it is not only the focal point but also the haven of Indian domestic life, under which shelter is taken in exceptional circumstances by the near relatives of the head of the family. I have said so in the Committee, and I repeat again, that Parliament in its wisdom might agree to a ceiling to the value of one dwelling house, with the additional proviso that it should not be rented even in part for purposes of securing this exemption."

I had given notice of an amendment, and actually the exemption limit of Rs. 50,000 minimum was in accordance with what I had hoped. I have given this amendment, not because I am anxious that the exemption limit may be raised from Rs. 50,000 to Rs. 1,00,000, but because I am most anxious on sentimental and other grounds that one dwelling house should be exempted, and it is for this

purpose, that I have given my amendment which reads as follows:

In page 20,

after line 9, add:

"(k) one dwelling house, to the extent of rupees twenty-five thousand of its market value, provided it is not rented out either wholly or in part."

I do hope that this amendment is not unreasonable, and I do sincerely trust that my hon. friend the Finance Minister would take note of the vast volume of opinion which has gathered round this particular suggestion. I believe, that if once this amendment is agreed to, not necessarily my amendment, but any amendment of a similar nature, there will be complete satisfaction that the domestic life of the Indian communities—I am not talking here of Hindu community only—would not be disrupted.

As regards clause 61, I believe that every hon. Member will agree with me that the hon. Finance Minister must see his way to the possibility of having a Board or an Appellate Tribunal with members drawn from the judicial services, retired or working. I have said in my minute of dissent, and I again repeat it on the floor of the House, that the argument of the Finance Minister that it took a long number of years under the income-tax law to appoint the Appellate Tribunal, should not be held valid in the present context. In other words, because it took the Central Board of Revenue a number of years to provide for an Income-tax Appellate Tribunal, the same thing should not be forced down the throats of this House, under this Bill also. The very fact that the income-tax administration considered it necessary to have such a tribunal should be a warning to the Government that a similar provision must be automatically incorporated in this Bill also, and I hope that when clause 61 comes up, this point will be borne in mind.

There is nobody in this country who is willing to oppose the principle of

[Dr. Lanka Sundaram]

this Bill. I had given my whole-hearted support to it last time, and I repeat that support on this occasion too. Only, I would like to know what exactly will be the yield under this Bill. The estimates vary; some say rupees ten crores, and some others say rupees fifteen crores. But last time, the hon. Finance Minister was good enough to interrupt me and say that until the age limit and the taxation level were known, nothing could be said about the possible estimates. I hope he will no longer be in doubt as regards that, because a supplementary Bill is coming, according to the intention of the hon. Finance Minister laying the taxation proposals or embodying the tax content under this Bill. But let there be no mistake about it that as a result of the estate duty, a golden egg would not be coming into the pockets of the Government of India. The only redeeming feature—and I am in complete sympathy with the hon. Finance Minister in this regard—is that the proceeds of this Bill will go entirely to the benefit of the States, and the Government of India are only tax-gatherers in the name of and for the benefit of the States.

**Shri C. D. Pande** (Naini Tal Distt. cum Almora Distt.—South West cum Bareilly Distt.—North): As commission agents also.

**Dr. Lanka Sundaram:** I do not know about that.

I would like to make a reference to the possible yield from this Bill, by comparing it with the yield from the old Salt Tax Act. I am sorry that this is a very unfortunate comparison, but I am making a reference to the old salt tax yield, because the yield under this Bill will be just about the same as the yield from the old Salt Tax Act. The salt tax became obnoxious because of certain sentimental and other grounds, and therefore I implore the hon. Finance Minister to ensure that in the administration of estate duty, the same obnoxiousness

will not be repeated, and that the rules framed under this Bill, the manner in which they are to be enforced, the way in which assesses will be taxed etc. will all be properly regulated so that this Bill will not end up as an engine of oppression.

I am very much worried about one single point, namely that as a result of this Bill, there will be a terrific amount of litigation. Let not the Government encourage litigation, because this Bill deals with uneducated Indian families, where the onus is sought to be proved by the donor and the donee—sometimes more by the donee himself. I do hope that instructions will issue forth to the taxing authorities to ensure that there is no harassment in the operation of this Bill. An inventory has to be made as to the effects of the deceased. The manner in which it is made is more important than even the total arrived at as a result of the investigation by the taxing officer. The administration of the measure should be such that the people will not be subjected to undue harassment. That is why I made a reference to the old salt tax, and I hope the hon. Finance Minister would not object to my comparison. I am only saying that this must be a humane measure, a just measure, and a measure which will produce the willing co-operation and consent of the community, without which there will be fraudulent evasion of taxes.

When I made a reference last time to the private sector of Rs. 1,500 crores, I had stated that there might be a tremendous windfall to the Government. That not being the case, I do hope the Finance Minister would give us an assurance, that once the Matthal Commission reports on the incidence of taxation, if there is any necessity for revising the schedules of taxes which are to be imposed, under the Bill supplementary to this Bill, he will not hesitate to come before the House next year, with an amendment to the tax schedules, if the Matthal Commission reports against them. For

the sake of finance for planning, he had compelling reasons to bring this Bill before the House, and as I said earlier, if this Bill had been brought before the House six years ago, this gap would not have been there. The big assesseees have flown away, the big birds have flown away, and so what is sought to be gathered under this Bill must be gathered. I concede that point, but I want an assurance from the hon. Finance Minister when he replies to the debate, that if and when—I am sorry, I am putting it in a hypothetical language, but I cannot do it in a better way—the Matthal Commission reports that the incidence of taxation is already too much, that there are not incentives enough to production, that there are difficulties in the way of capital formation etc., the Finance Minister would not hesitate to bring forward an amending Bill to reduce the rate of taxation if necessary.

I thank you for this opportunity. and I hope all sections of the House would wish godspeed to the Finance Minister in placing this particular measure on the Statute Book.

**Shri C. D. Pande:** I wish to make a few observations on this Bill. This Bill is of such far-reaching consequences that it is difficult to deal with it in all its aspects. Yet, I believe that there are certain things which must be brought in full light before this House.

To my mind, the most objectionable feature of this Bill is the invidious discrimination between citizen and citizen in this country—I mean to say the introduction of a new theory of taxation based on archaic schools known as *Mitakshara* and *Dayabhaga*. I wonder how many people in this House and more so in the country know the difference between these two schools. Very few lawyers well versed in the Hindu school of law may be knowing their exact implications, but when it comes to their application in the principle of taxation in a secular State, it is really baffling and I am

sure most of the citizens will not be aware to which school they belong.

**The Deputy Minister of Finance (Shri A. C. Guha):** They know very much.

**Shri C. D. Pande:** They will be knowing more to their cost later on. I particularly refer to the hardship that will be experienced by the *Dayabhaga* school; not only the *Dayabhaga* school, but the Muslims, Christians, the Jews and the Parsis. They have all been treated as if they belong to the *Dayabhaga* school, that is, non-*Mitakshara* school.

Then, what is the difference between these two things that you have tried to make in this measure of taxation? In *Mitakshara* you have given the advantage of the co-parcenary system that prevails. That means, if one father has got four sons, then the property will be divided into five parts and the father, if he dies, will be considered to be the owner of only 1/5th of the property. That means, if a man has got property worth four lakhs of rupees at the time of taxation, his share of taxable property will be only Rs. 80,000. That is to say, he will go almost scot-free of the taxation. Whereas on the other hand, in the case of a Bengali, a Christian or a Muslim, if he dies leaving hardly Rs. 80,000 having ten sons, as most of the Bengalis have got.....

**Shri A. C. Guha:** I protest against that. We are not so prolific.

**Shri C. D. Pande:** Of course, you have not married and therefore, you cannot say.

• The incidence of taxation on the poorer section of the people will be much more than on the richer section of the people.

[**SHRI PATASKAR in the Chair.**]

I do not grudge the concession given to the *Mitakshara* school. I feel that this is really a very welcome step. But why do you deny this very privilege to the *Dayabhaga*

[Shri C. D. Pande]

school or to the Christians, Muslims,\* Parsis and Jews in this country? I am really sorry that Bengal is poorer today in its voice against this Bill. If my friend, Pandit Lakshmi Kanta Maitra had been alive, you would have heard what Bengal feels in this matter, what Assam feels in this matter and what Orissa feels in this matter. Not only that.....

**An Hon. Member:** Mr. Chaudhury is there.

**Shri C. D. Pande:** Mr. Chaudhury will have his turn. There are not only these provinces.....

**Shri S. C. Samanta** (Tamluk): Parts of Bihar and Uttar Pradesh also. 10 A.M.

**Shri C. D. Pande:** I am coming to that. I belong to *Dayabhaga* myself, and I am not ashamed of it. There are a large number of people who are not known to be directly governed by *Mitakshara* known as 'customary law people'. People in the Kumaon Hills are governed by the *Dayabhaga* law. I am really surprised why in a secular State you impose this taxation based on these archaic things of which people are not even aware of. When I put this in the Select Committee, the Finance Minister and his supporter, Mr. Gadgil, said, 'Oh, this cannot be helped'. This is the first principle that *Mitakshara* must be recognised and should be given such concessions as they have provided, but not *Dayabhaga* because they cannot help it! Is it not possible for them to formulate a uniform measure of taxation? What is the difficulty? They have not been able to point out what the difficulty is in the way of making a uniform measure of taxation. I must say that in this age people have been able to change a girl into a man. But our law-makers cannot find out a manner in which they can make a law of taxation which will be applicable equally to all citizens, and you say you are helpless because *Mitakshara* must be governed quite differ-

ently from *Dayabhaga*. How many people know what is *Mitakshara* and what is *Dayabhaga*? It is possible for them to change their religion, but not this condemned school. A Muslim can become a Hindu, but a man born under the *Dayabhaga* school cannot be governed by the *Mitakshara* law. One Muslim asked me: 'What happens if a Muslim converts himself to Hinduism? To which school will he belong?' I am really surprised at this. Some big lawyer will answer this question if he can: if a Christian or a Muslim or a Parsi converts himself to Hinduism, to which school will he be assigned?

I do not find there is any inherent or real difficulty in making a uniform law. The more you extol the virtues of *Mitakshara* the more galling it becomes to those who are governed by *Dayabhaga*. In the course of the Select Committee's deliberations, many people said: 'Oh, why do you worry. The 50,000 limit is there'. But suppose he has three or four sons. The more you try to extol and dwell on the spacious nature of this margin, the more is the pain and wrench in the mind of those who are governed by the non-*Mitakshara* law. I mean Bengalis, Oriyas, Assamese, Kumaonees, Muslims, Christians, Jews and Parsees in this country.

**An Hon. Member:** And you.

**Shri C. D. Pande:** Most certainly, though I am not in the taxation limit. I want to emphasise this point, that the operation of this Bill should be uniform on all people. Let there be no distinction between a man dying in Calcutta going tax-free, even if he has five lakhs of rupees, and a man dying in the same street even if he leaves Rs. 70,000. This is a great anomaly which I wish should be cleared in this legislation.

The second thing I wish to refer to is the question of charities. Charity has been a traditional virtue in this country. It is said that life has got



only three uses. It is in Sanskrit and I will quote:

*Danaya, Bhogaya and Taskaraya*

It means, 'either you give it in charity or enjoy it or thieves will take it away'. In this particular case, the State will come into the position of the 'thieves'. It becomes really repugnant to the Indian mind that there should be any restriction on charities. Why do you limit that a man can give charities only six months before his death? Suppose a man wants to make a big endowment for a hospital or a University, as my friend, Dr. Lanka Sundaram, just said. Dr. Hari Singh Gour—perhaps most of you are not aware—donated 70 lakhs of rupees out of his life's earnings of 90 lakhs of rupees. And he died, you will be surprised to know within six months of this endowment. Had he been alive today and had that amount of money been given as a gift, his daughters—he had no sons—would have had to pay 50 lakhs of rupees on that gift. Shri Annamalai in South India made a gift of 20 lakhs of rupees. There are scores of people in this country who have earned money by fair and foul means. Yet they make charities, and charities for public purposes. Do you want to dry up the source of this charity? Do you want that people in this country should be in the apprehension that even if they made a charity, their sons, or the charity itself may be taxed, if they die within six months of the charity? Not only that. Your CBR or department of taxation can always open the case and say that it is not a *bona fide* charity; it is not a public charity. I say charity is charity whether it is *bona fide* or not. The moment it is given to the public purpose, it is charity. If a man has given 70 lakhs of rupees to a University, nobody can say it is a *mala fide* transaction. Supposing he makes a condition that his son will have a hand in the control of the funds, that is not a *mala fide* transaction. What I mean to say is this. This country

will never tolerate any restriction on charities and more so in charities for public purposes. The charity must be un-restricted and unfettered, unlimited in the amount. If I have got 70 lakhs of rupees, I should have the liberty to make a charity of the 70 lakhs of rupees. If I have the liberty to burn my fortunes, if I can set fire to my house, if I can throw away my riches into the sea (*Interruption*) then I believe I should have the liberty to give the whole thing in charity. Where a man has got the capacity to earn then he should have the same liberty to spend in a manner he likes. (*Interruption*). Anyhow, the time has come. I think many people will come and explain why charity should not be restricted at all.

