

Wednesday, February 29, 1956

LOK SABHA DEBATES

(Part I—Questions and Answers)

VOLUME I, 1956

(17th February to 15th March 1956).



TWELFTH SESSION, 1956

(Vol. I contains Nos. 1 to 20)

**LOK SABHA SECRETARIAT
NEW DELHI.**

CONTENTS

[Vol. I. Nos. 1 to 20—17TH FEBRUARY TO 15TH MARCH, 1956]

COLUMNS

No. 1—Friday, 17th February, 1956—

Oral Answers to Questions—	
Starred Questions Nos. 41 to 46, 48 to 53, 55 to 60	1-34
Short Notice Question No. I.	34-37
 Written Answers to Questions—	
Starred Questions Nos. 1 to 28, 30 to 40, 47, 61 to 72	37-62
Unstarred Questions Nos. 1 to 29	63-78
Daily Digest	79-84

No. 2—Monday, 20th February, 1956—

Oral Answers to Questions—	
Starred Questions Nos. 73 to 76, 78, 79, 101, 80, 82 to 85, 87 to 91	85-119
 Written Answers to Questions—	
Starred Questions Nos. 77, 86, 92 to 100, 102 to 107	120-27
Unstarred Questions Nos. 30 to 48	127-36
Daily Digest	137-40

No. 3—Tuesday, 21st February, 1956—

Oral Answers to Questions—	
Starred Questions Nos. 108, 110, 111, 113, 115, 116, 118, 121 to 126, 128 to 131	141-75
 Written Answers to Questions—	
Starred Questions Nos. 109, 112, 114, 117, 119, 120, 127, 132 to 134, 136 to 140, 142 to 149	175-85
Unstarred Questions Nos. 49 to 55, 57 to 64	185-92
Daily Digest	193-96

No. 4—Wednesday, 22nd February, 1956—

Oral Answers to Questions—	
Starred Questions Nos. 150 to 153, 155, 156, 162 to 168, 171 to 174, 176, 177, 179 to 182, 154 and 160	197-229
 Written Answers to Questions—	
Starred Questions Nos. 157 to 159, 161, 169, 170, 178	229-32
Unstarred Questions Nos. 65 to 81	232-40
Daily Digest	241-42

No. 5—Thursday, 23rd February, 1956—

COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 184 to 195, 197, 202 to 210 and 183 243-77

Written Answers to Questions—

Starred Questions Nos. 196, 198 to 201 277-79

Unstarred Questions Nos. 82 to 94 279-86

Daily Digest

287-90

No. 6—Friday, 24th February, 1956—

Oral Answers to Questions—

Starred Questions Nos. 211 to 215, 218 to 230, 234 to 238 291-326

Written Answers to Questions—

Starred Questions Nos. 216, 217, 231 to 233, 239 to 245 326-31

Unstarred Questions Nos. 95 to 108 331-38

Daily Digest

339-40

No. 7—Tuesday, 28th February, 1956—

Oral Answers to Questions—

Starred Questions Nos. 285 to 296, 298 to 301, 304, 306, 307, 312, 308 to 311. 341-73

Written Answers to Questions—

Starred Questions Nos. 246 to 284, 297, 302, 303, 313 to 315, 317, 318, 81. 373-95

Unstarred Questions Nos. 109 to 167 395-428

Daily Digest

429-34

No. 8—Wednesday, 29th February, 1956—

Oral Answers to Questions—

Starred Questions Nos. 319 to 322, 324 to 327, 329, 330, 332, 334, 336 to 339, 343 to 347, 349 435-69

Written Answers to Questions—

Starred Questions Nos. 323, 328, 331, 333, 335, 340 to 342, 348, 350 to 369 469-82

Unstarred Questions Nos. 169 to 186 483-92

Daily Digest

493-96

No. 9—Thursday, 1st March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 370 to 372, 374 to 378, 381, 382, 384, 386 to 392 497-531

Short Notice Question No. 2 531-32

COLUMNS

Written Answers to Questions—

Starred Questions Nos. 373, 379, 380 383, 385, 393 to 399 533-38

Unstarred Questions Nos. 187 to 207 538-50

Daily Digest

551-54

No. 10—Friday, 2nd March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 400, to 403, 405, 406, 408, 409, 411, 412, 414, 415, 417, 419, 421 to 424, 427, 428 555-89

Written Answers to Questions—

Starred Questions Nos. 404, 407, 410, 413, 416, 418, 420, 425, 426 589-93

Unstarred Questions Nos. 208 to 229 593-602

Daily Digest

603-06

No. 11—Saturday, 3rd March, 1956—

Oral Answers to Questions—

Short Notice Question No. 3 607-12

Daily Digest

613-14

No. 12—Monday, 5th March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 433 to 437, 439, 440, 442 to 444, 446, 448 to 450, 452 to 454, 461, 463 to 465, 467 615-47

Written Answers to Questions—

Starred Questions Nos. 429 to 432, 438, 441, 445, 447, 455 to 459, 462, 466 and 468 to 472 647-60

Unstarred Questions Nos. 230 to 253 661-70

Daily Digest

671-74

No. 13—Tuesday, 6th March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 474, 476 to 481, 483, 485, 488 to 490, 492 to 494, 496, 498, 499, 502, 505, 507 and 508 675-708

Written Answers to Questions—

Starred Questions Nos. 473, 475, 482, 484, 486, 487, 491, 495, 497, 500, 501, 503, 504, 506, 509 to 530 708-24

Unstarred Questions Nos. 254 to 299 725-52

Daily Digest

753-58

No. 14—Wednesday, 7th March, 1956—

COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 533, 535, 536, 539, 540, 542 to 544, 546, 547, 552 to 554, 556, 558, 560, 531, 537, 538	759-90
---	--------

Written Answers to Questions—

Starred Questions Nos. 532, 534, 541, 545, 548, 549, 551, 555	790-93
---	--------

Unstarred Questions Nos. 300 to 319	793-804
-------------------------------------	---------

Daily Digest

805-08

No. 15—Thursday, 8th March, 1956—

Resignation of Deputy-Speaker	809
-------------------------------	-----

Appointment of Speaker <i>Pro-tem</i>	809
---------------------------------------	-----

Oral Answers to Questions—

Starred Questions Nos. 561, 563 to 565, 567, 568, 571, 572, 573, 575, 576, 582, 585, 587, 570 and 584	809-34
--	--------

Written Answers to Questions—

Starred Questions Nos. 562, 566, 569, 574, 577 to 581, 583, 586 and 588	834-39
--	--------

Unstarred Questions Nos. 320 to 325	840-42
-------------------------------------	--------

Daily Digest

843-44

No. 16—Friday, 9th March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 590 to 594, 599 to 601, 604 to 606, 608 to 610, 613 to 616, 589, 602, 603 and 607	845-78
---	--------

Written Answers to Questions—

Starred Questions Nos. 595 to 598, 611, 612 and 617	878-80
---	--------

Unstarred Questions Nos. 326 to 346	891-92
-------------------------------------	--------

Daily Digest

893-96

No. 17—Monday, 12th March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 620, 623, 624, 626, 628, 630, 632, 634 to 636, 638 to 645, 559, 621	897-931
---	---------

Written Answers to Questions—

Starred Questions Nos. 618, 622, 625, 627, 631, 633, 637	931-34
--	--------

Unstarred Questions Nos. 347 to 362	934-46
-------------------------------------	--------

Daily Digest

946A-46B

No. 18—Tuesday, 13th March, 1956—

COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 646, 649, 650, 653, 652, 655, 656, 658, 660, 661, 663, to 665, 667 to 674, 676 to 679	947-80
---	--------

Written Answers to Questions—

Starred Questions Nos. 647, 648, 651, 654, 657, 659, 662, 666, 675 and 680	981-85
---	--------

Unstarred Questions Nos. 363 to 379	985-92
-------------------------------------	--------

Daily Digest	993-96
--------------	--------

No. 19—Wednesday, 14th March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 682, 684 to 687, 689, 691 to 693, 698 to 703, 707 to 709, 683, 688, 681, 695	997-1031
--	----------

Written Answers to Questions—

Starred Questions Nos. 690, 694, 696, 697, 704 to 706 and 710	1031-34
---	---------

Unstarred Questions Nos. 380 to 408	1034-50
-------------------------------------	---------

Daily Digest	1051-54
--------------	---------

No. 20—Thursday, 15th March, 1956—

Oral Answers to Questions—

Starred Questions Nos. 711 to 714, 716 to 720, 722, 723, 725 to 729, 731, 734, 732, 715, 721, 724	1055-83
--	---------

Written Answers to Questions—

Starred Question No. 733	1083-84
--------------------------	---------

Unstarred Questions Nos. 409 to 418	1084-90
-------------------------------------	---------

Daily Digest	1091-94
--------------	---------

25.03.2015

LOK SABHA DEBATES

(Part I— Questions and Answers)

435

LOK SABHA
Wednesday, 29th February, 1956

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]
ORAL ANSWERS TO QUESTIONS

FERTILIZER FACTORIES

*319. **Shri Shree Narayan Das:** Will the Minister of Production be pleased to state:

(a) whether any final decision has been taken in regard to the location of different fertilizer factories that are proposed to be established during the Second Five Year Plan; and

(b) if so, the nature of decision taken?

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

(b) In addition to the fertilizer-heavy water factory at Nangal, it was decided to establish two more fertilizer factories, one at Rourkela, utilising the gases from the steel plant and the other at Neyveli, as part of the lignite project, with production capacity of approximately 80,000 tons and 70,000 tons of nitrogen per annum respectively.

Shri Shree Narayan Das: May I know whether these factories will be run by the Government itself or there will be some private limited companies in which Government will have shares?

Shri Satish Chandra: These will be government-owned companies.

Shri Shree Narayan Das: May I know what is the estimated expenditure on these projects?

Shri Satish Chandra: I do not remember the exact figure, but it will be about Rs. 20 crores each.

436

Shri G. D. Somani: May I know how the position of Rajasthan stands in regard to the establishment of a fertilizer factory?

Shri Satish Chandra: As I said in the House the other day, there is no possibility of a fertilizer factory being located in Rajasthan in the next Plan period.

Shri G. D. Somani: May I know whether the estimated cost of production in Rajasthan will be the lowest according to the advice of the experts tendered to the Ministry?

Shri Satish Chandra: I may inform the hon. Member that it is higher than in the case of other sites selected for the project.

Shri B. S. Murthy: May I know why.....

Shri Kamath: The main questioners must get priority.

Shri B. S. Murthy: May I know why Vijayawada has not been selected in spite of the recommendations of the Committee?

Shri Satish Chandra: Vijayawada was one of the alternative sites suggested by the Committee. If any of these projects did not materialise, then it could be set up at Vijayawada; it was not suggested as a first preference.

Shri Kamath: Is it not a fact that about a year ago a notification was issued for requisition of land round about Gurra nearabout Itarsi in Hoshangabad district, for the construction of this fertilizer factory in that district; if so, why was it dropped?

Shri Satish Chandra: Itarsi was one of the sites considered for the setting up of the factory. But no such notification was issued at the instance of the Central Government.

Shri Kamath: Is Government aware of the coincidence that this particular notification was issued by the State Government last year roundabout March or so, just before the by-election in Hoshangabad? Is Government aware of the widespread impression that the proposal was dropped because the Congress party lost that by-election?

Shri T. B. Vittal Rao: May I know the considerations which weighed in locating the factory at Neyveli when in regard to the whole Neyveli project we are not sure whether it will be developed or not?

The Minister of Production (Shri K. C. Reddy): According to present indications we are quite sure about the success of the Neyveli project.

Shri T. B. Vittal Rao: If any State Government or private firm wants to start a fertilizer factory, will permission or licence be given by the Government of India?

Shri Satish Chandra: No such request has been received from any State Government. It will be considered on merits.

सठ गोविंद बास : जहां तक इन फैक्ट्रीयों के स्थान का संबंध है, उन स्थानों का निर्वाचन किन सिद्धांतों पर किया जाता है?

श्री सतीश चंद्र : रा मटीरियल्स कहां मिलते हैं, कास्ट आफ प्राइवेशन क्या आता है, कहां बने सामान का कंजप्शन आधिक होता है, आसानी से कहां कच्चा माल पहुंचाया जा सकता है, बर्गरह बहुत से फैक्टरी हैं। कमेटीने जो इस बामले दी जांच के लिये बैठाई गई थी इन बातों पर गौर किया और उस के बाद अपनी सिफारिशें दीं।

सेठ अचल सिंह : क्या मंत्री महोदय यह बताने की कृपा करेंगे कि उत्तर प्रदेश गवर्नरमेंट ने जो यह सुझाव दिया है कि य० पी० में एक फॉर्टिलाइजर फैक्ट्री खोली जाये उस के बारे में क्या विचार है?

श्री सतीशचन्द्र : इस प्लैन में कोई फॉर्टिलाइजर फैक्ट्री उत्तर प्रदेश में खुलने की आशा नहीं है।

Shri Shree Narayan Das : May I know the names of the places which

were taken into consideration by the Committee appointed by the Government?

Shri Satish Chandra: I cannot give the names offhand. About ten or twelve places were considered.

Shri Kamath: Sir, my question has not been answered.

Mr. Deputy-Speaker: There are some questions which cannot be answered.

An Hon. Member : The answer is postponed.

सामुदायिक रेडियो सेट

३२०. श्री एम० एल० हिंदेवी : क्या सूचना और प्रसारण मंत्री उस घोषणा के सम्बन्ध में जिसमें यह कहा गया था कि अगली पंचवर्षीय योजना में सरकार का विचार एक हजार जन-संस्था वाले प्रत्येक गांव में सामुदायिक रेडियो सेट लगाने का है, यह बताने की कृपा करेंगे कि क्या सरकार ने सकारी अथवा गैर-सरकारी उपकरणों द्वारा बड़े पैमाने पर सस्ते और अच्छे रेडियो सेट बनाने के लिये कोई व्यवस्था की है जिसमें कि वांछित उद्देश्य पूरा हो जाये?

सचना और प्रसारण मंत्री (डा० केसकर) : बड़े पैमाने पर रेडियो सेट बनाने से वे सस्ते पड़ते हैं, इस विचार ये सस्ते और बड़ी प्रचायाती रेडियो सेटों की बनावट और पैरें आदि का एक प्रतिमान तैयार किया गया। इस प्रतिमान को रेडियो कारखानेदारों ने भी स्वीकार किया है। भारत सरकार पंचायती रेडियो खरीदने के लिये आधा दाम देती है, यह सहायता लेने वाले राज्योंको जितने सेटों की जरूरत है उन सबके लिये इकट्ठे उक्त Specification के रेडियो सेट सप्लाई करने के लिये डाइरेक्टर जनरल सप्लाई एन्ड डिस्पोजल्स के जरिये टैंडर मांगे गये। इस साल सब से कम दाम का टैंडर १२० रुपये प्रति सेट का आया है। इसमें लाउडस्पीकर का भूल्य शामिल नहीं। जब कारखानेदारों का काम जम जायेगा तथा मांग और बढ़ेगी तो सम्भव है और भी सस्ते पंचायती रेडियो बन सकेंगे।

श्री एम० एल० हिंदेवी : मैं जानना चाहता हूं कि यह जो पंचायती रेडियो सेट्स बनवायें जा रहे हैं या बनवाने जायेंगे, उन में कितने प्रतिशत माल बाहर से आया करेगा।

डा० केसकर: उस में ज्यादातर चीजें यहीं की हैं और रहेगी लेकिन अभी तक रेडियो वाल्स, जो सब से महत्वपूर्ण पुर्जा हैं, यहां नहीं बनते।

श्री एम० एम० द्विवेदी: मैं जानना चाहता हूं कि क्या रेडियो वाल्स बनाने के लिये सरकार ने किसी निजी कारखाने को आज्ञा दी है, या देने की आशा है, ताकि अगली पंचवर्षीय योजना के अन्दर यह वाल्स हमारे यहां बनने लगें।

डा० केसकर: एलेक्ट्रॉनिक्स फैट्री जो खुल रही है, उस में रेडियो वाल्स बनाने का भी प्रयोजन है।

श्री मन्त्र दश्तन: क्या मैं जान सकता हूं कि यह जो पंचायती रेडियो सेट्स बनने वाले हैं, उनका निर्माण स्वयम् विभाग द्वारा होगा या किसी प्रायवेट फर्म को यह काम दिया जा रहा है?

डा० केसकर: विभाग उसको बनाने का कुछ इन्तजाम नहीं कर रहा है। वैसे प्राइवेट फर्म्स को नहीं बल्कि जहां जहां अच्छी रेडियो मैनफैक्चरिंग कम्पनीज अपने देश में हैं, और उनमें से कुछ सरकारी भी हैं यानी राज्य सरकार उन को चला रही हैं, उन को भी यह काम दिया जायेगा।

Shri Kamath: Considering that these community radio sets in our myriad villages are a powerful medium and instrument of publicity and propaganda generally, and particularly during elections, has Government given thought to the oft-voiced demand made in this House that all political parties should be given equal opportunity for use of the broadcasting system?

Mr. Deputy-Speaker: It does not arise out of this question.

Shri Kamath: Rural broadcasting?

Mr. Deputy-Speaker: It is manufacture, not propaganda.

Shri Kamath: I will bring it up some other time.

Shree Veeraswamy: May I know the number of villages in Madras State where community radio sets will be installed?

Mr. Deputy-Speaker: It does not arise out of the question.

श्री एम० एम० द्विवेदी: क्या मंत्री महोदय यह बतलाने की कपा करेंगे कि अभी तक जो कम्पनिटी रेडियो सेट्स सप्लाई किये गये हैं वह कितनी मात्रादी वाले गांवों को दिये गये हैं और अब जो दिये जायेंगे उन के लिये कितने रेडियो सेट्स की आवश्यकता होगी?

डा० केसकर: यह तफसील बताना तो मशिल है क्योंकि इस का इन्तजाम इस प्रकार है कि हम रेडियो सेट्स राज्य सरकारों को देते हैं, उन को आधा दाम हम देते हैं, और बाकी आधा दाम वह देती हैं। कहां सेट्स लगायें जायेंगे यह राज्य सरकार निश्चित करती हैं, हम इसका निश्चय नहीं करते और कितने सेट्स चाहिए यह भी उन्हीं पर निर्भर है। इस साल हमारे पास १२ हजार रेडियो सेट्स की मांग आई है।

EXPORT PROMOTION ASSOCIATION

***321. Shri Radha Raman:** Will the Minister of Production be pleased to state:

(a) whether there is any proposal made by the All India Handicrafts Board to set up an Export Promotion Association to stimulate sales of handicrafts abroad;

(b) if so, whether Government favour this suggestion; and

(c) if so, when it is expected to be established and what will be its terms of reference?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) Yes, Sir.

(b) Yes, Sir.

(c) The detailed scheme will be worked out by a Committee to be set up shortly.

Shri Radha Raman: May I know what is the present position of the export of handicraft goods and to which countries the export is being made?

Shri R. G. Dubey: This is a different question, but I may point out to the hon. Member that sometime back it was given to the House that U.S.A. and a few other countries in the Middle East mainly import the handicrafts of India.

Shri Radha Raman: May I know how long, the Government thinks, this proposal which the Handicrafts Board has forwarded to the Government, will take to finalise?

Shri R. G. Dubey: It could not be said exactly, but I may tell the House that the Handicrafts Board has been requested to review the detailed scheme and send the same to the Ministry for approval in the near future.

Shrimati Renu Chakravarty: May I know whether an individual craftsman will be able to export his goods through this Association when it is formed?

Shri R. G. Dubey: That is the purpose in view, because it is found that the individual craftsmen are not in a position to export their goods. So, this Association is expected to have a sort of co-ordination between the people concerned.

Shri Velayudhan: May I know whether the Handicrafts Board itself is not enough to take up this task, because the export of handicrafts is very limited?

Shri R. G. Dubey: This matter was considered but it was felt that this aspect needed a separate body to go into the whole matter.

Shri Radha Raman: May I know, in forwarding the proposal to the Government, what exactly the Handicraft Board have suggested regarding the nature of the Association—whether it is going to be a registered society or not—and what is going to be its personnel?

Shri R. G. Dubey: There have been various proposals. I may just remind the hon. Member that this matter has been under consideration for the last three years and it was also discussed at the inter-Ministerial level. One suggestion was regarding the constitution of the Corporation (handicrafts goods). There were also other suggestions. That is why this matter is taking some time for finalisation, so that we could have some sound basis for forming the Association.

AMALGAMATION OF COLLIERIES

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

(a) whether the Experts Committee appointed under the Chairmanship of Sri Balwantray Mehta to go into the question of amalgamation of small collieries has since submitted its report;

(b) if so, what are the main recommendations; and

(c) if the reply to part (a) above be in the negative the reasons thereof and when it is likely to be received?

The Deputy Minister of Production (Shri Satish Chandra): (a) No.

(b) Does not arise.

(c) The problem entrusted to the Committee is a complex one, involving legal and financial issues. There are more than 750 working collieries in Bengal-Bihar fields. The various issues involved are being looked into by Sub-Committees appointed by the Committee. According to the present indication, the Committee is expected to submit its report by June 1956.

Shri T. B. Vittal Rao: May I know why the collieries in Madhya Pradesh have not been included in this enquiry?

Shri Satish Chandra: The problem is very acute in Bengal-Bihar fields, and the Government have thought fit to make a beginning there.

Shri T. B. Vittal Rao: May I know whether the Committee will dwell on the broad principles of amalgamation of small and big collieries or they will go into the details as to how they should be amalgamated?

Shri Satish Chandra: The Committee has been authorised to negotiate with the colliery owners, consult the technicians and other persons concerned with the coal industry and to make definite recommendations to the Government.

Shri T. B. Vittal Rao: May I know whether the indecision of the Government as to the quantity of coal allocated to the public sector and the private sector will affect the enquiry of this Committee?

Shri Satish Chandra: The question is not clear to me.

Mr. Deputy-Speaker: He says that Government have not come to a decision regarding the question of coal that is required, and asks whether that indecision has got any effect upon the amalgamation or otherwise.

Shri Satish Chandra: The two problems are entirely separate. The amalgamation of the collieries will however, help in greater production.

Shri B. S. Murthy: May I know whether the Committee will also go into the matter of gradual nationalisation of collieries?

Shri Satish Chandra: No, Sir. This Committee is not concerned with that problem.

MACHINERY FOR THE PROJECTS

***324. Shri Gidwani:** Will the Minister of Irrigation and Power be pleased to state:

(a) whether the list of machines required by various Government projects which was recommended by the Construction Plant and Machinery Committee has been considered;

(b) whether a new committee has since been appointed by Government for the purpose; and

(c) if so, the reasons for so doing?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) to (c). The construction Plant and Machinery Committee did not recommend any list of machines required for the various projects. The Hon'ble member is presumably referring to the question of standardization of important items of machinery and equipment used on river valley projects. The Committee submitted certain recommendations in the matter confidentially to Government. The Co-ordination Board of Ministers considered *inter alia* the

report of the Machinery Committee in the Board's meeting held in October, 1954. In pursuance of the decision taken by the Board, a Standing Committee of Expert Engineers, including representatives of the Ministry's of I. and P. and Finance and D.G.S.D. was appointed to go into the matter in greater detail. The first report of this standing committee is under consideration by Government.

Shri Gidwani: Who are the members of the old Committee and is it a fact that the list of machines recommended by them was rejected as the machines were mostly from the firms which had employed some of their relatives on high salaries as alleged by a section of the press?

Shri Hathi: The members of the Committee and were in all, 17, representing the engineers of different major projects of the Government, representatives of the Ministry of Irrigation and Power, the Chairman of the Central Water and Power Commission and a representative of the Finance Ministry and also of the DGSD. The report which they have submitted is confidential. It will be too premature to say which of the machines have been recommended. It is yet being considered, because we have to see that it does not give any monopolistic tendency by rejecting something or accepting something. The whole matter is being carefully considered by the Government.

Shri Kasliwal: May I know whether the Government have got now a central pool of machinery for the working of these projects?

Shri Hathi: The Government has, in the Central Water and Power Commission, a Directorate which gets information about surplus machinery from different projects and tries to dispose of or send it to other projects.

Shrimati Renu Chakravarty: May I know whether this Committee went not only into the question of the number of machines required but also into the fact that we can do with machinery

which requires less investment and can still, given a greater time-limit, achieve the same results?

Shri Hathi: It was not the number of machines that the Committee had to ascertain. It had to look as to which particular makes of machines should be standardised having regard to the life of the machines, the economic functioning of the machines and all other factors. The Committee has also to take into consideration how far we can encourage in India the production of such equipment and machinery.

Shrimati Renu Chakravarty: I would like to know the number of earth-moving machines which we have got for all the river-valley projects throughout India, and whether that number is sufficient, and whether we require a larger number, and if so, whether they have to be imported.

Shri Hathi: It may be difficult to tell the actual number of machines which we have in the country today. I would require notice.

NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION

*325. **Shri N. B. Chowdhury:** Will the Minister of Commerce and Industry be pleased to refer to the reply given to Starred Question No. 289 on the 30th November, 1955 and state:

(a) whether the project reports relating to industries referred to therein have since been drawn up by the National Industrial Development Corporation;

(b) whether any scheme has also been formulated for the rehabilitation and modernisation of the cotton textile industry; and

(c) if so, the details thereof?

The Minister of Industries (Shri Kanungo): (a) Preliminary proposals and estimates relating to the following projects have been received from certain foreign firms:—

(i) Establishment of steel foundries, forges and structural workshops.

(ii) Manufacture of wood pulp. These are under consideration.

(b) Yes, Sir.

(c) A note giving the details of the scheme is placed on the Table of the Lok Sabha. [See Appendix II, annexure No. 43.]

Shri N. B. Chowdhury: May I know whether the sub-committee of the National Industrial Development Corporation will take into consideration the effect of the implementation of such schemes on the employment position before granting any loan?

Shri Kanungo: Obviously, the employment potential will be increased.

Shri N. B. Chowdhury: May I know how far the objective of giving priority to the establishments for the manufacture of capital goods has been followed while granting loans?

Shri Kanungo: The establishment of forges and foundries is a necessary step for the building up of the capital goods industry.

Shri Velayudhan: May I know whether this Corporation has given any subsidy or aid to any industry yet?

Shri Kanungo: No; it is just considering the proposals.

Shri N. B. Chowdhury: What is the amount which is proposed to be given for the rationalisation of textile mills and jute mills?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): At the present moment, the ceiling for this purpose is expected to be about Rs. 25 crores.

Shrimati Renu Chakravarty: In the Second Five Year Plan, what will be the approximate amount which will be advanced by the NIDC for consumer goods industries and how much will be advanced for the heavy, basic industries?

Shri T. T. Krishnamachari: There is no question of any advance by the NIDC to any industry other than jute

and textiles. As I said, our present estimates are of the order of Rs. 25 crores for this purpose.

MR. DULLES'S VISIT TO INDIA

***326. Shri Keshavaiengar:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that Mr. Dulles, the Secretary of States of the United States of America has communicated his intention to visit India; and

(b) if so, when he is expected to visit?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) Yes.

(b) In the second week of March.

In fact, he is coming here on the 9th and leaving on the 10th evening.

Shri Kamath: Is it a fact that the U.S. President, Mr. Eisenhower, invited the Prime Minister recently to visit the United States some time in the course of this year, and it is only after the Prime Minister declined his invitation that the American Secretary of State conveyed to our Government his desire to visit our country?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The hon. Member has said so many things in that question. The answer to a part is 'yes' and to a part 'no'. I suppose long ago, may be nine months ago, the President of the United States was good enough to suggest my visit to the United States. I did not decline it. I accepted the invitation. That is to say, I said, "All right, I will be very happy to go there, but sometime in the future." I could not suggest a date. As a matter of fact, I invited the President of the United States to come to India. Then later the President fell ill. As hon. Members know, all this happened many many months ago. It has nothing to do with Mr. Dulles's proposed visit.

Dr. Ram Subhag Singh: May I know the purpose of this visit?

Is it also in connection with giving clarification in regard to the joint statement made by Mr. Dulles and Mr. Cunha on the 2nd December, 1955.

Shri Jawaharlal Nehru: There is no special purpose involved in such visits, except to discuss matters in which both parties are interested. As Mr. Dulles is near this part of Asia, it is considered desirable that we should have the advantage of talking together.

SECOND FIVE YEAR PLAN

***327. Shri Dabhi:** Will the Minister of Planning be pleased to state:

(a) whether it is a fact that the Planning Commission has, in its draft memorandum of the Second Five Year Plan, suggested the levy of an annual tax on wealth in the country; and

(b) if so, the details thereof?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). An examination of the feasibility of imposing an annual tax on wealth in the light of conditions operating in this country was suggested in the draft memorandum on the Second Plan. The proposal has yet to be examined in detail.

Shri Dabhi: May I know when we can expect a decision on this?

Shri S. N. Mishra: We cannot indicate any time limit just now.

EXPORT OF RICE BRAN

***329. Shri Ibrahim:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have permitted the export of rice bran;

(b) if so, whether separate quotas for mill and hand-pounded bran have been fixed;

(c) the quantity of rice bran exported so far; and

(d) whether the export of husk would not affect the fodder position in India?

The Minister of Commerce (Shri Karmarkar): (a) Export of rice bran was allowed for export only between July 1954 and December 1955.

(b) Export was allowed both of mill and hand-pounded bran, without fixing separate quotas for each.

(c) 30,176 tons of rice bran were exported upto end of December 1955.

(d) Export of rice husk surplus of internal requirements is only allowed for export and the supply position in the country is constantly kept under review.

Shri Ibrahim: May I know the annual consumption of rice bran in India?

Shri Karmarkar: I have no figures. I am not sure if the result would be commensurate with the trouble taken to get the figures. If it is available, I shall supply it to this House.

श्री हेड़ा : कुछ असें पहले इस सिलसिल में यहां एक सवाल किया गया था कि यह जो राइस ब्रेन यहां से एक्सपोर्ट होता है इसका बाहर क्या उपयोग किया जाता है अलावा उसके जो कि आम तौर पर स्थान किया गया था कि इस बारे में जांच की जायेगी। मैं जानना चाहता हूँ कि क्या यह जांच की गयी और अगर की गई तो क्या मालम हुआ कि इसका क्या उपयोग किया जाता है?

श्री करमरकर : मुझे याद है कि इस बारे में एक सवाल आया था और शायद मैं ने कहा था कि हमें पता नहीं है कि इसका बाहर क्या इस्तेमाल होता है। इसका मुझे अभी तक भी पता नहीं है। अगर भानीय सदस्य ज्यादा पर्टीकुलर होते हों तो मैं इसकी जांच करने की कोशिश करूँगा।

Shri Shree Narayan Das: May I know the countries to which rice bran was exported before?

Shri Karmarkar: During 1954-55 rice bran was exported to the United Kingdom, Ceylon, Japan, Singapore, Hongkong and Belgium.

Shri N. B. Chowdhury: Can the hon. Minister give us some idea as to the quantity of production of rice bran in the country?

Shri Karmarkar: I can give the quantity of production of rice, not of rice bran. With regard to rice bran, what I have said about consumption applies to production also.

COAL

***330. Shri Krishnacharya Joshi:** Will the Minister of Production be pleased to state:

(a) what steps Government have taken for the rationalisation of movement of Coal in the country; and

(b) whether any meeting between the representatives of the Ministries of Railway and Production was held for this purpose?

The Deputy Minister of Production (Shri Satish Chandra): (a) The steps taken by Government in the direction of rationalisation of coal movement are—

(i) Consumers are allowed to draw their supplies from the nearest coal-field only.

(ii) movement from distant coalfields is permitted only to the extent that coal of required type is not available from the nearest field; and

(iii) movement is made as far as possible in full train loads.

(b) Yes.

Shri Krishnacharya Joshi: May I know the decisions arrived at as a result of the meeting of the Railway Ministry and the Production Ministry?

Shri Satish Chandra: The two Ministries consult each other from time to time. The object is to eliminate wasteful rail movements in order to meet the consumers' demands as far as possible.

Shri Krishnacharya Joshi: May I know what suggestions were made by the Railway Ministry to the Coal Commissioner in this matter?

Shri Satish Chandra: A certain number of wagons is placed at the disposal

of the Coal Commissioner. He makes allotments according to the requirements of consumers in various areas.

Shri Raghavaiah: May I know whether the Government have received any representations regarding the absence of movement of coal to the tobacco growers in Andhra?

Shri Satish Chandra: I require notice.

Dr. Rama Rao: Has it come to the notice of the Government that movement of coal has been delayed due to the shipping of coal to the wrong port, i.e. not to the nearest consuming port, but a distant port, thereby causing another transhipment by train?

Shri Satish Chandra: If the hon. Member has any specific instance in mind, he may bring it to our notice. I am not aware of any such instance.

Shri Bhagwan Jha Azad: May I know by what percentage the actual transport facilities of coal falls short of the movement of coal required to meet the demands in the country at present?

Shri Satish Chandra: The number of wagons which the railways can place at the disposal of the Coal Commissioner for the movement of coal is mutually decided upon. A minimum number and a maximum number are fixed. Generally, the wagons obtained by the Coal Commissioner are nearer to the minimum number than the maximum number.

सेठ अचल तिहाई : क्या मंत्री महोदय को मालम है कि अब भी कोल की सप्लाई बहुत कम है और इसलिये कंज्यूमर्स को परेशानी हो रही है?

