

20th April, 1955 (Wednesday)

# LOK SABHA DEBATES

[Part I—Questions and Answers]

VOLUME III, 1955

---

(20th April to 7th May, 1955)



सत्यमेव जयते

NINTH SESSION, 1955.

---

(Vol. III contains Nos. 41—52)

Lok Sabha Secretariat  
NEW DELHI

# CONTENTS

Volume III—From 20th April to 7th May, 1955

Columns

Wednesday, 20th April, 1955

## Oral Answers to Questions—

Starred Questions Nos. 2399, 2401, 2403, 2405, 2409, 2411, 2414 to 2419, 2421 to 2423, 2426, 2427, 2429 to 2436, 2439, 2440, 2442, 2443, 2400, 2404, 2406 and 2413 . . . . . 2461—96

## Written Answers to Questions—

Starred Questions Nos. 2407, 2408, 2412, 2420, 2424, 2425, 2428, 2437 and 2441 . . . . . 2497—2500

Unstarred Questions Nos. 909 to 911, 913 to 945 and 947 . . . . . 2500—2520

Friday, 22nd April, 1955

## Oral Answers to Questions—

Starred Questions Nos. 2477 to 2483, 2486 to 2488, 2490, 2491, 2493 to 2495, 2498, 2501, 2502, 2504 to 2506, 2508 to 2510, 2512, 2516, 2517 . . . . . 2521—53

Short Notice Question No. 9 . . . . . 2553—59

## Written Answers to Questions—

Starred Questions Nos. 2444-2476, 2484, 2485, 2489, 2492, 2499, 2500, 2503, 2507, 2511, 2513-2515, 2518, 2519 . . . . . 2559—80

Unstarred Questions Nos. 948-983, 985-991, 993 . . . . . 2580—2604

Monday, 25th April, 1955

## Oral Answers to Questions—

Starred Questions Nos. 2521, 2524 to 2526, 2540, 2542, 2544 to 2547, 2550, 2552, 2555 to 2557, 2559, 2562 to 2564, 2541 and 2538 . . . . . 2605—26

## Written Answers to Questions—

Starred Questions Nos. 2520, 2522, 2523, 2527 to 2537, 2539, 2543, 2548, 2549, 2551, 2553, 2554, 2560 and 2561. . . . . 2626—36

Unstarred Questions Nos. 994 to 1019 and 1021 to 1043 . . . . . 2637—60

Tuesday, 26th April, 1955

## Oral Answers to Questions—

Starred Questions Nos. 2565 to 2568, 2570, 2573, 2574, 2577, 2579, 2580, 2582, 2584, 2585, 2587, 2588, 2590 to 2597, 2599, 2602, 2603, 2578 and 2569 . . . . . 2661—94

## Written Answers to Questions—

Starred Questions Nos. 2571, 2572, 2575, 2576, 2581, 2583, 2589, 2598, 2600, 2601, 2604 . . . . . 2694—98

Unstarred Questions Nos. 1044 to 1057 and 1059 to 1070 . . . . . 2698—2712

Wednesday, 27th April, 1955

## Oral Answers to Questions—

Starred Questions Nos. 2605, 2607, 2608, 2610 to 2618, 2620 to 2622, 2624, 2625, 2630, 2632 to 2634, 2638, 2640, 2642, 2645 to 2649, 2651, 2656, 2656-A, 2606, 2628 and 2653 . . . . . 2713—51

## Written Answers to Questions—

Starred Questions Nos. 2609, 2619, 2623, 2627, 2629, 2631, 2636, 2637, 2639, 2641, 2643, 2644, 2650, 2652, 2654, 2655 and 2657 . . . . . 2751—57

Unstarred Questions Nos. 1071 to 1104, 1104-A and 1104-B . . . . . 2757—76

Thursday, 28th April, 1955

## Oral Answers to Questions—

Starred Questions Nos. 2658 to 2662, 2664, 2667, 2670 to 2672, 2674 to 2677, 2679, 2682 to 2684, 2686, 2687, 2689, 2690, 2690-A, 2691, 2692, 2693-A, 2694, 2696, 2698, 2663, 2666, 2685 and 2669 . . . . . 2777—2815



## Written Answers to Questions—

Starred Questions Nos. 2665, 2668, 2673, 2678, 2680, 2681, 2688, 2693, 2695  
2607 and 2699 . . . . . 2815—19

Unstarred Questions Nos. 1105 to 1118, 1120 to 1127, 1129 to 1153 and 1153-A. 2819—46

*Friday, 29th April, 1955*

## Oral Answers to Questions—

Starred Questions Nos. 2700, 2701, 2703, 2706, 2712, 2713, 2715, 2718, 2722 to  
2725, 2709 and 2710 . . . . . 2847—63

Correction of Answer to Starred Question . . . . . 2863

Starred Question No. 2711 . . . . . 2863—64

## Written Answers to Questions—

Starred Questions Nos. 2702, 2704, 2705, 2707, 2708, 2714, 2720, 2721 and 2726 2864—68

Unstarred Questions Nos. 1154 to 1160, 1162 to 1187 . . . . . 2868—84

*Monday, 2nd May, 1955*

## Oral Answers to Questions—

Short Notice Question No. 10 . . . . . 2885—88

*Tuesday, 3rd May, 1955*

## Oral Answers to Questions—

Starred Questions Nos. 2728, 2729, 2731 and 2732 . . . . . 2889—94

## Written Answers to Questions—

Starred Questions Nos. 2727 and 2730 . . . . . 2894—96

Unstarred Questions Nos. 1188 to 1194 . . . . . 2896—2900

*Wednesday, 4th May, 1955*

## Oral Answers to Questions—

Short Notice Questions Nos. 11 and 12 . . . . . 2901—05

## Written Answers to Questions—

Short Notice Question No. 13 . . . . . 2905—06

*Thursday, 5th May, 1955*

Member Sworn . . . . . 2907

## Oral Answers to Questions—

Short Notice Questions Nos. 14 and 15 . . . . . 2907—14

## Written Answers to Questions—

Short Notice Question No. 16 . . . . . 2914

*Saturday, 7th May, 1955*

## Oral Answers to Questions—

Short Notice Questions Nos. 17 and 18 . . . . . 2915—18

Dated 06.02.201

# LOK SABHA DEBATES

## (Part I—Questions and Answers)

2461

### LOK SABHA

Wednesday, 20th April, 1955

*The Lok Sabha met at Eleven of the Clock*

[MR. SPEAKER in the Chair]

#### ORAL ANSWERS TO QUESTIONS

##### LIGHT-HOUSES ON AMINDIVI AND LACCADIVE ISLANDS

\*2399. **Shri S. N. Das:** Will the Minister of Transport be pleased to state the outcome of the negotiations that were being carried on with the British Government for transferring the control of the light-houses on the Amindivi and Laccadive Islands to the Government of India?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** There is at present only one light-house, the Minicoy Lighthouse on Indian territory which is under the administrative control of the U.K. Government. Negotiations are still in progress with that Government for the transfer of this lighthouse to the Government of India.

**Shri S. N. Das:** May I know whether the British Government have put forward any difficulties in the way of transferring this?

**Shri Alagesan:** Yes. They said that we could take it over on an agency basis or on an ownership basis. If we took over on an ownership basis, they said until they passed legislation, we might not be able to collect the dues or the collection of dues would not be credited to us. We have agreed to that, and pending legislation that they will be passing, we are

trying to take over the management of the lighthouse.

**Shri S. N. Das:** May I know whether, when this lighthouse is transferred, the India Government will have to pay any compensation to the British Government? If so, what is the amount?

**Shri Alagesan:** No, we will not be paying any compensation, though this negotiation has taken unduly long.

**Shri Kelappan:** May I know if the British Government have jurisdiction in any part of these islands? If not, how did this come under their jurisdiction?

**Shri Alagesan:** They were a group of four or five lighthouses. They were formerly being managed by the British Board of Trade. Then this management was transferred and was set up in Ceylon. The other four light-houses are all in territory belonging to Ceylon, and the entire management including that of ours is now vesting with a Board of Management that is located in Ceylon.

#### PARTITION ACCOUNTS

\*2401. **Shri Krishnacharya Joshi:** Will the Minister of Railways be pleased to state:

(a) whether information regarding the properties of the undivided Bengal and Assam and North Western Railways have been received from the Pakistan authorities to finalise the partition accounts; and

(b) if not, the reasons therefor?

**The Deputy Minister of Railways and Transport (Shri Alagesan):**

(a) No.

103 LSD.

2462

(b) The final capital outlay of ex-B.A. and N.W. Railways has not been furnished by Pakistan Railways as the accounts upto 14-8-47 of those railways have not yet been closed. This is due to the fact that a large number of pre-partition transactions are awaiting adjustment for lack of full particulars.

**Shri Krishnacharya Joshi:** May I know what is the approximate value of the property?

**Shri Alagesan:** As far as the capital-at-charge is concerned, we have only taken a provisional figure. The actual, accurate figure can be known only if the particulars and accounts are furnished by the Pakistan Railways. That they have not done yet.

**Shri Krishnacharya Joshi:** May I know when the partition accounts will be finalised?

**Shri Alagesan:** That is too much for me to say. As far as the railway part of it is concerned, as soon as they furnish the accounts—because most portions of these two Railways went to Pakistan and they have to furnish the accounts—and other particulars, certainly this part of the transaction we will be able to finalise.

#### TUBE-WELLS

\*2403. **Shri Dabhi:** Will the Minister of Food and Agriculture be pleased to lay a statement on the Table of the House showing:

(a) the target fixed under the First Five Year Plan for sinking tube-wells in the various States;

(b) the extent to which this target has so far been reached, State-wise;

(c) whether the target is likely to be reached during the Plan period; and

(d) whether any target has been fixed for the Second Five Year Plan?

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):**

(a) In the First Five Year Plan a provision was made for construction of 2,000 tube-wells in U.P., 1,026 in Bihar and 281 in Punjab at a total estimated cost of Rs. 1,709 lakhs.

(b) As against this target of 3,307 wells in these three States, 2,551 wells have been drilled upto 28th of February, 1955. A statement showing the State-wise details is placed on the Table of the Sabha. [See Appendix XI, annexure No. 25]. Besides this, out of a programme of 590 tube-wells in PEPSU and 400 tube-wells in Bombay, not originally provided in the First Five Year Plan, 310 and 153 wells respectively, have been constructed up to the same date.

(c) Yes. It will not only be reached but exceeded.

(d) Proposals are under consideration.

**Shri Dabhi:** May I know the total area which will be irrigated by these tube-wells?

**Shri M. V. Krishnappa:** About 22,40,000 acres.

**Shri Dabhi:** May I know whether all the money to be spent would come from the Central Government or there would be any contribution from the States?

**Shri M. V. Krishnappa:** The money would be given by the Central Government under some American aid. The State Governments will be given loans to be repaid.

**Shri Dabhi:** From the statement, I find that 153 wells were drilled in Bombay State. May I know the areas covered by these?

**Shri M. V. Krishnappa:** I do not have the specific information. It is mostly in Gujerat.

**Shri N. M. Lingam:** What is the percentage of unsuccessful drilling to

the total number of tube-wells sunk during the Plan period so far?

**Shri M. V. Krishnappa:** It is very little—I do not have the exact figure with me.

#### PASSENGER AMENITIES

\*2405. **Shri T. B. Vittal Rao:** Will the Minister of Railways be pleased to refer to the reply given to a supplementary to starred question No. 1564 on the 23rd December, 1954 and state:

(a) whether the Deputy General Manager (Amenities), Central Railway, has submitted any report on the ex-N.S. Railway sector of the Central Railway;

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

(c) the action taken thereon?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan):** (a) The Deputy General Manager (Amenities), Central Railway inspected certain stations on the former N.S. Railway in the normal course of his duties, and made notes of requirements of additional passenger amenities to be provided. No report, as such was submitted.

(b) The question does not arise.

(c) (i) Action has been taken in regard to certain recommendations of the Deputy General Manager (Amenities), e.g., white washing, polishing the furniture, repair of equipment, provision of fare lists, suitable replacement of broken, chipped and stained crockery and cutlery, and of missing and defective fittings.

(ii) Other recommendations of a long-term nature, e.g., paving and lengthening of platforms, improvement of circulating areas, approach roads and latrines, chlorination of drinking water supply, additional

waiting rooms and additional staff etc., are under examination.

**Shri T. B. Vittal Rao:** May I know what is the total amount allocated towards passenger amenities in that sector for the year 1955-56?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** Rs. 3 crores have been allotted for all railways under 'passenger amenities'. Roughly, one-sixth of it would have been allotted to the Central Railway—I cannot give the exact figure just now—and I do not know what portion of it will be allotted to the Secunderabad division. It is for that Railway and for the Passenger Amenities Committee of the Zonal Council to make these allocations.

**Shri T. B. Vittal Rao:** May I know whether all the amount which was allocated for this particular sector in 1954-55 was spent completely?

**Shri Alagesan:** Unless we have notice for that, we will not be able to answer.

**Shri T. B. Vittal Rao:** How many stations are likely to have platform covering under these recommendations of the Deputy General Manager?

**Shri Alagesan:** How many stations will have a particular platform length, how many will have platform shed covering etc.—these are matters of great detail and we do not have these particulars here.

**Shri Kelappan:** May I know if any existing amenities have been withdrawn?

**Shri Alagesan:** No.

**Shri Kelappan:** Second class passengers are not allowed to reserve sleeping berths now. There was a wash basin and mirror in the third class compartment. That has been now removed.

**The Minister of Railways and Transport (Shri L. B. Shastri):** Only the nomenclature has been changed.

Inter-class has been renamed second-class and second-class has been renamed first-class. All the amenities that were previously made available in those classes are still being provided.

#### AIR-TRAFFIC

**\*2409. Chaudhri Muhammed Saffee:** Will the Minister of Communications be pleased to state:

(a) the number of passengers carried by the Indian Airlines Corporation between Pathankot and Srinagar during the period from the 1st January, 1954 to the 28th February, 1955;

(b) the number of flights made and their frequency; and

(c) the total revenue earned by way of passenger fares?

**The Deputy Minister of Communications (Shri Raj Bahadur):** (a) 8,712.

(b) 669 flights with daily frequency.

(c) Rs. 3,33,146/-.

**चाँधरी मुहम्मद साफ़ी :** क्या यह सर्विस बंद कर दी गई है ?

**श्री राज बहादुर :** जी नहीं, इसका कोई सबाल पैदा नहीं होता ।

#### MEDICAL EDUCATION

**\*2411. Shri Gidwani:** Will the Minister of Health be pleased to state:

(a) whether it is a fact that Government propose to convene a conference to bring about reforms in medical education and curricula in the country; and

(b) if so, when the conference is expected to meet and the subjects to be discussed therein?

**The Deputy Minister of Health (Shrimati Chandrasekhar):** (a) Yes.

(b) The conference is likely to be held before the end of this year. It will discuss the following subjects:—

- (i) Pre-medical studies;
- (ii) entrance requirements;
- (iii) selection of students;
- (iv) curriculum hours;
- (v) methods of teaching;
- (vi) subjects needing special emphasis;
- (vii) examinations; and
- (viii) internship.

**Shri Gidwani:** In view of the inadequacy of qualified medical men in India, is it contemplated to have different courses—I mean, dividing the courses into two, just as the licentiates and the graduates or any other system is being evolved?

**Shrimati Chandrasekhar:** There is going to be only one course.

**Shri Gidwani:** What is the course at present? After Intermediate, what is the period for the M.B.B.S. course?

**Shrimati Chandrasekhar:** I think it is five years.

**Shri Gidwani:** Before they come out of the college, is it five years' course or more?

**Mr. Speaker:** It is an argument.

**Shri Gidwani:** A shorter course may also be prescribed.

**Mr. Speaker:** It is a suggestion for action which is inadmissible.

#### SUBARNAREKHA BRIDGE

**\*2414. Shri Sanganna:** Will the Minister of Transport be pleased to state:

(a) whether the Subarnarekha Bridge in Orissa is being constructed on the designs approved by the Central Designs Office, Government of India; and

(b) if not, the reasons therefor?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan):** (a) The designs have been approved by the Consulting Engineer (Road Development) attached to the Ministry of Transport.

(b) Does not arise.

**Shri Sanganna:** May I know whether any other bridges in Orissa are constructed according to the suggestions of the Central Designs Office?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** There are several other bridges, but, I do not have the names of those bridges. There are other bridges in Orissa built on National Highways.

**Shri Sanganna:** May I know whether the Government of Orissa is charged any expenditure for services on account of scrutiny and approval by the Central Designs Office?

**Shri Alagesan:** I do not think; on the other hand, we pay them agency charges up to 7½ per cent. We don't charge them anything for making any scrutiny here.

**Shri Sarangadhar Das:** May I know if all these bridges are in connection with the National Highways or outside the National Highways?

**Shri Alagesan:** They are all on the National Highways.

#### WHEAT PRICES

\*2415 **Pandit D. N. Tiwary:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that the price of wheat in North Bihar shot up very high from November, 1954 to March, 1955 due to the non-allotment of wheat in spite of the demands made by the Government of Bihar from July, 1954 onwards; and

(b) the stock position of wheat at the time of decontrol in Government godowns?

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):** (a) The slight increase in the prices of wheat in certain places in North

Bihar during this period was due to normal seasonal factors.

(b) Government had a stock of about 52,000 tons of wheat on 18th March, 1955, when zonal restrictions on movement of wheat were withdrawn.

**Pandit D. N. Tiwary:** May I know whether it is a fact that the Government of Bihar requested for 10,000 mds. of wheat per month at the time of control and this request was not acceded to?

**Shri M. V. Krishnappa:** It is not 10,000 mds. They requested for 12,000 tons and we have given them what all they asked for.

**Pandit D. N. Tiwary:** Have the prices gone up because there is no big godown in North Bihar and the wheat has to be taken from Mokhamah Ghat, hence the freight is high and, therefore, the prices go high?

**Shri M. V. Krishnappa:** We supply to the Bihar Government from Mokhamah Ghat which is our godown,—the Central godown. From there the Bihar Government take all their delivery and they supply to the needy areas. But, since the sending in of this question, the position has entirely changed. Now, the question is one of falling prices of wheat; the prices are going down everywhere.

**Pandit D. N. Tiwary:** May I know whether it is a fact that while, in other regions of the country the price of wheat is going down below Rs. 10 and price support is being given, in North Bihar, it is selling at Rs. 17/- or Rs. 18/- per md.?

**Shri M. V. Krishnappa:** It is decontrolled wheat. If there is so much difference—a difference of Rs. 8/- as the hon. Member says, I do not know why the trade people have not taken advantage of this difference. They will get profit. In any case, we will take the matter into consideration, and we will subsidise or supply enough of wheat to that area.

**Shri S. N. Das:** May I know whether the Government has taken care

to know the prices of other food-grains in North Bihar, and, if so, what is the rate of price of rice? Rice is also going up and no steps have been taken. Because there are no government shops, therefore, the price is rising.

**Shri M. V. Krishnappa:** It is true that during wagon shortage we were told that the prices sometimes differed from place to place and the Bihar Government had asked for rice and we were supplying them rice. We hope that if the prices are high in those areas where they have taken up these community project works and flood control work, we will bring down the prices in those areas.

#### LOSSES OF FUEL

\*2416. **Shri K. C. Sodhia:** Will the Minister of Railways be pleased to lay a statement on the Table of the House showing:

(a) the various items included in the accounts of Government under the head 'Losses of Fuel';

(b) the circumstances under which such losses occur and the steps taken to minimise them; and

(c) the total amount under the head 'Losses of Fuel' during 1952-53, 1953-54 and 1954-55?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) to (c). A statement containing the information required is placed on the Table of the House. [See Appendix XI, annexure No. 26].

**Shri K. C. Sodhia:** May I know if the Fuel Enquiry Committee made any recommendations in this respect?

**Shri Alagesan:** They made certain recommendations and we have accepted some of them and are taking action according to those recommendations.

**Shri K. C. Sodhia:** Why is it then that the shortage and losses are constant except for a small variation in one particular year?

**Shri Alagesan:** The answer is given in the statement. It was 27.45 lakhs in 1952-53; in 1953-54, it came down to 22.15 lakhs and in 1954-55, again, the estimated losses have risen to 26.13 lakhs. It has been calculated that these losses represent less than 2 per cent. Anyhow, we are taking measures that have been indicated in the statement to minimise the losses.

**Pandit D. N. Tiwary:** May I know whether the Government is aware that the consumption of fuel, especially of coal, has gone up due to stealing and pilferage of coal from stacks at every junction?

**Shri Alagesan:** That is also one of the black-spots and we are trying to prevent this pilferage by fencing.

#### REGIONAL FRUIT RESEARCH INSTITUTE

\*2417. **Shri Balakrishnan:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that the Madras Government have requested the Indian Council of Agricultural Research for financial assistance for starting a Regional Fruit Research Institute in Madras State;

(b) whether the Council have agreed to give the assistance asked for by the Madras Government; and

(c) if not, the reasons therefor?

**The Minister of Agriculture Dr. P. S. Deshmukh:** (a) Yes.

(b) No.

(c) The Scientific Committees and the Advisory Board of the Indian Council of Agricultural Research were of the view that this work should be undertaken by the State Department of Agriculture as part of their normal activity.

The Advisory Board of the Council has, however, recommended that research on mango, citrus, apple, guava, pine-apple and grapes should be intensified during the next five years. Co-ordinated schemes for research on all these fruit crops are under preparation and the request of

the Madras Government will be kept in view.

**Shri Balakrishnan:** May I know whether fruit research is being conducted in any institution in the country?

**Dr. P. S. Deshmukh:** Yes, Sir; there are researches going on in several places.

**Shri Balakrishnan:** May I know whether the Government has any proposal or is contemplating the setting up of a Central Institution for this research?

**Dr. P. S. Deshmukh:** We are contemplating to have a Central Institute for Fruit Research.

**Shri N. M. Lingam:** In view of the high incidence of Die Back and Stem-borer diseases among orange plantations do not Government think it desirable to have research centres directly under the ICAR in places where we have large citrus gardens?

**Dr. P. S. Deshmukh:** The ICAR is conscious of the prevalence of this disease and, as a matter of fact, we are taking what all action we can in the matter.

**Shri N. R. Muniswamy:** Where is the Institute likely to be located?

**Dr. P. S. Deshmukh:** That will be part of the Second Five Year Plan and the location has not yet been decided.

### सामुदायिक पुरस्कार

\*२४९८. श्री राम शरण : क्या खाद्य तथा कृषि मंत्री यह बताने की कृपा करेंगे कि 'सर्वोत्तम तहसील' को सामुदायिक पुरस्कार देने की योजना कहाँ तक सफल हुई है ?

कृषि मंत्री (डा० पी० एस्० वंशमुख): यह योजना पिछले वर्ष आरम्भ की गई थी तथा अभी इस की सफलता के अनुमान का पूरा अवसर नहीं है।

श्री राम शरण : सर्वोत्तम तहसील को किस प्रकार छांटा जाता है ?

डा० पी० एस्० वंशमुख : यह कम्पटीशन से होता है। पहले एक एक स्टेट में जितनी तहसीलें होती हैं उन में कम्पटीशन होता है और फिर अलग अलग स्टेटों के बीच में कम्पटीशन होता है।

श्री राम शरण : कम्पटीशन का इनाम किस को दिया जाता है ?

डा० पी० एस्० वंशमुख : जो तहसील के कम्पटीशन करने वाले कारखाने हैं उन के नाम से यह पैसे तहसील को दिये जाते हैं ताकि वह कारखानों की संस्था उस से बनाने की कोशिश करें।

श्री एस्० एन० दास : इस सम्बन्ध में कितना रुपया इनाम के तौर पर बांटा जा चुका है ?

डा० पी० एस्० वंशमुख : चूंकि यह नई स्कीम है इस लिये अभी बहुत ज्यादा बटवारा नहीं हुआ है।

### सर्वोच्च सम्मेलन

\*२४९९. श्री जी० एल० चौधरी : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) हाल में पुरी में हुए सर्वोच्च सम्मेलन के दौरान कितने यात्रियों ने रियायती टिकटों का लाभ उठाया, और

(ख) इन रियायतों के देने से रेलवे प्रशासन को कितनी हानि हुई ?

रेलवे तथा परिवहन मंत्री के सभासद (श्री शाहनवाज खां): (क) सूचना इकट्ठी की जा रही है और यथा-समय सभा-घटन पर रखी जायगी।

(ख) इस तरह की रियायतों से यातायात बढ़ जाने की आशा है, और यह समझना गलत है कि इनसे घाटा होगा।

Shri S. N. Das: May I know, in the matter of giving concessions to



these organisations, the considerations that weigh with Government and whether Government proposes to go into the question again with a view to prepare a list of such organisations as will enjoy these concessions in the future?

**Shri Shah Nawaz Khan:** The main consideration is that these conferences should have a cultural, social or educational value. A list of such organisations has already been prepared and it is proposed to further consider it under the guidance of the Deputy Minister in the near future.

**Shri S. N. Das:** May I know whether the Theosophical Society finds a place in the list?

**The Minister of Railways and Transport (Shri L. B. Shastri):** It is not in the list.

#### INDIAN SHIPPING

\*2421. **Shri Sarangadhar Das:** Will the Minister of Transport be pleased to state:

(a) whether Government are planning to take steps to encourage Indian Shipping Companies adequately to increase the total Indian tonnage at the end of the Second Five Year Plan;

(b) the steps proposed to be taken to develop Indian Shipping besides the cheap loans that have been granted to the Industry so far; and

(c) whether Government have apprised Indian Ship-owners of their plans for the Second Five Year Plan?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) Yes.

(b) and (c). The matter is now under active consideration in close consultation with the Indian Ship-owners.

**Shri Sarangadhar Das:** May I know if ample arrangements are being made to reach a target of 20,00,000 tons at the end of the Third Five Year Plan?

**Shri Alagesan:** At this stage, we are only thinking of the Second Five

Year Plan. The Consultative Committee of Shipowners, which met in November, appointed a study group and they have sent their proposals regarding the Second Five Year Plan and the tonnage that will be acquired.

**Shri Sarangadhar Das:** May I know what the target is at the end of the Second Five Year Plan?

**Shri Alagesan:** They have recommended a target of 5,35,000 G.R.T., making an allowance of 90,000 tons for replacement of obsolete tonnage, that is, as per their recommendation, our tonnage would be at the end of the Second Five Year Plan a little more than one million tons.

**Shri Sarangadhar Das:** May I know what other assistance is being given to the industry besides cheap loans?

**Shri Alagesan:** The major thing is reservation of coastal trade for Indian shipping, and we have also liberalised the terms of granting these loans. They are being utilised now more rapidly than was the case in the first three years of the Plan. A shipping corporation has been started; the Eastern Shipping Corporation is there. We also try to secure Government cargoes for them about which questions were put in this House and answered before. Assistance is also extended to the Indian shipping companies through our Indian Missions in connection with the acquisition or building of tonnage abroad in foreign yards.

**Shri Sarangadhar Das:** May I know if any arrangement is being made to divert cargoes for the overseas ships on a fifty-fifty basis while entering into trade agreements with foreign countries or by import-export controls to divert the cargoes to the Indian vessels?

**Shri Alagesan:** When we enter into agreement with foreign countries, we usually add a clause called the 'Shipping Clause' which says that as much of the goods as possible should be carried in Indian vessels.

**Shri T. K. Chaudhuri:** May I know if it is a fact that the Eastern Shipping Corporation and other shipping companies to which Government gives various kinds of loans and other assistance, are compelled by some unwritten convention to purchase one ship from the Hindustan Shipyard for every ship that they acquire from abroad, and as the Hindustan Shipyard ships are costing more and are also not delivered in time, that is hampering the acquisition of tonnage by our shipping companies?

**Shri Alagesan:** This is rather a strange question coming from my hon. friend. After all, the Hindustan Shipyard is our yard and we should feed the yard with orders. Only after we have fed that yard, we can go to foreign yards to build our ships. It is true that the Hindustan Shipyard is not now able to keep up to the schedule of delivery and building of these ships, but that should not be the reason why we should not favour our own shipyard.

**Shri Joachim Alva:** Is it true that due to lack of co-ordination in the shipping department, Indian shipowners on the overseas trade do not get the benefit of booking here though there are clauses in the agreement that we should get the benefit of the shipping?

**Shri Alagesan:** It is rather difficult to follow the hon. Member's long-winded argument.

**Mr. Speaker:** He says that there is no proper co-ordination in the shipping department with the result that the best benefit of the agreements cannot be availed of by the Indian shipowners.

**Shri Alagesan:** I should only deny that allegation. We are keeping in close touch with the shipowners and they have also appointed a small liaison committee who keep in touch with the Ministry of Transport and we do everything possible in our power to assist the Indian shipping. That is the case.

## SHIPPING TONNAGE

**\*2422. Shrimati Ila Palchoudhury:** Will the Minister of Transport be pleased to state the approximate total shipping tonnage that entered Indian ports in each of the years 1953 and 1954?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** The total net registered tonnage of Indian and non-Indian vessels (Steam and sailing) which entered with cargoes is as follows:—

1953:	1,97,75,073, N.R.T.
1954:	1,98,12,366 N.R.T.

**Shrimati Ila Palchoudhury:** May I know the share of the Indian shipping in this tonnage? Can I have the break-up of the figures?

**Shri Alagesan:** I do not know whether the hon. Member followed the previous figures. However, in 1953, the Indian tonnage was 58,76,060; in 1954, it was 59,11,131.

**Shrimati Ila Palchoudhury:** In view of the answer given to the previous question, may I know the Indian companies that have come forward and take the help from Government?

**Shri Alagesan:** There are many companies—both coastal companies and overseas companies. There are only two overseas companies—the Scindias and the Indian Steamship. There is also another company, the Bharat Line, that has come recently into the overseas trade.

## व्यवसायजन्य बीमारियाँ

**\*२४२३. डा० सत्यबाबू :** क्या स्वास्थ्य मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार ने मेहतरों और सफाई करने वाले मजदूरों में प्रचलित व्यवसायजन्य बीमारियों का कोई सर्वेक्षण करवाया है; और

(ख) यदि हां, तो क्या उसके परिणामों की एक प्रति सभा पटल पर रखी जायगी ?

स्वास्थ्य उपमंत्री (श्रीमती चन्द्रशेखर) :

(क) जी नहीं ।

(ख) यह प्रश्न नहीं उठता ।

डा० चरणदासी : क्या इस सवाल की तरफ राज्य सरकारों की लापरवाही और सवाल की जहीमियत को सामने रखते हुए केंद्रीय सरकार को कभी खयाल आया है कि हमेशा से नजरअंदाज किए हुए सफाई करने वाले मजदूरों और उन के परिवारों की संहत के लिए भी कुछ करने की जरूरत है ?

स्वास्थ्य मंत्री (राजकुमारी अमृत कौर) : हमारे ध्यान में कोई खास बीमारी जो इन लोगों में उठती है, नहीं लाई गई है लेकिन प्रान्तीय सरकारों को यह कहा गया है कि इन लोगों के काम करने के साधन अच्छे होने चाहिये और इन के रहन-सहन की तरफ उनको हमेशा ध्यान देना चाहिये ।

Shri V. P. Nayar. May I know whether the Central Government have impressed upon the State Governments the necessity of providing suitable gloves and footwear to the scavengers.

Mr. Speaker: I think it is a detailed question.

#### RECRUITMENT TO RAILWAYS

\*2426. Pandit Lingaraj Misra: Will the Minister of Railways be pleased to state:

(a) whether it is a fact that all candidates for Railway Service from the Eastern and North Eastern Railways regions are interviewed by the Railway Service Commission at Calcutta; and

(b) whether Government have issued any instructions to the Commission to interview candidates of different areas at the respective Regional Centres?

The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan): (a) No, Sir.

(b) Yes, Sir.

Pandit Lingaraj Misra: Is the hon. Minister aware that there is much discontentment among the candidates in Orissa as many suitable candidates with the requisite qualifications are not even called for interview?

Shri Shah Nawaz Khan: We are not aware of any special discontentment in Orissa particularly, but it is a fact that due to this very important problem of educated unemployment, a large number of educated young men apply for it and it is not possible for the Commission to send for everybody who applies for it.

Shri V. P. Nayar: May I know whether the Railway Public Service Commission has been directed to pay adequate consideration in the case of applicants who are very much proficient in sports and games for recruitment?

Shri Shah Nawaz Khan: I believe this aspect is also given due consideration when candidates are being selected.

Mr. Speaker: I should have thought that the candidates are selected for the work for which they are found to be efficient.

Shri V. P. Nayar: That is why I wanted to clarify.

Mr. Speaker: We will go to the next question.

#### EMPLOYEES' PROVIDENT FUND ACT

\*2427. Shri Tushar Chatterjee: Will the Minister of Labour be pleased to state:

(a) whether it is a fact that Government propose to extend the Employees' Provident Funds Act, 1952 to some more industries; and

(b) if so, the names of these industries and when the matter will be finalised?

The Deputy Minister of Labour (Shri Abid Ali): (a) Yes.

(b) Statistical data in respect of certain well-established industries

are being collected and a final decision will be taken shortly.

**Shri Tushar Chatterjee:** May I know whether it is a fact that there is the recommendation by the Central Board of Trustees to the Government in this matter?

**Shri Abid Ali:** Yes, Sir. They have recommended that more industries should be included in the scheme.

**Shri Tushar Chatterjee:** May I know whether plantations are included in the recommendation of the Board?

**Shri Abid Ali:** There was no recommendation with regard to the plantations but the Government are collecting the necessary data and are considering the question of including plantations also in the scheme.

**Shri T. B. Vittal Rao:** May I know the names of the industries to which this Act is likely to be extended and the number of workers likely to be covered by this extension?

**The Minister of Labour (Shri Khandubhai Desai):** Of course at this stage we cannot place before the House the list of the industries that are to be included but all the industries employing more than 10,000 people are under consideration and before long we will be able to place before the House the number of industries covered under this Act.

**Shri K. P. Tripathi:** Is it a fact that the Assam Government has asked that they may be permitted to pass a special legislation for Provident Funds with regard to the plantations, whether it has been permitted and, if so, how it will affect the other States where such legislation has not been passed,

**Shri Khandubhai Desai:** The Assam Government have been permitted by the Central Government to frame their own legislation with regard to the introduction of Provident Funds Scheme in Assam. If other States will come forward, we would have no hesitation in accepting their proposals.

# EXPLORATORY TUBE-WELLS

**\*2429. Shri Dabhi:** Will the Minister of Food and Agriculture be pleased to state:

(a) the progress so far made in the sinking of exploratory tube-wells in the various States; and

(b) what are the prospects of these tube-wells proving successful?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) Eleven exploratory holes have been drilled upto the end of March, 1955, in Narbada Basin in Madhya Pradesh.

(b) It is too early to say how far they will be successful.

**Shri Dabhi:** May I know the amount so far spent on the scheme?

**Dr. P. S. Deshmukh:** All this is out of the foreign aid. We have obtained certain machinery and the work is being done departmentally. I could not give the estimate of expenditure incurred so far.

**Shri Balakrishnan:** May I know the number of exploratory tube-wells sunk in the Madras State?

**Dr. P. S. Deshmukh:** I do not think work has yet been commenced there.

# DINING CARS

**\*2430. Shri Keshavalengar:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that Government are considering a proposal for the running of a dining car on a co-operative basis comprised of the membership from among the services themselves; and

(b) if so, the name of the train in which the experiment is likely to be taken up?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan):** (a) No.

(b) Does not arise.

**Shri Keshavalengar:** May we know if Government will now consider this proposal on a co-operative basis? Even if it be as an experimental measure, still it will be practising what they preach.

**Mr. Speaker:** The last part of the question need not be answered.

**Shri Shah Nawaz Khan:** Government has already tried this step as an experimental measure and Government does not propose to repeat the experiment.

**Shri Keshavalengar:** May we know the place and the State where it was tried?

**Shri Shah Nawaz Khan:** It was tried in Ghaziabad (U.P.): not on a restaurant car but in the railway station, and I may say that the experience of the Railway Ministry was not a very happy one.

#### DISCRETIONARY GRANT

**\*2431. Shri S. C. Samanta:** Will the Minister of Health be pleased to lay a statement on the Table of the House showing:

(a) the total amount of grants paid out of the Discretionary Grant during 1954-55;

(b) the corresponding amounts paid in the last three years:

(c) the details of the amounts paid during 1954-55; and

(d) whether there is any surplus amount in hand at the end of 1954-55?

**The Deputy Minister of Health (Shrimati Chandrasekhar):** (a) to (d). A statement is laid on the Table of the Sabha. [See Appendix XI, annexure No. 27.]

**Shri S. C. Samanta:** May I know how many applications have been received by the hon. Minister last year which, according to her discretion, deserved help and for which she could not give help due to paucity of funds?

**The Minister of Health (Rajkumari Amrit Kaur):** I may say that no requests that were considered to be worthy of help were refused help.

**Shri S. C. Samanta:** May I know whether any other items for help will be included by the hon. Minister next time?

**Rajkumari Amrit Kaur:** It all depends on the requests that come in. We will consider them all very favourably.

**Shri S. C. Samanta:** May I know whether the amount for this year has been increased?

**Rajkumari Amrit Kaur:** Yes, Sir, by Rs. 2 lakhs.

#### PROVIDENT FUND FOR COAL MINERS

**\*2432. Shri T. B. Vittal Rao:** Will the Minister of Labour be pleased to state:

(a) whether it is a fact that the Board of Trustees of the Coal Mines Provident Fund have recommended that the dearness allowance should be treated as wages for the purpose of computing the contribution to the Provident Fund; and

(b) if so, the action taken by Government in the matter?

**The Deputy Minister of Labour (Shri Abid Ali):** (a) Yes.

(b) The matter is under consideration.

**Shri T. B. Vittal Rao:** May I know when this recommendation was received by the Government?

**Shri Abid Ali:** Some time in 1953.

**Shri T. B. Vittal Rao:** So, do the Government consider that two years is not a sufficient time for arriving at a decision?

**Shri Abid Ali:** The recommendation was that coal price should be increased to meet the increased provident fund, and therefore there has been some delay.

**Shri T. B. Vittal Rao:** By how much will the coal price have to be increased if this action is taken?

**Shri Abid Ali:** It is being worked out.

#### INTERNATIONAL WHEAT AGREEMENT

**\*2433. Dr. Ram Subhag Singh:** Will the Minister of Food and Agriculture be pleased to state whether there is any difference at present between the price of wheat purchased under the International Wheat Agreement and the prevailing market price of wheat in the countries wherefrom wheat is purchased under this Agreement?

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):** In the U.S.A. the prevailing market price is higher than the prices for salary under the International Wheat Agreement, while in Australia the two prices are about the same.

**Dr. Ram Subhag Singh:** Since when is the prevailing market price of the wheat higher than the price fixed by the International Wheat Agreement in the United States and what quantity of wheat was bought by the Government of India when the wheat price was higher under the International Wheat Agreement than the prevailing market prices in the country?

**Shri M. V. Krishnappa:** The lowest basic maximum price in the International Wheat Agreement is Rs. 13-6-3 or about two dollars and five cents per bushel and the minimum price is one dollar and 55 cents. The price in the open market has been always higher than these prices. They were never below these prices and we have purchased this year nearly 2 lakh tons of wheat in the U.S.A. and about 4 lakh tons in Australia.

**Shrimati Tarkeshwari Sinha:** May I know whether some time back, the Government of India approached the International Wheat Council to work out a different parity of prices and, if so, with what results?

**Shri M. V. Krishnappa:** We are telling the International Wheat Council that taking into consideration the overall wheat position throughout the world today, the wheat prices should be revised. There was a move to replace the existing agreement but no definite decision has been taken.

**Shri Veeraswamy:** May I know why we are still importing wheat from other countries when we are self-sufficient in food-grains?

**Shri M. V. Krishnappa:** We intend to build up some reserves. We are importing wheat not for wheat-eaters but for non-wheat-eaters like Madras and Calcutta people who have learnt to eat wheat in the control days, because we forced them to eat wheat as we were short of rice then. So, for the sake of non-wheat-eaters, we have to import some wheat now.

**Shri T. K. Chaudhuri:** Why is it considered necessary to ask the International Wheat Council to revise the prices when the open market prices are higher than the International Wheat Council prices?

**Shri M. V. Krishnappa:** They are always high in America because, hon. Member must know, in America they follow a price support policy. Whatever the price may be elsewhere, in America always the price remains at a particular level because of the price support policy. Because we are taking into account the overall availability of surplus wheat in the world, therefore we have to ask them to revise the agreement. That was only a proposal and no definite agreement has been reached.

#### DELHI TRANSPORT SERVICE

**\*2434. Shri Sanganna:** Will the Minister of Transport be pleased to state:

(a) whether there is a proposal for the construction of quarters for the staff of the Delhi Transport Service;

(b) if so, the amount provided for this purpose; and

(c) the progress made so far in this direction?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) Yes.

(b) Rs. 20 lakhs for the current financial year.

(c) Steps have been taken to acquire the land required and estimates for construction are under preparation.

**Shri Sanganna:** Out of the total strength of the staff, may I know how many members have been actually provided with quarters and how many remain to be provided with quarters?

**Shri Alagesan:** A scheme has been prepared to construct 480 quarters and the cost is roughly estimated to be Rs. 60 lakhs. We are in the stage of acquiring land for the same. If the quarters are complete then we would have housed approximately 25 per cent of the staff.

**Shri Sanganna:** When the scheme under consideration materialises may I know whether all the members of the staff will be provided with quarters?