The third thing is exemption about the houses. As you know, a house is the dream of everybody in this country. Of course, to most of the people the fulfilment of the dream is not given yet. Everybody wants that when he earns something he should have some house either in his village or in his urban habitat. So a person may have no other visible assets; he may have only a house. When he dies he does not die in peace; he is always under the apprehension that his minor sons, his innocent sons and his widow, who are not aware of any litigation or fighting against the Central Board of Revenue, will be tormented. The house may be worth 30,000 rupees.

**An Hon. Member:** A house worth 30,000 rupees will not be assessed.

**Shri C. D. Pande:** It may be worth a lakh of rupees but his dependents will have to go to the lawyers and ask what has to be done. You know it is more vexatious especially in the small income groups where they do not know how to realise even a single insurance claim. I have known of families where the man has died and left an insurance policy for Rs. 5,000 and the widow finds it difficult to realise that amount. She has to go from lawyer to lawyer, from clerk to

[Shri C. D. Pande]

clerk and from relation to relation to get help in realising this sum of Rs. 5000. If a man leaves a certain amount of fortune—it may be worth 70 or 80 thousand rupees—the successors have to prove that it is worth only so much and not more. I do not mind the trouble that will be heaped upon the richer people because they can always get the assistance of big lawyers and there is a margin in which they can fight. Supposing there is a man whose entire worth is only Rs. 80,000. It is not the amount of taxation involved that is appalling. The property is there and the amount of taxation may not be more than a thousand rupees or two. If only Rs. 2,000 were to be paid it would not matter much. But, in the course of valuation of these assets the tendency of the department will be to augment the value of the assets and ultimately something more may be added. You know what is the general practice in income-tax cases. The income-tax people just say, 'Oh, I assess you on Rs. 10,000 income; it is up to you to appeal'. They say that always the appeal is allowed. You know the amount involved is so small that people do not go in appeal. They feel that the relief might be worth three or four hundred rupees but the expenditure might be five hundred rupees. But, all the same the injustice is there. You cannot take people's money without any justification but you do not leave any room for them because the expenditure and the harassment involved in appeal are greater than the relief obtained. It was said during the previous debates that income-tax appellate courts have allowed 400 cases in appeal. I know what the appeal means. Suppose a man is taxed to the extent of Rs. 25,000 and he appeals. The Appellate Commissioner who is always afraid of the Inspecting Commissioner, says, "Yes, the hardship is there. So, I will reduce it to the extent of Rs. 1000." That is, the taxation will be on Rs. 24,000. The trouble involved is

more than the money gained in appeal.

In this connection, I would also like to mention that the tribunals that we provide in this Bill should be judicial tribunals instead of the Central Board of Revenue. The Central Board of Revenue cannot be a Court of Appeal against its own department. The department is always for the revenue. Its very name suggests that they are more concerned about revenue than justice to its assesseees. So, how can you entrust an appeal from the assessor to the very Board who has appointed that assessor? It is likely that in some cases these very officers may be the Board in later years. So, it is very difficult to get justice from the Board when the appeal lies to it. I suggest that instead of the Board at least at one stage there should be a judicial tribunal so that the man whom you tax should have the satisfaction of having gone to the highest tribunal to get redress. You have allowed that in income-tax. Are you afraid of that? I know that people have not got full justice from the tribunal because the tribunal takes a more legalistic view, yet there is always some justice or satisfaction that the highest tribunal has been approached. This satisfaction cannot be gained by appealing to the Board, which is the assessing authority itself.

These are the four main things that I want to stress, namely, do away with the distinction between *Mitakshara* and *Dayabhaga*, make provision for unrestricted and unfettered charities, make allowance for small houses so that the middle class people may have their own houses of which there is such a shortage in this country and everybody values a house of his own, and fourthly, let there be a provision of a judicial tribunal in the place of the Central Board of Revenue.

Shri R. K. Chaudhury (Gauhati):  
Sir....

Shri M. S. Gurupadaswamy rose—



**Mr. Chairman:** I have called the hon. Member there.

**Shri R. K. Chaudhury:** Sir, I am certainly grateful to you for giving me preference over the young Member there. In all times age must respect age.

**Mr. Chairman:** I have not done it on that ground.

**Shri R. K. Chaudhury:** We of Bengal and Assam, who are governed by *Dayabhaga*, except perhaps the hon. Shri A. C. Guha, should be deeply grateful to the hon. Members who have spoken on our behalf. (*Interruption*) I repeat that we in Bengal and Assam, excepting perhaps Shri A. C. Guha, who has been still unassailable by the idea of domesticated married life even though it is six months he has been on the Treasury Benches (*Interruption*). We are grateful to this speech of my hon. friend, Mr. Pande. I think it will be extremely cruel to the Hindu community if this law is not amended in this respect. The dwelling houses of the deceased should be exempted provided the houses are in occupation by the heirs of the deceased at the time the Estate Duty Bill is passed. At least to that extent, I believe, Government will agree, because the valuation of the property has gone up by leaps and bounds, for instance, a house which had been built before the war would have normally cost only about Rs. 25,000 but would now be valued at more than Rs. 1,00,000 and naturally the widows and children of the deceased will have to pay a heavy estate duty. Knowing that the family has no other assessable income and that the family is living from hand to mouth, it is still likely, because of the fact that the father has left a house and it is valued at that amount, he may have to pay the tax. How are they going to pay this tax? The hon. Minister has agreed that no estate duty would be levied from persons who are not likely to pay either agricultural income-tax or ordinary income-tax.

I submit what will happen is this. For a house which is built at a cost of Rs. 25,000 and which is now to be valued at Rs. 1,00,000, the successors may have to pay estate duty by sale of that property if they have no other moveable property from which the duty may be collected. Either they will have to sell the property or the Government will have the property sold in order to realise the estate duty, which means that the very house in which the family lived will be sold for this purpose. The successor will be rendered homeless and driven to the streets. That will be the position. Has the hon. Minister pictured that position in his mind, that is to say that such instances are not innumerable in Bengal and Assam where houses are built of either palm leaves or corrugated iron sheets. Even these houses are being valued after the inflation during the wartime at considerable price and in these houses some one drawing a salary of Rs. 90/- or some petty shop-keeper lives. It is a miserable condition if these houses are brought under Estate Duty Bill. Well, if you or I are given unlimited power, we would have been successful Finance Ministers. Levying a duty on such helpless persons is an instance of extreme cruelty. This Government wants to grab money like that.

बाबू राम नारायण सिंह (हजारी बाग पश्चिम): डकैती है।

श्री आर० के० चौधरी: डकैती तो अच्छी है। चले जाओ, मारो पीटो, कुछ मिले तो लेके चले आओ। लेकिन यह तो बहुत अफसोस की बात है कि गरीबों की तरफ बिल्कुल सहानुभूति नहीं दिखाई जाती है। यह तो बड़े अफसोस की बात होगी कि एक गरीब आदमी से, जो कि छाली ले कर बैठता है, वैल्यूएशन बढ़ाकर टैक्स लिया जाय और उसको रास्ते पर छोड़ दिया जाय। यह बड़े अफसोस की बात है।

**Shri A. C. Guha:** Now start in Bengali.

**Shri Gadgil (Poona Central):** For God's sake do not speak in Assamese.

**Shri R. K. Chaudhury:** Just to get the sympathy of the richer section of the House, those representing Madras, Bombay, U.P. etc., I will speak in any language that I can.

As regards the other points, the previous speaker has also shown how it acts like an invidious distinction between one section of people and the other section. After all, *Mitakshara* was one kind of tenet sponsored by one *Rishi* and *Dayabhaga* by another *Rishi*. You are accepting the tenets of one *Rishi* while you refuse to accept the other. That is what has happened in a secular State.

Then, the income is always taken as the index of expenditure. If I spend much then I am supposed to be a rich man and then you are assessing income in that way. As a matter of fact the House will be surprised to learn that I was charged income-tax on a very large amount of money because I had spent a large amount. You are spending so much for that and as such you must be having a large sum. You have accounts in so many banks. They do not care to find out how much you have in those banks. So, they always go by the expenditure of a man and they assess accordingly. The two classes by which they assess are those having women relations and the other is income-tax. Therefore, I will be quite satisfied if only the distinction between the two schools of Hindu law is done away with. Both of them should be put under the same category. So that if there are, four sons left behind, it is the share of the property of each son, each of the heirs, that should be assessed. If they are assessable they should be assessed, if they are not they should not be.

**Shri Khardekar (Kolhapur cum Satara):** I am grateful to the Finance Minister for having given us this very rare opportunity of congratulating the Government. There is a verse in Sanskrit:

शत्रोरपि गुणा वाच्या दोषा वाच्या गुरोरपि

I do not mean to say that Members on the other side are our enemies. They are our friends, a little misguided, invariably choosing the wrong path.

I may remind the House about a remark which the hon. Finance Minister made while introducing the Finance Bill. He assured the House that he was a very good driver. Well, I think he is not just a good driver. He is an expert taxi-driver who reaches you safely to the destination by the longest possible route.

I am here to give my wholehearted support to this Bill. In doing that, I will be concerned with discussing some of the speeches, important speeches, and I will be mainly concerned with expressing my dissent to the minutes of dissent written by a number of hon. Members. Naturally, I cannot help saying a few words about the longest speech made by Mr. Gadgil. It was in part masterly, the rest of it was school-masterly. The strong support given by Mr. Gadgil made even the Communists a little jealous, more suspicious, and I was very much amused to listen to the advice Mr. Gadgil had given to his client as a lawyer several years ago. That advice was that the client should kick the bucket before this Estate Duty Bill came into operation. The result was Mr. Gadgil had to give up his legal practice, and as a last resort had to take to politics. You know, Sir, politics is the last resort of a *Kakesahib*. By saying that everything is said.

Prof. Hiren Mukerjee and Mr. More made a very good suggestion that the net cast should be so cast that big fish

do not escape. Now that should be really borne in mind, because the bigger the fish the more the oil it has and it can easily grease the palm of the executive.

Then, I must congratulate the young Maharaja of Bikaner for making a very important speech and for writing a fairly long and learned minute of dissent. I will take up some of his points. He talked about levelling up and advised against levelling down. I am reminded of an experience which George Bernard Shaw had. He talked of socialism very eloquently and at the end of the meeting one of the listeners went up to him and asked Shaw to give his coat to him. Shaw said: If I gave you my coat, then there would be still one man without a coat. Now that is all right. But where one man has got about fifty coats and about 49 people have to go without coats, I think it is just and proper that there should be a fair distribution. If we do not have both levelling down and levelling up, I think we will have to submit to the red-steam-roller which would crush and make everything flat. So, what I mean to say is that the young Maharaja missed the psychological aspect of this particular Bill which was very ably put forth by my hon. friend Mr. C. C. Shah. It is not that this Bill is going to give so much money to the people; but it is that sense of frustration that is there today that Government is doing nothing. This Bill will certainly put an end to that sort of feeling. People who have not even a bicycle, when they see a fleet of cars possessed by one person have naturally got an enmity towards that person. Therefore, this Bill should not be attacked on that ground.

I was very much amused to listen to the Maharaja, who though young tendered advice like a grandfather. He asked the Government to go slow. He said: "Do not try to run before you know how to walk". I do not know how long we are to wait. You know that in certain cases it is easier

to run than to walk. Take, for instance, the case of cycling. You can go fast, but it is more difficult to go slow, and in a measure like this unless we hurry up—we are already late—it will be extremely difficult. His idea of going slow is this. When we are trying to follow Britain, he would like us to go the way Britain went during the last three or four centuries. His ambition seems to be that we should go at least fifty years behind—that is as back as England was fifty years ago. His idea of raising the standard of living is by fixing the limit at five lakhs. That seems to be a little fantastic! Then he said that we should try to level up and that everybody should have a motor car. Well, I really like the idea. But I thought a person like that should write romantic poetry rather than talk on a Bill like this.