श्री सतीश चंद्र : रेलवे से जितने भी वैगन्त मिलते हैं उनके द्वारा कंज्यूमर्स की डिमांड को परा करने की ज्यादा से ज्यादा कोशीश की जाती है।

बरसा

*३३२. श्री भक्त दर्शन: क्या उत्पादन मंत्री २६ अगस्त, १९५५ को दिये गये तारांकित प्रश्न संल्या ११६५ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) उन कातने के लिये इटली और इंगलैंड में उन्नत श्रेणी के चखौपर प्रयोग करने के लिये अविल भारतीय खादी और ग्रामोद्योग बोर्ड ने जो आश्वासन दिया था उसको कार्यान्वित करने में तब से क्या कोई प्रगति हुई है; और

(ख) यदि हां, तो क्या उन प्रयोगों और उनके परिणामों के बारे में जानकारी देने वाला एक विवरण सभा की टेबल पर रखा जायेगा?

श्री उत्पादन मंत्री के सभासचिव (श्री आर० जी० दुबे): (क) तथा (ख). कुछ विदेशों से जिनमें इटली और इंगलैंड भी सम्मिलित हैं, अभी पूछ ताज्ह की जा रही है। अभी तक कोई निश्चित सूचना उपलब्ध नहीं है।

श्री भक्त दर्शन: जब पिछले प्रश्न का उत्तर दिया गया था उस समय यह बताया गया था कि विशेष कर इटली और इंगलैंड में इस प्रकार के उन के चख्ले हैं जो बहुत अच्छा कातने हैं और जिनकी स्पीड भी अधिक है। क्या मैं जान सकता हूँ कि जब उनके बारे में पूरी जानकारी नहीं थी तो इस प्रकार का आश्वासन क्यों दिया गया?

श्री आर० जी० दुबे: यह सही बात है लेकिन खादी एंड विलेज इंडस्ट्रीज बोर्ड ने इस बारे में अभी जांच चालू रखी है। पिछली बार भी इसके बारे में काफी जांच की गयी थी लेकिन अभी तक खादी और विलेज इंडस्ट्रीज बोर्ड का विदेशों से इस बारे में कोई खास जानकारी नहीं मिल रही है।

श्री भक्त दर्शन: क्या मैं जान सकता हूँ कि इस बारे में कोई कदम तेजी से उठाय सकेंगे ताकि निश्चित परिणाम पर जल्दी पहुँचा जा सके?

श्री आर० जी० दुबे: हां, प्रयत्न तो किया जा रहा है।

वरांसीसी बस्तीयां

*३३४. श्री विभूति सिंह: क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या फांसीसी बस्तीयों के काननी हस्तांतरण के बारे में भारत सरकार और फास में कोई अन्तिम करार हो गया है; और

(ख) यदि नहीं, तो कानूनी हस्तांतरण के लिये क्या कार्यवाही की जा रही है?

बंदेशिक कार्य उपसंचारी (श्री अनिल कुमार चन्दा): (क) तथा (ख). भारत सरकार की ओर से मई १९५५ में इस बारे में एक संविधि का मरमीदा फ्रांस की सरकार को भेजा गया था। फ्रांसीसी सरकार इस जमाने में अपनी भीतरी और बाहरी आवश्यक समस्याओं में उलझी हुई थी। इस बजाह से इस पर कुछ ज्यादा बातचीत नहीं हो सकी। हम से फ्रांसीसी सरकार की ओर से कहा गया है कि अब इस में अधिक देर नहीं होगी।

श्री विभूति भिष्म: अब तो फ्रांस सरकार को अपने चुनाव के बखेडे से फुरसद हो गयी है। और भारत सरकार क्या वहां की सरकार को लिख रही है कि इसमें शोधता करें ताकि जल्दी से जल्दी हस्ताक्षर किये जा सके।

प्रधान मंत्री तथा बंदेशिक कार्य मंत्री (श्री जवाहरलाल नेहरू): आपकी राय यकीन उनको पहुंच जायेगी।

Shri S. V. Ramaswamy: I could not follow the answers?

Mr. Deputy-Speaker: Has the hon. Member any supplementary questions to ask?

Shri S. V. Ramaswamy: Yes. May I know if the attention of the Government has been drawn to a reported statement by the French Ambassador in India at Trivandrum in December last saying that after the general elections, conditions will be favourable for a consideration of this matter? If that is so, may we know if the forecast of His Excellency has come true and if the political climate in France is favourable to a happy solution?

Mr. Deputy-Speaker: The question should be short.

Some Hon. Members: What is the question?

Mr. Deputy-Speaker: It will be clear from the answer.

Shri Jawaharlal Nehru: In this matter, it is obvious that the initiative lies with the French Government. We may take the initiative too. We have taken it. As the answer said, they have communicated to us that they hope to take up the matter soon. The House

may perhaps know that the Foreign Minister of France is likely to come to Delhi within about a fortnight or so.

Shri Nambiar: May I know whether it is a fact that there are complaints that the Government have gone back on their promise given to the people that the favourable things would continue even after the *de facto* or *de jure* transfer? There are instances where they have gone back. May I know about that?

Mr. Deputy-Speaker: This question relates to *de jure* transfer.

Shri Nambiar: The Government have gone back on their promise given at the time of the *de facto* transfer. May I know whether there are instances of going back. The people want the things to continue.

Mr. Deputy-Speaker: All that does not arise out of this question. This question is, what steps have been taken for *de jure* transfer.

STATE TRADING CORPORATION

***336. Dr. Ram Subhag Singh:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government propose to set up a State Trading Corporation; and

(b) if so, when?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) Very soon.

Shri Bansal: May I know what will be the items in which this State Trading Corporation will trade and what will be its constitution?

Shri Karmarkar: We shall publish that in good time. The matter is under consideration.

Shri Bansal: The hon. Minister said that he was going to form a State Trading Corporation very soon. Surely if it is going to be established very soon, the House must be told as to what are the items in which State trading will take place, which are the

countries with which State trading will be taken up and what will be the constitution of the corporation.

Mr. Deputy-Speaker: The hon. Minister has stated, very soon.

Shri M. L. Dwivedi: Will the hon. Minister be able to tell me what are the proposals before the Government which they are considering over the idea of establishment of such a corporation?

Shri Karmarkar: The proposal is the constitution of this corporation.

Shri Kasliwal: May I know whether the Government propose to bring a Bill in this House for this purpose?

Shri Karmarkar: Proper measures will be taken.

Shri K. K. Basu: Do the Government contemplate bringing within the scope of this corporation all the exportable articles which usually have a very fluctuating market outside?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): The idea behind the starting of the corporation is that Government should enter into this field. Naturally, Government must choose the proper articles in which they will not make any loss or where, for strategic and other considerations it is worth-while for Government to enter this field.

Shri M. L. Dwivedi: May I know if any scheme has been prepared as to the financial implications and other administrative matters?

Shri Karmarkar: Yes.

Shri M. L. Dwivedi: What are they?

Shri Karmarkar: They will be told later on in due course. All these aspects, constitution, finance, the items,— everything is under consideration. The hon. Member will have gathered that I am not prepared now to share it with the House because it is confidential.

कोयना

*३३७. श्री के० सौ० सोधिया : क्या उत्पादन मंत्री यह बतलाने की कृपा करेंगे कि :

(क) द्वितीय पंचवर्षीय योजना के अधीन निर्धारित लक्ष की पूर्ति के लिये किन किन कोयला खानों से अतिरिक्त कोयला निकालने का विचार है, और प्रत्येक खान से कितना अतिरिक्त कोयला निकाला जायेगा :

(ख) यह बात निश्चित करने के लिये कि इन खानों में लक्ष की पूर्ति के लिये पर्याप्त भंडार है, क्या विशेषज्ञों की राय ली गई है ; और

(ग) क्या किसी विशेषज्ञ को इन कोयला क्षेत्रों में से किसी क्षेत्र के कोयला भंडार के सम्बन्ध में कोई शंका है और यदि हां, तो वे कोयला-क्षेत्र कौन से हैं ?

उत्पादन उपभंत्री (श्री सतीश चंद्र) : (क) बतंमान कोयले की खानों और आस पास के क्षेत्रों में उत्पादन की वृद्धि करने के अतिरिक्त कोखा, कोर्टिया, डिलिमिली, विसरामपुर, काठा, रामगढ़ और कर्णपुरा में नई खाने खोलकर अधिक कोयला निकालने का विचार है। प्रत्येक खान से कितना-कितना कोयला निकाला जायेगा इस पर अभी विचार हो रहा है।

(ख) जी हां।

(ग) जहां तक सरकार को पता है, कोई नहीं।

श्री के० सौ० सोधिया : क्या पब्लिक सेक्टर (सरकारी पक्ष) के लिये कोई सीैलिंग (परीसीमा) मुकर्रर की है ?

श्री सतीश चंद्र : पब्लिक सेक्टर (सरकारी क्षेत्र) में ज्यादा से ज्यादा जितना निकाला जा सके उतना कोयला निकालने का विचार है। जितना कोयला प्राइवेट कोलियारीज (गैर-सरकारी उद्योग) में निकाल सकती हैं और जितना पब्लिक सेक्टर में निकले वह तो जितना है पर्ये इस काम के लिये अलग अलग उपलब्ध होगा उस पर निर्भर करेगा।

श्री के० सौ० सोधिया : यह जो खानों का जिक्र किया गया है मैं जानता चाहता हूं कि इन खानों से ज्यादा से ज्यादा जितना कोयला निकल सकेगा इसका क्या कोई अन्दाज किया गया है ?

श्री सतीश चंद्र : आगे जितना भी कोयला निकलने वाला है वह सब इन्हीं खानों से निकलेगा।

Shri Bhagwat Jha Azad: May I know the rough estimate of extra quantity of coal to be taken out of these coal mines that you have mentioned?

Shri Satish Chandra: Twenty-three million tons is the target. The additional coal production should be 23 million tons over and above what is being produced today. Out of this, the Raniganj and Jharia coalfields will be able to give an additional production of about 7 million tons. The rest will have to come from other coalfields.

SILK

***338. Shri S. C. Samanta:** Will the Minister of Production be pleased to state:

(a) whether it is a fact that the weavers in Banaras are demanding best possible silk yarn for producing the best articles marketable in the United States of America;

(b) whether the kind of silk yarn demanded is imported or manufactured in this country;

(c) the quantity of best silk yarn imported and indigenously met last year; and

(d) the amount of foreign exchange earned by the weavers of Banaras by selling their products abroad?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) Yes, Sir.

(b) The weavers in Banaras use both imported as well as indigenous silk yarn.

(c) The average annual consumption in Banaras is about 3 lakh lb. of imported yarn and about 1.8 lakh lb. of indigenous silk.

(d) The export trade statistics are not maintained separately for each place in the country. Silk manufactures worth Rs. 20.25 lakhs were exported during the financial year 1954-55.

Shri S. C. Samanta: May I know whether any arrangement has been made for the manufacture of the best silk during the Second Five Year Plan as we are importing so much every year?

Shri R. G. Dubey: I could not say offhand. Certainly, provision has been made and in keeping with the policy we are already making more and more provision.

Shri S. C. Samanta: How many representations have been received by the Ministry to ban the import of silk?

Shri R. G. Dubey: There is another question today to be answered on this matter. I may just tell the hon. Member that from Mysore some of the silk manufacturers' associations have made a representation to that effect.

Shri S. C. Samanta: May I know from which other place in India, except Banaras, silk manufactures are being exported.

Shri R. G. Dubey: I think from Mysore also.

INDO-CHINA AGREEMENT

***339. Shri D. C. Sharma:** Will the Prime Minister be pleased to state:

(a) whether Government have received any communication from the Co-Chairman of the Geneva meeting of nine Powers which negotiated Indo-China Agreement regarding the Viet-Nam election deadlock; and

(b) if so, at what stage the matter is?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) Government of India's reply was delivered to United Kingdom, Foreign Office and the Soviet Embassy, London on 21st February, 1956.

I might add, a copy of the letter was sent direct to Mr. Molotov in Moscow.

Shri D. C. Sharma: May I know if the Government has suggested that there should be a kind of informal meeting between Mr. Molotov and Mr. Selwyn Lloyd for a resolution of this deadlock?

Shri Jawaharlal Nehru: Yes. Whenever any difficulty arises there, we naturally refer to the two Co-Chairmen

of the Geneva Conference. The present two Co-Chairmen are Mr. Molotov and Mr. Selwyn Lloyd. In the present instance also, we have referred to them and sought their advice in the matter.

Shri D. C. Sharma: May I know if this matter will be formally discussed with Mr. Dulles even though the U.S.A. is not a signatory to this agreement?

Shri Jawaharlal Nehru: We have no agenda for discussion with Mr. Dulles, but I should personally imagine that this will not form a very prominent part of our talks.

Shri N. M. Lingam: May I know if Government is satisfied that the two Co-Chairmen in this matter, namely, Mr. Molotov and Mr. Selwyn Lloyd, are of one mind and if they do not think that the SEATO Powers apprehend that the result of free elections in Viet-Nam will have repercussions on the SEATO Pact?

Shri Jawaharlal Nehru: Government is quite unable to probe into the minds of others.

Shri Kashiwal: May I know whether Government have any information that Mr. Selwyn Lloyd and Mr. Molotov are meeting very soon to discuss this matter.

Shri Jawaharlal Nehru: I do not know when they are meeting.

Shri Kamath: With regard to the election deadlock in Viet-Nam, is there any truth in the charge or allegation, as reported in the press, made by President Diem of South Viet-Nam that the Communists in the North have hampered or are hampering the implementation of the Geneva Agreement so far as Pathet-Laos is concerned? I hope I am pronouncing the name correctly.

Shri Jawaharlal Nehru: First of all, as the hon. Member is anxious to pronounce these names correctly, Mr. Diam is called Mr. Zem. Secondly, the hon. Member is referring to what Mr. Diam thinks about another State, not his own but another State, namely Laos. In regard to Laos, there are charges and counter-charges on both sides as there are everywhere. But the

main point about Viet-Nam is that Mr. Diam does not accept the Geneva Agreement at all. That is the main point and difficulty. He says he is not bound by its provisions.

Shri D. C. Sharma: May I know if Mr. Diam.....I hope, Sir, I have pronounced the name correctly.

Mr. Deputy-Speaker: I am not able to hear the question. What is the question?

Shri D. C. Sharma: May I know if Mr. Diam has given any explanation to the Co-Chairmen of this Agreement for not holding the elections in the month of July, 1956 and if the reasons that he has given have been examined?

Shri Jawaharlal Nehru: I do not know what Mr. Diam might have said directly or privately to the two Co-Chairmen. I do not remember any formal communication to that effect, but the whole point is this, that Mr. Diam does not admit his liability, his obligations under the Geneva Agreement, although, of course, the South Viet-Nam Government has accepted the benefits from that Agreement, the major benefit being, of course, the end of the war and following it, various other things like the return of prisoners, this, that and the other. All these benefits have been accepted. Now, in the ordinary course, talks should have begun between North and South Viet-Nam in July last, I think, so that elections might take place next July, but no talks have begun yet and it is obvious that it is highly improbable that elections can take place in July next now. Anyhow, the first thing that has to be settled is the obligation of people to honour the Geneva Agreement and then to carry out that obligation.

भारतीय फिल्में

* ३४३. श्री जी० एल० बौधरी क्या सूचना और प्रसारण मंत्री यह बताने की क्षमा करेंगे कि क्या यह सच है कि परिचमी एशिया में भारतीय फिल्मों को बहुत मांग है ?

सूचना और प्रसारण मंत्री (डा० केसकर) : परिचम एशियाई देशों को जो सद्भावना व्यापार मण्डल गया था उस की रिपोर्ट से पता चलत

है कि इस क्षेत्र में भारतीय फिल्मों की खपत हो सकती है। इस मण्डल में फिल्म उद्योग का भी एक सदस्य था।

श्री जी० एल० बौद्धरी: क्या मैं जान सकता हूँ कि पश्चिमी एशिया में वह कौन कौन से देश हैं जहाँ पर यह मण्डल गया था और जहाँ पर भारतीय चलचित्रों की खपत है?

डा० केसकर: चूँकि यह एक व्यापार मण्डल था इस लिये मेरे पास इस की कोई तफसील नहीं है कि यह कहाँ कहाँ गया था। अगर माननीय मैम्बर इस के बारे में कोई जानकारी चाहते हैं तो उन को एक और सवाल करता पड़ेगा।

श्री भगवत शा आजाद: व्यापार मण्डल की इस रिपोर्ट के बाद सरकार ने ऐसे कौन से कदम उठाये जिन से यह मालूम हो कि पश्चिमी एशिया के देशों में भारतीय फिल्मों का वितरण और अधिक सुविधाजनक होगा।

डा० केसकर: यह मण्डल व्यापार के लिये गया था। उस ने बहुत से उद्योगों के बारे में सिफारिशें की हैं। फिल्मों के बारे में भी उसने कहा है कि खपत हो सकती है। इस के बारे में जो कुछ उस के विचार थे उन को हम ने फिल्म प्रोड्यूसर्स की जो भिन्न भिन्न संस्थायें हैं उन के पास लिख कर भेज दिया है। और चूँकि यह व्यवसाय स्वतंत्र है सरकारी नहीं है इस लिये उन के ऊपर निर्भर करता है कि इस बारे में वह क्या कदम उठायेंगे।

श्रीमती कमलेन्द्र मति शाह: क्या मैं जान सकती हूँ कि बाहर से जो ऐसी फिल्म्स आती हैं जिनका बच्चों पर बुरा असर पड़ता है और जिन से वह शतानी और चोरी आदि भी सीखते हैं उन को बैन करने के लिये या जो फिल्म्स इस तरह की हिन्दुस्तान में बनती हैं उन पर रोक लगाने के लिये कोई कदम उठाया जायेगा?

Mr. Deputy-Speaker: It is not a question.

Dr. Keskar: This question does not relate to this.

Shri K. K. Basu: May I know the name of the country which has the best reception of Indian films.

Dr. Keskar: Very few Indian films are being exported at this time. I would say that the largest number of

films have been exported only during the last two or three years, and they have been to the U.S.S.R.

श्री एम० एल० बौद्धरी: क्या माननीय मंत्री महोदय बतलाने की कृपा करेंगे कि क्या वेस्टर्न एशिया के देशों में भारतीय फिल्में पहुँचाने के लिये भारत सरकार और वहाँ की सरकारों के बीच कोई पत्र व्यवहार चल रहा है?

डा० केसकर: चूँकि यह स्वतंत्र उद्योग है इस लिये इस के बारे में गवर्नमेंट कोई कदम उठाने के लिये तैयार नहीं है। जब तक कि कोई ऐसी फिल्में तैयार न हों जो बाहर भेजी जा सकें। अगर फिल्म इन्स्ट्री ऐसी फिल्म्स तैयार करते लगे जो कि बाहर भेजी जा सकती हों तब यह सवाल उठेगा।

GOA

***344. Shri Velayudhan:** Will the Prime Minister be pleased to state whether any authority is functioning in that part of the territory of Goa which is not governed by the Portuguese at present?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): Dadra and Nagar Haveli, two Portuguese enclaves in India were liberated by unarmed Goan nationalists in July-August 1954 acting in co-operation with the people of those areas. They are being administered by the representatives of the people of the enclaves.

Shri Velayudhan: May I know who is actually ruling this particular area now? Is it the Government of Bombay or is there any administrative organisation there set up? The Goan nationalists in Bombay have demanded that administrative machinery should be set up there with the consent of the people there.

Shri Anil K. Chanda: The people who have liberated those areas have set up a Board of their own, but I do not know if there is any one individual who is ruling there.

Shri Velayudhan: May I know whether there is any control or supervision or any contact by the Government of India or the Government of Bombay over the administration of this particular territory?

Shri Anil K. Chanda: The Government of India do not come into the picture at all.

Shri Velayudhan: May I know whether there was any demand from the Goan nationalist body in Bombay that some particular administrative machinery should be set up and that the present so-called administrative machinery is defective in character and nature?

Shri Anil K. Chanda: One Dr. R. G. Kamat, President of the United Front of Goans has been writing in the papers that there should be a provisional government set up in those liberated areas, but obviously it is a matter for the people who have liberated those areas to set up their own government.

Shrimati Renu Chakravarty: In view of the fact that the liberation was for integration with India, after the liberation, has there been no negotiation between the people who liberated them and the Government of India to take over?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): There is no question of negotiations with them. There is no doubt about it that the people of those territories want full integration with India. But it is the Government of India that did not wish to take any such legal step, because of the larger question of Goa impending. Of course, a time will come when all these will be integrated to India.

EARTH MOVING EQUIPMENT

***345. Shri Tulsidas:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government appointed a Committee on Earth Moving Equipment in December, 1955; and

(b) if so, whether it has submitted its report?

The Minister of Industries (Shri Kanungo): (a) Yes, Sir.

(b) The Committee has not yet completed its deliberations.

Shri Tulsidas: May I know the number of manufacturers of earth-moving equipment in India?

Shri Kanungo: There are no manufacturers as such who produce the entire machines, but there are various factories which have got capacity to produce components.

Shri Tulsidas: May I know whether these manufacturers are finding any difficulties in producing those components or in expanding their programmes?

Shri Kanungo: It is precisely for finding that out that this committee has been appointed.

SINDRI NEWS

***346. Thakur Jagat Kishore Sinha:** Will the Minister of Production be pleased to state:

(a) the cost and income of the publication of Sindri News;

(b) number of copies printed and the manner in which distributed; and

(c) the number of copies which are supplied to paid subscribers and to others as complimentary copies?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) to (c). A statement is placed on the Table of the Lok Sabha. [See Appendix II, annexure No. 44.]

ठाकुर यशल किशोर सिंह : क्या मंत्री महोदय बतलाने की कृपा करेंगे कि किस तरह के विचार और समाचार इसमें छापे जाते हैं?

श्री आर० जी० दुबे : सिद्धी फरटिलाइजर फैक्टरी के अन्दर जो काम अलग अलग डिपार्टमेंट्स में चलता है और वहाँ पर जो मशिनलात पैदा होती हैं इसमें उनके बारे में वर्कर्ज को मालूमात देने का प्रबन्ध किया जाता है और इसके साथ ही साथ फरटिलाइजर के बारे में भी आम तौर पर मालूमात दी जाती है।

ठाकुर यशल किशोर सिंह : क्या यह सच है कि जो इसके सबस्क्राइबर्ज हैं वह सिर्फ वर्कर्ज ही हैं और उनकी रजामंदी के बगैर ही उनसे पैसे लिये जाते हैं?

श्री आर० जी० दुबे : वर्कर्ज के अलावा बाहर के लोग भी सबस्क्राइबर्ज हैं?

Shri B. S. Murthy: May I know whether it is the intention of Government to have a magazine for each fertiliser factory?

Shri R. G. Dubey : I could not say that about the other concerns, but for the present we have made a beginning so far as the Sindri Fertilisers are concerned.

ठाकर युगल किशोर सिंह : क्या मैं जान सकता हूँ.....

उपायक भवेश्वर महोदय : इस पर तीन सप्लीमेंटरी पूछे जा सकते हैं।

MATCH INDUSTRY

*347 **Shri Veeraswamy:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government are aware that about 60 Match factories in Sattur and Sivakasi area in Madras State have decided to stop production from March, 1956, if Government do not establish a Central Marketing Organisation for hand made matches; and

(b) if so, the action Government have taken or propose to take in the matter?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) A resolution to this effect has apparently been passed at a meeting of the owners of these match factories.

(b) The factories are largely B class factories owned by private individuals. Government have suggested that they should float a Joint-Stock Company for the purpose of marketing their products. The difficulty seems to be that they could not get together for this purpose.

Shri Veeraswamy: May I know whether any representation has been received from the match manufacturers requesting Government to establish a marketing society, so that they could compete with the Western India Match Manufacturing Company?

Shri T. T. Krishnamachari: Yes, some people saw me recently about it.

Shri Natarajan: Is it not a fact that WIMCO had increased their sales

through their powerful marketing organisation by reducing the prices in the South?

Shri T. T. Krishnamachari: I have no information to that effect.

Shri Natarajan: Is it a fact that there was a gentleman's agreement between Government and the WIMCO at the time of the Taxation Enquiry Commission early in the thirties, that the WIMCO should restrict their production to 50 per cent. of the all-India consumption, and the balance should be reserved for the hand-made industry, and if so, may I know whether Government are taking any steps to implement that?

Shri T. T. Krishnamachari: Notice.

Shrimati Jayashri: May I know the total number of factories manufacturing matches in India, and the number of people employed in them?

Shri T. T. Krishnamachari: That question does not arise out of this.

Shri Veeraswamy: May I know whether it is not a fact that the match manufacturers are not supplied even wagons to export match-boxes from their area to other areas?

Shri T. T. Krishnamachari: I am afraid this question must be addressed to the Minister of Railways.

Shri Velayudhan: May I know what will happen to the large number of employees working there, in view of Government's decision to stop production of goods by them?

Shri T. T. Krishnamachari: I am afraid my hon. friend has mistaken the question. Government have not decided to stop anything. Private manufacturers who have been making money by employing these people and producing matches have said, "Unless something is done, we shall close down".

I might add for the information of the House, because the House seems to be interested in this matter, that about three and a half years back, we made an attempt to bring these people together. In fact, I went down to Madras myself. But these factories did not

want to put out any money themselves; they wanted Government to put out all the money. And Government cannot operate this body under any existing scheme governing co-operative enterprises because there is exploitation, so far as these factories are concerned. Subsequently, the position of the industry was very good, the matches were selling well, and they were prosperous, and then they forgot all about it. Now again when the downward trend has started, they think that Government must put out their money.

Government are quite prepared to help any co-operative enterprise, but they cannot give help to enterprises where the main motive is that of making profits.

Shri Bhagwat Jha Azad: May I know what action has been taken by Government since the passing of this resolution, to provide them with marketing facilities which, it appears from the resolution, they have been demanding?

Shri T. T. Krishnamachari: Again, my hon. friend is not correctly informed about the position. I have explained for about two minutes what the position is. Somebody passes a resolution which means committing Government to an expenditure of Rs. 40 lakhs; well, no action is possible on that. Those people must help themselves. If they say that they shall put out money to the tune of Rs. 35 or 30 or even 25 lakhs, then I can possibly ask the Industrial Finance Corporation or the State Finance Corporation to help them. But Government cannot find the money in the case of an industry where profit is the main motive.

INDIANS IN RHODESIA AND NYASALAND

***349. Sardar Iqbal Singh:** Will the Prime Minister be pleased to state:

(a) whether the Governments of Southern Rhodesia, Northern Rhodesia and Nyasaland have passed legislations which restrict the movements of Indians from one territory to the other; and

3—55 Lok Sabha.

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

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) Under Section 4(1) (c) of the Southern Rhodesian Inter-Territorial Movement of Persons (Control) Act, 1954, any person who is born or resident in Northern Rhodesia or Nyasaland and who is not a European or a Native is prohibited from entering Southern Rhodesia. Thus, the entry into Southern Rhodesia of Indians residing in Northern Rhodesia and Nyasaland has been restricted. No such restriction has been imposed on Indians living anywhere in the Federation of Rhodesia and Nyasaland by the Governments of Northern Rhodesia and Nyasaland.

(b) The Government of India have not found it possible to take any steps in the matter.

Sardar Iqbal Singh: May I know whether it is a fact that the Government of Southern Rhodesia have given a definite assurance at the time of the information of this Federation that no racial discrimination policy will be followed, and if so, whether the Government of India have written to that effect to the Government of the Central African Federation?

Shri Anil K. Chanda: I am not quite sure if any such assurance was given by the Government of Southern Rhodesia. In fact, I would be surprised if there was any, because there is an Act from 1924 onwards virtually banning the immigration of Indians into Southern Rhodesia.

Sardar Iqbal Singh: May I know whether there was a general assurance that no definite racial discrimination policy would be followed in the Central African Federation, and if so, whether the Government of India have written to that effect to the Government of the Central African Federation?

Shri Anil K. Chanda: I have already said that I am not aware of any such assurance.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): If I may say so, vague state-

ments to that effect were made at that time; not precise assurance but vague general statements were made.

The present law may be said not to discriminate, but in effect it does. But it does not apply to Indians only; it applies to others too. But in effect the burden of it falls upon Indians as well as other Asians.

Another difficulty has been that there are many discriminating features in the Central African Federation, even in personal treatment etc. When we inform that Government, they express their regret and they say, "We are sorry for this, but we are powerless", that is to say, the people do it, or the municipality does it or somebody else does it, but not the Government. But the Government have said that it is true.

Only a few days ago, some leading members of the Central African Federation criticised rather strongly the attitude of the South African Government in regard to segregation. They said, "We in the Central African Federation are not going to follow it, that is, the policy of segregation".

So, there are these rather confusing and contradictory trends, but the broad trend is certainly in favour of discrimination.

WRITTEN ANSWERS TO QUESTIONS

SMALL SCALE INDUSTRIES IN TRAVANCORE-COCHIN

***323. Shri V. P. Nayar:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that grant or aid given by Government to the Government of Travancore-Cochin for Village and Small Scale Industries was not utilised in full by the State Government;

(b) whether it is also a fact that during the end of December, 1955, he called a meeting of representatives of the State at Madras, and asked them to explain the circumstances in which the amount was not utilised; and

(c) if so, the final outcome of the meeting?

The Minister of Industries (Shri Kanungo): (a) Yes, Sir.

(b) and (c). A meeting of the representatives of the Madras, Andhra, Mysore and Travancore-Cochin Governments was held at Madras on 27th December, 1955 mainly to review the progress in the execution of the schemes sanctioned by the Government of India for development of small scale industries. The Minister for Commerce and Industry who presided over the meeting stressed the need for quicker progress in the implementation of the schemes.

DISPLACED AGRICULTURIST FAMILIES OF PUNJAB

***328. Sardar Hukam Singh:** Will the Minister of Rehabilitation be pleased to state:

(a) the number of displaced agriculturist families of Punjab or Punjabi extraction who had got their land claims registered under the East Punjab (Registration of land claims) Act, 1948 and verified by the Punjab Government for properties left in West Pakistan, but had temporary allotments in Ganganagar District of Rajasthan; and

(b) the number of such allottees who have been given quasi-permanent allotments in Ganganagar now?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): (a) 815.

(b) Nil. Rule 64 of the Displaced Persons (Compensation and Rehabilitation) Rules has been recently amended and action will now be taken to confer ownership on these allottees.

STEEL IMPORTS

***331. Shri G. P. Sinha:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether India proposes to enter into an agreement to import steel from the U. S. S. R.; and

(b) if so, the quantity thereof?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). Yes, Sir. One million tons during 1956 to 1958.

EXPENDITURE ON FIRST FIVE YEAR PLAN

***333. Shri S. C. Singhal:** Will the Minister of Planning be pleased to state:

(a) the amount of the revised estimated expenditure on the First Five Year Plan;

(b) the amount which will be met from general revenues of the Central and State Governments; and

(c) the total amount which will be met by (i) loans, (ii) foreign aid and (iii) deficit financing?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Rs. 2120 crores. This includes actuals for the first three years, revised estimates for 1954-55 and budget estimates for 1955-56:

(b) Rs. 626 crores, including Rs. 490 crores from current revenues, Rs. 116 crores from railways and Rs. 20 crores from miscellaneous capital receipts;

(c) (i) Rs. 487 crores, including Rs. 203 crores for loans from the public and Rs. 284 crores for small savings and unfunded debt;

(ii) Rs. 230 crores;

(iii) Rs. 777 crores. This deficit is to be covered by increase in floating debt, sale of securities and withdrawal from cash balances.

FOUNDRY TECHNOLOGY

***335. Shri M. R. Krishna:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that a certain number of students have been selected and sent to the United Kingdom for specialised training in foundry technology at the Wolverhampton Municipal College in Staffordshire; and

(b) if so, their number and the period of their training?

The Minister of Industries (Shri Kanungo): (a) Yes, Sir. The persons sent are not, however, students, but technicians already employed in the line.

(b) Number—6.

Period of training:

10 months in the case of five and about 2 years in the case of one.

SMALL SCALE INDUSTRIES

***340. Shri Punnoose:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that a regional conference of representatives of the State Governments who are directly concerned with the implementation of schemes relating to small-scale and handloom industries, was held in Bombay in January 1956; and

(b) if so, the nature of decisions taken at this conference?

The Minister of Industries (Shri Kanungo): (a) Yes, Sir.

(b) The conference was convened mainly to review the progress made by the State Governments in the field of handloom and small-scale industries. The need for quickening the pace of progress was impressed on the State Governments at the meeting.

SALEM STEEL PLANT

***341. Shri Sivamurthi Swami:** Will the Minister of Commerce and Industry be pleased to state whether a scheme for putting up a low-shaft furnace in Salem in connection with the iron and steel plant to be set up there has taken shape?

The Minister of Industries (Shri Kanungo): No, Sir. Not yet.

SILK INDUSTRY

***342. Shri N. Rachiah:** Will the Minister of Production be pleased to state:

(a) whether any representations are received from the representatives of silk industry in Mysore seeking protection for the industry; and

(b) if so, the action taken?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) The sericulture industry is already protected since 1934, but representations have been received seeking a total ban on imported yarn.