**Shri Alagesan:** That will depend upon the necessity. In a place like Delhi many people can find private accommodation. After providing this accommodation we may look into it to see whether more accommodation is needed or not and then take action.

#### WOMEN WORKERS

**\*2435. Shri Bhagwat Jha Azad:** Will the Minister of Labour be pleased to state:

(a) whether women labourers working in the Public Works Department in Andamans have been provided with maternity benefits;

(b) whether it is a fact that there has been a compulsory and large-scale retrenchment of women labourers from the Public Works Department in Andamans during the last few months; and

(c) if so, the reasons therefor?

**The Deputy Minister of Labour (Shri Abid Ali):** (a) No.

(b) and (c). 39 casual women workers were retrenched due to reduction in work.

**Shri Bhagwat Jha Azad:** May I know whether any representation has been submitted to the Ministry by the Andamans Association that because they wanted certain other facilities like maternity facilities, therefore, they were retrenched?

**Shri Abid Ali:** I do not think we have received any such representation.

**Shri Bhagwat Jha Azad:** May I know what is the answer to part (a) of my question—whether they have got any maternity benefits or not?

**Shri Abid Ali:** No maternity benefits are applicable in Andamans.

**Shri Bhagwat Jha Azad:** What are the reasons that the women workmen in Andamans Public Works Department are not entitled to the same facilities which are being given to other women workers in the mainland of India?

**Shri Abid Ali:** There is no maternity benefit for women workers in the Public Works Department even here.

**Shri T. B. Vittal Rao:** May I know whether all the labour laws obtaining in India are also applied to Andamans or not?

**Shri Abid Ali:** I require notice to answer the question.

#### तेलों और ऊन की किस्म निर्धारण

**\*२४३६. श्री राम शरण :** क्या खाद्य तथा कृषि मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या आवश्यक तेलों और ऊन की किस्म निर्धारण सम्बन्धी योजनाओं को क्रियान्वित किया गया है ; और

(ख) उक्त वस्तुओं को कितनी किस्मों में विभाजित किया गया है ?



**कृषि मंत्री (डा० बी० एस० देशमुख):**  
(क) आवश्यक तेलों के वर्गीकरण की योजना का अभी तक परिपालन नहीं किया गया है किन्तु उन के वर्गीकरण की योजना की अभिप्राति कर दी गई है।

(ख) आवश्यक तेल : अगिन घास तेल को दो वर्गों में विभाजित किया गया है और चन्दन की लकड़ी का तेल केवल एक वर्ग में, जैसा कि आवश्यक तेल वर्गीकरण तथा चिन्हन नियमावली, १९४४ की तीसरी तथा चौथी अनुसूची में दिखाया गया है जिस की प्रतिलिपि सभा के पुस्तकालय में रख दी गई है।

ऊन : ऊन को दो वर्गों में विभाजित किया गया है जैसा कि ऊन वर्गीकरण और चिन्हन नियमावली, १९४२ की पहली तथा दूसरी अनुसूची में दिखाया गया है जिस की प्रतिलिपि सभा के पुस्तकालय में रखी गई है।

**श्री राम शरण :** ऊन के वर्गीकरण में किस किस मात्रा में और कहां कहां दोनों किस्म का ऊन पाया जाता है ?

**डा० बी० एस० देशमुख :** अगर मंत्री साहब पूछते हैं कि कहां इसकी छानबीन होती है तो मैं उनको बतला सकता हूं कि बम्बई में होती है।

**Shri Kasliwal:** May I know whether the Government have received any report regarding the marketing difficulties so far as wool is concerned after the implementation of this scheme?

**Dr. P. S. Deshmukh:** No, Sir. There was some slight disagreement and possible opposition from the trade, but they seem to have been satisfied now.

**श्री अक्षय वर्मा :** क्या मैं जान सकता हूं कि जो ऊन का वर्गीकरण किया गया है उसके लिये देश के किन किन भागों की ऊन का परीक्षण किया गया है ?

**डा० बी० एस० देशमुख :** मालूम नहीं मंत्री साहब क्या चाहते हैं, इसका पूर्ण संशोधन चाहते हैं या क्या चाहते हैं, मगर मैं उनको बतला दूं कि जो ऊन बाहर के देशों में भेजा जाता है उसका परीक्षण होता है।

#### NATIONAL PLAN CERTIFICATES

**\*2439. Shri Krishnacharya Joshi:** Will the Minister of Communications be pleased to state :

(a) the total number of National Plan Certificates of various denominations sold through Post Offices during 1954-55; and

(b) the total amount realised thereby?

**The Deputy Minister of Communications (Shri Raj Bahadur):** (a) The information is contained in a statement, which is placed on the Table of the Sabha. [See Appendix XI annexure No. 28.]

(b) Rs. 7,09,31,750/- upto 26th March, 1955.

**Shri Krishnacharya Joshi:** May I know how many certificates were sold in urban area and how many in rural area?

**Shri Raj Bahadur:** It is very difficult to give a circle-wise break-up like that.

**Shri Krishnacharya Joshi:** May I know the total number of persons who have purchased the certificates?

**Shri Raj Bahadur:** According to rules they are issued only to individuals and the maximum holding has also been prescribed. Therefore, I think the number of certificates sold gives the number of individuals.

#### ANTI-CORRUPTION CASES

**\*2440. Shri G. L. Chaudhary:** Will the Minister of Railways be pleased to state :

(a) the number of employees dismissed so far on the North Eastern



Railway due to the findings of the Anti-Corruption Department since 1947;

(b) the number of cases where the bonus and gratuity were paid in full; and

(c) the number of cases where bonus and gratuity were forfeited?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan):** (a) Nine.

(b) Nil.

(c) Nine.

**Shri S. C. Samanta:** May I know whether these cases were dealt with departmentally or through courts.

**Shri Shahnawaz Khan:** One case was dealt with departmentally and eight cases were decided through courts.

#### RAJIUR COLLIERY WORKERS

**\*2442. Shri T. B. Vittal Rao:** Will the Minister of Labour be pleased to state:

(a) whether it is a fact that the Regional Labour Commissioner (Central), Nagpur, who conducted conciliation proceedings in March, 1954 with regard to the change in service conditions of workers of the Rajiur Colliery by the new management has submitted his report to the Chief Labour Commissioner; and

(b) if so, the action taken by Government in the matter?

**The Deputy Minister of Labour (Shri Abid Ali):** (a) Yes.

(b) Efforts were made by Chief Labour Commissioner's Organisation to persuade the new management to restore the old conditions of service. As the management did not agree to do so, the Chief Labour Commissioner referred the matter to Government. The matter, which involves legal issues, is under examination.

**Shri T. B. Vittal Rao:** Do Government propose to refer this matter to the Tribunal?

**Shri Abid Ali:** If necessary, yes, Sir.

#### RAILWAY COLONY (RAYAGADA)

**\*2443. Shri Sanganna:** Will the Minister of Railways be pleased to refer to the reply given to starred Question No. 1090 on the 17th March, 1954 and state how far the scheme for the electrification of the Rayagada Railway Colony (Orissa) has progressed?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan):** No programme for electrification of Rayagada Railway Colony has yet been drawn up, but electrification of Rayagada Railway Station is programmed for execution during the current financial year.

**Shri Sanganna:** In view of the fact that power will be available from our hydro-electric project, Machkund, may I know whether this scheme will be extended to other stations on the railway line?

**Shri Shahnawaz Khan:** Yes, Sir. The policy of the Railway Ministry is to extend electrification as far as possible and, wherever electric power is available at reasonable rates, we are going in for electrification.

**Shri Sanganna:** May I know the probable date by which the scheme will be fully implemented?

**Shri Shahnawaz Khan:** That is more than what I can say at present.

**Mr. Speaker:** That exhausts the Question List. We shall now take up the questions of Members who were absent earlier.

#### INDIAN AIRLINES CORPORATION (EARNINGS)

**\*2400. Shri Keshavalengar:** Will the Minister of Communications be pleased to state:

(a) the total revenue earned by the Indian Airlines Corporation from Cargo and passenger traffic during the year 1954-55; and

(b) whether the Corporation has suffered any loss during this period, and if so, to what extent?

**The Deputy Minister of Communications (Shri Raj Bahadur):** (a) and (b). The accounts of the Indian Airlines Corporation for the year 1954-55 are not yet ready. I, however, lay a statement on the Table of the Lok Sabha giving the estimated revenue and losses of the Corporation during the year 1954-55. [See Appendix XI, annexure No. 29.]

**Shri Joachim Alva:** The Government have announced that Skymasters will fly for the night air mail. Do Government realise that Skymasters will cost about anything between Rs. 1200 to Rs. 1400 per hour flying, while the cost of Dakotas is only Rs. 600? How do Government propose to make up the loss?

**Shri Raj Bahadur:** In anticipation of increase in traffic and mails in due course, it will be economical.

#### ASSAM LINK

\*2404. **Shri S. C. Samanta:** Will the Minister of Railways be pleased to state:

(a) the amount sanctioned for the preliminary Engineering survey of the Ramsahai-Binnaguri railway line on the North Eastern Railway; and

(b) when the survey will be completed?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan):** (a) Rs. 60,000/-

(b) The survey is expected to be completed by May, 1955.

**Shri S. C. Samanta:** May I know whether this alignment is going to be accepted finally by the Government?

**Shri Shahnawaz Khan:** That is the very object with which the engineering survey is being carried out. As soon as the survey is completed, we will be able to say whether we will definitely accept this alignment or not.

**Shri Barman:** May I know whether the hon. Minister has received a copy of a resolution of a meeting which was held by officials and non-officials on the 5th April, 1955 strongly opposing and disapproving this alignment, and if so, what is the reaction of the Ministry?

**The Minister of Railways and Transport (Shri L. B. Shastri):** It is too early to say anything about this particular alignment till the whole thing is completed.

**Shri Barman:** It is of the opinion that this alignment would not serve any purpose.

**Mr. Speaker:** The hon. Minister's point was that this question cannot be answered at this stage.

#### ACCIDENTS IN INDUSTRIAL CONCERNS

\*2406. **Dr. Ram Subhag Singh:** Will the Minister of Labour be pleased to state whether Government propose to prepare any plan for reducing the number of industrial accidents in the country?

**The Deputy Minister of Labour (Shri Abid Ali):** Comprehensive safety provisions exist in the Indian Mines Act, 1952 and Regulations thereunder and also in the Factories Act, 1948. Revision of the Regulations and strengthening of Inspectorates are under consideration. A museum of safety, health and welfare as part of Central Labour Institute is also being set up in Bombay.

**Dr. Ram Subhag Singh:** In view of the fact that industrial and mining accidents are increasing rapidly, may I know whether Government do propose to further tighten up the safety regulations?

**Shri Abid Ali:** We propose to tighten up the regulations, but the hon. Member is not correctly informed that these accidents are increasing. Of course we had a mining accident last year; but otherwise we have had a very good year in 1954.

**Dr. Ram Subhag Singh:** May I know by what percentage the mining and industrial accidents have gone down?

**Shri Abid Ali:** In mines, in 1951 the number of fatal accidents was 0.77 per thousand persons employed. In 1952 it was 0.80 and in 1953 it was 0.65. Similarly in factories also, it was 0.10 in 1949, 0.10 in 1950 and 0.09 in 1951.

**Shri T. B. Vittal Rao:** The hon. Minister has stated that the regulations under the Indian Mines Act, 1952 will be finalised. We have been expecting the finalisation of these rules for the last three years. Can we get at least an approximate idea of the date by which these rules will be finalised?

**Shri Abid Ali:** It will be done very soon.

**Shri Joachim Alva:** Do Government propose to send inspectors of mines for learning up-to-date methods of safety devices abroad?

**Shri Abid Ali:** The training given to our inspectors here is sufficiently up-to-date.

#### RAILWAY EARNINGS

\*2413. **Shri Bhagwat Jha Azad:** Will the Minister of Railways be pleased to lay a statement on the Table of the House showing:

(a) the earnings of the Eastern Railway during the years 1952-53 and 1953-54; and

(b) the amount spent on the restoration of the old lines and on the construction of new lines in this Zone during the above period?

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan):** (a) and (b). A statement is laid on the Table of the House. [See Appendix, XI, annexure No. 30].

**Shri Bhagwat Jha Azad:** The statement laid does not answer part (b) of my question about the amount

spent on the restoration of old lines and on the construction of new lines.

**Shri Shahnawaz Khan:** I very respectfully beg to differ from hon. Member. It is stated quite clearly. The amount spent on the restoration of old lines in 1952-53 is Rs. 7 lakhs and in 1953-54, Rs. 30 lakhs. For the construction of new lines, the figures are Rs. 6 lakhs in 1952-53 and Rs. 26 lakhs in 1953-54.

**Shri Bhagwat Jha Azad:** It refers to the lines and not to the amount. May I know whether there are still old lines which are under the consideration of the Government to be restored in the current year?

**The Minister of Railways and Transport (Shri L. B. Shastri):** There may be some old lines. I cannot say definitely about this at present. But in the current year, we do not propose to restore any line in Bihar.

**Shri Bhagwat Jha Azad:** May I know whether there is any proposal for the current year to construct new lines in Bihar and in the backward areas of Santal Parganas.

**Shri L. B. Shastri:** Some proposals have been received by the Government and they will be considered at the appropriate time.

**Pandit D. N. Tiwary:** The Railway Minister has said that there is no proposal to construct any new line in Bihar. May I know why there is so much enmity against Bihar?

**Shrimati Sushama Sen:** May I know whether the Bhagalpur-Mandanhill extension up to Deoghar promised by the Railway Minister has been dropped?

**Shri L. B. Shastri:** I never made any such promise. I am, however, prepared to consider it, as I said, at the appropriate time when we consider the construction of new lines in connection with the Second Five Year Plan.

## WRITTEN ANSWERS TO QUESTIONS

## FISH INDUSTRY

\*2407. **Shri Ibrahim:** Will the Minister of Food and Agriculture be pleased to state the nature of foreign assistance received during 1954 for the development of the fish industry in the country and the help that is expected to be received this year?

The Deputy Minister of Food and Agriculture (**Shri M. V. Krishnappa**): A statement is placed on the Table of the Sabha. [See Appendix XI, annexure No. 31.]

## RE-CLASSIFICATION ON RAILWAYS

\*2408. **Thakur Jugal Kishore Sinha:** Will the Minister of Railways be pleased to state the estimated cost of the re-classification of compartments of Railways from the 1st April, 1955?

The Parliamentary Secretary to the Minister of Railways and Transport (**Shri Shahnawaz Khan**): Approximately Rs. 4,800/-/-.

## SUGAR-CANE PRICES

\*2412. **Shri Bishwa Nath Roy:** Will the Minister of Food and Agriculture be pleased to state whether it is a fact that sugar factories in some States have not so far paid to cane-growers the arrears of prices of sugar-cane supplied to them in the 1953-54 season?

The Deputy Minister of Food and Agriculture (**Shri M. V. Krishnappa**): Out of an estimated total value of Rs. 38.86 crores of cane purchased by 134 sugar factories during 1953-54 season, Rs. 9.94 lakhs are yet to be paid by 55 factories. This works out to only about one-fourth per cent. of the total cane price. The State Governments are taking all possible steps to have the arrears cleared.

## INDIAN FOREST ACT

\*2420. **Shri Dasaratha Deb:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that there were demonstrations throughout the

Tripura State on the 30th March, 1955 for the amendment of the Indian Forest Act to make it suitable for Tripura;

(b) if so, the demands put forward by the demonstrators; and

(c) the steps Government propose to take in the matter?

The Deputy Minister of Food and Agriculture (**Shri M. V. Krishnappa**):

(a) There were no demonstrations throughout the State but meetings were organised by the Communist Party at a few places.

(b) The demands related to—

(i) amendment of the Forest Act; and

(ii) withdrawal of Royalty over Bamboos, sungrass, paste and firewood.

(c) As no specific proposals were made, the matter could not be given any consideration.

## STAFF OF THE RAILWAY BOARD

\*2424. **Shrimati Renu Chakravartty:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that the Railway Ministry has refused to accept the Central Secretariat Reorganisation Scheme introduced by the Ministry of Home Affairs for Assistants, Stenographers and Clerks in the various Departments of Government; and

(b) if so, the reasons therefor?

The Deputy Minister of Railways and Transport (**Shri Alagesan**): (a) The reorganisation schemes introduced by the Ministry of Home Affairs were not applicable to the Ministry of Railways, as it was the intention that this Ministry should have a separate scheme of its own. Accordingly, proposals relating to the reorganisation of the cadre as far as Assistants, Stenographers and Clerks are concerned, are under consideration.

(b) The Ministry of Railways was not included in the General

Reorganisation Scheme which would have entailed a common cadre with the rest of the Secretariat, as the work in the Ministry of Railways is technical and specialised, requiring familiarity with technical Railway working, practically in all the Branches.

#### RADIO TELEPHONE LINKS

\*2425, Shri R. P. Garg: Will the Minister of Communications be pleased to state the total expenditure involved in the establishment of the various direct radio-telephone links between India and the foreign countries?

The Deputy Minister of Communications (Shri Raj Bahadur): Radio-telephone and Radio-telegraph links, both direct and indirect, are worked with common equipment and staff. It is, therefore, not possible to indicate the amount of expenditure incurred on establishment of direct Radio-telephone links alone.

#### यात्रियों को सुविधाएँ

\*२४२८. श्री बिभूति मिश्र : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि अलग अलग प्रत्येक दर्जे के यात्रियों को सुविधाएँ देने में १९५४-५५ में कितना व्यय हुआ ?

रेलवे तथा परिवहन मंत्री के सभासचिव (श्री शाहनवाज खाँ): अलग-अलग दर्जे पर जो खर्च हुआ उसका ब्यौरा नहीं मिल सका है। अप्रैल १९५४ से फरवरी १९५५ तक लगभग १.५२ करोड़ रुपये खर्च हुए। अलग अलग कामों पर जो खर्च हुआ उसका विवरण सभा पटल पर रखा जाता है। [वित्तव्यय परिशिष्ट १९, अनुबन्ध संख्या २२]। मार्च १९५५ का हिसाब लगभग जुलाई १९५५ में तैयार होगा।

#### SIGNALLING EQUIPMENT

\*2437, Shri R. P. Garg: Will the Minister of Railways be pleased to state:

(a) whether it is a fact that railway signalling equipment is being manufactured in India; and

(b) if so, when this indigenous equipment will be installed on the Indian Railways?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes, partly.

(b) Indigenously-manufactured Signalling Equipment is already in use on the Indian Railways.

#### उर्वरक

\*२४४१. श्री बिभूति मिश्र : क्या खाद्य तथा कृषि मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार खाद्यान्नों के मूल्यों में गिरावट के अनुपात में उर्वरकों के मूल्य को घटाने का विचार करती है, और

(ख) यदि हाँ, तो कब ?

कृषि मंत्री (डा० पी० एस० वंशमुक्त): (क) और (ख). यह प्रश्न सक्रिय रूप से सरकार के विचाराधीन हैं।

#### रैलों में चोरी

१०६. श्री रघुनाथ सिंह : क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) जनवरी, १९५४ से फरवरी, १९५५ के बीच मालगाड़ी के डिब्बों में से चोरी करते हुए कितने व्यक्ति पकड़े गए, और

(ख) उक्त कालावधि में चलती मालगाड़ी में से चोरी करते समय कितने व्यक्ति गोली से मार दिए गए या घायल कर दिए गए ?

रेलवे तथा परिवहन उपमंत्री (श्री अलमेशान) : (क) १९७४।

(ख) कुल पांच आदमी गोली से मारे गए और पांच घायल हुए।

#### Swasti Samiti

910. Shri Dasaratha Deb: Will the Minister of Food and Agriculture be pleased to refer to the reply given to starred question No. 382 on the 1st September, 1954 and state the steps

taken to settle the disputes between the tribal people and the Swasti Samiti?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** The District Magistrate and Collector had personally gone to the place to settle the disputes and a proposal to detail a senior officer there, is under the consideration of the State Government.

#### PLANT PROTECTION SCHEMES

**911. Shri N. B. Chowdhury:** Will the Minister of Food and Agriculture be pleased to state:

(a) the amount of grants made so far under the Five Year Plan to West Bengal in connection with the Plant Protection Scheme; and

(b) the progress made by the West Bengal Government in this direction?

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):** (a) Grants totalling Rs. 11.25 lakhs have so far been sanctioned from Grow More Food Funds during the years 1951-52 to 1954-55.

(b) Information is being collected from the Government of West Bengal and will be placed on the Table of the Sabha when received.

#### RECORD LIFTERS AND SORTERS

**913. Shri Ramji Verma:** Will the Minister of Railways be pleased to refer to the reply given to unstarred question No. 521 on the 2nd December, 1954 and state when a final decision is likely to be taken regarding the re-classification of the posts of Record Lifters and Sorters?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** The matter will be finalised shortly.

#### RAILWAY EMPLOYEES

**914. Shri N. B. Chowdhury:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that the Rivetters and Leister Truck Drivers

in the Railway Workshop at Kharagpur are on strike at present;

(b) if so, the reasons therefor; and

(c) the action Government propose to take in the matter?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) Yes. 243 wagon (Rivetters) and 22 Auto Truck Drivers are on strike at present.

(b) Government understand that their demand is that they should be placed in the skilled grade.

(c) The situation caused by the Leister Truck Drivers and the Wagon Rivetters having gone on strike, is being handled by the Eastern Railway Administration. Government have been informed that so far as the wagon Rivetters are concerned, prior to their going on strike, action was taken by the Railway Administration to reclassify 92 posts of Rivetters (Wagon) in the semi-skilled category by 92 posts of Rivetters Platers in the skilled category, to which extent the revision of the classification was considered justified on the basis of the work performed by them. Government are satisfied that the demand put forward by the Leister Truck Drivers for their being placed in the skilled category is unjustified and accordingly it is not intended to concede the demand. The Regional Labour Commissioner has been endeavouring to persuade the workers to call off the strike.

#### COMPLAINT AGAINST RAILWAY STAFF

**915. Pandit D. N. Tiwary:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that several complaints of ill-treatment of passengers by the Ticket Collectors and the Travelling Ticket Collectors at the Moghalsara Railway Station have been made in 1953 and 1954; and

(b) if so, the action taken in the matter?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) Ten complaints (three in 1953 and seven in 1954) were received against the behaviour of the ticket-checking staff at Moghalsarai.

(b) All the complaints were enquired into. None of those received in 1953 was however, substantiated, while out of the seven complaints received in 1954, only one was substantiated and suitable action was taken against the ticket-checking staff at fault.

#### DELAY IN DELIVERY OF MAILS

**916. Shri Bibhuti Mishra:** Will the Minister of Communications be pleased to state:

(a) whether it is a fact that tourists and pilgrims have often made complaints regarding delay in delivery of letters and telegrams; and

(b) if so, the steps taken so far for the removal of this complaint?

**The Deputy Minister of Communications (Shri Raj Bahadur):** (a) Such complaints have not been received to any marked extent.

(b) When tourist or pilgrim traffic is expected to be abnormal, special measures are taken, *inter alia*, for the strengthening of existing and opening of new Posts and Telegraphs offices and Telephone Exchanges, provision of mobile post offices and adoption of special mail, sorting and delivery arrangements for both letters and telegrams.

#### खीतिहर मजदूर

११७. { श्री बिभूति मिश्र :  
          { श्री एस० सी० सामन्त :

क्या श्रम मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या सरकार ने खीतिहर मजदूरों के कार्य संचालन और रहन सहन की स्थिति के सम्बन्ध में की गई जांच के परिणामस्वरूप उन की अवस्था में सुधार करने के लिए कोई योजना बनाई है, और

(ख) यदि हां, तो उसके मुख्य पहलू क्या हैं ?

**श्रम मंत्री (श्री खंडूभाई वसाई):** (क) और (ख). जांच प्रतिवेदनों में निहित बातों से केवल राज्य सरकारों को खीतिहर मजदूरों की न्यूनतम मजदूरी नियत और संशोधन करने में ही सहायता नहीं मिलेगी अपितु खीतिहर मजदूरों के लिए योजनाएं बनाने और द्वितीय पंच वर्षीय योजना को स्व-बद्ध करने में भी राज्य सरकारों और केंद्रीय सरकार को सहायता मिलेगी। आगामी मई में होने वाले भारतीय श्रम सम्मेलन के १४ वें अधिवेशन में इस विषय पर भी विचार किया जाएगा। जांच के दौरान में एकीकृत की गई बातें सम्मेलन के सामने प्रस्तुत की जाएंगी जिन पर वह अपनी सिफारिश देगा।

#### INDUSTRIAL DISPUTES

**918. Shri D. C. Sharma:** Will the Minister of Labour be pleased to state:

(a) the total number of disputes that have taken place during the period from November, 1954 to January, 1955 between industry and workers;

(b) the total number of workers involved in such disputes; and

(c) the number of man-days lost on account of these disputes?

**The Minister of Labour Shri Khandubhai Desai:** (a) to (c). Statistics relating to industrial disputes are contained in the *Indian Labour Gazette* published every month by the Director, Labour Bureau, Simla, copies of which are available in the Library of the Parliament. The following statement gives the required information.

Statement showing the total number of disputes, number of workers involved and man-days lost during the period from November, 1954 to January, 1955.

Total No. of disputes	Total No. of workers involved	Total No. of man-days lost
226	117,044	803,136



## RAILWAY ACCIDENTS

919. { **Shri D. C. Sharma:**  
**Kumari Annie Mascarene:**

Will the Minister of Railways be pleased to state:

(a) the number of accidents which took place from the 1st November, 1954 to the 31st January, 1955;

(b) whether Government have received enquiry reports in respect of all the railway accidents that occurred during this period;

(c) whether the scrutiny of reports reveals any common defects responsible for these accidents; and

(d) the number of cases of deaths, serious injuries, and the amount of losses sustained by Government and the public as a result of these accidents?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) 861 train accidents.

(b) By the end of March, 1955, enquiry reports had been received for all cases except 36.

(c) The failure of human element and of mechanical equipment are the two main causes.

(d) Deaths 13

Seriously injured 17

Approximate cost of damage to Railway property Rs. 3,57,727/-

Approximate cost of damage to public property... ..Not known.

## THEFT IN RAILWAY GODOWNS

920. **Shri D. C. Sharma:** Will the Minister of Railways be pleased to state:

(a) the number of persons found stealing goods from Railway godowns and arrested during the period from the 1st November, 1954 to the 31st January, 1955;

(b) the number of those convicted; and

(c) the number of those who are under trial?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) 202.

(b) 46.

(c) 146.

## ALLOWANCE TO POSTAL EMPLOYEES

921. **Shri T. B. Vittal Rao:** Will the Minister of Communications be pleased to state:

(a) whether any decision has been taken for the grant of Special Pay to Postal employees working in areas with bad climatic conditions; and

(b) if so, the names of the places where Special Pay is paid on this account?

**The Deputy Minister of Communications (Shri Raj Bahadur):** (a) No, but special pay on account of unhealthiness of locality has been sanctioned for many such localities.

(b) A list of such localities is placed on the Table of the Lok Sabha. [See Appendix XI, annexure No. 33.]

## EXPORT OF FISH

922. **Shri Ibrahim:** Will the Minister of Food and Agriculture be pleased to state:

(a) the quantity of fish exported during 1954; and

(b) the names of the countries to which it was exported?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) 21,972 tons, till November, 1954.

(b) Mainly Ceylon and Burma.

## INDUSTRIAL DISPUTES

923. **Shri Ibrahim:** Will the Minister of Labour be pleased to state:

(a) the number of industrial disputes falling within the Central Government's sphere resulting in work stoppages during 1954-55;

(b) how the figure compares with the figure for 1953-54; and

(c) the total number of man-days lost in these industrial disputes



during 1954-55 as compared to 1953-54?

**The Minister of Labour (Shri Khandubhai Desai):** (a) to (c). Information is available for the period April, 1953 to December, 1954, and is given in the following statement.

*Statement showing number of disputes and man-days lost in the Central Sphere undertakings*

Period	No. of disputes	No. of man-days lost
April 1953— March 1954	130	481,121
April 1954— December 1954	78	154,213

#### ROBBERIES ON TRAINS

924. **Shri Ibrahim:** Will the Minister of Railways be pleased to state:

(a) whether the number of robberies in running trains in all the Railway Zones have decreased during the period from the 1st January, to the 31st March, 1955 as compared to the corresponding period in 1954;

(b) the names of the Railway zones where such robberies have been the largest and where they have been the least; and

(c) whether Government have taken any additional precautionary measures after the 1st January, 1955 to check these robberies?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) and (b). The necessary particulars are being collected and will be laid on the Table of the Sabha.

(c) No additional precautionary measures as such have been adopted since 1st January, 1955 but the normal measures already in force were continued and more vigorously pursued.

#### TRAIN OPERATIONS

925. **Thakur Jugal Kishore Sinha:** Will the Minister of Railways be pleased to state the operating position of the North Eastern Railway in general and

the Section Samastipur and Narkatiaganj via Darbhanga in particular during the past six months?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** A statement indicating the operating position on the North Eastern Railway in general and the section Samastipur-Narkatiaganj in particular from month to month during the last six months is placed on the Table of the House. [See Appendix XI, annexure No. 34.]

#### EMOLUMENTS OF RAILWAY EMPLOYEES

926. **Chaudhri Muhammed Shafie:** Will the Minister of Railways be pleased to state:

(a) whether Government have received any representation recently from Ticket Collectors for increase in their salaries and other allowances;

(b) if so, the decision taken thereon; and

(c) the specific demands made therein and the amount involved?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) No representation has been received from Ticket Collectors, but a copy of the resolutions passed by the All-India Ticket Checking Staff Conference held at Berhampur on the 6th January, 1955, has been forwarded to Government by a Member of Parliament.

(b) The scales of pay and allowances to these staff have been fixed by Government after considering the recommendations of the Central Pay Commission. The Government see no justification for making a change.

(c) The demands regarding pay and allowances include:

- (1) minimum scales of pay of Rs. 80—160 for Ticket Collectors and Rs. 100—185 for Travelling Ticket Examiners, with higher scale of Rs. 100—185 and Rs. 200—300 for Ticket Collectors and Rs. 200—300, Rs. 300—400

and Rs. 400—500 for Travelling Ticket Examiners and Ticket Inspectors;

- (ii) upgradation of posts in excess of 35 per cent. from the lowest grade as against 85 per cent. in the case of Ticket Collectors and 65 to 67½ per cent. in the case of Travelling Ticket Examiners; and
- (iii) treating Travelling Ticket Examiners as running staff for all purposes.

The amount involved cannot readily be estimated.

#### WORKERS' COMPENSATION

927. **Shri T. B. Vittal Rao:** Will the Minister of Labour be pleased to state:

(a) whether it is a fact that Government have prosecuted some manganese mine owners in Madhya Pradesh for non-payment of retrenchment compensation due under the Industrial Disputes (Amendment) Act, 1953;

(b) if so, whether the same has been recovered and disbursed to workers; and

(c) the number of workers involved?

**The Minister of Labour (Shri Khandubhai Desai):** (a) Government have so far authorised launching of prosecution against the managements of twelve manganese mines in Madhya Pradesh for non-payment of retrenchment compensation payable under section 25F of the Industrial Disputes Act, 1947.

(b) and (c). Prosecution has been launched for the offence of non-payment, the penalty for which is imprisonment of six months and/or fine extending to one thousand rupees. As for recovery of the amount due as compensation, the Act prescribes that it may be recovered by the appropriate Government in the same manner as an arrear of land revenue or as a public demand on application made by the entitled person. The

claims submitted by 98 workmen have been verified and action is being taken to recover the amounts through the appropriate revenue authorities.

#### TICKETLESS TRAVELLING

928. **Shri R. N. Singh:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that a special rail was organised on the 22nd January, 1955 on the Staff Shuttle Train at New Delhi Railway Station for checking ticketless travel;

(b) whether it is also a fact that a demonstration was staged on the 25th January, 1955 before the General Manager by the Northern Railwaymen's Union in connection with this raid; and

(c) if so, the action taken or proposed to be taken in the matter?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) Yes; all trains which arrived at New Delhi from 6 to 11 A.M. on 22nd January, 1955, including train No. 2 HDK Delhi-Kishanganj Shuttle by which the Railway staff travel, were subjected to this check.

(b) A demonstration was staged on 25th January, 1955 by some of the staff working in Baroda House, which included a few dissident members of the former Northern Railwaymen's Union, which has merged into the Northern Railway Staff Association to form a new union, known as Uttariya Railway Mazdoor Union.

(c) The demonstrators were given a patient hearing by the Deputy General Manager (Personnel), after which they dispersed.

#### MINOR PORTS

929. **Shri Sanganna:** Will the Minister of Transport be pleased to state:

(a) whether the representative of the Government of Orissa had sug-

gested any re-adjustments in regard to the approved works of Minor Ports in Orissa at the meeting of representatives of State Governments held in June, 1954; and

(b) if so, their nature?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) Yes.

(b) The following readjustments were proposed by the State Government and accepted by the Central Government:—

- (1) Reduction in the allotment for repairs to the lighthouse at Chandbali from Rs. 30,000 to Rs. 15,000.
- (2) Increase in the allotment for Survey of rivers and approaches to Chandbali from Rs. 10,000 to a sum not exceeding Rs. 1,00,000.
- (3) Surrender of the allotments of (a) Rs. 1,50,000 for repairs to the rivetments in the harbour limits of Chandbali and the construction of sheds for sailing craft and (b) Rs. 5,000 for the survey of backwater at Gopalpur.
- (4) Diversion of the saving resulting from the above to meet the cost of the investigations connected with the opening of a port at Paradip.

**सुअर के बालों की किस्म निर्धारण**

६३०. श्री राम शरण : क्या खाद्य तथा कृषि मंत्री यह बताने की कृपा करेंगे कि सरकार ने सुअर के बालों की किस्म-निर्धारण करना किस प्रकार अनिवार्य कर दिया है और इसमें कहां तक सफलता प्राप्त हुई है ?

कृषि मंत्री (डा० बी० एस० बृहस्पति) : सुअर के बालों का वर्गीकरण केवल निर्यात के लिए अनिवार्य बना दिया गया है। यह समुद्र तटों

अधिनियम, १८७८ की धारा १६ के अन्तर्गत सुअर के बालों के निर्यात पर प्रतिबन्ध लगा कर किया गया है जब तक कि ये कृषि उपज (वर्गीकरण तथा चिन्हन) अधिनियम, १९२७ के अन्तर्गत बनाए हुए सुअर के बालों के वर्गीकरण तथा चिन्हन नियमावली १९५०, के अनुसार वर्गीकृत न किए गए हों तथा भारत सरकार के कृषि हाट व्यवस्था सलाहकार या अन्य किसी अधिकारी द्वारा इस विषय में प्रमाणित किया गया हो। लन्दन के दलालों ने अपना सन्तोष प्रकट किया है तथा उन की सर्व सम्मति से यह राय है कि एगमार्क वर्गीकरण से बहुत सुधार हुआ है।

#### FRUIT PRESERVATION INDUSTRY

**931. Shri Dasaratha Deb:** Will the Minister of Food and Agriculture be pleased to state:

(a) the number of orange gardens in the Jampul Hills, Tripura;

(b) whether there is any industry for preparing juice and syrups from oranges in Tripura; and

(c) whether Government propose to set up any such industry there?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) The approximate area under orange cultivation is 2,522 acres with nearly 12,36,500 plants.

(b) No.

(c) The possibility of starting a fruit canning industry is being examined.

#### SETTLEMENT OF SCHEDULED TRIBES

**932. Shri Dasaratha Deb:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that a number of Scheduled Tribes of Jampul Hills of Tripura have applied for settlement on land and paid *Nazaranas*;

(b) whether it is a fact that these people have not so far been settled; and

(c) if so, the steps Government propose to take in the matter?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) to (c). The information is being collected and will be placed on the Table of the Sabha.

#### SETTLEMENT ON Khas LANDS

**933. Shri Dasaratha Deb:** Will the Minister of Food and Agriculture be pleased to state:

(a) the number of tribal people of Kanchanpur Tehsil, Tripura, who have so far applied for settlement on Khas land;

(b) how many of them have submitted *Nazaranas*; and

(c) the number of the applicants who have been given settlement?

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):** (a) to (c). The information is being collected and will be placed on the Table of the Sabha.

#### MINOR IRRIGATION SCHEMES

**934. Shri Hem Raj:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether the Punjab Government have submitted any Minor Irrigation Schemes for inclusion in the Second Five Year Plan; and

(b) if so, whether a copy thereof will be laid on the Table of the House?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) and (b). Three schemes were submitted recently, but since they were incomplete, the State Government has been requested to recast them and submit them again to the Government of India for scrutiny and sanction.

#### MINOR IRRIGATION SCHEME FOR KANGRA DISTRICT

**935. Shri Hem Raj:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether the Punjab Government have submitted any schemes for minor irrigation for the Kangra District; and

(b) if so, the decision taken thereon?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) and (b). Yes. The schemes for the construction of *khuls* in Kangra District were received during 1954-55 and a loan of Rs. 10,31,000/- was approved therefor, out of which an amount of Rs. 2,10,000 only was authorised for payment on the basis of the actual requirements indicated by the State Government for that year.

The schemes are being continued during 1955-56 and a loan of Rs. 10,05,000/- and a grant of Rs. 4,77,500 have been agreed to.

#### TICKETLESS TRAVELLING

**936. Shri Sanganna:** Will the Minister of Railways be pleased to refer to the reply given to unstarred question No. 632 on the 22nd September, 1954 in respect of ticketless travel on the Parlakimedi-Light Railway line and the Waltair-Raipur Railway line and state:

(a) whether any improvements have been noticed on these lines in regard to ticketless travelling; and

(b) if so, to what extent?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) and (b). While there has been a noticeable decline on the Parlakimedi Light Railway in the number of passengers detected travelling without ticket during checks which were held on the Waltair-Raipur Section there has been substantial deterioration.

Comparative figures of the checks made and the ticketless passengers detected before and after 10-9-54 (the date upto which statistics were furnished in answer to unstarred question No. 632 on 22-9-54), are given in the attached statement. [See Appendix XI, annexure No. 35.]

#### INLAND FISHERIES

937. **Shri Sanganna:** Will the Minister of Food and Agriculture be pleased to refer to the reply given to starred question No. 2473 on the 13th May, 1954 regarding schemes for development of inland fisheries in Orissa and state:

(a) whether any fishermen have been affected by the schemes;

(b) if so, to what extent; and

(c) what alternative provisions have been made for them?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) to (c). The hon. Member has, perhaps, in mind the effect on the interests of fishermen in Orissa as a result of the research work which is being carried out in that State on the binomics and nutrition of fish fry. So far as the Government of India are aware, there has been no adverse effect. On the other hand, this research work has led to the evolution of certain techniques by the application of which there has been a marked reduction in the rate of mortality of carp fry which has been beneficial to fishermen as well as to the fisheries industry in the State.

#### RAYAGADA RAILWAY COLONY

938. **Shri Sanganna:** Will the Minister of Railways be pleased to refer to the reply given to unstarred question No. 256 on the 6th September, 1954 regarding the supply of water to the Rayagada Railway Colony from the Kiajholla Project (Orissa) and state whether any water surplus to the requirements of Railways is available from this plant?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** The plant has been brought into commission only since November, 1954 and the effect of the dry summer season on the water supply has to be judged before it can be stated whether there will be any surplus water available or not.

#### POST OFFICES IN ORISSA

939. **Shri Sanganna:** Will the Minister of Communications be pleased to state whether the 143 new post offices proposed to be opened in the rural and urban areas of Orissa State during the period from the 1st January, to the 31st March, 1955 have since been opened?

**The Deputy Minister of Communications (Shri Raj Bahadur):** Yes, actually 156 rural and urban post offices were opened in Orissa State from 1st January, 1955 to 31st March,

#### EXPORT OF CATTLE

1955.

940. **Shri Rishang Keishing:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that the Government of Manipur have allowed export of cattle from Manipur;

(b) if so, the number of cattle-heads so far exported;

(c) the number of permits issued so far;

(d) the conditions under which export of cattle is allowed; and

(e) the revenue or income derived from it by the Government?

**The Minister of Agriculture (Dr. P. S. Deshmukh):** (a) It was generally allowed as a measure of relief at the time of floods in 1953 and subsequently on permits in a few cases.

(b) 160 pairs.

(c) 153 permits.

(d) Export of cattle which are surplus to the requirements of cultivation is allowed.

(e) No revenue directly accrued to Government from export of cattle. Some income was, however, derived from sale of court fee stamps as stamps worth annas eight each are affixed on the applications for permits.

#### MATERNITY AND CHILD WELFARE

941. **Shri Sanganna:** Will the Minister of Health be pleased to state the amount of grants made to Orissa for the provision of Maternity and Child Welfare Services in the backward areas of the State during the years 1953-54 and 1954-55?

**The Minister of Health (Rajkumari Amrit Kaur):** The Scheme for the establishment of Maternity and Child Welfare Services in the backward areas of the States was only formulated in February, 1954, and no grant was paid to any State Government during 1953-54. During 1954-55, a grant of Rs. 47,870/- was sanctioned for the Government of Orissa for the establishment of five Maternity and Child Welfare Centres.

The amount utilised by the State Government during the financial year 1954-55 was Rs. 17,000/- only.

#### MARINE SURVEY AT PATNA

942. **Thakur Jugal Kishore Sinha:** Will the Minister of Railways be pleased to state:

(a) whether any marine survey of the Ganges near Patna for dredging purposes has been made; and

(b) if not, whether it is proposed to take up the survey in the near future?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) No.