Then I must come to my hon. friend Mr. Tulsidas Kilachand—a very important person. He accepts the principle and rejects everything else. It is like saying to a girl: "I love you very much; but I would hate to see you". He loves only to hate.

So many persons have talked about the family house; the sentiments connected with the traditions of the house and so on. But I do not know whether this is really so important. What is important is the individual. You know, the Sanskrit verse:

एकेनापि सुवृक्षेन पुष्पितेन सुगंधिना ।  
वासितं नदनं सर्वं सुवृक्षेन कुलं यथा ॥

The house is known by the young-men who really build up the traditions. There has been a good deal of eloquence on the matter of charity. Even the Communist friends have said—give five years. But I would say Government should endeavour to put an end to charity. I will tell you the reason why. There are some who say that the man should be allowed the right up to the end to give away something in charity; what actually he would be leaving to the nation at the time of his death. Even if he is not

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inclined to be charitable, all of a sudden he would practise more or less a deception on the nation. He is to be unpatriotic at the end. He has no faith in the Government. His Government may have defects; but even this Government has not got the monopoly of committing folly. It is bound to improve. It is after all a popular Government. Why should an individual believe that the Government would not be distributing his assets or his property properly? In many cases what is called charity is nothing but a well designed investment. If you look to so many rich persons who are in the House—I will not call them 'money-bags' as Shakespeare calls them, the reason why they become popular representatives is mainly because they are so clever in distributing charities which are a long-term investment. These masquerading charities are really very well-designed investments; but those who receive charities have to feel rather ashamed of them. That is why I feel that charity should be done away with. Government should distribute to the nation whatever is necessary for the good of the people.

Then the objection to this Bill mainly arises from anxious parents who want to bring up their children and ensure them a good life. That is why they do not want to have this Bill. They think that unless a good deal of money is left for them the children would be lost. Now, here I am tempted to quote two or three sentences from Isadora Dunken, whom I mentioned the other day:

"When I hear fathers of families saying that they are going to leave a lot of money for their children, I wonder what spirit of adventure will they derive. Every dollar inherited makes them so much the weaker. The finest inheritance you can give to a child is to allow it to stand on its own feet. I do not envy the rich. On the contrary I pity them."

Then I come to the last part, that is, even the rich should congratulate the Government because those who have the means will not be tempted to live a miserly life but the rich will be able to live richly and naturally whatever goes to the Government will properly, I hope, be distributed. After all, if one is to philosophise one can say: "We came into the world with nothing and now we are going to leave with practically nothing. All that we require is a pit of 6'x3'." In that intervening period let us live in such a way that we can say with confidence that we have done something for the good of the people which is going to be an example to the nation.

Justice requires that you should help those who are right at the bottom; if you scrape those who are at the top. As the Finance Minister said, let this be a good gift to the nation. Let us hope that the amount will not be thrown into the bottomless pit called administration.

Shri M. S. Gurupadaswamy (Mysore): While appreciating the measure that has been brought forward by the Government and also while appreciating the objectives behind it, I want to say that we should not close our eyes to the inadequacy of the Bill to meet a situation which is threatening us, that is, the problem of equal distribution of wealth among all classes of people in India. That problem has been continuously raising its head and it has not been tackled effectively so far.

If you look into the history of England you will see how the inheritance taxes have not solved the problem of distribution of wealth. Even in other countries the estate and other duties have not solved this problem satisfactorily. The reason for this is that once in one generation—very rarely—these duties are leviable on persons. Only when a person dies, the duties are leviable. That means persons can be taxed only once in a generation. So this tax which comes very rarely

cannot possibly counteract the formidable forces which have generated inequality of wealth in the nation.

In England, we can see by facts, the equalising process has been very slow even after the introduction of inheritance taxes. In 1913, in England five per cent. of the people owned 85 per cent. of the wealth. In 1926-27 five per cent. of the people owned 80 per cent. of the wealth of the nation, that is, it was reduced by only five per cent. In 1946-47 again the same five per cent. the people owned 70 per cent. of the wealth of the nation. So we can very well understand how this type of tax has not drastically brought about the equitable distribution of property.

So if you expect that this Bill will be revolutionary and very drastic you will be sadly mistaken. If you look into the history of United States also the same story is repeated. The effect of duty on the distribution of income is very slow indeed.

The main problem I want to refer to is the problem of inheritance, which is at the bottom of the mischief. In our country the institution of inheritance is one of the most important causes of the inequality of incomes. The only solid economic justification of the institution of inheritance in its present form is that it is one of the most powerful engines yet discovered for the accumulation of capital. But we must know that in the long run the institution of inheritance has been responsible for social stratification and inequalities. Prof. Graham Wallas says:

"The less urgent desires of the minority who have inherited wealth are now satisfied before the more urgent desires of the majority who have not inherited."

So, the root cause for inequality lies in the institution of inheritance. Already we have done away with this hereditary principle in the political field. But in the economic field we are still retaining it. By saying

this I am not making a case that the institution of inheritance should be abolished in toto. It is neither possible nor desirable. Only in the case of Russia it has been possible; but even there after the abolition of the law of inheritance we are seeing so many evil consequences. And the remedy seems to have become more dangerous than the disease itself. So I do not advocate the abolition of the institution. And I realise that millions of our people have regarded this institution as sacred and it is not very easy to get away from it. But I rather venture to suggest that we must think of this question on fresh lines. In other words there must be a change in our thinking regarding our ancient institutions, especially the institution of inheritance which has been the cause for great inequality.

There are various principles which have been advocated by eminent economists, regarding the factors to be observed in taxing the estates of the deceased. Prof. Dalton has suggested three or four lines on which this is usually done. They are worth taking into consideration before we levy the estate duty. He has analysed three principles of graduation. The first is graduation according to the total amount of property left by the dead person, larger amounts paying a higher proportionate tax than smaller amounts. This principle is applied for instance in the British estate duty. The second is graduation according to the total amount received by individual investors, there again larger amounts paying a higher proportionate tax than smaller amounts. The third is graduation according to the relationship of the inheritor to the dead person, a near relative paying a lower proportionate tax than a distant one, and the latter a lower proportionate tax than a stranger, on an inheritance of given amount. There is another principle which has been advocated by Prof. Rignano, a very famous economist. He has said that the best principle in all these inheritance taxes is that the tax should be

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levied keeping in view the time factor. That is the tax should become progressive according to the progress of time. Quoting an example, he says that the estate of the deceased should finally pass over to the State after the death of the grandson. Prof. Rignano says that this is an ideal principle and that it will do away with many evils of inequality though it will not solve them completely.

There are various criticisms levelled against death duty. One of the familiar criticisms is that it will upset saving and work. People seem to be of the view that after death duty is introduced it will discourage saving, it will discourage work and it will encourage dissipation of wealth. That is a very wrong view to take. I have studied various problems connected with death duties and have also tried to understand the working of these duties in various nations of the world, and the experience seems to be that the death duty has not arrested the growth of capital and has not in any way endangered saving or discouraged work. When a man knows that there is an estate duty and that a greater portion of his inherited property would go to the Government than his self-earned property, then the man will naturally think: "I cannot wholly depend on my inheritance because much of it will go by way of taxation and so the best guarantee of saving is that I must earn my own property, then only will there be greater security for my children". That seems to be the experience everywhere. So, instead of discouraging work and accumulation of wealth, it will on the other hand encourage accumulation of wealth. But suppose we accept the argument that estate duties tend to encourage people to spend money on luxuries and pleasures. What then is the conclusion? I feel the society will ultimately gain by this extra spending. There is too much of miserly hoarding of wealth in our society. If people are

made to think that the hoarded wealth will not go to their children and that a certain portion of it will always revert to the State, they may invest a certain portion of their wealth on luxury articles, may be on certain other pleasures. So when the money is thus put back into circulation the society will naturally gain. There will be more circulation, more trade and more business activity. So the society will be the beneficiary in the end. Therefore we need not fear that accumulation of capital will be destroyed and that as a result of it the society will lose. As I said, the experience seems to be that estate duty has not in any way discouraged either saving or work.

There is another point also that it will not discourage production. Some people are thinking that as a result of the Estate Duty Bill, there will be a slower tempo in productive activity. That is a very ill-advised or ill-judged observation. May I submit that in no country in the world where Estate duty has been introduced in one form or the other has production slowed down or stopped. On the other hand, the tempo of production has gone on increasing. So this criticism that the Estate Duty Bill will bring down production is baseless.

There were various other criticisms about the Bill by various Members of the House. A few Members wanted more exemptions. Some Members wanted exemption in the case of the dwelling house; some Members said that there should not be any difference between the *Dayabhaga* and the *Mitakshara* schools, and that there should be equal treatment for one and all. Some Members suggested that the exemption limit specified was not satisfactory and that the limit should be higher. With regard to the last criticism, I say that the exemption limit that has been given here is fairly good and it is reasonable. If you take the case of England, the exemption limit there seems to be £2,000. If



works to less than Rs. 50,000. That is far below the exemption limit fixed here. We need not feel sorry or perturbed for fixing the exemption limit at Rs. 50,000 or 75,000. Rather, we must congratulate the Select Committee for not cutting down this limit to a lower level. I submit therefore that there should not be any raising of this limit; and this limit should be retained.

Regarding the rate of taxation, I know that there will be another Bill and we will discuss that question later. But, we must recognize that the most important part of the scheme is the rate of taxation. Dr. Lanka Sundaram was saying that the yielding capacity of this measure may not be much and that it may be ten or fifteen crores of rupees. I do not know from where he got that figure. Any way, the solving of the inequality of incomes in the country to a certain extent depends on the success of this Bill and this in turn on the rate at which we levy the tax. The rate of taxation should be such as to assure the inheritance of moderate wealth to everybody. There should not be an immoderate accumulation of wealth in any hands. There should not be poverty also. There should be moderate wealth for every individual. That should be the motto. If that motto is pursued and if the principles of the Bill are rigorously applied, I think we can cure the evil of inequality to a certain extent though not completely.

There is another question to which I want to draw the attention of the House. Provision is made in the Bill for appeals. The appeal is to lie to the Board. We feel that from the point of view of getting an impartial decision, it would be much better to have a tribunal for this purpose, a tribunal consisting of experienced judges. That would assure greater impartiality and greater justice to all the parties concerned. There will not be much grouse or grumbling on the part of the parties. I feel that there

is no harm in the hon. Minister accepting this suggestion. There is a minute of dissent also in respect of this question. I feel that this is a very important matter and that it should be accepted by the hon. Minister.

11 A.M.

Finally, I say that in India, the estate duty alone cannot solve the problem. We must bring in other duties also. There should be other kinds of duties on inheritance itself and we must also try to expand the law of escheat which has almost become a dead letter now. The operation of the law of escheat should become more and more effective hereafter. Moreover, we should also, as far as possible, discourage inheritance by collaterals. The Hindu law is allowing inheritance of property by large number of collaterals—distant relatives. Inheritance by collaterals is one of the causes of this inequality. If this is not stopped, it is very difficult to bring about an equal distribution of wealth and fair distribution of income in society. This will only encourage the perpetuation of certain things which we do not like. I say that the inheritance of property by collaterals should be restricted to a very few only and for this purpose, Government will have to take other steps apart from the estate duty. I also say once again that the law of escheat should be extended so that the properties of dead men may pass on to the State immediately without any trouble.

**Shri T. S. A. Chettiar (Tiruppur):** The Bill has been generally welcomed and that is as it should be. I am one of those people who believe that if India has not given that respect to dignity of labour and work, which is essential for the progress of any country, this is due to the amassing of large wealth in the hands of a few people. It has been laid down in certain quarters that a reasonable social structure should not have a difference of more than 40 times between the lowest and the highest incomes. In India, we find common men with an income of Rs. 30

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and also the Nizam who gets an income of three crores of rupees or more. It is not 30 or 40 times, but more than three lakh times or 30 lakh times. This is due to the amassing of inherited wealth. These people are drones in society and naturally they do not work. They do not come into contact with the common man and they do not develop the human virtues. They think that to live merrily and exploit others is just a natural thing for a man to do.