(b) Government are importing a limited quantity of raw silk to regulate the market. The Central Silk Board, release it in small lots after a careful study of market trends with a view to avoid any adverse effect on indigenous silk. It is not considered in public interest to impose a total ban.

ASIAN-AFRICAN CONFERENCE

*348. { **Shri M. S. Gurupadaswamy:**
Shri M. Islamuddin:

Will the Prime Minister be pleased to state:

(a) whether the next session of the Asian-African Conference has been postponed; and

(b) if so, the reasons therefor?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) and (b). No date for holding the next session of the Asian-African Conference was ever fixed.

डॉ. दी० टी०

*350. श्री दी० दी० शास्त्री : क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि;

(क) भारत ने १९५४-५५ में विदेशों से कितनी डी० दी० टी० का आयात किया;

(ख) उसी कालावधि में भारत में कितनी डी० दी० टी० का उत्पादन हुआ;

(ग) क्या भारत में एक और डी० दी० टी० की फैक्टरी स्थापित करने की सम्भावना है; और

(घ) यदि: हां तो वह कहां पर स्थापित की जायगी?

उत्पादन उपमंत्री (श्री सतीश चन्द्र): (क) राष्ट्रीय मलेरिया नियंत्रण कार्यक्रम के लिये ७०२० टन डी० दी० टी० (३५ प्रतिशत चूर्ण) का आयात किया गया।

(ख) कुछ नहीं।

(ग) जी हां।

(घ) शावणकोर-कोरीन में ग्रान्ट स्थान पर।

SALT MANUFACTURE

***351. Shri Nambiar:** Will the Minister of Production be pleased to state:

(a) whether Government have received any representation from Valibar Sangam of Sevandakulam (Tuticorin-Madras State) containing suggestions for assignment of land for salt manufacture; and

(b) if so, decision of Government in this matter?

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

(b) The request of the Sangam received in May 1951 could not be acceded to, because the land in question had been leased out to a Co-operative Society in 1950.

SALT

***352. Shri C. R. Narasimhan:** Will the Minister of Production be pleased to state:

(a) whether the extent of loss to the salt manufacturers of Madras State caused by the recent cyclone has been investigated;

(b) whether some relief and concession were asked for by the affected salt manufacturers; and

(c) the action being taken in the matter?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) Yes.

(b) Yes.

(c) (i) Grants-in-aid and interest-free loans have been sanctioned for the rehabilitation of salt manufacturers;

(ii) Stocks of Government Reserves as well as sub-standard salt held under ban have been released;

(iii) Damages to channels, bunds, roads, etc. within the factory premises are being repaired.

कपास का आयात

* 353. श्री रघुनाथौः सिंह : क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि भारत का पाकिस्तान से कपास आयात करने का विचार है ; और

(ख) यदि हां तो इसका कारण क्या है ?

उद्योग मंत्री (श्री कानूनगो) : (क) तथा (ख) , जी हां । भारत पाकिस्तान व्यापार करार की शर्तों के अनुसार पाकिस्तान से ७/८ इंची और इससे लम्बे रेशे की कपास आयात करने की अनुमति देने का निश्चय किया गया है ।

टेलीविजन

* 354 श्री एम० एल० डिवेदीः
श्री भूलन सिंहः
श्री आर० एस० तिवारीः
श्री कृष्णाचार्य जोशीः
श्री बोड्यारः

क्या सूखना और प्रसारण मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार का विचार निकट भविष्य में टेलीविजन आरम्भ करने का है ;

(ख) यदि हां तो वह विषय किस स्थिति में है;

(ग) क्या यह सच है कि फिलिप्स इलेक्ट्रोकॉल कम्पनी ने इसके लिये आवश्यक सामान देने का वचन दिया है ; और

(घ) यदि हां तो स्थिति क्या है ?

सूखना और प्रसारण मंत्री (डा० केतकर) : (क) जी हां ।

(ख) इस का काम दूसरी पंचवर्षीय योजना में सम्मिलित है ।

(ग) तथा (घ). कृष्ण साज-सामान बेचने का एक प्रस्ताव आया है और उस पर विचार किया जा रहा है ।

DEPUTATION OF INDIAN SCIENTISTS TO U.K. ATOMIC REACTOR SCHOOL, HARWELL

* 355. श्री श्री नारायण दासः Will the Prime Minister be pleased to state:

(a) whether Indian scientists have been sent or have themselves gone to attend a course at the U. K. Atomic Research Establishment Reactor School at Harwell; and

(b) if so, the number of such scientists?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). The Government have deputed three scientists to attend the course at the Reactor School at Harwell in the United Kingdom.

ATOMIC REACTORS

* 356. { Shri Radha Raman:
Shri Bibhuti Mishra:

Will the Prime Minister be pleased to state:

(a) whether Government were considering the possibility of establishing Atomic Reactors, using thorium instead of uranium for breeding and as a power generator;

(b) when the Swimming Pool Reactor at present under construction at Bombay will begin functioning; and

(c) what is the estimated expenditure to be incurred on this project?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) About the middle of this year.

(c) Approximately Rs. 26 lakhs, excluding the cost of fuel elements, which are to be obtained on hire from the United Kingdom Atomic Energy Authority.

CANALISATION OF IMPORTS

* 357. श्री बंसलः Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have made any assessment of their scheme for the canalisation of imports of certain items such as raw silk, caustic soda, soda ash, sodium bicarbonate, etc.;

(b) whether it is a fact that the scheme has not prevented fluctuations in prices; and

(c) if so, whether Government propose to continue the scheme?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) It is too early to judge the results of these schemes.

(c) Yes.

INDIAN INDUSTRIES FAIR

*358 { **Sardar Hukam Singh:**
 { **Shri Velayudhan:**

Will the Minister of Commerce and Industry be pleased to state:

(a) whether certain countries have presented some of their exhibits in the Indian Industries Fair to the Government of India;

(b) if so, which are those countries; and

(c) what are these exhibits?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) U.S.A., China and the German Democratic Republic.

(c) A statement is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 45.]

COTTON IMPORTS

*359. **Shri S. C. Singhal:** Will the Minister of Commerce and Industry be pleased to state:

(a) the figures of the import of cotton in India during 1955;

(b) the reasons for the increase of the cotton prices at present;

(c) whether these prices have increased in the countries from where it is imported; and

(d) the steps taken by Government to reduce the prices?

The Minister of Industries (Shri Kanungo): (a) In the cotton year 1954-55, 6,15,435 bales of cotton were imported.

(b) and (c). The prices of cotton imported in India have gone up in the

countries of their origin and consequently also in India.

(d) In view of the reply to parts (b) and (c) of the Question, there is hardly any thing that Government can do in the matter. There is no control on prices of foreign cotton.

TELCO

*360. **Shri T. B. Vittal Rao:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that Messrs. Tata Locomotive and Engineering Company Limited, Bombay have submitted any scheme for the expansion of their present undertaking in the country in collaboration with Messrs. Daimler Benz A. G. (West Germany);

(b) if so, the details of this scheme; and

(c) whether Government have approved this scheme?

The Minister of Industries (Shri Kanungo): (a) to (c). Yes, Sir. Messrs. Tata Locomotive and Engineering Company Limited, who held a licence to manufacture 3,000 diesel driven trucks on a single shift basis applied for permission to work two shifts. This permission was granted in December, 1955.

BORDER INCIDENTS NEAR JAMMU AND KASHMIR STATE

*361. **Shri M. R. Krishna:** Will the Prime Minister be pleased to state whether it is a fact that a few Pakistani Nationals who trespassed into Jammu and Kashmir State were shot by the Indian Troops on the 28th of November, 1955?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): On November 28, 1955, a number of Pakistanis, engaged in cutting grass, surreptitiously surrounded an Indian special armed patrol, about half a mile, within our territories, of the border near Akhnur. In order to disengage themselves, our patrol fired one shot which resulted in the death of one Pakistani. No Indian troops were involved in the incident.

GOA

*362. { **Shri D. C. Shafma:**
Shri Kamath:

Will the Prime Minister be pleased to state:

(a) whether Government are aware of the fact that some Indian Nationals in Singapore, Aden and Hongkong have been trading with Goa clandestinely; and

(b) if so, whether Government propose to take any action in the matter?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) and (b). Government are aware that certain Indian nationals in Aden and Singapore have exported goods to Goa. It has been suggested to Indian nationals not to export goods to Goa. No information is at present available of exports to Goa from Hong Kong. The Government of Bombay and the appropriate departments of the Government of India have been requested to keep a watch over exports from Bombay, of Indians goods to Goa via Aden.

तम्बाकू

*363. { **श्री जी० एल० चौधरी:**
श्री डामो:

क्या बाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि बीड़ी की तम्बाकू के नियर्ति के लिये सरकार नई कार्यवाही कर रही है;

(ख) यदि हां तो किन किन देशों से सम्पर्क स्थापित किया गया है; और

(ग) इस दिशा में कहां तक सफलता मिली है?

बाणिज्य मंत्री (श्री करमरकर) : (क) से (ग) मिस्र, अदन, ईरान, इराक, तुर्की पूर्वी अफिका, इथियोपिया, अफगानिस्तान, सऊदी अरब, कम्बोडिया और चीन के बाजारों का हमारे व्यापारिक अफसरों द्वारा सर्वेक्षण किया जा रहा है लेकिन पता चला है कि उन्हें इन बाजारों में बीड़ी की तम्बाकू में कोई गहरी रुचि नहीं दिखायी दी है। फिर भी अभी और कोशिशें की जा रही हैं।

QUALITY CONTROL ON CLOTH

*364. { **Thakur Jugal Kishore Sinha:**
Shri Asthana:
Babu Ramnarayan Singh:
Shri M. Islamuddin :

Will the Minister of Commerce and Industry be pleased to state :

(a) whether Government enforce any quality control on the manufacture of cloth; and

(b) if so, the nature and manner thereof?

The Minister of Commerce (Shri Karmarkar): (a) and (b). Textile Mills are required to conform to certain prescribed specifications in respect of manufacture of cotton textiles which relate to counts of warp and weft yarn and reed-pick difference. There is also a voluntary system of inspection of cloth meant for export to see whether it is according to standard varieties. Facilities, free of charge, are offered to any exporter or foreign buyer, who may want guarantee of quality.

ANECDOTES ON MAHATMA GANDHI

*365. { **Shri S. C. Samanta:**
Dr. Ram Subhag Singh:
Shri Gadilingana Gowd :

Will the Minister of Information and Broadcasting be pleased to state :

(a) whether it is a fact that All India Radio is trying to compile short anecdotes and stories about Mahatma Gandhi;

(b) if so, the arrangements being made to collect unpublished anecdotes from the living contemporaries; and

(c) the number of anecdotes and stories that were broadcast on the death anniversary of Mahatma Gandhi on the 30th January, 1956?

The Minister of Information and Broadcasting (Dr. Keskar): (a) to (c). As a part of 30th January celebrations All India Radio has initiated a new programme of broadcasting anecdotes of Gandhiji and wherever possible get

living contemporaries to broadcast unpublished true anecdotes of Gandhiji. Some anecdotes were accordingly broadcast from certain stations. It is proposed that later collected anecdotes will be published in a book-form.

EXPENDITURE ON BHAKRA DAM PROJECT

***366. Sardar Iqbal Singh:** Will the Minister of Irrigation and Power be pleased to refer to the reply given to Starred Question No. 50 on the 25th July, 1955 and state:

(a) whether the review of the estimated expenditure on the Bhakra Dam Project has been finalised; and

(b) if so, the estimated amount of increase and reasons therefor?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Revived estimate has been prepared but it has not yet been approved.

(b) As against the estimate of Rs. 158.8834 crores worked out in 1954, the estimated cost now stands at Rs. 173.5483 crores, resulting in an increase of Rs. 14.6649 crores. This increase is due to the widening of the scope of the Project, viz. installation of an additional unit at each of the Power Houses at Ganguwal and Kotla, as also four additional units at the Bhakra Power House, besides additional expenditure on the civil works on the right bank Power House.

ENGINEERING PERSONNEL COMMITTEE

***367.**

Shri Bansal: Shri Bhagwat Jha Azad: Shri Wodeyar: Shri Gadilingana Gowd: Shri Madhao Reddi:
--

Will the Minister of Planning be pleased to state:

(a) whether the Engineering Personnel Committee appointed by the Commission has submitted its report; and

(b) if so, what are its recommendations?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) The Engineering Personnel Committee has so far sent only its Interim Recommendations.

(b) A copy of the Committee's Interim Recommendations is placed on the Table of the Lok Sabha. [Placed in Library. See No. S-72/56.]

CONVERSIONS OF MUSLIMS

***368.**

Shri D. C. Sharma: Shri M. R. Krishna: Shri Krishnacharya Joshi:

Will the Prime Minister be pleased to state:

(a) whether Government are aware of the fact that reports of large scale conversions of Muslims to Hinduism in India are appearing in the Pakistan Press; and

(b) if so, what steps have been taken to contradict these false reports?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) and (b). Recently the Pakistani Press gave wide publicity to a report published in an Urdu daily of Delhi towards the end of December 1955, alleging mass conversion of Muslims to Hinduism in Rajasthan. In the meanwhile, however, the Indian newspaper had the report verified and finding that it was false, issued a contradiction which was published in a number of newspaper in Pakistan. Our High Commissioner in Karachi and Deputy High Commissioner in Lahore also made statements to the Press refuting reports of conversion of Muslims in India.

NATIONAL LABOUR FORCE

***369. Thakur Jugal Kishore Sinha:** Will the Minister of Planning be pleased to state the decision of the Government in connection with the establishment of a National Labour Force?

The Deputy Minister of Planning (Shri S. N. Mishra): No decision has been taken by Government so far regarding the establishment of a National Labour Force.

HEAVY WATER MODERATED REACTOR

*169. { **Shri Balwant Sinha Mehta:**
Shri M. S. Gurupadaswamy:
Shri S. V. Ramaswamy:

Will the Prime Minister be pleased to state:

(a) whether it is a fact that a heavy water moderated reactor will be set up in our country very soon;

(b) if so, where it is likely to be established; and

(c) what would be the approximate cost of heavy water per ton obtained as a by-product?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) At the Atomic Energy Establishment at Trombay near Bombay.

(c) The approximate cost per ton of heavy water that will be produced at the Fertiliser-cum-Heavy Water Plant at Nangal can be estimated only after the project reports, which have been called for from the technical consultants, are received and considered by Government.

COTTON TEXTILES

170. Shri Tulsidas: Will the Minister of Commerce and Industry be pleased to state:

(a) the total production of mill cloth, power-loom cloth and handloom cloth, during the calendar years 1953, 1954 and 1955;

(b) a break-up of the different varieties of cloth according to coarse, medium, fine and superfine; and

(c) whether there is any tendency for shift towards production of fine and superfine varieties?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). A statement is attached. [See Appendix II, annexure No. 46.]

(c) There has been a shift towards fine and superfine varieties in the case of handloom cloth.

D.G.C.I.S.—INVESTIGATION

171. Shri Tulsidas: Will the Minister of Commerce and Industry be pleased to state:

(a) whether the *ad hoc* Committee set up to investigate the working of the Directorate General of Commercial Intelligence and Statistics, Calcutta, had recommended the appointment of a Standing Advisory Committee;

(b) if so, whether this Advisory Committee has since been set up; and

(c) the number of meetings held so far and the decisions taken by the Advisory Committee?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). Yes, Sir.

(c) Only one meeting has been held at which the Committee discussed matters relating to:—

(i) compilation of a booklet giving information about various kinds of taxes levied by the Central and State Governments;

(ii) change over from the current classification of goods in foreign trade accounts to an amplified list based on the Standard International Trade Classification; and

(iii) expansion of and improvement in Commercial Intelligence work.

KONAR DAM

172. Thakur Jugal Kishore Sinha: Will the Minister of Irrigation and Power be pleased to refer to the reply given to Unstarred Question No. 89 on the 24th November, 1955 and state the break up of item Nos. 1, 3 and 10 of the estimated expenditure on the opening ceremony of Konar Dam of Damodar Valley Corporation?

The Deputy Minister of Irrigation and Power (Shri Hathi): The necessary information is being collected from the Damodar Valley Corporation and will be laid on the Table of the Lok Sabha as soon as possible.

INDIAN FILM INDUSTRY

173. Shri A. K. Gopalan: Will the Minister of Information and Broadcasting be pleased to state:

(a) the salient features in the Second Five Year Plan for development of the Indian Film Industry; and

(b) the steps Government propose to take ultimately to (i) ban exhibition of pornographic films (ii) enlarge the scope of cheap films of educative value?

The Minister of Information and Broadcasting (Dr. Keskar): (a) The question of setting up a National Film Board and a Film Institute is under consideration and the possibilities of manufacture of raw film and cinema projectors as recommended by the Film Enquiry Committee are also being examined.

(b) Pornographic films are even today not allowed to be exhibited. A Film Production Bureau is being contemplated which will prevent from inception the production of such films. The Films Division by itself and through private producers will expand the production of films of educative value and the Children's Film Society is undertaking the production of entertainment films for children.

STEEL PRODUCTION

174. Shri G. P. Sinha: Will the Minister of Commerce and Industry be pleased to state the total production of steel in India during 1955?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): 1,260,358 tons.

SEWING MACHINES

175. Shri D. C. Sharma: Will the Minister of Commerce and Industry be pleased to state:

(a) whether during the current licensing period *ad hoc* licences have been given for the import of sewing machines;

(b) if so, value thereof; and

(c) the names of the established importers to whom such licences have been issued?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) No, Sir.

(b) and (c). Do not arise.

INDIAN EMBASSIES

176. Shri S. C. Samanta: Will the Prime Minister be pleased to refer to the reply given to Unstarred Question No. 341 on the 7th December, 1955 and state:

(a) whether the case referred to in answer to part (b) of the question *viz.* purchase of immovable property abroad by the wife of an Indian embassy official has been enquired into;

(b) if so, the findings thereof; and

(c) the steps taken in the matter?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) Yes.

(b) and (c). Government are satisfied that the property was purchased by the officer's son-in-law in the name of the officer's wife. All the same, the transaction should have been reported to Government in time. The Officer was informed accordingly. He has since left Government service.

MAITHON PROJECT

*177. { **Shrimati Renu Chakravarthy:**
Shri Tushar Chatterjee:

Will the Minister of Irrigation and Power be pleased to state:

(a) the number of workers in the Maithon Project of Damodar Valley Corporation in June-July, 1953;

(b) the number of departmental work-charged staff during the same period;

(c) the number of persons working now in both categories;

(d) the number of persons expected to be rendered surplus in the next six months;

(e) whether they are assured of jobs elsewhere;

(f) the number of persons who got jobs among those rendered surplus; and

(g) whether the Damodar Valley Corporation has any method of follow up of those rendered surplus?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) 5,442 including Contractors' labour.

(b) 2417.

(c) 9367 including Contractors' labour.

(d) 6000.

(e) The DVC cannot give any such assurance. The Ministry are, however, exploring all possible avenues of securing alternative employment for the surplus technical personnel.

(f) 42.

(g) Yes.

PEACEFUL USES OF ATOMIC ENERGY

178. **Shri D. C. Sharma:**
 Sardar Iqbal Singh:
 Shri Krishnacharya Joshi:

Will the Prime Minister be pleased to state:

(a) whether the Government of India have entered into Agreements with the Governments of other countries for sharing the secrets of Atomic Research for peaceful use; and

(b) if so, the names of those countries?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) India is in close touch with other countries for co-operation and collaboration in atomic research and has formal agreements with some of them.

(b) The countries concerned include Canada, France, Norway, U.K. and U.S.A.

REHABILITATION OF DISPLACED PERSONS IN PEPSU

179. **Shri D. C. Sharma:** Will the Minister of Rehabilitation be pleased to state the amount spent so far on the rehabilitation of displaced persons in the PEPSU?

The Ministry of Rehabilitation (Shri Mehr Chand Khanna): The collection of this information, which is not readily available, will involve time and labour not commensurate with the results to be achieved.

SINDRI FERTILIZER FACTORY

180. **Shri D. C. Sharma:** Will the Minister of Production be pleased to state the number of foreigners employed at present in the various departments of Sindri Fertilizer Factory?

The Minister of Production (Shri K. C. Reddy): One.

PROHIBITION ENQUIRY COMMITTEE REPORT

181. **Shri Kamath:** Will the Minister of Planning be pleased to state:

(a) whether all State Governments have expressed their views on the report of the Prohibition Enquiry committee; and

(b) if so, the reaction of each of the State Governments thereto?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Yes, except the State Government of Orissa.

(b) A summary of views is placed on the Table of the Lok Sabha. [See Appendix II, annexure No. 47.]

HINDUSTAN MOTOR CARS

182. **Th. Lakshman Singh Charak:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of Hindustan Motor Cars exported in the years 1954 and 1955; and

(b) the names of the countries to which these cars have been exported?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). There were no commercial exports in 1954 and 1955 of Hindustan Motorcars.

MOTOR CARS

183. **Shri M. S. Gurupadaswamy:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of cars of various types manufactured and imported

during the period April, 1955 to December, 1955; and

(b) the number of Hindustan Landmaster exported to foreign countries during the same period?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) A statement is attached. [See Appendix II, annexure No. 48.]

(b) There were no commercial exports during April-December 1955 of Hindustan Landmaster Cars.

EVACUEE PROPERTY

184. Shri Gidwani: Will the Minister of Rehabilitation be pleased to state:

(a) the number of evacuee properties so far auctioned;

(b) the number of such properties out of them which have been purchased by Displaced Persons in lieu of their claims;

(c) the number of cases in which possessions have so far been given; and

(d) the approximate time after which possession has been given after auction?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): (a) 7978.

(b) 6131.

(c) 1773.

(d) About two months where the price is adjusted against a single claimant, who has no co-sharers and who has not taken rehabilitation benefits in other States. In many cases several claimants purchase a property together and in such cases it may take about four to six months. The time taken is even longer if these claimants have co-sharers in a number of different States.

INDIAN HIGH COMMISSIONER IN U.K.

185. Shri S. V. Ramaswamy: Will the Prime Minister be pleased to state:

(a) the expenditure incurred on the Indian High Commissioner's Office, London, in 1954-55; and

(b) if there has been a progressive increase in expenditure since 1951, the reasons therefor?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) The expenditure on the Office of the High Commissioner for India in London is debited to different Grants controlled by various Ministries. In 1954-55, a total expenditure of Rs. 51,58,657 was incurred against the Grant controlled by the Ministry of External Affairs and includes expenditure on the main Chancery, Publicity Organisation, Legal Adviser's Department and Historical Adviser. In addition, it also includes miscellaneous expenditure on other items, e.g., Colonial Departmental charges, Foreign Service Probationers, Relief and Repatriation of Destitute Indians, Embassy of India, Dublin, and other miscellaneous expenditure.

(b) The corresponding figures relating to 1951-52, 1952-53 and 1953-54 are Rs. 53,96,640, Rs. 49,60,779 and Rs. 50,93,760 respectively. In 1952-53 there was some reduction in expenditure as compared to 1951-52 and this was mainly due to transfer of expenditure on the Office of the Economic Adviser, Medical Adviser and Education Department to Grants controlled by other Ministries and economy in expenditure on contingencies. The slight increase in expenditure during 1953-54 and 1954-55 as compared to the expenditure during 1952-53 is due to sanction of pay awards to local staff according to British Treasury Rules and drawal of normal increments.

BHILAI STEEL PLANT

186. Shri Kamath: Will the Minister of Iron and Steel be pleased to state:

(a) the total number of labourers, skilled and unskilled, employed at present on the Bhilai Steel Project;

(b) the wage scales prescribed for such labour;

(c) what percentage thereof has been recruited in Madhya Pradesh; and

(d) the personnel of the recruiting and selecting authority?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) As all the works are now being executed either by State

Government Departments or by Contractors, this information is not available.

(b) to (d). Do not arise.

* _____

DAILY DIGEST

493

494

[Wednesday, 29th February, 1956]

ORAL ANSWERS TO QUESTIONS . . .	COLUMNS S. Q. Subject No.	S. Q. Subject No.	COLUMNS
319. Fertilizer Factories . . .	435-38	328. Displaced Agricultu- rist Families of Pun- jab . . .	470
320. Community Radio Sets . . .	438-40	331. Steel Imports . . .	470-71
321. Export Promotion Association . . .	440-41	333. Expenditure on First Five Year Plan . . .	471
322. Amalgamation of Col- lieries . . .	442	335. Foundry Technology	471-72
324. Machinery for the Projects . . .	443-45	340. Small Scale Industries	472
325. National Industrial Development Cor- poration . . .	445-47	341. Salem Steel Plant.	472
326. Mr. Dulles Visit to India . . .	447-48	342. Silk Industry . . .	472-73
327. Second Five Year Plan . . .	448	348. Asian-African Con- ference . . .	473
329. Export of Rice Bran. *	448-50	350. D.D.T. . .	473-74
330. Coal . . .	450-51	351. Salt Manufacture . . .	474
332. Charkhas . . .	452	352. Salt . . .	474
334. French Possessions .	452-54	353. Cotton Imports . . .	475
336. State Trading Corpo- ration . . .	454-55	354. Television . . .	475
337. Coal . . .	456-57	355. Deputation of Indian Scientists to U. K.	
338. Silk . . .	457-58	Atomic Reactor School, Harwell . . .	476
339. Indo-China Agree- ment . . .	458-60	356. Atomic Reactors . . .	476
343. Indian Films . . .	460-62	357. Canalisation of Im- ports . . .	476-77
344. Goa . . .	462-63	358. Indian Industries Fair	477
345. Earth Moving Equip- ment . . .	463-64	359. Cotton Imports . . .	477-78
346. Sindri News . . .	464-65	360. Telco . . .	478
347. Match Industry . . .	465-67	361. Border Incidents near Jammu and Kashmir State . . .	478
349. Indians in Rhodesia and Nyasaland . . .	467-69	362. Goa . . .	479
WRITTEN ANSWERS TO QUESTIONS . . .	469-92	363. Tobacco . . .	479
323. Small Scale Industries in Travancore-Co- chin . . .	469-70	364. Quality Control on Cloth . . .	480
		365. Anecdotes on Mahatma Gandhi . . .	480-81
		366. Expenditure on Bha- kra Dam Project . . .	489
		367. Engineering Personnel Committee. . .	481-82
		368. Conversions of Mus- lims . . .	482
		369. National Labour Force	482

Wednesday, February 29, 1956

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

VOL. I, 1956

(15th February to 3rd March 1956)



TWELFTH SESSION, 1956

(Vol. I contains Nos. 1 to 15)

LOK SABHA SECRETARIAT
NEW DELHI

CONTENTS

(Part II Debates—Vol. I—15th February 1956 to 3rd March 1956)

COLUMNS

No. 1. Wednesday, 15th February, 1956

President's Address	1—18
Message from Speaker	19
Death of Shri Natesan	19
Question of Privilege	20—21
President's assent to Bills	21
Motion for adjournment—	

Violations of Indian territory by Portuguese Armed Forces	22—23
---	-------

Papers laid on the Table	23—26
Representation of the People (Second Amendment) Bill	26
Securities Contracts (Regulation) Bill	26—27
Control of Shipping (Continuance) Bill	27—28
Daily Digest	29—36

No. 2. Thursday, 16th February, 1956

Death of Shri Meghnad Saha	37—38
Daily Digest	39—40

No. 3. Friday, 17th February, 1956

Motion for adjournment—	
Firing in Manipur State	41—42
Papers laid on the Table	44—47
Committee on Private Members' Bills and Resolutions—Forty-third Report.	
Life Insurance (Emergency Provisions) Bill	44
Sales-tax Laws Validation Bill	44—45
Capital Issues (Continuance of Control) Amendment Bill	45
Life Insurance Corporation Bill	45
Business of the House	46—47
Question of Privilege	47
Representation of the People (Amendment) Bill—	
Motion to consider as reported by Select Committee	47—95
Resolution regarding Industrial Service Commission	95—101
	106—50
Business of the House	102
Committee on Private Members' Bills and Resolutions—	
Forty-third Report	102—106
Daily Digest	151—154
<i>No. 4. Saturday, 18th February, 1956</i>	
Business Advisory Committee—	
Thirty-first Report	155

Representation of People (Amendment) Bill, as reported by Select Committee—	
Motion to consider	155—60
Clauses 1—29	160—223
Motion to pass, as amended	223
Bar Councils (Validation of State Laws) Bill, as passed by Rajya Sabha—	
Motion to consider	223—39
Clauses 1—2 and Schedule	238—39
Motion to pass, as amended	239
Voluntary Surrender of salaries (Exemption from Taxation) Bill—	
Motion to consider	239—42
Clauses 1—2	241
Motion to pass as amended	242
University Grants Commission Bill—	
Motion to consider Rajya Sabha Amendments	242—47
Indian Red Cross Society (Amendment) Bill—	
Motion to consider	247—56
Clauses 1—9 and Schedules I to III	256—57
Motion to pass as amended	257
Saint John Ambulance Association (India) Transfer of Funds Bill—	
Motion to consider	257—59
Clauses 1—2 and Schedule	259—60
Motion to pass as amended	260
All-India Institute of Medical Sciences Bill—	
Motion to consider	260—84
Daily Digest	285—86
<i>No. 5. Monday, 20th February, 1956</i>	
Death of Acharya Narendra Deva	287—90
Papers laid on the Table	290
Motion regarding Thirty-first Report of Business Advisory Committee	290
Release of two Members from detention	291
Motion on Address by the President	291—402
All-India Institute of Medical Sciences Bill—	
Motion to consider	402—31
Consideration of clauses	431—40
Daily Digest	441—42

No. 6. Tuesday, 21st February, 1956

Papers laid on the Table	443—44
Prevention of Corruption (Amendment) Bill—	
Opinions	444
Messages from Rajya Sabha	444—46
Multi-Unit Co-operative Society (Amendment) Bill, 1956	446
Estimates Committee—	
Nineteenth Report	446
All-India Institute of Medical Sciences Bill—	
Clause 9	447—53
Motion to pass, as amended	453—60
Motion on Address by the President	461—566
Daily Digest	567—70

No. 7. Wednesday, 22nd February, 1956

Motion for Adjournment—	
Incursion by Pakistan Army into Chhad Bet in Rann of Kutch	571—74
Papers laid on the Table	574—76
Committee on Private Members' Bills and Resolutions—	
Forty-fourth Report	576
Election to Committee—Delhi Development Provisional Authority	577
Motion on Address by the President	577—710
Daily Digest	711—14

No. 8. Thursday, 23rd February, 1956

Warrant for arrest of a Member	715
Presentation of Railway Budget	715—41
Motion on Address by the President	741—846
Daily Digest	847—48

No. 9. Friday, 24th February, 1956

Papers laid on the Table	849
Message from Rajya Sabha	849
Indian Lac Ceas (Amendment) Bill	849
Petitions regarding Report of States Re-organisation Commission	850
Control of Shipping (Continuance) Bill—	
Motion to consider	850—89
Clauses 2 and 1	889
Motion to pass	889—91
Capital Issues (Continuance of Control) Amendment Bill—	
Motion to consider	891—908

COLUMNS

Committee on Private Members' Bills and Resolutions—	
Forty-fourth Report	908—09
Indian Panel Code (Amendment) Bill (<i>Insertion of new section 170A</i>)	909
Indian Panel Code (Amendment) Bill (<i>Insertion of new section 427-A</i>)	909
Proceedings of Legislatures (Protection of Publication) Bill	909—10
Motor Vehicles (Amendment) Bill (<i>Substitution of Section 65 etc.</i>)—	
Motion to consider	910—43
Demands for Supplementary Grants	943
Shri Kashi Viswanath Mandir Bill—	
Motion to consider	943—54
Daily Digest	955—56
<i>No. 10. Monday, 27th February, 1956</i>	
Death of Shri G. V. Mavalankar	957—68
Daily Digest	969—70
<i>No. 11. Tuesday, 28th February, 1956</i>	
Death of Shri Lalchand Navalrai	971 .
Papers laid on the Table	971—972
Message from the President	973
Message from Rajya Sabha	973
Indian Cotton Cess (Amendment) Bill	973
Arrest of a Member	973
Estimates Committee—	
Twentieth Report	974
Election to Committee—	
Central Advisory Committee of National Cadet Corps	974
Agricultural Produce (Development and Warehousing) Corporations Bill	974—75
Capital Issues (Continuance of Control) Amendment Bill—	
Motion to consider	975—1030
Clauses 2, 3 and 1	1030
Motion to pass	1030
Sales-tax Laws Validation Bill—	
Motion to consider	1031—80
Daily Digest	1081—84
<i>No. 12. Wednesday, 29th February, 1956</i>	
Paper laid on the Table	1085
Committee on Private Members' Bills and Resolutions—	
Forty-fifth Report	1085
Securities Contracts (Regulation) Bill	1085—86

COLUMNS

Sales-tax Laws Validation Bill—

Motion to consider	1086—1128
Clauses 2, 3 and 1	1128—33
Motion to pass	1133

Business of the House

1133—35

Life Insurance (Emergency Provisions) Bill—

Motion to consider	1135—75
--------------------	---------

Presentation of General Budget, 1956-57

1175—1208

Finance Bill

1208

Daily Digest

1209—10

No. 13. Thursday, 1st March, 1956

Paper laid on the Table

1211

Estimates Committee—

Twenty-first Report	1211
---------------------	------

Business of the House—

Hours of Sitting	1211
------------------	------

Demands² for Supplementary Grants, 1955-56

1212—1304

Appropriation Bill	1305
--------------------	------

Life Insurance (Emergency Provisions) Bill—

Motion to consider	1305—38
--------------------	---------

Daily Digest

1339—40

No. 14. Friday, 2nd March, 1956

Paper laid on the Table

1341—42

Messages from Rajya Sabha

1342

Appropriation Bill

1343

Life Insurance (Emergency Provisions) Bill—

Motion to consider	1343—1402
--------------------	-----------

Committee on Private Members' Bills and Resolutions—

Forty-fifth Report	1402—03
--------------------	---------

Resolution regarding Appointment of a Committee to examine Community Projects and National Extension Service Schemes

1403—54

Resolution regarding Fixing a Target date for Prohibition

1454

Daily Digest

1455—56

No. 15. Saturday, 3rd March, 1956

Motions for Adjournment

1457—60

Paper laid on the Table

1460

Statement regarding Printing errors in Finance Bill

1460—61

WRITTEN ANSWERS TO

QUESTIONS—*Contd.*

<i>U. S. Q.</i>	<i>Subject</i>	<i>COLUMNS</i>	<i>U. S. Q.</i>	<i>Subject</i>	<i>COLUMNS</i>
<i>No.</i>			<i>No.</i>		
169.	Heavy Water Mod- erated Reactor	483	179.	Rehabilitation of Dis- placed Persons in PEPSU	487-88
170.	Cotton Textiles	483	180.	Sindri Fertilizer Fac- tory	488
171.	D.G.C. I. S. Investi- gation	484	181.	Prohibition Enquiry Committee Report	488
172.	Konar Dam	484	182.	Hindustan Motor Cars	488
173.	Indian Film Industry	485	183.	Motor Cars	488-89
174.	Steel Production	485	184.	Evacuee Property	489
175.	Sewing Machines	485-86	185.	Indian High Com- mission in U.K.	489-90
176.	Indian Embassies	486	186.	Bhilai Steel Plant	490-92
177.	Maithon Project	486-87			
178.	Peaceful Uses of At- omic Energy	487			

LOK SABHA DEBATES
(Part II—Proceedings other than Questions and Answers)

1085

1086

LOK SABHA

Wednesday, 29th February, 1956.