(b) No.

#### RAILWAY EMPLOYEES

943. **Thakur Jugal Kishore Sinha:** Will the Minister of Railways be pleased to refer to the reply given to starred question No. 1312 on the 22nd March, 1955 and state the number of employees who were rendered surplus at Pandu and absorbed in the various offices at Calcutta year by year?

**The Deputy Minister of Railways and Transport (Shri Alagesan):—**

1952	..	279
1953	..	73
1954	..	22
1955	..	29

#### AERODROMES

944. **Shri Krishnacharya Joshi:** Will the Minister of Communications be pleased to state:

(a) the total number of Aerodromes taken over from the Ministry of Defence; and

(b) the reasons for their taking over?

**The Deputy Minister of Communications (Shri Raj Bahadur):** (a) Fifty.

(b) Aerodromes which are considered important from an All-India Civil Aviation point of view and are surplus to Defence requirements have been taken over by the Civil Aviation Department for maintaining and developing them according to Civil Aviation needs and standards.

#### TUBE WELLS

945. **Sardar Iqbal Singh:** Will the Minister of Food and Agriculture be pleased to state:

(a) the progress made so far with regard to the development of underground water resources in Punjab,

Pepsu and Rajasthan during the year 1954-55;

(b) the number of tube-wells which proved successful and unsuccessful with the names of the places where they are located; and

(c) the number of tube-wells whose construction is in progress and the names of the States where they are located?

**The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa):** (a) to (c). A statement, giving the required information, is placed on the Table. [See Appendix XI, annexure No. 36.]

#### STATION MASTERS

**947. Shri Sanganna:** Will the Minister of Railways be pleased to state:

(a) whether it is a fact that a one-man tribunal of Mr. Frank Anthony has been appointed by Government in the month of April, 1954, to consider the representations of the Station Masters and the Assistant Station Masters in the matter of pay and other service conditions; and

(b) if so, with what result?

**The Deputy Minister of Railways and Transport (Shri Alagesan):** (a) No.

(b) Does not arise.

# LOK SABHA DEBATES

## Part II—Proceedings other than Questions and Answers

09.12.2014

5789

### LOK SABHA

Wednesday, 20th April, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER in the Chair]

### QUESTIONS AND ANSWERS

(See Part I)

11-55 A.M.

### 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 statement showing the action taken by the Government on various assurances, promises and undertakings given by Ministers during the various Sessions shown against each:—

1. Supplementary Statement No. I—Ninth Session, 1955 of Lok Sabha.

[See Appendix XI, annexure No. 45.]

2. Supplementary Statement No. V.—Eighth Session, 1954 of Lok Sabha.

[See Appendix XI, annexure No. 44].

3. Supplementary Statement No. IX.—Seventh Session, 1954 of Lok Sabha.

[See Appendix XI, annexure No. 43].

104 L.S.D.—1

5790

4. Supplementary Statement No. XV.—Sixth Session, 1954 of Lok Sabha.

[See Appendix XI, annexure No. 42].

5. Supplementary Statement No. XX.—Fifth Session, 1953 of Lok Sabha.

[See Appendix XI, annexure No. 41].

6. Supplementary Statement No. XXV.—Fourth Session, 1953 of Lok Sabha.

[See Appendix XI, Annexure No. 40].

7. Supplementary Statement No. XXX.—Third Session, 1953 of Lok Sabha.

[See Appendix XI, annexure No. 39].

8. Supplementary Statement No. XXXVIII.—Second Session, 1952 of Lok Sabha.

[See Appendix XI, annexure No. 38].

9. Supplementary Statement No. XXIX.—First Session, 1952 of Lok Sabha.

[See Appendix XI, annexure No. 37].

### BUSINESS OF THE HOUSE

#### ALLOCATION OF TIME ORDER

Mr. Speaker: I have to inform the House that the Business Advisory Committee met on the 19th April, 1955, and agreed to the allocation of



[Mr. Speaker]  
time in regard to Government legis-

lative and other business as mentioned below:

	Time allocated
1. The State Bank of India Board Reserve Bank of India (Amendment) Bill . . . . .	20 hours
2. The Hyderabad Export Duties (Validation) Bill . . . . .	1 hour
3. The Insurance (Amendment) Bill, as passed by the Rajya Sabha . . . . .	$\frac{1}{2}$ hour
4. The Indian Railways (Amendment) Bill, as passed by the Rajya Sabha . . . . .	$\frac{1}{2}$ hour
5. The Hindu Marriage Bill, as passed by the Rajya Sabha . . . . .	30 hours
The Commanders-in-Chief (Change in Designation) Bill . . . . .	15 minutes
The discussion on the report of the Commissioner for Scheduled Castes and Scheduled Tribes . . . . .	5 hours (excluding the time already taken during the last Session).

The Committee suggested that after the motion for consideration of the State Bank of India Bill was adopted, there might be a gap of two days before the clause-by-clause consideration was taken up, in order to enable the Finance Minister to have informal discussion with Members on the amendments that might be tabled on this Bill.

The Committee also recommended that the House might sit one hour longer on the following days:

Thursday, the 21st April, 1955,  
Monday, the 25th April, 1955, and  
Thursday, the 28th April, 1955.

I shall now ask the Minister of Parliamentary Affairs to move a motion for the approval of this by the House.

श्री पी० एन० राजभोज (शालापुर—राजित—अनुसूचित जातियाँ): अनटर्चीबिली बिल कब आने वाला हैं ?

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** That has already been announced.

श्री पी० एन० राजभोज : अनटर्चीबिली बिल जो हैं वह इस सेशन में आने वाला हैं या नहीं ?

अध्यक्ष महोदय : आप जरा देखिये, वह अजेन्डा पर आ गया हैं ।

श्री पी० एन० राजभोज : इस के लिये ज्यादा घंटे चाहिये ।

अध्यक्ष महोदय : उस पर तो हाउस की प्रिजिनेंस एडवाइजरी कमेटी का आर्डर हो चुका हैं और उस को हाउस ने एंदाउट भी कर लिया हैं । अब उस में परिवर्तन नहीं हो सकता हैं । जो कुछ हैं उसी में आप को सन्तोष होना चाहिये ।

12 NOON.

**Shri T. K. Chaudhuri (Berhampore):** May I know whether the Bills which you just now mentioned will be taken up in the order in which you mentioned them?

**Mr. Speaker:** The order will be stated by the hon. Minister of Parliamentary Affairs today or tomorrow and what I stated is not the order in which the Bills should be taken; it is merely allocation of time.

**Shrimati Maydeo (Poona South):** No time has been allotted for the Succession Bill.

**Mr. Speaker:** An allocation has been made now but all things cannot be crowded together. The House will then have to sit longer. If it does not want to sit longer, it must take up such business as is considered urgent by the Government. It is

not for the Business Advisory Committee but it is for the Government to decide.

**Shrimati Maydeo:** Will 20 hours be sufficient for the Hindu Marriage Bill?

**Mr. Speaker:** It is a question of allotment by the House.

**Shri Achuthan (Cranganur):** Is there any extension of the sitting further?

**Mr. Speaker:** An announcement will be made tomorrow. Hon. Members who are keen to have all the business put through in this Session should also be prepared for a longer Session.

**Shri Satya Narayan Sinha:** I beg to move:

"That this House agrees with the allocation of time proposed by the Business Advisory Committee in regard to Government legislative and other business as announced by the Speaker today."

**Shri T. B. Vittal Rao (Khammam):** I want to oppose this motion on the ground that there is no time allotted to discuss the Press Commission's recommendations. We were categorically given an assurance that it would be discussed during this session. From what I read in the papers it is going to be discussed in this Session in Rajya Sabha. We should find some time for this as well in this House.

**Shri Satya Narayan Sinha:** This matter was discussed in the Business Advisory Committee also when the hon. Member's representative was also present. There we explained the situation and the circumstances and difficulties. The hon. Member said that the Rajya Sabha is going to discuss it but Government has not made up its mind absolutely. If the other House proceeds for the discussion it is for them to decide. I do not think this House will ever agree to have anything discussed without hearing anything on behalf of the Government. The Government has not made up its mind.

**Mr. Speaker:** The position is entirely different. What is placed before the House is the allocation made according to the decision arrived at in the Committee. The question of priorities and urgencies is a matter for the Government to decide and I do not think there could be any opposition really speaking to this motion because some other Bill is not treated as urgent. The hon. Member has had his say and the explanation, whether acceptable or not, has been given by the hon. Minister of Parliamentary Affairs.

So, the question is:

"That this House agrees with the allocation of time proposed by the Business Advisory Committee in regard to Government legislative and other business as announced by the Speaker today."

*The motion was adopted.*

**Mr. Speaker:** So, this becomes the allocation of time order of the House. I may now announce that the House will sit on the 6th of May also.

#### FINANCE BILL—contd.

**Mr. Speaker:** The House will now proceed with the Finance Bill.

Before the House proceeds further, I have to invite the attention of the House to some misunderstanding and to some misleading reports in the Press today about the absence of the hon. Finance Minister. I have verified from the Deputy-Speaker and all that he said was that when the Finance Bill is being discussed—I am giving the substance and I am not quoting the words—it is no use merely having the presence of the Finance Minister or his deputy. Yesterday, The Minister of Revenue and Civil Expenditure was present in the House. But the point was that the various points arose for which the Members expect a reply but which reply could not be given by the Finance Minister as he is not concerned with the details of all the administration of the Government. It is, therefore desirable that the Ministers should be present when

[Mr. Speaker]

an important measure like the Finance Bill is being discussed. At least they should depute their deputies who would be able to give replies. I understood that yesterday some point was raised by an hon. Member about certain shipping difficulties and all that. It is not possible, in the nature of things, for the Finance Minister to reply to that. It was with reference to that, I believe, that the Deputy-Speaker said whatever he said. But some hon. Members specifically referred to the absence of the Finance Minister. That was not a very correct thing to do. The Finance Ministry was represented by the presence of the Minister of Revenue and Civil Expenditure.

There was another reason why the Finance Minister was not present. He had communicated to me that he was ill and was under medical treatment and he was unable to attend the House under medical advice. He would take at least five or six days to be able to be present in the House and he is taking rest as ordered by his doctors. So, the remarks about the Finance Minister were, to my mind, rather unkind especially because the Minister of Revenue and Civil Expenditure was present and he had ample ground for remaining absent from the House. I would, therefore, urge upon hon. Members that in case they have to make any grievances they would better ascertain the facts first, and it would have been better to have enquired from the Minister of Revenue and Civil Expenditure as to why the Finance Minister was not present. There was no occasion for a remark against him.

**Shri A. M. Thomas** (Ernakulam): He ought to have informed the House.

**Mr. Speaker:** He informed the Speaker and information to the Speaker is information to the House. Whatever that may be, I read in the papers that the Minister of Revenue and Civil Expenditure got up to say something but before he said one sentence or half a sentence, there was laughter and the House was not inclined to take him seriously and he could not, therefore,

proceed further and give reasons. Whatever that may be, my only point is this. Let us say anything we want to say in a responsible manner after making enquiries. There is a case for legitimate grievance in a matter like this if the Minister is absent and does not give any explanation. I can understand that, and a Member is entitled to point that out. I do not deny the right of the Member to say that the Minister is not present; he is entitled to say so. Here the Finance Ministry was represented.

So, that ends this particular matter.

After presentation of a formal report by Shri Altekar, we will proceed with the Finance Bill.

#### COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

##### TWENTY-EIGHTH REPORT

**Shri Altekar** (North Satara): I beg to present the Twenty-eighth report of the Committee on Private Members' Bills and Resolutions.

##### FINANCE BILL—contd.

**Shri D. C. Sharma** (Hoshiarpur): I shall pay my humble tribute to the Finance Minister for steering the financial ship of our State with a great deal of competence but at the same time, I know that the Finance Bill is a kind of peg on which one can hang any number of tales.

I am going to bring to the notice of the Finance Minister certain things which are basic to the prosperity and well being of India. A large number of persons on the floor of the House have expressed themselves on the grievances and needs of their constituencies.

[**SRI BARMAN** in the Chair]

Most of these persons have come from those constituencies which may be called as neglected areas. Though we believe in a classless society, we

are still thinking in terms of Scheduled Tribes and Scheduled Castes. I think we should also think, territorially speaking, in terms of places which are very advanced and those places which have been neglected for a very long time. For instance, I come from a constituency which, by any definition, can be called a neglected area. I mean the districts of Kangra and Hoshiarpur. When I go about in my constituency, I become aware of some of the basic urges of the people there, some of the fundamental needs of the people there, some of the most important demands of the places. They ask me: "What are you doing about all that?" I do not think I can give them a satisfactory answer. This is a matter essentially for the Ministry of Planning. I know that the Ministry of Planning is doing a great deal to put rural India on the map: there is no doubt about that. What I mean to say is that in the allocation of community projects and National extension service blocks, no attempt is made to sift those areas which are more or less prosperous from those areas which are utterly backward. It is not done in a way in which these areas can be levelled up. I do not see any reason why every Tehsil in the districts of Hoshiarpur and Kangra should not be given a National extension service block scheme if not a community project. Everything indicates in that direction and yet I find that much has not been done in that area.

We suffer from soil erosion. Most of the lands of the district suffer from the effects of hill torrents. I do not think much has been done in that direction. There is a big torrent, a seasonal torrent, which is destructive of life as well as land. The crying need of the place has been a bridge over that. Nothing has been done about that. Again, it is a scarcity area. Minor irrigation schemes are not to be found in plenty in that area. On account of the migration of the Muslims from that area, I find that some of the cottage industries have fallen into decay. I wonder if anything has been done to resuscitate these cottage industries

I find the place is full of architectural beauties. The glories of some of the temples and palaces of that *ilakka* have been commented upon favourably by those officers who are experts in the matter. Yet, not much has been done to keep alive the architectural glories of that place. The place can be developed as a tourist centre. I do not think that anything has been done in that direction. Medical facilities are lacking. I go to a place to find that a person has to walk 12 or 15 miles to find a dispensary. I do not think there are a sufficient number of dispensaries. These are problems for the Planning Commission. I find that the Planning Commission does not take the Members of the Lok Sabha and the Rajya Sabha into its confidence before it decides what has to be done with regard to them.

Certainly, the biggest of all problems is the problem of unemployment. I do not want to say much on that now. But I want to make one observation. We are busy taking the statistical approach to that problem as the correct approach. I wish to say that the creation of jobs is a very good policy and when we have more jobs, we will be able to employ more men. But I must say in all earnestness that unless we make our education craft centred all along the line, the problem of unemployment is not going to be solved. I say this because I have some personal experience of it. I would say that what the hon. Shri Munshi called the gospel of the dirty hand should be inculcated in the mind of the students and the gospel of the office chair should be removed from their minds. At this time, most of the people want those jobs which would enable them to occupy the office chair, and not those jobs which require some kind of manual work and manual dignity. This is a thing that should be done.

The third point that I wish to...

**Mr. Chairman:** I am sorry there is no time

**Shri D. J. Sharma:** You have given me only about five minutes so far.

**Mr. Chairman:** Other Members were given five minutes.

**Shrimati Sushama Sen** (Bhagalpur South): May I know what is the time? He had only one minute yesterday.

**Mr. Chairman:** Today he has already taken five minutes.

**Shri D. C. Sharma:** The time is not up; there is yet time.

**Shri K. K. Basu** (Diamond Harbour): It is for the Chair to say; time is here.

**Shri D. C. Sharma:** When I refer to the administrative personnel, I do not refer only to those persons who administer at the Centre; I refer to all the persons at the different levels. There is a need for a change in the outlook. I do not talk about the purity of administration. I would not say that the administration is corrupt or this and that I do not want to level any charges at the administrative personnel. From my personal experience, I must say that our administration at all levels requires to be humanised. I would say that for our administrative personnel, there should be a refresher course in courtesy, in efficiency, in the prompt despatch of business. Unless that is done, I think all the good work that we are doing in the Parliament and elsewhere would not bear as much fruit as it should. I would say that we should look into the working of the Income-tax Department. I would say that we should look into the working of the Refugee Rehabilitation Department. I would say that we should look into the working of the Sales Tax Department. I would say that we should look very carefully into the Excise and Taxation Department as far as tobacco is concerned. I would say that some of the Ministers should look at the offices where passports are distributed. In the old days, Kings sometimes went in disguise to know what the real state of affairs was. Similarly I would say that these Ministers should sometimes go about in disguise to know how these administrations are working, and to what difficulties

the public are put. I would say that if there is one basic need for the India of today it is this that our administrative personnel should be put on a level of efficiency and other things, such as is to be found in the other countries of the world.

**श्री टंडन** (जिला इलाहाबाद—पश्चिम) : मैं इस विधेयक के अन्तिम विचार के समय कुछ बहुत आवश्यक सुझाव देने के लिए खड़ा हुआ हूँ, नहीं तो मेरा कोई विचार इसमें भाग लेने का नहीं था। मुझे खेद है कि मैं जिन मंत्री के विभाग के सम्बन्ध में कुछ कहना चाहता हूँ वह यहाँ नहीं हैं, मेरा तात्पर्य गृह मंत्री महोदय से है। मेरा निवेदन है कि वित्त विभाग के मंत्री जो यहाँ उपस्थित हैं, मेरा सुभाव उन तक मेरे दूत होकर पहुँचा दूँगे। वह मेघदूत तो नहीं होंगे क्योंकि कुछ श्रृंगार की बातें नहीं हैं परन्तु वे मेरे कृपा करके मनुज दूत होकर मेरी बात पहुँचा दूँगे।

मुझे एक विषय पर कहना है जो इस समय गृह मंत्री के सामने होगा। वह है उस आयोग अर्थात् कमिशन की नियुक्ति जो हिंदी के विषय में जांच करने वाला है। समाचारपत्रों में आ रहा है कि उसके ऊपर वह विचार कर रहे हैं। अपने पिछले भाषण में मैंने कहा था कि गवर्नमेंट ने संविधान यानी कांस्टीट्यूशन की अवहेलना की है, उन्होंने संविधान के विरुद्ध काम किया है। उचित था कि २५ जनवरी को यह कमिशन नियुक्त हो जाता। संविधान की शब्दावली से यह अर्थ स्पष्ट है। अंग्रेजी भाषा में भी कुछ जानता हूँ और गवर्नमेंट के विभागीय मंत्री गण भी जानते हैं। "At the expiration of five years" का अर्थ स्पष्ट है। यह अवधि समाप्त हो गयी। परन्तु अभी तक वह कमिशन नियत नहीं हुआ है। मैं चेतावनी देता हूँ कि इसके बनाने में और देर न की जाय। मैंने सुना है कि गृह विभाग (Home Department) उसके ऊपर विचार कर रहा है। यह ठीक है कि गृह विभाग का ही वह काम है, उसी को इस पर विचार

करना चाहिए। मैंने सुना था कि शिक्षा विभाग इसमें अपना हाथ रखना चाहता है। शिक्षा विभाग चाहता है कि वह भी इसमें आ जाय लेकिन मैं निवेदन कर देना चाहता हूँ कि शिक्षा विभाग से इस से कोई सम्बन्ध नहीं है। दो कमिशन इधर हाल में नियुक्त हुए हैं, एक बैंकवर्क क्लासेज कमिशन और दूसरा स्टैंडर्स रिआर्गनाइजेशन कमिशन, अर्थात् पिछड़ी जातियों का आयोग और राज्य पुनर्निर्माण आयोग, इन दोनों को गृह विभाग ने स्थापित किया था। इस वर्ष का जो बजट है, उसमें उन का व्यय भी दिखलाया गया है। मैं यह स्वाभाविक समझता हूँ कि यह कमिशन भी गृह विभाग की ओर से आये। यह कमिशन कितने आदिमियों का बनेगा, इसकी कोई चर्चा संविधान में नहीं है। इस कमिशन की रिपोर्ट के ऊपर विचार करने के लिए, लोकसभा की और राज्य सभा की एक कमेटी बनेगी। संविधान में लिखा है कि उस कमेटी में कुल 20 आदमी होंगे, 20 यहाँ के और 10 वहाँ के। परन्तु इस आयोग अथवा कमिशन में कितने आदमी होंगे, इसकी कोई चर्चा नहीं है। केवल इतना है कि इसमें सब भाषाओं का प्रतिनिधित्व रहेगा। वह ठीक है। मैं यह कहना चाहता हूँ कि इस आयोग में बहुत थोड़े से आदमी नहीं रह सकते। हमारा देश बहुत बड़ा है। मैं यह चाहता हूँ कि देश के प्रत्येक भाग का इसमें प्रतिनिधित्व हो, हर भाषा के और हर बड़े प्रदेश से इसमें लोग आयें। यह स्पष्ट है कि यह छोटा नहीं हो सकता। मेरा अनुमान है कि 25 व्यक्तियों से कम इसमें नहीं होने चाहिए। मैं चाहूँगा कि आप इसको समझ लें कि यह आयोग 25 से कम का नहीं बनाना चाहिए। जैसे वह कमेटी 20 मمبرों की होगी उसी तरह मैं चाहता हूँ कि इस आयोग में भी 25 और 20 के भीतर लोग रहें। इस आयोग में 18 या 14 की संख्या ठीक न होगी। मेरा निश्चित सुझाव है कि इस के सदस्यों की संख्या 25 से कम नहीं और 20 से अधिक नहीं होनी चाहिए। भारतीय संविधान में जो 18 भाषाएँ लिखी गई हैं, उनका प्रतिनिधित्व तो इसमें होगा ही परन्तु इस तरह

राज्य में लोग लिये जायें कि इसमें सब प्रदेशों के विशेषज्ञ आ जायें। हमारा देश में कई छोटे छोटे राज्य भी हैं। इनके अलावा 6 बड़े राज्य हैं, जिनको 'ए' श्रेणी का कहा गया है और 6 'बी' श्रेणी के राज्य हैं, उनका तो प्रतिनिधित्व अवश्य होना चाहिए, अर्थात् हर एक प्रदेश का कम से कम 1, 1 आदमी अवश्य रहे, उत्तरप्रदेश बहुत बड़ा है। मैं उत्तरप्रदेश से आया हूँ। उत्तरप्रदेश की आबादी 6 करोड़ के ऊपर है। इसी तरह बिहार है और उस प्रदेश की भी आबादी 8 करोड़ के ऊपर है। इन का यदि उतना ही प्रतिनिधित्व मिले जितना आसाम को मिले तो यह ठीक नहीं होगा। आसाम का प्रतिनिधित्व उसमें अवश्य चाहिए, परन्तु इन दो बड़े राज्यों का अधिक प्रतिनिधित्व होना चाहिए। मेरा कहना यह है कि इस आयोग में 25 और 20 के बीच में आदमी हों और जहाँ तक सम्भव हो इसमें हर बड़े प्रदेश के आदमी आ सकें। जहाँ तक बिलासपुर और अजमेर आदि छोटे प्रदेशों का सम्बन्ध है, इन सब के आने की कोई आवश्यकता नहीं है।

श्री बी० डी० शास्त्री (शहडोल सीधी) : विन्ध्यप्रदेश का प्रतिनिधित्व होना चाहिए।

श्री टंडन : विन्ध्यप्रदेश तो बड़ों में है। मेरा मतलब तो अजमेर, बिलासपुर और कुर्ग जैसी छोटी रियासतों से था कि वहाँ के प्रतिनिधित्व की कोई आवश्यकता नहीं है। विन्ध्यप्रदेश तो 'बी' श्रेणी में आ गया, उसका तो प्रतिनिधि होना ही चाहिए...

एक माननीय सदस्य : विन्ध्यप्रदेश पार्टी सी स्टैंड है।

श्री टंडन : विन्ध्यप्रदेश पार्टी बी में मौलिक संविधान के अनुसार था। हिमाचल प्रदेश पार्टी सी में है। मेरा निवेदन है कि हिमाचल प्रदेश का भी खर्च बढ़ा है, वहाँ से एक प्रतिनिधि इरूमें लिया जा सकता है। दिल्ली भी पार्टी सी में है लेकिन वहाँ से भी एक आदमी आ सकता है। परन्तु कुर्ग से अलग प्रतिनिधि आने की आवश्यकता नहीं है। मेरे से आ जायगा। मेरा

[श्री टंडन]

कहना यह है कि इस विषय पर विचार की आवश्यकता है। हर प्रदश आयेगा। हिन्दी बहुत से प्रदशों की भाषा है और यह हिन्दी कमिशन है, हर प्रदश के आदमी इसमें आने चाहिये और स्पष्ट है कि हिन्दी वालों की संख्या आप से आप औरों की अपेक्षा अधिक होगी। कोई १ या २ की अधिकता की बात नहीं होगी। यह ठीक है कि इस आयोग में सब भाषाओं का यानी उर्दू, संस्कृत, मलयालम और कन्नड आदि भाषाओं का प्रतिनिधित्व होगा, परन्तु मुख्य करके यह काम हिन्दी वालों का है और इसलिए इसमें हिन्दी वालों की संख्या अधिक होगी। मैंने उस दिन भी कहा था कि हिन्दी के लोगों में जो आदमी चुने जायें, वे ऐसे हों जो सचमुच हिन्दी जानने वालों का प्रतिनिधित्व कर सकें, यह नहीं कि आप ऐसे आदमियों को चुन लें जो आप की खुशामद करते हों। कुछ इस तरह के लोग होते हैं जिनको हम मीरासी कहा करते हैं, जिनका काम यह होता है कि कोई दूसरा गाता है और वह सारंगी बजाया करते हैं। ऐसे सारंगी बजाने वाले मीरासियों को इस आयोग में बिलकुल नहीं आना चाहिए। आप ऐसे आदमियों को चुनें जो स्वतंत्रता के साथ विचार करके और ईमानदारी के साथ अपना मत व्यक्त कर सकें और जिनको वास्तव में हिन्दी आती हो ऐसे नहीं जिन्होंने सुनी सुनायी कुछ जानकारी के बल पर कह दिया कि हम भी हिन्दी जानते हैं। मैंने देखा है कि कभी कभी ऐसे लोग जिनको हिन्दी के नाम पर आता जाता कुछ नहीं है हिन्दी के ऊपर रायजनी करने के लिए खड़े हो जाते हैं। अभी हाल में एक इसी तरह के साहब ने हिन्दी साहित्य के बारे में राय दी है कि उसमें यह नहीं है और वह नहीं है। मेरा निवेदन है कि उनको कुछ आता जाता नहीं है। हिन्दी बड़ी पुरुषार्थी भाषा है और एक विशाल भाषा है, उसका साहित्य ऊँचा है और वह बड़ी शक्तिशाली है। उन साहब ने कहा है कि हिन्दी अभी राज्य के कामों को जवाब नहीं दे सकती। मैं तो कहूँगा कि जो ऐसा कहते हैं वह बिलकुल जानते ही नहीं। आप जब चाहें तब परीक्षा कर

देख लें। हिन्दी में इतना पुरुषार्थ है, इतना सामर्थ्य है कि आप के जितने विभाग हैं सब के लिये आसानी के साथ वह शब्द देती चली जायेगी।

श्री रघुनाथ सिंह (जिला बनारस—मध्य) :  
यू० पी० में हो ही रहा है।

श्री टंडन : इस समय मेरा मुख्य काम यह है कि जो कमिशन नियुक्त होने वाला है, उस के बारे में मंत्री जी को सचेत करूँ कि कहीं वह यह भूल न कर बैठे कि हर भाषा के एक एक आदमीयों को ले कर, जैसे कि एक हिन्दी का ले लिया, एक मलयालम का ले लिया, एक आसामी का ले लिया, कमिशन बना दें। जो बड़े बड़े प्रदश हैं जिन की संख्या कम से कम १८ हैं, १९ श्रेणी के और ६ बी श्रेणी के, और जो सी श्रेणी के बड़े प्रदश हैं जैसे हिमाचल हैं, दिल्ली हैं, उन सब स्थानों से लगभग २५, ३० प्रतिनिधियों को ले कर इस कमिशन का निर्माण हो। इस सम्बन्ध में मेरा इतना ही निवेदन है।

मैं एक दूसरे विषय के सम्बन्ध में कह कर समाप्त कर दूँगा क्योंकि मैं १५ मिनट के भीतर ही समाप्त कर देना चाहता हूँ।

इधर शराब के विषय में कुछ ध्यान दिया जा रहा है। हमारे कांग्रेस के प्रधान जी ने कहा है कि मेरा पूरा उद्योग होगा, जहाँ तक मुझे याद पड़ता है उन्होंने कहा है, कि एक साल में ही, दश में जो औपचारिक रूप से शराब चल रही है वह बन्द कर दी जाय। मैं उन को इस साक्ष्य पर बधाई देता हूँ और आशा करता हूँ कि उन में यह शक्ति होगी कि वह हर एक प्रदश की गवर्नमेंटों से शराब बन्दी करा लें। शराब के चलन में बहुत सी रुकावटें अलग अलग प्रदशों में हो भी चुकी हैं। बम्बई में हो चुकी हैं कुछ दूसरे स्थानों में हो चुकी हैं। जिस समय मैं कांग्रेस का प्रधान था उस समय मैंने भी अपनी राय इस विषय में दी थी। लेकिन एक और विषय है जिस के ऊपर अभी तक प्रायः मुँह नहीं खोला गया है। वह है सिगरेट और तम्बाकू का विषय। आज भी प्रायः हमारा मुँह नहीं

खुलता है। हमारे सिले भाई तो इस से ठीक ही चिढ़ते हैं। शराब वह भी पी लेते हैं, लेकिन तम्बाकू से बहुत चिढ़ते हैं। मेरा निवेदन सिलों से है कि शराब भी छोड़ो, तम्बाकू तो इन के गुरुओं ने ही छोड़ा दी है, लेकिन वह शराब भी छोड़ें और तम्बाकू भी।

**रक्षा संगठन मंत्री (श्री त्यागी) :** दोनों छोड़ने के लिये न कहिये।

**एक माननीय सदस्य :** चाय भी।

**श्री टंडन :** मैं जो निवेदन करता हूँ कृपा कर उसे सुनिये। अगर आप में शक्ति हो, इंग्रिय निगूह हो तो बहुत अच्छा है। हमारे देश में यह बड़ा पुराना वाक्य है कि "यथा राजा तथा प्रजा"। कॉर्टिल्य का वाक्य है :

"राज्यस्य मूलं इंग्रियनिगूहः"

समझ लीजिए। जो शासन करना चाहता है, उस में यह शक्ति होनी चाहिए कि वह अपनी इंग्रियों को सम्भाल कर रखें, इंग्रिय निगूह करें। मैं आप लोगों से, जो कि इधर (सरकारी पक्ष में) बैठे हुए हैं, यह चाहता हूँ कि आप जरा रास्ता दिखावें। सुबह से शाम तक जो हमारे भाइयों के मुँह में सिगरेट लगी रहती है यह बहुत शोभावमान नहीं है। आप का कर्तव्य कहता है। मेरा किसी पर आक्षेप नहीं है....

**कृषि मंत्री (डा० पी० एस० ईशमुख) :** बहुत कम लोग पीते हैं।

**श्री टंडन :** मैं जानता हूँ।

**डा० पी० एस० ईशमुख :** यह नहीं पीते, वह नहीं पीते।

**श्री त्यागी :** मैं ने छोड़ दिया।

**श्री टंडन :** मंत्रिमंडल अनावश्यक रूप से मेरा समय नष्ट कर रहा है। मैं चाहता हूँ कि ईश्वर उन्हें बुद्धि दे, वह हंसी करते हैं, लेकिन वह लोग देश का नुकसान कर रहे हैं।

**डा० पी० एस० ईशमुख :** मैं यह कहता हूँ....

**श्री टंडन :** जी नहीं आप चुप रहिये। मैं जानता हूँ कि मंत्रियों में से बहुत से गहरें सिगरेट पीने वाले हैं। आप यहाँ बातें मारते हैं ? मैं जब निवेदन करता हूँ तो मेरे सामने देश है केवल आप नहीं हैं। आप तो यहाँ पर दो चार दिन के लिये हैं, फिर यहाँ से रफू चक्कर हो जायेंगे। जरूरत इस बात की है कि हमारे भाई जिन के हाथ में शासन है वह रास्ता दिखावें देश को। आज हमारे बच्चे नष्ट हो रहे हैं। मैंने अभी अखबार में पढ़ा, मेरी जेब में अखबार की कतरन मौजूद है, कि १६ अरब सिगरेट यहाँ पर पिछले वर्ष बिकी हैं और बाहर से ५४ करोड़ सिगरेट आई हैं। यह क्या है। मैं जानता हूँ कि यह आदत आसानी से नहीं छूटती, मगर मैं मंत्रियों का यह कर्तव्य समझता हूँ कि यह जो सिगरेट बीड़ी पीने की आदत है, और बीड़ी का तो कोई ठिकाना ही नहीं है, ऊँचे दर्जे के लोग तो सिगरेट पीते हैं, उस आदत को सम्भालने की जरूरत है। इस आदत के सम्भालने में हमारा मंत्रिमंडल मार्ग प्रदर्शक हो सकता है, देश की नेतागिरी कर सकता है। उन को अच्छे नेता होना चाहिये। बहुत से मंत्री जिन की आदत है सिगरेट पीने की वह इस को साधारण बात समझते हैं। ऐसे भी लोग हैं जो शराब पीने को भी साधारण बात समझते हैं। मैं समझता हूँ कि जो इस बात का दावा करते हैं कि मैं देश का मार्ग प्रदर्शन करूँगा, मैं देश को रास्ता दिखाऊँगा, उन के लिये अपने को साफ करना ज्यादा जरूरी है। बनिस्वत दूसरों के। इस लिये मंत्री थोड़ा जोर अपने ऊपर भी डालें। फेंक दें सिगरेट, फेंक दें शीशों का गिलास और तब कह लें कि हिम्मत के साथ देश में शराब बन्दी करनी है, सिगरेट बन्दी करनी है। अपने ऊपर जरा सख्ती करें, और अगर कुछ कमजोरी हो तो कम से कम सामने तो वह सिगरेट ले कर न आवें, छिपा कर पी लें। बहुत से ऐसे हैं जो लगातार खुले आम पीते हैं, जिन को थूँसलाबट पीने वाले कहते हैं। मेरा निवेदन है, कि आज इस बात की जरूरत है कि भारत सरकार देश



[श्री टंडन]

में शराब के साथ सिगरेट भी बन्द कर क्योंकि इस से हमारे बच्चों की बहुत हानि हो रही है।

इतना कह कर मैं समाप्त करता हूँ क्योंकि मेरा समय समाप्त हो गया है।

अन्त में मैं फिर वित्त विभाग के मंत्री जी से, जो यहाँ मौजूद हैं, कहना चाहता हूँ कि हिंदी कमिशन के सम्बन्ध में जो मेरा निवेदन है उसे वह गृह मंत्री तक पहुँचा दें।

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** I regret that the Finance Minister, being indisposed, has not been able to be present here in the House to reply to an important debate on the Finance Bill today. In his absence, I will try to do my best to reply to the points raised by the various Members during the course of the debate.

This debate has lasted for about 9 hours and 40 minutes and nearly 38 Members have spoken. Some Members have raised certain questions with regard to certain difficulties experienced by their constituencies, certain Members have put forward demands for certain schemes to be had in their States, and only very few Members have spoken on the taxation proposals. You will appreciate that it will not be possible for me to reply to all these points that were raised during the course of the debate these two days not because I do not propose to reply to all those points, not because I have not got a reply to those points, but because the time that is at my disposal is very short, perhaps about 40 minutes or so. During that time, I have to cover a very great field of important issues raised by several Members. I can assure hon. Members that all those points which concern the various administrative Ministries of the Central Government, to which I have not replied, will be forwarded to all those administrative Ministries to be looked into, and to do whatever is possible in the matter. I assure revered Tandonji that I will send an extract of his speech to the Home Minister, as desired by him.

**Shri K. K. Basu:** We should also have the replies of the respective Ministries. Otherwise, how do I know to what extent the Ministries react to the proposals?

**Shri M. C. Shah:** I do not yield. The hon. Member is a Member of this House and he knows the procedure of this House. It is not common to send the report of the action taken by the administrative Ministries on the points raised by the hon. Members to hon. Members.

Now, before I take up the general question about the economic policy and the Second Five Year Plan to be formulated, on which certain important and interesting suggestions were made by three or four Members, I would like, first of all, to reply to a very interesting point made by my friend, Shri Raghunath Singh, on shipping. When he spoke, he spoke with certain set figures and the impression created on the minds of the hon. Members, perhaps, was that the Government is not conscious of the importance of Indian shipping. And therefore, Sir, I would like just to inform the House what has been done with regard to Indian shipping by the Central Government, what was provided for as a target in the Five Year Plan and what is proposed to be done by the Transport Ministry. As a matter of fact, this is a subject which concerns the Transport Ministry and, perhaps, the Transport Minister would have done better justice than what I will be in a position to do.

He quoted a number of figures of other countries and also he rather made the charge that the Government of India had neglected the Indian Shipping Industry. I think, he has not been fair. Hon. Members will appreciate that there are certain inherent limitations to a more rapid development of this industry in this country. The Government are, however, fully alive to the importance of this industry and are taking all possible steps to promote it. Although the target in the First Five Year Plan has necessarily to be modest, there is every expectation that it

will be achieved. Government are giving financial assistance to the Indian Shipping Companies on liberal terms at 2½ per cent. for going overseas and for coastal shipping also at concession rates. Contributions for the purchase of coastal and overseas shipping lines to the extent of 19·5 crores have already been sanctioned and it is expected that a further sum of about Rs. 4 crores would be sanctioned during the rest of the plan period. Government are also subsidising the construction of ships at the Vizagapatam Yard of the Indian Shipping Companies. There was an allegation whether the Government are conscious of coastal shipping roundabout the Indian coast—two thousand miles of it. Now, I may inform the House and the hon. Member there that the entire coastal trade is reserved for Indian shipping by virtue of the Control of Shipping Act, 1937. The first thing that we did by the time we attained independence was that the entire coastal shipping was reserved for Indian shipping, the tonnage carried on the coast being approximately 25 lakh tons per annum and the total of freight and passenger earnings amounting to about Rs. 12 crores per annum. With a view to give fuller employment for coastal ships and to ensure better co-ordination between rail and sea transport, I understand, the Transport Ministry propose to appoint a Committee shortly to go into the question in all its aspects.

In the overseas trade, the Indian Shipping Companies have not only been able to maintain their position in the existing trade, but they have also expanded their activities in certain new routes such as the Indo-East Africa and the Indo-Persian Gulf. The freight earnings of the Indian Shipping Companies in the overseas trade is about Rs. 8·5 crores.

Thirteen ships of a total tonnage of 96,245 have been so far constructed and supplied by the Hindustan Shipyard Ltd. Visakhapatnam to the Indian Shipping Companies; another 6 ships are under construction and orders for 5 or 6 ships are pending with the

yard. Government have also taken the decision to acquire a fleet, at an estimated cost of Rs. 2 crores, of medium-sized tankers for commercial operation in the coastal areas.

He also asked what about the agreement with the Oil Refineries, if there is any provision in the agreement that Indian ships or the Indian tankers will be allowed to take the oil, particularly along the coast. Certainly, in all the agreements with the Oil Companies there is already a provision that the Companies can use tankers of any flag for the transport of oil on the coast but there is also a provision for the entry of tankers owned by the Government or Government partnership. The question of increasing the target for the next Five Year Plan is under the active consideration of Government. It will thus be seen that the Government cannot be said to have remained negligent of the development of the Indian shipping. So much with regard to Indian shipping.

Then, the point that was raised by my hon. friend Shri Gurupadaswamy and Shri K. K. Basu about certain taxation proposals. Shri Gurupadaswamy said that these taxation proposals were rather to benefit the big bosses of business. I really fail to understand whether he was serious when he alleged this. If he looks at the taxation proposals, so far as the income-tax item is concerned, so far as the income-tax rates are concerned, he will find that we have provided for stiff rates in the rates of personal incomes and, as the Finance Minister said the other day, on Rs. 5 lakhs it will come to 81·7 per cent.

Again, section 23A has been tightened so as to compel the companies which are being controlled by less than 6 persons to declare dividends of 60 per cent if the shares—of a certain percentage of the shares—are owned by less than 6 persons. Up till now there was a possibility of the evasion of super-tax to be paid by the shareholders. Now, with the tightening of this 23A, can it be said that we are just having these taxation proposals

[Shri M. C. Shah.]

to benefit the big bosses of big business, as was alleged by Shri Gurupadaswamy?

Again, he alleged that there were certain huge profits made by certain companies. He named certain companies and he said that there was so much of paid up capital and that during 6 or 7 years they had made so much profit. Then, he calculated 300 per cent profit on that paid up capital. I really do not understand his mathematics. Whatever profits were made were made during 6 or 7 years and if they are divided by 7—as he said from 1946 to 1953—it will come to about 15 or 20 per cent, and that too, of paid up capital. Ordinarily, the profits are always to be considered on the basis of the block account of a company; he has not told the House what percentage is there. But, he just wanted to mislead the House by saying that huge profits are being made; and, they are not being controlled. Then, he said that different treatment is given to these concerns.

My friend Mr. Basu referred to a case of a company having a capital of Rs. 3 crores and 60 lakhs or 70 lakhs and the commission of the managing agency came to about one crore. I do not know whether these figures are correct.