I am not one of those who believe that this Bill by itself will bring about a socialisation of wealth, because experience has not shown that way. In other countries where this duty has existed for more than 50 years, that has not brought socialisation. As pointed out by a previous speaker, in England in 1911, 85 per cent of the wealth of the country was in the hands of five per cent of the people. After 30 years or 40 years, five per cent of the people continue to possess about 70 per cent of the wealth of the country. So, I have no illusion about this matter that this is going to be an instrument for the socialisation of wealth. Nor is this Bill a solution for differences in wealth. I do believe that this Bill will result in one thing, and a very salutary thing. People will not hereafter solely depend upon their inheritance; people will not depend on large estates to be left to them by their fathers and grandfathers so that they can go on living merrily without working. In my part of the country I have got cases of people having 12,000 acres of land and they do not know even where their possessions lie. There are people who have 6000 acres of wet land where every inch of land is worth something from the point of view of production. I wish well by these people. In their own interests, in the interests of their children, so that they may grow properly, so much wealth is not good for them. I believe that this Bill will, to some extent, maybe a very limited extent, avoid amassing of wealth in individual hands. I think it will have a greater psychological value because people will

think that we live not by inheritance, but by our own work with our own hands and brains. To that extent I welcome this Bill.

Coming to a few points, I would like to say just a few words about clause 5 which has not been very much noticed. Clause 5 refers to applicability. I understand that all Provinces except two have passed resolutions in this regard, and I hope amendments will be proposed enlarging the Schedule on page 36. The two Provinces which have not passed resolutions are West Bengal and Travancore-Cochin.

**Shri Velayudhan** (Quilon cum Mavelikkara—Reserved—Sch. Castes): No, no.

**Shri T. S. A. Chettiar:** My hon. friend to my left who knows something more about West Bengal thinks that the resolution has not yet been passed by West Bengal, but they are thinking of passing. I hope they will pass soon.

**Shri Velayudhan:** Let us pass this first.

**Shri T. S. A. Chettiar:** I also hope that Travancore-Cochin will follow suit, for I am anxious that we should not allow differentiation of taxation in the various Provinces. If in some Provinces, this agricultural property is not brought within the ambit of this Bill, and if it is brought in certain Provinces, then the incidence of taxation will be considerably greater in the case of Provinces that have passed the resolution. So, I think the Government of India will use their good offices to see that these resolutions are passed by those Provinces which have not yet passed them.

Now, I come to another matter which has been mooted by many friends. My friends coming from the Dayabhaga area have been somewhat sorely affected. Here as well as elsewhere they have pointed out that the differentiation that is sought to be made in clause 31 does work hardship



on the people who are following the *Dayabagha* law. May I point out to them that everybody dies; nobody escapes. Certain amendments notice of which has been given by my hon. friend Mr. Barman brought out to me how keenly they feel it. I should appeal to them to take into consideration the existing law. We cannot make law without recognising the existing circumstances. And we are unfortunately governed by two laws in this matter mainly—the *Dayabagha* and the *Mitakshara*. Other lawyers who will follow me will explain the implications of the *Mitakshara* law. It is true that everybody who is born gets an interest in the property in the *Mitakshara* law. We cannot change the whole Hindu law for the purpose of this Bill. So, that factor must be taken into consideration while framing this Bill. And that is what has been sought to be done in clause 31, and I think it is fair as far as it goes. I should think that any attempt to disturb that clause as it stands today will not make it better, but will make it worse. So, I hope that clause will go through as it is except for minor amendments. The essential principle embodied in the clause will, I hope, be accepted by this House.

Now, I would like to take a few clauses. A few days ago, when the hon. Minister of Finance summoned people who have given amendments, we had occasion to analyse the number of amendments given to each clause. That was revealing, because that showed which clauses of the Bill the Members of the House considered important and required amendment. Clause 32—Exemptions—naturally has the largest number of amendments: 59. Clause 9 has 37, and clause 30 relating to quick succession, 28 amendments.

**Shri C. D. Deshmukh:** That was three days ago.

**Shri T. S. A. Chettiar:** It must have been exceeded by the latest list that we have received.

It is very interesting to see the amendments given to the clause relating to exemptions. One amendment reads:

“for ‘but not including any precious or semi-precious stones or ornaments worked or sewn into the wearing apparel’ substitute:

“to the extent of rupees five thousand in value’.”

I was surprised at this amendment, and did not know to how many people it would apply. There are others which are somewhat reasonable—for example, that at least a house of a limited value should be left for the family. If somebody has got Rs. 5,000 worth of jewels sewn in his apparel, three-fourths of his property should be confiscated.

Coming to exemptions, many people want to give for charities, if not throughout their lifetime, at least when they die, and to that extent it is a laudable idea. The Government should, in my opinion, encourage people to give for charities. As a social worker, I am one of those people who believe that private institutions who do charitable and philanthropic work do their job very well, and the essence of any country is that it must have a number of such institutions giving vent to people who have got the time, who have got the leisure, and who have got the money to do work for the good of the people. I find here that under charities, a very limited amount of money can be given to public charitable purposes. Clause (a) reads:

“... within a period of six months from his death, to the extent of rupees two thousand and five hundred in value”.

A man may be worth crores or lakhs of rupees, he may have property getting an income of lakhs of rupees, but the extent to which he can give charity on the occasion of his death is only Rs. 2,500. Is it not very niggardly?

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ly? I would request the Government to accept an amendment on the lines accepted in the Income-tax Act recently. In the Christian scriptures, one-tenth is recommended for charity. The Government of India in the Income-tax Act has brought it down to five per cent of the income of the individual. I should think that Government should accept an amendment that people at the time of death can make disposal of their property to charitable institutions of the kind accepted by us as defined in the Income-tax (Amendment) Bill, to the extent of 1/20th of the property.

One other matter has been brought out by many friends in the matter of exemption, and that is about the house. When somebody dies, and he has only house, it may create a lot of hardship to the family. The income-tax people are good people individually; many of them are human, but they become sometimes very inhuman when dealing with cases, because they deal with cases on paper. In many cases, I am sure this is going to create a lot of hardship when a family has only one house. I am not one of those who believe that a house must be given to the family whatever its cost, even if it is a palace costing rupees five lakhs. An upper limit may be fixed for the cost of the house—Rs. 25,000 or Rs. 30,000 or something like that would be reasonable. A dwelling house should be given to the widow and children. That, I should think, is a reasonable exemption which should be given under clause 32.

Now, I come to clause 9, about gifts. The wording of clause 9, as it stands, is to the effect that any property taken under a disposition made by the deceased purporting to operate as an immediate gift *inter vivos*, whether by way of transfer, delivery etc., which shall not have been *bona fide* made two years or more before the death of the deceased, shall be deemed to pass on the death. The effect of the clause is that any gift made within two years will also be set aside, even

if it is *bona fide*. Suppose a person A had made a gift some ten or fifteen years back, today the estate duty authorities, for reasons of their own, may consider that it was not *bona fide*—they are interested in finding out that it is not *bona fide*—then the result will be that even though the properties might have passed through so many hands, the question can be re-opened. So, the period of two years laid down in this clause is not final. And if the gift is made within two years before the death of the deceased, then it will be taxed, even though it is *bona fide*. I think this is rather bad, and I would therefore suggest that there should be an amendment in this regard. The period should not be left indefinite, as this will work hardship in a number of cases, and over-zealous estate duty officers will get opportunities of harassing people, even when right things have been done. I would therefore earnestly suggest to this House to consider this clause carefully and make suitable amendments, to safeguard people who have done things with the best of intentions.

I next come to the third clause which has attracted the greatest amount of notice by way of amendments, namely, the clause relating to quick succession relief. I am sorry to find that even though a death might occur in the same year, still estate duty is payable. It is true that there is exemption by 50 per cent. all the same. I feel that this will cause a lot of hardship. I find that in other countries, this matter of quick succession relief has been treated very generously. For instance, in Chile in South America—I believe others have said this before me, but let me say it again—no estate duty is charged...

**Shri Velayudhan:** You are quoting South Africa?

**Shri T. S. A. Chettiar:** Not South Africa, but South America.

No estate duty is charged, if the interval between two deaths is less than ten years, which is the period in

which, according to the law, the heirs of the deceased can recoup from the blow of the death. In United States of America and in Japan, estate duty is not leviable, where the second death occurs within a period of five years from the date of the first death.

In America, the average age, I believe, is about 70 or 75, but even there, a five year period is given for exemption purposes. But in our country, the average life is about 27 to 28—It has not certainly come to the figure obtaining in England or America—if we are to have these taxes even within one year of the first death, then it is very atrocious. I think it will work hardship on a large number of people. It will affect more the poorer classes rather than the richer classes. It is the middle classes that will be hard hit by this provision. I would therefore suggest that this clause should be radically amended. I would like that the House will make suitable amendments in this regard, when the clause comes up for discussion. But as far as I am concerned, I am absolutely of the opinion that the clause should not be passed, as it stands.

There are certain other clauses which I would like to touch upon, but I shall take the opportunity to do so, during the second reading stage.

I generally and whole-heartedly welcome this Bill, and I hope it will pave the way, to the extent possible, for a better social structure for this great country.

**Shri Altekar (North Satara):** The differences on which the *Mitakshara* and the *Dayabhaga* schools are founded, are sought to be depicted as an asses' bridge for the passage of this Estate Duty Bill. The followers of the *Mitakshara* school have gone to the extreme length of saying that inasmuch as there is no such thing as succession in a joint Hindu family under *Mitakshara* law, no estate duty can be levied at all on the death of a coparcener. Possibly the only exception will be that of the sole surviving

coparcener. On the death of a coparcener the estate goes by survivorship to the rest of the coparceners, and therefore there is no such thing as devolution of the estate by succession. The estate remains the same, the coparcenery remains the same, only the persons are changed. If we are to take that particular aspect into consideration, we find that there will be many difficulties in our way.

I would like to point out to these persons who say that let there be no change in the law of *Manu* or *Yagnavalkya*, that they have not possibly grasped what is the real law of *Manu* or *Yagnavalkya*. There is no such thing as a *Mitakshara* or *Dayabhaga* school in either *Manu* or *Yagnavalkya*. It is only the interpretation of the text, by subsequent commentators like *Vijnaneswara* or *Jeemuthavahana*, that has created these two new schools. Possibly in the history of our society, there might be different practices and customs, so far as inheritance is concerned, and interpretations are made according to these customs. Whatever the school of thought may be, there is only one law, and there cannot be any such thing as a *Dayabhaga* or a *Mitakshara* school of thought in the texts of *Manu* or *Yagnavalkya*. This difference has followed later on on account of the differences of interpretation. If different commentators later on can interpret the law differently, if High Courts or Privy Councils can interpret the texts of these great *Smritikaras* differently and modify them also, I believe, that we in this House representing the whole country can also do the same thing here. I shall just point out one instance. There is a text by the *Smritikaras* that:

नैकपुत्रेण कर्तव्यं पुत्रदानं कदाचन ॥

That means a person who has got only one son should under no circumstances give him in adoption. But this has been interpreted by the Privy Council to be recommendatory and not mandatory. So the law has been modified. If they could modify it like that, then we also, according to the circum-

[Shri Altekar]

stances that obtain now, and the exigencies of the present times, can modify these laws. I shall point out an authority of Manu himself on this point.

परित्यजेदर्थकामौ यी स्यातां धर्मवर्जितौ ।

धर्मं चाप्यसुखोदकं लोकविद्विष्टं मेव च ॥

(Manu IV.—176)

When there are different times, and they require a change, that change can be made by later legislators. If there are any such changes required, on account of the economic situation or popular disgust or unhappiness, then we can make such changes. But ordinarily we cannot make changes if they are contrary to *dharma*. But if a certain thing has been laid down by *dharma*, and if on account of later situations, a change is found necessary for the development of the society, then that change can be made. If there is any rule, which has been laid down by the *Smritikaras*, that also will have to be changed, if the times so require. Even in the great *Mahabharata*, it is said:

भवत्यधर्मो धर्मोहि धर्मोऽधर्मो भवत्युत ।

कारणदोषकालस्य देशकालस्तु तादृशः ॥

What is supposed to be proper according to strict rules, at one time, will become exactly contrary to *dharma* at another time. Why? 'On account of the change in times, you shall have to change even the rules that have been laid down before'. Therefore, I submit that we are resorting to a legislation which is needed by the present times and that should be made. If the followers of Manu really want to go by the legislation that has been laid down by him, then are they prepared when he says that if a wealthy person is not properly spending his money, then one can take away the money of that person and give it to others who are spending it properly?

योऽसाधुभ्योऽर्थमादाय साधुभ्यः संप्रयच्छति ।

न कृत्वा प्लवमात्मानं संतारयति तावुमी ॥

He thus plays the role of a boatman and saves them both.