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part)

12 NOON

PAPER LAID ON THE TABLE

BUDGET ESTIMATES OF THE DAMODAR VALLEY CORPORATION

The Deputy Minister of Irrigation and Power (Shri Hathi): On behalf of Shri Nanda, I beg to lay on the Table a copy of the budget estimates of the Damodar Valley Corporation for the year 1956-57 under sub-section (3) of section 44 of the Damodar Valley Corporation Act, 1948. [Placed in the Library. See No. S-70/56.]

COMMITTEE ON PRIVATE MEMBERS' BILL AND RESOLUTIONS

FORTY-FIFTH REPORT

Shri Altekar (North Satara): I beg to present the Forty-fifth Report of the Committee on Private Members' Bills and Resolutions.

SECURITIES CONTRACTS (REGULATION) BILL

PRESENTATION OF *REPORT OF JOINT COMMITTEE

Shri C. C. Shah (Gohilwad-Sorath): I beg to present the Report of the Joint Committee on the Bill to prevent undesirable transactions in securities by regulating the business of dealing therein,

by prohibiting options and by providing for certain other matters connected therewith.

SALES TAX LAWS (VALIDATION) BILL—Concl.

Mr. Deputy-Speaker: The House will now resume further consideration of the Sales Tax Laws Validation Bill. Out of 4 hours allotted for this Bill, 2 hours and 30 minutes have already been availed of. This leaves 1 hour and 30 minutes.

After the disposal of this Bill, the House will take up the Life Insurance (Emergency Provisions) Bill till 4.30 P.M. when the House will adjourn to re-assemble at 5 P.M. in connection with the presentation of the Budget by the Minister of Finance.

Shri Heda will now continue his speech on the Sales Tax Laws Validation Bill.

श्री हेदा (निजामाबाद) : कल में यह अर्जन कर रहा था कि आम तौर पर यह स्थाल फैला है कि हुक्मत चाहे जो करे वह अपने काम को निभा कर ले जा सकती है। इस सिलसिले में मुझे एक आध चीज और अर्जन करनी है।

कल जब इस विधेयक के उपर हाउस (सभा) में बहस हो रही थी तो उसके दौरान में एक सदस्य ने दरियाफ्त (भालूम) किया था कि जिस कम्पनी ने यह दावा दायर किया और जिसके हक में यह फैसला हुआ, क्या उस कम्पनी की सेल्स टैक्स (विक्रीकर) देना होगा और अगर देना होगा तो उसको यह सारा फ्रैंकट मोल लेने से क्या कायदा हुआ? उसके जबाब में उसी बहत कहा गया था कि उसको यह सन्तोष मिलेगा कि फैसला उसके हक में हुआ। सेकिन में उन को यह बताना चाहूगा कि केवल सन्तोष मात्र किसी व्यापारिक संस्था के लिए काफ़ी नहीं हो सकता। दरअसल इसमें वह कहावत चरितार्थ होती है कि 'नेकी कर और दरया में डाल'।

*Published in the Gazette of India Extraordinary, dated 29-2-1956, pp. 11.

[श्री हेडा] जो पैसा हुक्मत के पास चला जाये, वह उससे वापिस लिया जायें....

श्री य० एम० त्रिवेदी (चिन्तौड़) : * सरकार रिफंड (वापिस करा) देती है।

श्री हेडा : सरकार के पास चले गये पैसे को वापिस लेने के लिए बड़ी दिक्कत और दुश्वारी पैदा होती है और किसी भी तरह की वसूली हो, तगावी हो या दूसरे महसूलात हों, हमने देखा है कि हालांकि सरकार इनकी वसूली करते बहत यह कह देती है कि भाई इनकी आदायगी कर दो, मुमकिन है कि आगे चल करके हमें इससे कोई नजात मिल सकेगी और यह माफ हो जायेग और यही बजह है कि जो आदमी ऐसा समझ कर महसूल बगैरह अदा कर देता है, वह तो आगे चल कर नुकसान में रहता है लेकिन जो आदमी अदा नहीं करता और कोई न कोई हीले बहाने बना कर उसकी अदायगी को टालता जाता है, उसको आगे चल कर किसी भीके पर फायदा पहुंच सकता है जिसका भतलब यह हुआ कि जो न्याय होता है वह उलटा हो रहा है। जो ठीक तौर पर अदा करता है और जिस ने ठीक तौर पर अदा न करके किसी न किसी तरीके से उसकी अदायगी को रोके रखता वह फायदे में रहता है। इस सम्बन्ध में यह अपील करूँगा कि कम से कम जो सेल्स टैक्स आयद हो चुका वह तो हो चुका लेकिन जो अभी तक वसूल नहीं हुआ है उसको वसूल करने की कायदाही न की जाये और ऐसा करके हम यकीनन सुप्रीम कोर्ट का जो इस सम्बन्ध में डिसिशन (निरण्य) हुआ है, उसकी इज्जत करेंगे। यहां पर यह कहा गया था कि सुप्रीम कोर्ट की इज्जत तो हम करते ही हैं और हम उनके फैसले की भी इज्जत करते हैं और उसी के लिए तो यह बिल हम हाउस की मंजूरी के लिए लाये हैं। आपका ऐसा फरमान बजा है लेकिन मैं यह कहे बगैर नहीं रह सकता कि यह इज्जत महज टेकिनिकल (परिभाषिक) है जब कि आप यह कहते हैं कि सुप्रीम कोर्ट ने जो एक हमारे रास्ते में अड़ंगा लगाया था, उसको हमने दूर कर दिया है। इस तरह की यह जो भावना है और इज्जत है, जिस तरीके से पूरी इज्जत होनी चाहिए थी वह नहीं हो पाई है। अभी जैसा कि श्री बंसल ने कहा और एक दूसरे साहब ने कहा कि इससे बहुत बड़ा क्रदम उठाने का सवाल नहीं है खाली तीन, चार करोड़ रुपये का सवाल है और मैं तो कहता हूँ कि जो हम आलरेडी (पहिले ही) वसूल कर चुके, उसके सम्बन्ध में कोई कायदाही न करें, लेकिन

उन्होंने एक दावा दायर किया, एक प्वाइंट किलियर (स्पष्टीकरन) कराया लेकिन खुद उन्हें उससे कोई फायदा नहीं हुआ और उनके सामने जो एक समस्या थी, जो एक सवाल था वह ज्यों का थों बना रहा और वह हल नहीं हो पाया। दूसरी तरफ जब हम हुक्मत की पोजीशन स्थिति का ख्याल करते हैं तो उसके सम्बन्ध में एक दूसरी कहावत चरितार्थ होती है और वह यह है कि चित भी 'मेरी और पट भी मेरी जो काम हम ने किया वह अगर ठीक था और दस्तुर के तहत (आधीन) था, तब तो चलिये अच्छा हुमा लेकिन अगर वह दस्तुर के तहत ठीक भी नहीं था तब भी आगे चल कर हम यहां आकर उसको रिट्रॉस्पेटिव एफक्ट (भूतलक्षी प्रवाह के साथ) ठीक करा सकते हैं। वहलाहल अम लोग में ख्याल फैल रहा है कि हुक्मत चाहे कोई काम कर ले और वह चाहे कानन दस्तुर के तहत जायज हो या न हो, उसके खिलाफ़ कोई चारेकार हासिल नहीं है। इस सिलसिले में भेरा केवल इतना निवेदन है कि कम से कम वह सेल्स टैक्स जो अभी वसूल नहीं हुआ है, उसके बारे में हुक्मत (सरकार) को और तरीके से गौर करना चाहिए।

इस विधेयक के एम्स एंड आबजेक्ट्स दिखा कर उद्देश्य के अन्दर जो शब्द लिखे हैं और बिल (विधेयक) की बाड़ी के अन्दर जो शब्द लिखे हैं, उनमें जरा सा फँक है। एम्स एंड आबजेक्ट्स के अन्दर 'लैबी एंड कलेक्शन' (आरोपण और संग्रहण) इस तरह से एंड (और) शब्द डाला हुआ है जब कि बिल की बाड़ी में 'हैव बीन लैबीड और कलेक्शन' (आरोपित या संग्रहीत) यह शब्द डाले हुए हैं। एम्स एंड आबजेक्ट्स को देखने के बाद ऐसा मालूम होता है कि जो इंटर स्टेट सेल्स टैक्स (अंतरराजीय विकी कर) आयद हो चुका, लैबी हो चुका और वसूल हो चुका वह तो वसूल हो चुका। और उसको अब जायज कर दिया गया है लेकिन वह टैक्स जो सिर्फ़ आयद हुआ है और अभी वसूल नहीं हुआ है उसके बारे में एक ऐसा ख्याल पैदा होता है कि शायद उसको वसूल वहीं किया जायेगा। लेकिन बिल का जो दूसरा व्याज (खंड) है उसको देखने के बाद स्पष्ट तौर पर पर मालूम होता है कि जो अभी वसूल नहीं हुआ है उसको वसूल किया जा सकता है और उसकी अदायगी से नजात या माफ़ी नहीं मिल सकती। इसके बारे में मैं अर्ज़ करूँगा कि जिन से सेल्स टैक्स वसूल हो चुका है और जो रकम सरकार के पास भीजूद है, उसके बारे में मुझे कुछ ज्ञास कहना नहीं है और वास्तव में यह काफ़ी मुश्किल हो जाता है कि एक बार

जो अभी बसूल होना चाकी है, और वह बहुत छोटी रकम निकलेगी और उसमें नुकसान की कोई खास बात नहीं है, उसको हम अब बसूल न करें। जिस कानून को सुप्रीम कोर्ट ने नाजायज ठहरा दिया है उसको हम रिट्रायरिटिव (भुतलक्षी) तौर पर जायज करार देकर बकाया की बसूलयाची न करे और हमारा ऐसा करने से कम से कम कुछ लोगों को राहत मिलेगी और ऐसा करके हम सुप्रीम कोर्ट की मंशा के मुताबिक अमल करेंगे और मैं समझता हूं कि हम इससे भल्कू के अन्दर लुशनुदी (सद्भावना) हासिल करेंगे। इन्हीं चन्द एक भल्काज (शब्दों) के साथ मैं इपना भाषण समाप्त करता हूं।

पंडित ठाकुर बास भार्गव (गुडगांव): उपाध्यक्ष महोदय, यह जो आपके रूबरू (सामने) आज क्रानून मौजूद है, इसके जब मैं ने एस्स एंड आब-जेक्टस (उदाय) को देखा तो मैं यह समझता था कि चूंकि यह मुश्किल है कि जो रुपया कलंकट (जमा) हो चुका है वह किस को वापिस किया जाये। मिडिलमेन (दलाल) को अगर वापिस किया जाय तो कंज्यूमर्स (उपभोक्ता) को उसका फायदा नहीं मिलेगा और इस बजाह से मानरेबुल फ़ाइनान्स मिनिस्टर (माननीय वित्त मन्त्री) साहब का यह कहना था कि चूंकि असल अशालास (व्यक्तियों) को जिनसे कि यह रुपया बसूल किया गया है उनको नहीं मिलेगा। बल्कि ऐसे अशालास को मिलेगा जो फ़िलबाक्य (यथार्थ मे) इसके हफ़ादार नहीं हैं और इस दलील में कुछ जवाज था कि उस रुपये को वापिस न किया जाता, गो कि मैं यह समझता हूं कि गवर्नर्मेंट का फ़र्ज इतना ही है कि अगर किसी शास्त्र से उसने नाजायज तौर पर रुपया बसूल किया है तो गवर्नर्मेंट को वह रुपया उसी शास्त्र को वापिस दे देना चाहिये जिससे कि उसने बसूल किया हो। यह इक्सेटी (भावना) कि जिस से गवर्नर्मेंट ने रुपया बसूल किया और जिस शास्त्र ने कंज्यूमर्स से बसूल किया और उनके माबेन हैं यह दिक्कत पेशा थी कि वह किस को दें और किस को न दें, जहां तक गवर्नर्मेंट का ताल्लुक है, यह रुपया उनको मिलना चाहिए जिनसे कि गवर्नर्मेंट ने बसूल किया, मैं इस डेलिकेटेस (आरीकी) आनरेबुल मिनिस्टर के फ़ाइन टेप्परामेंट (अच्छी प्रकृति) और डेलिकेसी आफ ला (कानून की आरीकी) की उनकी दलील को समझने को तैयार हूं कि असल शास्त्र को अगर रुपया नहीं पढ़ूंचता तो अच्छा है कि वह रुपया गवर्नर्मेंट के पास ही रह जाये, यह मिनिस्टर साहब का नुक्तेनिगाह (इष्टिकोण) था गो कि मैं इसके

साथ एप्रीमेंट (सहमत) में नहीं हूं, ताहम इसमें कुछ जवाज था सेकिन जब जनाब के तशरीफ से जाने के बाद एक दो सबाल उठे तो पता लगा कि इसके अन्दर इतना ही नहीं है बल्कि जो आज ऐसे क्रानून मौजूद हैं जिनकी कि बाबत सुप्रीम कोर्ट ने क्रानून देकर दे दिया कि वह दुरुस्त क्रानून नहीं है और लालेस लाज (विधिरहित कानून) है और उनके अन्दर कोई एलिमेंट आफ जस्टिस (न्याय तत्व) नहीं है जिसकी कि बेसिस (आधार) पर उनको कायम रख सकें और उनके तहत किसी को अखत्यार नहीं था कि उस रुपये को बसूल करता, उन लाज के मातहत जो शास्त्र अभी तक टैक्स देने के लिए लाए बिल हैं, उनसे इस टैक्स को अभी बसूल किया जायेगा, तो ऐसी हालत में आनरेबुल मिनिस्टर साहब की जो असली दलील थी कि गवर्नर्मेंट कैसे उस टैक्स की रकम को सही लोगों को वापिस दे जिनसे कि उसने बाक़ी में बसूल किया था, वह दलील बेमानी हो जाती है और वह दलील दरअसल इस क्रानून के बास्ते नहीं पेश की जा रही है बल्कि वह दलील तो गवर्नर्मेंट की तरफ से उस इक्टाहा किए हुए रुपये को हजाम करने के बास्ते पेश की जा रही है। गवर्नर्मेंट को यह बलूबी भालूम है कि जिन लोगों से इस टैक्स का रुपया बसूल नहीं हुआ है और जो इसकी जद (सीमा) में आते हैं, अगर गवर्नर्मेंट उनसे रुपया बसूल न करे तो ठीक मानों में यह सुप्रीम कोर्ट के हुक्म की इज़जत करनी होगी। सुप्रीम कोर्ट के फ़िसले के बाबजूद और बाबजुद इसके कि हमारी राय में वह क्रानून दुरुस्त नहीं है, वह इल्लीगल (अवैध) टैक्स है, अगर फिर भी हम बसूल करते चले जायें तो मैं समझता हूं कि यह हेविसिटी आफ ला (विधि की अवहेलना) है और गवर्नर्मेंट हरगिज जस्टिकाइड (न्याय संगत) नहीं है कि उन लोगों से एक ऐसे क्रानून के मातहत जो कि दुरुस्त नहीं है, उस के मातहत अगर कोह लाए-बिलिटी (दायित्व) पैदा होती है तो मैं अर्ज करता हूं कि वह इल्लीगल इक्जैक्शन है और अनजस्टिकाइड इक्जैक्शन है। एक ऐसे क्रानून के मातहत जो कि इल्लीगल क्रानून ठहराया गया है उसके मातहत लाए बिलिटी को कलंकट करना भेंटी समझ में इनजस्टिस को परिच्छुएट (अन्याय को बढ़ावा देना) करना है।

फ़िलबाक्य जब मैं ने इस आसपेक्ट (पहलु) को सोचा तो मुझे भालूम हुआ कि यह मुनासिब नहीं है कि क्रानून इस तरह की इजाजत दे और हम दिन दहाड़े ऐसा काम करें जो कि

[पंडित ठाकर दास भार्गव]

कहते हैं नाजायज्ज्ञ है। इस वास्ते में ने दो अमेंडमेंट (संशोधन) हाउस की खिदमत में भेजे हैं। उनमें से एक यह है कि लफ्ज़ 'लैवीड और कलेक्टेड' (प्रारोपित अथवा संग्रहित) के बजाय 'लैवीड एड कलेक्टेड' (प्रारोपित और संग्रहित) समझा जाये। फिर मैं ने सोचा कि इतने लफ्ज़ इस्तेमाल करने की भी जरूरत नहीं है और इसलिए मैं ने अपने अमेंडमेंट पर एक अमेंडमेंट दिया जिसमें मैं ने यह कहा है कि जहाँ कहीं भी लफ्ज़ 'लैवीड आर' हों वहाँ से उनको हटा दिया जाये और सिर्फ लफ्ज़ 'कलेक्टेड' रखा जाये। हालांकि मैं इसके हक्क में भी नहीं हूँ क्योंकि इस रूपये का रखना नाजायज्ज्ञ होगा। अगर ऐसा किया गया तो इसका साइकालाजीकल (मनोवैज्ञानिक) नतीजा यह होगा कि लोग टैक्स इवेजन (कर से बचना) की बात सोचेंगे और ऐसा करने में वे अपने को जस्टीफाइड समझेंगे क्योंकि यहाँ पर ऐसा कानून है जिसके मातहत टैक्स बसूल नहीं हो सकता लेकिन उसके मातहत जो टैक्स लिया गया उसको दुरुस्त करार दिया जाता है। मैं समझता हूँ कि अगर ऐसा किया गया तो यह देश के लिए एक बड़ी भारी मिसफार्च्युन (दुर्भाग्य) होगी। हम एक इम्मारल (अनैतिक) कानून के मातहत इम्मारेलिटी (अनैतिकता) को जबाज़ दे रहे हैं। इसलिए मैं चाहता हूँ कि यह भ्रल्फाक्झ 'लैवीड आर' खत्म कर दे ने चाहिए।

मूँहे उस मामले में स्टेट गवर्नरमेंट (राज्यसरकार) से भी हमदर्दी नहीं है। आज जब हमारे सामने सैकिंड फाइब्र इम्पर प्लान (द्वितीय पंच वर्षीय योजना) भोजूद है, कोई शास्त्र ऐसा नहीं होगा जो चाहेगा कि गवर्नरमेंट के रिसोर्सेज संसाधन) कम किये जायें। अगर गवर्नरमेंट को चार पांच करोड़ रुपया ऐसे तरीके से मिलता है जो कि जायज़ है तो हर एक चाहेगा कि उस रुपये से काईनेस मिनिस्टर का खजाना पुर हो सकिए वह फाइब्र इम्पर प्लान को अच्छी तरह से चला सकें। आज २६ फरवरी को मैं समझता हूँ कि हमारे ऊपर कई करोड़ का टैक्स ज्यादा लगाया जायेगा जो ४५० करोड़ रुपया सैकिंड फाइब्र इम्पर प्लान के लिए टैक्सों के जरिये बसूल करना तै किया गया है, आज उसकी पहली ८० या ६० करोड़ की किशत शायद लगायी जायेगी। मैं उन टैक्सेज़ की सपोर्ट (अनुमोदन) करूँगा। लेकिन मैं इन तीन या चार करोड़ रुपये के टैक्स को सपोर्ट नहीं कर सकता क्यों कि यह हमारे मूल्क के स्टेटर (कांचे) को जो कि मारल और ला पर बेस्ट (तीन चार विधि पर शास्त्रारित)

है ठेस पहुँच जायेगा और वह स्टेटर कायम नहीं रहेगा।

कल शात मैं ने उस बहस को पढ़ा जो कि दफा २७४ ए १० बी० और दफा ३०१ और ३०२ और २६४ पर गौर करते बक्त कांस्टीट्यूएंट असेम्बली (संविधान सभा) में हुई थी। उस बक्त मैं ने दफा १६ को, जो कि फंडामेंटल राइट्स (मूलभूत अधिकार) के मुतालिक है, मजबूत करने के लिए कोई बीस अमेंडमेंट पैश किये थे क्योंकि मैं समझता था कि यह कानून दफा १६ के उसूल (सिद्धांत) के खिलाफ था। मैं चाहता था कि अगर हम हिन्दुस्तान को एक मूल्क बनाना चाहते हैं तो उसमें हर एक इन्सान को इंटर स्टेट ट्रेड और कामर्स (अन्तरराष्ट्रीय व्यापार और बानिज्य का हक होना चाहिए। मैं ने उस बक्त बहस के दौरान मैं कहा था कि हालत यह है कि पंजाब के ज़िले हिसार में चना ६ रुपये मन विकता है तो वही चना मद्रास में २२ रुपये और कलकत्ते में २० रुपये मन विकता है। मैं ने कहा था कि अगर आप इस मूल्क को एक बनाना चाहते हैं तो इस तरह की सहूलियत होनी चाहिए कि एक जगह की पैदावार और सुशाहाली का दूसरे हिस्से भी फ़ायदा उठा सकें। अब एस. आर. सी.रिपोर्ट पर बहस के दौरान मैं मालूम हुआ कि आप जोन (खंड) बनायेंगे। तो क्या आप रीजन वार (प्रदेश वार) टैक्स लगायेंगे। मैं समझता हूँ कि ऐसे टैक्स ठीक नहीं हैं। अगर एक स्टेट की पैदावार दूसरी स्टेट में जाती है तो उस पर टैक्स लगाना बाजिब नहीं है। ऐसी कार्यवाही से देश की एकता नहीं बढ़ सकती। इसी लिए मैं चाहता था कि दफा १६ एवसोल्यूट हो। उस बक्त जो नोजवान अशाखास थे जैसे श्री शिव्वन लाल सक्सेना और प्रभूदयाल हिम्मत-सिंहा वरीरह उन्होंने मेरी बात को सपोर्ट किया लेकिन जो बड़े बड़े बुजुर्ग थे जैसे श्री टी० टी० कृष्णमाचारी और श्री श्रावाणी कृष्णस्वामी उन्होंने इस चीज़ को पसन्द नहीं किया और यह मोजूदा चीज़ पास हुई जो कि अब मोजूद है। लेकिन जो अब मोजूद है उस पर भी अमल नहीं हो रहा है। उस बक्त मैं ने यह भ्रज किया था :

"But in relation to these articles also my humble submission is that if the provinces are allowed to have their own way to impose restrictions upon the citizens of any other State, then this one-Nation talk, this unity and this one-Government and one-country talk will mean nothing."

मैं अदब से अर्ज करना चाहता हूँ कि अगर आप चाहते हैं कि यह उसूल देश में कायम हो कि सारा हिन्दूस्तान एक है तो इससे बढ़कर कोई अच्छी चोज़ नहीं है कि जो कानून आपने बनाया है उस पर अमल करें। जो कानून हमने बनाया था अगर उसका मुकाबला हम उस कानून से करें जो कि हम इस बिल के जरिये बनाना चाहते हैं तो हम पायेंगे कि यह कानून उसके सहत बर्खालाफ है। हमने कांस्टीट्यूशन की दफा २८६ में लिखा है :

"Except in so far as Parliament may be law otherwise provide, no law of a State shall impose, or authorise the imposition of, a tax on the sale or purchase of any goods where such sale or purchase takes place in the course of inter-State trade or commerce."

जनाब वाला, इसके अलावा इसमें एक प्रोवाइडो भी है जिसकी तरफ कल तबज्जह नहीं दी गयी। वह इस तरह से है :

"Provided that the President may by order direct that any tax on the sale or purchase of goods which was being lawfully levied by the Government of any State immediately before the commencement of this Constitution shall, notwithstanding that the imposition of such tax is contrary to the provisions of this clause, continue to be levied until the thirty-first day of March 1951."

कल जनाब वाला ने यह करार दे दिया कि जिस चीज़ को हाउस प्रासेक्टिवली (आविल्प के लिये) पास कर सकता है उसको रिट्राई-स्टिक्टिवली (मुतलकी) भी पास कर सकता है। यही बात एटानी जनरल (महान्याय वादी) साहब ने भी करमायी थी। हो सकता है कि यह बात दुरुस्त हो। लेकिन मैं अदब से अर्ज करना चाहता हूँ कि अगर किसी ऐक्ट की नेचर (अधोनियम के प्रकार) से यह जाहिर हो कि उसके लिए यह उसूल लागू नहीं किया जा सकता तो मेरी राय में उसमें इस उसूल की केद नहीं लगायी जानी चाहिए जैसी कि लगाने की कोशिश की जा रही है।

यह जो प्रोवाइडो (पस्तक) है वह जाहिर करता है कि वह कानून जो कि उस बजत मौजूद थे जब कि हमने यह प्रोवाइडो रखा था, उन पर इस प्रोवाइडो की रू से कुछ रेस्ट्रिक्शन (प्रतिबन्ध) लग गये। यानी ३१ मार्च, १९५१ तक यह कानून जारी रहेंगे और उस के बाद इस कानून

की रू से वह जारी नहीं रहेंगे। वह कानून 'टु देट एक्स्टेंट रिप्रिल' (उस सीमा तक रह) हो जायेंगे। मैं अर्ज करना चाहता हूँ कि अगर यह दुरुस्त है तो कोई सबाल रिट्राई-स्टिक्टिव का पैदा ही नहीं होता। हमें अल्ट्यार नहीं है इस कानून की रू से कि हम किसी कानून को रिट्राई-स्टिक्टिव एक्सेट दे सकें। कल कंस्टीट्यूशन की दफा २० का हबला दिया था, लेकिन यहाँ मौजूद है कि इस प्रोवाइडो की रू से पहले जो कानून थे वह खत्म हो गये और जब वह खत्म हो गये तो वह वैलिडेट (मान्य) नहीं हो सकते। ३१ मार्च, १९५१ को जो चीज़ मौजूद नहीं थी उसे हम वैलिडेट नहीं कर सकते। और मुझे डर है कि अगर यह कानून हम ने पास कर दिया तो सुप्रीम कोर्ट के अन्दर जा कर यह उसूल वैलिड नहीं करार दिया जायेगा और यह कहा जायेगा कि इस लाके हम पाबन्द नहीं हैं।

इस के अलावा जैसा मैंने अर्ज किया कि जो दफा २८६ है उस के अन्दर नेचर आफ प्राविजन (उपबंध का प्रकार) कुछ ऐसा है कि उस को हम रिट्राई-स्टिक्टिव एक्सेट नहीं दे सकते। उस के अन्दर लिखा है कि आइन्डा के बास्ते जो कानून बनेंगे, इस कानून के अन्दर तरमीम की गई, एक बह कानून जो मौजूद थे और एक बह जो आइन्डा बनेंगे। जो मौजूद थे उन के बास्ते प्रोवाइडो बना कि वह खत्म हो जायेंगे ३१ मार्च, १९५१ को और जो आइन्डा बनेंगे उन के लिये यह कहा गया कि जब पालियामेंट (संसद) यह प्रोवाइड (उपबंध) कर दे कि स्टेट ऐसा कर सकती हैं तो वह ऐसा कर सकती है। तो वह तो फ्लूचर (भविष्य) के बास्ते थे।

From the nature of the provision, it could only refer to the future; it could not by any stretch of imagination refer to the past. The liability of retrospective effect is inherently contradicted herein.

इस के अन्दर आप दर्ज हैं कि रिट्राई-स्टिक्टिव एक्सेट नहीं दिया जा सकता। मैं अर्ज करना चाहता हूँ कि यह उसूल क्या था। जो उसूल हमारे सुप्रीम कोर्ट ने करार दिया वह यह था कि पालियामेंट को introduction (निवेदाङ्ग) हटाने का हक है और अगर पालियामेंट कानून बना देगी तो फेटर हट जायेगी और कानून बन सकेगा लेकिन आप तो कहते हैं कि हम फेटर हटने का नाजायज़ कायदा लेंगे और जनाब फैसला भी दिया। लेकिन यहाँ तक कानून बनाने का सवाल, है इस पालियामेंट को स्टेट

[पंडित ठाकुर दास भार्गव]

के ऊपर टैक्स लगाने का या उसके बारे में कोई कानून बनाने का हक ही नहीं। तो जिन के बास्ते हमें कानून बनाने का हक नहीं है उन के मतालिक कानून को हमें वैलिडेट करने का भी हक नहीं हो सकता। फिर इस के सिवा में जनाव की विदम्भ में अर्जन करुंगा कि टैक्स के प्राविजन्स को इन फेरवर आफ दि सब्जेक्ट इंटरप्रेट (विषयों के समर्थन में निवंचन) किया जायेगा।

All things being equal, tax laws must be interpreted in favour of the subject.

तो यह एक मुसल्लमा उसूल (माना हुआ सिद्धांत) है। इस के सिवा दूसरा उसूल यह है कि जिस चीज को हम डाइरेक्टली (प्रत्यक्ष रूप में) नहीं कर सकते उस को हम इन्डाइरेक्टली (अप्रत्यक्ष रूप में) भी नहीं कर सकते। अगर हम डाइरेक्टली कोई टैक्स नहीं लगा सकते हैं तो फिर हम उस टैक्स के इन्डाइरेक्टली बसूल करने की इजाजत भी नहीं दे सकते। इस लिये किसी भी नुक्ता निगाह से जनाव गौर फरमायें, यह जो ला है उस को इस हाउस को पास (पारित) नहीं करना चाहिये। अगर इस के लिये हाउस को पावर्स (शक्तियां) भी हो, तो भी उस को इसे नहीं पास करना चाहिये।

कल हमारे फाइनेन्स मिनिस्टर साहब ने बतलाया था कि एक वक्त या जिस वक्त, उन्होंने और हमारे प्राइम मिनिस्टर साहब ने लोगों की तकालीफ को देख कर स्टेट्स को लिखा था कि इस तरह से टैक्स का बसूल करना मुनासिब नहीं है, लेकिन उस पर स्टेट्स ने क्या जवाब दिया? कई स्टेट्स ने तो कहा कि बहुत अच्छा हम आप की राय को कबूल कर लेते हैं, लेकिन कई स्टेट्स ने कहा कि हम तो सुप्रीम कोर्ट के जजमेंट को देखेंगे और टैक्स लगाते चले जायेंगे। जो शर्लस जान बूझ कर चले प्राइम मिनिस्टर साहब और हमारे फाइनेन्स मिनिस्टर साहब की एडवाइस को कबूल नहीं करता, आज वही यहां पर यह चाहता है कि हम यहां पर यह पास कर दें कि वह लोग नाजायज रूपया अपने पास रखें। मैं अदब से गुजारिश करुंगा कि यह कर्तव्य जायज नहीं होगा और इस को पालियामेंट को हर्षित नहीं मानना चाहिये। किसी भी इल्लीगल (अवैध) चीज को लीगलाइज (वैध बनाने) करने से सारे देश में यह चीज फैल जायेगी कि इस देश के अन्दर तिर्फ रूपया बसूल करने

का कानून है, और कोई कानून नहीं है। मैं नहीं चाहता कि थोड़ी सी रकम के बास्ते इस तरह का ख्याल लोगों के अन्दर पैदा हो। अगर आप आज १०० करोड़ रूपया टैक्स लगा दें तो वह हिन्दुस्तान खुबी से देने के लिये राजी हो जायेगा, लेकिन खुदा के बास्ते आप मुल्क के अन्दर यह साइकोलोजी (भावना) न पैदा कीजिये जिस के अन्दर लोग समझें कि गलत तरीके से टैक्स कलेक्ट (इकट्ठा) करना जायज है और हमारी पालियामेंट एक ऐसे टैक्स पर अपनी मुहर लगा सकती है, उस के कलेक्शन की इजाजत दे सकती है, न कि कानून जो नाजायज है, जो लगाना नहीं चाहिये था, जिस के लगाने के बाद एक पेसा जो बसूल किया इंटरस्टेट ट्रेड या किसी भी ट्रेड से, वह देश की एकता के बर्खिलाफ इस्तेमाल किया गया। मैं अर्जन करुंगा कि इस टैक्स के नेचर को देखते हुए, इस की सारी वैक्यातुंड (पृष्ठभूमि) को देखते हुए, इस चीज को देख कर कि आज के दिन हम एक क्राइसिस (मुसीबत) में फंसे हुए हैं, एक ऐसी चीज पर हम अपनी मुहर लगायें जिस से देश की एकता में फंक आये, जिस के अन्दर बगैर पालियामेंट की मंजूरी के स्टेट अंधाधुंध टैक्स लगाये, यह मुनासिव नहीं है।

आज दो तीन बरस इसी तरह का एक प्राविजन हमारे कृष्णाचारी साहब ने पेश किया था जिस के अन्दर जो कोई टैक्स गलत तरीके से लगा दिये गये और गलती से वह बसूल होते रहे थे, उन को लीगलाइज करने के बास्ते कहा गया था। उस वक्त भी मैं ने यही हुज्जत की कि ऐसा रूपया जो टेन्टेड मनी, जो दफा २६५ के बर्खिलाफ है, दफा २६५ में साफ तौर पर लिखा हुआ है।

No tax shall be levied or collected except by authority of law.