**Shri K. K. Basu:** I will give you the reference; you can look it up.

**Shri M. C. Shah:** I do not know whether there can be any managing agency getting one crore of profit on a paid up capital of about 4 crores. I do not know on what basis he has calculated. Even then, I say, all those companies are taxed according to the rates in the Income-tax Act. I do not understand how discrimination can be allowed in this matter.

Mr. Gurupadaswamy said that some special treatment is being meted out to these foreigners in allowing them to have these huge profits. They are amenable to the rates of Indian income-tax. They are also the shareholders and are subject to all the income-tax rates, including super-tax.

If the shareholders are rich and if they get good profits, then they have to pay income-tax and super-tax according to the rates provided in the Indian Income-tax Act as other Indian nationals have to pay. So, I do not follow the argument that there has been some discrimination between a foreigner and an Indian national in this matter.

Before coming to the other problems, I will just mention something about income-tax on which there have been so many criticisms. I shall now deal with the points in regard to income-tax. My task in this respect has been made rather easier because all those points that were raised during the debate were also raised earlier when there was general discussion on the Budget; also some points were raised by some hon. Members when the Demands of the Finance Ministry were being debated here and they anticipated the Finance Bill and made certain remarks about the proposals of the Finance Bill. The hon. Finance Minister had already given replies to all those questions and I do not think I should take more time over these matters now when we are discussing the Finance Bill.

One point about the development rebate was raised by Shri Basu, Shri Gurupadaswamy and another hon. Member. That point was explained at great length by the hon. Finance Minister while introducing the Budget as well as while replying to the general discussion of the debate. It was pointed out that though the Taxation Enquiry Commission had recommended that this rebate should be given on new plant and machinery to certain specified industries, the matter was considered at great length by the Government of India and they came to the conclusion that in order to give some impetus to small-scale industries also, this rebate should be given to all industries (*Interruption*). As a matter of fact, there are safeguards. There is the Capital Issues Act under which permission for capital issue is given by the Government of India in the Ministry of Finance after consulting the Commerce and Industry Min-

istry. Then, there is the Industries Regulation Act, and the Commerce and Industry Ministry always considers all applications which are sent to the Government of India for licences. There is a Licensing Board also and then it is considered whether it is in the national interests to allow such and such industry to be established in India. So, there are these safeguards and they will be applied when accepting the applications and granting licences. There are the Act and the Regulations by which the Government of India can canalise certain investments into certain industries. Under the Capital Issues Act, all those industries, which have a capital of Rs. 5,00,000 and less,—that is, small-scale industries—have not to come forward for sanction to the Government of India. By this development rebate we also propose to give some stimulus to the small-scale industries. Small people can set up small-scale industries and get the development rebate. As I have already stated, in an undeveloped country like India, the small-scale and cottage industries must play a very important role to raise the standard of living of the people. To solve the question of unemployment this will be an incentive to small people to have small undertakings without the sanction of the Government, because up to Rs. 5,00,000 no sanction from Government is required. Therefore the development rebate has been given to all industries. So far as big industries are concerned, they will be regulated by these two measures that I have mentioned.

Whilst speaking on the Finance Bill, two or three hon. Members, including Shri Gurupadaswamy, raised the question that the hon. Finance Minister has taken only two or three recommendations of the Taxation Enquiry Commission and has left out the other recommendations. It has been already stated by the hon. Finance Minister that all those recommendations are under consideration. It is not that we have ruled out all those recommendations; we have taken only those recommendations which we can implement immediately in the Finance Bill. He

has already explained that when the Budget proposals were framed, we were not in a position to study the entire Commission's Report very carefully and to find out which of their recommendations can be implemented and which cannot be. Therefore, those recommendations which can be implemented immediately have been brought forward here in the Finance Bill and it is not fair to say that the Finance Ministry of the Government of India have accepted only those recommendations which they liked. Some Members went further and said that it would benefit the big business and big bosses. I do not understand how big business and big bosses will benefit by these taxation proposals in the Finance Bill.

Then Shri Gurupadaswamy said something about the estate duty. He criticised that the recommendations of the Taxation Enquiry Commission on estate duty were not implemented. Perhaps my hon. friend, Shri Gurupadaswamy, may not have read very carefully the recommendations of the Taxation Enquiry Commission. They have not recommended anything about the rates. Actually, the Commission have not suggested any change in the rates of estate duty or in the exemption limit for the present. All that they have suggested is that the period by which gifts *mortis causa* are to be included in the estate of the deceased should be increased from two to five years. This matter is engaging the attention of the Government and although it will undoubtedly have some revenue effect, it is unlikely that the proceeds of estate duty will be doubled or trebled on this account alone. The hon. Member quoted certain figures and said that it was expected that it would be Rs. 5 crores, then it was put down at Rs. 3 crores and now the collections are very little. I explained while replying to a question that it is not in the hands of the Government to have the proceeds as they like. As a matter of fact, it depends upon the persons dying having big properties or rich people dying

[Shri M. C. Shah]

and that is in the hands of the Almighty God. The Almighty God has helped the agricultural produce to increase so that there is self-sufficiency. I do not know what the Almighty God has destined with regard to estate duty. The proceeds of estate duty will only depend upon the persons dying, and at the same time it must not be forgotten that the Estate Duty Act came into force only in October 1953 and we have yet to see the working of that Act. We have to see whether there are collusive gifts and whether there are certain methods by which rich people evade the payment of estate duty. Certainly, if in our experience we find that there are loopholes, we will be prepared to plug those loopholes. So, I feel that the charge against the Government about not amending the Estate Duty Act on the recommendations of the Taxation Enquiry Commission does not stand at all.

As I have already replied to Shri Basu's point about taxation of foreign firms, the position is that these firms have to pay income-tax and corporation tax on the profits they make. In fact, if the bulk of the holdings in these companies is by less than six persons, then section 23A will be applied and those provisions have already been tightened.

1 P.M.

The richer shareholders will have to pay super-tax and therefore there is no point in just bringing that matter so often about the foreign investment and foreigners being given some special concession. There is no special concession, and about foreign investment, so many times the replies have come forward from the Finance Minister and the Minister of Commerce and Industry and I do not think I can add anything to what has been already stated with regard to that problem.

Then there was a point that till now we allowed the carrying forward of losses for six years and now we will allow indefinitely and therefore they believe that the speculative losses will

be entered into and that therefore they will evade taxation. But they do not seem to be aware that we have already amended the Income-tax Act two years before wherein we have provided that the speculative losses could be adjusted against speculative profits only. We have already amended the Income-tax Act and so there is no fear whatsoever by allowing these losses to be taken forward by having some device of entering those speculative losses in those books. Because, these things are very well scrutinised and only speculative losses are allowed to be adjusted against speculative profits only. Therefore, there is no point so far as this aspect is concerned.

As I have stated, Government have already implemented whatever the Taxation Enquiry Commission had recommended. They are still considering whether they would accept the recommendations of the Commission in regard to the issue of bonus shares. That point was also raised. In section 23A, we have provided that when the accumulated profits are 100 per cent, they are to be distributed and when we have to calculate those accumulated profits we have not to consider in the capital the capital bonus shares, so far as section 23A companies are concerned. Therefore, there is no fear about that too.

With regard to the implementation of the issue of bonus shares also, the Taxation Enquiry Commission has recommended to impose no tax on bonus shares to be issued from the accumulated profits of the public limited companies. That matter is yet under consideration by the Finance Minister and we are considering whether any tax can be levied on those accumulated profits which had not paid any tax so far and be taken to the reserve account.

Now, I come to certain points that were raised by Shri Tulsidas. He had used very harsh words, something like fraud and mockery and all those things. I do not want to take note of those words, but I would certainly say that his point was not correct,

when he referred to the tax on individual loans and advances obtained by the shareholders. He had raised certain objections. I would like to meet his points. Shri Tulsidas spoke as if loans and advances taken by directors from any company in any circumstances would become taxable as dividends. But that is not so. Actually, the position will be that they would be taxed as dividend, only if (1) they are taken from section 23A companies, that is, companies in which less than six persons have controlling interest over the company; (2) such loans and advances are given by a company whose main business is not money-lending and also not in the ordinary course of business; (3) if the company has actually accumulated profits equal to or more than the amount of such loans and advances. About the retrospective effect also, the Government's decision is fully justified. Ordinarily a company whose business is not money-lending does not lend money to its shareholders. It is only a company which is controlled by a few persons that lends money to certain persons. The very fact that the loans and advances from such companies have been outstanding for a long period, quite often without any security and also without any interest to be paid shows that it has in fact not been given as a loan, but is really a distribution of dividend. In order to avoid super-tax in the hands of the rich shareholders this device is ordinarily adopted. The longer such loans and advances remain unpaid, it creates a presumption that such loans are in fact dividends. The controlling shareholders of these companies have therefore in fact been enjoying those dividends without paying their due tax thereon. It is therefore not that Government is levying a tax retrospectively but such shareholders are being required to be taxed long after they had become due. For the loans which are repaid within the accounting year of the company, there may be a presumption that they had probably not been actually taken as dividends. In such cases, a concession has already been made in the amendment, propos-

ed by us, by which full tax will not be charged but only income-tax and not super-tax will be levied. If the loan is outstanding for less than a year, then the income-tax only will be levied. If the loans are outstanding for a longer period, still, we will consider the points placed before the Government and I will add that administrative instructions will also be issued that if such loans and advances have been genuinely refunded to the companies before the 30th June, 1955, and actually form part of the reserves of the company without being lent to some other borrowers, no tax at all should be charged. This will be the administrative instructions that will be issued, and I am sure that that will meet the point raised by certain Members of the House.

**Shri Tulsidas (Mehsana West) :** I did not follow, especially the last portion.

**Shri M. C. Shah :** I shall repeat it. Administrative instruction will also be issued that if such loans and advances have been genuinely refunded to the companies before 30th June, 1955 and actually form part of the reserves of the company without being lent to some other borrowers, no tax at all should be charged. Those will be the administrative instructions which we propose to issue.

**Shri K. K. Basu :** He wants time to repay.

**Shri M. C. Shah :** So far as the taxation proposals are concerned I do not think there is anything more to be referred to.

Now, there was a point about the *ad valorem* duties having been changed to specific duties in respect of certain excisable articles. It has been already explained by the Finance Minister in his opening speech that for the administrative convenience also it is better to have specific duties on those articles. Thereby we could just help also the small-scale industries and at the same time we can just levy duties on those bigger producers.

[Shri M. C. Shah]

Now, one hon. Member—Pandit K. C. Sharma—was rather critical of the Government. He said that “from 1953 to this year”—all the three years—“I have found a note of Fascism in the attitude of the Finance Minister. I am growing sick of all this slow and steady progress”. That is what he stated. But I would remind him that he forgets the position that was here in this country in the year 1947 and the position that is now in the year 1955. If he takes an objective view of the position before 15th August 1947 and today, then I am sure he will admit that there has been a tremendous advance in this country. There has been a tremendous development in this country and this country has progressed very significantly. He said that he is very sick of this slow and steady progress. I can appreciate his anxiety for quicker progress. But, we must be realistic. It is no use having too much impatience without taking into consideration all the circumstances prevailing in the country, the resources of the country and the peaceful democratic approach to obtain our objective. He complained that he had found a note of Fascism in the attitude of the Finance Minister. I was rather puzzled. I do not find any sign of Fascism in the Finance Minister's approach in all these years. So many Members have rather complimented the Finance Minister on the sound policy that he has pursued with regard to the financial matters of the Government of India and having attained stable economic conditions in the country by the fiscal policy that he has adopted. But, my friend Pandit K. C. Sharma is rather not convinced about that and he has given no arguments. He seems to think that taking calculated risks on a progressive basis amounts to Fascism. I see no warrant for this definition either in the theory or in the practice of fascism. The hon. Member has talked of unemployment and the need for a bold move forward. So many times the question of unemployment has been raised on the floor of this House and debated. It has

been replied to by the Finance Minister and also by the Minister for Commerce and Industry. The other day the Finance Minister said that he had no magic wand to have this unemployment question solved overnight. I would say that the Government of India have not got that Allahdin's lamp of the fairy tales to just change the position of the country so far as unemployment is concerned overnight. Therefore, we have to proceed very cautiously. He says that there is need for a bold move forward. If that is so, he should appreciate the Finance Minister's readiness for calculated risks.

As I see our budgets in these recent years, I feel that we are moving ahead boldly and we are determined to see that finance does not come in the way of the development of the country and urgently needed development programmes of the country. Evidently, Pandit K. C. Sharma objects to calculated risks and in other words he advocates recklessness. I am afraid this approach has in it the germs of a Fascist approach. Recklessness can only be resorted to by those who have some tendency to Fascism.

Now, Shri Basappa as well as Shri Bogawat talked about the socialistic pattern of society and urged more nationalisation. This is well trodden ground and the question has been discussed on the floor of the House so often that I doubt if it is necessary for me to expand the implications of the Avadi Resolution and the statement on Government's economic policy which the House adopted in the last session. There is no doubt about our objective. We want to create an economic system in which there will be equality of opportunity and fair distribution of the rewards of effort. A socialistic pattern is an egalitarian pattern. It is not necessarily a system which this or that country has adopted. We want equality at a rising level of incomes and for this what we need is economic development and enlargement of the goods to be distributed. This development necessitates and



connotes a higher level of employment power. Employment is thus a means as well as an end. Institutional changes such as nationalisation are only the means to an end. They are not to be advocated merely because they look like socialism. A socialistic pattern has to be evolved democratically and in a manner that would not affect the economy violently. As the Finance Minister once put it, the edifice has to be built brick by brick. I claim that through our budget and other measures of policy we are advancing steadily towards the expected goal and I have every hope that over the next 10 or 15 years the country's economics and social system will have been transformed. 10 or 15 years is not a long time. If my hon. friend will just read the history of so many other countries he will find that what other countries have achieved in 50 years we propose to achieve in 10 or 15 years. Sir, those totalitarian countries—countries like Russia—also have taken practically more than 30 to 40 years. (*Interruption*).

I come to one or two issues which hon. Members have raised on planning and development. Shri Bansal, Shri G. D. Soman and Dr. Krishnaswami referred to the discussions that are at present taking place in the Planning Commission in connection with the formulation of the Second Five Year Plan. Let me, first of all, state the facts. The Planning Commission is at present considering a draft Plan Frame prepared by the economists and statisticians in Government in consultation with the Indian Statistical Institute. The Plan Frame is in the nature of a technical exercise, a first sketch—a model, if one likes to call it so,—of what the Plan when finally worked out might look like. It is an attempt to build up an overall picture in its varied inter-relations, so that one could obtain a first view of what sort of increase in national income is possible, what order of investment is necessary, what employment potential a plan of particular size is likely to have, what kind of financial arrangements the implementation of a rea-

sonably satisfactory programme will necessitate, etc.

A plan is, after all, not a mere summation of schemes and projects. It must be an integral whole which carries the economy forward in desired directions and at the desired rate. In fact, the authorities which propose schemes and projects for inclusion in the Plan must know what the whole picture is likely to be, so that they can frame their own programmes with an eye to the total picture. The total picture itself may change, is almost certain to change, in the light of the concrete schemes and projects that come up. The preparation of a Plan Frame is thus a first step. What the economists and statisticians have placed before the Planning Commission is a draft and no more. The Planning Commission has consulted its panel of economists and obtained its reaction on certain aspects of the proposals made in the draft. A meeting of the National Development Council is to be held early in May to consider this draft Plan Frame. I should like hon. Members not to come to any conclusion on the basis of press reports as they may have seen. I have no doubt that the Planning Commission will consider the release for publication in due course of whatever Plan Frame it accepts. The House will, undoubtedly, have ample opportunity to discuss the Plan before it issues as a final document. I should like to add that no individual can make a Plan—or, perhaps, anybody and everybody can make any plan he likes—but the plan can be made only by the Planning Commission and it is this Plan which must in due course come up before the House.

Another important point made in the context of the present budget and the next Plan is the relationship between consumption and investment in an under-developed economy. I am sorry the Finance Minister is not here to expound this point. I, on my part, share some of the views expressed on the floor of this House. Our living standards are very low, and it would, indeed, be an anomaly if we had to



[Shri M. C. Shah]

tighten our belts further in order to increase investment. In an economy which is well developed, consumption and investment are alternatives. You can increase the one only at the expense of the other. But, the implicit assumption of that type of analysis is that all the available resources are fully employed. This assumption does not hold good for underdeveloped economies which, by definition, have unutilised resources. Economic development means essentially the bringing into productive use of these unutilised or unemployed resources. There are difficulties in the process because while there are large amounts of some unutilised resources, like manpower, the complementary resources needed, such as, land or tools and implements or the means of transport are limited. This raised special problems. But, I agree that the extra production needed for consumption as well as for investment should, in an underdeveloped economy come from harder work and better organised work, rather than from stinting or reduction in consumption. This is the view, I understand, not only of Maurice Dobb whom the hon. Member Mr. Bansal quoted, but of many other economists who have applied themselves to problems of development.

Shri B. D. Shastri: On a point of order, Sir.

Mr. Chairman: A point of order has been raised.

श्री बी० डी० शास्त्री : चार पांच दिन पहले मि० सहगल अपना भाषण पढ़ कर सुना रहे थे उस पर माननीय स्पीकर ने आज्ञा दी थी.....

Shri Bansal (Jhajjar-Rewari): It does not apply to Ministers.

श्री बी० डी० शास्त्री : मैं चाहता हूँ कि माननीय मंत्री जो कुछ कहें वह अपना ऑरिजनल कहें ।

Shri K. K. Basu: It is about the privilege of the Minister.

Shri M. C. Shah: If my friend is patient, he will learn something.

There is, as far as I see, no conflict between this view and what the Taxation Enquiry Commission has stated. Given a certain level of output in a community, the greater the consumption, the less is left over for investment. A stepping up of the rate of investment involves, therefore, a sacrifice of consumption. This is not necessarily an absolute sacrifice. It is not necessary to reduce present consumption in order to find more real resources for investment, but it is a relative sacrifice. Consumption, in other words, has to be allowed to rise less than aggregate output. If I may put it in another way, an increasing proportion of the additional output created as a result of development has to be ploughed back into investment if the rise in incomes has to be rapid and cumulative. In a poor country which starts with low incomes, there is inevitably a tendency to increase consumption rapidly as incomes increase, and this tendency has to be held in check through suitable fiscal policy and other measures. This, I think, is the essential reasoning behind the recommendations of the Taxation Enquiry Commission. What is needed is a relative austerity, a readiness to postpone to the future a part of the increased consumption that harder work and more concentrated effort might otherwise have made possible. But this, again, is a sacrifice made in the interests of a more rapid rise in living standards in the future.

I suggest that this is the basic philosophy or economics of planning, and I dare say that this is the principle behind the Budget proposals that the Finance Minister has placed before the House this year. It is, if I may say so, wrong to judge the taxation measures proposed without taking into account at the same time the substantial overall budgetary deficit which has been left uncovered. The overall deficit means that the Budget as a whole will put more money into the pockets of the people. By reduction it will come

to a very little sum. The fact that production in the economy is already on the upgrade and the further fact that the additional expenditure of Government is intended to further the implementation of the Plan carries an assurance that this expansionary stimulus will prove a wholesome and strength-giving tonic. I urge on the House to view the Budget in the light of this promising perspective.

There are many other points, but as I have taken more time than what is allowed, I will leave some of them. There is only one point to which I would like to refer. The hon. Member from Manipur has raised certain points and he has stated about some officers. He has mentioned that Mr. Bhargava is no longer in Manipur. He has also made about one Mr. A. C. Kapoor certain allegations. I may inform him that that matter is under consideration. Then he referred also to some *ashram* and made certain remarks. I would inform the hon. Member that that *ashram* is not a Government institution and therefore any allegation that he has made about it is wide of the mark. As was pointed out by the Deputy-Speaker, it was not proper to make allegations about those officers.....

**Shri K. K. Basu:** If the hon. Minister takes more time, we would like to know what is the position.

**Shri M. C. Shah:** I am sorry I am not responsible.

**Mr. Chairman:** Order, order. Let me state the position so far as time is concerned. The time allotted is 10 hours. We had already exhausted by yesterday 9 hours and 27 minutes. So, really for consideration purposes, we had only 33 minutes left today. Already it is 1-30 P.M. As previously arranged, we shall finish clause-by-clause consideration today and one hour will be left for third reading tomorrow. That is the real position so far as time is concerned. I would request all hon. Members including Ministers to concentrate on points which they think to be important; otherwise

we shall have to extend the time and sit longer today to finish the clause by clause consideration. Or otherwise, the third reading time will be curtailed.

**Shri K. K. Basu:** Four hours were allowed to clause-by clause consideration but if the Minister takes two hours only two hours are left.

**Shri M. C. Shah:** In deference to the wishes of my hon. friend, Shri Basu, I will not take even a minute more. I have got so many points but I do not think that I will take up the time of the House. I hope that the House will take into consideration the Finance Bill as introduced.

**Shri V. G. Deshpande (Guna):** We want the speech to be circulated.

**Shri Mohanlal Saksena (Lucknow Distt.—cum—Bara Banki Distt.):** The hon. Finance Minister referred to the economists. I would like to know whether they are all orthodox economists or whether anyone of them is also Gandhian economist or Sarvodaya economist because the Planning Commission has to be guided by the advice of these economists and much will depend upon them.

**Shri M. C. Shah:** They are not to be guided by the economists. After all, the economists' point of view will be considered. They are perhaps the best persons to advise. It is not that their advice will be accepted *in toto*. It will be considered. There is no distinction between a Gandhian economist and another. I do not know what the hon. Member means by Gandhian Economist.

**Shri Joachim Alva (Kanara):** I had asked the hon. Minister before he spoke whether he would enlighten us about the progress of Indianisation of executives in foreign banks. The pace of progress is not even snail's progress. I will draw the hon. Minister's attention to an important statement made by the Manager of the Chartered Bank in London. He said that they had made far reaching proposals for appointing Indian sub-accountants in their banks. The progress is so slow.

[Shri Joachim Alva]

I want the Ministry to tell us about this very important private sector of banks.

**Mr. Chairman:** I think it is only a request to the Ministry.

**Shri M. C. Shah:** Perhaps the hon. Member might not have been present when the whole position was explained by the Minister of Commerce and Industry with regard to Indianisation of services in the foreign banks and companies. The whole House knows that strenuous efforts are made by the Commerce and Industry Ministry and the Commerce and Industry Minister in particular to see that there is very rapid progress in the Indianisation of the employees in banks as well as companies.

**Shri Joachim Alva:** There is not even a start.

**Mr. Chairman:** Order, order. No further questions.

The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1955-56, be taken into consideration."

*The motion was adopted.*

**Mr. Chairman:** Now, we take up clause by clause consideration. A number of amendments to the clauses have been tabled and hon. Members who wish to move their amendments to the clauses will kindly hand over the numbers of their amendments to the Secretary at the Table within fifteen minutes, specifying the clauses to which they relate.

**Shri K. K. Basu:** Is it in respect of all the clauses?

**Mr. Chairman:** Yes, the amendments in respect of all the clauses.

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** In view of the fact that Government amendments are fairly large in number I would be very grateful if the

Chair will take these amendments as moved. The amendments are in the Order paper itself.

**Mr. Chairman:** The hon. Members may give the numbers of the amendments which they propose to move within fifteen minutes and I shall announce them.

**Shri Bansal:** The other amendments are not really so many, and we may take all the amendments that have been tabled as moved.

**Mr. Chairman:** I am following the practice that is obtaining. What is the difficulty of the hon. Members in giving the numbers at the Table?

**Shri K. C. Sodhia (Sagar):** Here is a list in which all the amendments that are to be moved are printed.

**Mr. Chairman:** In the Order Paper, all the amendments are there but the hon. Members must move them. So, the numbers of amendments which each hon. Member proposes to move may be given to the Secretary. In the meanwhile we may proceed with clause 2.

**Shri Tulsidas:** Are we going clause by clause or are we taking all the clauses together?

**Mr. Chairman:** We are taking up clause by clause.

#### Clause 2.—(Income-tax and Super-tax)

**Shri H. L. Agarawal (Jalaun Distt. cum Etawah Distt.—West cum Jhansi Distt. North):** I beg to move:

(i) In page 1,

omit lines 21 to 23.

(ii) In page 1, lines 24 and 25,

omit "other than the income chargeable under the head 'salaries'."

**Mr. Chairman:** Amendments moved:

(i) In page 1,

omit lines 21 to 23.

(ii) In page 1, lines 24 and 25, omit "other than the income chargeable under the head 'Salaries'."

श्री एच० एल० अणूबाल : कलाज २ की दूसरी सब कलाज इस तरह से ड्राफ्ट की गई है कि इसके मानी बहुत साफ नहीं हैं। इस में एक डिस्टिक्शन किया गया है सैलरीड इन्कम में और दूसरी किस्म की अनूड इन्कम में। मैं समझता हूँ कि यह बेजा नहीं है। इस तरह की डिस्टिक्शन जो की गई है, यह जो फर्क है यह होना नहीं चाहिए। इस के माने जैसे निकलते हैं वे यह हैं कि अगर कोई सैलरी पाता है और उसकी इन्कम २०,००० तक होती है तो ४,००० की रिडक्शन का कंसेशन उसको मिलेगा और उसके बाद भी चाहे कितनी उसकी आमदनी हो, चाहे ४५,००० भी हो तब भी ४,००० की रिडक्शन का कंसेशन उसे मिलेगा लेकिन दूसरी लांग जैसे वकील हैं, डाक्टर हैं और दूसरी प्रोफेशनस में हैं जैसे बिजनेसमैन हैं, जो अपनी मेहनत से पैदा करते हैं उन के लिए यह रिडक्शन लगाई गई है कि २५,००० तक की इन्कम पर ४,००० के रिडक्शन का कंसेशन मिल सकेगा और नीचे की इन्कम पर पांचवें हिस्से की रिडक्शन का कंसेशन मिलेगा लेकिन अगर उसकी इन्कम बढ़ती है, २५,००० हो जाती है, २०,००० होती है या और ज्यादा होती है तो जितना एक्सेस होगा उसके पांचवें हिस्से से वह ४,००० के रिडक्शन का कंसेशन कम होता चला जाएगा यहाँ तक कि ४५,००० की जब इन्कम होगी तो उसको कोई रिडक्शन नहीं मिलेगा, उसको रिडक्शन देने की जो सद्दलियत दी गई वह वापस ले ली जाएगी। मेरा कहना यह है कि इस तरह का जो यह फर्क है जो तन्स्वाह पाने वाले लोगों में जिन को कि यह कंसेशन चाहे उनकी २ लाख रुपया आमदनी है चाहे एक लाख है उनको ४,००० का रिडक्शन होगा लेकिन जिन लोगों को मेहनत करके कमाना पड़ता है जैसे वकील हैं, डाक्टर हैं या बिजनेसमैन हैं जो अपनी मेहनत से रुपया पैदा करते हैं उनको यह रिडक्शन नहीं होगा, यह ठीक बात नहीं है। तो मेरा कहना यह है कि

जहाँ तक तन्स्वाह पाने वाले लोगों का ताल्लुक है उन के काम में कोई रिस्क इन्वाल्व नहीं होता चाहे इन्फ्लेशन हो चाहे डिफ्लेशन हो, चाहे कैसे भी हालात हों उनकी तन्स्वाह में कोई फर्क नहीं होगा लेकिन दूसरी लोगों के मामले में अगर जरा सी गलती होगी या सर्कुमस्टांस बदल गए तो उन को बड़ा रिस्क उठाना पड़ता है। मेरी समझ में यह नहीं आता क्यों ऐसे लोगों को जो कि मेहनत करके रुपया पैदा करते हैं और रिस्क रन करते हैं उन को भी यह कंसेशन क्यों न दिया जाए जब कि यह तन्स्वाह पाने वाले लोगों को दिया जाता है। मैं मानता हूँ कि उस आमदनी में जो कि मेहनत किए बगैर कमाई जाती है, जो किराये बगैर से आती है, ब्याज से होती है और जो मेहनत करके कमाई जाती है इन दोनों में बड़ा फर्क है और यह फर्क होना भी चाहिए जैसा कि इस कानून में है। लेकिन मेरी समझ में नहीं आता कि उन आदमियों की जो तन्स्वाह पाते हैं और दूसरी लांग जो मेहनत से पैदा करते हैं उनकी आमदनी में क्यों फर्क किया जाये और मेहनत की गई आमदनी पर क्यों टैक्स ज्यादा लगाये जायें और उन को वही कंसेशन क्यों न दिये जायें जो कि तन्स्वाह पाने वालों को दिये जाते हैं।

एक बात और भी है और वह यह है कि चूंकि जीवन बड़ा जटिल है, इसीलिए जो कानून बनता है, वह भी जटिल बन जाता है—कामप्ली-कॉटिड हो जाता है। इस तरह के कामप्लीकेशनज बढ़ाने से और कानून को जटिल बनाने से, मैं समझता हूँ, कोई फायदा नहीं है, बल्कि उससे बड़ा कनफ्यूजन पैदा होता है। इसीलिए जितने डिस्टिक्शनज कम हो सकतें हैं, उन्हें कम करने का प्रयत्न करना चाहिए। मेरा संशोधन बड़ा सीधा सादा है और उसका तात्पर्य यह है कि तन्स्वाह से होने वाली आमदनी और दूसरी प्रोफेशनज में होने वाली आमदनी में कोई डिस्टिक्शन न किया जाय। इसी लिए मैंने यह संशोधन पेश किया है कि

कलाज २ के सब-कलाज (२)

जाय और सब-कलाज (२)

[श्री एच० एल० अगवल]

निकाल दिये जायें "other than the income chargeable under the head salaries," इससे वह डिस्टिक्शन खत्म हो जायगा और मैं समझता हूँ कि जो अन्डर इनकम वाली क्लास हैं, उस पर एक ही टैक्स लग जायगा। मुझे इतना ही अर्ज करना है।

**Shri M. C. Shah:** I think there is some confusion of thought. So far as salaries are concerned, income-tax is deducted at the source. Suppose salary is paid for March, in April, that deduction is there. Therefore,—always it is the practice—so far as salaried people are concerned, this will not apply to the financial year 1955-56. That is, they will not be subjected to this deduction of Rs. 4,000, 200 and so on, up to Rs. 45,000. All the financial proposals about income-tax are applied with respect to the financial year which is different from what is meant under the Income-tax Act. Therefore, I do not think there is anything which requires deletion of this.

**Mr. Chairman:** Shall I put these amendments to the House? Practically, there is no difference. It is only a question of procedure.

**Shri H. L. Agarawal:** I am not satisfied with the answer. I do not know how the distinction is got over.

**Shri M. C. Shah:** If you read the whole clause, you will see that what we have provided for is this. Reduction for earned income is allowed to salaried people and businessmen. What we are changing is, this sum of Rs. 4,000 will be progressively reduced for incomes over Rs. 25,000 and for every sum of Rs. 1,000, there will be a reduction of Rs. 200. After 20 slabs at Rs. 45,000, there will be no reduction. Why we have added this is because in the case of salaries, the income-tax is deducted at the source every month so that the words 'financial year' would not apply to salaries. We cannot ask them to pay more when their income-tax is deducted at the source. There is differentiation with

regard to the time when this will apply to salaried people and business people.

**Shri H. L. Agarawal:** Why not reduce when you deduct the income-tax?

**Shri M. C. Shah:** That is the object of this amendment.

**Shri H. L. Agarawal:** You cannot deduct Rs. 4,000, under the law.

**Shri M. C. Shah:** Suppose the salary is Rs. 2,000. Or suppose the salary is Rs. 4,000. Even today, when the salary is paid, income-tax will be deducted on the basis of the whole year with a reduction of Rs. 4000. So, a certain sum will be deducted every month from the salary bill of that employee. So far as they are concerned, this reduction will apply from the next year, from 1st April, 1955. Only it would not apply to the salaried people for the financial year 1955 under the Income-tax Act. You know that the Income-tax financial year 1955 will mean all incomes accrued between 1st April 1954 to 31st March, 1955. That would not apply to salaried people. We cannot ask them to pay a further sum. Therefore, this provision has been made.

**Shri H. L. Agarawal:** When Rs. 4,000 is the salary, his yearly income will be Rs. 48,000. Why not deduct beforehand.

**Shri M. C. Shah:** Already the income-tax has been deducted. All those who have to pay income-tax except the salaried people will file returns.

**Shri H. L. Agarawal:** I am not satisfied.

**Mr. Chairman:** I shall put the amendments to the House.

The question is:

In page 1,

omit lines 21 to 23.

*The motion was negatived.*

**Mr. Chairman:** The question is:

In page 1, lines 24 and 25,  
omit "other than the income  
chargeable under the head  
'salaries'."

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That clause 2 stand part of the  
Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Clause 3.—(Amendment of section 2,  
Act XI of 1922)**

**Shri Tulsidas:** I beg to move:

In pages 3 and 4,  
omit lines 40 to 47 and 1 to  
20, respectively.

**Shri M. C. Shah:** I beg to move:

In page 4, after line 11, insert:

"(ia) any advance or loan  
made to a shareholder by a com-  
pany in the ordinary course of  
its business where the lending of  
money is a substantial part of  
the business of the company;"

**Mr. Chairman:** Amendments mov-  
ed:

In pages 3 and 4,  
omit lines 40 to 47 and 1 to 20,  
respectively.

In page 4, after line 11, insert:

"(ia) any advance or loan made  
to a shareholder by a company in  
the ordinary course of its busi-  
ness where the lending of money  
is a substantial part of the busi-  
ness of the company;"

**Shri Tulsidas:** My amendment is an  
important amendment. Government  
have also moved an amendment to this  
clause. I have already made my  
observations on this clause in the First  
Reading stage. This clause says that  
any loan by a private company to the  
shareholders or directors will be  
treated as income. I am very glad that

the hon. Minister just now said that  
administrative instructions will be  
given in cases where the loans taken  
by the shareholders or directors are  
repaid before June 1955. He used the  
word 'January'. He also said that it  
will be seen that the company will not  
give any loan to somebody unless the  
director be in a position to repay this  
loan. I do not know what the impli-  
cation of what he said is. The fact  
that I would like to bring to the notice  
of the House is this. My amendment  
is to omit the entire clause, lines 40 to  
47 on page 3 and lines 1 to 20 on page  
4. This is what I would like to bring  
to the notice of the House. The whole  
concept of the definition of dividend  
has been changed, and a new concept  
has been brought in. We are now try-  
ing to amend our laws in such a way  
that it will be difficult for people to  
understand in future what the mean-  
ing of those laws are. And the mean-  
ing of those laws are not to be con-  
sidered in the normal way. That is  
what I would like to bring to the  
notice of this House.

In the normal sense, dividend is  
supposed to be a distribution of a cer-  
tain amount per share. Supposing  
there is a company which has a paid-  
up capital of Rs. 5 lakhs, and it has a  
reserve fund to the tune of Rs. 2 lakhs,  
and a shareholder who is holding  
shares to the extent of 5 per cent is  
given a loan by the company to the  
extent of Rs. 1 lakh which will be 50  
per cent of the reserves, then the  
entire amount of Rs. 1 lakh will be  
considered as a dividend in the hands  
of the shareholder, though he holds  
only 5 per cent of the shares. Normal-  
ly dividends are given in proportion  
to the holding of the shares. If a total  
sum of Rs. 1 lakh is distributed then  
the person who holds shares to the  
extent of 10 per cent gets dividend  
only to the extent of Rs. 10,000. But  
here if a person is given a loan, then  
to the extent of the loan and to the  
extent of the accumulated profits, the  
entire amount will be considered as  
dividend in the hands of the share-  
holder. This is the new concept which  
has been brought in.

[Shri Tulsidas]

We have got an amendment by Government which goes still further, and which says:

"(ia) any advance or loan made to a shareholder by a company in the ordinary course of its business where the lending of money is a substantial part of the business of the company;"

If a company has got lending as a substantial part of the business then it is allowed to give this loan. But if lending is not a substantial part of its business, then it is debarred from giving any further loans. The position which has now been cleared is with regard to the past, that is to say, in the case of those who have taken loans in the past but who repay them before the end of June, the amount will not be taxed as dividend. But my point is this. Are we going to go on changing the whole concept like this?

If you go further you will find that the whole concept of income itself is changed. Under the normal law, a loan is only a loan, and it is not an income. But here a loan is considered to be an income.

**Shri Tyagi:** The moment when it is given to evade super-tax.

**Shri Tulsidas:** I would like to explain this. That is the point which the hon. Minister has just now explained. Generally a company is allowed to retain 40 per cent of its income derived as profits, and distribute the other 60 percent. But sometimes it is possible that the profits may not be distributed, because if they are distributed, then the shareholder will get something more, and he will have to pay tax on that; and with a view to evade the payment of tax he may take a loan from the company.

**Shri Tyagi:** That is it.

**Shri Tulsidas:** I appreciate the point. I do not say that I do not appreciate it. But may I say that in trying to catch a few people you are now trying to put the entire community to difficulties? Please realise that it is not the case of a normal person which you are

dealing with here. I shall just give an example. There is the estate duty law, for instance. Suppose a person dies and there is a shareholder. Is the estate of that person going to get money from anybody else for the payment of estate duty excepting from the company? It is only this company which can give money to him as loan, if he has to pay estate duty. How else is he going to get this money? Look at the amount of difficulties that we are going to create. Because you want to stop something which may have been done by a few people, you are now going to change the whole concept.

When I used that very harsh language yesterday I was quite right in doing so. Up till now we have been treating a loan as a loan, and we have been allowing a certain amount of profit to be retained in the company. I am sure a normal businessman or a normal firm would not try to distribute the entire profits, or give a loan which is not returnable. That is the case, normally speaking.

In England, as I said yesterday, a large number of private companies are existing, and not only do they exist, but private company business is a very important business in England. Any new person who wants to enter into business will naturally like to enter as a private company. We also want to encourage company formation here. The business of a country is judged more by the number of registered companies that exist in that country than by anything else. But by what you are doing now you will be completely stopping company formation. On the one hand you want to encourage the formation of companies, and on the other hand you want to put these private companies into the same category as that of a private registered concern or firm.

In the business of a private company, what happens normally? I agree there may be malpractices. I am not denying that fact, and certainly those things can be taken into consideration. But we must evaluate for the entire

thing, and find out whether on the whole this is going to be an impediment or not. Suppose there is a company with a paid-up capital of Rs. 5 lakhs, and a director needs for his own business or for whatever other reasons a certain loan from the company—he may have certain difficulties—then he borrows some money from the company, say Rs. 1 lakh. And he may repay it after a year or after a year and a half. Why do you prevent him from taking that loan and repaying it later? For, what do you say here? If he takes a loan, even if he repays it, still income-tax should be charged on that amount. Normally even if a person takes a loan of Rs. 500, what will happen? Income-tax will have to be paid on that even if the person concerned pays the amount the next day. That is the effect of this provision you are making now. Even if a person takes a loan of Rs. 500 or Rs. 1,000 and he repays it the next day, yet he will have to pay income-tax on that. I would like to ask: Where are we going to?

Please realise the seriousness of the whole position. It is not the case of a loan outstanding for the year in which case there is room for the fear that the persons concerned will try to evade; they take a loan today, and at the end of the year when the loan is outstanding they repay it, and again at the beginning of the next year they take a loan, in order to evade the payment of tax. That is not the case here. Look at the anomalies you are putting in. If you have this kind of a provision, then even if a person has an interest in the company and he needs Rs. 500 yet he will not take a pie from the company because he will have to pay income-tax on that, even if he repays the next day. What is this position that you are bringing about? A man is not allowed to take a loan even from his own private company where he has a shareholding to the extent of 5 per cent. This is really a very serious addition in the Income-tax Act.

Our laws are practically copied from those in England, but even in England

where the administration is much more strict and much more vigilant they have not found it necessary to include this kind of a provision in their law. It is only in this country, I am sorry to say, that we are trying to put in such provisions which are not in accord with the normal concept of any law, and which are really going to prove very harmful to the normal working of companies. Nowhere has such a provision been put in any law. It will retard the progress of company formation. Whether it be private companies or other small companies it will retard the progress of formation of companies. I feel that this is really going to be a very retrograde step which Government are taking. I know there are difficulties, but those difficulties could be avoided up till now, and all these companies have been functioning all these years. They may give a loan to the shareholder, and he may repay that loan after some time. What is the difficulty in that? I do not quite understand. Of course, there are certain difficulties, and they must certainly be avoided; they can be avoided by trying to see that the administration puts the necessary impediments on such people. But why do you want to change the whole concept of law? I said yesterday that we are making the whole thing a mockery of the rule of law. I am explaining the whole position today as to why I said so. We are changing the whole concept of law now. I very sincerely think, and I very seriously feel that such concepts should not be included in the normal laws of the country, when we want to encourage the formation of more and more companies in this country, and we do feel that more and more new people must enter into business. But is this the way in which they should be encouraged? I oppose this provision.

2 P.M.

**Shri Tyagi:** I hope the hon. Member would give full value to what is stated here:

“any payment by a company, not being a company in which the



[Shri Tyagi]

public are substantially interested....."

Such companies are exempt.

**Shri Tulsidas:** I have explained that. I have explained what the position is even in the case of a private company under section 23A.

**Shri Bansal:** With your permission, I beg to move only the third proviso of my amendment, No. 45:

In page 4,

after line 5, add:

"Provided that loans, advances and any payments already made by a company shall not be deemed to be dividend for any of the purposes of this Act if they are returned to the company before the 30th June 1955."

This is because I understand the first proviso is already covered by the amendment of the Finance Minister and the second one is also substantially covered.