**Shri Gadgil:** That is what the Bill is for.

**Shri Altekar:** Yes, that is what the Bill is for. That is laid down by Manu. People do not voluntarily do that. Therefore, by legislation we are making them to do so. If a person has ample money which he is not utilising properly, then that should be taken away and should be spent for purposes of great benefit for the society. That is exactly what we are doing. We are really following Manu in that respect.

**Shri Gadgil:** Greater Manus.

**Shri Altekar:** Therefore, I would ask whether the followers of Manu will really like this particular rule that is laid down by him. We are, as a matter of fact, bringing it into force and therefore, I submit, that when they say 'Do not change the law of Manu', it is they who are coming in the way and not we who are legislating on this point.

Then I would like to come to the question as regards the difficulties and hardships for those who are governed by the *Dayabhaga* and *Mitakshara* schools. An hon. Member here suggested that this taxation should be so framed that no distinction between the *Dayabhaga* and *Mitakshara* should be allowed. As a matter of fact, if those who are governed by both these schools are prepared to go by that, I have no objection to that. I will explain in what way. Suppose those who are governed by the *Dayabhaga* school desire to get the advantage of a *Mitakshara* family, which, say, consists of father and three sons. The father dies, according to the *Mitakshara* school, four shares are to be taken into consideration and the taxation would be so levied that the father's share would be charged, that is, only 1/4th when he dies. But they should then be prepared to accept another liability that if a son predeceases the father, then the estate will have

to be charged, though as a matter of fact, he does not get any interest.....

**Shri C. D. Pande:** After 18 years.

**Shri Gadgil:** Every death after 18 years in the family is subject to tax. That is the additional liability.

**Shri Altekar:** If, as a matter of fact, some such rule can be framed, there is no difficulty.

Another point is that taking the clauses, as they stand at present, there is also some advantage and disadvantage to both of them. Take, for instance, the case of a father, a son and a daughter, both in a *Dayabhaga* and in a *Mitakshara* family. Let us suppose the estate is worth about two lakhs ten thousand rupees. If the son dies first his interest goes to the father. Then, after a few years the father dies, the estate goes in the hands of the daughter. Then in that case, so far as regards the *Mitakshara* school is concerned, the situation would be that on the death of the son there will be a duty charged on 1,05,000 rupees. Subsequently on the death of the father, it will again be charged for 2,10,000 because he takes his son's share to the addition of his own share and when the estate goes to the daughter, it will have been charged to the extent of 3,15,000 rupees in all. In a *Dayabhaga* family, what would be the case if the son predeceases his father? There will be no charge when the son dies, and there will be only one charge on 2,10,000 on the death of the father, for, when the son predeceases, that estate will not be charged in any way. That is the advantage which will be had in the case of the *Dayabhaga* school. Take another instance of a father and three sons. The estate is the same, that is, Rs. 2,10,000. If in a *Dayabhaga* family the father dies, there will be a tax on 2,10,000. But if the son predeceases, there is no tax upon that estate. But if after the death of the father, the estate is inherited by the three sons, it will be to the extent of Rs. 70,000 each and thereafter if a son dies, there will be no further tax at all as for *Dayabhaga* the exemption is

of Rs. 75,000. But if the same number of persons are governed by the *Mitakshara* law, the situation would be that on the death of the father, there will be tax on Rs. 52,500. Then after his death, his share will be going to the other sons. And because in this case the exemption is smaller, that is, Rs. 50,000 the shares of the sons will be subject to further taxation all along after their respective deaths.

So there is no such advantage or disadvantage exclusive on this side or the other, but that has been, so far as possible, tried to be compromised and attempted to be made equal under the present circumstances in this Bill. All these difficulties can be solved only if we make a common law of inheritance for the whole country.

**Shri C. D. Pande:** That is right.

**Shri Altekar:** That is the only thing that is needed, but the difficulty in that way is the opposition we face in many quarters with respect to that, and the legislation that will have to be passed will not be quickly got through.

**Shri Gadgil:** Those who are opposing this estate duty are those people who oppose the Hindu Code.

**Shri Altekar:** Maybe. But ultimately we shall have to frame a code for that purpose. But the framing of such a code is so comprehensive a scheme that it will require some time. If we take the code of Hindu law, that will not, in itself, be sufficient, because there are other laws—the Mohammedan law, the Indian Succession Act and so on. Of course, that will be a distant thing—to have a code that will cover the Mohammedan law, the Succession Act and also the code that will be ultimately formed for the purpose of Hindu society—all merged in one law. But until a general code is framed for all the citizens of India, this anomaly cannot be altogether resolved. For that some more time is required. For the present, however, we have to imple-

[Shri Altekari]

ment the Five Year Plan as early as possible and we cannot afford to wait for a longer period. Therefore, it is necessary that we shall have to pass this Estate Duty Bill immediately and settle all other differences thereafter in a very satisfactory manner. That is, I think, the proper course for the House to follow. Therefore, I would submit that in this Estate Duty Bill, though there may be some difficulties, as has been pointed out, with respect to the *Dayabhaga* and *Mitakshara* succession, they will have to be borne by the citizens of this country in the interest of the implementation of the Five Year Plan. Therefore, this Bill in spite of such differences, should be expedited—of course, it is being expedited—as early as possible. I would suggest that some little adjustments also can be made with reference to the differences between *Dayabhaga* and *Mitakshara* by way of the rate of taxation. If in the case of those who are governed by the *Dayabhaga* school, where the inheritance passes as a whole, the estate is taxed at a little lower rate than that in the case of *Mitakshara*, the difficulty or rather the hardship will be mitigated. That is what I would like to suggest.

Then again, an hon. Member pointed out that the inheritance should be restricted only to certain nearer relatives and not in any way extended to collaterals. Such a thing is not possible under law. But the desire that is behind, the intention that is behind, such a suggestion can be met by taxing the estate that passes to those distant relatives at a higher rate than that applicable to the estate of the nearer relatives. This can be done.

I submit that in the case of those persons who form the compact series of heirs, that is up to the brother's son, the rate of taxation may be a little lower and that in the case of others who are more distant, the rate of taxation should be higher. Then again, we can also have such things arranged that when an estate passes to distant

relatives, the clauses with respect to quick succession should not apply to them. When the estate passes only to the near relatives, the various concessions that are being given by way of quick succession should be made applicable and not when it passes to those beyond the compact series of heirs. If we can provide in this manner, we can have greater sources of revenue for the benefit of the development schemes from those distant relatives to whom the estate is going and who were never possibly expected to be heirs by the person who dies. If a larger amount is taken from them then there will be no hardship or injustice done to those distant heirs. This is so far as inheritance is concerned.

Some other remarks were being made with reference to certain other clauses in the Bill. I have to point out that so far as public charities are concerned, when we are having a society based on a Plan, when we are developing the whole country on the basis of a Plan, then the charities will have to be regulated in the way in which we want society to progress. And, from that point of view, there should be some restriction on charities. If a list is drawn with respect to certain charities that are within the four corners of the scheme of development, there should be the least restriction on such charities and those which fall outside that scope should be restricted to, say, something like Rs. 2,500 or in other cases Rs. 1,500. In that case I would like to suggest that a round sum of Rs. 2,500 or Rs. 1,500 is not the proper way of approaching the problem. It should rather be in the proportion of the estate that is passing. In the case of a person who possesses an estate of several lakhs of rupees a restriction up to a limit of Rs. 2,500 will be a very small one. We may say that it should be to the extent of about five per cent. of the estate when given to public charities and in the case of gifts to other persons it may be to the extent of three per cent. and not like Rs. 2,500 or Rs. 1,500. That is what I have to suggest with respect to the charities.



Then I have to make one suggestion with regard to the recovery of these dues. In this respect my suggestion is that the tax should be collected in such a way that it should be payable in kind at the option of the person to whom the estate is going. That will serve two purposes. One will be that there will be no difficulty as regards the early payment of the tax and the other will be that thereby in an indirect way we will be controlling the officer who is valuing the estate to do it in a proper manner. When an estate is being partitioned and the partition is being made by one of the sharers, and when he is told, 'You divide it into so many shares but you will not have the option of selecting the share for yourself,' then he will partition the estate in such a way that the shares are as equal as possible because he knows that if he makes unequal shares he will not get the option of choosing. So, if we give such option to the person to whom the estate is passing then it will serve the purpose of proper valuation and will save the difficulty of the assessee to pay the estate duty.

I should also point out that there are certain other difficulties in connection with valuation. Take for instance, the estates in Bombay. If the valuation of the agricultural lands in Bombay is made on the basis of the quality of the land it will be one valuation and it will be another if it is on the basis of the interest of the person who is owning such estates. On account of the tenancy laws, the interest of the landlord is limited to a certain share. The property may have more value in the market but his own interest being small the difficulty would be that if it is valued at the market price it may not fetch that particular price. From that point of view, the suggestion that I have already made that he should have the option of payment in kind will solve the whole problem.

There are some other defects in valuing these properties. Take for instance the case of a rich man who builds a very good house in a village.

He spends Rs. 50,000 or Rs. 80,000 in constructing that house. If actually valued according to the engineers, the value of the construction being so much per sq. ft., so much for the type of material used and so on, the valuation may be Rs. 75,000 but if it is sold it will not fetch so much because in that particular locality the house will not fetch such a high value. While valuing the properties, some such instructions will have to be given so that the value of the estate will be the value which it would fetch in that particular locality if it is sold. That should be the proper valuation. These are some of the minor points on which I do not want to dwell too much but the important point I would like to lay stress upon is the payment in kind at the option of the assessee.

Then, an hon. friend criticised that the Controller will be acting as Yama. He said that if a person dies, immediately the Controller will go and value the property. His going into the family which is in mourning and in bereaved circumstances and looking for the valuation of the property and drawing up an inventory etc. will be considered as an act of Yama himself. Of course, in that respect, rules should be made and proper care should be taken. But I would like to suggest and to bring to the notice of such critics that such Yamas will not be on the side of the Controllers or the Government officials only. What are the other people doing? I know of some cases that when deaths occur the nearest relatives who are the heirs and successors immediately file suits in courts within two or three days of the death of the person. The Court Commissioner comes and makes an inventory of all the things. When this is being done by the inheritors themselves, you do not take that into consideration.

**Shri Gadgil:** It gives them an opportunity to earn.

**Shri Altekar:** But when the Controller of the Government is performing his duty he is being called Yama. This should not be the angle of approach of

[Shri Altekar]

the general public. Utmost care should be taken while the rules are being framed that the work of these Controllers should not in any way be one of harassment and they act in the proper manner in making the valuation for the purpose of recovering the estate duty in the interests of the country at large. These are things which should be looked at from the point of view of the interest of the country at large and not from the point of view of pointing out some difficulty here and there.

Lastly, I would say that there are certain things which have not been completely taken into account. There are certain deaths which are regarded as civil deaths. If a man renounces the world, then the estate immediately passes to the heirs and for the purposes of estate duty that particular instance has not been taken into consideration. If he dies, say, after 25 years or so, after renunciation then he does not possess any estate at all. The estate has already passed into the hands of the persons who were heirs at the time and there will be no estate which will be taxed. So, such cases also will have to be taken into consideration.

With these few remarks I would close my speech at this time and say more if I have got anything to say at the time of the discussion of the various clauses.

**Pandit S. C. Mishra** (Monghyr North-East): The general principle of this Bill having been accepted by the House and having been supported by almost all parties, the only point that should now be taken into consideration is how this Bill will now operate. To my mind, the most controversial point that will arise will be the valuation of property. I think the Finance Minister will realise that this kind of tax had already been in operation in our country in almost all the ages. For example, what was that law that when somebody died before their successors could get their names enrolled before their kings, they had to pay something? So,

in a way this thing had been prevailing in our country also.

But now the point will be, what will be the amount that is to be given by such heirs? Our Finance Minister always likes to play hide and seek with the public in general. But I say that although so much has been given by the people, still they do not know what shall be the amount that the heirs will have to pay and how the Government is going to treat them. I do not know why Finance Minister and those people cannot come together and settle the things. What I want to stress is that the popularity or unpopularity of the Government will depend very much upon the way in which the rates are introduced. I think the Finance Minister is always in need of money and I do not call it greed or lust. Perhaps he will say this is the barest necessity. What I want to impress upon the Finance Minister is that as the pressure from the Finance Ministry grows resistance will also be stronger from all the sides and it is growing every day stronger. He will be tempted to come down immediately with a heavy percentage of taxation but I would just suggest as a friend—though we are in Opposition we are not enemies—that he should introduce the rates of taxes in a cautious way. I have gone through the rates of taxation in different countries and I have seen that most of the countries that introduced such taxes began with a low percentage of the rates and although now the rates have gone very high they took certain time in their own countries to introduce them slowly. For the sake of this Government, I will request the Finance Minister not to be very impatient with the hen that is laying the golden egg. He may be very impatient but though I represent the proletariat class I will request the Finance Minister and the Government to be considerate on that point. If they would immediately let us know what would be the rates I will be able to say how the rates shall go higher and higher in point of time and in point of the value of the property.