अब यह अधारिटी आफ ला (विधि का प्रधिकार) हम बनाने चले हैं। हम जान बूझ कर ऐसा सा बना सकते हैं जो लालेस ला हो, और यहां पर जन को वैलिडेट कर देने में भी बड़ा फँक है। लेकिन कुछ लाज ऐसे हैं, जो बाद में बन नहीं सकते हैं। उन के अन्दर कोई फेटर्स (रोक) हों, उन को हम हटा सकते हैं। सा बनने के बाद इनवैलिडेट (आमान्य) हो सकते हैं, लेकिन जो पहले के लाज (विधियां) हैं, जो कान्स्टिट्यूशन हके बजूद में आने के पहले ये वह सब के सब नाम-एग्जिस्टेंट (अधिकारी) हो गये, इल्लीगल हो

मये। अब जो चीज़ कायम नहीं रही, उस को बजूद में लाने का किसी को अस्वार नहीं है और यह चीज़ जायज़ नहीं होगी कि हम ऐसे फेल करें जो कि एक तरह से लीगली भमनू (प्रतिबन्धित) है, और भमनू न भी हो सकेंगे जो ऐवसोल्यूटली इम्मारल (नितांत अनंतिक) हैं। जहां तक इस ला का सबाल है, हमारे लिये यह मुश्किल है कि हम करार दें कि जो नाजायज़ ला है वह यहां कायम रहे। हमारे फाइनेंस मिनिस्टर साहब फरमाते हैं कि सन् १९५३ तक यह जायज़ था। जब कि सुप्रीम कोर्ट ने अपना फैसला दिया। मैं अर्ज़ करना चाहता हूं कि जो कुछ सन् १९५३ में किया गया वह भी शलती से किया, लेकिन जो शलती हो गई वह किसी और की नहीं हमारी शब्दनंमेंट की थी। हमारे प्राइम मिनिस्टर साहब और फाइनेंस मिनिस्टर साहब ने कहा कि आखिर अब क्या किया जाये, चाहे किसी भी बिना पर हो वह तो बसूल हो ही गया। इस के बास्ते मुझे कोई हमदर्दी नहीं है। मैं चाहता हूं कि वह सारा रूपया शब्दनंमेंट अपने खाजाने से वापस करे। अगर शब्दनंमेंट ईमानदारी की बात करती है तो उस के लिये यही रास्ता है। यह रूपया इल्लीगल ला के बमजिब बसूल किया गया है, ईमानदारी का नहीं है, हमें इस को अपने पास नहीं रखना चाहिये। हां अगर इस का वापिस करना मुश्किल है, जैसी कि दलील हमारे फाइनेंस मिनिस्टर साहब ने दी कि यह रूपया असल आदमी को नहीं जायेगा, तो उस के साथ मेरी हमदर्दी है, यह दलील कुछ बजन रखती है, अगर इस रूपये को आप रखना चाहते हैं तो उसे रख लें, लेकिन आइन्डा इस रूपये को बसूल करते जायें और टैक्स कलेक्ट करें, इस डिस्क्रिमिनेशन (पक्षपात) को मैं नहीं समझा। अगर कोई उज करना है कि फलां आदमी तो छूट गया, मुझ पर यह रकम क्यों लगाई जा रही है, तो क्या डिस्क्रिमिनेशन का सबाल नहीं है। टैक्स बाला कहता है कि हम से क्यों डिस्क्रिमिनेशन करते हो, हम तुम को यह टैक्स बयों दें, तो आप को चाहिये कि आप उस टैक्स को भंसल कर दें। पर अगर जिन से बसूल किया गया है उस का पता न चले तो यह बात दूसरी है। लैकिन यहां पर डिस्क्रिमिनेशन का सबाल नहीं है। जिन से आप टैक्स बसूल करना चाहते हैं उन से उस कानून की दुनियाद पर टैक्स बसूल करना जिस का कोई बजूद न हो, यह जायज़ नहीं है। जान बूझ कर हम उस पर अपनी मुहर नहीं लगा सकते। इस बारे में मेरी फीलिंग इसी जबदंस्त है कि मैं आप से अर्ज़ नहीं कर सकता। इस कानून के अन्दर

अगर यह शार्मिंट (तक) दिया जाता है कि कोई भी आदमी लायबुल है तो यह इस कानून में लैकिना (ब्रॉट) है। जब कोई लायबिलिटी (दायित्व) किसी पर रखी जाती है तो वह कानून की रू से रखी जाती है, बरना कोई लायबिलिटी किसी पर नहीं हो सकती है और सरकार कोई रूपया बसूल नहीं कर सकती है। फर्ज़ कीजिये कि एक कम्पनी ने आप के ऊपर दावा किया दस लाख रुपये का। अदालत ने उकम दे दिया कि वह रूपया लौटा दिया जाये। ऐसी हालत में आप के बास्ते काई रास्ता नहीं था कि आप उसे लौटाते नहीं। मैं तो फाइनेंस मिनिस्टर साहब की बात सुन कर हैरान हो गया कि जिस शब्दमें रूपया क्लेम किया है वह छाँटी शाहादात लायेगा। अगर आप समझते हैं कि वह छाँटी शाहादात लाया है तो आप का फर्ज़ है कि आप कहिये कि यह शब्द है उस से कोई रकम बसूल नहीं की गई और उस को डिगरी आज्ञाप्ति का फायदा नहीं होना चाहिये यह कहना मैं समझता हूं कि शलत है। अगर उसके फैवर में डिगरी है तो रूपया रिफ्यूज करना ठीक नहीं है। जहां तक उस आदमी का सबाल है अगर यह शक्त बन जाये कि उस के हक में डिगरी हो जाये तो उस को आप से उस डिगरी के रूपये को हासिल करना चाहिये। ऐसी सरतों में आप चाहते हैं कि जजमेंट (निराय) की डिवी को आप अपने कानून से बेकार कर दें। लैकिन मैं नहीं चाहता कि आप सुप्रीम कोर्ट के फैसले के बरिलाफ चलें। मैं नहीं चाहता कि जहां यह ला कहता है कि सारे का सारा ला ३१ मार्च, १९५१ को खत्म होगा, वहां पहली अप्रैल को वह दिखाई दे और कायम रहे। हम ना उस को बिगाढ़ सकते हैं और न बैलिडेट कर सकते हैं। इस ला को बैलिडेट करना कास्टिट्टूशन (संविधान) के खिलाफ होगा। मैं नहीं समझता कि कास्टिट्टूशन के बरिलाफ कोई कानून लागू रह सकता है। नतीजा यह होगा कि अगर हम यह पास करेंगे कि यह कानून कायम रहे तो हमारे ऊपर यह इत्ताम होगा कि हम ने आंख सोल कर ऐसा फैसला किया जिस को हम नहीं करना चाहिये था। मैं निहायत आदब से अर्ज़ करना चाहता हूं कि हाउस इस को माने या न माने, जितना क्लेम (दाव) का ऐमाउंट (राशी) है उसे वापस देना मुनासिब समझेंगे न समझें, अगर नहीं समझता तो वापस न दे, लैकिन हाउस हार्गज हार्गज इस बात की पार्टी न बने कि कास्टिट्टूशन के बरिलाफ जी इस कानून को जायज़ करार दे और जो फिलबाज़ जायज़ नहीं है उसे पर अपनी भंजूरी की मुहर

[पंडित ठाकूर दास भागव]

लगा दे। जो उसूल यहां पर रखा जा रहा है मैं उस की सख्त मुख्यालिकत करता हूँ।

Shri C. D. Pande (Naini Tal Distt. *cum* Almora Distt.—South-West *cum* Bareilly Distt.-North): I listened yesterday with great attention and respect to the learned and lucid exposition of law by Mr. Setalvad. I think this Parliament has the competence and the power to legislate a measure of this nature. No lawyer of his importance and eminence was required to prove that. Every Member here knows that this House has the power to pass a Bill of this nature.

An Hon. Member: Contradictory nature.

Shri C. D. Pande: But that is not important. There is something which is more important to consider while deciding whether it should be taken up or not. According to the petty, legal quibblings, it may be correct to do so. We should see from the moral standard whether it is desirable to do so.

In every democratic set-up, judiciary has a place. I am not concerned with the refund of the money or with the harassment. (*Interruptions*) I am only concerned with the place of the judiciary in our country. Are we justified in nullifying the judgment of the Supreme Court? Is it in consonance with the principles of democracy?

An Hon. Member: Have we not done so on so many occasions?

Shri C. D. Pande: There have been occasions and there have been cases where the pronouncements of the Supreme Court were nullified by Acts of Parliament. Every time I raised my voice that it was not proper; we should not wantonly use that power that way so that the aggrieved party who went to the highest authority in the land got a judgment which was later on nullified.

The Minister of Finance (Shri C. D. Deshmukh): Is it parliamentary to say that Parliament makes 'wanton' use of this power?

Shri V. G. Deshpande (Guna): We ourselves are saying it; it is not against any other body or any particular individual.

Shri C. D. Pande: My point is only this. If you want to maintain the dignity of the judiciary of this country, let there be fewer such occasions when we may have to nullify their judgments.

Shri K. C. Sodha (Sagar): What about the contradictory judgments of the Supreme Court?

Shri C. D. Pande: The latest judgment is in question. This House had done it many a time!

Mr. Deputy-Speaker: I am not interested in the general discussion. I am only here to hear. But so far as the judgment of the Supreme Court is concerned, let no wrong impression be created. It was held yesterday that the judgment was not on all fours here. The matter was decided that without the Parliament enacting a law empowering a State to impose this tax, the tax could not be levied or collected. Yesterday it was argued that retrospective effect could not be given. Now, that is not the point that came up for decision there. This point is not covered by the judgment of the Supreme Court. But there are cases where the Supreme Court itself says that under the law as it exists certain things cannot be done. The Supreme Court has not said that Parliament ought not to pass such a law. Under those circumstances, it is not necessary to say that Parliament wantonly does this or that. It would never do such things 'wanton'. It has always got regard and respect for the judgment of the Supreme Court. It is bound to do so. Due to some inadvertence or without addressing oneself to the articles of the Constitution, a tax was levied. But it could have been validated if Parliament had passed a law earlier; if earlier Parliament had passed a law, it would have been valid. I just want to avoid any impression being created either by any act that is done here or by any speech of any hon. Member here, that there is any intention on the part of Parliament to override or at any rate to do anything in conflict with the judgments or which might be disrespectful to the judgments of the Supreme Court.

Shri Bansal (Jhajjar-Rewari): May I say that the Supreme Court itself has suggested that Parliament should pass a law in order to give retrospective effect—there is such an understanding. That understanding, in my view, is not correct.

Mr. Deputy-Speaker: Order, order. It is not as if it is the business of the Supreme Court to say what kind of legislation we have to pass here. All that I said was this. The Supreme Court had not decided the issue as to whether it is competent or legal or illegal under the constitution to give retrospective effect to

such a legislation. If this matter arose there and the Supreme Court had said that no such law could be passed retrospectively as the Constitution stands at present, then certainly they would not have brought this law and we could not pass such a law.

The Minister of Legal Affairs (Shri Pataskar): Not only that. For the information of the hon. Members I might state that this was brought to the notice of the Supreme Court and they did take into account that it might result in upsetting the economy of the States to that extent. The second paragraph on page 682 will clearly bear that out. It reads :

"It is pointed out that all the States are realising sales-tax in respect of sales or purchases of goods where the goods are actually delivered for consumption within their respective boundaries on the faith of our previous decision and a reversal of that decision will upset the economy of the States and will indeed render them liable to refund moneys already collected by them as taxes. This circumstance, it is pressed upon us, should alone deter us from differing from the previous decision. We are not impressed by this argument. It has not yet been decided by this Court that moneys paid under a mutual mistake of law induced by a wrong judicial interpretation of a statute or the Constitution must necessarily be refundable as money had and received. If, as contended, moneys so paid are in law refundable the States cannot complain any more than a private individual in similar circumstances could do. Finally, if the State economy is upset the appeal must be made to Parliament which under Article 286 (2) itself has ample power to make suitable legislation."

And that is what is being done here.

Shri U. M. Trivedi: Suitable legislation is legislation to remove the fetter and not giving retrospective effect.

Shri C. D. Pande: Let there be no impression in the minds of the public that this Parliament is going to derogate the authority of the Supreme Court. We should not bring before this House measures which upset the judgments of the Supreme Court. There has been at least four or five cases in which with all the good motives we had to legislate

and that offended to a great extent the susceptibilities of the Supreme Court. There was the case of compensation; there was then the case of some investigation commission.

Shri S. V. Ramaswamy (Salem): Is the sovereignty of the Parliament conditioned by the feelings of the Supreme Court?

Shri C. D. Pande: That is true. But the legislative wing of the Constitution is as important as the judiciary. After all, the Supreme Court is our creation. But, that creation has to be respected because democracy imposes certain restrictions on our liberties. Of course, we can pass any law. I was going to tell you that we can pass any legislation. We can amend the Constitution. We can abolish the Supreme Court itself. We have got that power, but we will be....

Mr. Deputy-Speaker: Order, order. It is unnecessary to drag the Supreme Court here. It is not as if we are doing anything in which the Supreme Court is interested. The Supreme Court has only said that for want of previous sanction of the Parliament, for want of a law passed by the Parliament, the law passed by the State is illegal and therefore no levy could be made. We are passing that law. It was also said that there are powers under article 286 (2). Therefore there is no good again and again trying to make it appear as if there is conflict between the Parliament and the Supreme Court and we are trying to do this to upset the judgment and all that. Hon. Members may address themselves to the propriety of this Bill. Pandit Thakur Das Bhargava pointed out that inter-State commerce and trade should be free. If the House can take an exception under article 286 (2) then the Parliament itself takes power to decide that matter. In that case inter-State trade and commerce need not be free. Now, it is a matter for the House to decide on these issues of policy as to whether on this particular matter we ought to just validate it or not. There is no good dragging the Supreme Court as if we are doing something contrary to their decision.

Shri C. D. Pande: What I was going to tell the House was, when a citizen of India feels or a combination of citizens of India feel aggrieved they go to a court of law and then to the highest court of law. There they get a judgment. That judgment somehow or other we find is inconvenient for us. So, whether it is desirable under the law to take a

[Shri C. D. Pande]

recourse to this method is the only thing I wanted to point out. It is up to the judgment of Parliament to decide whether we should go on amending the Constitution off and on and whether we should go on making legislation that upsets the judgment of the Supreme Court. I think it is not a desirable practice. In future at least we should give more consideration to all such measures of legislation where judgments of courts are involved.

Shri S. V. Ramaswamy: Mr. Deputy-Speaker, I whole-heartedly support this measure. The previous speaker and the speakers who preceded him and spoke on those lines, evidently were suffering under a conflict of thoughts. The point simply is this. What is it that the Supreme Court did? They gave a decision on the existing law. They merely said that this collection is wrong and it is not in conformity with the law. They said that there ought to have been a prior legislation by Parliament to authorise this collection. That is all what the Supreme Court said. My friend Shri C. D. Pande says that we must accept that. Does the hon. Member mean thereby that it is only then that we will be paying respect to the Supreme Court? No. The question of dignity or offence of the Supreme Court does not arise at all, nor are we upsetting the decision of the Supreme Court. As a matter of fact, we are respecting the decision of the Supreme Court and bringing the law in conformity to their decision. We are doing nothing more. What else are we here for? What else is the sovereignty of the Parliament for except to rectify the mistakes? To err is human. Something has gone wrong. Some collection of taxes has been made which is not legal. Now, it is for us to review the position and see what can be done.

There are two points, the question of legality and the question of practical difficulty which this Parliament is bound to attend to. The question of legality is this. Article 286 (2) has been read out so often, but I will also just read a small portion :—

"Except in so far as Parliament may by law otherwise provide, no law of a State shall impose, or authorise the imposition of, a tax... and so on."

The main point which the Opposition and some hon. Members on this side have urged is that there has been no prior law, there has been collection

made and therefore we are not going to validate an illegal collection. Now, it is not merely by strictly legal things that we must go but we must put commonsense interpretation also. If the Parliament is empowered to enact a law to authorise any State to collect a tax it can very reasonably be interpreted to mean that this Parliament also has power to validate what has been illegally collected. There are no restrictions upon the powers of the Parliament. The question then is the question of propriety; is it moral or is it immoral. The tax has been illegally collected. Why should the Parliament validate an illegal collection? It is here that the question of practical difficulty comes. Collections have been made and thanks to the decision of 1953 in the *United Motors Case* the country has been thrown into utter confusion. People have been called upon not merely to submit the returns for that particular year but they are called upon to give returns for 1950-51 which they have lost sight of. Each State had its own different method of taxation. Each State had its own form.

Shri T. S. A. Chettiar (Tiruppur): Why did not the Parliament take it up before?

Shri S. V. Ramaswamy: I shall come to that. These were the difficulties that had arisen. Now, my friend says that we must respect the decision of the Supreme Court. Are we to respect the decision of 1953 or 1955? In two years they have changed fronts.

Shri Nand Lal Sharma (Sikar): The latter decision.

Shri S. V. Ramaswamy: True. But, before the decision of 1955 was given, you would have said that we must respect the decision of 1953. So, the difficulty arises and we must as practical men here solve the difficulty that has arisen by legislating in the sovereign Parliament. They have levied the taxes rightly or wrongly. They have collected the taxes. How is that to be redistributed? Some hon. Members said : let us redistribute the amount. To whom are we to redistribute it? How can it be done? What will be the effect of it on the finances of the States? These are the practical considerations on which we must bestow our thought and bring to bear out commonsense on this issue. We should not look at it from a merely legalistic point of view. About Rs. 4 crores or Rs. 5 crores of money have been collected. So many States have budgeted on the basis that they will be

entitled to have this sum. Now, if you suddenly say that they should return the money are you going to upset the budgets of those States? You may say it is immoral. True. It may be moral or immoral. It has been collected rightly or wrongly. But, it has been taken into account in the budgets that have been prepared in some States. Certain plans and other things have been framed on that basis. Now, if you ask them to return the money because the Supreme Court passed a judgment what are the practical consequences? You must take into account the practical consequences. It would be difficult to trace the parties to whom it is rightfully due. You will be returning the money to those people, if at all you trace them, from whom you directly collected the money, namely the merchants and middle-men. Are you going to return the money to them? If you do so it would be immoral again to return to them the money you have collected. They are not the persons who paid the taxes out of their pockets. They collected it from several purchasers. Are you going to trace every purchaser and give one anna or two annas? These are the practical difficulties and it is to solve those difficulties that this legislation has been brought.

From a legal point of view it is quite clear that this Parliament has got power because if it can authorise a State it can as well validate an invalid Act, an illegal collection. With regard to the question of practical difficulties I am sure there can be no two opinions that it would be impossible to return this money. It will have very adverse consequences on the budgets of some States. It is because of these considerations that this Bill has been brought. There is no question of conflict with the Supreme Court or offending the dignity of the Supreme Court. We are only respecting it. They have pointed out an illegality. They have not said that we do not have the power to validate the Act. In fact, it would not be within the jurisdiction even of the Supreme Court to say that it is not within our power to give retrospective effect. If they would have indicated that in their judgment then it would have been wrong; it would have been an infringement on the sovereignty of the Parliament. They have carefully said that the collection of taxes is illegal. They have stopped there and have said nothing more. It is up to us to calculate and find out the consequences of the decision.

Now, supposing, after the Sholapur case we had kept quiet. They have

given a decision as to what compensation means. Supposing, in order to respect the Supreme Court, we merely abided by their definition of compensation, namely, that it should be the market value, where would all our schemes of development go? Where would all our schemes for the establishment of a welfare State go? They will all flounder on the rock of the decision. That is the consequence. It is the consequence that we must look into. The judges are not concerned with the consequences of a decision. Judges are there only to show the point of law, to show what is law, what is legal and what is illegal. They are not concerned with the consequences of the decision. We are concerned with the consequences as a Government. We are dealing with the consequences that will ensue from a decision of the Supreme Court. If we keep quiet with the Sholapur case, I am sure we can scrap the Five Year Plan, because we have not got money to pay according to market value, by way of compensation. That is why we came to this House for amending the Constitution. It is not, as Shri C. D. Pande said: "You are upsetting the judgment of the Supreme Court. They have resented it. This is an inroad upon the Supreme Court. This is an undignified affront to the Supreme Court." All this argument is irrelevant. They do not arise at all. The Supreme Court has pointed out the legality or illegality of a particular thing. Certain consequences flow from the decision. If we do not take note of those consequences and rectify and devise means for getting over those consequences we shall flounder and we shall never carry on with the Government. Here is where the sovereignty of Parliament comes and it is within the jurisdiction of this Parliament to rectify, and to meet the consequences of a judicial decision, and see that the law is brought into conformity with the realities so that the Supreme Court may not then say that the law is not illegal. Hereafter, it would not be possible for the Supreme Court to say that this is illegal, if by any chance, any case is taken to the Supreme Court on this issue. Anyway, there is time enough to consider it.

The practical difficulty seems to be that several parties have issued notices to Government to refund the amount. It might, of course, benefit many lawyers. Court-fees may come in, and the States can increase their revenue. But what the consequences? Hundreds of thousands of such cases will come up.

[Shri S. V. Ramaswamy]

all over the country. It is an unimaginable difficulty. The Governments of the States will have to face all this private litigation. How they will do it, I do not know. Decisions then will vary from State to State and from court to court. There will be a medley of decisions.

Mr. Deputy-Speaker: Please finish soon.

Shri S. V. Ramaswamy: I will take only one more point before I finish. I will take this opportunity of voicing the feelings of merchants who pass through an agony as a consequence of the 1953 decision of the Supreme Court. They have been subjected to utmost difficulties as each State is calling for records in a different manner and almost simultaneously. I do not wish to talk upon the legislation, in anticipation, which the hon. Finance Minister said he would introduce. All that I wish to say is, in bringing forward a legislation, there should be circumspection. The interests of the merchants must be taken note of. They are not to be bullied. They are as much our citizens as anybody else.

Mr. Deputy-Speaker: You are going away from the point. This is not an occasion for a general discussion of what a sales-tax ought to be and whether there should be a central authority, etc. The hon. Member will have an opportunity later on.

Shri S. V. Ramaswamy: What I submit is this: when we bring forward such a measure, I hope that the authorities will pay the utmost consideration to the difficulties that are being experienced by the merchants and see that while collecting the taxes, the merchants are not subjected to difficulties.

Mr. Deputy-Speaker: I now call upon Shri C. C. Shah to speak. Hon. Members will be short. We will have to close the debate by 1.15.

Shri U. M. Trivedi: Yesterday, it was said that we would be sitting more time for this Bill. There are many more Members to speak.

Mr. Deputy-Speaker: There is nothing more to be said. Money has been collected and appropriated. How it can be refunded is a practical difficulty.

Pandit Thakur Das Bhargava: Further collection should be stopped.

Mr. Deputy-Speaker: I think there is a period fixed here, after which time there will be no collection.

Shri N. R. Muniswamy (Wandiwash): Will the hon. Minister give an assurance that the sale-tax on inter State trade will not be collected after 6th September, 1955 by any State?

Shri C. D. Deshmukh: I shall deal with it in my reply.

Mr. Deputy-Speaker: All right. Shri C. C. Shah will speak now.

Shri C. C. Shah (Gohilwad-Sorath): This Bill has a limited purpose, limited in the sense that it seeks to meet a situation that has arisen out of the recent judgment of the Supreme Court. The objection to this Bill is on two grounds, namely, that of legality and of propriety. So far as legality is concerned, I have no doubt, and I respectfully agree, that this Parliament has competence to pass this legislation. The question is only of propriety—whether it is proper for Parliament to exercise its undoubted jurisdiction to pass a legislation of this character. The issue boils down to this: that it is a retrospective piece of legislation and particularly when it concerns a taxation measure, whether it is right and proper for this House to pass a retrospective measure for a tax which is already declared to be illegal. Generally speaking, I should say that retrospective legislation is undesirable. Unless we are driven to it, or a situation has arisen which cannot otherwise be remedied, we should not resort to a retrospective legislation. Therefore, my submission briefly is that whether a case has been made out for a retrospective Act of this nature. That we have a right to pass a retrospective legislation is undisputed. The only issue is—and we have done so previously under article 31B of the Constitution—has a case been made out to pass a retrospective legislation of this nature. There I would dispose of one argument. There is no question of any disrespect to the Supreme Court. Any argument based upon this, namely, that it is a disrespect to the Supreme Court to pass a legislation of this nature is entirely based on a misconception of the functions of the legislature and of a court. Therefore, I submit that that argument has no validity.

Now, what is the position? Article 286 is not an article which permits the imposition of sales-tax. It merely imposes restrictions on the imposition of sales-tax by the States. It imposes four

restrictions. The first restriction is that it should not be a sale which has taken place outside the State. The second restriction is that it should not be a sale in the course of import or export. The third restriction is that it should not be a sale or purchase in the course of inter-State trade or commerce. The fourth restriction is in respect of essential commodities. We are concerned principally with inter-State sales tax at present. What was the position as regards inter-State sales? Under article 301 of the Constitution, subject to the other provisions of Part XIII, inter-State trade and commerce shall be free. That was what we have put down in the Constitution, but we also agreed that in certain circumstances it may be permissible to a State to levy a tax on an inter-State sale. But it can be done only, if the Parliament permitted it and to the extent to which Parliament permitted it, and not otherwise. In the proviso under article 286 (2), in order to meet a situation that we may not pass such a law immediately, we provided that the President may issue an order which would be valid until 31st March, 1951 to validate the existing laws which enabled the States to levy a tax on inter-State sales and purchases. Therefore, it was clear that after 31st March, 1951, if there was no law passed by Parliament, no State could make a law imposing a tax or authorising the imposition of a tax on a sale or purchase which was of an inter-State character. That was what Parliament wanted. After 31st March, 1951, Parliament has not passed any law which authorises the imposition of a tax on inter-State sales.

1 P.M.

Therefore, this Parliament by implication did not consider it necessary to authorise any State to pass a law which permitted a tax on inter-State sales and purchases. Therefore, this much is clear that from 1st April, 1951 no State can pass a law which permitted a tax on inter-State sales and purchases, or, if there was any such law it was bad and Parliament did not think it necessary to pass any legislation, nor did any State request the Parliament to pass any such legislation.

Pandit Thakur Das Bhargava: Perhaps no tax was recovered in respect of such sales.

Shri C. C. Shah: I am coming to that. Therefore, from 1st April 1951 no State thought of levying a tax on inter-State sales and purchases and no State

could possibly have had a law which permitted the levy of such a sales-tax.

Now in 1953 there came a Supreme Court judgment which, it is said, permitted such a tax. What exactly was the Supreme Court judgment? Let us understand the judgment of 1953. That judgment did not and could not possibly have authorised a tax by a State on inter-State sales and purchases; it could not possibly have done so, because it would be contrary to the express provisions of article 286. All that that judgment said was this: in interpreting the explanation to sub-clause (1), it said, that if the delivery took place in another place, then the receiving State was entitled to treat it as a sale within its boundary. But it did not say that inter-State sales and purchases can be taxed by any State. That was not the meaning of that judgment at all.

Now what does the Supreme Court in its recent judgment say? All that it was that the interpretation which the Supreme Court put previously was wrong, and the receiving State cannot tax a sale in which the delivery has taken place within that State. After the 1953 judgment all States which were until then not collecting any tax on sales which had taken place outside the State, but where the delivery took place within the State began to collect taxes. Therefore, by implication from 1st April, 1951 until the Supreme Court judgment, no State thought of collecting any tax on sales which took place outside its territory, but where the delivery took place within its territory. I take it therefore that there was no collection of any tax by such States until the Supreme Court judgment.

Shri C. D. Deshmukh: That is not correct. There were a few cases.

Shri C. C. Shah: It would not be of an inter-State character.

Shri C. D. Deshmukh: That was the point in issue throughout. It was never clear to anybody what was an inter-State transaction and what was not and how to differentiate either kind of sale which is inside or outside a State from an inter-State transaction. The same transaction could be regarded in one way or the other, but the transaction was there.

Shri C. C. Shah: I agree, the two are of an overlapping character. What is an inter-State sale can also be said to be an intra-State sale, but in most of

[**Shri C. D. Pande]**

the cases, as far as I know, from 1st April, 1951 until the judgment of the Supreme Court in the United Motors case, very few States thought of collecting tax on sales and purchases which took place outside their territories. The Supreme Court judgment only said that such sales must be deemed to be sales which have taken place within that territory, if delivery took place within that place.

Shri C. D. Deshmukh: What happened was that many States were encouraged to bring within their sales-tax laws a large number of transactions on the fiction that they came under that explanation and therefore validated by that judgment.

Shri C. C. Shah: I entirely agree. But what did we think of the judgment? What did the mercantile community think of the judgment? What did Government think of the judgment? The mercantile community was put to any degree of harassment. Government itself thought that that judgment created great hardships and therefore requested many of the States—the Prime Minister himself appealed to the States—not to implement that decision and not to impose that tax. Now the Supreme Court has corrected its own judgment; the Supreme Court has seen what I may call the justice of the grievances of the mercantile community resulting from the United Motors case and, therefore, has reversed that judgment. They have done what we thought was the right thing to do, namely, not to put the merchants to harassment.

What is it that we are doing by this measure? We are exactly validating the United Motors case. Not only are we validating the United Motors case, we are validating all laws which impose inter-State sales tax. This goes much wider than the United Motors case ever did. The United Motors case could never have validated or permitted tax on inter-State sales. All that it said was that a sale where delivery took place within another State, though it partook the character of an inter-State sale was exempted by the explanation. But it was of a very limited character. Now by this Act we are validating and authorising all States to levy taxes on inter-State sales. Therefore, my submission is that this Act goes much beyond even the necessity of the situation. All that we need today do is that where the States are levying taxes by reason of the United Motors case only and no

more, that may be validated. But what we are validating is any law of a State imposing or authorising the imposition of a tax which partakes of a character of an inter-State sale, which really means that what we did not do from 1st April 1951 till today, what we did not think it necessary to do under sub-clause (2) we are doing today merely because the Supreme Court judgment has rectified its own error. Supposing a State today passes a law that for the period from 1st April 1951 to 6th September 1955

Mr. Deputy-Speaker: My feeling is that this matter was disposed of yesterday.

Shri C. C. Shah: I am only considering the implications of this Act; I am not disputing the validity of this Act. I concede it is competent for this House to pass this Act.

Mr. Deputy-Speaker: It is only a question of validating the levy and collection of the tax during a particular period. Yesterday a wider matter was disposed of. The only point for consideration now is whether we ought to do it, or not. That is a matter of policy. The hon. Minister has never said that this is a law for all time. Even if the tax collected were to be returned, the benefit would not go to the consumer.

Shri C. C. Shah: This Act goes much farther than what the situation requires.

Mr. Deputy-Speaker: Not only the situation in Bihar but in other States also. The hon. Member must conclude now; he need not go into the general question of law once again.

Shri C. C. Shah: I am not going into that.

What I am submitting is: has the Government made out a case in order to enable us to pass a law of this character? Some States have collected taxes after the United Motors case until today. In order to obviate the difficulty of refunding such amounts is it necessary to pass a law which is so wide as this? Now, supposing, for example, a State passes a law today imposing a tax on all inter-State sales for the period from 1st April, 1951 to 6th September, 1955? Such a law, even if it is passed today, would be valid under this Act. Therefore, my submission is that this Act should have been restricted in a much greater degree.