I am really grateful to the Finance Minister for having accepted the principle of this amendment, inasmuch as he has stated that he will issue executive instructions to the effect that those shareholders who return the loans before the 30th June 1955 will be exempt from this tax. But what worries me is how these executive instructions will be in harmony with the amendment which the Finance Minister is proposing to clause 9. He is moving a very detailed, and in my opinion, a very cumbersome, amendment to clause 9. What will happen under clause 9 is that if the loans are taken in the last year and returned in the last year, then that person will have to pay income-tax. But if he has taken the loan last year and is returning it before the 30th June 1955, then under executive instructions, he will be exempt from income-tax. This is an anomaly which I want to bring to the notice of the hon. Minister. I hope I have made my point clear. Under your own amendment, what

you are doing is that if a loan is taken by a person sometime last year—by last year, I mean the year 1954-55—if a loan is taken in April 1954 and paid, say, in February 1955, in spite of that, income-tax will be charged on that loan, but if the loan is outstanding in this year, i.e., before 30th June 1955, and he pays it before that time, then the shareholder will be exempt from the payment of that income-tax. This is the anomaly which I want to bring to the notice of the hon. Minister. I am not disputing the principle of the Bill; I am completely accepting the suggestion which he has made that he will issue executive instructions to the effect that those shareholders who return the loans before the 30th June 1955 will be exempt from the payment of super-tax or income-tax. I am completely in agreement with that, but my trouble is this is a definite anomaly and even though executive instructions are issued—I am sure they will be issued—this anomaly in the Act will remain because the executive instructions will not cover those loans which have been already returned during the course of last year and which will come under the mischief of your own amendment, No. 61, to clause 9.

**Shri Tyagi:** Will it not be readjusted in the next year's assessment?

**Shri Bansal:** How can that be adjusted, because the loan has been taken? I am sure the Finance Minister will explain; if he does explain, I will withdraw my amendment. I am not a stickler for my amendment. But the point is this. He is moving a very elaborate amendment, No. 61. I do not want to read it. What he says is that if any loans are outstanding during the last year from the previous year, then full super-tax and income-tax will be charged, but if the loan is taken during the last year and returned sometime during the last year itself, after five or six months, then only income-tax will be charged. But he has himself said that he would issue executive instructions by means of which any loans, whether taken in the previous

year or last year, if they are returned between now and the 30th June 1955 will be exempt from super-tax or income-tax provided they are returned *bona fide* etc. I take it that all loans will be returned *bona fide*, if they want to come within the purview of this particular section. This, I say, is an anomaly and therefore, the only way to remove this anomaly is: have a straight forward clause; keep the provision of the Bill as it stands with my proviso, namely "provided that loans, advances and any payments already made by a company shall not be deemed to be dividend for any of the purposes of this Act if they are returned to the company before the 30th June 1955." I think I need not elaborate this point further and I hope the Finance Minister will accept my amendment.

**Mr. Chairman:** Amendment moved:

In page 4,

after line 5, add:

"Provided that loans, advances and any payments already made by a company shall not be deemed to be dividend for any of the purposes of this Act if they are returned to the company before the 30th June 1955."

**Shri Jhunjhunwala** (Bhagalpur Central): I think the House has heard Shri Tulsidas and Shri Bansal on the amendment that is before the House. Members will realise the anomaly which has been pointed out so ably by Shri Bansal. I have every sympathy with what Shri Tulsidas has said. This will go against the normal working of business and the development of companies in this country. Because of certain abnormal things happening here and there, such stringent laws are brought in. The other day we had the Sea Customs Act in which the whole principle of jurisprudence was changed. The burden of proof was placed on the accused; he has to prove that he is not guilty. Similarly, here this clause is brought in. It is most unfortunate that the Government get such opportunities for

bringing in such clauses and amending laws in such a way. Instead of doing that, the Government should look at the inconvenience which will be caused to the public and the difficulties that will be created, and find some other methods of improving things. As Shri Tulsidas has pointed out, normally this thing does not happen. But I cannot help saying one thing to Shri Tulsidas and Shri Bansal also. They have a big organisation called the Federation of Indian Chambers of Commerce and Industry, and very eminent people are members of that organisation. Similarly, there are organisations of different industries; for cotton, there is an organisation; for jute, there is an organisation; for sugar, there is an organisation. As normally this thing does not happen, why do not such organisations come to the help of the Government when such abnormal things happen amongst their own members? Why cannot they have a sort of rule of conduct in their own organisations that will be very useful to the Government as well as to the public?

As I said, I have every sympathy with what Shri Tulsidas has said, but I cannot help pointing out the remarks of a retired income-tax officer who has been working now in a very leading industrial firm. He says:

"A new sub-clause (6) has been inserted by which loans advanced to shareholders or on behalf of or for the benefit of the individual shareholder in the case of a private company, to which the provisions of section 23A apply, will henceforth be taken as dividend. This addition has come none too soon as cases have occurred in the past, in which loans were advanced to principal shareholders and afterwards, the loans were written off and thus the loans advanced escaped taxation as income from dividend."

This is the comment on this amendment by a retired Income-tax Officer, who held a very high post here in

[Shri Jhunjunwala]

Delhi. Now, he is working in an eminent industrial firm. What I was driving at is that when such abnormal things happen, when one, two or three individuals indulge in such abnormal things, it is the society which is being penalised because of the inefficiency of the Government and because we, as public men, those who hold such organisations, do not have rules of conduct amongst ourselves that we would point out to such people who take to such abnormal practice. It is with the co-operation of the public and the Government that we can have good laws and have them properly administered. Because the public does not co-operate, even if there are stray cases just as of smuggling gold, a stringent law has been passed whereby anybody can be caught hold of. We know the efficiency of the Government; how efficient it is and whether it is above corruption. That is for the Government to say. Because of the inefficiency of the Government and because of the abnormal practice of some members of society, such laws should be passed, is not desirable. The Government should reform their own machinery and the public should see that they have rules of conduct amongst themselves, their own organisations, by which such abnormal things can be prevented from occurring amongst the members of their organisations. That will help the Government and the innocent public at large.

**Pandit Thakur Das Bhargava** (Gurgaon): After hearing the arguments of Shri Tulsidas, Shri Bansal and my friend Shri Jhunjunwala, I am confirmed in my opinion that the Government is entirely wrong in bringing forward such provisions of law within the framework of the Finance Act. As a matter of fact, when the Taxation Enquiry Commission recommended certain matters to be taken up, it was the business of the Finance Department to bring in amending law so far as the Income-tax Act was concerned. To bring such disputed matters into the permanent law through the provisions of the Finance Act is

not right and just.

There is an amendment to section 23A and then when objection is taken by some Members, the hon. Finance Minister in his reply comes forward with a solution which is only in the nature of a proposed executive instruction. We do not know what the wording of that instruction would be. We do not know whether it will be in the form of or have the sacredness of the provisions of an Act. Now, my friend Mr. Bansal stands up and tears it to pieces and says these instructions will create an anomaly. Unless and until we have got it in the precise words of an Act, we are not in a position to understand what is the meaning of genuine refund. As a matter of fact, it is entirely unjust to amend the law in this perfunctory manner. If there were a regular Bill and if it were sent to the Select Committee, the provisions would have been gone into and the Committee would have come to certain conclusions. I can quite see the difficulty of the department also. It so happens that in many cases when large profits have accumulated, they have a sort of subterfuge and they advance money to certain number of shareholders. After some time that debt is written off; that debt does not pay income-tax or super-tax or tax of any kind. I can understand this subterfuge and some persons might be practising it. Perhaps, the department might be right in thinking that this is an evil which must be combated. But, I say, at the same time, the proposed remedy is worse than the disease. I am rather shocked to find that it can be treated as *dividends*.

Now, we are fully aware that there are some people who clothe their transactions in different ways. For instance, in the case of a sale they give it the shape of a mortgage and they also resort to gifts. They are ostensibly gifts but they are really sales. If they are taken to courts, the courts go into the nature and circumstances of the case and they find that a gift is a sale or a mortgage is a sale and *vice versa*. So

far as the Income-tax authorities are concerned, they are competent to decide whether a loan is really a distribution of dividend or not. But, at the same time, to come to such a bold conclusion that in every case such loans shall be treated as dividends, is rather too much. I cannot understand cases in which a person who has got only 5 per cent of the shares will be advanced such big loans. I cannot possibly think of a man who has got a small number of shares being advanced such big loans. It may be that at the time when the matter is written off the Income-tax Officer comes across an entry like this; certainly, he can decide that it is not a loan and it is a disguised dividend. It is at that time that the thing can be determined. But at the time the loan is given it will not be proper to treat it as dividend. Because, after all, the loan as such cannot be a dividend. We cannot say that at the time when the loan was made both the parties had the intention of defrauding the Government. Loan is loan; how can you treat it as dividend? My submission is that the treatment of the disease is worse than the disease itself. Unless and until you have a good law and find out some means whereby you can combat the real evil. That when loans are given by way of profits and which are never recovered, I can understand that. But, how can you say that a loan as soon as it is given is nothing but profit? I should, therefore, think that we are not well advised in accepting the definition of loan in this manner and I would humbly request the hon. Finance Minister not to bring in such matters in the transitory Finance Bill, matters which are of permanent importance to the law of the country.

I remember whenever I brought in this House matters relating to Hindu joint family taxation, the reply always came that a matter of this importance should not be brought up when only the Finance Bill is being discussed. May I just retort that a matter of this importance—it is not only the change of one section but the permanent law of the land is also being changed, the

Income-tax Act is being changed—should not be changed in such a perfunctory manner as in the course of the Finance Bill. These things are being smuggled in, so to say. We previously knew that in some matters the Income-tax Act would have to be amended. Nothing would be lost if these matters were brought before this House by an amendment of the Income-tax Act and then discussed. The Ministry wants to discuss ~~these~~ matters in the course of a short time. There are about 130 amendments and they want that within three hours such provisions, such matters of vital and far-reaching importance should be decided within a few minutes. The law of the land is sought to be changed. I object to it very seriously and I appeal to the hon. Minister not to have resort to this and to take away this amendment in the light of what he says—that he is going to make a rule about refund etc. Let us know the exact words of the instructions which are to be issued so that we may be in a position to know whether the anomaly which my hon. friend has got in mind can be remedied. The hon. Minister has taken us by surprise by reading out his speech about executive instructions just before taking up the amendment.

**Shri M. C. Shah:** Sir, I am afraid there is some confusion of thought so far as my learned friend Pandit Thakur Das Bhargava is concerned. This will apply only to those section 23A companies. Section 23A companies mean companies that will be controlled only by less than 6 people. There will be only 5 shareholders and that means ordinarily rich people. These companies will distribute 60 per cent. of profits and they will keep 40 per cent. If they distribute more, then, naturally, those dividends will have to go to those shareholders who will have to pay super-tax. In order to avoid super-tax, which will be to the extent of 9 as. 6 ps. as per the Finance Bill, what they do is that from those they provide loans to these shareholders. It is not a loan actually. Those shareholders take the loans

[Shri M. C. Shah]

from the accumulated profits. Under the camouflage of loan they need not pay super-tax. When the principal business of the company is not money-lending, the presumption is that those few shareholders have these loans continued for a number of years without any security or without any interest to be paid. The presumption will be that they are using these funds as loans, though not in the form of dividends, at least in the form of loans, at the same time, escaping super-tax. We have found that in many cases this evil is rampant and, therefore, this loophole is proposed to be plugged. I do not think there is going to be any inconvenience to those shareholders; if they want to have money for their use in other concerns or in other ways, they can distribute as dividends and have that money. The Government have no objection to that, but in that case, they will have to pay super-tax. Therefore, they just take loans to the extent of several lakhs of rupees and keep them for years together with the intention of never paying it back but later on to be written off. We have, therefore, proposed to plug this loophole. It is not going to harass the ordinary shareholder in a public limited company. In a public limited company, if any loan is advanced to a shareholder, there will be no difficulty. Only in order to meet the objections raised in regard to retrospective effect, we considered this matter very carefully and we thought that if we can give relief so far as the retrospective effect is concerned, that will be equitable and so we will be issuing executive instructions that if the loans are paid back before a certain period, that is, the 30th June 1955, then their *bona fide* intentions will be clear. In case the accumulated profits go up to 100 per cent. or above by the repayment of the loans, they will have to be distributed as dividends. In order to plug this loophole so far as section 23A companies are concerned, and in order to get the legitimate dues of the Government, we have proposed to plug this loophole. There is no harassment to any shareholder of a public

limited company. There may be a 5 per cent. shareholder of a public limited company and he can have loans to the extent of lakhs and lakhs of rupees. That will not come in here. If there are five shareholders and if they amongst themselves distribute the accumulated profits as loans, then only this section will be attracted.

With regard to the anomaly pointed out by my friend, Shri Bansal, I am looking into that. It will come under clause 9. I am consulting the Law Ministry on this point and if it is necessary, I will delete (1C) from our amendment No. 61.

With regard to my friend, Shri Tulsidas, even if I advance arguments, he will never be convinced and, therefore, I do not think it will be useful to take the time of the House.

**Pandit Thakur Das Bhargava:** Why do you not ban the giving of loans in regard to such companies?

**Shri M. C. Shah:** How can we? We can only ban it in this way. If they take loans in future and if they keep them for less than a year, then they will have to pay income-tax at four annas and if they keep for more than a year, they will have to pay income-tax and super-tax. This only applies to section 23A, which has been rather tightened in order to plug the loopholes. We have come across so many cases where this practice is rampant. Therefore, I am afraid I cannot accept the amendment of my friend, Shri Tulsidas.

With regard to Shri Bansal's point of anomaly, it is being considered. When we come to clause 9, if the anomaly is there, I am prepared to accept his amendment of deleting (1C).

**Shri K. K. Basu:** This is anomalous acceptance!

**Mr. Chairman:** The question is:

In page 4, after line 11, insert

"(ia) any advance or loan made to a shareholder by a

company in the ordinary course of its business where the lending of money is a substantial part of the business of the company."

*The motion was adopted.*

**Shri Bansal:** In view of the assurance given by the hon. Finance Minister, I wish to withdraw my amendment.

*The amendment was, by leave, withdrawn.*

**Mr. Chairman:** The question is:

In pages 3 and 4,

omit lines 40 to 47 and 1 to 20, respectively.

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That clause 3, as amended, stands part of the Bill."

*The motion was adopted.*

*Clause 3, as amended, was added to the Bill.*

**Clause 4.**—(Amendment of section 4, Act XI of 1922).

**Shri Tulsidas:** I beg to move:

In page 6, line 10,

omit "and necessarily".

**Shri Bansal:** I beg to move:

In page 6,

after line 13, add:

"Provided that any allowance or benefit of the nature of an entertainment allowance or a perquisite within the meaning of sub-section (1) of section 7 granted to any person by the employer to the extent of rupees one thousand and five hundred per month or 25 per cent. of his monthly salary, whichever is lower, shall not be included in the total income of the person."

**Shri M. C. Shah:** I beg to move:

(i) In page 6, lines 7 and 8, for "and not being a perquisite", substitute "or other perquisite,"

(ii) In page 6, after line 13, insert:

"(via) subject to such conditions as the Central Government may prescribe, passage moneys for the value of any free or concessional passage received by or due to any person, not being a citizen of India, from his employer for himself, his wife and children in connection with his proceeding on home leave out of India,"

(iii) In page 6, after line 31, insert:

"Provided further that in the case of a person referred to in this clause, whose contract of service was approved by Government before the commencement of his service, this clause shall have effect as if for the words 'and the financial year next following' the words 'and the two financial years next following' had been substituted and as if the proviso immediately preceding had been omitted."

**Shri K. K. Basu:** I beg to move:

(i) In page 6,

after line 24, insert:

"Provided that appointment of such Non-Indian citizen is made with the prior sanction of Government and a similarly qualified person is not found in the country."

(ii) In page 7, line 5,

after "gallantry awards" insert:

"in connection with the defence of the country and not for the alleged maintenance of law and order in the country."

**Mr. Chairman:** All these amendments are now before the House.

**Shri Bansal:** I am glad that the Government have proposed some amendment and they have put down

[Shri Bansal.]

the percentage as 20 and the limit as Rs. 7,500 per year. I do not mind accepting the percentage and the figure mentioned in the Government's amendment. But in the Government's amendment it would appear that while those persons who are getting some entertainment allowance at present will continue to be entitled to that allowance even after this Act is passed, it will not apply to new persons. Suppose in a firm an officer is getting an entertainment allowance and he retires and another officer is appointed in his place. That new officer will not be entitled to any entertainment allowance. My amendment seeks to do away with this anomaly.

**Mr. Chairman:** You will have to consider the altered position in the new agreement that will be entered into with that officer.

**Shri Bansal:** Suppose there are four or five persons of the same status in a big organisation. It always happens that the Assistant Manager is raised to the level of the Manager or the Assistant Secretary is raised to the level of the Secretary. Suppose there are three or four Secretaries, two or three Joint Secretaries and so on and so forth. Only those people who are getting these allowances in the same cadre will be entitled to get them in future, but not those persons who may come in those cadres. I think it will be an invidious distinction which is not really necessary, in view of the fact that a percentage has been put down and also a limit of Rs. 7,500 a year has been fixed. I feel that this restriction which Government are placing is really not necessary.

**Shri Tulsidas:** My amendment is very simple. According to sub-clause (2), it is said:

"Any special allowance or benefit, not being in the nature of an entertainment allowance and not being a perquisite within the meaning of sub-section (1) of section 7, specifically granted to meet expenses wholly and necessarily....."

Now, I cannot understand the words "and necessarily". I can understand "wholly". "And necessarily" is too much of a thing. I am only asking for the omission of the words "and necessarily".

**Shri K. K. Basu:** My first amendment is restricted to the employment of the foreign technicians. I only wanted to add a proviso that before the foreign technicians are appointed, they should obtain the prior sanction and approval of the Government because we know in many cases there is the fad of getting foreign technicians and possibly they will all get the benefit under this income-tax provision. We must see to the necessity of the appointments first. We do not want that our exchequer is drawn upon unnecessarily when foreign employees or technicians are appointed. If we find that there are Indian personnel which might very well be employed for such purposes, we should see that the foreign technicians should not be employed, because, under the existing provision, they may be brought in for a period of a year and then sent back. We have a large number of foreign technicians in our concerns. They may act in such a way that foreign technicians are brought in, say for opening canteens, etc., to advise us.

My second amendment relates to the exemption regarding the awards in consideration of gallantry. I have tried to restrict it only to cases where the gallantry is displayed in connection with the defence of the country, because I am worried that in view of the present composition of the Government, things might happen in a different way. You know in Calcutta there was the teachers' strike and there was beating, and in spite of the strong allegations everywhere, the Government did not take any steps against the particular police officer. That particular officer seemed to be a favourite of the authorities there and in such cases gallantry awards may be made. I do not want

that such type of awards should be exempted from payment of income-tax. The exemption should be restricted only to those cases where you find that they have behaved in a manner which is in the best interests of the country and in the defence of the country. These are the two amendments which I have moved in this particular clause.

**Shri M. C. Shah:** I cannot accept the amendments of Shri Tulsidas, Shri Bansal and Shri K. K. Basu. We have gone far enough in allowing Rs. 7,500 or 20 per cent of the salary received at the time—that is, on 31-3-1955. We do not want to encourage this practice even up to the percentage of 20 or Rs. 7,500. Only those who were getting that will continue to get it. Otherwise, if they want to give entertainments or have other perquisites, they must rather be subject to income-tax or they may be paid higher scales of pay which will also attract the income-tax provisions. We know that in this business of entertainments and perquisites, there has been a good deal of abuse; rather, I should say there is rampant abuse. When I went to Calcutta, I heard that those having salaries of Rs. 500 or so were getting entertainment allowance and perquisites amounting to say, Rs. 2,500 or so. It is not an individual case but there are so many cases like that, and thereby, really speaking, they are evading income-tax, and in order to avoid the income-tax, they are just using this method of entertainment allowance and perquisites. We have agreed to this because we do not want to disturb matters drastically. Therefore, I do not think that Government can accept the hon. Members' amendments.

The Government cannot accept the amendment regarding the technicians. The proviso suggested by Shri K. K. Basu is not a practicable one. We must rely upon the patriotism of those people and permit the concerns to have these foreign technicians for the purpose of industrialisation. Of course, they will not just have a non-

Indian technician if an Indian technician is available.

**Shri K. K. Basu:** Even in the case of foreign undertakings which have Indians?

**Shri M. C. Shah:** It is very difficult to have the prior approval of the Government. It is not practicable in administration.

**Shri K. K. Basu:** Can the Government suggest that there is necessity of bringing such technicians? I do not say about any individual.

**Shri M. C. Shah:** We do not want to have an administration with practical difficulties. I do not think I can agree to that.

**Shri Bansal:** What will be the position if, supposing, a new Minister is added to the Cabinet? The present Ministers are getting a sumptuary allowance of Rs. 500. Will the new Minister be taxed on that Rs. 500, and if so, will that not be an anomaly? I am just bringing out the point to show the anomaly of this provision.

**Shri Tyagi:** It is no anomaly. They will be taxed.

**Mr. Chairman:** I think it is a matter of law and interpretation of law.

**Pandit K. C. Sharma** (Meerut Distt.—South): That is the lawyer's province.

**Mr. Chairman:** I shall first put the three Government's amendments to the vote of the House:

The question is:

In page 6, lines 7 and 8, for "and not being a perquisite", substitute "or other perquisite,"

*The motion was adopted.*

**Mr. Chairman:** The question is:

In page 6, after line 13, insert:

"(via) Subject to such conditions as the Central Government may prescribe, passage moneys or the value of any free or concessional passage received by or due to any



[Mr. Chairman]

person, not being a citizen of India, from his employer for himself, his wife and children in connection with his proceeding on home leave out of India."

*The motion was adopted.*

**Mr. Chairman:** The question is:

In page 6, after line 31, insert:

"Provided further that in the case of a person referred to in this clause, whose contract of service was approved by Government before the commencement of his service, this clause shall have effect as if for the words 'and the financial year next following', the words 'and the two financial years next following' had been substituted and as if the proviso immediately preceding had been omitted."

*The motion was adopted.*

**Shri Bansal:** I beg to withdraw my amendment.

*The amendment was, by leave, withdrawn.*

**Mr. Chairman:** The question is:

In page 6, line 10,  
omit "and necessarily".

*The motion was negatived.*

**Mr. Chairman:** The question is:

In page 6,  
after line 24, insert:

"Provided that appointment of such non-Indian citizen is made with the prior sanction of Government and a similarly qualified person is not found in the country."

*The motion was negatived.*

**Mr. Chairman:** The question is:

In page 7, line 5,  
after "gallantry awards" insert:

"in connection with the defence of the country and not for the alleged maintenance of law and order in the country."

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That clause 4, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 4, as amended, was added to the Bill.

Clause 5.—(Amendment of section 7, Act XI of 1922).

**Shri M. C. Shah:** I beg to move:

In pages 7 and 8, for clause 5, substitute.

"5. Substitution of new section for Section 7 in Act XI of 1922.—For section 7 of the Income-tax Act, the following section shall be substituted, namely:—

"7. Salaries.—(1) The tax shall be payable by an assessee under the head "salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits in lieu of, or in addition to, any salary or wages, which are allowed to him by or are due to him, whether paid or not, from, or are paid by or on behalf of, the Government, a local authority, a company or any other public body or association, or any private employer; and for the purposes of this sub-section advances by way of loan or otherwise of income chargeable under this head shall be deemed to be salary due on the date when the advance is received:

Provided that the tax shall not be payable in respect of any sum deducted from the salary payable by or on behalf of the Government to any individual, being a sum deducted in accordance with the conditions of his service, for the purpose of securing to him a deferred annuity or making provision for his wife or children provided that the sum so deducted shall not exceed one-sixth of the salary:

Provided further that where tax is deductible at the source under section 18, the assessee shall not be called upon to pay the tax himself

unless he has received the salary without such deduction.

**Explanation 1.**—For the purposes of this section, “perquisite” includes—

(i) the value of rent-free accommodation or the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer;

(ii) the value of any benefit or amenity granted or provided by a company free of cost or at concessional rate to an employee who is a director thereof or who is substantially interested in the company within the meaning of sub-clause (iii) of clause (6C) of section 2;

(iii) the value of any benefit or amenity granted or provided to an assessee [not being an assessee to whom the provisions of clause (ii) apply] by his employer free of cost or at concessional rate in any case where the income of the assessee under the head “salaries” exclusive of the value of all benefits or amenities not provided for by way of monetary payment exceeds eighteen thousand rupees;

(iv) any sum paid by the employer in respect of any obligation which but for such payment would have been payable by the assessee; and

(v) any sum payable by the employer, whether directly or through a fund to which the provisions of Chapters IXA and IXB do not apply, to effect an assurance on the life of the assessee or in respect of a contract for an annuity on the life of the assessee;

**Explanation 2.**—For the purposes of this section, “profits in lieu of salary” includes,—

(i) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with, the termination of his employment,

whether solely as compensation for loss of employment or for any other consideration;

(ii) any payment due to or received by an assessee from an employer or former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions;

Provided that nothing herein contained shall render liable to income-tax any payment of death *cum* retirement gratuity received after the 16th day of April, 1950 under the revised Pension Rules of the Central Government or under any similar scheme of a State Government or any payment from a provident fund to which the Provident Funds Act, 1925 (XIX of 1925), applies, or any payment from a recognised provident fund within the meaning of Chapter IXA if such payment is exempted from payment of income-tax under the provisions of Chapter IXA, or any payment from an approved superannuation fund within the meaning of Chapter IXB made on the death of a beneficiary or in lieu of or in commutation of an annuity, or by way of refund of contributions on the death of a beneficiary or on his leaving the employment in connection with which the fund is established.

(2) The income chargeable under this section shall be computed after making the following deductions, namely:—

(i) any amount not exceeding five hundred rupees, expended by the assessee on the purchase of books and other publications necessary for the purpose of his duties;

(ii) in respect of any allowance in the nature of an entertainment allowance specifically granted to the assessee by his employer, a

[Shri M. C. Shah]

sum equal to one-fifth of his remuneration (exclusive of any special allowance, benefit or other perquisites) or seven thousand five hundred rupees, whichever is less, except in any case where the assessee was not in receipt of such entertainment allowance regularly from his present employer before the year beginning on the 1st day of April 1955;

(iii) any amount actually expended by the assessee, which he, by the conditions of his service, is required to spend out of his remuneration [exclusive of the allowance referred to in sub-clause (ii)], wholly, necessarily and exclusively in the performance of his duties."

**Shri K. K. Basu:** I beg to move:

In the amendment proposed by Shri M. C. Shah,

for "value" wherever it occurs in the amendment substitute "full value".

**Shri Tulsidas:** I beg to move:

(i) In page 7, line 25,

for "to an employee" substitute "and received or enjoyed by an employee".

(ii) In page 7, line 31,

after "concessional rate" insert:

"and received or enjoyed by him".

(iii) In page 7, line 34,

for "eighteen thousand." substitute "twenty four thousand".

**Shri K. C. Sodhia:** I beg to move:

In pages 7 and 8, omit lines 50 to 51 and 1 to 3 respectively.

**Shri Tulsidas:** I beg to move:

(i) In page 7, line 50, after "compensation" insert:

"other than damages awarded by a court of law for the em-

ployer's repudiation of service agreement or for wrongful discharge or dismissal."

(ii) In page 8, line 3, add at the end:

"as reduced by the legal expenses incurred in obtaining the same; and such amount, if the assessee so elects, shall be spread proportionally over three succeeding years."

**Shri Bansal:** I beg to move:

(i) In page 8, line 3, add at the end:

"except damages awarded by a court for the employer's repudiation of service agreement or for wrongful discharge or dismissal"

(ii) In page 8, after line 8, add:

"Provided that such amount of compensation or other payment shall not be aggregated for purposes of computing tax with any other income of the previous year in which the compensation or other payment was due or received:

Provided further that the tax on such amount of compensation or other payment shall be computed at the average of the rates of income-tax and super-tax applicable to the total income of the assessee for the three years immediately preceding the previous year in which the compensation or other payment was due or received."

**Mr. Chairman:** All these amendments are now before the House. Amendments Nos. 114 and 115 of Shri K. K. Basu and No. 83 of Shri Sodhia require the President's recommendation. So, they are out of order.

**Shri Tulsidas:** My first amendment is with regard to sub-clause (3) (ii):

"the value of any benefit or amenity granted or provided by a company free of cost or at concessional rate to an employee who is a director thereof....."

My amendment is: "and received or enjoyed by an employee". If the employee has not received the benefit, then, as it is, even that benefit will be taxed. If the employee has received something I can understand, but if he has not even received the benefit, he will be taxed, as it is. I am only saying that unless he has received the benefit, he should not be taxed.

The case is similar as regards the other amendment to page 7, line 31, I am again saying there: "and received or enjoyed by him". Unless he has received and enjoyed the benefit, you cannot tax him. With regard to amendment No. 11, I have said that instead of Rs. 18,000, it should be Rs. 24,000. Even the Taxation Enquiry Commission has suggested Rs. 24,000 and I do not know why the amount has been reduced from Rs. 24,000 to Rs. 18,000.

Amendments Nos. 13 and 14 deal with compensation for termination of services treated as revenue income in all cases. The Bill seeks to treat all compensation for loss of office as income received by the assessee. This was referred to the Taxation Enquiry Commission and they recommended that damages awarded by a court for the employer's repudiation of service agreement or for wrongful discharge or dismissal should not be included as income. That is another thing. The Commission have also recommended that even where such compensation is treated as income, the same should be spread backward over an appropriate number of years. The Bill fails to make provision for damages for breach of contract. Similarly, it is reasonable that legal expenses incurred by the assessee in connection with loss of employment should also be allowed to be deducted. This also the Bill fails to do.

These are all my amendments and they are all reasonable. With regard to Rs. 18,000, my amendment seeks to substitute it by Rs. 24,000 because it has been fixed by the Taxation Enquiry Commission.

**Shri K. K. Basu:** There are three amendments in my name. But two have been ruled out of order because the President's sanction has not been obtained.

My first amendment relates to clause 5 as newly proposed. Wherever the word 'value' occurs, I want to use the words 'full value'. My position is simple. The other day when the Finance Minister was moving his new amendments at the time of the motion for consideration of the Finance Bill, he said that the perquisites received by a person having a rent-free house would be calculated at only 10 per cent or 12½ per cent of the income. Just a few minutes ago the Minister referred to the case of a person getting Rs. 500 as salary and Rs. 2,300 as entertainment allowance. In Calcutta in many companies there are a number of officers, mostly Europeans and there are some Indians also, who have been supplied with such living accommodation which cannot be got for anything less than Rs. 500 or Rs. 600, if not more. The houses are fully furnished with refrigerators and some of them are even air-conditioned. Therefore, if we take the value only as 10 per cent or 12½ per cent of their salary, it will not be the real value. What I would like to emphasise is that in computing the value of the perquisite, you must take the real value. What is the real benefit that a particular person is getting? What is the amount that he would have to pay in the normal market for getting the same benefit? That should be the index for the calculation of tax.

My next amendment No. 115 seeks to reduce the amount from Rs. 7,500 to Rs. 6,500, because even the Ministers of the Government of India are getting Rs. 6,000.

**Mr. Chairman:** That amendment is out of order now.

**Shri K. K. Basu:** That is true I do not want to move it. What I say is that the executive officers of some firms may have to entertain more persons than the Ministers. The Min-

[Shri K. K. Basu]

isters can entertain from other sources also. I have nothing to say about it.

Then, I do not understand why the Government have put down Rs. 18,000. The Minister himself said that there are persons getting Rs. 500 as salary and Rs. 2,300 as entertainment allowance. The amount should be reduced to such a level where the majority of these cases would have been covered. If they put it at Rs. 18,000 many industrial firms will get concessions. I expected that the Government would take this matter seriously, when there are actually a large number of assesses who can be brought within the provisions of the Income-tax Act.

**Shri Bansal:** I would like to withdraw my first amendment.

*The amendment was, by leave, withdrawn.*

**Shri M. C. Shah:** I am afraid I cannot accept the amendments moved by my friend Mr. Tulsidas. He wants the amount of Rs. 18,000 to be changed into Rs. 24,000. The Taxation Enquiry Commission has recommended Rs. 24,000 including all these allowances and perquisites. So, instead of just trying to find out what the allowances and perquisites are, we have put Rs. 18,000. So, Mr. Tulsidas amendment cannot be accepted.

About the amendment of my friend, Mr. Bansal....

**Shri Bansal:** I have withdrawn it.

**Shri M. C. Shah:** About Mr. Basu's amendment, 'value' will always mean 'full value'. We referred the matter to the Law Ministry and they have said that it is not necessary to mention 'full value'. So, the amendment is not acceptable.

**Shri K. K. Basu:** My point was that whenever a free house is given, we should not calculate 10 per cent or 12½ per cent of the salary as the value of the accommodation. What it is worth in the normal market should be taken.

**Shri M. C. Shah:** It was made clear that whenever a building is given free of rent, naturally it will be taken into consideration. Supposing the pay is Rs. 2,000. Then it will be calculated at 12½ per cent. In case there is another building and a third building, naturally only the letting value of that building will have to be considered as perquisite. It is more than reasonable to have three buildings. That will be turned into cash and just added to the income for purposes of income-tax. So, because the Law Ministry has said that it is not necessary, I am afraid I cannot accept the amendment. I do not think it is necessary for me to say much about this amendment No. 8 because as I already stated that classification is unnecessary and we have to tax only if they are specifically provided with perquisites. So, this classification 'enjoyed by an employee' is unnecessary. The idea is already implied in the words used in the clause, namely 'granted or provided by a company free of cost or at concessional rate to an employee...'. .

Therefore, this amendment is not acceptable. Amendment No. 10 is similar to 8 and is not acceptable. No. 11 is not acceptable. I have already explained that Rs. 24,000 recommended by the Taxation Enquiry Commission was inclusive of this value of perquisites and allowances and in order to have an easy administration we have just come to a certain sum, and that is Rs. 18,000. With regard to compensation for termination of employment received through court proceedings, I may say that that also is not acceptable. We know that there are so many collusive actions and in order just to get exemption from the tax, all possible collusive actions will be there. We do not therefore propose to make any distinction between the voluntary termination or termination by agreement or compromise or through the court. The legal expenses also—we do not accept. We do not know what the legal expenses will be. There also, there is the possibility of collusion and we want to avoid all these possibilities of collusion.

**Shri Tulsidas:** What about spreading the offer of compensation.

**Shri T. T. Krishnamachari:** There are powers already.

**Shri Bansal:** Before you put amendment No. 113 to the vote of the House, may I have your permission to make a reference to my amendment No. 50? I want to know whether my understanding is correct. I want to know whether this spreading over of the compensation amount which a retiring employee will get from his employer is already covered by some section of the Income-tax law, say section 60(2) of that law?

**Shri M. C. Shah:** It is covered by 60(2).

**Shri Tulsidas:** It is not covered because 60(2) says that it is spread if you go to the Government. Normally, it is not. According to the Taxation Enquiry Commission it should be allowed to be spread over. Why should it not be allowed to be spread over?

**Shri Bansal:** In that case, my amendment is very simple. There should be no objection because that is what the Government intend.

**Shri M. C. Shah:** But, as I have said, these are included in the definition "of profits in lieu of salary". Appropriate relief would be granted by the Government under section 60(2) by spreading the amount backwards for three years.

**Shri Bansal:** If you are satisfied that this is not covered by this section, I take it that you will issue executive instructions.

**Shri T. T. Krishnamachari:** As a matter of fact, the hon. Member need not have any doubts about it. Section 60(2) is clear about it: "Where, by reason of any portion of an assessee's salary being paid in arrears or in advance, or by reason of his having received in any one financial year salary for more than 12 months, or a payment which is under the provisions of sub-section (1) of section 7 a profit in lieu of salary his income is assessed at a rate higher than that at

which it would otherwise have been assessed, the Central Government may grant the appropriate relief."

**Mr. Chairman:** The question is:

In the amendment proposed by Shri M. C. Shah, for "value" wherever it occurs in the amendment, substitute "full value".

*The motion was negatived.*

**Mr. Chairman:** I shall now put Shri M. C. Shah's amendment.

The question is:

In pages 7 and 8, for clause 5, substitute:

"5. *Substitution of new section for section 7 in Act XI of 1922.*—For section 7 of the Income-tax Act, the following section shall be substituted, namely:—

"7. *Salaries.*—(1) The tax shall be payable by an assessee under the head "salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits in lieu of, or in addition to any salary or wages, which are allowed to him by or are due to him, whether paid or not, from, or are paid by or on behalf of, the Government, a local authority, a company or any other public body or association, or any private employer; and for the purposes of this sub-section advances by way of loan or otherwise of income chargeable under this head shall be deemed to be salary due on the date when the advance is received:

Provided that the tax shall not be payable in respect of any sum deducted from the salary payable by or on behalf of the Government to any individual, being a sum deducted in accordance with the conditions of his service, for the purpose of securing to him a deferred annuity or making provision for his wife or children provided that the sum so deducted shall not exceed one-sixth of the salary:

[Mr. Chairman]

Provided further that where tax is deductible at the source under section 18, the assessee shall not be called upon to pay the tax himself unless he has received the salary without such deduction.

**Explanation 1.**—For the purposes of this section, “perquisite” includes—

(i) the value of rent-free accommodation or the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer;

(ii) the value of any benefit or amenity granted or provided by a company free of cost or at concessional rate to an employee who is a director thereof or who is substantially interested in the company within the meaning of sub-clause (iii) of clause (6C) of section 2;

(iii) the value of any benefit or amenity granted or provided to an assessee [not being an assessee to whom the provisions of clause (ii) apply] by his employer free of cost or at concessional rate in any case where the income of the assessee under the head “salaries” exclusive of the value of all benefits or amenities not provided for by way of monetary payment exceeds eighteen thousand rupees;

(iv) any sum paid by the employer in respect of any obligation which but for such payment would have been payable by the assessee; and

(v) any sum payable by the employer, whether directly or through a fund to which the provisions of Chapters IXA and IXB do not apply, to effect an assurance on the life of the assessee or in respect of a contract for an annuity on the life of the assessee;

**Explanation 2.**—For the purposes of this section, “profits in lieu of salary” includes,—

(i) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with, the termination of his employment, whether solely as compensation for loss of employment or for any other consideration;

(ii) any payment due to or received by an assessee from an employer or former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions;

Provided that nothing herein contained shall render liable to income-tax any payment of death *cum* retirement gratuity received after the 16th day of April, 1950, under the revised Pension Rules of the Central Government or under any similar scheme of a State Government or any payment from a provident fund to which the Provident Funds Act, 1925 (XIX of 1925), applies, or any payment from a recognised provident fund within the meaning of Chapter IXA if such payment is exempted from payment of income-tax under the provisions of Chapter IXA, or any payment from an approved superannuation fund within the meaning of Chapter IXB made on the death of a beneficiary or in lieu of or in commutation of an annuity, or by way of refund of contributions on the death of a beneficiary or on his leaving the employment in connection with which the fund is established.

(2) The income chargeable under this section shall be computed after making the following deductions, namely:—

(i) any amount not exceeding five hundred rupees, expended by the assessee on the purchase of books and other publications necessary for the purpose of his duties;

(ii) in respect of any allowance

in the nature of an entertainment allowance specifically granted to the assessee by his employer, a sum equal to one-fifth of his remuneration (exclusive of any special allowance, benefit or other perquisites) or seven thousand five hundred rupees, whichever is less, except in any case where the assessee was not in receipt of such entertainment allowance regularly from his present employer before the year beginning of the 1st day of April, 1955;

(iii) any amount actually expended by the assessee, which he, by the conditions of his service, is required to spend out of his remuneration [exclusive of the allowance referred to in sub-clause (ii)], wholly, necessarily and exclusively in the performance of his duties."

*The motion was adopted.*

**Shri Bansal:** I beg to withdraw my second amendment also.

*The amendment was, by leave, withdrawn.*

**Mr. Chairman:** All the other amendments to clause 5 fall through, in view of the adoption of Shri M. C. Shah's amendment.

**Mr. Chairman:** The question is:

"That clause 5, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 5, as amended, was added to the Bill.*

**Clause 6.**—(Amendment of section 8, Act XI of 1922).

**Shri Tulsidas:** Here in this clause, the words 'in respect of any sum deducted from such interest by way of commission by a banker realizing such interest on behalf of the assessee are sought to be substituted by 'in respect of any reasonable sum deducted by a banker from such interest by way of commission or paid to any other person by way of remuneration for realizing such interest on behalf of the assessee'. I am adding the words 'or

any other expenditure incurred wholly to earn such interest.'

I beg to move:

In page 8, line 15,

after the word "assessee" insert:

"or any other expenditure incurred wholly to earn such interest."

This is in relation to banking companies. The present decision is that interest on securities is also a part of their own income. Banks also have a large amount of securities. Since interest on securities also becomes a part of the income, I think this should be under section 6 of the Income-tax Act. This cannot be computed together.

**Shri M. C. Shah:** I am afraid I cannot accept the amendment. If I accept that amendment so far as banks are concerned, we will have the same position with regard to insurance companies, investment companies and all these companies. I do not think it will be proper to accept this amendment.

**Mr. Chairman:** The question is:

In page 8, line 15,

after the word "assessee" insert:

"or any other expenditure incurred wholly to earn such interest."

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That clause 6 stand part of the Bill."