On that point I wish to say immediately that the main difficulty will be on the valuation of the property for the representatives of the Government will always try to evaluate the property at a higher level. Therefore, in every case the real difficulty arises between the man who will have to pay the tax and the man who will go to collect the tax on the point of valuation for if a property is valued at Rs. 1,00,000 the rate will be lower and if it is valued at Rs. 1,50,000 or Rs. 2,00,000 it will be higher. Therefore, to my mind the point that will arise will be not only what amount is exempted but also what things are not exempted. Always on the one side people will say "our property is valued improperly" and there may be many things about which there may be difference in valuation.

I have also seen that the machinery you have set up for the purpose is not adequate. Then there is another peculiar thing, that is, when in a case of reference to the court the party succeeds, you say the matter of cost shall lie in the discretion of the Controller. I do not think it is fair play. Why that thing has been brought up, I do not understand. You wish to say that even if the tax gatherers are hard, they shall be protected by the statute. The man who goes further up, if he gets a decree that the property was wrongly valued, even then he will have to pay the whole cost of the litigation. That has been pointed out in the Bill. I want the Finance Minister to see that. Is that fair at all?

I want to give one suggestion. All this hardship can still be avoided but I do not know whether the Finance Minister will agree to this. Give him the right of choice. Give him the choice to surrender to you part of the property he likes on the rate you have fixed and then you need not give him any more concession. You do not give him the right of appeal. At least agree on this point. Well, if your intentions are *bona fide* you should have no difficulty. Suppose a man has to pay a tax of say, Rs. 50,000. He has not got any cash. He has got a building and

some lands. The man may like to give you the building in lieu of the tax and keep the lands. But this is not allowed according to the provisions you have made. You have provided that these taxes will be realised in the same way as land tax is realised. What will it mean? If he fails to pay one instalment, out of so many he may be allowed, your machinery will go into operation. It may not be the house which is superfluous to him, or which is not paying him his living wages that will be sold but the land which is the dearest thing to him and the very source of his existence and livelihood. There is no guarantee that the thing that he needs most shall be left to him and the thing that he does not need shall be taken from him. I would therefore make a request to our Finance Minister, who must be following the path of Chanakya. I would request him to give this right or option to the people to pay their taxes by way of a part of their property. Let them have the option of putting to your tax gatherers that part of the property which they want to be sold first.

After many years of struggle the *kisans* of my part of the country, and almost everywhere in India, got this right regarding the land tax. Not the whole of the holdings will be sold for collection of taxes, but only that part of the holding which will be adequate, according to the court, to cover the arrears. I would request the Finance Minister to make a similar provision, that in case a man fails to pay the duty, he should have the same guarantee, the same privilege as is now given to an ordinary peasant that only that part of his property shall be sold which according to the rates calculated by Government shall be enough to cover the incidence of the tax. That I think will be a valuable protection for the people. This will be sufficient guarantee for people against going into liquidation.

One thing really surprised me. If you go through the Bill, you will not find what property is exempted from

[Pandit S. C. Mishra]

taxation. In regard to the amount, it is said that Rs. 50,000 shall be exempted. It is only in the rates that you find that Rs. 50,000 worth of property shall not be taxed. I think that point should be clarified. There is some doubt, because if a family is governed *Mitakshara* or *Dayabhaga*, the nature of the assessment will vary. The reference to the property which is to go for taxation should have been mentioned at the proper place, not mingled with other things.

12 Noon

I have no complaints about the limits. I think Rs. 50,000 is quite enough. I would say more than enough, for our country where the standard of living is not very high and where ordinary people do not even enjoy so much. So, it is only the rich, according to our Indian standards, who will be taxed by this Act. The only difficulty that comes to our mind is this: in places like Delhi or Bombay, there may be a dwelling house which may be worth Rs. 50,000. A widow or some minor inheriting it may be put to certain hardships or difficulties. Except for that, I do not think the limits are at all low for our country. They are sufficient.

About the rates, I would once more insist and the Finance Minister should be considerate. England began with as low as three per cent. in 1894. Now it is as high as fifteen per cent.—that is, it has gone up five times. I am not one of those who believe that whenever we begin anything we should begin at the lowest rung of the ladder. If we have to introduce machinery, we must import the foremost machinery, the up-to-date machinery. Perhaps, the Finance Minister may say that we must support him if he introduces the latest or up-to-date rates charged in those countries. I would only say that just for the sake of getting our people accustomed to this tax, we should start at a lower point.

**Shri Achuthan (Cranganur):** What is that point?

**Pandit S. C. Mishra:** I think it should be five per cent. It should not be beyond that. I think it is not very high. Many people who are particular about collecting money for nation-building purposes, will not feel that it is very heavy.

**Shri Velayudhan:** Having accepted the principle of the Bill in general, we are now entering into the stage wherefrom the Bill is to go on the Statute Book very soon. On the speeches made on this Bill on previous occasions as well as today, I have to make a few observations and I think they will be considered by the Finance Minister with all the clarity behind these.

I come from that part of the country where the joint family system is practically not in existence. We had had advanced social and economic legislations in our State with the result that today the joint family system or joint property is a thing of the past. Therefore, correctly our State has not passed a resolution regarding this Bill. But at the same time it is my observation that this Bill, when it is passed, must become a legislation not only for a few States but for all the States in India.

A particular point which has come to my notice in this Bill is regarding the agricultural land. We are on the point of introducing agricultural legislation in the country and even according to the Five Year Plan and also according to the resolutions passed by the Congress Party in its session at Agra, the party in power is intending to speed up the phase of agrarian legislation in the country. Therefore, I do not know how certain States can be exempted from this Bill with regard to the agricultural lands. From the Schedule we come to notice that only six states—Bombay, Orissa, U.P., Hyderabad, Rajasthan and Madhya Pradesh—have passed resolutions regarding the agricultural land, that is, the duty to be levied on the agricultural land. Therefore, if this Bill is passed today or in this Session, it will affect only five or six States and the others will be left out. I request

the Finance Minister that pressure should be put on all the other States that are being exempted to come within the taxable Category so that it may become a uniform legislation unlike a permissible one.

In my State there is a peculiar or special situation that land is possessed by a few and we have got individuals possessing 20,000 or even 40,000 acres of field. It is very strange to see that this position continues with regard to these landed properties especially when they are giving good incomes and when they are fully cultivated. We have not much waste lands in our State. All the lands are under full cultivation, and, therefore, in order to effect equality, which is the objective of the Bill, it is quite essential that the Estate Duty Bill should embrace the agricultural land which is in the hands of a few in our State.

Even though the objective of the Bill is very laudable it will create more confusion than what is existing today if it is worked out in its entirety. I need not warn the Finance Minister that many lands and properties, buildings and other things will become the property of the State as a result of the levy of taxes because many people would not be prepared to take them back or to pay the estate duty. Therefore, when the Government is against the possession of wealth in the hands of a few, the result would be that the concentration will go from the few to the hands of the Government. Of course, it will be a problem for the Centre how to dispose of those vast properties that will be coming in its hands. It will have no other alternative but to put those properties to auctions and even then I say only those who have got the money or who have got the wealth will benefit by this auction. Therefore, this is not a happy solution for bridging the inequality in the economic and social life of the country. This is the Western method which the Government have taken up. As it is seen from the Bill, itself, we have

copied mostly the clauses of the Bill from the U.K. Estate Duty Act and inheritance Act.

It is stated by many that the Bill is a panacea for removing inequality. That is only an imagination. But the Government is already committed to this Bill, to this legislation to get money for its administrative expenses. It has got vast plans, especially the Five Year Plan which requires money. The Finance Minister has declared, not once but several times, that the money that is collected through the Estate Duty Bill, would be utilised for implementing the plans. I have got my own doubts in the way in which these plans are being executed, whether the plans will benefit the community as a whole. India is now turning into a great economic crisis and I do not know if the Finance Minister or the party in power is realising the forces of it. Many people have spoken that there is no way between the present situation and an acute crisis which will continue and which, many feel, will end into a revolution. Several spokesmen of the party in power also have stated that there will not be any other way excepting a revolution if the present situation continues as it is. But then it should be the effort of the Government to find out a way between the two so that the great crisis and hardship to the community as a whole are eliminated. I must say, as things are in India today, a large proportion of the people in the country today are underfed or half-starved. The Finance Minister knows it very well. As one of the premier architects of the Five Year Plan it must be his duty to see how the problem of the vast number of people now undergoing starvation and poverty can be immediately solved. There is no use of taking Rs. 20 crores or Rs. 22 crores collected from the estate tax and putting in the Hirakud Dam or in the many barrages that are now going to be constructed. If the money is put in the village cottage industries and in the scheme of village reconstruction, the problem of poverty and starvation can be solved

**Shri S. V. Ramaswamy (Salem):** Are we going to discuss the manner in which the proceeds of the duty should be utilised?

**Shri Velayudhan:** I am not going into the detail but I was only telling the Government how this money that they are going to collect is to be utilised about which, I think, the Finance Minister has said in several places earlier. I must tell the Government that when they are now taking wealth from the people, when there is a particular pattern of economic activity prevalent in the country and when that is now directed to a different channel, the Government should not put the people in a vacuum. That vacuum is in existence today. That is why I was mentioning all these things. They must put the community into a different and alternative economic activity so that people may not suffer, as millions are suffering today. This legislation is going to direct the economic activity of the community in a particular pattern, as Government is intending to do. That is why I stress again and again that when this legislation is made, Government must see that they create a new pattern of economic activity, that there is a new idea given, that a new energy, a new drive given, to the people so that a particular pattern of economic activity may come into force. People are now left in a vacuum because of the various plans and schemes and the economic measures that the Government have taken for the last so many years. It is because of this vacuum that millions of people are suffering today. People do not know where to go and in a pessimism say: we have no other way but revolution in the country. And should we allow it to come? I therefore appeal to the Finance Minister, when he is taking up a radical and advanced financial measure of this kind, to see that the money that is collected by this is given to the community, from where the money is coming, and not spent in the large and vast industrial schemes the results of which will be coming only after ten or fifteen years.

**Shri S. V. Ramaswamy:** It is too late in the day to question the necessity of this Bill. Some Members have raised certain objections and on the ground of those objections they have said that this Bill is not necessary and does not suit our conditions.

That there is urgent need for giving equal opportunities for all, and, in the context of our objective of a Welfare State it is necessary to reduce economic inequalities, are arguments which cannot be questioned at all. There is urgent need to provide more funds to the State in order to give equal opportunities to all, so that each citizen of this great State may reach up to his fullest height, in freedom and liberty. With that object in view, none of us should oppose this Bill.

But, that is not to say that this Bill is perfect. I concede that nothing on earth is perfect so long as it is human, and therefore it is up to us to see how those defects and mistakes can be rectified. It is with that object in view that I wish to take the time of the House for a few minutes.

Some hon. Members have waxed eloquent over the point that it hits inequitably people who are on the *Dayabhaga* system. It is a fact. It cannot be gainsaid that in actual operation the Bill, as it is, will work inequitably. But that cannot be helped. Because, the two systems, *Mitakshara* and *Dayabhaga* are entirely different, having their origin in different circumstances; and the rules applying to those two systems are entirely different and, I beg to submit, almost irreconcilable. As you know, Sir, in *Dayabhaga* the guiding principle is the question of religious efficacy, whereas in *Mitakshara* the guiding principle is sometimes consanguinity and sometimes religious efficacy. As you also know, in the *Mitakshara* joint family a right to inherit property accrues to the son the moment he is conceived in the womb, whereas such is not the case under *Dayabhaga*. In *Mitakshara* there are two methods of devolution of property, by succession and by survivorship. Survivorship is unknown to the

*Dayabhaga* school. There the father is an absolute owner of property and he can dispose of the property as he likes during his life time. That is not so under *Mitakshara*; the powers of the father or manager are circumscribed and limited by several rules and considerations, and the manager or father is also not free to dispose of the property as he likes as under the *Dayabhaga* school. So far as separate property is concerned, of course, the two systems are alike. But how these systems can be interpolated or equated when they are so fundamentally different, passes our understanding. It is impossible.