No doubt, I realise the difficulties of the Government. The difficulties of the

Government may be that it has to refund to a large number of dealers and it may upset its economy. But that by itself would not be sufficient ground for passing this Bill. But what I feel is that if the dealers have collected taxes from a large number of consumers, it is not fair that the dealers themselves should be permitted to retain the amounts which they have collected. That is the point which makes me support this Bill. But in doing that, is it necessary for us to give a wide scope to all the States to pass laws imposing taxes on inter-State transactions? What was said in the *United Motors* case was, "wherever delivery has taken place in your State, you can tax it". The *United Motors* case did not allow all the States to tax all the inter-State transactions. My submission is that the Government may reconsider this matter. This Bill goes much farther than what we ever contemplated. What we did not do for five years, we are doing today on the ground that the Supreme Court has given a judgment which merely corrects its own previous judgment. I request the Government to reconsider the matter.

Mr. Deputy-Speaker: Does the hon. Finance Minister want to say anything before I call another hon. Member?

Shri C. D. Deshmukh: I would only say that if the hon. Member is worried about existing laws and future laws, he should have given notice of an amendment saying that "no existing law of a State" etc. shall be invalidated. It is for him to consider and suggest a suitable amendment. That is all.

Mr. Deputy-Speaker: The period has been restricted from 1951 to 1955. That is sufficient.

Shri C. D. Deshmukh: If he thinks that a State may, on the force of this Act, tomorrow have a retrospective amendment of the same law that we are validating now...

Mr. Deputy-Speaker: How can they collect the tax now?

Shri C. D. Deshmukh: In my view they cannot, but if he wants, he may suggest an amendment.

Pandit Thakur Das Bhargava: Mr. Deputy-Speaker, while you were absent yesterday, I put the question to the hon. Finance Minister whether the effect of this Bill will be that further collections will be legal. He said, "yes, we propose to collect them".

Shri C. D. Deshmukh: I am not talking of collections under the existing law. The point raised by the hon. Member is a fresh point. He seems to think that as soon as we pass this law, it will be open to any State to amend its law, add other varieties of goods to it and regard that as a valid tax under article 286 (2). I suggest that that cannot be. But, if he wanted to urge that point, he could have put in an amendment inserting the words "no existing law". Nobody is interested in a State passing future laws under the guise of this Bill.

Shri C. C. Shah: My point is this. All inter-State sales and purchases are covered by this Bill. What the *United Motors* case permitted was to tax sales where the delivery had taken place within that area. What this law permits is taxing all inter-State transactions, sales and purchases. This is wider than what the case permitted.

Pandit Thakur Das Bhargava: If we all agree that future collections must be stopped, it is all right.

श्री शुलकालकाला (भागलपुर-मध्य) : उपाध्यक्ष महोदय, जो बात भ्रमी हमारे मित्र शाह साहब ने बतलाई है यह हमें भी दिल्ली कर रही थी। मैं तो यह समझता हूँ कि जिस प्रकार का ला बनाया जा रहा है उससे किसी भी स्टेट को यह अस्तियार हो जाता है कि वह भी कोई ला बना ले और उसको रिट्रोस्पेक्टिव ईफेक्ट (भूतलक्षी प्रभाव) दे दे। जहाँ पर कभी टेक्स नहीं लिया जाता था, कभी कोलेक्ट (कट्ठा) नहीं किया जाता था, कभी असेस नहीं किया जाता था वहाँ की गवर्नरमेंट को भी अब यह अस्तियार हो जाएगा कि वह भी इस ला के मुताबिक एक नया ला बना ले और उसको रिट्रोस्पेक्टिव ईफेक्ट दे दे और कोलेक्ट करना और असेस करना शर्त कर दे। इस से कितने सोगों को हैरानी होगी, कितनी तकलीफ उसको होगी, इस बीज को ग्राप समझ सकते हैं।

श्री सत्येन्द्र नारायण सिंह (गया-पश्चिम) : क्या ऐसा हो सकता है कि जहाँ पर यह पहले ही से एग्जिस्ट (विद्यमान) न करता हो वहाँ पर भी इसे पहले से ही ईफेक्ट दे दिया जाए?

श्री शुलकालकाला : इस में लिखा हुआ है कि इस पीरियड के लिए ला बन सकता है और इस के मुताबिक वह स्टेट ला बना सकती है। अगर इस पीरियड के लिए ला बनाया जा सकता है तो इस पीरियड में जितनी भी ट्रूसकर्हर

[**श्री झुनझुनवाला** (सौदे) हुई है वह सब वैलिड (मान्य) समझी जायेगी और उन पर टेक्स लिया जा सकेगा। यदि यह बात ठीक है, हमारे फाइनेंस मिनिस्टर साहब तो कहते हैं कि यह ठीक नहीं है, लेकिन अगर ठीक है मैं समझता हूँ कि अगर इसको ठीक कर लिया जाए तो अच्छा है। मैं इसमें कोई एतराज की बात नहीं समझता क्योंकि शाह साहब ने या किसी और मंम्बर ने इस बारे में अमेंडमेंट नहीं दी। इस लिए इसको माना नहीं जा सकता है। इस लिए मैं गवर्नमेंट से प्रार्थना करूँगा कि वह इस विषय में सोच ले और जो ठीक समझे वही करे, नहीं तो लोगों को बहुत हेरानी होगी और उनको बहुत सी दिक्कतों का सामना करना पड़ेगा। जो इंटर स्टेट ट्रांसेक्शन्ज हैं उनके ऊपर अगर यह सब चीजें लागू हो जायेंगी तो इसका उन पर क्या असर पड़ेगा। कल जितनी भी बारें हुई उनसे गवर्नमेंट का अभिप्राय, गवर्नमेंट की इंटेनशन्स क्लीयर (इच्छाए स्पष्ट) नहीं हुई। अगर गवर्नमेंट की यह इंटेनशन नहीं है लेकिन यह चीज बिल से साबित होती है तो वैसी हालत में म प्रार्थना करता हूँ कि आवश्यक सुधार करके इस बिल को पास करना चाहिये।

Shri K. C. Sodhia: I will read one sentence from the Statement of Objects and Reasons :

"Pending such amendment of the Constitution, it is not considered desirable to validate the existing State laws prospectively but it became necessary to take immediate steps to validate the levy and collection of such taxes between 1st April, 1951 and 6th September, 1955."

This makes it clear that no further collections can be made under the existing State laws beyond 6th September, 1955.

श्री झुनझुनवाला : हमारे मित्र ने स्टेटमेंट आफ आबजेक्ट्स (उद्देश्य और कारणों के विवरण) को पढ़ा हैं परन्तु यह तो ला नहीं है। जब यह ला बन जाएगा तो अगर कोई मामला कोर्ट में जाएगा तो कोई स्टेटमेंट आफ आबजैक्ट्स को नहीं पढ़ेगा। वहां पर जो कुछ इस ला में लिखा हुआ है और जो इसके बड़िंग (शब्द) हैं उनको ही पढ़ा जाएगा।

Mr. Deputy-Speaker: The wording in the Bill also is like that :

"a tax on the sale or purchase of any goods where such sale

or purchase took place in the course of inter-State trade or commerce during the period between the 1st day of April, 1951 and the 6th day of September, 1955...."

Shri Jhunjhunwala: It is mentioned here :

"..no law of a State imposing or authorising the imposition of, a tax on the sale or purchase of any goods in the course of inter-State trade or commerce...."

Mr. Deputy-Speaker: Why does the hon. Member omit the words, "during that period"? Whatever the law may be, that law will be validated to this extent, namely, that the collection of tax during that period is validated. "During that period" does not stand separately.

श्री झुनझुनवाला : मैंने अपने दो एक आद-मियों से सलाह की है और उन्होंने भी वही बात कही है जो शाह साहब ने कही है और उन्होंने मुझे बतलाया है कि इसका यह अध निकल सकता है। मैं तो कोई लायर (वकील) नहीं हूँ। लेकिन मैं कहता हूँ कि जो बातें शाह साहब ने बताई हैं उनका अगर यह अर्थ निकल सकता है तो ऐसी हालत में गवर्नमेंट को इस चीज को अच्छी तरह से देख लेना चाहिए ताकि इसके ऊपर फिर संगड़ा न हो।

दूसरी बात जो मैं कहना चाहता हूँ वह यह है कि कल यह तय हो जुका है कि यह जो ला है यह सूचीम कोर्ट में जा कर नल एण्ड वायड (शब्द) हो जाएगा। मैं इसके बारे में कुछ ज्यादा नहीं कहना चाहता लेकिन प्रार्थना करता हूँ कि गवर्नमेंट इस पर भी विचार कर ले।

तीसरी बात जो मैं कहना चाहता हूँ वह यह है कि कोई व्यक्ति, यदि वह किसी कानून के खिलाफ काम करे तो कोई भी ऐसी चीज नहीं है जो कि उसको बचा सके। लेकिन यदि स्टेट कोई ऐसा काम करे जिसके बारे में कि उसको काफी अस्तियारात है और प्रेजीडेंट को और पालियमेंट को भी अस्तियार हैं और इस तरह की छोटी छोटी बातों में कानून के खिलाफ जाय तो इसका नैतिक इफेक्ट (प्रभाव) क्या होगा लोगों के ऊपर और स्वयं स्टेट के ऊपर, इसका अंदाजा आप स्वयं लगा सकते हैं। इस तरह के गैर कानूनी काम करना, भरे विचार में, स्टेट को शोभा नहीं देते हैं।

हमारे पंडित ठाकुर दास भार्गव जी ने एक एमडमेंट दिया है जो कि लेबीड और कोलेक्टर (लगाये और इकट्ठा किये गये) के बारे में है ॥

जो रकम बसूल हो गई है उसके बारे में तो यह कहा जा सकता है कि साल्व इसको बापस करने में बड़ी दिक्कत होगी। परन्तु सेवी (लगान) के बारे में ऐसा नहीं होना चाहिए। जो बसूल नहीं हुआ है वह आगे बसूल नहीं किया जाना चाहिए।

श्री कौशीराम साधिया : बसूल तो हो चुका है।

Mr. Deputy-Speaker: Order, order. He has had his say. Let the hon'ble Member go on.

श्री कौशीराम साधिया : मैं यह जानता हूँ कि जो सुप्रीम कोर्ट का दूसरा जजमेंट (निराय) सन् १९५५ में हुआ उसके बाद बहुत से व्यापारियों ने सोचा कि जो टैक्स वे कलेक्ट कर रहे थे वह वे नहीं कर सकते थे। इसलिए उन्होंने उसको बापस कर दिया। अब आगे उन से वही टैक्स मांगा जायेगा जिसको कि उन्होंने बापस कर दिया है। इस प्रकार के बहुत से केसेज (मामले) हमारे सामने आये हैं और उनकी जानकारी हम को है। इसलिए मैं सरकार से निवेदन करूँगा कि जो कुछ बसूल हो गया है वह तो ठीक है परन्तु जो बसूल नहीं हुआ है उसे बसूल नहीं करना चाहिए। जो अर्बेंडमेंट ठाकुरदास जी भारंग ने दिया है मैं उसका समर्थन करता हूँ।

Kumari Annie Mascarenah: (Trivandrum) : I rise to oppose this Bill for the simple reason that we people in Travancore-Cochin State pay 25 per cent of our income from sales tax. A law like this, we are empowered to legislate, no doubt. But, we should always remember that we should be guided by certain principles of legislation and certain principles of taxation which stand far beyond convenience, exploitation and power. From time immemorial, legislation has always been subject to, no matter what kind of Government we have, autocracy, democracy or even tyranny, justice, equity and good conscience, and it has survived up till today. This piece of legislation has brought this legislature to a juncture where we are forced to consider a decision of the judiciary and the judiciary is also, at the same time, forced to consider whether a taxation was legal or not. Here is a juncture when the legislature and the judiciary are in a difficult position to justify their stand. When the judiciary commits an error of judgment, a higher court may repeal it. But, when a legislature commits an error, we repeal that law. Here is a law which would be justified for future. Prospectively, this law would have been justified. But, retrospectively,

2-12 Lok Sabha.

we have done a wrong thing. Unwilling to own it, on dignity, you want to pass it into law. That is what exactly we are doing here. My State gets 25 per cent of its income from sales tax. We pay multiple point sales tax. That is why I have reason to oppose this law. Of course, the common man has to pay the sales tax. The range of exemption is not at all wide in the Travancore-Cochin State. As the statement given in our Parliamentary papers shows, we pay 25 per cent, Bombay gives 29 per cent and Madras 20 per cent. We stand the second. Bombay and Madras, compared to Travancore-Cochin, are big. Our people pay such a heavy taxation. This is to validate a tax which has already been imposed and collected from the people, which in future also they will have to pay. Therefore, apart from the legal point of view, it is an injustice done to my State and the people and therefore I oppose it. I am really surprised that a democratic Government like ours should have taken up this piece of legislation. The Finance Minister, besides being the Finance Minister is also a representative of the people and a part of democracy. If he could only fathom his conscience....

Shri K. K. Basu (Diamond Harbour) : He has none left.

Kumari Annie Mascarenah: ... and see whether this legislation is becoming of the Government of which he is a part, he will reconsider and will not allow this law to be passed. I oppose this Bill on the point of injustice. I oppose this law as unreasonable and as regarding the judiciary with the least respect.

Shri Satyendra Narayan Sinha: While I am in general agreement with the objects of the Bill before this House, I feel that there is considerable force in the amendment tabled by Pandit Thakur Das Bhargava.

I am really surprised that though the Supreme Court judgement was delivered on 6th September, 1955 this Ordinance was promulgated on 30th January, 1956.

Shri C. C. Shah: May I point out, Sir, that the amendment of Pandit Thakur Das Bhargava will not help the matter at all. With all respect I am submitting this because the last 3 lines, as the Finance Minister rightly pointed out yesterday, are only by way of abundant caution. Even if you omit not only the words 'levied or collected' but all the three lines, so long as the previous part

[**Shri C. C. Shah]**

of the Act remains, namely, you validate the Act itself, what follows from the Act, namely levy and collection, both are valid. Therefore, that amendment will not help the purpose which you have in view.

Shri Pataskar: That is not under discussion at all now.

Shri Satyendra Narayan Sinha: My reason for supporting Pandit Thakur Das Bhargava's amendment is this. During this time-lag, it is possible that the dealers may have refunded the tax collected from the purchasers. In inter-State transactions, very likely the number of purchasers is not very large. Most of them are wholesalers and can easily be spotted. Therefore, I would like to know from the Finance Minister, what would be the position of such of the dealers who have already refunded the tax collected from the purchasers. Secondly after this judgment was delivered, what was the reason for this time-lag? Why should the Government have been sitting tight over this issue for such a long time and should not have taken steps immediately after the judgment? I seek from the Finance Minister clarification of these two points.

पंडित सी० एन० मालवीय : (रायसेन) : इतनी बहस के बाद भी मैं यह नहीं समझ सका कि यह बिल इन्मारल (अन्तिमिक) या अनरीजनेबल (अयुक्ति युक्त) कैसे है। मेरे स्थान से तो जो स्थिति बन गयी है उसके लिहाज से कानून बिल्कुल ज़रूरी है और इसको पास होना चाहिए। मैं, श्री ठाकुर दास जी का जो अमेंडमेंट है उसका और जो अमेंडमेंट श्री शाह साहब ने दिया है उसका भी विरोध करता हूँ, इसलिए कि जहाँ तक कानूनी पोजीशन का सवाल है वह तो साफ है, और जहाँ तक बेइन्साफी और इन्मारेलिटी का सवाल है उसके मुतालिक में यह कहना चाहता हूँ कि जब सुप्रीम कोर्ट का इसस पहले एक जजमट है और पार्लियामेंट को इस बात का हक है कि वह इंटर स्टेट (अन्तरार्ज्यिक) टैक्स लगाने का कानून पास कर सकती है तो यह इन्तजाम जो कि गवर्नमेंट के ऊपर लगाया जाता है कि वह लामोश बैठी रही और उसने कोई कदम नहीं उठाया, वह सही नहीं है। आप टैक्सेशन इन्वायरी कमेटी (कर जांच समिति) की तीसरी वाल्यम (खंड) को देखें। उससे आपको मालम होगा कि कॉस्टीट्यूशन पास होने से पहले सेल्स टैक्स की स्थिति क्या थी और उसके पास होने के बाद क्या स्थिति है। उसके बाद कछ मुकदमे अदालत में गये और

सुप्रीम कोर्ट के जजमेंट से कुछ राज्यों ने यह इंटरप्रिटेशन (निर्वचन) निकाला कि जो माल उनके राज्य में दूसरे राज्यों से आता है उस पर वह टैक्स लगा सकते हैं और इस बिना (आधार) पर उन्होंने दूसरे राज्यों के व्यापारियों से रिटर्न (विवरण) मांगना शुरू किया। इससे व्यापारियों को बड़ा दिक्षकत महसूस होने लगी और यह बात गवर्नमेंट के नोटिस में आई। इस दिक्षकत को दूर करने के लिए सन् १९५३ में एक कानकरेस हुई और उसमें यह चीज हल की गयी कि अगर कोई व्यापारी एक स्टेटसे दूसरी स्टेट में माल भेजता है तो उससे रिटर्न न मांगा जाये बल्कि उसकी स्टेट में ऐसे स करके ही टैक्स असेस कर लिया जाया करे। सवाल यह नहीं था कि वे एकदम लीगलिटी (वैधता) में फंस जायें। डिमांड (मांग) यह थी कि जैसे भी संभव हो सेंट्रल गवर्नमेंट और स्टेट्स गवर्नमेंट्स को इस काइबिल ईयर प्लान (पंच वर्षीय योजना) को कार्यान्वित करना है और उसको आगे बढ़ाना है और जाहिर है। कि उसके लिए हमें रूपये का इन्तजाम करना है और इसी सद्-उद्देश्य को लेकर यह टैक्स लगाया गया है। इसके साथ ही साथ जहाँ कि ऐसे सोगों के साथ हाउस में हमदर्दी दिलाई गई है कि जो सेल्स टैक्स को देते हैं। लेकिन मैं पूछना चाहता हूँ कि जो इसकी अदायगी को इवड (आवंचना) करते हैं उनके लिए प्राप्तने क्या इन्तजाम किया है और मैं पूछना चाहूँगा आपने उन दोस्तों से जो कि इन इवडर्स के लिए चाहते हैं कि अब उनसे इस टैक्स की वसूली न हो, उनकी सपोर्ट करके क्या वे इस इम्पीरिलिज्म (साम्राज्यवाद) को सपोर्ट नहीं कर रहे हैं और देश का अहित नहीं कर रहे हैं?

टैक्सेशन इन्वायरी कमिशन ने आपनी रिपोर्ट के बाल्यम ३ में पेज (पृष्ठ) २५ पर आलिंगर में बतलाया है कि सुप्रीम कोर्ट के जो कॉस्टीट्यूशनल रिस्ट्रॉक्शंस (संविधानिक प्रतिबंध) थे उनसे हमें दिक्षकतें हुई हैं और मैं उनको बतलाते हुए हाउस का ज्यादा समय नहीं लेना चाहता मैं केवल रेसेवर्ट पोर्शन (संगत अंश) पढ़े बैता हूँ जो इस प्रकार है—

Secondly, because of these restrictions, there was greater scope for avoidance of tax, entailing an indirect loss of revenue on almost all States. Traders in one State started to sell direct to unregistered dealers and consumers in another. Similarly, consumers of valuable commodities tried to get these from dealers in another State rather than buy the articles from their local dealers. The practice grew

for sales of goods within a State itself to be shown in the books of accounts as having been made to fictitious dealers outside the State and the goods having then been resold by those dealers to consumers within the State. For valuable commodities like motor vehicles, jewellery, watches, etc., this practice became very common. On transactions that could be shown to be in the course of inter-State trade, the 'exporting' State was prohibited under Article 286 from levying the sales tax; and if the goods delivered as a result of these transactions were shown to be received by individual consumers or unregistered dealers neither could any tax be levied on them by the 'importing' State. Thus, many of these transactions escaped sales tax altogether.

इस तरीके से एक स्टेट को रेवेन्यूज से डिप्राइव करना (राजस्वों से बंचित) उसको महसूम करना और इस तरीके से खुद तरकीब निकाल कर मुल्क के बहुत बड़े बिकास के काम को रोकना, यह इम्मोरेलिटी है या मुल्क के दूसरे फाईब ईयर प्लान को कामयाब बनाने के लिए नेकनीयती से और सुप्रीम कोर्ट के जजमेंट से गाईड होकर (शिक्षा लेकर) और उसके अल्फाज का ठीक इंटरप्रेटेशन (निवंचन) निकाल करके एक ऐसा तरीका निकाला जाये जो सब दिक्कतों को दूर करने वाला हो, यह इम्मोरेल (अनैतिक) है? मैं पछता चाहता हूँ कि टैक्स को इवेंड (निवंचन) करना और कानून की भाड़ लेकर बोलेवाजी की कोशिश करना क्या इम्मोरेल (अनैतिक) नहीं है? मैं समझता हूँ कि यह जो बिल पेश किया गया है विलकुल मूलासिब है और साथ ही यह भी इम्मोरेल नहीं है जो हम इसे उस जमाने के लिए बेलिडेट (मान्य) कर रहे हैं। जाहिर है कि जो टैक्स दे चुका है उसको वह बापिस नहीं हो सकता और जिन डीलर्स (व्यापारीयों) ने टैक्स को वसूल कर लिया है वह भी उन्हीं के पास है और वह गवर्नरमेंट के पास नहीं आया है और सरकार को उसको चलाकर उनसे वसूल करना चाहिये। मेरी समझ में डिस्ट्रिक्टमीनेशन (मेंटभाव) तो तब होगा जब कुछ लोगों से तो टैक्स वसूल कर जाके हैं और जो बाकी रह गये हैं उनसे वसूल न किया जाये। इसलिए मैं समझता हूँ कि इस बिल के जो अल्फाज हैं वह बिलकुल दुसरे हैं और मैं उनका पूरे तौर से समर्थन करता हूँ। इसमें जो दफ़ाएं रखती गई हैं, वह इंसाफ की बनियाद पर कायम हैं। देश के हित को व्यान में रखते हुए इस तरह का टैक्स वसूल करना इम्मोरेल

नहीं है। और न ही इसमें सुप्रीम कोर्ट पर किसी तरह का रिफ्लेक्शन (कृप्रभाव) है। सुप्रीम कोर्ट ने कानूनी दिशा में हमारा मार्गदर्शन किया है और हम उसके दिशाये हुए मार्ग के अनुसार कानून बना रहे हैं और यह हमारे अखिलत्यार में है। मैं इस बिल में कोई ऐसा हिस्सा या ऐसी दफ़ा नहीं पाता जिसके बारे में हमारे कछु साहबान ने फ़रमाया है कि यह जस्टिफाईड (उचित) नहीं है। यह इम्मोरेल या मनरीजेबल नहीं है बल्कि मैं समझता हूँ कि इसके लियाफ जो मार्गमेंट्स (तर्क) दिये गये हैं वे इम्मोरेल हैं और नेशन भार देश के हित के लियाफ हैं।

Shri C. D. Deshmukh: It is obvious we are dealing with an extremely complicated matter. One might say in a sense that even when the Constitution was made it may be that all that was intended by the framers of the Constitution was not embodied in the words of it. It may be that the various High Courts and the Supreme Court dealing with this matter have not been too sure from time to time, or at least their Benches have not been too sure from time to time, as to what interpretation to put on the meaning of the words of this particular article. It often happens that a smaller Bench of a High Court may give a ruling and then a fuller Bench may give another ruling. One does not know what would happen even to this ruling. One could not rule this out that if the matter were to be considered again, perhaps some other aspect of it which is not clear to us might become clear then. Therefore, from time to time the duty falls on the legislature as far as possible to undo, shall we say, the mischief that arises from semantics, that is to say, man's incapacity to use words precisely in the way in which they ought to be used.

There are two methods. One is changing the Constitution itself, and the other, making any other laws that may be necessary. So far as the Constitution is concerned, I have no doubt that when we take up the substantive measure in regard to inter-State sales taxes, we may have to suggest some alteration in the Constitution itself. But that, as you have pointed out, is a separate issue which will have to be argued out then on its merits. And that applies to all this question of standardisation and various other matters of which certain hon. Members complained.

Now, reverting to the narrower issue of the language of the Constitution as it is and the interpretation put on it by

[Shri C. D. Deshmukh].

the various courts, I would like to quote two important portions from the two judgments. The first is the *State of Bombay and another vs. the United Motors (India) Limited and others*, 30th March, 1956 :

"We are therefore of the opinion that article 286 (1) (a) read with the explanation prohibits taxation of sales or purchases involving inter-State elements by all States except the State in which the goods are delivered for the purpose of consumption therein in the wider sense explained above. The latter State is left free to tax such sales or purchases which power it derives not by view of Explanation but under article 246 (3) read with Entry 54 of List II. We are of opinion that the operation of clause (2) stands excluded as a result of the legal fiction enacted in the Explanation and the State in which the goods are actually delivered for consumption can impose a tax on inter-State sales or purchases."

They made two distinct pieces of it, excised that from the general sphere of inter-State transactions, brought it under clause (1) and said since it was a sale inside the State it could be taxed:

Here is a second judgment, that is the Supreme Court of India in the case of the *Bengal Immunity Co., Ltd., vs. the State of Bihar and others*, September 6th, 1955 :

"For all the foregoing reasons we are definitely of opinion that until Parliament by law made in exercise of the powers vested in it by clause (2) provides otherwise, no State can impose or authorise the imposition of any tax on sales or purchases of goods when such sales or purchases take place in the course of inter-State trade or commerce, and the majority decision in the *State of Bombay vs. United Motors (India) Ltd.*, in so far as it decides to the contrary cannot be accepted as well-founded on principle or authority."

And then they go on to say :

"The State of Bihar do forbear and abstain from imposing sales-tax on outer-State-dealers in respect of sales or purchases that have taken place in the course of inter-State trade or commerce, even though the goods have been delivered as a direct result of sales or purchases for consumption in Bihar."

In other words, they joined these two together, and made them inter-dependent.

So, the result seems to be that both these conditions have to be satisfied. There has to be a validating law by Parliament under article 286 (2); and the goods have to be delivered for consumption in the taxing State. Where both these conditions are satisfied, then the tax can validly be collected.

Now, so far as the first is concerned, of course that is a matter of location of where the delivery took place and where the consumption took place. That is a matter of establishing the facts. We are supplying the second lacuna, that is to say, the validity, because nevertheless it becomes an inter-State transaction, that is, trade transaction. We are now validating such transactions in order to make the levy and collection of these taxes legal.

In this view, I do not think there is any fear of States exceeding their authority. The goods must be delivered; the goods must be consumed; then only the State becomes capable of taxing that, where authority is existent in the form of a law of Parliament such as they will have if we pass this. Therefore, I do not share the apprehension of Shri C. C. Shah that States will now be encouraged to pass laws in future in order to widen the scope of this or to bring within the scope of their levy and collection transactions which they would not have thought of under explanation to article 286 (1), because the delivery and consumption must be inside the State. That is one condition imposed; and as long as that condition is fulfilled, provided there is authority, as we shall now give, there is no reason why a State should not tax it.

The next point is why we are taking these dates. That is a matter of amendment, but as it was raised, I might as well mention it here. It was asked : Why are we dealing with the period between 1st April, 1951 and 1st April, 1953, if it is correct that all the States started imposing these taxes only after the judgment was delivered? The fact is that the position was not very clear. And I think one can excuse the States and their legal advisers for not importing into it a greater clarity than was exercised, shall we say, by the various courts or their Benches that had handled this issue from time to time.

The material that we have gathered shows that practically all the States have been charging sales-tax on inter-State

transactions from non-resident dealers only with effect from 1st April 1953—that is correct—following the Supreme Court judgment in the *United Motors (India) Ltd., vs. another*. But there were one or two States which were bolder than the others. And where we understand sales-tax or purchase-tax on inter-State transactions was being levied under that explanation even before that date, there while the practical effect of this Bill when passed would be generally to validate collections made between 1st April 1953 and 16th September 1955, we cannot afford to have a lacuna for the period between 1st April 1951 and 1st April 1953. In these circumstances, it will not be desirable to accept that amendment; but we may come to it later.

There is also another factual matter which I should mention here, or clarify, and that is that we started addressing the State Governments, as I mentioned yesterday, only in August last year. But what we did after the first judgment of 1953 was to advise them to hold their horses, so to speak, that is to say, to temper the wind to the lamp which we now knew was going to be shorn as a result of that judgment. We knew that this practice of imposing a tax on inter-State transactions would multiply as a result of that judgment. We were also aware, and we were made aware, of the harassment that it might cause to a large number of traders all over the country. Therefore, we called an official conference together and induced most of the States to agree formally in regard to the administration of the Act. We could not prevent them; we advised them not to. As I mentioned, West Bengal was not interested in imposing or levying or collecting this tax. But some of the other States thought that there was a great deal of money, in it, and they wanted to go forward with it, but most of them agreed to fall into line with the procedural matters that we had agreed with them.

Then came a stage when we were in possession of the recommendations of the Taxation Enquiry Commission. It was then that we thought that this matter now required a little more streamlining in regard to imposition of tax on inter-State transactions. So that we should have time to consider it, and so that the system may not get more tangled in the meanwhile, we advised the State Governments if possible to refrain from imposing the sales tax or to withdraw their legislation.

Some States, knowing what the recommendations of the Taxation Enquiry Commission were, agreed readily. Others were reluctant unless the Centre made up the loss of revenue, which we were reluctant to do, because it was a matter between them and the citizens. So, that was the state of affairs till August-September when this judgment came.

Of course, as soon as the judgment came, every State realised that it could not go on now imposing, levying or collecting these taxes, and gradually we received requests. We did not know what the position was. We did not know how much had been collected, whether they could afford to neglect it or whether a few thousands had been collected or not. It took us a little time to collect all this information. That is why it has taken a little time now to issue the ordinance. But we did issue the ordinance, because we thought we had better not wait again till Parliament met. So, that is how I answer that charge of delay in this particular matter.

Having dealt with all this, I think there are only two more points that remain namely this levy and collection, and further assessment and so on. What we are doing here is removing a ban. We are not legislating afresh, originally so to speak, imposing various kinds of restrictions and putting some qualifications and so on and so forth. What we are doing is that because of the stress of circumstances, we are taking all those laws together, and we say: "Well, whatever law you have passed, we shall regard as valid, we are not suggesting that instead of six pies you must put five pies, instead of including this, you must exclude that and so on, because then that will make the situation still more complicated than it is today, or might make it worse."

Therefore, I admit that this is not the kind of thing that we would have done if we could have constructively done it four or five years ago. We might have then looked at the legislation that they intended to pass and might have made many changes. Now it is never possible to reconstruct that situation. Whether it is of 1951 or of 1953, there is such a large area of uncertainty in this matter that on the whole we think the ends of justice will be served if we validate things as they stand. And that is the only alternative open to us—either we reject this Bill or we pass this Bill. And if we pass this Bill, we have no means of compelling the States now to make any discrimination. We cannot say to them;

[**Shri C. D. Deshmukh**]

'Please recover it on iron; but do not recover on cloth. Recover from those who have already collected, but do not recover from somebody else'. That is not a matter which we can impose on them by this Bill.

Mr. Deputy-Speaker: Is it the intention, if it was possible under the law, that it might be so done? Now, two things are apprehended, that future collections ought not to be made on the strength of this validating law, and whatever has been refunded ought not to be recovered.

Shri C. D. Deshmukh: I do not know what future collections are. It is a current transaction and current procedure. Dealers are either registered or unregistered. There are marginal cases where a dealer is not registered. Occasionally, it is found afterwards that he has become subject to a sales tax. Now, whichever way you do it, I have no doubt that there will be a few cases where some States might contend themselves with 'keeping their winnings' so to speak. A few States may either discover them or cases may come to their notice of some dealers who ought to be assessed to this tax, but these cases, I think, will be very marginal and very few. I do not think it is necessary for us in the interest of justice to have any refinement introduced into this. But I do not deny that it is not possible; it may be possible. But I do not think that propriety of desirability demands this.

Now that leaves this last issue, of morality. I am astonished at hon. Members raising the issue of morality in this matter. I can understand their raising issues of legality. But it is because the legal position has been so confused that we want to make it certain.

Shri K. K. Basu: Morality is also in confusion possibly.

Shri Kamath (Hoshangabad): Amoral.

Shri C. D. Deshmukh: Quite right. We have to take an amoral view in this. We came along the legal position and you have been good enough to decide to put it out of the way. So far as morality is concerned, we should not allow our conscience to be burdened by this thought at all. I say that the State is entitled to collect what it could legally collect. When it was collected, it knew that it was collecting it legally.

Then another view was taken by the Supreme Court—and it is open to them to take such a view. After all, truth must

always prevail and, according to them, that was the truth. This situation having arisen, it is our duty to correct it. Therefore, there is no question of ethics or morality here.

I shall not refer to the question of nullifying judgments and so on. We are co-operating with the Supreme Court and indeed, along lines which they have indicated in their judgment itself. Now, the sum involved is quite considerable. There is that point which has weighed with you and other Members that we shall never know the ultimate home of this money when it is refunded, and there is no reason why the community at large should not benefit from the collections which were legal and valid collections when they were made. Therefore, I see no objection whatsoever to our going forward with this Bill.

Shri S. V. Ramaswamy: May I know what is the total amount that may be collected as a result of the passing of this Bill?

Shri C. D. Deshmukh: Four or five crores of rupees.

Mr. Deputy-Speaker: The question is:

"That the Bill to validate laws of States imposing, or authorising the imposition of, taxes on the sale or purchase of goods in the course of inter-State trade or commerce, be taken into consideration."