*The motion was adopted.*

*Clause 6 was added to the Bill.*

**Clause 7.**—(Amendment of section 9, Act XI of 1922.)

**Shri Tulsidas:** Again, this is a very simple matter. The amendments Nos. 15 and 16 are with regard to buildings. The Society builds a house and a part of it is leased under a house-building scheme of the society. Then, he shall be deemed to be the owner of that building. I am only saying that it should be "...building or part thereof". There may be a room and it may have been leased. The words "or part



[Shri Tulsidas]

thereof" should be added. This is a simple matter. I do not think there could be any objection. There is nothing wrong. I do not understand why this should not be accepted.

**Shri M. C. Shah:** The position, as I have already explained to my hon. friend Shri Tulsidas, is, that this is covered. Wherever there is a building with walls and a roof over, that would be considered as a separate building. The amendment is not necessary. Whenever there is even one room which is allotted to a separate owner, that would be considered as building, so far as the Income-tax Act is concerned. If necessary, if there is doubt, we will issue the necessary administrative instructions. If we use the words as proposed by my hon. friend, there may be certain other difficulties. Therefore, we do not propose to accept the amendment. As I have already stated, the intention is to give relief to the co-operative society for building. That would be given.

**Shri K. K. Basu:** Has the Law Minister advised that part of the building is also covered by the word 'building'? I would like to know.

**Shri M. C. Shah:** Yes.

**Shri K. K. Basu:** Unfortunately, the Minister will not be there before the court of law.

**Mr. Chairman:** He is ready to issue instructions.

**Shri M. C. Shah:** I say we have consulted the Law Ministry. We got a representation from the Bombay Housing Co-operative Society. I got that matter examined. We are assured that it comes and therefore I say that it comes. If there is still any doubt, I say that administrative instructions will be issued. When we say we want to give relief, we want to give relief.

**Shri Tulsidas:** If that is so, I am prepared to withdraw them.

**Shri K. K. Basu:** Let the assurance be recorded, whatever it is.

**Mr. Chairman:** There it is recorded.

**Mr. Chairman:** Shall I put to the House amendments Nos. 15 and 16?

**Shri T. T. Krishnamachari:** They were not formally moved. He only spoke.

**Mr. Chairman:** So, I need not put them.

The question is:

"That clause 7 stand part of the Bill."

*The motion was adopted.*

*Clause 7 was added to the Bill.*

**Clause 8.—(Amendment of section 10, Act XI of 1922.)**

**Shri Tulsidas:** I beg to move:

- (1) In page 9, line 2,  
for "rebate" substitute "allowance".
- (2) In page 9, line 17,  
for "rebate" substitute "allowance".
- (3) In page 9,

after line 23, add:

"Provided further that if the assessee does not wish to avail himself of this benefit and gives an intimation in writing to the Income-tax Officer before the assessment for the year is made, the assessee shall be entitled to waive the benefit of this allowance."

- (4) In page 9, lines 44 to 46,

omit "or has obtained some benefit in respect of such trading liability by way of remission or cessation thereof."

- (5) In page 10, line 42,  
add at the end:

"and such amount shall not be taken into consideration for rate purposes for the year in which it is received."

**Shri K. K. Basu:** I beg to move:

- In page 9,  
after line 19, add:

"Provided that prior sanction of

the Government is obtained for installation of such machinery and plant:

Provided further that no such rebate is allowable to an undertaking which is predominately controlled by non-Indian citizens."

**Shri Tulsidas:** My first two amendments deal with a simple matter. It is only a question of calling it rebate or allowance. What I feel is that development rebate should not be called rebate. Nothing is given as a rebate. It is an allowance. That is why I felt that rebate is a wrong nomenclature.

**Shri T. T. Krishnamachari:** It offends the hon. Member's grammatical sense.

**Shri Tulsidas:** I consider it is an allowance.

As regards my fourth amendment, but for this, the man will be financially ruined. It would be inadvisable to tax him as he would not be in a position to pay. Such a taxation would result in the deprivation of the creditors of their money as Government will have a prior claim in respect of the amount of revenue. I would like to explain the point. If a debtor has not paid, he is entitled to write off. Normally, whatever amount is written off is allowed. According to this amendment, it will mean that the person on whom a claim is there, the Government have a right to tax him, with regard to whatever amount is written off. My point is this. There is the creditor. Whenever the amount is received, it would be again credited in the accounts and tax will be paid. Once it is debited, it should not be considered that it is a sort of thing on which there should be no right to the creditor. The creditor must realise the amount. That is the amendment. If the Government feels that there is difficulty, I am prepared to withdraw this amendment.

**Shri T. T. Krishnamachari:** I cannot understand the point of the hon. Member. What is it that he is making out?

**Shri Tulsidas:** The point is very simple.

**Shri T. T. Krishnamachari:** It does not seem to be so, in any way.

**Shri Tulsidas:** I may explain the point. Whenever there is any debt and the debtor is not in a position to pay, naturally, the person who has paid the money will write it off. That is allowed under the Income-tax rules. When it is time barred, you can write off. When it is written off, the creditor loses the right of recovery because, according to this amendment, the right will be on the part of the Government and the Government will have the first right over the person who has defaulted. The normal procedure is that when a debtor is not in a position to pay, the creditor will go to him when he is in a position to pay. Therefore, he should be the first person to claim the debt which he has not paid. On whatever amount is again credited, the tax will be paid. That is the only point that I want to clarify. If it is clarified, I have no objection.

**Shri M. C. Shah:** The object of this provision is to offset the relief which a taxpayer obtained in an earlier year by obtaining the amount as expenses while, as subsequent events proved, the liability did not materialise. Therefore, there is nothing inequitable. With regard to this term "rebate", I think it is very clear in terms of the Income-tax Act. Why should that word be changed, I do not understand.

**Shri Tulsidas:** My fifth amendment is with reference to compensation. The hon. Minister for Commerce and Industry said that under section 62 Government has a right to spread over the compensation and not charge it in one year. I am prepared to withdraw this if this right is there. My only point is that it would be unfair to treat the entire compensation received as income for rate purposes. This is in the nature of capital income and it should not be made revenue income. If it is charged for income-tax for special reasons, it

[Shri Tulsidas]

would be unfair to treat it as income for rate purposes as it would make the other income also unjustifiably liable to a higher rate. Under this particular section, Government has the right to spread over and not charge in one particular year.

**Shri M. C. Shah:** Yes; that is so.

**Shri K. K. Basu:** I raised the point of my amendment in the general discussion to which, of course, the Minister has replied this morning that by the method of issue of licences they can control it. But, what we are worried about is, taking advantage of this provision, the jute mills of Calcutta may go in for plants to rationalise, which will lead to large-scale unemployment, and which, in the present context of our economy, may not be necessary to be brought in. What we wanted to emphasise is that this rebate should be given to such industries,—I do not mind whether new or old,—only if it is considered necessary in the interests of industrial development which all of us want. For, as I said yesterday, we do not want that provision should be made to enable a concern, as for instance a jute mill in Calcutta, to put in a new plant which may lead to rationalisation, which may help in the further piling up of profits, but which will not result in any consequential benefit so far as the overall economy of the country is concerned and will only lead to the further increase of unemployment. Similarly, you, Sir, know from your experience that there are tea plantations in your parts which are managed by the British. They may want to put in a new machinery taking advantage of this particular provision, which in the present context of things is not at all necessary so far as Indian economy is concerned. That is what I want to focus the attention of Government on.

Regarding the first proviso, the hon. Minister stated this morning that they have enough powers under licensing or whatever it may be. I do not quite know. I am not sure, however,

whether Government are so confident that they will see that this particular provision is not used in a way which is detrimental to the economy of the country but it is utilised, as recommended by the Taxation Enquiry Commission, only for such types of industry, new or old, which are to be encouraged and wherein such development is necessary from the point of view of the industrial development of the country. If that be the case, I have no objection, and I do not want to press this amendment.

The second thing that I have sought to provide for in my amendment is this. We do not want that those undertakings where there are foreign interests, should be aided in this manner. I am quite aware that there may be certain new undertakings where we do not have enough know-how, and where it may be necessary to secure some know-how from outside for a particular period or it may be necessary to have some such agreement limited to a particular period which can be considered in the shape of an aid. But if we pass this clause overall, and the administration is what it is today, we are rather apprehensive that the influence of the tentacles of these foreign undertakings will increase, and not decrease as all of us in this country so much wish.

The point that I want to emphasise is only this. So far as the first proviso is concerned, if the hon. Minister thinks that Government have enough powers to prevent the misuse of the particular section, and to see that it is really utilised for the benefit of the country, I do not want to press it. But I am not sure about it. That is why I have moved a specific amendment to indicate the lines on which our minds are working, so far as this particular provision in the Income-tax Act is concerned.

**Shri Tulsidas:** As regards my third amendment, the point is that if an assessee does not wish to avail himself of the benefit of the development rebate allowed under this

provision, he should be allowed to intimate this before the assessment is completed, and it should be left to the discretion of the assessee whether he wants to have this benefit or not. If for particular reasons an assessee does not wish to take the benefit of this rebate, then he should be allowed to do so, if on the contrary he wants to have this benefit, then he should be allowed to have it. The discretion should be allowed to be in the hands of the assessee. That is the point on which I want to press this amendment No. 86.

**Shri M. C. Shah:** I do not accept this amendment. As a matter of fact, no option can be given to the taxpayer. If the profits are high they will have this development rebate, and if the profits are low then they would not like to have this.

**Shri Tulsidas:** What is wrong in that?

**Shri M. C. Shah:** Thus, indirectly they would just try to evade the tax. That is why this provision is introduced here. No option can be given to the taxpayer.

As regards my hon. friend Shri K. K. Basu's point, I would like to say that the policy of Government is to see that whenever any new plant and machinery are installed the permission of Government is given only if Government are satisfied that it is in the best interests of the country. So, he need not have any apprehension on that matter.

**Shri Jhunjhunwala:** This development rebate is meant for the development of industry, and it is quite welcome. It is very good that it has been allowed for all the industries. The Recommendation of the Taxation Enquiry Commission however was to the effect that it should be allowed only to selected industries. I do not say that the existing industries which have been carrying on their business for some time past should not be allowed this benefit of the development rebate, but I am suggesting that in the case of those new industries where there are some risks involved

we should allow some more development rebate in order that we may have more and more industries established in this country, and more and more people may take to new industries. This will give them incentive to start new industries, otherwise there is no incentive.

My point is that a distinction should be made between the development rebate that is allowed to existing industries, and that allowed to other industries in which there are more risks involved, because they are industries which have not been started yet. For instance, there is the industry for the manufacture of spare parts of motor-cars and other machinery. It is very necessary that these spare parts should be manufactured here in India. And no such industry has been started in our country as yet on a large or small scale. I would suggest for the consideration of Government that some special concessions should be allowed to such new industries in which there are more risks involved.

**Mr. Chairman:** Regarding amendments, what is the intention of the hon. Member?

**Shri Tulsidas:** I would like you to put only my third amendment. The other amendments I do not press.

**Shri K. K. Basu:** I would like to withdraw my amendment. I do not want to press it after what the hon. Minister has stated.

**Mr. Chairman:** The question is:

In para 9,

after line 23, add:

"Provided further that if the assessee does not wish to avail himself of this benefit and gives an intimation in writing to the Income-tax Officer before the assessment for the year is made, the assessee shall be entitled to waive the benefit of this allowance."

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That clause 8 stand part of the Bill."

*The motion was adopted.*

*Clause 8 was added to the Bill.*

**Clause 9.—(Amendment of section 12, Act XI of 1922).**

**Shri M. C. Shah:** There is a Government amendment to this clause, namely amendment No. 61. We propose to delete the portion shown as sub-section (1C) from (a), as it was feared that there might be some anomaly if that provision were there.

**Shri Bansal:** (1C) to be omitted from where? I do not quite follow.

**Shri M. C. Shah:** I have suggested the deletion of (1C) from (a) in amendment No. 61.

**Mr. Chairman:** Including the sub-clause (i) and (ii) under (1C)? The hon. Minister may please indicate what portion he is deleting.

**Shri K. K. Basu:** What is the implication of withdrawing that portion?

**Shri M. C. Shah:** That is in order that there may not be any anomaly. We have already stated that before 30th June, 1955, if the loans or advances taken are repaid then we will issue administrative instructions not to charge the tax, if those repayments are genuine and they are shown in the reserves of the company. This provision may create an anomaly. I have already consulted the Law Ministry on this matter, and they say that we may delete that portion.

I beg to move:

In page 10,

(a) after line 44, insert:

"(1) after sub-section (1), the following sub-sections shall be inserted, namely—

'(1A) Income from other sources shall include dividends.

(1B) Any payment by a company to a share-holder by way of advance or loan which would have

been treated as a dividend within the meaning of clause (e) of sub-section (6A) of section 2 in any previous year relevant to any assessment year prior to the assessment year ending on the 31st day of March, 1956, had that clause been in force in that year, shall be treated as a dividend received by him in the previous year relevant to the assessment year ending on the 31st day of March, 1956, if such loan or advance remained outstanding on the first day of such previous year'."

(b) line 45,

—for "(1)" substitute "(2)"; and

(c) In page 11, line 1,

for "(2)" substitute "(3)".

**Mr. Chairman:** So (a) remains upto "the first day of such previous year" and then (b) and (c) remain.

**Shri M. C. Shah:** (a) remains up to "the first day of such previous year"; the rest of it goes.

**Shri Bansal:** I cannot understand how it removes the anomaly.

**Shri Tulsidas:** I do not think it removes the anomaly.

**Shri M. C. Shah:** The position is that (1C) including (i) and (ii) goes; (b) and (c) will remain.

**Mr. Chairman:** There are three sub-clauses (a), (b) and (c). (b) and (c) remain, but what about (a)?

**Shri M. C. Shah:** In (a), (1A) and (1B) remain, that is, up to "outstanding on the first day of such previous year". But (1C) goes.

**Mr. Chairman:** Let me again get confirmation of the position from the Minister. He wants (b) and (c) to remain, but as regards sub-clause (a) the portion beginning from (1C) is deleted.

**Shri M. C. Shah:**

"(IC) Where any advance or loan paid to a shareholder by a company has not been outstanding for more than twelve months as

at the end of the previous year relevant to the assessment year ending on the 31st day of March 1956—

(i) such advance or loan shall not be included in his total income for the purpose of determining the super-tax payable by him; and

(ii) the provisions of sub-section (2) of section 16 or sub-section (5) of section 18 shall not apply in relation to such advance or loan for the purpose of determining the income-tax payable by him."

This shall go.

**Shri Bansal:** It is perhaps necessary that (1C) should go, but the anomaly which I was pointing out still remains, because what (1B) says is this:

"Any payment by a company to a shareholder by way of advance or loan which would have been treated as a dividend within the meaning of clause (e) of sub-section (6A) of section 2 in any previous year relevant to any assessment year prior to the assessment year ending on the 31st day of March 1956, had that clause been in force in that year, shall be treated as a dividend received by him in the previous year relevant to the assessment year ending on the 31st day of March 1956....."

This means that even if a loan which had been taken, say, two or three years back; had been paid back during 1954-55, it will be subject to tax.

**Shri M. C. Shah:** It won't be subject to tax. That has been made clear times without number.

**Shri Bansal:** What is the meaning of (1B)?

**Shri M. C. Shah:** We want to keep it for prospective purposes. Suppose there is a loan taken by an assessee for the year 1955-56. Then, certainly that will be considered as a dividend, but if the loans were taken previously and were not repaid, I am pre-

pared to avoid the element of retrospective effect. But I am not prepared to leave the matter as it is, just including others.

**Shri Bansal:** I am not at all suggesting that the intention of the Finance Minister, that it should not be made applicable in future, should not be given effect to; I am not saying anything against it at all. But what I am saying is that the anomaly in keeping (1B) will be this, that while the loans taken previous to 1954-55, if paid in the previous year will be subject to super-tax and income-tax, if they are paid between now and the 30th June 1955, will not be subject to tax. Therefore, I say that the wording of (1B) needs to be changed. That is all I am suggesting. I know that we are rushing through this very important provision, and perhaps the Finance Minister is not able to devote his time and attention to the wording of this clause, but I am sure it does require a lot of improvement.

**Shri Tulsidas:** If that is the intention, what is the objection to adding the proviso:

"Provided that loans, advances and any payments already made by a company shall not be deemed to be dividend for any of the purposes of this Act, if they are returned to the company before the 30th June, 1955".

**Shri M. C. Shah:** We do not want to add it because we want to examine all these loans and advances. If they are paid genuinely and if they form part of the reserves of the company, then we do not want to levy tax, but if certain tricks are yet played, then we want to go through those things and see that they are not entitled to this.

**Mr. Chairman:** I do not think there should be any further discussion on this. I will put the amendment, as amended, to the vote of the House.

The question is:

In page 10,

(a) after line 44, insert:

"(1) after sub-section (1), the

[Mr. Chairman]

following sub-section shall be inserted, namely—

‘(1A) Income from other sources shall include dividends.

(1B) Any payment by a company to a share-holder by way of advance or loan which would have been treated as a dividend within the meaning of clause (e) of sub-section (6A) of section 2 in any previous year relevant to any assessment year prior to the assessment year ending on the 31st day of March, 1956, had that clause been in force in that year, shall be treated as a dividend received by him in the previous year relevant to the assessment year ending on the 31st day of March, 1956, if such loan or advance remained outstanding on the first day of such previous year.’

(b) line 45,

for “(1)” substitute “(2)”; and

(c) In page 11, line 1,

for “(2)” substitute “(3)”.

The motion was adopted.

**Mr. Chairman:** The question is:

“That clause 9, as amended, stand part of the Bill.”

The motion was adopted.

Clause 9, as amended, was added to the Bill.

Clauses 10 to 12 were added to the Bill.

**Clause 13.** —(Amendment of section 16, Act XI of 1922).

**Shri M. C. Shah:** I beg to move:

In page 12, for clause 13, substitute:

“13. Amendment of section 16, Act XI of 1922.— In sub-section (1) of section 16 of the Income-tax Act, in clause (a), for the words, figures and brackets ‘any sums exempted under the second proviso to sub-section (1) of section 7, the second and third provisos to section 8, sub-section (2) of section 14’, the words, figures and brackets ‘any sums exempted under the first proviso

to sub-section (1) of section 7, the second and third provisos to section 8, sub-sections (2), (3), (4) and (5) of section 14’ shall be substituted.”

**Shri K. K. Basu:** Why are Government moving this amendment? They are substituting the whole clause.

**Shri Tulsidas:** What is the purpose of the amendment?

**Shri M. C. Shah:** The clause as in the Bill is not to be moved, but this amendment is moved.

**Shri Tulsidas:** What is the explanation for this? I would like to understand the reason.

**Shri K. K. Basu:** We want to know the full import of the new proposal. We can read it ourselves; he need not read it.

**Shri M. C. Shah:** It is only a consequential amendment on account of the re-drafting of section 7 as amended by amendment to clause 5 and the exemption of co-operative societies as in clause 10 of the Bill. This is consequential.

**Shri V. P. Nayar** (Chirayinkil): Is that all you have to say about it?

**Shri R. K. Chaudhuri** (Gauhati): What is the hon. Minister's reaction? That is what we want to know.

**Shri M. C. Shah:** We have already adopted section 7 as substituted by amendment to clause 5.

[MR. DEPUTY-SPEAKER in the Chair]

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

In page 12, for clause 13, substitute:

“13. Amendment of section 16, Act XI of 1922.— In sub-section (1) of section 16 of the Income-tax Act, in clause (a), for the words, figures and brackets ‘any sums exempted under the second proviso to sub-section (1) of section 7, the second and third provisos to section 8, sub-section (2) of section 14’, the words, figures and brackets ‘any sums exempted under the first proviso

to sub-section (1) of section 7, the second and third provisos to section 8, sub-sections (2), (3), (4) and (5) of section 14' shall be substituted."

*The motion was adopted.*

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

"That clause 13, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 13, as amended, was added to the Bill.*

*Clause 14 was added to the Bill.*

**Clause 15.**—(Amendment of section 23A, Act XI of 1922).

**Shri Bansal:** As regards clause 15, I have my amendment No. 53; I have another amendment No. 117, which is an amendment to the amendment of the Finance Minister. I want to know...

**Mr. Deputy-Speaker:** The hon. Minister may move his amendment first.

**Shri M. C. Shah:** I beg to move:

In pages 12 to 15,

for clause 15, substitute:

"15. Substitution of new section for section 23A in Act XI of 1922.—For section 23A of the Income-tax Act, the following section shall be substituted, namely—

"23A. Power to assess companies to super-tax on undistributed income in certain cases.—(1) Subject to the provisions of sub-sections (3) and (4) where the Income-tax Officer is satisfied that in respect of any previous year the profits and gains distributed as dividends by any company within the twelve months immediately following the expiry of that previous year are less than sixty per cent of the total income of the company of that previous year as reduced by—

(a) the amount of income tax and super-tax payable by the company in respect of its total income,

but excluding the amount of any super-tax payable under this section;

(b) the amount of any other tax levied under any law for the time being in force on the company by the Government or by a local authority in excess of the amount if any, which has been allowed in computing the total income; and

(c) in the case of a banking company, the amount actually transferred to a reserve fund under section 17 of the Banking Companies Act, 1949 (X of 1949); the Income-tax Officer shall, unless he is satisfied that having regard to losses incurred by the company in earlier years or to the smallness of the profits made in the previous year, the payment of a dividend or a larger dividend than that declared would be unreasonable, make an order in writing that the company shall, apart from the sum determined as payable by it on the basis of the assessment under section 23, be liable to pay super-tax at the rate of four annas in the rupee on the undistributed balance of the total income of the previous year, that is to say, on the total income reduced by the amounts, if any, referred to in clause (a) clause (b) or clause (c) and the dividends actually distributed, if any:

Provided that—

(a) in the case of a company whose business consists wholly or mainly in the dealing in or holding of investments; and

(b) in the case of any other company where the reserves (including the amounts capitalised from the earlier reserves) representing accumulations of past profits which have not been the subject of an order under this sub-section, exceed either the aggregate of—

(i) the paid up capital of the company exclusive of the capital, if any, created out of its profits



[Shri M. C. Shah]

and gains which have not been the subject of an order under this sub-section, and

(ii) any loan capital which is the property of the shareholders, or the actual cost of the fixed assets of the company, whichever of these is greater, this section shall apply as if for the words "sixty per cent of the total income," wherever they occur, the words "the whole of the total income" had been substituted.

(2) No order under sub-section (1) shall be made—

(i) in the case of a company referred to in clause (a) of the proviso to that sub-section, which has distributed not less than ninety per cent of its total income as reduced by the amounts, if any, referred to in clause (a), clause (b) or clause (c) of that sub-section; or

(ii) in the case of any other company which has distributed not less than fifty-five per cent of its total income as reduced by the amounts, if any, aforesaid, or

(iii) in any case where according to the return made by a company under section 22, it has distributed not less than sixty per cent of its total income as reduced by the amounts, if any, aforesaid, but in the assessment made by the Income-tax Officer under section 23 a higher total income is arrived at, and the difference in the total income does not arise out of the application of the proviso to section 13 or sub-section (4) of section 23 or the omission by the company to disclose its total income fully and truly, unless the company, on receipt of a notice from the Income-tax Officer that he proposes to make such an order, fails to make within three months of the receipt of such notice a further distribution of its profits and gains so that the total distribution made is not less than sixty per cent of the total income of the

company of the relevant previous year as reduced by the amounts, if any, aforesaid.

(3) Where on an application presented to him in this behalf by a company within the period of twelve months referred to in sub-section (1) or within the period of three months referred to in sub-section (2), the Commissioner of Income-tax is satisfied, having regard to the current requirements of the company's business or such other requirements as may be necessary or advisable for the maintenance and development of that business, the declaration or payment of a dividend or a larger dividend than that proposed to be declared or paid would be unreasonable, he may reduce the amount of the minimum distribution required of that company under sub-section (1) to such figure as he may consider fit and further determine the period within which such distribution should be made.

(4) If any company, being an Indian company engaged in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, is dissatisfied with the decision of the Commissioner of Income-tax under sub-section (3), it may by application in the prescribed form made within thirty days of the date on which such decision is communicated to it and accompanied by a fee of one hundred rupees, require the Commissioner of Income-tax to refer the matter to a Board of Referees consisting of two officers of the Central Government not below the rank of Joint Secretary, appointed in this behalf by the Central Government, and the Board of Referees may, after giving the company an opportunity of being heard, confirm, cancel or vary the order of the Commissioner of Income-tax.

(5) The decision of the Commissioner of Income-tax under sub-section (3) or of the Board of Referees under sub-section (4), as the case may be, shall be final as respects matters concluded by it and no appeal shall lie to the Appellate Assistant Commissioner of Income-tax or to the Appellate Tribunal and no reference shall lie to the High Court in respect of such decision.

(6) Where in respect of any one or more of the three previous years immediately preceding the previous year, the profits and gains distributed as dividends by a company are in excess of sixty per cent of its total income of the relevant previous year as reduced by the amounts, if any, referred to in clause (a), clause (b) or clause (c) of sub-section (1), but in respect of the previous year the profits and gains distributed as dividends by it are less than sixty per cent of its total income similarly reduced, so much of the said excess, if any, as has not been adjusted under this sub-section in a preceding year, shall be taken into account in determining whether an order under sub-section (1) should be made in respect of the previous year.

(7) The provisions of sub-section (6) shall apply to the profits and gains of a previous year not earlier than the previous year relevant to the assessment year ending on the 31st day of March, 1957, but in the application of that sub-section to the profits and gains of the previous year relevant to the assessment year ending on the 31st day of March, 1957 that sub-section shall be construed as if for the word "three" the word "one" had been substituted, and in its application to the profits and gains of the previous year relevant to the assessment year ending on the 31st day of March 1958, as if for the word "three", the word "two" had been substituted.

(8) Except in cases where a decision is given by the Commissioner of income-tax under sub-section (3) or the Board of Referees under sub-section (4), no order shall be made by the Income-tax Officer under sub-section (1) unless the previous approval of the Inspecting Assistant Commissioner of Income-tax has been obtained, and the Inspecting Assistant Commissioner shall not give his approval to any order proposed to be made by the Income-tax Officer until he has given the company concerned an opportunity of being heard.

(9) Nothing contained in this section shall apply to any company in which the public are substantially interested or to a subsidiary company of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year.

*Explanation.*—For the purposes of this section, a company shall be deemed to be a company in which the public are substantially interested—

(a) if it is a company owned by the Government or in which not less than forty per cent of the shares are held by the Government;

(b) if it is not a private company as defined in the Indian Companies Act, 1913 (VII of 1913) and

(i) its shares (not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits) carrying not less than fifty per cent of the voting power have been allotted unconditionally to, or acquired unconditionally by, and were throughout the previous year beneficially held by the public (not including a company to which the provisions of this sub-section apply):

Provided that in the case of any such company as is referred to in

[Shri M. C. Shah]

sub-section (4), this sub-clause shall apply as if for the words "not less than fifty per cent" the words "not less than forty per cent" had been substituted;

(ii) the said shares were at any time during the previous year the subject of dealings in any recognised stock exchange in India or were freely transferable by the holder to other members of the public; and

(iii) the affairs of the company or the shares carrying more than fifty per cent of the total voting power were at no time during the previous year controlled or held by less than six persons (persons who are related to one another as husband, wife, lineal ascendant or descendant, brother or sister, as the case may be, being treated as a single person and persons who are nominees of another person together with that other person being likewise treated as a single person);

Provided that in the case of any such company as is referred to in sub-section (4), this clause shall apply as if for the words "more than fifty per cent." the words "more than sixty per cent." had been substituted."

**Shri K. K. Basu:** Why does he want to redraft it in this form?

**Shri M. C. Shah:** The main provisions of the clause as originally drafted are explained fully in the memorandum circulated already. Under the present section 23A, companies in which the public are not substantially interested are deemed for tax purposes to have distributed 100 per cent of the profits left after payment of income-tax, super-tax, if within six months of the general meeting adopting the accounts they do not declare at least 60 per cent of their distributable profits as dividend. This section, however, is not applied if there had been losses in the previous years or if the profit is small. The object of

this section is to prevent shareholders of such companies from avoiding super-tax that would be payable by them if the dividends are actually declared. Such companies are controlled by a few persons and it is possible to manipulate the declaration of dividends so as to reduce the tax liability of the shareholders. At present a company is considered to be one in which the public are not substantially interested if the nature of the company is such that it has less than 25 per cent of the voting power or shares at the end of the previous year have been held by the public, and where 25 per cent or more of the shares are held by the public and such shares have not been the subject of dealing in any stock exchange and such shares are not, in fact, freely transferable by the holders to the other members of the public.

It is now proposed to alter the provisions in the following manner. The criteria for determining whether the company is one in which the public are substantially interested are proposed to be:

(1) the number of shares held by the public should be at least 50 per cent and not 25 per cent as at present;

(2) to extend the voting power; instead of being determined on the last day of the accounting year, it should be determined throughout the year.

(3) the majority of the shares should not be held by less than 6 persons; and

(4) these 6 persons should not be related closely to each other.

We propose to have this.

**Mr. Deputy-Speaker:** What is the definition of 'related closely'?

**Shri M. C. Shah:** It is in the definition; brother and sister and all that.

At present the section is applied by dealing with 100 per cent of the distributable profits as having passed to the shareholders for purposes of income-tax and the appropriate tax is leviable from each shareholder in

that collective form on the dividend deemed to have been distributed. It is now proposed that instead of coming down to the shareholders a flat rate of super-tax of 4 annas in the rupee should be charged on the company itself.

At present no credit is given to the company if in the particular year it distributes less than 60 per cent of its profits, even though it may have distributed more than 60 per cent in the previous years. It is now proposed that the distribution in excess of 60 per cent in three previous years should be allowed to be carried forward for the purpose of working out 60 per cent in the assessment year.

At present 60 per cent is required to be distributed out of the assessable income less only income-tax and super-tax. It is now proposed that allowance should be made for any tax actually paid in a State or to the Central Government or to a local authority but not allowed for income-tax purposes and also for the amount actually transferred to the Reserve Fund under the Banking Companies Act, 1949, in the case of a Banking company.

At present the company which has distributed at least 55 per cent of its profits is given 3 months to distribute 60 per cent or more before the 100 per cent limit is deemed to have been distributed by the taxing authorities. The concession is now proposed to be extended to cases where the deficiency in the distribution is solely on account of the income as shown by the company being different from those determined by the taxing authorities.

At present a company is required to distribute not merely 60 per cent of its profits but 100 per cent as reduced by taxes payable thereon if the reserves of the company exceed the paid-up capital of the company together with loan capital which is the property of the shareholder or the actual cost of the fixed assets, whichever of these is greater. It is, therefore, possible for a company to evade

the application of this law by periodical capitalising out of reserves so as to reduce the reserves and simultaneously increase the paid up capital by issuing bonus shares. It is now proposed that capital is created out of the reserves, not subject to an order under section 23A, but the issue of bonus shares will not be regarded as capital for the purpose of determination whether the 100 per cent rule should apply.

The amendment now proposed incorporates into the law the further changes to which reference has already been made in my speech on the consideration of the Finance Bill. This is only a revised formula of section 23A. I do not propose to move the clause as in the Bill, but as now proposed. I have only made the change that in industrial concerns, instead of 50 per cent, 60 per cent shares should be held by the controlling authorities not less than six persons. I do not think any further explanation is necessary with regard to section 23A as it has been discussed threadbare on the Floor of this House, not once, but twice or thrice.

**Mr. Deputy-Speaker:** Shri M. C. Shah's amendment is now before the House.

**Shri Tulsidas:** My amendments are Nos. 22 and 37.

With regard to my amendment No 22, I would like to bring to the notice of the hon. Minister a few points and I hope he will at least accept one or two suggestions that I have made here.

**Mr. Deputy-Speaker:** The hon. Minister's amendment is for substitution of a new clause for the original clause 15. Are these amendments Nos. 22 and 37 to this amendment?

**Shri Tulsidas:** They are to the original clause.

**Mr. Deputy-Speaker:** How would they fit in here?

**Shri Tulsidas:** I should like him to change it if he accepts some of my points.

**Shri M. C. Shah:** His amendments can fit into my amendment.

**Shri Tulsidas:** It is a question of drafting, that is all.

**Shri Sodhia:** How can these amendments stand? These cannot stand because the original clause to which they were amendments has already gone out.

**Shri K. K. Basu:** They will stand on crutches, not on legs.

**Shri M. C. Shah:** He only wants to add something more with regard to allowing...

**Mr. Deputy-Speaker:** My difficulty is not one of substance, but is one of form. If I put the hon. Minister's amendment to vote and it is carried, all other amendments will fall through because they have not been tabled for that amendment. But if hon. Members think or wish to say that they were taken by surprise and they had not had time to consider it, and if these amendments can easily fit in with the new amendment with slight modifications.....

**Shri T. T. Krishnamachari:** So far as the technical aspect is concerned, you are quite right, but so far as the problem is concerned on its merits—not that my colleague is going to accept these amendments that are sought to be tabled by the hon. Member, Shri Tulsidas—these amendments can fit in without any damage to the general construction of the clause.

**Mr. Deputy-Speaker:** Then, I shall treat these amendments as amendments to the substituted clause 15.

**Shri Tulsidas:** I beg to move:

(1) In page 13,

(i) after line 3, add:

“(d) the amount of any expenses not being of a capital nature, incurred by the company in the course of business, which have been disallowed in computing the total income;

(e) any sum paid by it on or after the first day of April 1953 as

donations to any institution or fund to which section 15B applies;

(f) any sum on which tax is not payable by it under section 15C of the Income-tax Act, 1922.”

(ii) in line 15,

for “or clause (c)” substitute “clause (d), clause (e), and clause (f)”.

(2) In page 15, line 10,

for “six persons” substitute “four persons”.

With regard to my first amendment, my point is with regard to the proper determination of the distributable profits—the income assessed to be reduced by income-tax and super-tax; the expenses disallowed but incurred for business; permissible donations or charity under section 15B. The Bill proposes to determine the distributable income on the basis of total income as defined in the Income-tax Act, as reduced by income-tax and super-tax and any other taxable income. Only in the case of the banks, the statutory reservation of 20 per cent profits are also to be deducted. As it is now being worded in the Act, these are the only things which will be allowed to be deducted and it will result, in my opinion, in hardship. For example, a concern has got profits...

**Shri T. T. Krishnamachari:** The words are self-explanatory there.

**Shri Tulsidas:** With regard to any donations that are given, supposing 5 per cent is given, which is allowed under section 15B, why should that not be allowed to be deducted?

**Shri M. C. Shah:** They are allowed under the Act and it does not require to be mentioned here. For the purpose of assessment of income-tax, the amount that is in the hands of the donor will be exempted. It is not necessary that it should be mentioned here at all.

**Shri Tulsidas:** I am sorry the hon. Minister has not understood my point.

This is only for the distributable income. For the company that is allowed, but in order to calculate the distributable income, you have to add this again. Suppose the profits are Rs. 10,00,000 and if a company has paid Rs. 1,00,000 to the Mahatma Gandhi Fund, why should that be added on so that it will be distributed and taxed?

**Shri K. K. Basu:** If they paid to the Congress election fund, that is also to be added.

**Shri Bansal:** What about the contribution to the Communist election fund?

**Shri Tulsidas:** The hon. Minister will agree that this is a hardship. Similarly, if you do not deduct the expenses which are not allowed, it will be a hardship. Suppose certain expenses are there, which the Income-tax Department, whilst assessing, disallows, but the company has already spent the amount. If the company has spent, why should that amount be distributed and why should that amount be considered as a distributed income? The same is the case with regard to amount given for charity.

With regard to the profits of new companies, they are today exempt for 6 per cent of the capital employed on the business and they are not to be taxed under 15C. If that is so, why should that be shown as distributed income and taxed? I think this is going to be a hardship. I have discussed it with the hon. Minister and he realised my points and agreed with one or two of them. I hope he will look into the matter.

Now as regards my second amendment. According to the definition of clause 23A companies, six persons are considered to be one of the conditions for a 23A company. I am only suggesting that it should be less than four. In some of the countries outside India, there is such a position. If you accept my suggestion, namely, less than four persons, that would solve a number of difficulties. I hope my amendments will be accepted.

**Shri K. K. Basu:** I beg to move:

(1) In the amendment proposed by Shri M. C. Shah,

omit the proviso to part (b) (i) of Explanation to sub-section (9) of the proposed section 23A.

(2) In the amendment proposed by Shri M. C. Shah,

omit the proviso to part (b) (iii) of Explanation to sub-section (9) of the proposed section 23A.

My amendments are simple. I wanted to delete the two provisos to the Explanations. The difference seems to have been made as to the determination in respect of companies concerned with the manufacturing process of goods, generation and distribution of electricity and other power. In respect of those companies, the Government says instead of 50 per cent it should be not less than 40 per cent. I am unable to fully understand the merit of this difference. What I feel is, all companies should be treated on a par. Therefore, my amendment is only restricted to this aspect. So, the provisos to part (b) (i) of Explanation to sub-section (9) and the proviso to part (b) (iii) of Explanation to sub-section (9) should go, because I want all the companies to be on a par. There should not be any difference as to the determination whether the 50 per cent will apply to a certain type of companies and 40 per cent in respect of other types of companies. So, I request that the Government should accept my amendment.

**Shri Bansal:** I beg to move:

(i) In page 14, line 50.

for "fifty per cent." substitute "thirty-three and one-third per cent."

(ii) In page 15, line 8,

for "fifty per cent." substitute "sixty-six and two-third per cent."

I have said that instead of 50 per cent, 33 1/3 per cent should be substituted and for 50 per cent in line 8, 66 2/3 per cent should be substituted. The reason for my tabling these two small amendments is that the Finance

[Shri Bansal]

Minister when initiating the debate on the Finance Bill himself saw the reasonableness of gradualness. I shall quote from his speech. He said:

"It has been suggested that in the case of industrial concerns, this change over of the scope of the section from 25 per cent holding by the public to 50 per cent, holding by the public would be too drastic and would affect their present development plans and that therefore this should be brought about gradually. There is some force in this argument and in the present need of industrial development, we should not take any undue risk. I am, therefore, prepared to introduce an element of gradualness in regard to such concerns".

But while trying to give effect to what he felt was a genuine case, he has increased the percentages from 25 to 40 in a big jump. My suggestion is that the jump should be from 25 to 33 1/3 and in the other case, it should be 66 2/3.

I also beg to move:

In the amendment proposed by Shri M. C. Shah, in part (b) of the proviso to sub-section (1) of the proposed section 23A,

omit "(including the amounts capitalised from the earlier reserves)".

Here, I want the words "including the amounts capitalised from the earlier reserves" to be deleted. I do not see any reason why in the capital, those reserves which have already been capitalised, should be excluded. I do not want to elaborate this point, because the Finance Minister will understand the import of this. I hope that he will accept both of my amendments.

**Shri M. C. Shah:** I cannot accept the amendments of Shri Bansal. As a matter of fact, as stated by the Finance Minister, this is a gradual step from 75 per cent. We had intended to bring it down to 50 per cent, but representations were made and it was

suggested that by just going to that limit of 50 per cent, many industrial concerns might be turned into 23A companies, and therefore, perhaps the industrial development may be in a way affected. I do not believe that it would be affected because after all the monies are there and monies can be ploughed back. However, as already stated, the matter was very carefully considered and they came to a deliberate conclusion that it must be 60 per cent so far as the industrial concerns are concerned. So, I am unable to accept the amendments of Shri Bansal.

I cannot also accept the amendment of Shri Basu who wants to bring it down to 50 per cent. It was after a deal of consideration and very deep thought given to the matter that we have come to the deliberate decision of bringing it down to 60 per cent so far as the industries are concerned.

With regard to capitalising also, in order just to evade this payment of super-tax, if the accumulated profits come to 100 per cent, then they might just resort to the method of issuing bonus shares and increase the capital. Therefore, thereby, slowly and slowly there will be loophole and we do not want to allow that loophole. Therefore, we have deliberately suggested that this capitalised bonus shares will not be included.

With regard to the point made by my friend Shri Tulsidas, I would say that if there is any difficulty, the Commissioner of Income-tax has got powers and the matter can be taken to the Commissioner, and the Commissioner will always take the view that if any donation which is permitted under section 15B is given by section 23A company, that will be allowed as an expenditure out of the distributable profits. There will be no difficulty about it. Also, we have already proposed the establishment of a Board of Referees. In case the Commissioner of Income-tax also does not detect the thing, then the Board of Referees will take that fact into consideration and that will be allowed. There is no difficulty about it either.

I cannot agree to the suggestion about clause 15C.

**Mr. Deputy-Speaker:** I will now put all the amendments to the Government amendment, and in the end, put the Government amendment to the vote.

The question is:

In the amendment proposed by Shri M. C. Shah,

omit the proviso to part (b) (i) of Explanation to sub-section (9) of the proposed section 23A.

*The motion was negatived.*

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

In the amendment proposed by Shri M. C. Shah,

omit the proviso to part (b) (iii) of Explanation to sub-section (9) of the proposed section 23A.

*The motion was negatived.*

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

In page 13,

(i) after line 3, add:

"(d) the amount of any expenses not being of a capital nature, incurred by the company in the course of business, which have been disallowed in computing the total income;

(e) any sum paid by it on or after the first day of April 1953 as donations to any institution or fund to which section 15B applies;

(f) any sum on which tax is not payable by it under section 15C of the Income-tax Act 1922."

(ii) in line 15,

for "or clause (c)" substitute "clause (d), clause (e), and clause (f)".

*The motion was negatived.*

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

In page 15, line 10,

for "six persons" substitute "four persons".