Therefore, to say that it works inequitably in Bengal and that in the rest of India, which is under the *Mitakshara* system, it works in a different manner and that therefore this Bill ought not to be pushed through is a wholly illogical attitude, and my humble submission is it cannot be sustained at all. On the other hand, what we should do is to see that in its actual operation the inequality is whittled down. I suggest that it can be whittled down not merely by increasing the minimum limit but also, as my hon. friend Mr. Altekar suggested, by having a separate rate of duty applicable to the *Dayabhaga* school. It is a pity that the rate of duty Bill has also not been placed before the House. It would have been helpful to Members if that had also been taken side by side with this, for this reason. There is a large amount of apprehension in the minds of several Members as to what is to happen in cases where the value of property is just above the minimum limit. If the rate of duty Bill had also been introduced, Members would have found out that the rate immediately above the exemption limit would probably be negligible and they need not be afraid that the exemption is not seventy-five thousand or one lakh and so on. It would have allayed those suspicions and fears. I would, therefore, very respectfully submit through you to the hon./ Finance Minister, to introduce that Bill also before this Bill is passed, so that they may have

an idea as to what rate they may be called upon to pay. That would greatly help to curtail the discussions by allaying the fears and suspicions as I submitted.

The inequities that hon. Members have so much emphasised with regard to the two systems of Hindu law, are, in my view, not so great as some other inequities which, on the other hand, will come into operation when this Bill is put into force. I shall submit four cases. One case has already been noted with regard to agricultural land. I am inviting your attention to page 3 of the report of the Select Committee where they themselves have said, dealing with clause 20:

"The position under this Bill is that all agricultural land in the territories to which this law will extend should be taken into account for determining the rate of duty, although no duty will be actually levied on agricultural land in States not specified in the Schedule."

This is very clearly an admission that there will be discrimination between States in which a resolution has been passed agreeing to the operation of the estate duty leviable on agricultural land and those States in which such a resolution has not been passed. I would respectfully submit through you to the hon. Finance Minister that he should see that all the States pass such a resolution so that the fear that this Bill will work differently in different States may not be urged as a reason against this Bill. I hope the hon. Finance Minister will kindly take this into consideration and see that urgent steps are taken to pass similar resolutions in other States as well.

I shall now come to a second case. Suppose there is a man who has got three sons and another man who has got only three daughters—both under the *Mitakshara* law—there will be clearly a case of inequitable working in the operation of this Act. I will tell you how. Both of them, A and B

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have got properties worth two lakhs of rupees. A has got three sons. The father's share will be Rs. 50,000. That property would be exempted. In the case of B who has got three daughters, the 75,000 rule will apply and this duty will be imposed on Rs. 125,000. In this case, simply because one gentleman happens to have daughters only and the other sons only, in the operation of this law, one has got to pay the tax on Rs. 125,000 and the other has not got to pay any tax at all.

There will be other cases also: take this difference between self-acquired property and joint family property. A has got self-acquired property worth two lakhs of rupees and B has got all the property which is joint family property also worth about two lakhs. Some difficulty will arise in the operation of this Bill. Whereas the property which is self-acquired property will come under the clutches of this Bill, so far as joint family property is concerned—I mentioned the case of a father and three sons—it will go scot-free. What will happen is this. There will be a tendency, I submit, for all people to declare even self-acquired property as joint family property. According to the existing law, it is not at all difficult for the father or manager to treat even his self-acquired property in such a manner as to show that it was joint family property, in which case it will come under the exemption.

There is another difficulty arising out of this from an administrative point of view. A has got actually self-acquired property and if he says that it is joint family property, who is to determine whether it is joint family property or self-acquired property? It is really a judicial question and it has got to be decided in a court of law, according to the evidence, whether it is joint family property or self-acquired property. Are all these officials of the Income-tax Department, the Commissioner or Valuer, whoever he may be, equipped to say that that is not self-acquired property or that that is not

joint family property, but self-acquired property and therefore it must be assessed accordingly? If that is so, I apprehend one other difficulty. There will be a number of suits against the Government to declare that under colour of the Bill, the officer has exceeded his power and has assessed him treating a certain property as self-acquired property. I am anticipating all these difficulties—I am thinking aloud—and I hope the hon. Finance Minister will think of these difficulties in consultation with the Law Department, to see and work out ways of mitigating these differences.

There is also one other anomaly that would arise. A gifts away his property to his son who is a major; B gifts away his property to his son who is a minor. The major—not necessarily the son, any donee—takes possession of the property and that property will be exempted. But, if he is a minor—I have gone through the clause and I do not find any protection for him. Because he is a minor, he does not take charge of the property or take possession, within the language of the clause. What would happen if a property has actually been given with full intention that it should be given to the minor, but because of the fact that he happens to be a minor, he cannot take possession of it? That property will become liable to tax. Therefore, there is an invidious distinction on the ground of being a major or a minor, on the ground of its being self-acquired property or joint family property, on the ground whether a person has got sons or daughters and on the ground whether he belongs to a particular State where a resolution has been passed saying that the Estate Duty Bill will be applicable to agricultural land or not. On all these grounds, I submit, this Bill, as it is, will offend against the provisions of article 15 of the Constitution, as there is discrimination on account of age, sex, place of birth and so on. I submit that the hon. Finance Minister may be pleased to go into this aspect



of the matter and see whether it does not conflict, as I said, with article 15 and also devise ways and means to get over this possible conflict.

I then come to clause 4 which is related to clauses 61 and 62. It is a moot question whether the appeal should be to the Board or to an appeal tribunal. In this matter just as in the case of appeals under the Income-tax Act, I for one, by profession maybe, by my feeling or mental outlook maybe, do have faith in the judiciary of our country, which is second to none in this world. It is one of the finest judiciary that we have for integrity, for honesty, for ability, capacity and I take this opportunity of paying my humble tribute to the judiciary of India. There is none to beat our judiciary. With that abundant faith in the personnel and in the system of our judicial administration, I have no hesitation in submitting that the appeal should not be to a Board, but to an Appellate Estate Duty Tribunal which may be created. I am well aware the auditors who gave evidence before the Select Committee have submitted a view that in their income-tax work, they have found greater ease in adjustments before the Board than before a judicial tribunal. I have got always, as I submitted, an appreciation for judicial tribunals where personal equations or moods of the presiding officers do not count, but the principles which have been laid down do count, and they take their course irrespective of the person who presides. It does not depend upon any favour from anybody, but on the merits of the case. I need not elaborate on this. When the amendments are moved, I hope the House will persuade itself to accept the amendment for the setting up of an Appellate Estate Duty Tribunal, and see that clauses 4, 61 and 62 are suitably amended.

So many Members have spoken on clause 9. There is no harm in adding my voice also to request the deletion of that proviso—the proviso which says that the gift should not be made within six months to a public or

charitable purpose to escape the duty. My humble submission is this, that there should be no limit as to either the quantity or to the time in so far as gifts are concerned to public or charitable purposes. This is a land known for charities. We shall not impose any restrictions upon worthy gentlemen who are disposed to give charities to public purposes, for the advancement of learning, for purposes of public health, and so on and so forth. It may be that within six months, or on the point of death, a man may think of gifting away his property entirely for purposes of education or public health, and why should this proviso stand in the way of such gifts being given? Also I find in the language of clause 9 something which has been put in, which is not in the English Act. I submit many of these clauses have been bodily taken from the English Act. I also find that some of the salutary provisions which are found in the English Act have been omitted in the present Bill under consideration, and something more has been added to the detriment of the people who are liable to the duty. clause 9 reads:

“Property taken under a disposition made by the deceased purporting to operate as an immediate gift *inter vivos* whether by way of transfer, delivery, declaration of trust...which shall not have been *bona fide* made two years or more before...”

Now, this “or more” is not in the English statute. My humble submission is that these two words are a very dangerous addition and an interpolation in this clause. By these two words “or more”, the whole of the past is liable to be opened. Any gift made before two years—it may be ten years, it may be fifteen years, or it may be twenty years—will be brought into question.\* Under the English Act it is not two years, but five years, but these two words “or more” are not there. I would earnestly request that these two words “or more” are deleted, as also the proviso.

[Shri S. V. Ramaswamy]

Touching upon the fourth point, viz., quick succession, that is clause 30, many hon. Members have spoken on it. To be brief, I would submit that there should be no duty payable in a case where a second death occurs within five years of the first death, the subsequent duty to be proportionately adjusted. I need not dilate much upon this.

Then with regard to clause 31 about widows, this clause is not in the English Act, but in framing this clause, we could have been more liberal:

"Exemption of interest of a Hindu widow dying within seven years of her husband's death."

Why this seven years has been imposed upon the poor widow, I do not know. If the duty has been levied upon the property before she got it from her husband, then this limitation of seven years appears to me to be just harsh. It need not be levied again, whether the widow dies in seven years or more. Let the poor lady live as long as she likes or as long as she is tolerated to live; let not the statute impose a period of limitation for her existence. I would respectfully submit that this seven years limitation should be completely deleted so that the duty will not be leviable on her death if it had already been collected on the death of the husband.

With regard to exemptions, I would like to add my voice to that of other hon. Members. It looks rather cruel that even though there is only one residential house, even that might have to be sold in order to pay the duty. Supposing it is valued at rupees one lakh, and they have got only one residential house, where are the members to go? Are they to go leaving their ancestral home and find a rented house, or live in a tent as the Government of Andhra is going to live in Kurnool some time in October, and sell the house and pay the tax? Other hon. Members have spoken, and I need not stress it, but I hope the House will accept my amendment that where

there are more than one house, one residential house may be exempted, but if there is only one residential house, it may be completely exempted whatever be its value. I am well aware there are Maharajas and Maharanis and others who have got residential houses which may be worth lakhs of rupees, but that is no reason for making the Bill so rigorous as to drive the occupants of a house outside their own residential house in order to pay the tax. Revenue tax, in my humble opinion, should not be so rigorous. I trust it will be liberalised.

On the question of aggregation also, I find it rather difficult to agree to the new amendment introduced by the Select Committee.

"...excluding property on which no estate duty is leviable under section 34, but including property exempted from duty under section 32..."

I fail to follow the reasoning. What is the purpose in exempting, and then including for purposes of rate of duty. Once you exempt it, it must be exempted, and it seems to me that it is not fair to bring it back for purposes of imposing a duty. I hope that clause also will be deleted.

On the question of rates of duty—Clause 34—I have always submitted that it would have been better if the rates of duty had been published. But, I would submit one other point. The exemption of Rs. 50,000 in the case of an interest in joint family property, and of Rs. 75,000 in other cases seems to me to be wholly inadequate. What is Rs. 50,000 in these days? As the hon. Finance Minister himself is aware, a rupee is worth only four annas now as compared to 1937. The periodical cost of living indices which the Government publish also clearly show that the index is somewhere about 360 or sometimes even 400. So the value of houses has been bloating, and to say that property valued at Rs. 50,000 and above will be liable to tax is very ex-



cessive. An interest in a property which is worth about Rs. 50,000 today is actually worth only about Rs. 12,500 or at the most Rs. 15,000, and nothing more. And people who have got large incomes liable to estate duty are not very many. Merely for the purpose of having more funds, we should not reduce the minimum exemption limit to such a low level. I would submit that the original figure of rupees one lakh given earlier by an earlier Select Committee should be accepted, though my hon. friends on the opposite side will not agree, and would rather like to take it down to Rs. 25,000. With regard to the property under clause 32 (1) (b), I would like the exemption limit to be put at Rs. 1,50,000.

We are introducing this measure for the first time in 1953, whereas other countries had introduced this Bill in their territories, long ago. For instance, in England, the Estate Duty Act has been in existence for more than half a century, and people have got themselves adjusted to it. The fears entertained by some hon. Members here that it will affect capital formation and savings is also true. But I would like to say this much that it will be only for a temporary period. Once the Act starts to keep going, the people will be able to adjust themselves to the incidence of taxation under this legislation, when neither capital formation nor saving will be affected, as is the case in other countries now. But that is the reason for my argument that at the inception, it should not be very rigorous. It should be introduced in a mild manner, and as years pass on, the exemption limit may be reduced, and the rates of duty may also be increased. We should allow some time for people to adjust themselves to this new tax.

I have no doubt that the people of this country will willingly accept this Bill, and pay duties thereunder, because it all goes for a national purpose, viz. the raising of the economic standards of life to a high level, so that all of us can have the benefits of a Welfare State.