The motion was adopted.

Clause 2—(*Validation of State Laws etc.*)

Pandit Thakur Das Bhargava: I beg to move :

Page 1, line 13, and wherever they occur—

for "levied or collected" substitute "levied and collected".

Then I had sent in another amendment which reads :

Page 1, line 13, and wherever they occur—

omit "levied or".

जो कुछ फाइनेंस मिनिस्टर साहब ने कहा है उसको मैं ने गोर से सुना है। इस चीज को सब मानते हैं कि जो कोलोनीकटड़ भर्नी (एकट्ठी की गई राशि) है उसका वापिस किया जाना मुश्किल है क्योंकि अगर इसे वापस किया गया तो इससे जो मिडलमैन है उसी को फायदा होगा। इसमें भी कोई शक नहीं है कि जो मिडलमैन है उसका लिलाफ़ आम तौर पर लोग रहते हैं। इसमें

मुझ कोई एतराज नहीं है। लेकिन मैं अर्ज करना चाहता हूं कि १६५३ में जो द्रूथ (सचाई) था वह आज १६५५ में नहीं है। जो आज द्रूथ नहीं है उसका किया जाना गैर कानूनी है। असल बात यह है कि जो कानून था वह दुरुस्त नहीं था। सन् १६५५ में यह फैसला किया गया कि जो कानून बना है वह दुरुस्त नहीं है और जो टैक्स मापने वसूल किया है वह ठीक नहीं किया। अब जब कि द्रूथ आपको मालूम हो गया है तो भीरी समझ में नहीं आता है कि आप क्यों उससे भाग रहे हैं। जो वसूल हो चुका है वह तो बापस नहीं किया जा सकता, इस चीज़ को मैं मानता हूं। लेकिन मैं पूछता हूं कि आयदा के लिए आपका क्या फैसला है।

Mr. Deputy-Speaker: The answer, as I understand it, is that the shopkeeper has already collected it from the other man. The same principle holds good. Are we now by this legislation allowing this money to continue in the hands of the man who wrongly collected it from the consumer?

पंडित ठाकर शास भार्गव : मैं अर्ज करता हूं कि मुझे ऐसे केसिस मालूम है कि जहां पर जो टैक्स १६५१ के बाद उन लोगों को जिन से कि यह वसूल किया गया था, बापस कर दिया गया है। अभी अभी मेरे नोटिस में आया है कि एक आदमी ने २५,००० रुपया बापस किया है।

Shri C. D. Deshmukh: There are a few cases where the consumer, usually another petty dealer himself, who had continuous relations with the registered dealer himself deducted the amount from his next payment. That can be adjusted in the subsequent transaction.

पंडित ठाकर शास भार्गव : बहुत से केसिस हैं जिन में लोगों ने यह समझकर कि अब सुप्रीम कोर्ट का फैसला हो गया है, उन्होंने दूसरे लोगों को जिन से कि वसूल किया था, यह रुपया बापस कर दिया है। अगर यह चीज़ साबित हो जाए कि उन्होंने बापस कर दिया है तो अगर उनसे अब यह रुपया वसूल किया जाए तो यह क्या इनोसेंट (निर्वोच) लोगों के साथ बेइंसाफ़ी नहीं होगी। इसके अलावा मुझे यह भी नहीं मालूम है कि क्या १६५१ से १६५३ तक यह जो टैक्स है यह वसूल किया गया है या नहीं।

Shri C. D. Deshmukh: The answer is simple. They should not have refunded it until they had received a refund from Government.

Pandit Thakur Das Bhargava: The hon. Minister has not followed what I was submitting.

आपने वसूल करना है, आपने वसूल किया नहीं है। यह जो फैसला सुप्रीम कोर्ट का हुआ है इसके मुताबिक जिन लोगों ने वसूल किया है उन्होंने तो बापस कर दिया लेकिन अब इस कानून के पास हो जाने के बाद आप इसके मात्र-हत उनसे फिर इस रकम को वसूल करेंगे।

Mr. Deputy-Speaker: That is exactly what he has replied.

Shri C. D. Deshmukh: I am saying that when he collected it, he paid it to the Government. He had no business to refund it on the pronouncement of the judgment before he made sure of his own position *vis-a-vis* Government.

Mr. Deputy-Speaker: I understand him to address himself to marginal cases where it has been levied but not collected by the Government. All the same, the man who obtained it from the consumer returned it to the consumer.

Shri C. D. Deshmukh: Such cases must be infinitesimally small. Hard cases make bad law.

Pandit Thakur Das Bhargava: I know of one case where Rs. 25,000 were returned by one man from whom the tax has not been collected. There may be a few cases.

लेकिन उसूल यह होना चाहिये कि जो लोग बेगूसाह हैं उनको सजा नहीं मिलनी चाहिये चाहे उनकी तादाद कितनी थोड़ी क्यों न हो तो मैं अर्ज करता हूं कि जब सब बात मालूम हो गई है तो उन लोगों से इस टैक्स को वसूल करना, जो इसे बापस कर चुके हैं, क्या यह मारेलेटी (नीतिकता) है? मुझे एक स्मोक याद आ गया है:

सर्वेत्रीय विहिता रीति : अर्थस्य अनभाजाभीति :

इस में उनको मारेलेटी मालूम नहीं होती है। मैं अब से पूछता हूं कि एक २६५ का क्या बनेगा। जो चीज़ बाई ला (विषिड़ारा) वसूल नहीं की जा सकती उसको वसूल करना बाजिब नहीं। इससे लोगों का विश्वास उठ जाता है। मैं तो यहां तक कहने के लिए तयार हूं कि यह एक लालेस ला (विषिहीन विषी) होगा। यह ला नहीं है जो हम बानाने आ रहे हैं और जिस की रुप से सब चीज़ जायज़ करार दी जारही है। यह कभी नहीं होना चाहिए।

[Pandit Thakur Das Bhargava]

सके मानी यह है कि पार्लियामेंट की जो दिसकी-शनरी पार्वर्ज (स्वविवेक शक्तियाँ) हैं और जिन को उसे एक्सरसाइज (प्रयोग) करता चाहिये था उनको उसने इस्तेमाल नहीं किया है। यह सब फिकशन है, गैर कानूनी चीज है और हमें इसे नहीं करना चाहिये।

हमारे पंजाब लैड रेवेन्यू एक्ट में एक संकेशन है जिसमें लिखा हुआ है कि जो रेवेन्यू एक्ट में लिखा हुआ है उसको (संयता का प्रमाण) प्रिजम्पशन आक दूर्य माना जाए। एक गांव है पंजाब में उसकी वजह तस्मिया में लिखा है जिसका नाम भूतन है कि एक भूत एक बांस पर चढ़ता और उतरता रहता था और इसी वजह से उस गांव का नाम भूतन रख दिया गया। वह प्रिजम्पशन थी। यह जो ला हम बना रहे हैं यह तो लालेस चीज है। और वे बुनयाद फिकशन पर कायम किया जा रहा है। न पहले पार्लियामेंट ने इजाजत दी और न दे सकती थी। मुझे तो एक कहानी याद आती है। एक राजा था हमारे फाइनेंस मिनिस्टर की तरह का और वह अपने इलाके में घूमने के लिए जाया करता था। एक बार वह अपने इलाके में एक गाड़ीन (बाग) में गया और वहां जो माली था उससे उसने पीने के लिए पानी मांगा। उस माली ने एक अनार लिया और उसका रस निकाला जिससे कि गलास भर गया और राजा को दे दिया। इससे राजा ने समझा कि जो मामला लगाया गया है वह कम है और उसने हुक्म दे दिया कि इसकी दर बढ़ा दी जाए। इसके बाद दुबारा जब वह राजा वहां गया और पानी मांगा तो उस माली ने फिर एक अनार लिया और जब उसमें से रस निकाला तो उससे गलास का भाठबा हिस्सा भी नहीं भरा। उसने पूछा कि क्या वजह हुई तो माली ने कहा कि राजा की निगह ठीक नहीं है।

2 P.M.

आपका दावा है कि हमारा मारल और पीसफूल ऐप्रोच (नैतिक तथा शांतिपूर्ण दृष्टिकोण) है और आप कहते हैं कि हम मारल स्टेंडिंग से दूर नहीं जाते और डाइसी की डेफीनीशन के मुताबिक ला पर चलते हैं। इसलिए आज आपको उसी ऐप्रोच (दृष्टिकोण) को कायम रखना चाहिए। तीन चार करोड़ रुपये की क्या बात है। आज भगवर आप जायज़ तौर से सौ करोड़ रुपये का भी टैक्स लगायेंगे तो उसको लोग राजी राजी देंगे। लेकिन आप डाउटफूल (संदेहयुक्त) तरीके से रुपया लेना चाहते हैं। जिसको कि आप खुद कहते हैं कि ऐसा नहीं होना

चाहिए था। आप कांस्टीट्यूशन बनाकर उसकी हमारे हाथ से बेहजती करवाना चाहते हैं। आप यह कानून कांस्टीट्यूशन की दफा २८६ के पार्ट २ के खिलाफ बना रहे हैं। कल जो बहस हुई उसमें पार्ट १ पर ही ध्यान दिया गया पर पार्ट २ के प्रावीजन (उपबंधों) का रूपाल भी किया गया।

Mr. Deputy-Speaker: Wise men have also differed. One High Court held that article 286 (1) was independent and wherever it was inter-State that alone applied but the Supreme Court felt otherwise.

Shri C. D. Deshmukh: The Supreme Court itself on two occasions differed.

Shri C. C. Shah: The last judgment of the Supreme Court was by 4 judges against three and of those 4 judges there was 1 judge who took a different view in the previous judgment.

पंडित ठाकुर दास भार्गव: That is not the right way. भगवर इस तरह से माना जाय तो फर्ज कीजिये कि इस हाउस में एक कानून पास होता है और एक तरफ ५१ मेम्बर राय देते हैं और दूसरी तरफ ४६ राय देते हैं, उस हालत में क्या यह कहना ठीक होगा कि यह कानून दो आदिमियों ने पास किया है। मेरे दोस्त कहते हैं कि चार जजों में से तीन की एक राय थी और एक की एक राय थी। लेकिन जो फैसला हो चुका वह तो सातिक (स्पष्ट) है। उस पर नुकता चीनी करना ठीक नहीं होगा।

रक्षा संगठन मंत्री (श्री स्थानी): जो फैसला मुक्त के फायदे के लिए हो वही अच्छा फैसला है।

पंडित ठाकुर दास भार्गव: इसमें श्रेयस और प्रेयस का सबाल है। वह फैसला ठीक नहीं है जिससे नाजायज तरीके से रुपया आता हो बल्की वह फैसला ठीक है जो मारल कोड पर बेस्ड (नैतिक सिद्धान्त पर आधारित) है। जो दे चुका वह तो दे चुका। लेकिन मुझे जो सराबी मालूम होती है वह यह है कि आप आयन्दा भी बसूल करना चाहते हैं। खुस्सन उस शख्स से जो कि रिफंड कर चुका है। उससे आप ऐसा रुपया बसूल करना चाहते हैं जिसकी कि लैड की हाइएस्ट जुडीशियरी (उच्चतम न्याय-पालिका) इजाजत नहीं देती। इसलिए मैं चाहता हूँ कि आयन्दा बसूल न किया जाय। मैं उम्मीद करता हूँ कि हाउस भेर अमेंडमेंट को मंजर करेगा।

Shri C. D. Deshmukh: I do not share the apprehensions, fears and doubts and principles of the hon. Members. Therefore, I oppose the amendment.

Mr. Deputy-Speaker: The question is: Page 1, line 13, and wherever they occur—

for "levied or collected" substitute "levied and collected".

The motion was negatived.

Mr. Deputy-Speaker: I think the other amendment has been given only just now and the Government does not accept it. According to practice and convention, I do not put it to vote.

The question is :

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 and 1, the Enacting Formula and the Title were added to the Bill.

Shri C. D. Deshmukh: Sir, I beg to move :

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

BUSINESS OF THE HOUSE

Mr. Deputy-Speaker: The House will now take up the next Bill.

Shri Bansal (Jhajjar-Rewari): Sir, before you proceed with the next Bill, I would make an humble suggestion that the House be made to adjourn now. It is already 2-5. The hon. Finance Minister has been making one long speech after another since yesterday and he is likely to make another long speech now and then he will have to present the Budget at five. From the point of view of the House also it would be better if we adjourn now and come with a fresh mind at 5 o'clock to apply our minds to the Budget speech.

The Minister of Finance (Shri C. D. Deshmukh): I would rather make my speech now and have my lunch afterwards.

Shri K. K. Basu (Diamond Harbour): Let him not impose taxes on tired minds.

Mr. Deputy-Speaker: We are pressed for want of time.

Shri Feroze Gandhi (Pratapgarh Distt.-West *cum* Rae Bareli Distt.-East): We have one hour extra tomorrow.

Mr. Deputy-Speaker: I have to make one announcement. As the House is aware, we have a heavy programme of work to be completed before the financial business is taken up. We are already short of time and there is, therefore, no option but to meet on Saturday next. The House will accordingly meet on Saturday, the 3rd March, 1956, for the transaction of Government business.

Shri Kamath (Hoshangabad): May I submit that in view of the fact that we adjourned on Monday on account of the death of the Speaker, it would appear indecorous for us to meet on Saturday just to make up for that loss on Monday. It would be very indecorous.

Mr. Deputy-Speaker: It is not on account of that; we have to get through the agenda; it is for that. We have to get through the business; therefore, we have to sit on the 3rd March.

So far as this particular work is concerned, we are pressed for time. Unless the hon. Finance Minister feels tired or it is for other reasons, I do not like to have this item adjourned.

Shri D. B. Pande (Almora Distt.—North-East): Saturday should not be cut. We have already agreed to sit for longer hours.

Pandit Thakur Das Bhargava: I understand that the House has agreed to sit longer hours—till 5-30 P.M. every day—on the basis that all Saturdays shall remain free. That was the basis.

Mr. Deputy-Speaker: The hon. Member is well aware that this has been the convention all through. On Saturdays we do not sit normally and therefore we have agreed to sit till 5-30 P.M. and even to start at 10-30 A.M. from the 5th March. If during the course of any day which is normally put down for business—official or non-official—the sitting of the Lok Sabha is interrupted for unavoidable reasons or unexpected reasons, we sit on the next Saturday. The two are mutually exclusive and independent of one another.

Dr. Suresh Chandra (Aurangabad): It has become normal.

Shri B. D. Pande: All work and no play makes Jack a dull boy. The Chair should not side with the Government; you are our elected 'President'.

Shri Kamath: You have not put the proposal to the House Sir.

Mr. Deputy-Speaker: I do not want to put it to the House. The hon. Finance Minister may move the next Bill standing in his name.

LIFE INSURANCE (EMERGENCY PROVISIONS) BILL

The Minister of Finance (Shri C. D. Deshmukh) Sir, I beg to move* :

"That the Bill to provide for the taking over, in the public interest, of the management of life insurance business pending nationalisation thereof, be taken into consideration."

This Bill seeks to convert into an Act the Life Insurance (Emergency Provisions) Ordinance, 1956, which was issued on the 19th January last. This was the first and preparatory step towards nationalisation of life insurance in this country. I shall now explain the reasons which prompted Government to take that major decision.

After reaching the decision to nationalise, Government considered the further action, whether any interim measures were necessary until Parliament discussed the relevant issues and passed the necessary legislation. Normally, of course, the procedure would have been to introduce a Bill incorporating a provision that transactions entered into by the management of companies after the date of introduction could be reopened by Government if it appeared that the transactions were *mala fide*. While such a provision would have been adequate for dealing with most other types of business, we felt that it would be inadequate in the case of life insurance. Our experience of the ways of the less scrupulous insurance management over the last several years had convinced us that such a provision would not prevent a serious frittering away of the assets. Insurance company managements would have had recourse to a number of ways

to enrich themselves, perhaps at the expense of the policyholders, and may even the shareholders. Transactions could, be and almost certainly would have been, back-dated and documents manufactured to cover even misappropriations that might have occurred till then. Indeed complaints have reached my ears emanating from some managements that it was a pity they did not have another 24 hours in order to adjust the accounts. The misuse of funds is not confined to a small minority, as would be evident from an extract from a leading financial journal which I propose to read out. I may mention that the journal is one which is strongly opposed to nationalisation and had in fact criticised in no uncertain terms Government's decision in the very issue from which this extract is taken. I am quoting now.

"Thirdly, some businessmen who have been in the habit of speculation in shares with the aid of insurance companies under their control have been caught unawares. The practice of these persons has been to buy or sell shares first without telling the brokers on whose name the contracts are to be made. If the transaction resulted in a profit it was recovered in their name. If, however, it ended in a loss, it was entered in the name of the insurance company. It would appear that at the time the Government nationalised life insurance, some of these speculators had a long position in a number of well known counters or securities. As the Government gave no time for them to adjust the books of insurance companies, Mr. Deshmukh seems to have profited by his experience of the demonetization ordinance. (That was many years ago.) They had no go but to liquidate their purchases."

It is needless to comment on this very clear description of one of the well-known and well-established practices. But apart from this negative aspect, that is to say, preventing the further frittering away of the assets, we apprehended, and you will agree, not unreasonably, that even the better type of managements would lose interest in their companies. And during the period of some five to six months which might elapse between the introduction of the Bill and nationalisation, the interests of

*Moved with the recommendation of the President.

policy-holders might suffer in consequence. By taking over the management immediately, we felt that Government would be enabled to take the steps necessary to ensure both the normal working of the business during the interim period and also the eventual smooth and efficient integration.

Members are no doubt familiar with some of the things we found out or I should say we failed to find in insurance companies. In the case of one company, with the head office at Bombay, Government securities worth probably Rs. 30,00,000 were found missing. That was, I think, two days after we took over the management. Calcutta reported two cases where the amounts missing were Rs. 15,00,000 each. There is a fourth case from Uttar Pradesh where the managing director, who is purported to have with him some Rs. 12,00,000 worth of securities and cash belonging to the company, apparently for safe custody, has not yet found time to return to the head office or to hand over the securities. Meanwhile the police are on the look out in order to draw his attention to the provisions of the ordinance (*Interruption*). It is true, of course, that these misappropriations occurred before the issue of the ordinance, but if the ordinance had not taken these enterprising gentlemen by surprise, I am not sure if attempts would not have been made to cover these misappropriations by putting through suitable transactions which would have shown a totally misleading picture on paper. In making this statement I am drawing upon the experience we have gained from some other cases. In one case, just before the winding up was ordered, the manager sold Government securities worth over a lakh of rupees and purchased a piece of agricultural land for an equal amount. On further scrutiny the liquidator found that the alleged vendor had no title whatever to the land at any time, and in any case the land was not worth even a tiny fraction of the amount supposed to have been paid. In another case, Rs. 20,00,000 worth of Government securities were purported to have been kept in deposit with a bank. Later when the liquidator took over, he found, not the Government securities, but some shares the title to which was far from clear. Incidentally, the bank where the securities were supposed to have been held in safe custody and whose certificate had actually been produced before the auditors totally denied that at any time they held these securities in safe custody. In

other words, the bank certificate had been forged.

Shri Kamath (Hoshangabad): Forged?

Shri C. D. Deshmukh: Yes. It was precisely to take care of such things as these that we had to resort to an ordinance, and even then we had taken only the minimum powers necessary, and all the important provisions incidental to nationalisation were left over for consideration in the Life Insurance Corporation Bill.

Since this is the first and preparatory measure, the House will expect me to explain, however, briefly, the reasons which impelled the Government to take the major decision, nationalisation. This subject had been exciting people's minds for quite some time past. It had been the subject of comment in journals and amongst students of economics, leaders of industry and commerce and persons in other walks of life. The one disadvantage from which these comments have generally suffered is that a comprehensive view of the insurance industry as a whole has in most cases been lacking. Often the study has been from the point of view of a particular company or a particular class of insurance interests or has been prepared by an obviously academic writer divorced from the realities of the situation. We had an advantage in the matter in that the administration of the Act has afforded us an opportunity of taking an over-all view of the entire industry in its various ramifications. We were, therefore, able to appraise the point of view of the policy-holders, the shareholders and commission agents, and in fact, every interest concerned. And this broad appraisal showed that life insurance today was not being managed either efficiently or with an adequate sense of responsibility. We felt that a detailed enquiry was necessary into the affairs of the industry as a whole with a view to determining the measures necessary to place it on a sound footing.

I need scarcely assure the House that we entered on the study with no pre-conceived notions and it was conducted strictly on pragmatic lines. The questions we posed to ourselves were: Was life insurance functioning in India in the most efficient manner possible so as to attract the savings of the average man to the maximum extent? If not, what was it that prevented it from doing so?

[Shri C. D. Deshmukh]

What was the nature of those shortcomings and how best could they be overcome by further tightening of control? Or alternatively, must they be regarded as inherent in the type of management found in life insurance in India? I can also claim justly that this study was a prolonged and comprehensive one. We took up the question first for active consideration sometime in 1951. We have been at it throughout the period. Even the first examination pointed to nationalisation as the obvious step. But we did not want to take a hurried decision. During this long period we considered every aspect of the case and every comment made and incidentally went on collecting our own experience of companies which we were administering. The conclusion that finally emerged confirmed our apprehensions. The industry was not playing the role expected of insurance in a modern State and efforts at improving the standards by further legislation, we felt, were unlikely to be any more successful than in the past. The concept of trusteeship which should be the corner-stone of life insurance seemed entirely lacking. Indeed most managements had no appreciation of the clear and vital distinction that exists between trust moneys and those which belonged to joint stock companies—that is to say, owned by the shareholders themselves.

I shall now give some detailed account of the reasons underlying this step and I can do that best perhaps by giving my concept of a well-run insurance company and then show how the insurance companies had failed to reach these standards. Firstly, the business must be conducted with the utmost economy and with the full realisation that the money belongs to the policyholder. The premium must be no higher than is warranted by strict actuarial considerations. The fund must be invested so as to secure the maximum yield for the policyholders that it may be possible to secure consistent with the safety of the capital. It must render a prompt and efficient service to its policyholders and by its service make insurance widely popular. Finally, the management must be conducted in a spirit of trusteeship, as I have said.

Now, take the first criterion. I think the record of our life insurance companies is poor. The ratio of expenses of management to the premium income for Indian insurers is 27 per cent compared with 15 per cent for companies in U.K.

and seventeen per cent in USA. Even statutory imposition of expense limits has failed to check extravagance. It has been claimed by companies that this ratio is high for various reasons but to me it seems that it is largely due to extravagance in the field. Most of the field agents are dummies and their main purpose seems to be to function as the channel for passing illegal rebates. The code of conduct which incidentally was framed by the industry itself tried to arrest this mad race for business by providing that there shall be only one intermediary between the agent and the branch office but the industry, I am sorry to say, soon got round this. Branches came to have several branch secretaries; joint branch secretaries and assistant branch secretaries multiplied and the scramble for business continued unchecked.

With all this high expenditure, one would expect that the policyholders were well served. But here also the record is not good. Post-sales service does not exist and lapses continued to be high. When a policyholder takes out a life insurance policy, he does not make a purchase in the sense that he purchases a share or any other article of necessity for current consumption. The premium is really a form of saving and when more than four annas in every rupee of this premium is spent in expenses and only twelve annas or less than that is paid, then the harm to the interest of the small saver can easily be imagined.

Then as regards the premium rates, they are about the highest to be found in any advanced country of the world. It is true that mortality rates are higher in India than perhaps many of those countries but even after making allowance for this, experts think that our premium rates are high.

Turning next to investments, we find that there are various inescapable mal-practices; when for the first time in 1951 we obtained detailed returns of the investments made by managements, we were appalled by the picture that was revealed. Loans had been given on every type of security—good, bad and indifferent. Sometimes there was no security at all—loans on shares, on agricultural lands, on barges—which indeed was a floating security—, standing sugar-cane crops and on libraries. With the tightening of the provision regarding loans in 1950, we thought that these tendencies would disappear. But they did not. Only they took to other forms.

Policyholders, moneys were used to finance enterprises irrespective of their intrinsic merits. There is unnecessary turnover of securities, grant of loans on inadequate securities, buying property at inflated prices, etc. These are some of the ways in which waste occurred or funds were jeopardised. House—properties and then possibly shares and debentures—some of these have no clear-cut market value—and investments in these categories offered considerable scope for malpractices.

All such investments and high expenses have taken their inevitable toll. During the decade 1944-1954, as many as twenty-five insurers went into liquidation and another like number had to transfer their business to other companies, in most cases with a cut in the policy contracts. I think one such case came before the House in regard to a foreign company. Further, even among the companies which are carrying on business today as many as seventy-five were unable to declare any bonus at their last valuation. This means that these insurance companies had spent not only the provision for expenditure made in their premium but also made inroads into the additional premium which the with-profit policyholders were induced to pay in the hope of getting bonuses.

Now, we may examine the claim of the insurance companies that they are second to none in what they have been able to do in publicising insurance in this country. I do not deny that they have done something. The point is this: Have they done enough?

On a careful assessment I do not think it can be maintained that the progress has been as it should have been. Life insurance is a social necessity, more particularly today when the joint family system which had been partly serving as an indirect insurance is rapidly disintegrating and leaving the individual more and more exposed to economic uncertainty or insecurity. In other advanced countries insurance companies have schemes whereby persons of low economic means are enabled to take out policies for small amounts. The premiums under these schemes are payable weekly, fortnightly or monthly and are collected from door to door. This type of business is usually known as industrial assurance because they are mostly industrial workers. This class of business forms 40 per cent of the total life insurance business done in the United Kingdom, 35 per cent in Germany, to

quote two examples. In India this business has not even been attempted. There are 70 provident societies which profess to cater to the poorer sections of the community, but, in fact, they have hitherto only exploited them. The record of these societies is very dismal indeed. They numbered over 500 in the early years of the century and have now deservedly dwindled to 71. A majority of them are insolvent or nearly so, and the total assets barely equal a month's income of one insurer.

The *per capita* insurance in force is Rs. 25 in India as against Rs. 8,365 in the United States of America, Rs. 6,647 in Canada, Rs. 2,544 in Australia and Rs. 1,840 in the United Kingdom. Now, one might say that this is not a valid comparison at the *per capita* incomes in these countries, of course it is well known, are much higher. But even if we allow for this factor, by comparing the sums assured in force with the national income in each of the countries we find that in India the sum assured in force is only 10 per cent of the national income whereas for Canada the corresponding figure is 108 per cent and for U.K. it is 95 per cent. It is, therefore, clear that it is not the low *per capita* income in India which can explain satisfactorily the comparatively poor progress of insurance in this country. The reasonable explanation may be that the insurance companies, by and large were governed by short-term considerations and consequently their activities were confined to urban areas and there too perhaps to limited categories of people.

Now, in the matter of service to the policyholders many companies systematically postpone or avoid payment of claim until of course forced by legal means. In 1954 a thousand complaints were received by us in our department against various companies alleging delay or non-payment of claims. In Australia, where the number of life insurance policies is about the same, according to the report of the Commissioner of Insurance there was only one complaint in 1954 relating to non-payment of claim. A number of cases were referred to the Controller of Insurance under section 47A after the claimants had despaired of getting satisfaction from the insurance companies. In most of these cases the insurance companies were found to be in the wrong. Therefore, it is clear that here in India we have failed to live up to the high traditions associated with insurance all over the world.

[Shri C. D. Deshmukh]

And, in respect of investments—for a relatively small investment we find that an individual acquires control over comparatively immense funds and this control alas has only too frequently been used not as trustees are expected to use it.

Now, it is claimed that the position could have been remedied by further legislation tightening supervision and control. All such control or regulation is negative in character. It can prevent what is demonstrably bad but it cannot raise standards. These must come from within and all that Government regulation can do is to foster the growth. In the United Kingdom, for instance, there is very little control over life insurance and yet they have the highest of standards. We started on the model of United Kingdom in 1912 but the principle of "Freedom and Publicity" was not found to be sufficient in our conditions to achieve the United Kingdom high standards. So, we had to undertake legislation for detailed State control. Therefore, a comprehensive—or what we thought was comprehensive—Insurance Act was enacted in 1938. At that time it was described as a Draconian piece of legislation and it was hoped that it spelt the end of all mismanagement as every war is supposed to end all wars. But, we had not reckoned with the ingenuity of some of the insurance managements. During the last 18 years the Act has had to be amended on as many as 10 occasions and each time a provision was tightened the resourceful management managed to find a way round it. For instance, with a view to preventing a life insurance company being controlled by an individual the 1950 amending Act limited the share holding of any one person to 5 per cent of the capital of the insurance company. Despite this the same individuals or groups continue to control the insurance companies as before. The Act was circumvented by holding shares in the names of family members, friends and employees. We indeed have very many experts in *benami* in this country. Again, a provision was inserted by the same Act prohibiting payment of excessive emoluments to officers of insurance companies. This provision too was circumvented by appointment of dummies, the whole or a substantial portion of their salaries being passed on to those who control the companies.

Now I will give another illustration. The Act prohibits granting of loans to companies where the directors of the insurance companies are also directors.

This provision has in some cases been got round by those companies floating debentures and the insurance companies being made to subscribe to these debentures. In one case the only subscriber to the debentures were the insurance companies concerned.

The ineffectiveness of legislative control is also brought out when we regard the business from a different angle. As I said 25 insurance companies went into liquidation during the last decade and another 25 had to transfer their business to other companies, in most cases with a cut in the policy contracts. 60,000 poor policy-holders of these companies suffered in varying degrees. Now I may mention the extreme cases. In the case of 11 insurance companies administrators had to be appointed to take over the management. The reasons for such appointments were fraudulent transactions, defalcations, loans to fictitious persons, reckless expenditure, insolvency, gross-management and so on. Some other companies were also ripe for similar treatment but action was not taken either because the managements were persuaded to set matters right or because of practical difficulties. So, the position thus is that we are as far away today as ever in attaining the standards achieved voluntarily in a country like the United Kingdom.

Had poor standards been confined to a small minority of companies further legislation might perhaps have been worth attempting, but I am sorry to say that the truly well-managed companies are a minority, a very small minority. Legislation and control therefore can no longer be regarded as giving us a reasonable chance of achieving our objective. The fact that the minority of well-run companies account for a considerable part of the business done does not in any way affect this argument, because lakhs of policies are today insecure affecting lakhs of families. There is no justification for allowing such a state of affairs to continue. Insurance is a business in which there ought never to be a failure and not a single policy-holder should ever find his life savings in danger. So, legislative control has been tried long enough and it would have been difficult to justify persisting with it any longer.

Insurance is an essential social service which a welfare State must make available to its people and the State must assume responsibility for rendering this service once it is clear beyond reasonable doubt that it cannot be provided in any other manner. So, while it is

the failure of the general run of insurance companies to live up to the high traditions demanded of them that has led Government to take this step. I would like to emphasise that nationalisation in this field is in itself justifiable. With the profit motive eliminated, and the efficiency of service made the sole criterion under nationalisation, it will be possible to spread the message of insurance as far and as wide as possible, reaching out beyond the more advanced urban areas and into hitherto neglected, namely, rural areas.

Life insurance gives to the insurer—it is a truism—a sense of security, but it also compels him to put by money for a rainy day. Today, less than 30 lakhs of persons in this country are insured. Even if we were to do no better than double this number, we shall have increased the savings significantly. Actually, the possibilities for expansion are even greater. The urban areas alone contain a much bigger earning population while the rural areas are as yet wholly unexplored territory from this point of view. It has been claimed on behalf of private enterprise that it was confident of increasing the total life business in force from a little over Rs. 1,200 crores to Rs. 8,000 crores, and the *per capita* insurance from Rs. 25 to Rs. 200 per head in the course of the next ten years. While I have very little doubt that the nationalised life insurance will be able not only to achieve it but exceed it, in doing so, we shall have made available for the implementation of our Plans—the second and the succeeding Plans—substantial sums of money from the people's own savings.

I come back to the ordinance and shall indicate what has been done so far since its promulgation on the 19th January. As you are aware, it vested the management of all life business in the Government and in order that there may be no dislocation of business, it was provided that the existing managements should continue to be in charge of the business but as agents of Government. They were allowed to carry on day-to-day business on their responsibility though in certain important respects, such as investment of funds or where any exception to the normal practice had to be made, they could act only with the approval of the authorised persons nominated by Government. These authorised persons were in position everywhere on the 20th of January.

We nominated and trained them secretly for a couple of months and they

had received orders to join their posts at a precise time indicated to them. So, there was no hiatus in the working of any insurance company. There has been a certain amount of speculation in the press as to how these persons reached their places on the 20th itself, and some wild guesses have been made about all those persons being flown by special plane. But let me state the prosaic fact. They travelled by train and they started moving out of Delhi from the evening of the 17th. Only a few travelled by air and they travelled by regular scheduled flights taking with them, to the persons to be authorised, their authorisation papers which were available only after the ordinance was duly promulgated. So I claim this secret was well kept. The point I wish to make is, our arrangements were designed to ensure that no inconvenience whatever was caused to the policy-holders, and I think we can claim to have succeeded in this. Immediately after the ordinance became public, we proceeded to appoint custodians to take charge of insurance companies. Some 126 insurance companies are already managed by custodians, and as this accounts for over 96 per cent of the total life insurance business, it may be said that management at the top is now directly in the hands of Government. Custodians have been chosen from amongst senior salaried staff of insurance companies. They are working together as a team under the general guidance of the Finance Ministry, and already there is emerging a common and uniform policy. As you know, uniform premium rates have been prescribed as also uniform types policy conditions.