*The motion was negatived.*

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

(i) In page 14, line 50,

for "fifty per cent." substitute "thirty-three and one-third per cent."

(ii) In page 15 line 8,

for "fifty per cent." substitute "sixty-six and two-third per cent."

*The motion was negatived.*

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

In the amendment proposed by Shri M. C. Shah, in part (b) of the proviso to sub-section (1) of the proposed section 23A,

omit "(including the amounts capitalised from the earlier reserves)".

*The motion was negatived.*

**Mr. Deputy-Speaker:** Now, I shall put the Government amendment substituting clause 15, to the vote of the House.

The question is:

In pages 12 to 15,

for clause 15, substitute.

"15. Substitution of new section for section 23A in Act XI of 1922.—For section 23A of the Income-tax Act, the following section shall be substituted, namely—

"23A. Power to assess companies to super-tax on undistributed income in certain cases.—(1) Subject to the provisions of sub-sections (3) and (4), where the Income-tax Officer is satisfied that in respect of any previous year the profits and gains distributed as dividends by any company within the twelve months immediately following the expiry of that previous year are less than sixty per cent of the total income of the company of that previous year as reduced by—



[Mr. Deputy-Speaker]

(a) the amount of income-tax and super-tax payable by the company in respect of its total income, but excluding the amount of any super-tax payable under this section;

(b) the amount of any other tax levied under any law for the time being in force on the company by the Government or by a local authority in excess of the amount, if any, which has been allowed in computing the total income; and

(c) in the case of a banking company, the amount actually transferred to a reserve fund under section 17 of the Banking Companies Act, 1949 (X of 1949); the Income-tax Officer shall, unless he is satisfied that having regard to losses incurred by the company in earlier years or to the smallness of the profits made in the previous year, the payment of a dividend or a large dividend than that declared would be unreasonable, make an order in writing that the company shall, apart from the sum determined as payable by it on the basis of the assessment under section 23, be liable to pay super-tax at the rate of four annas in the rupee on the undistributed balance of the total income of the previous year, that is to say, on the total income reduced by the amounts, if any, referred to in clause (a), clause (b) or clause (c) and the dividends actually distributed, if any:

Provided that—

(a) in the case of a company whose business consists wholly or mainly in the dealing in or holding of investments; and

(b) in the case of any other company where the reserves (including the amounts capitalised from the earlier reserves) representing accumulations of past profits which have not been the subject of an order under this sub-section, exceed either the aggregate of—

(i) the paid up capital of the company exclusive of the capital, if any, created out of its profits and gains which have not been the subject of an order under this sub-section, and

(ii) any loan capital which is the property of the shareholders, or the actual cost of the fixed assets of the company, whichever of these is greater, this section shall apply as if for the words "sixty per cent of the total income," wherever they occur, the words "the whole of the total income" had been substituted.

(2) No order under sub-section (1) shall be made—

(i) in the case of a company referred to in clause (a) of the proviso to that sub-section, which has distributed not less than ninety per cent of its total income as reduced by the amounts, if any, referred to in clause (a), clause (b) or clause (c) of that sub-section; or

(ii) in the case of any other company which has distributed not less than fifty-five per cent of its total income as reduced by the amounts, if any, aforesaid, or

(iii) in any case where according to the return made by a company under section 22, it has distributed not less than sixty per cent of its total income as reduced by the amounts, if any, aforesaid, but in the assessment made by the Income-tax Officer under section 23 a higher total income is arrived at, and the difference in the total income does not arise out of the application of the proviso to section 13 or sub-section (4) of section 23 or the omission by the company to disclose its total income fully and truly,

unless the company, on receipt of a notice from the income-tax Officer that he proposes to make

such an order, fails to make within three months of the receipt of such notice a further distribution of its profits and gains so that the total distribution made is not less than sixty per cent of the total income of the company of the relevant previous year as reduced by the amounts, if any, aforesaid.

(3) Where on an application presented to him in this behalf by a company within the period of twelve months referred to in sub-section (1) or within the period of three months referred to in sub-section (2), the Commissioner of Income-tax is satisfied, having regard to the current requirements of the company's business or such other requirements as may be necessary or advisable for the maintenance and development of that business, the declaration or payment of a dividend or a larger dividend than that proposed to be declared or paid would be unreasonable, he may reduce the amount of the minimum distribution required of that company under sub-section (1) to such figure as he may consider fit and further determine the period within which such distribution should be made.

(4) If any company, being an Indian company engaged in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, is dissatisfied with the decision of the Commissioner of Income-tax under sub-section (3), it may by application in the prescribed form made within thirty days of the date on which such decision is communicated to it and accompanied by a fee of one hundred rupees, require the Commissioner of Income-tax to refer the matter to a Board of Referees consisting of two officers of the Central Government not below the rank of Joint Secretary, appointed in this behalf by the Central Government, and the Board of Referees may, after

giving the company an opportunity of being heard, confirm, cancel or vary order of the Commissioner of Income-tax.

(5) The decision of the Commissioner of Income-tax under sub-section (3) or of the Board of Referees under sub-section (4), as the case may be, shall be final as respects matters concluded by it and no appeal shall lie to the Appellate Assistant Commissioner of Income-tax or to the Appellate Tribunal and no reference shall lie to the High Court in respect of such decision.

(6) Where in respect of any one or more of the three previous years immediately preceding the previous year, the profits and gains distributed as dividends by a company are in excess of sixty per cent. of its total income of the relevant previous year as reduced by the amounts, if any, referred to in clause (a), clause (b) or clause (c) of sub-section (1), but in respect of the previous year the profits and gains distributed as dividends by it are less than sixty per cent of its total income similarly reduced, so much of the said excess, if any, as has not been adjusted under this sub-section in a preceding year, shall be taken into account in determining whether an order under sub-section (1) should be made in respect of the previous year.

(7) The provisions of sub-section (6) shall apply to the profits and gains of a previous year not earlier than the previous year relevant to the assessment year ending on the 31st day of March, 1957, but in the application of that sub-section to the profits and gains of the previous year relevant to the assessment year ending on the 31st day of March, 1957 that sub-section shall be construed as if for the word "three" the word "one" had been substituted, and in its application to-

[Mr. Deputy-Speaker]

the profits and gains of the previous year relevant to the assessment year ending on the 31st day of March 1958, as if for the word "three", the word "two" had been substituted.

(8) Except in cases where a decision is given by the Commissioner of Income-tax under sub-section (3) or the Board of Referees under sub-section (4), no order shall be made by the Income-tax Officer under sub-section (1) unless the previous approval of the Inspecting Assistant Commissioner of Income-tax has been obtained, and the Inspecting Assistant Commissioner shall not give his approval to any order proposed to be made by the Income-tax Officer until he has given the company concerned an opportunity of being heard.

(9) Nothing contained in this section shall apply to any company in which the public are substantially interested or to a subsidiary company of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year.

*Explanation* For the purposes of this section, a company shall be deemed to be a company in which the public are substantially interested—

(a) if it is a company owned by the Government or in which not less than forty per cent. of the shares are held by the Government;

(b) if it is not a private company as defined in the Indian Companies Act, 1913, (VII of 1913) and

(i) its shares (not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits) carrying not less than

fifty per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and were throughout the previous year beneficially held by the public (not including a company to which the provisions of this sub-section apply):

Provided that in the case of any such company as is referred to in sub-section (4), this sub-clause shall apply as if for the words "not less than fifty per cent." the words "not less than forty per cent." had been substituted;

(ii) the said shares were at any time during the previous year the subject of dealings in any recognised stock exchange in India or were freely transferable by the holder to other members of the public; and

(iii) the affairs of the company or the shares carrying more than fifty per cent. of the total voting power were at no time during the previous year controlled or held by less than six persons (persons who are related to one another as husband, wife, lineal ascendant or descendant, brother or sister, as the case may be, being treated as a single person and persons who are nominees of another person together with that other person being likewise treated as a single person):

Provided that in the case of any such company as is referred to in sub-section (4), this clause shall apply as if for the words "more than fifty per cent." the words "more than sixty per cent." had been substituted."

*The motion was adopted.*

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

"That clause 15, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 15, as amended, was added to the Bill.*

4 P. M.

**Clause 16.**—(Amendment of section 24, Act XI of 1922).

**Shri Tulsidas:** I beg to move:

In page 15, lines 38 to 40,

omit "provided that the business, profession or vocation in which the loss was originally sustained continued to be carried on by him in that year."

My amendment relates to the clause where losses are allowed to be carried forward. What is said in the Bill is this:

"Where the loss was sustained by him in any other business, profession or vocation it shall be set off only against the profits and gains, if any, of any business, profession or vocation carried on by him in that year:

Provided that the business, profession or vocation in which the loss was originally sustained continued to be carried on by him in that year."

I feel that this should be removed. According to this, if a company carries on a number of types of business, the loss incurred in any particular business will not be allowed to be set off against the profits of the company as a whole. That is the meaning. I feel that the profit and loss of the company must be taken as a whole and not of any particular vocation or business. That is why I have said that this may be dropped.

**Mr. Deputy-Speaker:** The hon. Member may move his other amendment also.

**Shri Tulsidas:** I beg to move:

In page 16,

after line 3, add:

"Explanation:—for the purposes of this section, in case of a banking company, interest on securities shall be treated as incomes from business notwithstanding anything stated to the contrary in section 8".

This amendment relates to banking companies. In the case of a banking

company, interest on securities shall be treated as income from business notwithstanding anything stated to the contrary in section 8.

We know that banking companies derive income from banking business as well as interest from the securities. According to the judgment delivered in 1953, these two incomes are separate and they cannot be set off against one another. After all, the business of a banking company is also to invest securities and the income from this should also be treated as income from business. That is why I have drafted this amendment.

**Mr. Deputy-Speaker:** I find that Shri Bansal's amendment is the same as the first amendment of Shri Tulsidas. Therefore, it need not be moved.

**Shri T. T. Krishnamachari:** The suggestion made by my hon. friend is no doubt extremely good, but things do not take shape as he seems to suggest. Suppose the whole contour of the company is going to be changed. Suppose a banking company gives up its business and starts carrying on business in insurance. The nature of the business is completely changed. Because the nomenclature is maintained, to say that losses must be set off is something which I do not think anybody can really accept. The whole idea is that a person who is doing business continuously in a particular vocation must be enabled to carry on that business. That is why provision has now been made to extend the period through which he can set off the losses. But what my hon. friend wants is a little more than what the Government can possibly agree to.

**Mr. Deputy-Speaker:** Does the hon. Minister want to say anything?

**Shri M. C. Shah:** If general income from securities is treated as separate, how can we make an exception in the case of a banking company?

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

In page 15, lines 38 to 40, omit "provided that the business, profession or vocation in which the

[Mr. Deputy-Speaker]

loss was originally sustained continued to be carried on by him in that year."

*The motion was negatived.*

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

In page 16,

after line 3, add:

"Explanation:—For the purposes of this section, in case of a banking company, interest on securities shall be treated as incomes from business notwithstanding anything stated to the contrary in section 8".

*The motion was negatived.*

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

"That clause 16 stand part of the Bill."

*The motion was adopted.*

*Clause 16 was added to the Bill.*

*Clauses 17 to 19 were added to the Bill.*

**Clause 20.**—(Commencement of amendments to Act XI of 1922).

**Shri M. C. Shah:** I beg to move:

In page 16,

(i) after line 35 insert:

"(3) The amendments made in the Income-tax Act by section 5 shall, for the purposes of making any deduction of Income-tax under sub-section (2) or sub-section (2B) of section 18 of the Income-tax Act, have effect on and from the 1st day of April, 1955, and, for other purposes, shall have effect on and from the 1st day of April, 1956"; and

(ii) line 36, for "(3)" substitute "(4)".

This amendment makes it clear that the provisions relating to entertainment allowances will become effective for payment on and from 1st April, 1955. As a matter of fact, as in the Finance Bill, perquisites and allowances will be liable to tax in the finan-

cial year 1955-56. But for purposes of income-tax, they will be liable from 1st April, 1954 to 31st March, 1955. Those allowances and perquisites were given in excess of what we have agreed to. But those which we have allowed will be liable only from 1st April, 1955, in order to be effective. This is a rather complicated matter.

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

In page 16,

(i) after line 35 insert:

"(3) The amendments made in the Income-tax Act by section 5 shall, for the purposes of making any deduction of Income-tax under sub-section (2) or sub-section (2B) of section 18 of the Income-tax Act, have effect on and from the 1st day of April, 1955, and, for other purposes, shall have effect on and from the 1st day of April, 1956"; and

(ii) line 36, for "(3)" substitute "(4)".

*The motion was adopted.*

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

"That clause 20, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 20, as amended, was added to the Bill.*

*Clauses 21 to 24 were added to the Bill.*

**Clause 25.**—(Amendment of First Schedule Act of 1944).

**The Minister of Revenue and Defence Expenditure (Shri A. C. Guha):** There is an amendment No. 65.

**Mr. Deputy-Speaker:** Government may move all their amendments.

**Shri T. T. Krishnamachari:** There is an amendment to which my hon. friend Shri Guha has given a subsequent amendment. That can be moved and the Government amendments can be taken as a whole.

**Shri A. C. Guha:** It is in respect of item 22 only.

**Shri T. T. Krishnamachari:** The amendments Nos. are 65, 66, 67, 68, 69 and amendment No. 110, 65 to 68 shall

stand as they are but my hon. friend is moving an amendment No. 110 to amendment No. 69.

**Shri A. C. Guha:** I beg to move:

(1) In page 19,

for lines 21 to 25, substitute:

“(1) Cotton fabrics, superfine—

that is to say, fabrics in which the average count of Two annas per square yard. yarn is 48s or more.

(2) Cotton fabrics, fine—

that is to say, fabrics in which the average count of One anna and three pies per square yard. yarn is 35s or more but is less than 48s.

(3) Cotton fabrics, medium—

that is to say, fabrics in which the average count of Six pies per square yard. yarn is 17s or more but is less than 35s.

(4) Cotton fabrics, coarse—

that is to say, fabrics in which the average count of Six pies per square yard.” yarn is less than 17s.

(2) In page 20,

for lines 24 to 30, substitute:

“12B. WOOLLEN FABRICS—

“Woollen fabrics” mean all varieties of fabrics manufactured wholly of wool or which contain 40 per cent. or more by weight of wool, and include blankets, lohis, rugs and shawls, but do not include any such fabric—

Six and a quarter per cent. *ad valorem.*”

(i) if manufactured on a handloom ;

(ii) if manufactured by or on behalf of the same person in one or more factories in which less than five powerlooms in all are installed—

(3) In page 21,

for lines 4 and 5 substitute:

“(3) Soap, other than household and laundry or toilet.

Fourteen rupees per cwt.”

(4) In page 21,

for lines 8 to 14, substitute:

“18. ELECTRIC FANS, including air circulators but excluding these which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose, and parts of such electric fans—

(1) Table, cabin, carriage, pedestal and air circulator fans, Five rupees per fan. not exceeding sixteen inches.

(2) All other fans . . . . . Ten rupees per fan.

(3) Parts of fans above, the following, namely, complete motors, stators and rotors.—

(a) if designed for use in respect of any fan falling within sub-item (1)—

(i) complete motors . . . . . Three rupees per motor.

(ii) Stators . . . . . One rupee and eight annas per stator.

(iii) Rotors . . . . . One rupee and eight annas per rotor.

[Shri A. C. Guha]

- (b) if designed for use in respect of any fan falling within sub-item (2)—

(i) complete motors . . . . .	Six rupees per motor.
(ii) Stators . . . . .	Three rupees per stator.
(iii) Rotors . . . . .	Three rupees per rotor."

- (5) In page 21,

for lines 15 to 35, substitute:

"19. ELECTRIC LIGHTING BULBS AND FLUORESCENT LIGHTING TUBES—

- (1) Vacuum and gas-filled bulbs—

(i) not exceeding 100 watts, and train lighting bulbs.	One anna per bulb.
(ii) exceeding 100 watts but not exceeding 300 watts, and engine headlight bulbs.	Four annas per bulb.
(iii) exceeding 300 watts. . . . .	Eight annas per bulb.
(2) Fluorescent tubes . . . . .	Four annas per foot.
(3) Bulbs not otherwise specified. . . . .	Four annas per bulb."

20. ELECTRIC BATTERIES, AND PARTS THEREOF—

- (1) Dry. . . . . Ten per cent *ad valorem*.  
 (2) Storage . . . . . Ten per cent *ad valorem*.  
 (3) Parts of storage batteries, the following, namely, containers, covers and plates. Ten per cent *ad valorem*.

21. PAPER all sorts, including pasteboard, millboard and cardboard, but excluding strawboard, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.

- (1) Printing and writing paper . . . . . One anna per lb.  
 (2) Wrapping paper—  
     (a) kraft . . . . . One anna per lb.  
     (b) brown . . . . . One anna per lb.  
 (3) Paper, special varieties—  
     (a) blotting, toilet, target, tissue other than cigarette tissue, teleprinter, typewriting, manifold, bank and bond. One anna and three pies per lb.  
     (b) Cigarette tissue . . . . . Two annas and six pies per lb.  
 (4) Paper, not otherwise specified, including art paper, chrome paper, tubsized paper, cheque paper, stamp paper, cartridge paper. One anna and three pies per lb.  
 (5) Paper Board—  
     (a) duplex and triplex . . . . . One anna per lb.  
     (b) pulp board . . . . . One anna per lb.  
     (c) other board—  
         (i) coated board (art, chrome and board for playing cards). One anna and three pies per lb.  
         (ii) millboard . . . . . Six pies per lb.  
     (d) board, not otherwise specified, including manilla and corrugated board. One anna per lb.

22. FIGMENTS, COLOURS, PAINTS AND ENAMELS,

all sorts,—

- (1) Pigments, dry and aluminium paste—

- (i) Zinc oxide, red lead, white lead and titanium dioxide white. Eight rupees per cwt.  
 (ii) Aluminium paste . . . . . Four annas per lb.

- (2) Dry colours, namely, the following, lead chromes and brunswick green.

Seven rupees per cwt. in the case of a manufacturer whose output exceeds 100 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output exceeds 10 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output does not exceed 10 tons per year.

- (3) Water paints—

- (i) Dry distemper including cement based water paints.

Seven rupees per cwt. in the case of a manufacturer whose output exceeds 100 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output does not exceed 50 tons per year.

- (ii) Oil-bound distemper . . . . .

Twelve rupees per cwt. in the case of a manufacturer whose output exceeds 100 tons per year ;

Nine rupees per cwt. in the case of a manufacturer whose output exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output does not exceed 50 tons per year.

- (iii) Water pigment finishes for leather .

One rupee and eight annas per imperial gallon in the case of a manufacturer whose output exceeds 100 tons per year ;

One rupee and two annas per imperial gallon in the case of a manufacturer whose output exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output does not exceed 50 tons per year.

- (iv) Plastic emulsion paint . . . . .

Three rupees and eight annas per imperial gallon in the case of a manufacturer whose output exceeds 100 tons per year ;

Two rupees and eight annas per imperial gallon in the case of a manufacturer whose output exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output does not exceed 50 tons per year.

- (4) Oil paints and enamels.—

- (i) Stiff paints sold by weight

Seven rupees per cwt. in the case of a manufacturer whose output exceeds 1,000 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output exceeds 50 tons but does-



[Shri A. C. Guha]

- not exceed 1,000 tons per year ; and  
 Nil in the case of a manufacturer whose output does not exceed 50 tons per year.
- (ii) Ready-mixed paints and enamels sold by volume. Two rupees per imperial gallon in the case of a manufacturer whose output exceeds 1,000 tons per year ;  
 One rupee and eight annas per imperial gallon in the case of a manufacturer whose output exceeds 50 tons but does not exceed 1,000 tons per year ; and  
 Nil in the case of a manufacturer whose output does not exceed 50 tons per year.
- (iii) Tinting paste (Blue) . Four annas per lb. in the case of a manufacturer whose output exceeds 1,000 tons per year ;  
 Three annas per lb. in the case of a manufacturer whose output exceeds 50 tons but does not exceed 1,000 tons per year ; and  
 Nil in the case of a manufacturer whose output does not exceed 50 tons per year.

*Explanation.*—For the purposes of sub-items (3) and (4), the exemption from the duty of excise, in the case of a manufacturer whose output of the articles specified in the said sub-items does not exceed fifty tons, shall apply only so long as the total output of all kinds of such articles does not exceed fifty tons.

- (5) Nitrocellulose ancillaries . Three annas per lb. if sold by weight ;  
 Three rupees and two annas per imperial gallon if sold by volume.
- (6) Pigments, colours, paints and enamels not otherwise specified. Seven rupees per cwt. if sold by weight ;  
 Two rupees per imperial gallon if sold by volume.
- (7) Cellulose lacquers—  
 Nitrocellulose lacquers, clear and pigmented . Five rupees per imperial gallon in the case of a manufacturer whose output exceeds 24,000 imperial gallons per year ;  
 Three rupees and twelve annas per imperial gallon in the case of a manufacturer whose output exceeds 4,000 but does not exceed 24,000 imperial gallons per year ;  
 Three rupees and two annas per imperial gallon in the case of a manufacturer whose output does not exceed 4,000 imperial gallons per year.
- (8) Varnishes and blacks—  
 (i) Varnishes . One rupee per imperial gallon in the case of a manufacturer whose output exceeds 1,00,000 imperial gallons per year ;  
 Twelve annas per imperial gallon in the case of a manufacturer whose output exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and

(ii) Bituminous and coal tar blacks

Nil in the case of a manufacturer whose output does not exceed 12,000 imperial gallons per year.

Ten annas per imperial gallon in the case of a manufacturer whose output exceeds 1,00,000 imperial gallons per year ;

Seven annas per imperial gallon in the case of a manufacturer whose output exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year; and

Nil in the case of a manufacturer whose output does not exceed 12,000 imperial gallons per year.

**Explanation.**—For the purposes of sub-item (8), the exemption from the duty of excise, in the case of a manufacturer whose output of varnishes and blacks does not exceed twelve thousand imperial gallons per year, shall apply only so long as the total output of all kinds of varnishes and blacks does not exceed the said limit.”

**Shri A. C. Guha:** Regarding amendment No. 110 I may say that it substitutes item 22 as in the original Bill. I need not read it; it is too long; it is only a clarificatory thing.

**Mr. Deputy-Speaker:** The House has to vote for or against. I must know what is going on in this House. The hon. Minister will tell us what exactly amendment No. 110 says.

**Shri A. C. Guha:** This is in substitution of item 22 in the Finance Bill—Clause 25. This relates to paints and varnishes etc. In substitution of part of amendment No. 69, amendment No. 110 is given.

**Mr. Deputy-Speaker:** What is the rate for paints and varnishes and what is the substituted rate?

**Shri Bansal:** It is long.

**Mr. Deputy-Speaker:** If it is long, how are hon. Members expected to pass it?

**Shri A. C. Guha:** Paints and varnishes were put as one under old classification and now paints and varnishes are being split up into different categories according to their qualities. The rates also vary according to the qualities.

**An. Hon. Member:** Would the hon. Minister explain to us what he wants?

**Mr. Deputy-Speaker:** What is the original Bill? What is the amendment No. 69 and what is amendment No. 110?

Press people must take down what exactly is happening. Our Reporters must also find out what is happening. I also should understand.

**Shri A. C. Guha:** In amendment No. 69, there is an item 22 relating to pigments, colours, paints and enamels. This amendment No. 110 only wants to amend this particular item.

**Shri T. T. Krishnamachari:** May I explain the position? These are groups of paints, varnishes, pigments and distemper. The classification as we had put in the original Bill treats them as one group and a ten percent *ad valorem* duty was sought to be levied. As my hon. friend, the Finance Minister, mentioned the other day, collection of excise duty *ad valorem* had a number of difficulties and we had to give up that method of taxation and go on to assessments on a specific duty basis. In assessing a specific duty we have to classify the various items because as the House will find, item 22 covers an innumerable number of details; for instance, pigments, dry colours, water paints, oil bound distemper, plastic emulsion paint and so on. After some examination we classified them in that manner. On further examination, we found some difficulty and a re-classification was necessary. Ready-mixed paints sold by weight and ready-mixed paints sold by volume are speci-

[Shri A. C. Guha]

fied as special category. Cellulose lacquers had been grouped together in a category and the varnishes and blacks in another category. The whole object is to really do it in a rational way. There are certain verbal additions in order to qualify the word 'output'. There is really no question of confusing either the House or the public but it is merely a re-classification of the amendment No. 69 tabled.

**Shri K. C. Sodhia:** An. hon. Minister moves the amendment. Another hon. Minister gives some explanation. What is all this? He ought to explain.

**Mr. Deputy-Speaker:** I understand that instead of amendment No. 110 another new amendment has been circulated now—No. 132.

**Shri A. C. Guha:** I was to explain that. That is only a sort of explanation, as my hon. colleague has said about the word 'output'. That is the only change; it has become redundant....

**Pandit Thakur Das Bhargava:** May I know if we are going to consider amendment No. 132, 110 or 69? What are we going to consider now? Is it the last amendment?

**Shri A. C. Guha:** Amendment No. 69 is the substantive amendment. On that amendment we tabled an amendment No. 110. Now we are moving amendment No. 132.

**An. Hon. Member:** Amendment No. 110 is not there now; only No. 132 is there now.

**Shri A. C. Guha:** Nos. 132 and 69 remain. There is addition of one item

and there is some relaxation of the classification. There is nothing else in amendment No. 132. We are only making the word 'output' clearer. Output of what particular item? This is clear in this amendment No. 132.

**Mr. Deputy-Speaker:** As I find it, amendment No. 132 is in substitution of amendment No. 110. Is it so?

**Shri A. C. Guha:** Yes, Sir.

**Mr. Deputy-Speaker:** He wants to say that for the purpose of clearer understanding of the House, he has re-drafted the whole amendment No. 110 but the amendment that is carried out in No. 132 is only to a portion of the amendment in No. 110.

**An. Hon. Member:** Amendment No. 110 is substituted for 69.

**Shri A. C. Guha:** Only a portion of it.

**Mr. Deputy-Speaker:** That is, so far as item 22 of amendment No. 69 is concerned.

**Shri A. C. Guha:** Only that portion is substituted.

**Shri T. T. Krishnamachari:** The House can ignore No. 110 and take only No. 132. That is the amendment before the House.

**Mr. Deputy-Speaker:** The hon. Minister may move amendment No. 132 also. No. 110 is not moved.

**Shri A. C. Guha:** I beg to move:

In the amendment proposed by me, printed as No. 69 in List No. 5 of amendments for the proposed Item 22, substitute:

**"22. PIGMENTS, COLOURS, PAINTS, ENAMELS, VARNISHES, BLACKS, AND CELLULOSE LACQUERS.**

**1. (i) Pigments, colours, paints and enamels, all sorts—**

(i) Zinc oxide, red lead, white lead and titanium dioxide white. Eight rupees per cwt.

(ii) Aluminium paste . . . . . Four annas per lb.

**2. Dry colours, namely, the following lead chromes and brunswick green.** Seven rupees per cwt. in the case of a manufacturer whose output of dry colours exceeds 100 tons per year; Five rupees per cwt. in the case of a manufacturer whose output of dry colours exceeds

10 tons but does not exceed 100 tons per year ; and  
 Nil in the case of a manufacturer whose output of dry colours does not exceed 10 tons per year.

### 3. Water paints—

- (i) Dry distemper including cement-based water paints. Seven rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (ii) Oil-bound distemper . . . . . Twelve rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

Nine rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (iii) Water pigment finishes for leather . . . . . One rupee and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

One rupee and two annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (iv) Plastic emulsion paint . . . . . Three rupees and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

Two rupees and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

### 4. Oil paints and enamels.—

- (i) Tinting paste (Blue) . . . . . Four annas per lb. in the case of a manufacturer whose output of oil paints and Enamels exceeds 1000 tons per year ;

[Shri A. C. Guha]

Three annas per lb. in the case of a manufacturer whose output of oil paints and Enamels exceeds 50 tons but does not exceed 1000 tons per year ; and

Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.

(ii) Stiff paints and ready-mixed paints sold by weight. Seven rupees per cwt. in the case of a manufacturer whose output of oil paints and enamels exceeds 1000 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 1000 tons per year ; and

Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year ;

(iii) Ready-mixed paints and enamels sold by volume— Two rupees per imperial gallon in the case of a manufacturer whose output of oil paints and enamels exceeds 100 tons per year ;

One rupee and eight annas per imperial gallon in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 1000 tons per year ; and

Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.

xceeds

*Explanation.*—For the purposes of sub-items 1(3) and 1(4), the exemption from the duty of excise, in the case of a manufacturer whose output of the articles specified in the said sub-items does not exceed fifty tons, shall apply only so long as the total output of all kinds of such articles does not exceed fifty tons.

(5) Pigments, colours, paints and enamels not otherwise specified. Seven rupees per cwt. if sold by weight ;

Two rupees per imperial gallon if sold by volume.

## II. Varnishes and blacks—

(i) Varnishes.

One rupee per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 1,00,000 imperial gallons per year ;

Twelve annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and

Nil in the case of a manufacturer whose output of varnishes and blacks does not exceed 12,000 imperial gallons per year.

(ii) Bituminous and coal tar blacks

- Ten annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 1,00,000 imperial gallons per year ;
- Seven annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and
- Nil in the case of a manufacturer whose output of varnishes and blacks does not exceed 12,000 imperial gallons per year.

### III. Cellulose lacquers—

- (i) Nitrocellulose lacquers, clear and pigmented
  - Five rupees per imperial gallon in the case of a manufacturer whose output exceeds 24,000 imperial gallons per year ;
  - Three rupees and twelve annas per imperial gallon in the case of a manufacturer whose output exceeds 4,000 but does not exceed 24,000 imperial gallons per year ;
  - Three rupees and two annas per imperial gallon in the case of a manufacturer whose output does not exceed 4,000 imperial gallons per year.
- (ii) Nitrocellulose ancillaries.
  - Three annas per lb., if sold by weight ;
  - Three rupees and two annas per imperial gallon if sold by volume".

**Mr. Deputy-Speaker:** All these amendments are now before the House for discussion.

**Shri Bansal:** I beg to move:

(1) In the amendment proposed by Shri A. C. Guha, printed as No. 69 in List No. 5 of amendments, in sub-item 5(d) of the proposed item 21, after "corrugated board" add "but excluding strawboard".

(2) In the amendment proposed by Shri A. C. Guha, printed as No. 69 in list No. 5 of amendments, in sub-item (1)(i) of the proposed item 22,

(i) after "red lead" insert "and ; and

(ii) omit "and titanium dioxide white".

The reason for my first amendment is this. The Finance Minister himself said the other day that he was going to exclude strawboard from the pur-

view of the excise duty. I am reading from what he said:

"In regard to paper, it is now proposed to exempt strawboard from the duty. The majority of units producing strawboard are operated by small producers who account for 13,000 tons out of a total production of 31,000 tons."

Then, he went on to describe the state of the industry at present to justify that there should be no excise duty on strawboard. My amendment only seeks to give effect to the intention of the Finance Minister which he declared on the floor of the House.

My second amendment is....

**Shri T. T. Krishnamachari:** May I, before my hon. friend goes further, draw his attention to item 21, "Paper all sorts, including pasteboard, Millboard and cardboard, but excluding strawboard..."

**Shri A. C. Guha:** Strawboard has already been excluded, in amendment No. 69, item 21.

**Shri Bansal:** I have somehow missed it. So, that amendment goes out and I withdraw it.

**Mr. Deputy-Speaker:** What about his second amendment?

**Shri Bansal:** Here I want the omission of the words "and titanium dioxide white". According to my information, this is a new industry which is in great difficulties. There is only one unit producing titanium dioxide in South India. I am told that it had to close down for quite a long time. Its competitive produce lithophone is more popular in the market. This industry was not doing well. Again, it opened because it had some enquiries particularly from the U.K. According to what has been conveyed to me, if this duty of Rs. 8 per cwt. is imposed on this, the industry will again have to close down. My second reason for exempting this industry from the excise duty is that it is not either a pigment or a colour. It is just a raw material. In any case when this raw material is used in any pigment or colour, that article will be subjected to a duty. Therefore, I request the hon. Minister to accept my amendment and delete the words 'and titanium dioxide white'.

**Mr. Deputy-Speaker:** Amendment moved:

In the amendment proposed by Shri A. C. Guha, printed as No. 69 in List No. 5 of amendments, in sub-item (1) (i) of the proposed Item 22,

(i) after "red lead" insert "and"; and

(ii) omit "and titanium dioxide white".

**Shri T. T. Krishnamachari:** So far as this particular item is concerned, as it is clearly stated in the subsequent series of amendments proposed by my hon. colleague, lithophone will bear a corresponding addition to its import duty. Therefore, the protection that has been afforded to titanium dioxide will remain. The question whether it is a pigment or it goes into a pigment is another matter which is not material to the issue before us. So far as the consumer in India is concerned, he will not pay anything more for titanium dioxide than he would pay for lithophone. So far as the export possibilities are concerned, any excise duty that is paid is repaid when the export is made. Our export possibilities of titanium dioxide will not be affected.

**Shri Sadhan Gupta (Calcutta South-East):** I beg to move:

1. For the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, substitute:

"(1) Cotton fabrics, superfine—

that is to say, fabrics in which the average count of yarn is 80s or more. Two annas per square yard.

(2) Cotton fabrics, fine—

that is to say, fabrics in which the average count of yarn is 60s or more but is less than 80s. Nine pies per square yard.

(3) Cotton fabrics, medium—

that is to say, fabrics in which the average count of yarn is 40s or more but is less than 60s. Three pies per square yard.

(4) Cotton fabrics, coarse—

that is to say, fabrics in which the average count of yarn is less than 40s. Nil."

2. In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments, for "Six and a quarter per cent" substitute "Two per cent".

3. In the amendment proposed by Shri A. C. Guha, printed as No. 69 in List No. 5 of amendments in sub-item (1) of the proposed item 21, for "One anna per lb." substitute "Nil".

**Mr. Deputy-Speaker:** Amendments moved:

1. For the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, *substitute*:

- "(1) Cotton fabrics, superfine—  
that is to say, fabrics in which the average count of yarn Two annas per square yard.  
is 80s or more.  
(2) Cotton fabrics, fine—  
that is to say, fabrics in which the average count of yarn Nine pies per square yard.  
is 60s or more but is less than 80s.  
(3) Cotton fabrics, medium—  
that is to say, fabrics in which the average count of yarn. Three pies per square yard.  
is 40s or more but is less than 60s.  
(4) Cotton fabrics, coarse—  
that is to say, fabrics in which the average count of yarn Nil."  
is less than 40s.

2. In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments,

for "Six and a quarter per cent" substitute "Two per cent."

3. In the amendment proposed by Shri A. C. Guha, printed as No. 69 in List No. 5 of amendments, in sub-item (1) of the proposed item 21,

for "One anna per lb." substitute "Nil".

**Shri K. C. Sodhia:** I beg to move:

(1) In the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, in item No. 3,

for "six pies per square yard" substitute "Six pies per linear yard".

(2) In the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, in item No. 4,

for "six pies per square yard" substitute "Six pies per linear yard".

These relate to cotton fabrics, medium and coarse. In the case of medium, the hon. Minister has put down "Six pies per square yard" and in the case of coarse, again, "Six pies per square yard". My amendments are that instead of 'per square yard' it should be 'per linear yard'. I want

to bring to the notice of the House that in the case of superfine and fine, the duties have actually been reduced, in the case of superfine from two annas six pies to two annas and in the case of fine from one anna six pies to one anna three pies. These two varieties, superfine and fine are generally used by the well-to-do people while cotton fabrics medium and coarse are used by the ordinary and poor people. If the Government have got a soft corner for the rich people, let them stick to what they have done. If they want to see that the poor people should not be put to any extra tax, they ought to accept my amendment: six pies per linear yard.

**Mr. Deputy-Speaker:** Amendments moved:

(1) In the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, in item No. 3, for "six pies per square yard" substitute "Six pies per linear yard".

(2) In the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, in item No. 4,

for "six pies per square yard" substitute "Six pies per linear yard".

**Pandit Thakur Das Bhargava:** I have got three amendments in regard to woollen fabrics. These amendments



[Pandit Thakur Das Bhargava]

do not relate to amendment No. 69 of the hon. Minister.

I beg to move:

- (1) In page 20, line 30,  
add at the end: "or in any factory having less than 24 powerlooms".
- (2) In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments, in part (ii) of the proposed Item 12B,  
for "five powerlooms" substitute "fifteen powerlooms".
- (3) In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments, in part (ii) of the proposed Item 12B,  
for "five powerlooms" substitute "ten powerlooms".

Mr. Deputy-Speaker: Amendments moved:

- (1) In page 20, line 30,  
add at the end:  
"or in any factory having less than 24 powerlooms".
- (2) In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments, in part (ii) of the proposed Item 12B,  
for "five powerlooms" substitute "fifteen powerlooms".
- (3) In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments, in part (ii) of the proposed Item 12B,  
for "five powerlooms" substitute "ten powerlooms".

पंडित ठाकुर दास भार्गव : जनाब मुलाहिजा फरमायेंगे...

Shri T. T. Krishnamachari: If you want a reply, you must speak in English.

Pandit Thakur Das Bhargava: In the negative or affirmative?

Shri T. T. Krishnamachari: What-ever it is.

Mr. Deputy-Speaker: That seems to be a very good bargain.

Pandit Thakur Das Bhargava: I shall obey the orders of the hon. Minister.

Originally, when the Bill was introduced, it was said by the hon. Finance Minister that so far as small-scale industries are concerned, so far as handloom industries are concerned, he has got a soft corner. This is the basic policy of the Government to help the cottage industries, small-scale industries and handloom industries. You will be pleased to see that the clause provides that in cases where the industry is a handloom industry, even if along with the handloom industry, there are five powerlooms, there is exemption and no duty is charged. My humble submission is, originally I thought that instead of 5 it ought to be 24. After the hon. the Finance Minister spoke, I thought that if not 24 or 25, you may kindly have 10 or 15. Now, five are allowed. My reason is this. This industry in India is in its infancy. It is not an organised industry. So far, as foreign industrial concerns are concerned, certainly they have got a great organised industry, in their countries. They have got a cool climate and the industries are non-seasonal and well established. In this country, we have got too much of foreign woollen cloth and the indigenous woollen cloth is produced comparatively in small quantity. That is not all. As a matter of fact, out of 44 concerns, only 21 concerns are small-scale industries. Out of the 3,000 powerlooms that we have got, these 21 small concerns have got only 271 powerlooms. All the rest belong to the bigger concerns, so that the number of the smaller concerns is practically negligible, and those smaller concerns are hard hit if this duty is to be levied. In the first instance, the big concerns have got their own brands, and they are very

well established, as for instance Lal Mill and others. When they purchase raw materials they do so at a much smaller cost than the small-scale industries. And that is not all. Even in regard to the production of these small-scale industries, they have got to send their goods to other places for getting them dyed and finished, whereas in the case of the bigger concerns they have got these arrangements with them, and they do not have to spend on that. Then again, there are the overhead charges, scientific improvements, researches, etc. etc. In regard to these also, the bigger concerns have got advantages of every kind over the small-scale industries.

So far as the small-scale units are concerned, I know of one concern which has submitted a petition to the Speaker of this House; and that petition has been circulated already. That concern has not paid any dividend except once and that too only five per cent during the last seven or eight years, from 1947 onwards up-till now. That is the condition of the handloom industry. They started with eight powerlooms only last year. I have got their accounts with me. During the last year they have lost something like Rs. 3000. If the House is patient enough, I shall read out their accounts which will show that as a matter of fact they have not been able to make any profits so far; or what to speak of profits, they have incurred only losses. If this duty is levied, then they will have to close down.

They produced something like 3,428 shawls, and on overhead charges, ordinary charges on yarn consumed etc. they had to spend Rs. 52,140, whereas they could realise only Rs. 48,798 at rate of Rs. 24 per seer of shawl, as it is sold by way of weight. So my humble submission is that if a company of this nature with so much of experience is itself incurring a loss. I do not know how this duty will react on the others.

Moreover, as soon as the duty is imposed, there are certain other ac-

companiments to the imposition of the duty. They have to provide quarters for the resident inspector. They have to give him something by way of pay. They have to keep an accountant. They have to submit accounts, and the cost of all this is very great. It will be impossible for the small units to bear all this cost.

They have given the figures regarding the costs in their petition. Though the amount of the goods is not given, yet they have placed before us all their difficulties.

So far as the small-scale units are goods in this country is concerned, you will see that it is dwindling. The figures are as follows:

Year		Production in lbs.
1946	...	27,000,000
1947	...	24,000,000
1948	...	20,004,000
1949	...	21,000,000
1950	...	18,000,000
1951	...	17,000,000
1952	...	16,584,000
1953	...	19,248,000
1954 (for ten months)	...	15,238,000

All these figures are taken from Government records. So, it appears that as a matter of fact the production of woollen goods is dwindling down.

We have also to remember that this is a kind of defence industry also. So it should give anxiety to everyone if we have to take to imported goods of other concerns. Out of the entire production of woollen goods in this country, 20 per cent is consumed by Government, and 65 per cent is consumed by the poorer classes, which according to the views of the hon. Finance Minister are to be exempted from this duty. So, only about 15 per cent remains.