**Dr. Rama Rao (Kakinada):** I support the Bill, but before going into the various clauses, I would like to say a word on the Statement of Objects and Reasons. They are very laudable. One of the objects is that unequal distributions may be rectified to a large extent.

**Shri C. R. Iyyunni (Trichur):** May I request the Chair to fix some time-limit, so that other people who are interested in this matter may also get a chance to speak?

**Mr. Chairman:** I think we have got two days more for discussing this Bill, and so every one who wants to speak can have a chance. If it is found necessary, we can fix a time-limit later.

**Dr. Rama Rao:** The Five Year Plan also says that the object of the Government is to ensure equitable distribution of property. But are they earnest about it?

**Babu Ramnarayan Singh:** No.

**Dr. Rama Rao:** If they were earnest about it, then they must have proceeded quickly instead of allowing some rich people to escape. It is estimated that the yield will be about Rs. ten or eleven crores. And this is to be distributed to all the States, and the Five Year Plan has to be implemented partly at least out of this income. So it looks a little fantastic to expect that this unequal distribution of property in the land will be rectified to a great extent by this Bill.

Secondly, I say Government are not earnest about this principle of equitable distribution of property. The Five Year Plan itself says about land that there must be a ceiling to the possession of land. If the Government are in earnest about this equitable distribution of property, they can ask the State Governments to undertake legislation to redistribute land fixing maximum holdings. Instead of doing any such thing, what are our Ministers doing? Of course, it is all right for Acharya Vinoba Bhave to go about 'Bhoodan Yajna' for land. That is the

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only weapon he has got; he goes for alms. But for the Prime Minister of India with all the States under him with a lot of power, legislative power, I mean—to go about lecturing to the people and begging for land, for *bhoo dan* and all that, is a little fantastic and looks more like a dramatic performance.

I will mention one thing more to illustrate my point. I do not know how far it is true, but recently there was a news item about the Chief Minister of Orissa...

**Mr. Chairman:** I hope the hon. Member will confine himself to the provisions of the Bill.

**Dr. Rama Rao:** I am speaking about the object of the Bill, which I believe, Government are not earnest about. I just point this out, because after all, that Minister is not here but it is the Congress that shows the mentality and psychology of the ruling party. It is reported that the Chief Minister of Orissa wants to resign his Chief Ministership so that he could devote all his time for this *bhoo dan yajna*.

**Mr. Chairman:** I would still ask the hon. Member to take into consideration the fact that though one of the objects mentioned in the Statement of Objects and Reasons may be to equalise the distribution of property, at the same time, we are discussing the Bill primarily. The hon. Member need not go into the *bhoo dan yajna* movement and all that.

**Dr. Rama Rao:** Well, I think, I made my point that the Government are not earnest; if they are, they must do something more than this. Of course, as far as the Bill goes, we have no objection.

**Shri Achuthan:** Things are coming.

**An Hon. Member:** From where?

**Dr. Rama Rao:** In due course things are coming; terrible unemployment, starvation and all those things are coming. We hear from the same Government words put in the mouth of

the President that there is all round progress and all that. Let us see how far this Bill will go. As far as my party is concerned, we have no illusions about it, and I do not think the hon. the Finance Minister can have any illusions about it either.

Then I come to clause 9—about gifts. I really could not follow the objection raised by the hon. Member from Salem about this. I understand this clause defines two conditions. For properties to be exempt from this taxation, these gifts must be *bona fide* and they must have been gifted away for more than two years—'two years or more'. As has been already mentioned, the limit has been fixed as in the law of the United Kingdom. I think we ought to accept that for two reasons. You know these rich people are very clever and they know more ways of escaping or evading taxation than we have powers to tax. So, for various considerations it is better to have this five years' limit. After all we are not preventing them from giving gifts; we are asking a little share of that gift for the State. There is an impression here expressed by several Members that whenever a thing is brought within the limits of this Bill it is as if we are confiscating the whole thing. After all when you give a gift to some one, we are asking for a fraction of it. So, I think this five year's limit must be brought in. It is very important because *mala fide* transactions which can be manipulated in the legal forms to pass as *bona fide* in the eyes of the law may be got hold of.

Now, about the chief point, the point about exemption limit on property. I refer to clause 34. Here I agree with our hon. friend Mr. Pande, who has spoken about the *Mitakshara* and the *Dayabhaga*. I think there is some injustice done to certain sections of the population who are governed by laws other than those mentioned here, the *Mitakshara*, *Marumakkattayam* and others. Take a hypothetical instance. My contention relates only to inherited property. As far as self-earned pro-

erty is concerned, there is no distinction in these laws. Because, even in *Mitakshara* self-earned property can be willed away and spent as a person likes. So, our consideration must be about inherited property. If a *Mitakshara* joint family with a father and three sons has two lakhs worth of property and the father obliges by dying, the property is not taxed; whereas in a *Dayabhaga* family or a Christian family, if the father dies with a property of two lakhs the entire property is taxed. So, we must make as far as possible, specific rules to see that the law is administered fairly for all sections. Now, under (b) property of other kinds is mentioned. In fact, it was clearly mentioned by the hon. Finance Minister that self-earned property is included in that and he has given an explanation why the exemption limit of 75,000 should be allowed for self-earned property. I have gone through his speech but it is entirely unsatisfactory.

Of course, regarding property we have different views. The Finance Minister does not understand our language because we talk different languages. When a man accumulates wealth it is at the cost of society. So, to put it very briefly, to that extent it is robbery. So, I do not consider self-earned property as something holy to give a higher exemption limit of about Rs. 75,000, whereas the property inherited from the father is something different. So, as far as this is concerned, I would rather have this 50,000 limit both for inherited property as well as self-earned property. I have not got any definite amendment or suggestion to make but the *Dayabhaga* and Syrian Christian families which will be badly affected must be protected.

Now, I come to charities.

**An Hon. Member:** Do not become uncharitable.

**Dr. Rama Rao:** There are two considerations. I agree with those friends who have said all charitable gifts must be covered. At the same time, there are other considerations. Every one will remember that in every district there

are so many charities which are lying waste or mismanaged or without anything useful to society.

1 P.M.

Secondly, you know this cynical saying that 'Charity begins at home'. The law must take care of such a thing by providing suitable measures. I agree about the six months. Of course, it is a genuine gift that stands on a different level. I have also mentioned about gifts. We must direct this charity towards more rational, more organized channels and any Government with all its defects is any way a superior agency to conduct or carry on the charities than private agencies. Most of us know this from our own experience, so much so if these public charitable gifts are taken over, it is but reasonable that we should claim a fraction of that property for the State.

With this I commend the Bill.

**Shri Mulchand Dube** (Farrukhabad Distt.—North): I offer my support to this Bill, the chief reason being that this is going to provide some financial revenue to the States for the development of the country. It has been opposed on the ground that it is discriminatory. My submission is that hon. Members who have opposed on that ground have not considered the matter fully.

Clause 5 of the Bill lays down that the duty is leviable only on property. Now the question is whether a member of the *Mitakshara* family has full disposing power over the property which he leaves. My submission is that in *Mitakshara* family the entire property belongs to the joint family and no individual member can dispose of it until the partition but he will have a share in that property and that share varies with births and deaths in the family and every member continues to be the owner of the property. So the position is that in a *Mitakshara* family the member who dies has no disposing power and therefore is not leviable to an estate duty, whereas in a *Dayabhaga* family the father has full disposing power over the property and on

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his death the property would be leviable on an estate duty. It is true that *Mitakshara* and *Dayabhaga* are mere commentaries on the law of Manu and it is true that we can change the law if we so wish. I entirely agree with the previous speaker that Parliament is supreme and can make any change in the Estate Duty Bill. There is no other procedure to be followed before the law is changed. The Constitution recognises the rights of property and so long as those rights of property exist, I do not think by the Estate Duty Bill we can expropriate the rights of the members of the joint Hindu family governed by the *Mitakshara* law. For that expropriation the Constitution will have to be changed and so long as the Constitution is not being changed it is not possible to change the law in the manner it has been sought to be done by the previous speaker. My submission is that there is no discrimination and my hon. friends who talk of discrimination have not given full consideration to this matter.

Another point that has been raised is about the exemption of a house and other things. These are matters on which there can be difference of opinion and people may think differently. If a house of the value of Rs. 25,000 is exempted, I do not think any harm is caused, but in a property worth Rs. 70,000 a house worth Rs. 25,000 is bound to be exempted, as desired by certain hon. Members.

There is another point in the Bill, namely, about gifts. I do not know why this clause has been introduced. It simply shows that there is a lurking suspicion in the mind of the hon. Finance Minister that people would try to evade the payment of the duty. That is true to a certain extent and it is perhaps based on the experience which he has gained from the working of the Income-tax Act. But the two stand on an entirely different footing. In the Income-tax Act if a person tries to save some money he does not stand to lose anything. But in the case of estate duty if a person chooses to transfer

property to another he runs the risk of losing the property altogether, and I do not think any person would be foolish enough to risk his property for the simple reason that after his death his sons or heirs may be able to save a small amount of estate duty on it.

The third point I wanted to make was about agricultural land. I am not quite clear as to whether this duty would be leviable in estates where the zamindaris or the rights of the intermediaries have been abolished. Now if the rights of the intermediaries have been abolished, the further question arises as to whether the tenants or *bhoomidars*, *sirdars* or *asamis*, whether their property, or tenancy lands, will also be subject to estate duty. I expect the hon. Finance Minister to clarify this question in his reply if it is the intention of this Bill, or the scope of this Bill to levy an estate duty even on agricultural land owned and possessed by *bhoomidars* or *asamis*, or some such people. I think the proper thing would be to exempt these persons, because the value of the land has certainly risen and a person owning even 50 acres may be subjected to this estate duty. This point is a thing which has to be considered.

The next point is about the right of appeal. This is a new measure and the Controller and the Valuers may find it difficult to evaluate property at its proper value and the proper thing would be to give a right of appeal to a judicial tribunal or to the District Judge, for instance. That would be more in consonance with justice because the evaluation is to be by certain Valuers who are to be appointed and are to be given a certain commission on the amount at which they evaluate the property. They may be interested in raising the value. For that reason too, I think the best course would be to allow at least one appeal to the District Judge. That would be simpler. If an appeal is allowed to the High Court, there may be difficulty, because that is more expensive and litigation is more expensive. And the game may not be worth the candle.

The last point that I wish to urge is about clause 48 which provides:

*"Relief from estate duty where court-fees have been paid for obtaining representation to estate of deceased.—Where any fees have been paid under any law relating to court-fees in force in any State other than the State of Jammu and Kashmir for obtaining probate, letters of administration or a succession certificate in respect of any property on which estate duty is leviable under this Act, the amount of the estate duty payable shall be reduced by an amount which is equal to the court-fees so paid:*

*Provided that the total amount of such reduction shall in no case exceed one-sixth of the estate duty payable."*

In regard to this provision my submission is that there should be a further provision for any cases in which this estate duty is levied. The persons should obtain representation by applying for a probate, letters of administration or a succession certificate. That application should not be subject to the payment of any court-fee whatever. I mean the court-fee should not be levied in case in which a person is assessable to estate duty if he is to apply for a succession certificate, probate or letters of administration. These duties are not levied, if I am not mistaken, in the United Kingdom also. So I think the hon. Finance Minister will make some provision for the exemption from payment of duty in respect of such applications if they are made before a competent authority.

This is all that I wished to submit. I have tabled some amendments and when they come I will have to say more about the various clauses.

**Shri C. R. Iyyanai:** I am in agreement with the Bill in essential matters but there are a few matters upon which I cannot agree with the Finance Minister. It is true that the Bill takes more after the law that is prevalent in England. Estate duty is a duty that you find practically all over the civilised countries. But the difference between India, which is almost a sub-continent, and the various countries in Europe and in America is that there is one system of inheritance there whereas here in this land of ours, which is inhabited by so many people, there are various systems of inheritance. Amongst the Hindus themselves we find two systems; one is the *Mitakshara* system of inheritance and the other is *Dayabhaga*. In the case of *Dayabhaga* system we find that the father is considered to be the absolute owner of the property whereas in the case of *Mitakshara* law every male member that is born in a joint *Mitakshara* family gets some right in the property of the family. That makes all the difference here with regard to this Bill.

I have worked out six cases in either of the two systems of inheritance.

**Mr. Chairman:** The hon. Member evidently has much to say. He may continue tomorrow.

*The House then adjourned till a Quarter Past Eight of the Clock on Tuesday, the 11th August 1953.*