We know how difficult it is to get woollen goods of indigenous manufacture in the market. I am speaking from personal experience in this matter. This time I wanted to go in for indigenous woollen cloth for an *achkan*, and I had absolutely no

[Pandit Thakur Das Bhargava]

choice to make. It was only after months and months that I could get a piece out of which *achkan* could be made. And I believe that the same must be the experience of other Members as well. It means that the position of the indigenous woollen industry is not sound, and it is not in a prosperous condition.

When I am asking for the taking away of this duty from the small concerns, it is only in respect of concerns which have got handlooms, that I am doing so. According to the wording of the provision in this Bill, it is only such handlooms that you are seeking to exempt from duty. It is only in respect of such units where ordinarily industry is carried on with handlooms, and they are allowed to put in five or less powerlooms. So it is not a case of powerlooms alone that you are exempting; it is only handlooms with the powerlooms that you are exempting. I am suggesting that instead of five, you may be pleased to alter it to ten; in the first instance, I said that the figure should be 24, because in this very *Bal* for rayon and silk etc. you have given exemption for units with 24 powerlooms. But I have been given to understand that so far as woollen goods are concerned, the value of the woollen goods is more than that of silk, rayon etc. So I have modulated my demand and I have submitted that if you like, 15 or even 10 may be put in for purposes of exemption. But if you are going to allow only five, then my humble submission is that you are not putting this industry on a par with the other industries. In regard to soap, varnishes and other goods also, when we consider the value of goods which you are allowing for purposes of exemption from duty I find that it is usually something of the order of about Rs. 2 lakhs.

So far as these five powerlooms are concerned, I think they will be able to produce more than 50,000 worth of

goods or even a bit more. So my submission is that even if you retain this duty, it is but fair that you allow at least 10 looms to be free from duty. If you do not allow that exemption, then I am afraid that we shall be defeating the purpose, namely that this kind of activity should become more and more prosperous in our country, and the production of woollen goods should become more and more. I would therefore submit that the case may be examined afresh, so that at least 10 looms may be exempted from this duty.

I have to make a submission in respect of varnishes and paints also.

**Mr. Deputy-Speaker:** It is expected that all the clauses will be finished today.

**Pandit Thakur Das Bhargava:** Four hours have been allotted for this, and we have not taken even four hours up-till now. I think we started at about 1-45 P.M.

**Shri A. C. Guha:** Some extra time was taken in the first reading stage.

**Pandit Thakur Das Bhargava:** That was the first reading stage. Now we must exhaust all these amendments.

**Mr. Deputy-Speaker:** We are expected to finish all these clauses today.

**Pandit Thakur Das Bhargava:** We started very late. We started only after about 1-45 P.M. Four hours were allotted for this. So, this must go over to tomorrow. I have got other amendments also, for instance, in regard to paints, varnishes, etc. With your permission, may I be allowed to move my amendments in regard to paints and varnishes?

**Shri T. T. Krishnamachari:** Let us dispose of this first.

**Shri A. C. Guha:** Some extra time was taken during the first reading stage. The total time allotted for this Bill should remain the same in any case.

**Pandit Thakur Das Bhargava:** Time has been allotted for the different stages. The time that has been allotted for the clause by clause consideration should not be sacrificed for the first reading stage. If you liked, you need not have taken more time so far as the first reading was concerned. But so far as the clauses are concerned, we should be allowed to have the full time allotted for it.

Moreover, so many new amendments have come from Government themselves, and so we should have this time.

**Mr. Deputy-Speaker:** Very well. It is an important Bill.

**Pandit Thakur Das Bhargava:** Government have got two amendments to this clause, namely, amendments Nos. 69 and 132. I have referred to amendment No. 132, and I feel that they have clarified the position somewhat in amendment No. 132. But at the same time it appears to me that the whole thing is so complicated, and perhaps the hon. Minister himself is so confused that he does not know what to do and how to behave in this manner.

First of all when they started, they started with paints and varnishes and they said that there will be a 10 per cent *ad valorem* duty; subsequently, the hon. Minister stated that 10 per cent *ad valorem* was not quite right and that the duty would be on the basis of weight and volume. Then again it was a general section with regard to paints and varnishes. I gave an amendment to the effect that output up to 50 tons may be excluded. That has been done in respect of all kinds of paints and varnishes except one about which I am going to speak now. In regard to the rest they are practically exempted from the imposition of this duty if the output is less than 50 tons.

I am not so much conversant with these paints and varnishes. I have only studied them for the purpose of this Bill. It appears to me that even the hon. Ministers are not so well

acquainted with this. For instance, you will be pleased to see in the amendment, under (4) 'Oil paints and enamels', item (iii) 'Ready-mixed paints and enamels sold by volume'. Then in (5) they have said: 'Pigments, colours, paints and enamels not otherwise specified'. Now, I just cross-examined those people who are interested in it, who approached me with a request to place their case before the House. I asked them what is the difference between ready-made paints and enamels and not otherwise specified.

**Shri A. C. Guha:** 'Ready-mixed'.

**Pandit Thakur Das Bhargava:** Ready-mixed. I know it is 'ready-mixed' and 'not otherwise specified'. I would beg of the hon. Minister to kindly explain the difference. I was given to understand that 'ready-mixed' only means that which is ready for sale, and 'not otherwise specified' is also ready for sale. What is the difference between the two? There is absolutely no difference. You cannot distinguish 'ready mixed paints and enamels' from 'enamels not otherwise specified'. Both are practically the same thing. The same thing can be said about the others also. They are also ready for sale. There is no difference. Therefore, I have given notice of this amendment that item No. 5 may be taken away and only 'pigments and colours' may be put in their proper place. These words 'not otherwise specified' may not appear here. They may be taken away.

**Mr. Deputy-Speaker:** There are colours and paints. They have to be mixed. There are cases where all of them are mixed in a particular colour.

**Pandit Thakur Das Bhargava:** So far as pigments and colours are concerned, they may not otherwise be specified. I have put them in their proper place. So far as paints and enamels are concerned, there is no difference between 'not otherwise specified' and 'ready-mixed'. So they may be taken away. They are indistinguishable. So far as the other two are

[Pandit Thakur Das Bhargava]

concerned, I have placed them in their proper place. They may not be taxed.

There is another amendment, I have placed before the House. That is in regard to nitrocellulose ancillaries. Now, the present position is that they are putting Annas 3 per lb. if sold by weight, and Rs. 3-2 per imperial gallon if sold by volume. At the same time, there is absolutely no exemption for the poor man, for any person who produces a small quantity.

**Shri T. T. Krishnamachari:** Does the poor man produce nitrocellulose ancillaries?

**Pandit Thakur Das Bhargava:** Yes. Why not? There are four concerns in India which are very influential concerns, which are Shalimar, Jenson, ICI and one more. They produce 80 per cent of all these things. What does the poor man produce? He produces very little, with small units. What are his resources? It so happens that there is in India a prejudice against indigenous paints and varnishes; we want to use the foreign-made articles, and therefore, they have got preference. This is not all. These four concerns who produce these things, first of all buy the raw materials at preferential rates. This is very easy to understand. Because they buy in bulk, they get it very cheap. They get 5 to 10 per cent advantage over the small-scale industry in such purchases. Then again, these big concerns have got their linseed and other materials processing departments. They process and sell the processed articles to these small-scale industrial people. Therefore, they have got another advantage. So you can fully realise what are the advantages accruing to big concerns whose capital consists of crores of rupees. Goodlass Wall have got a capital of several crores, whereas these persons who run the small-scale industry are very poor. In all, I think, there are about 30 concerns like this, and their entire capital is over Rs. 10 lakhs.

**Shri T. T. Krishnamachari:** But there is already a differential tariff.

**Pandit Thakur Das Bhargava:** That is very little difference. What is the difference? On the contrary, you have raised the amount now. Previously, it was annas 2 per lb. Now nitrocellulose ancillaries sell at Rs. 1-4 to Rs. 3-8. If you work it out arithmetically, what does it come to? It means that on the smaller units the duty is increased. In taking the averages, the bigger ones are favoured, whereas the smaller ones are prejudiced. So it means as a matter of fact that in both these cases, in regard to wool as well as this, foreign concerns are being favoured at the expense of small-scale units. This is the bare truth.

Then again, when the duties were put, there were some representations in regard to which the Finance Ministry told these people that thinners and pattis would be exempt from duty. I do not know what is the position today?

**Shri T. T. Krishnamachari:** That is so. They are exempt from duty.

**Pandit Thakur Das Bhargava:** Then we are only concerned with the surfacer. In regard to surfacer also, the position is that it sells at Rs. 18 to Rs. 38. Now, this duty cannot be the same.....

**Shri A. C. Guha:** May I say a word? I had some discussion with the hon. Member and I gave him this assurance that as far as our present examination has gone, we are satisfied that this should remain. But if later on we find that there is real difficulty for the smaller units, consistent with our declared policy of helping small-scale industries, we shall see that some relief is given by administrative instructions. That is always possible.

**Pandit Thakur Das Bhargava:** My friend says this in respect of both Woollen Fabrics and Paints and Varnishes. I do not want to waste the time of the House and I will be quite satisfied. After all, I do not want that against their conclusions they should do something in my favour. But I want that it should be examined

thoroughly. It has not been examined thoroughly so far.

**Shri A. C. Guha:** That assurance we have already given.

**Pandit Thakur Das Bhargava:** Both in regard to woollen goods as well as paints and varnishes.

**Shri A. C. Guha:** We have received representations. The representations will be examined. If later on we find that there is a case of real hardship so far as the smaller units are concerned, we shall examine what relief is necessary and we shall do that by administrative instructions.

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** What else does he want?

**Pandit Thakur Das Bhargava:** In both matters.

**Shri A. C. Guha:** Let him please withdraw his amendments.

**Pandit Thakur Das Bhargava:** I will withdraw the amendments in regard to both on this assurance.

**Mr. Deputy-Speaker:** What does he withdraw?

**Pandit Thakur Das Bhargava:** Amendments Nos. 128, 129 and 130.

**Mr. Deputy-Speaker:** They were not moved.

**Shri N. B. Chowdhury (Ghatal):** I have an amendment which seeks to remove the duties on certain categories of cotton fabrics. The Government amendment has changed its basis. Even then, I have to say something with regard to the amendment proposed by Government. My purpose was that the duties on coarse and medium cloth should be removed, as was suggested also by another hon. Member. If we analyse the figures given in the explanatory memorandum to the new proposals, we find that the duty on superfine cloth has been reduced. As the new proposals have come to us now, in order to get the real picture of the duties on cotton fabrics, we have to consider not the new proposals, that is, the proposals

which have come through the Government amendments, and compare them with the proposals in the Finance Bill, but we have to compare the proposals as they are now going to be put forward by Government with the taxes that existed before the 1st March. Then the duty was two annas and six pies on superfine cloth.

**Shri T. T. Krishnamachari:** This amendment is not an amendment to the amendment, but to the original clause.

**Mr. Deputy-Speaker:** How does it fit in?

**Shri T. T. Krishnamachari:** It cannot be fitted in.

**Shri N. B. Chowdhury:** I want to make my intention clear. I am speaking on the Government amendment itself and also on the clause. The duty on superfine cloth before the 1st March was two annas six pies. In the Finance Bill, it was two annas six pies per square yard. That means, it was expected to bring in some more money and it was raised to some extent by converting the basis from the linear yard to the square yard, so far as superfine cloth is concerned. Now, under the new amendment proposed by Government, it has been reduced. So, taking into account these stages, we find that the duty on superfine cloth has been reduced in both the stages. But the duty on fine cloth has also been raised by only one pie per sq. yd. In the case of coarse and medium cloth we find that the basis has been changed from the linear yard to the square yard which means that the incidence of the tax will be greater than it was.

**Shri T. T. Krishnamachari:** How much greater?

**Shri N. B. Chowdhury:** It will vary according to each variety of cloth. In the case of a person who uses 48 inches wide cloth, this incidence will be greater. It will vary from case to case. So my point is that there should be no duty on coarse and medium cloth.

[Shri N. B. Chowdhury]

I have another amendment relating to paper.

**Mr. Deputy-Speaker:** That is also to the old clause.

**Shri N. B. Chowdhury:** But, I want to say something about the amendment proposed by Government. So far as paper is concerned, we find that previously it was a case of *ad valorem* duty and now the basis has been changed and specific duties have been suggested for different varieties of paper. Although newsprint has been exempted so far as it may be used for newspaper purposes, other kinds of paper, for instance, printing and writing paper, have not got any exemption. This thing has to be considered and there should be no duty on writing paper.

In this country the percentage of literacy is very low and nowadays when a beginner starts learning he does not start with the palm leaf and other things but he also starts with writing on paper. If such a duty is imposed, then, it would be more costly and it would become difficult for people to purchase even the primary books and text-books. Since the Government has granted certain exemptions for newsprint so far as they would be used for newspaper purposes, Government should also think of having a device for giving a certain concession to printers for the purpose of printing text-books; and, there should also be some concession so far as writing paper is concerned. These exercise books and other writing paper would become more costly. There may be some duty on such paper as toilet paper and other varieties of costly paper which are not used by the ordinary people or by the school students. So, I feel that Government should consider the case of such paper as is used for text-books, exercise books etc.

I find that a duty of one anna per lb. has been imposed on certain other varieties of paper; for instance, paste-board, card-board, straw-board etc.

**Shri T. T. Krishnamachari:** Not on straw-board.

**Shri N. B. Chowdhury:** It has been excluded now. But you have included card-board. It is on the basis of a pound. It is a very small-scale industry in certain parts of the country. This is used for packing purposes. Since it will be on the basis of weight, it will certainly affect these industries, these card-board and other industries, very much. There should not have been a duty to the extent of one anna per lb. because that will certainly affect or fall heavily on the industries. So, my point is that Government should have exempted ordinary writing paper and paper for text-books from duty and the duty on card-board and similar paper should not have been raised to such an extent.

**Shri T. T. Krishnamachari:** I shall deal with the point raised by Mr. Sodhia and sustained opposite, in regard to taxation on cloth. Mr. Sodhia did not like the change from the linear yard to the square yard and thinks that it will heavily fall on coarse and medium cloth. The real fact about it is this. Our method of taxation on the linear yard with the width of the cloth ranging from 26 to 50 inches—and in some cases even beyond that—is certainly an unscientific method and that is why we have changed that to square yard and that is the measurement that is followed all over the world.

So far as coarse and medium cloth is concerned, the averages do not work out very adversely. That works out to six to seven per cent increase in the total tax which will be about six to seven per cent on 6 pies or on 9 pies as the case may be. But, so far as fine and superfine varieties are concerned, there, the incidence is heavy. In these cases, it comes upto 17 per cent in the case of fine and it is somewhere about 30 to 33 per cent in the case of superfine. Even as it is with two annas for the superfine, with the variation in the computation of the duty it comes to 2 as. 8 ps. per

linear yard on the basis of averages. In the case of fine it just remains where it was, roughly about 1 a. 6 ps. and that is why the re-adjustment has been made and my colleague did mention that we have gone back to the original classification of 4 varieties of cloth, coarse, medium, fine and superfine. I am afraid the Government will not be able to accept the amendment, in all these categories.

Now, my hon. friend Pandit Thakur Das Bhargava has accepted the assurance given by my friend the Minister for Finance. In regard to woollen fabrics the position actually is that.....

**Pandit Thakur Das Bhargava:** May I just say one thing? I did not give all the arguments that I had, in view of the assurance of the hon. Minister and, if my hon. friend is replying, I should have known that.

**Shri T. T. Krishnamachari:** I am not taking any unfair advantage. I am really stating a fact.

In regard to the question of powerloom, whether it is in cotton, woollen or silk, the question really is that anything above 4 looms comes into the exploited category. Normally, a person who works as a family—and if he is reasonably well-to-do—may have two, sometimes three looms. Once it becomes more than 3, it is the exploiter who comes in and that is the basis of division. Both in regard to cloth and in regard to art silk also, we propose to streamline the range. So far as the powerlooms of what are called the self-employed families are concerned, they will be completely free from taxation but where the exploiter comes in, the position is, the exploiter gets all the advantages without the inhibitions, without the vexatious restrictions as the bigger units complain of, such as fair wages, amenities to workers, certain amount of security to the workers, provident fund and so on. He is exempted from all these liabilities and there is no question of fair wages at all. He can go on extracting work—the maximum work from the labourers. Therefore, the

basis of classification has to be what you might call a factory—that is big scale industry with more than 5 looms—and a unit run by people who are self-employed. I agree that even the small exploiter should not be harassed and that is why we are devising a system of compounding the excise duty leviable, as we have done in the case of art silk; and we propose to do it in the case even of cotton. We certainly do propose to treat the people who employ labour and exploit them on a different basis from those self-employed people who use the power looms themselves and the families benefit. That is a classification to which the Government is committed, and what the rate of tax will be—whether it will be compounded to the advantage of the small man—will depend on the set of circumstances.

**Pandit Thakur Das Bhargava:** Is it not a factory when there are more than 16 or 20 workmen working?

**Shri T. T. Krishnamachari:** It is not a question of factory when 16 workmen are employed. They are labourers. We have no control over the wages provided by a private employer; we have no control to see whether amenities are provided in the case of these people in these small factories; and the Government has no control over the treatment that is afforded to labour, whereas in the case of self-employed, it is altogether a different case. Anyway, these things will have to be considered. I can also tell the hon. Member that if exemption were to be given up to 20 or 24 looms, there will be nothing left except two or three factories. The woollen textiles manufacturers get all the wool imported free of duty.....

5 P.M.

**Pandit Thakur Das Bhargava:** They pay 37½ per cent duty.

**Shri T. T. Krishnamachari:** My hon. friend knows one or two particular instances. I am supposed to know about the industry as a whole and, therefore, I claim slightly more exhaustive knowledge than what my



[Shri T. T. Krishnamāchari]

hon. friend possesses. But in all these cases, care has to be taken to see that the producing element is not altogether extinguished by this taxation. My hon. friend presupposes that this tax cannot be passed on. The very instance that he quoted, namely, that he was unable to get woollen textiles produced by handlooms shows that there is demand for it. That is why my hon. friend is not able to get it. There are woollen textile units working and they are producing and selling to the detriment of supplying the needs of my hon. friend. Anyway, Government is not really interested in killing the golden goose. We must have some graded levels of taxation. The real idea is to protect the self-employed small man and to see that he is not driven out by the exploiter. The position is that these duties will be varied from time to time according to the exigencies of the situation, and that is all that we can say at the present moment.

**Mr. Deputy-Speaker:** I had called upon the Minister to reply to all the amendments.

- |  |                             |
|--|-----------------------------|
| (1) Cotton fabrics, superfine—<br>that is to say, fabrics in which the average count of yarn is 80s or more.                   | Two annas per square yard.  |
| (2) Cotton fabrics, fine—<br>that is to say, fabrics in which the average count of yarn is 60s or more but is less than 80s.   | Nine pies per square yard.  |
| (3) Cotton fabrics, medium—<br>that is to say, fabrics in which the average count of yarn is 40s or more but is less than 60s. | Three pies per square yard. |
| (4) Cotton fabrics, coarse—<br>that is to say, fabrics in which the average count of yarn is less than 40s.                    | Nil"                        |

*The motion was negatived.*

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

In the amendment proposed by Shri A. C. Guha, printed as No. 66 in List No. 5 of amendments,

for "Six and a quarter per cent" substitute "Two per cent".

*The motion was negatived.*

**Shri Sadhan Gupta:** But that is as far as the Ministry of Commerce and Industry is concerned.

**Mr. Deputy-Speaker:** Government is the same. I have to say that the hon. Member has got other opportunities to speak on this.

**Shri K. K. Basu:** There is the guarantee.

**Mr. Deputy-Speaker:** Nobody can guarantee it. May I put the amendments moved by the Government?

**Shri Sadhan Gupta:** What about my amendments? They are amendments to these amendments. No. 89 to amended No. 65 of the Government; No. 93 to amendment No. 86 of the Government; No. 125 to amendment No. 69 of the Government.

**Mr. Deputy-Speaker:** I will put the amendments to the amendments moved by Government.

The question is:

For the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments, substitute:

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

In the amendment proposed by Shri A. C. Guha, printed as No. 69 in List No. 5 of amendments, in sub-item (1) of the proposed item 21, for "one anna per lb." substitute "Nil".

*The motion was negatived.*

**Pandit Thakur Das Bhargava:** I beg leave to withdraw my amendments.

*The amendments were, by leave, withdrawn.*

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

In the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments; in sub-item (1) (i) of the proposed Item 22.

(i) *after "red lead" insert "and";* and

(ii) *omit "and titanium dioxide white".*

*The motion was negatived.*

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

In the amendment proposed by Shri A. C. Guha, printed as No. 65 in List No. 5 of amendments in item No. 3,

*for "Six pies per square yard" substitute "Six pies per linear yard".*

*The motion was negatived.*

"(1) Cotton fabrics, superfine—

that is to say, fabrics in which the average count of yarn is 48s or more. Two annas per square yard.

(2) Cotton fabrics, fine—

that is to say, fabrics in which the average count of yarn is 35s or more but is less than 48s. One anna and three pies per square yard.

(3) Cotton fabrics, medium—

that is to say, fabrics in which the average count of yarn is 17s or more but is less than 35s. Six pies per square yard.

(4) Cotton fabrics, coarse—

that is to say, fabrics in which the average count of yarn is less than 17s. Six pies per square yard."

*The motion was adopted.*

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

In page 20, *for lines 24 to 30, substitute:*

#### "12B. WOOLLEN FABRICS—

"Woollen fabrics" mean all varieties of fabrics manufactured wholly of wool or which contain 40 per cent or more by weight of wool, and include blankets, lohies, rugs and shawls, but do not include any such fabric—

(i) if manufactured on a handloom ;

(ii) if manufactured by or on behalf of the same person in one or more factories in which less than five powerlooms in all are installed.

*The motion was adopted.*

**Shri K. C. Sodhia:** I am not satisfied with the voice vote.

**Mr. Deputy-Speaker:** The hon. Member himself did not raise his voice. I was wondering within myself why I should call upon others to say "No" when there was not even one "Aye". It is all a cipher.

The question is:

In the amendment proposed by Shri A. C. Guha, printed as No. 65 in item No. 5 of amendments in item No. 4,

*for "Six pies per square yard" substitute "six pies per linear yard".*

*The motion was negatived.*

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

In page 19, *for lines 21 to 25, substitute:*

Six and a quarter per cent *ad valorem.*"

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

In page 21, for lines 4 and 5 substitute

“(3) Soap, other than household and laundry or toilet Fourteen rupees per cwt.”

*The motion was adopted.*

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

In page 21, for lines 8 to 14 substitute:

18. “ELECTRIC FANS, including air circulators but excluding those which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose, and parts of such electric fans—

(1) Table, cabin, carriage, pedestal and air circulator Five rupees per fan.  
fans, not exceeding sixteen inches.

(2) All other fans . . . . . Ten rupees per fan.

(3) Parts of fans above, the following, namely, complete motors, stators and rotors—

(a) if designed for use in respect of any fan falling within sub-item (1)—

(i) Complete motors . . . . . Three rupees per motor.

(ii) Stators . . . . . One rupee and eight annas per stator.

(iii) Rotors . . . . . One rupee and eight annas per rotor.

(b) if designed for use in respect of any fan falling within sub-item (2)—

(i) complete Motors . . . . . Six rupees per motor.

(ii) Stators . . . . . Three rupees per stator.

(iii) Rotors . . . . . Three rupees per rotor.

*The motion was adopted.*

**Mr. Deputy-Speaker:** Let me put amendment No. 132 to amendment No. 69.

The question is:

In the amendment proposed by Shri A. C. Guha, printed as No. 69 in List No. 5 of amendments, for the proposed Item 22, substitute:

“22. PIGMENTS, COLOURS, PAINTS, ENAMELS, VARNISHES, BLACKS AND CELLULOSE LACQUERS.

1. (1) Pigments, colours, paints and enamels, all sorts—

(i) Zinc oxide, red lead, white lead and titanium dioxide white Eight rupees per cwt.

(2) Aluminium paste . . . . . Four annas per lb.

2. Dry colours, namely, the following, lead chromes and brunswick green. Seven rupees per cwt. in the case of a manufacturer whose output of dry colours exceeds 100 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output of dry colours exceeds 10 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of dry colours does not exceed 10 tons per year.

## 3. Water paints—

- (i) Dry distemper including cement-based water paints.

Seven rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

Five rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (ii) Oil-bound distemper.

Twelve rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

Nine rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (iii) Water pigment finishes for leather

One rupee and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

One rupee and two annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (iv) Plastic emulsion paints .

Three rupees and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;

Two rupees and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and

Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

## 4. Oil paints and enamels.

- (i) Tinting paste (Blue) .

Four annas per lb. in the case of a manufacturer whose output of oil paints and Enamels exceeds 1000 tons per year ;

Three annas per lb. in the case of a manufacturer whose output of oil paints and Enamels exceeds 50 tons but does not exceed 1000 tons per year ; and

[Mr. Deputy-Speaker]

- (ii) Stiff paints and ready-mixed paints sold by weight
- Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.
- Seven rupees per cwt. in the case of a manufacturer whose output of oil paints and enamels exceeds 1000 tons per year ;
- Five rupees per cwt. in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 1000 tons per year ; and
- Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.
- (iii) Ready-mixed paints and enamels sold by volume
- Two rupees per imperial gallon in the case of a manufacturer whose output of oil paints and enamels exceeds 1000 tons per year ;
- One rupee and eight annas per imperial gallon in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 1000 tons per year ; and
- Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.

*Explanation.*—For the purposes of sub-items 1(3) and 1(4), the exemption from the duty of excise, in the case of a manufacturer whose output of the articles specified in the said sub-items does not exceed fifty tons, shall apply only so long as the total output of all kinds of such articles does not exceed fifty tons.

- (5) Pigments, colours, paints and enamels not otherwise specified.
- Seven rupees per cwt. if sold by weight ;
- Two rupees per imperial gallon if sold by volume.

## II. Varnishes and blacks—

- (i) Varnishes . . . . .
- One rupee per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 1,00,000 imperial gallons per year ;
- Twelve annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and
- Nil in the case of a manufacturer whose output of varnishes and blacks does not exceed 12,000 imperial gallons per year.
- (ii) Bituminous and coal tar blacks . . . . .
- Ten annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 1,00,000 imperial gallons per year ;

Seven annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and

Nil in the case of a manufacturer whose output of varnishes and blacks does not exceed 12,000 imperial gallons per year.

### III. Cellulose lacquers—

- (i) Nitrocellulose lacquers, clear and pigmented . . . Five rupees per imperial gallon in the case of a manufacturer whose output exceeds 24,000 imperial gallons per year ;  
Three rupees and twelve annas per imperial gallon in the case of a manufacturer whose output exceeds 4,000 but does not exceed 24,000 imperial gallons per year ;  
Three rupees and two annas per imperial gallon in the case of a manufacturer whose output does not exceed 4,000 imperial gallons per year.
- (ii) Nitrocellulose ancillaries . . . Three annas per lb., if sold by weight ;  
Three rupees and two annas per imperial gallon, if sold by volume”.

*The motion was adopted.*

**Mr. Deputy-Speaker:** I shall now put amendment No. 69, as amended by amendment No. 132, to the vote of the House.

The question is:

In page 21, for lines 15 to 35, substitute—

#### “19. ELECTRIC LIGHTING BULBS AND FLUORESCENT LIGHTING TUBES—

##### (1) Vacuum and gas-filled bulbs—

- (i) not exceeding 100 watts, and train lighting bulbs . . . One anna per bulb.  
(ii) exceeding 100 watts but not exceeding 300 watts, and engine headlight bulbs. . . Four annas per bulb.  
(iii) exceeding 300 watts . . . . . Eight annas per bulb.  
(2) Fluorescent tubes . . . . . Four annas per foot.  
(3) Bulbs not otherwise specified . . . . . Four annas per bulb.

#### 20. ELECTRIC BATTERIES, AND PARTS THERE-OF

- (1) Dry . . . . . Ten per cent *ad valorem*.  
(2) Storage . . . . . Ten per cent *ad valorem*.  
(3) Parts of storage batteries, the following, namely, containers, covers and plates. . . Ten per cent *ad valorem*.

#### 21. PAPER all sorts, including pasteboard, millboard, and cardboard, but excluding strawboard, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.

- (1) Printing and writing paper . . . . . One anna per lb.  
(2) Wrapping paper—  
(a) kraft . . . . . One anna per lb.  
(b) brown . . . . . One anna per lb.

[Mr. Deputy Speaker]

(3) Paper, special varieties—

- (a) blotting, toilet, target, tissue other than cigarette tissue, teleprinter, typewriting, manifold, bank and bond. One anna and three pies per lb.
- (b) Cigarette tissue . . . . . Two annas and six pies per lb.
- (4) Paper, not otherwise specified, including art paper, chrome paper, tubsized paper, cheque paper, stamp paper, cartridge paper. One anna and three pies per lb.
- (5) Paper Board—
  - (a) duplex and triplex . . . . . One anna per lb.
  - (b) pulp board . . . . . One anna per lb.
  - (c) other board—
    - (i) coated board (art, chrome and board for playing cards). One anna and three pies per lb.
    - (ii) millboard . . . . . Six pies per lb.
  - (d) board, not otherwise specified, including manilla and corrugated board. One anna per lb.

“22. PIGMENTS, COLOURS, PAINTS, ENAMELS, VARNISHES, BLACKS AND CELLULOSE LACQUERS:

1. (1) Pigments, colours, paints and enamels, all sorts—

- (i) Zinc oxide, red lead, white lead and titanium dioxide white. Eight rupees per cwt.
- (ii) Aluminium paste . . . . . Four annas per lb.

2. Dry colours, namely, the following, lead chromes and brunswick green.

Seven rupees per cwt. in the case of a manufacturer whose output of dry colours exceeds 100 tons per year ;  
 Five rupees per cwt. in the case of a manufacturer whose output of dry colours exceeds 10 tons but does not exceed 100 tons per year ; and  
 Nil in the case of a manufacturer whose output of dry colours does not exceed 10 tons per year.

3. Water paints —

(i) Dry distemper including cement-based water paints.

Seven rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;  
 Five rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and  
 Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

(ii) Oil-bond distemper

Twelve rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;  
 Nine rupees per cwt. in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and  
 Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

(iii) Water pigment finishes for leather.

One rupee and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 100 tons per year ;  
 One rupee and two annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and  
 Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.

- (iv) Plastic emulsion paint . Three rupees and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 100 tons per year;  
Two rupees and eight annas per imperial gallon in the case of a manufacturer whose output of water paints exceeds 50 tons but does not exceed 100 tons per year ; and  
Nil in the case of a manufacturer whose output of water paints does not exceed 50 tons per year.
4. Oil paints and enamels.—
- (i) Tinting paste (Blue) . . . Four annas per lb. in the case of a manufacturer whose output of oil paints and enamels exceeds 1,000 tons per year;  
Three annas per lb. in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 1,000 tons per year ; and  
Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.
- (ii) Stiff paints and ready-mixed paints sold by weight. Seven rupees per cwt. in the case of a manufacturer whose output of oil paints and enamels exceeds 1,000 tons per year ;  
Five rupees per cwt. in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 1,000 tons per year ; and  
Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.
- (iii) Ready-mixed paints and enamels sold by volume. Two rupees per imperial gallon in the case of a manufacturer whose output of oil paints and enamels exceeds 1,000 tons per year;  
One rupee and eight annas per imperial gallon in the case of a manufacturer whose output of oil paints and enamels exceeds 50 tons but does not exceed 100 tons per year; and  
Nil in the case of a manufacturer whose output of oil paints and enamels does not exceed 50 tons per year.

*Explanation.*—For the purpose of sub-items 1(3) and 1(4), the exemption from the duty of excise, in the case of a manufacturer whose output of the articles specified in the said sub-items does not exceed fifty tons, shall apply only so long as the total output of all kinds of such articles does not exceed fifty tons.

- (5) Pigments, colours, paints and enamels not otherwise specified. Seven rupees per cwt. if sold by weight.  
Two rupees per imperial gallon if sold by volume.

## II. Varnishes and blacks—

- (i) Varnishes . . . One rupee per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 1,00,000 imperial gallons per year;  
Twelve annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and  
Nil in the case of a manufacturer whose output of varnishes and blacks does not exceed 12,000 imperial gallons per year.
- (ii) Bituminous and coal tar blacks. Ten annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 1,00,000 imperial gallons per year;  
Seven annas per imperial gallon in the case of a manufacturer whose output of varnishes and blacks exceeds 12,000 imperial gallons but does not exceed 1,00,000 imperial gallons per year ; and  
Nil in the case of a manufacturer whose output of varnishes and blacks does not exceed 12,000 imperial gallons per year.



[Mr. Deputy Sreaker]

### III. Cellulose lacquers—

(f) Nitrocellulose lacquers, clear and pigmented.

Five rupees per imperial gallon in the case of a manufacturer whose output exceeds 24,000 imperial gallon per year ;

Three rupees and twelve annas per imperial gallon in the case of a manufacturer whose output exceeds 4,000 but does not exceed 24,000 imperial gallons per year;

Three rupees and two annas per imperial gallon in the case of a manufacturer whose output does not exceed 4,000 imperial gallons per year.

(g) Nitrocellulose ancillaries.

Three annas per lb., if sold by weight ;

Three rupees and two annas per imperial gallon if sold by volume."

*The motion was adopted.*

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

"That clause 25, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 25, as amended, was added to the Bill.*

**Clause 26.**—(Certain duties of excise to apply to excisable goods lying in factories on 1st March, 1955).

**Shri A. C. Guha:** I beg to move:

(1) In page 21, line 40,

for "on the 1st day of March 1955" substitute "on the commencement of this Act".

(2) In page 21, lines 43 and 44, for "on or after the said date" substitute "on or after such commencement".

These two are consequential amendments. Previously it was the first day of March 1955 and now it is changed as the commencement of this Act. Certain modifications and changes have been made in the rates of duty. These changes will take effect from the commencement of the Act and not from the 1st March, 1955.

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

In page 21, line 40,

for "on the 1st day of March, 1955" substitute "on the commencement of this Act".

*The motion was adopted.*

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

In page 21, lines 43 and 44,

for "on or after the said date" substitute "on or after such commencement".

*The motion was adopted.*

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

"That clause 26, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 26, as amended was added to the Bill.

*Clause 27 was added to the Bill.*

**Clause 28.**—(Amendment of Act XII of 1953.)

**Shri A. C. Guha:** I beg to move:

In page 22, for clause 28 substitute:

"28. Amendment of Act XII of 1953. In the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953—

(1) for clause (b) of section 2, the following clause shall be substituted namely:

"(b) 'cloth' means cotton, woolen, and rayon or artificial silk fabrics, as defined in the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944).";

(2) In sub-section (1) of section 3, for the words "per yard" the

words "per square yard" shall be substituted.,

This amendment is to the effect that certain cesses collected in the handloom industries should be on the basis of square yards and not on the basis of linear yards as before.

**Shri K. C. Sodhia:** I beg to move:

In the amendment proposed by Shri A. C. Guha,

omit sub-clause (2) of the proposed clause 28 "

The special cess now being levied on handloom and on mill-made cloth should be on the basis of linear yard and not on the basis of square yard. All *dhoties* and *sarees* will have 25 per cent increase on account of their width and here too they are increasing it by the use of 'square yard' as the basis of the cess. Thus, there will be an additional 25 per cent cess. In all, there will be 25 per cent on two pice and 25 per cent on one pice, that is, 75 per cent on one pice or 25 per cent on three pice. The Government just now stated that it was the scientific method to introduce the cess on square yard basis. This is a thing which the Government have discovered after five or six years. I do not know whether it is a new discovery for them, or whether it is simply one of the cloaks towards increasing the taxation and putting an additional duty and additional tax on the poor people who are already suffering and experiencing difficulty in the matter of cloth. Therefore, my submission to the Minister is that at least in respect of the handloom cess, he should be pleased to put it on a linear basis. If they do not do it, then, surely the consumption of cloth is likely to dwindle and they will not be able to reap the advantage which is expected. Therefore, I request that my amendment may be accepted.

**Shri T. T. Krishnamachari:** This is the same question as obtained on the last occasion—switching over from the linear to the square yard. We cannot have different measurements for different types of tax, because they are levied at one and the same place and by one and the same authority.

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

In the amendment proposed by Shri A. C. Guha,

omit sub-clause (2) of the proposed clause 28.

*The motion was negatived.*

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

In page 22, for clause 28 substitute:

'28. Amendment of Act XII of 1953.—In the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953—

(1) for clause (b) of section 2, the following clause shall be substituted, namely:

"(b) 'cloth' means cotton, woolen, and rayon or artificial silk fabrics, as defined in the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944).";

(2) in sub section (1) of section 3, for the words "per yard" the words "per square yard" shall be substituted.'

*The motion was adopted.*

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

"That clause 28, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 28, as amended was added to the Bill.

Clause 29 was added to the Bill.

### New Clause 30

**Shri A. C. Guha:** I beg to move:

In page 22, after line 16 insert:

"30. Excise and customs duties collected before commencement of Act not to be refunded.—Notwithstanding anything contained in the Provisional Collection of

[Shri A. C. Guha]

Taxes Act, 1931 (XVI of 1931), no refund shall be made of any duties of excise or customs collected before the commencement of this Act by virtue of a declared provision within the meaning of that Act contained in the Finance Bill, 1955."

I beg to submit that the purpose of this clause is that under the Provisional Collection of Taxes Act, 1931, certain duties must have been collected during this period. Now, under this clause, the Government are not going to refund the duty which has been collected. On a previous occasion in this House a grievance was made by certain Members that manufacturers, wholesale dealers or shopkeepers must have collected higher prices from the retail purchasers of cloth on account of the duty imposed. The incidence of the tax must have been shifted on the primary users. Now, there is a reduction or exemption in certain duties. So, the profit which they have got, the extra money which the businessmen have already collected from the retail purchasers, should not be refunded. They should not get all the profits that they collected already at the cost of the consumers on account of the higher duty. The Government will not refund the amount. Moreover, there is great administrative difficulty in making the refunds. Sometimes, it takes two or three years for the refunds to be effected.

**Pandit Thakur Das Bhargava:** According to the hon. Minister the Government have been collecting the duties, or the shopkeepers etc., have been realising greater amount of price. So, the consumer has really lost all along the line. I do not see any justification, in a matter like this, why the consumer should be put to such a great disadvantage. I know there is administrative difficulty in refund. I do not say there is no administrative difficulty.

**Shri A. C. Guha:** How can the money be refunded to the consumers? The consumers might have purchased

the cloth from the shopkeepers. Hundreds of thousands of people must have purchased cloth during this one month. It is not possible to refund the money to those purchasers. The utmost the Government can do is to refund the money to the mill-owners which means that the mill-owners will be rewarded with this extra profit.

**Pandit Thakur Das Bhargava:** As between the two persons who are entitled to this duty, etc., my friend says that since we have realised the duties from certain persons the money should not be refunded on the plea that the shopkeepers have made some profits. I can realise the administrative difficulties also, and I quite see that in a matter of this kind it is very difficult to refund the money to the actual consumer. But at the same time, I do not see any justification that the Government should first of all put certain kinds of duties in an extensive manner and subsequently after months.....

**Shri T. T. Krishnamachari:** What is the hon. Member's suggestion?

**Pandit Thakur Das Bhargava:** My suggestion is that the duty should not be put in this manner without exhaustively going into the matter.

**Shri T. T. Krishnamachari:** Then, a vote of censure should be moved against the Government. He can oppose the amendment on this ground.

**Pandit Thakur Das Bhargava:** This is quite unjustifiable. Why should people pay? It is not just.

**Shri T. T. Krishnamachari:** Then nobody should pay any tax.

**Pandit Thakur Das Bhargava:** Why should Government take it to the treasury? Put it in some good undertaking towards the advancement of the industries. This money should be devoted specifically to a particular thing. This is one way. But at the same time, this is not doing justice to the consumer. You are asking me a question. You are the custodians of the people, and you should answer

the question of mine rather than putting the question to me. Why do you take the amount and then say it cannot be refunded? This happens in regard to every tax. This is not the first time. Even when the Government collects taxes without any authority, this is the case. Sometime back, two or three years back, the hon. Minister himself brought in a Bill in which Government through inadvertence collected a large amount of money. Of course, so far as I can see, nobody is to blame, but at the same time, Government must find some way by which they could do some justice to those from whom the money is taken. Supposing the person says he has not received any benefit from the consumer and says that he has sold nothing. But you have realised so much money from him. What happens? The paints and varnishes manufacturers will tell you a different story. What happens in the paints and varnishes. Many of those factories shut up their business and after some time they did not open the business. They have not been able to sell anything. The money will be realised from them. So, I submit that some remedy must be found out by the Government itself whereby justice can be meted out to them. Instead of asking the hon. Members what they should do, they should find out the remedy themselves. It is not correct

that they do not know from whom the taxes were realised. They can refund that to them from whom they collected the taxes. It is not right to realise money in this way. Therefore, they ought to find out a remedy. One remedy is that taxes may only be realised after they are passed by the House and not earlier.

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

In page 22, after line 16, insert:

*"30. Excise and customs duties collected before commencement of Act not to be refunded.—Notwithstanding anything contained in the Provisional Collection of Taxes Act, 1931 (XVI of 1931), no refund shall be made of any duties of excise or customs collected before the commencement of this Act by virtue of a declared provision within the meaning of that Act contained in the Finance Bill, 1955"*

*The motion was adopted.*

*New clause 30 was added to the Bill.*

**Mr. Deputy-Speaker:** The Schedules will stand over till tomorrow.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the 21st April, 1955.*