In the matter of investment too, a uniform policy is being evolved. Advertisements have begun to appear commending insurance and its advantages generally; and not in one company. There have been suggestions that fresh business is at a standstill. I am glad to state categorically that that is not correct. After a short, a very short interval, fresh business has begun to flow in at a rate which is no slower than before, and as doubts are dispelled and the real position becomes clearer, the pace will accelerate as indeed it already is doing in some parts of the country. Meantime, it is also becoming clear that the claims are met promptly. No complaint has at any rate yet reached me on this score. I must of course add a note of warning. Policy-holders in companies which are insolvent will necessarily have to wait until the affairs of such companies are fully gone into. The Bill before the House

[**Shri C. D. Deshmukh**]

virtually repeats the provisions of the Ordinance. We propose, however in the light of experience which we have gained during this brief period, since the 20th January, 1956, to seek some additional powers for the custodians on the lines of the powers enjoyed by the administrators appointed under the Insurance Act. It is obviously necessary that the custodians should be able to take action to recover monies which may be missing, in an appropriate and prompt manner, wherever such action becomes necessary. With these words, I commend my motion to the House.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to provide for the taking over, in the public interest of the management of life insurance business pending nationalisation thereof, be taken into consideration."

The time allotted is 12 hours. I would like hon. Members to tell me how much time they want for the consideration stage and how much for the rest.

Shri Bansal (Jhajjar-Rewari): Ten hours for the consideration stage.

Mr. Deputy-Speaker: Then, will two hours be sufficient for the other stages? There are 16 clauses in the Bill. As yet, there are not many amendments except some Government amendments. Shall we have ten hours for the consideration stage? Then, what is the time for the third reading?

In the clause-by-clause consideration, once again the hon. Members should not think that the Speaker or whoever is in the Chair is hustling them. I would like to avoid that contingency. Therefore, let us have 8 hours for the discussion.

Some Hon. Members: Ten hours.

Mr. Deputy-Speaker: In the course of the discussion, I find hon. Members sending in a number of amendments. Very well, we will have ten hours for discussion, 1½ hours for clause-by-clause consideration and half an hour for the third reading. There is the other Bill also and I thought originally that both these Bills might be introduced and a common discussion could be held. But I understand this has to be passed immediately.

Shri Sadhan Gupta (Calcutta South-East) : Mr. Deputy-Speaker, I rise to welcome this Bill with a mixture of satis-

faction and apprehension. Many arguments have been advanced on behalf of the insurance employers against nationalisation, some arguments even with an appearance of plausibility. But, even if all the arguments were right, which they are not, as I shall show later on, I would have supported this Bill, if only because it would at least put an end to the most unsatisfactory state of affairs, to say the least, in the insurance business. It would at least put an end to the corruption, malpractices and abuses that have marked the insurance business in this country.

[**PT. THAKUR DAS BHARGAVA in the Chair**]

The insurance magnates by investing a very paltry amount of capital have seized control of huge life insurance funds, which belong not to them, but to the policy-holders, most of them poor policy-holders, and with those funds they have found diverse means of enriching themselves. Attempts have been made, as the Finance Minister has explained, to curb them by way of legislation. It had been provided, for instance that a major portion of those funds—subsequently, by an amendment it was provided that half of those funds—would have to be invested in Government securities. You will be surprised to know how easily this inhibition was eluded. This inhibition of section 27 of the Insurance Act was eluded by a very simple process. The funds were invested in Government securities; then those Government securities were transferred by endorsement and the money was invested in other business. If there was fear of some check, the securities were re-endorsed and endorsed back again. There are many ways and I am only indicating one. The insurance magnates with the huge funds under their control freely indulged in speculation, totally unsettling the economy of the country. The way speculations have been practised has been stated by the Finance Minister by his quotations from the magazine *Commerce*. It is not the magazine of any political party. It is not the magazine of any party or faction advocating nationalisation. It is the magazine of a part of the business world. It is a financial journal which is bitterly opposed to nationalisation. It is that magazine that has revealed the way in which insurance magnates have speculated. The Finance Minister has read extracts from the article appearing there to show how the speculation was made by taking the profits in the name of the

individual and shifting the loss to the insurance company. Even apart from that, it appears from the same article that the insurance magnates also financed professional speculators. The magazine itself says that now that the Ordinance has come upon them suddenly, these speculators are in difficulty. The market has gone down against them and they are faced with the alternative either of bearing the losses themselves or of refusing to pay the dividends. It may be said—it has been said certainly by the insurance magnates—"Couldn't you legislate to check this? Could not you legislate to eliminate these evils from the insurance business? Why don't you do it?" For example, some insurance magnates have suggested, "If you do not like our investments, why don't you say that 100 per cent of the funds will be invested in Government securities?" The object is quite clear. If 50 per cent was not an adequate check, 100 per cent would not be a check either, because the investment in securities would be there, but there would be transactions on the securities themselves. Whether it is 50 per cent, 75 per cent or even 100 per cent, there is no difference.

The Finance Minister, I am afraid, has been very optimistic in saying that perhaps it might have been controlled by legislation. I will cite a statement of a colleague of his to show that that control was impossible. It was the Commerce and Industry Minister, who in a statement which appeared in the Press said like this :

"We have had a series of legislative measures controlling insurance, but we have finally felt that legislative control had become ineffective. . . . Ultimately, we have come to this conclusion for two reasons—undoubtedly one a negative reason—public funds of the policy-holders being misapplied—and the second, a positive one; we could devise no legislative hedge that could not be jumped over."

That, Sir, is the crux of the matter. I shall come to the other arguments, weightier arguments, in support of nationalisation. But even taking the point of view of the insurance magnates that it should be run on the basis of private enterprise under legislative control, this statement of the Commerce and Industry Minister is a complete refutation of their arguments and is a complete indictment of what they have done.

I have referred to malpractices resulting from the control of huge life insurance funds, malpractices of eluding the requirements of investment in securities and malpractices of speculation. I shall very shortly refer to another malpractice namely, the practice of employing sinecures or paying persons in authority for doing nothing at all.

3 P.M.

I shall not cite examples. I had cited some examples during the time of the amendment of the Insurance Act, I think, last session. I shall only hope that these sinecures will be eliminated in the course of nationalisation and a start will be made while the custodians are still in possession of the different insurance companies.

I shall now come to weightier arguments, arguments which are of greater consequence to our national life. Removal of corruption, removal of malpractices and abuses is a weighty argument indeed. What would be weightier from the country's point of view, from the national point of view are other matters to which I shall now refer. In the first place, nationalisation of insurance will make a huge fund available which, if invested in proper lines, would be of immense benefit to our national economy. At present, I understand that the life fund belonging to all the insurance companies amounts to Rs. 380 crores. This sum of Rs. 380 crores is not a joke in our country. Then, there is an annual premium income of about Rs. 55 crores, according to the latest figures. That premium income will go on increasing as it has gone on increasing according to our experience. It has been calculated that the rate of increase is 10 per cent over the increase of the previous year. This would be the rate of increase on the assumption that the insurance business will run as it has always run and there will be no improvement, no accentuation in the flow of insurance business. But actually, we can have an insurance business of a much greater volume in this country because, as yet, very little of our country has been touched by life insurance. We have an insured population which is about 1 per cent of the total population, while in advanced countries it goes on to about 80 per cent, for instance, in the United States. I do not say that we are likely to have an insured population to the extent of 80 per cent. But, certainly, we can go a long way and we can have much more than 1 per cent. We

[Shri Sadhan Gupta]

can increase the total volume of insurance which is today, I think, about 1,000 crores to about Rs. 8,000 crores, as the Finance Minister has just said. That, I believe, would yield an annual premium income of Rs. 350 to 400 crores, or in the neighbourhood of that. I am not speaking in exact figures. That gives an idea of the amount of wealth that would be in the possession of the nation for the purpose of being invested not in useless enterprises for the profit of the insurance magnates, but in really socially useful enterprises which will lead to the economic progress of the country. At a time when we are desperately looking for aid to foreign countries, when we are trying even to resort to deficit financing for the purpose of balancing our budget, is it a small fund to have so many hundreds of crores of rupees to improve our economy?

The second consideration is that it will help in the breaking of the monopoly that has grown up round the insurance business. I have already said how the insurance magnates, with a small share capital control huge funds. For example, the paid-up capital of a company like the Oriental Life Assurance Co. is only Rs. 6 lakhs. Yet, they have a life fund—I forget the exact figure—of, I think, more than Rs. 100 crores. Similarly, all the insurance companies, at all events, all the big insurance companies have a very insignificant paid-up capital in proportion to the life fund that they control. Again, they are linked up with banks and industrial groups. The Dalmias, Birlas, Tatas, and Jalans, have all their insurance companies, life insurance companies, general insurance companies and their banking companies. They are also industrial magnates themselves. This link between their concerns should be broken so that the funds are not diverted to channels which are not profitable to the nation.

There is another advantage which incidentally arises from nationalisation. You know the insurance companies hold considerable shares in many industrial undertakings. So much so that through nationalisation, Government will be able to establish control over a sizable section of the private sector. This is very important. Through this control, Government may channelise the resources in that sector to industries which come under their control. Through control over the insurance business, they can channelise the resources in that sector for purposes beneficial to the

national economy. That, although an incidental achievement, is not a very small achievement and Government should pay every heed to channelising these resources in the proper way.

These are the grounds why I look upon this Bill with great satisfaction. Because it is a Bill preparatory to the nationalisation of life insurance in this country, it cannot but give satisfaction to any person who is averse to corruption, and malpractice, and to any person who wishes the nation to have resources which are beneficial for its economic interests. But, as I said, I have my apprehensions also. I do not for a moment mean that my apprehensions are such that they would lead me to oppose nationalisation or to doubt the desirability of nationalisation. Far from it. My apprehensions are really that this desirable object may not be properly fulfilled. Therefore, I shall indicate why these apprehensions arise and what suggestions I have to remedy them.

You know that in the Ordinance and in the Bill which is now before the House replacing the Ordinance, there is a provision for the appointment of Custodians for the control of the business of the concerns taken over. That is, of course, necessary. Some one must be in control on behalf of the Government, but the kind of persons put in control of insurance concerns, at any rate of the largest insurance concerns, would fill every ardent supporter of nationalisation with apprehension.

Before I come to the individual concerns, I would like to place the principles which in my opinion should have guided the Government in appointing custodians. Government are proceeding to nationalise insurance companies. In nationalisation the first thing necessary when you appoint a custodian is that the person concerned should be an enthusiast for nationalisation. You know, Sir, that the insurance magnates have opposed nationalisation tooth and nail. They have given all kinds of arguments, philosophical, economic and what not, to oppose nationalisation and yet when you appoint a custodian if you appoint a person who himself is opposed to nationalisation, who himself has given expression to his views vehemently against nationalisation, can you expect the affairs of the institution to run smoothly? If he starts with the prepossession that nationalisation is a bad thing, it is not going to help anyone. Is anything going to be done if such persons are appointed

custodians? And yet in the biggest concerns, it is precisely this kind of persons who are appointed as custodians.

Let us take the case of the Oriental. Now, who is the custodian there? The chief officer of the concern, Shri Vaidyanathan....

Mr. Chairman: I would request the hon. Member not to criticise personally by particular names since the person criticised is not here to defend himself. It will be very difficult to make a distinction as well as to found a criticism against a particular person unless he is given an opportunity to defend himself.

Shri Sadhan Gupta: I thought I was not making any defamatory allegations.

Mr. Chairman: I am only warning beforehand because he will go to other companies also; he will name other persons also. It is quite right that he is indicating the qualifications of the persons who should be appointed. That is perfectly fair. But to come to individuals and criticise them that they do not answer this description will be invidious and unjust.

Shri Sadhan Gupta: In the Oriental a gentleman has been appointed. In 1945 he was the Superintendent of Insurance under the Government of India and while in that post he vehemently opposed nationalisation in an article published in the Insurance Year Book of 1945, and this article was reprinted in the *Capital* of 2nd February, 1956.

Shri Venkataraman (Tanjore): People change their opinions also.

Shri Nambiar (Mayuram): Will he change that is the question.

Shri Sadhan Gupta: People change their opinion, I agree, but in this case he wrote an article in the Annual Number of *Commerce* in 1955. It is only two months ago and there he reiterated it. So, I do not think anything has happened to make him change his opinion in this short time. If anything has happened, perhaps the Finance Minister will explain it.

Then, in regard to the custodian of the Hindustan Co-operative Society, another of the largest insurance companies, he not in 1945, not even in 1955, but in January 1956, in the insurance world wrote an article opposing nationalisation.

Then there is the case of National Insurance, another of the largest concerns, one of the big five. There, the custodian concerned made a statement in the press which appeared on the very same day that the Finance Minister's statement was published announcing nationalisation. In the same page, in one of the papers at least, in one column was the statement of the Finance Minister announcing nationalisation, and just beside his statement in the same page there appeared the statement of the gentleman who has now been appointed custodian of National Insurance opposing nationalisation. I hope he did not change after that. That was in the press on 20th January, 1956.

In the case of the Oriental, the chief officer of the concern has been appointed custodian. Just before nationalisation, and we can assume that in anticipation of nationalisation, the Oriental prepared a scheme of mutualisation which was a very interesting scheme. For every Rs. 100 paid-up share it was proposed to substitute a debenture of the value of Rs. 8,800 to carry interest at 4 per cent, and then the debenture-holders would retain control until, of course, the debentures were redeemed. That would have a very multiplicity of advantages. First of all, the rate of dividend would be 4×88 , that is to say 352 per cent of the paid-up capital. Secondly, the debenture-holders would remain in control as they did as shareholders, and thirdly, if the question of nationalisation came, then additional compensation would almost certainly be given because of the higher value of the debentures. Now, with all these, to make a person custodian who must have been concerned with this kind of thing, is, I say, a very bad start for nationalisation indeed.

Another feature, the third feature I would say, is the appointment of custodians who form a sort of chain. What we find in Calcutta is that one gentleman has been appointed custodian of Metropolitan who was the chief officer of National. Then the Consulting Actuary of the Metropolitan goes to Aryasthan as custodian, and the chief officer of Aryasthan comes to National as custodian. What is more, they are mutual friends.

Shri Kamath: Mutualisation, I suppose.

Shri Sadhan Gupta: If some kind of defect arises in one concern, then it would be very easy for them to link up

[**Shri Sadhan Gupta**]

and cover up each other's defects. If defects are in each other's concerns, then it would be an additional incentive to them to cover them up. Is this the way to proceed with nationalisation?

Apart from these, in the matter of appointment of custodians....

Mr. Chairman: The hon. Member has already taken about 35 minutes. After all, there are other Members anxious to speak.

Shri Sadhan Gupta: Another matter is that the chief officers in many of the companies have been made custodians in others. That way, if there is any defect in that company, the custodian of that company does not have the chief officer concerned to give his explanation for the defect. Secondly, because the chief officer is the only person who has a comprehensive picture of the company, the custodian is in a soup, because he does not know anything and the other officers either do not know anything at all because they are connected with only sections of that concern, or they conveniently give the excuse that only the chief officer knows and that they do not, and therefore the custodian does not find out what is what in that company.

I have referred to custodians so far. My next point is regarding the reduction of policies. I do not know what made the Finance Minister announce that the policies may have to be reduced.

There may be a few companies which have assets which are less than the liabilities. But the point is that when we are taking over all the insurance concerns, there would be a surplus available, an overall surplus, with which we can certainly honour the liability of those who have no surplus. And what are these deficits? In many cases, they arise because valuable assets are undervalued and liabilities are over-valued. In the case of one insurance company, I know that valuable assets were transferred to the management as worthless at a very small price, and a collusive report was obtained from the auditor; and then it turned out that the assets were really valuable and the report was false.

In another case, mortgaged property was transferred to the management, and a report was obtained that it was dilapidated property; and it turned out, however, that it was very sound immovable

property, and very valuable at that. This is the kind of way that assets are undervalued.

Liabilities have been over-valued in one case, by assuming an interest of 24 per cent in 1950, whereas in 1949, the company was declared solvent on an assumption of 3 per cent interest. You must remember that after 1949, it was a rising market for interest. The prices of Government securities were going down, and the bank rate had been enhanced in 1951 actually.

Even if there was no surplus available, I would say that the burden on Government in honouring these policies would be insignificant, and Government could not shirk the moral responsibility of granting the policy-holder a credit for his full policy. For, after all, is it the policy-holder who is responsible if the assets of the insurance company are insufficient? Government themselves are responsible for it. They have a Controller of Insurance to look after the affairs of the company; and the policy-holder was justified in relying on the Controller of Insurance; and if the Controller of Insurance has failed in his duty, the policy-holder should not be penalised.

Lastly, I would say that this kind of decision is a bad beginning for nationalisation. It shakes the confidence of the policy-holders in nationalised insurance, that is, the confidence of people whose goodwill the corporation has to depend upon.

The other bungling that Government have done is to determine the premium with reference to the Oriental rate, and at one rupee less than that rate. The difficulty has been that the Oriental prospectus has not been supplied to all the concerns, and the agents are in a soup about what the rate is. Secondly, all the agents are not familiar with the Oriental table of premium rates and commissions. Thirdly, it has created a misimpression among policy-holders that only the Orientals is the recognised concern, and that no other concern has the right to book policies. I have heard this complaint from agents; and agents are finding it difficult to procure business unless they happen to represent the Orientals. Fourthly, in the most popular policy of 20 years' endowment for the age group 30-50, 78 companies have lower premium than the Oriental according to the Indian Chamber of Commerce's note to the Finance Minister; and in some cases, the difference is about Re. 1 to Rs. 2 per Rs. 1000. According to the same

note, quite a few companies charge lower premia for whole-life policies. Fifthly, there is no scientific basis for the formula of one rupee less than the Oriental rate, for that premium rate will not be permanent, and the whole premium-system will have to be revised later on; and pending that revision, the present premia may be allowed to continue, for the agents will be in a better position to do business under the present premium.

Then, the treatment of the staff has not always been very desirable. For example, an employee of a particular company in Calcutta was asked to report at Ajmer within seven days of the notice. Now, this kind of thing cannot be done, because after all it is not so easy to wind up establishments and report at Ajmer within seven days' time. I know of at least three cases where the January pay has been stopped, and increment has been stopped.

There is another very serious argument against the way Government have proceeded to nationalise, namely the omission of the general insurance sector. Now, the reason for nationalising life insurance that has been given is the malpractice and the need to mobilise resources. Malpractices are even more rampant in general insurance business. The chairman of many general insurance companies and of regional insurance councils have admitted malpractices. Shri M. C. Shah himself has stated that income-tax to the extent of Rs. 1 crore a year is being evaded. The general manager of a general insurance company has confessed to me that there was no general insurance company which did not indulge in illegal rebating and other malpractices. In spite of that, that sector has been left alone.

If general insurance had been nationalised, we would have got a lot of investible funds. Fire insurance, for instance, records a net claim of less than 35 per cent in India. It is a very covetable thing. And that it is a profitable thing is clear from the fact that foreigners are very eager to come into the Indian market in respect of fire insurance.

Then, many of the foreign concerns would have been eliminated by taking over general insurance. There are 61 Indian general insurance companies as against 88 foreign companies. In marine and miscellaneous insurance, foreign companies have practically a monopoly.

Further, the non-nationalisation of general insurance companies would lead to the extinction of most of the subsidiary and composite general insurance companies. You know that the subsidiary general insurance companies were being fed by the corresponding life insurance companies. When the latter are withdrawn, the former would be deprived of the support and they would perish. The subsidiary and composite general insurance companies have achieved a great deal of economy by reason of the fact that the administration was carried on in conjunction with the life insurance companies; a small allocation was made to the general and the bigger share was borne by the life side.

Now that the two are going to be separated, the difficulty will be that the general insurance part of the composite concerns or the subsidiary concerns would have to bear the whole burden of the administrative expenses, which they would not be able to bear, and would close down. What would be the result? Huge retrenchment among its employees, discontent and discredit to nationalisation.

Fifthly, in allocating employees of the composite companies, what procedure would you follow? In the case of one insurance company—the National Insurance Company—I know they had no separation of the Life from the General department. A small volume of general business was being conducted by employees who were freely transferred from one department to another. How are you going to allocate them between the nationalised concern and the sector still left over in the hands of the insurer? And how are you going to allocate the share capital either?

Then the Government are already running two composite companies because an Administrator has been appointed to look after their business. So why could not they take over the general sector also? Now, Government will also have a controlling interest over many subsidiary general companies. Then if they had the general companies in their control, they would also succeed in directing investments on proper lines. As it is, investments are being grossly misdirected by general companies, into the details of which I have not the time to go.

I would also say here that not only insurance but banks should also be nationalised and the Government should look to that part of the suggestion.

[**Shri Sadhan Gupta**]

Now, I would make a few suggestions to improve the administration of the nationalised concerns and to make nationalisation popular among the people. The first thing is that the existing Custodians who are against nationalisation should be replaced by Custodians who have enthusiasm for nationalisation. Secondly, Custodians must be given entire control over the *ex-Chief Officers* and those Chief Officers must be available to them for rendering explanation at all times. Then the link between Custodians should be broken at once. Fourthly, there should be no reduction in policy. It is not necessary because the liability can be met from available surplus, and in any case, it is not a great burden on the Government. Fifthly, there must be a direction to Custodians to run business on efficient lines and to take the co-operation of the employees through Unions where Unions of employees exist or otherwise where they do not exist. They should establish contact with the All India Insurance Employees' Association. That Association has warmly supported and enthusiastically welcomed the proposal to nationalise, and it will be in a position to give them valuable assistance in conducting the nationalised concerns. The Custodians must be directed also to pay particular attention to disbursement of claims promptly, to disbursement policy loans and surrender values. Sixthly, the old premium rates should be reintroduced for the time being pending introduction of new rates on a scientific basis. Then there should be full protection of the privileges of the employees and their trade union rights, and behaviour towards them should be decent and honourable. In particular, all agreements reached between the *ex-authorities* and the employees should be scrupulously honoured. Agreements which were nearly completed and could not be completed on account of nationalisation should be completed, industrial disputes between employees and the concerns should be expeditiously settled at all levels and transfers should not be made without compensating the employees for losses due to transfer. In any case, transfer should not be made in the way it was done in the case of the company in Calcutta I referred to where people were asked to report at Ajmer in seven days' time. Steps should be taken to level up disparity of wages between different classes of employees. Where concerns had no fixed scales, some increment should be given to employees because there had been considerable exploitation

by these concerns. No employee should be retired before he reaches the age of 60. Where no retirement benefit is provided for in those concerns, retrenchment benefits or gratuity should be given in accordance with the Industrial Disputes Act. Then there should be a thorough examination of accounts of the last three years in suspected cases of mis-application and the guilty should be punished. This examination should be done in co-operation with employees who will render assistance very gladly. At this stage, no investment other than investment in government securities should be permitted, except in the case of *bona fide* agreements by the authorities which preceded nationalisation.

Mr. Chairman: Most of these matters will be the subject-matter of the other Bill. For example, conditions of service.

Shri Sadhan Gupta: The difficulty is this. They are serving under the Custodians now and difficulties are arising regarding conditions of service. These are certainly the subject-matter of the other Bill, but also relevant to this Bill because the Custodians have to keep these things in mind.

Now, I would say something about the compensation proposed. I could not for the life of me see what is the necessity of paying these companies compensation for taking over the management at such a heavy rate. One rupee for every Rs. 2,000 of the premium income is an extremely heavy compensation. I worked it out in the case of the Oriental, I think, and it would come to about 1/12th or so of the entire paid up capital. In any case, I do not see why such a heavy compensation should be given, because when we nationalise the concerns, we will give them compensation, and a very small compensation should be enough for the purpose of taking over the management.

In conclusion, I would say that the Government have made a bad start with nationalisation, so bad indeed that the wildest dreams of the enemies of nationalisation have been satisfied. Yet, this kind of evil should not at all be a concomitant to nationalisation. If you do away with bureaucracy, if you introduce an efficient and flexible administration without red-tape, nationalisation will be a success, not only be a success but will be a great asset to the nation. The best thing you can do is to take the co-operation of the employees in this respect. The employees are enthusiastically for nationalisation. They will

serve you loyally and they will see that the administration is efficiently run. Take their co-operation, take the co-operation of the Unions, take the co-operation of their all-India Association, the All India Insurance Employees' Association, in improving their lot, in discovering misfeasances and in punishing the guilty and in devising ways and means of serving the policyholders, and success is assured for the nationalised concerns.

Shri M. S. Gurupadaswamy (Mysore): I have listened carefully to the first part of the speech of the Finance Minister. There he explained the reasons why the Ordinance had to be promulgated as a preliminary step to the nationalising of life insurance companies. He stated that in view of the complications and the kind of business that is carried on in the insurance world there is no alternative but to issue an Ordinance. I have no quarrel on this point because I feel that the circumstances which prevailed in the insurance world had left no other alternative but to take this step, that is to issue an Ordinance as a first step towards the nationalisation of insurance business. But I object to the method of approach made by the Government in regard to this problem. I do not deny the importance of nationalisation and also the need for it. But, I have to say that this attempt on the part of Government to nationalise insurance is not a complete step. There is no comprehensive approach to tackle this problem.

All of us are aware that only life insurance is going to be nationalised. The other kinds of insurance business would be left safely in the hands of private entrepreneurs. I do not know what reasons weighed with Government in resorting to only partial nationalisation and not full nationalisation.

The party to which I belong all along stated inside the House as well as outside that there should be immediate nationalisation of both insurance and banking. We insisted that both insurance and banking should be nationalised wholly because both these institutions are like the lynchpin of the apple cart of our national economy. They control the levers of national development and they constitute very vital elements in our national life. So, we have stated that both banking and insurance companies should be nationalised and one cannot be divorced from the other. Today what are we doing? Government is content

with nationalising only a very small part of the insurance business and gives complete freedom for the rest of the insurance business; and there is no assurance —there is no indication—that steps would be taken, at least in the immediate future, to nationalise the remaining sector. Further, there is no indication also that the banking business would be nationalised.

I always hold the view that insurance and banking are responsible for some of the unregulated developments—or may I say the undesirable developments—in the field of business. When money is in the hands of private individuals and when there is no sufficient planning and proper judgment over the matter of spending or investment, there would be naturally chaotic investment or unregulated utilisation of funds. So, we said, that in view of the nature of the activities which the insurance companies and banking institutions have to carry on, it would be desirable that the whole system should vest in the hands of Government or in the heads of public bodies. I would therefore consider this a very paltry step in the direction of nationalisation.

The hon. Finance Minister said that his approach in nationalising this sector of life insurance business was considered on pragmatic basis. But I have to say that this pragmatic approach or empirical approach has been responsible for the muddle-headed—or may I say planless—thinking in the matter of nationalisation. Unless we accept the ideological basis for nationalisation we cannot bring about a complete and satisfactory scheme for nationalisation. Before nationalising a thing one should have heart in it. One should give full thought and full mind to it. The very pragmatic approach takes away that element of seriousness and it will make the whole scheme appear as a non-ideological plunge in which the nation may not have more than casual interest. So, I would say that this pragmatic approach should be given up and there should be a proper ideological approach to the whole question. However, I do not want to make ideology a fetish. I do not want that for the sake of ideology we should go on experimenting with all things. Ideologies should be considered and should be viewed from the point of view of practicability. That I agree. But there should be some ideological basis for any action. Even for a pragmatic approach there should be some

[**Shri M. S. Gurupadaswamy**]

ideological basis. I am very sorry to notice that this is entirely lacking on the part of Government.

If you look at nationalisation in some of the other countries you would see that in no country except, I think, New Zealand, and to a certain extent, France, there has been an honest attempt towards full nationalisation. In France, when this matter of nationalisation came up before the National Constituent Assembly, the Government argued that the insurance business would leave enormous funds in the hands of private people and this accumulation of huge capital in the hands of private individuals would give such a considerable power to them that in the long run they may prove perilous to the very economy of the State. The Government also argued that the money that is in the hands of these companies does not belong to the shareholders. Even in India the shareholders' money is very insignificant or considerably small when compared to the policyholders' money. The major portion of the money is derived from the latter class. So, the Government of France stated that the policyholders should have all the benefit or most of the benefit of insurance business, but unfortunately in the private management only the shareholders would rule the roost and reap all the benefit. That is why the Government of France thought that the only way of protecting the policyholders and giving them all the benefits of insurance and also of enlarging the insurance for the benefit of the public is by nationalising insurance. They also considered the question of the nationalisation of banking. Unlike our Finance Minister, the Finance Minister of France thought that without nationalisation of the major portion of banking mere, nationalisation of life insurance would mean nothing and would not carry them any further. So, the Government of France thought that nationalisation of banking also should go hand in hand with nationalisation of insurance.

In the case of New Zealand, an attempt has been made by the Government of New Zealand to nationalise certain sectors of insurance. I have got here the various types of insurance business they have nationalised already. The working of nationalised insurance in New Zealand has given us certain indications by which we may be profited. In that country, nationalisation of insurance had led to too much of bureaucratisation. And bureaucratisation is the enemy number one of nationalisation. If

only nationalisation is to lead to bureaucratisation or bureaucratic control of the entire sector, then nationalisation has no meaning. And my party does not encourage or want bureaucratisation in the form of nationalisation. That is not socialism. I may say that we regard that bureaucratisation is a great danger to socialism.

An Hon. Member: What is the hon. Member driving at?

Shri M. S. Gurupadaswamy: In New Zealand this has been very much appreciated by certain sections of the public. Now they are thinking that there should be less of bureaucratic control or departmental control; and to achieve this they are considering the question of having corporations for the different companies when they are nationalised. Supposing there are half a dozen companies privately owned and privately run, when you nationalise those companies, each insurance company would be treated separately, that is, a separate board of directors would be appointed, of course under the aegis of the Government. Similar consideration has been bestowed in other countries as well. In the short time at my disposal I cannot give the history of nationalised insurance in various countries, but I may refer to these things in detail when the next Bill is taken up for consideration.

In India, when we are now nationalising life insurance business, I would suggest to the Finance Minister that sufficient thought should be given to this aspect, that is, what type of structure or machinery we should have for handling this nationalised business. The Finance Minister gave certain reasons why there had been great reasons impelling Government to issue ordinance. In referring to these reasons, may I point out one thing? He said that in certain companies various types of misappropriation and misuse of funds were noticed. That is true, and I do not disagree with it. May I point out one thing which came to my notice just a few days back? I was told—I am subject to correction—that before the ordinance was issued, a very big man or a representative of a very big insurance company approached the Government to know whether there would be such an ordinance. The Government took him into confidence and he was told that there would be such an ordinance. I was told—again I am subject to correction—that sufficient time was given to that gentleman to keep his records in order or rectify wrongs in the accounts, and before the

ordinance was issued, he was asked to be ready so that he might not be caught for any illegal act. If that is true, it is a very serious matter.

Shri S. V. Ramaswamy (Salem): May I know the basis for this information?

Shri C. D. Pande (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North) : Assumption.

Shri S. V. Ramaswamy: The hon. Member is charging the Government of partiality to individuals. May I know the source of his information?

Shri M. S. Gurupadaswamy: I do not want to name the person or name the company, and I do not like to be dragged into discussion. That is why I said in a general way that a representative of a company approached the Government to know whether there would be such an ordinance issued.

Shri S. V. Ramaswamy: This is a very serious allegation against the Government.

Shri M. S. Gurupadaswamy: I am not yielding. If that is not true, I would like to be contradicted and I would be happy if that is done.

Mr. Chairman: The general rule is that if an hon. Member wants to make an insinuation or to state a fact, then he should be perfectly sure of what he is speaking about. The only basis for making this allegation against the Government seems to be that he has heard it from some quarters. He is perfectly entitled not to name the person.

I am only requesting him not to make any allegation of this kind unless he is perfectly sure and he has got good basis or solid foundation for such an allegation. That is all that I can say at this time. By the hon. Member saying he does not want to disclose the source of information this insinuation becomes worse.

4 P.M.

Shri M. S. Gurupadaswamy: I cannot produce any record nor is there any other evidence with me.

Shri S. V. Ramaswamy: May I submit that it is very easy to make an insinuation like that....

Mr. Chairman: Order, order. I am only asking the hon. Member not to make such insinuations.

Shri S. V. Ramaswamy: May I request that this portion of the debate may be expunged? This is a serious allegation against the Government.

An Hon. Member: It means Government is approachable.

Mr. Chairman: This is not the subject matter for discussion. I have already asked the hon. Member not to indulge in such allegations.

Shri M. S. Gurupadaswamy: I do not want to pursue this matter further. I have already said that it was a hearsay and my friends need not feel upset very much about it. If it is wrong or false let them say so; I will be satisfied.

Now by leaving a large sector of insurance still in the private hands, you would encourage the same type of fraud or misappropriation. The Finance Minister said certain bad things in respect of life business. If they are true, they may be true in a lesser degree in respect of other insurance business.

Shri Asoka Mehta (Bhandara): In a greater degree.

Shri M. S. Gurupadaswamy: I would say that this partial nationalisation of life business without nationalising the remaining field would render nationalisation meaningless and farcical. The Government might have been influenced only by the consideration of money for the Plan; life business gives a lot of money—crores of rupees. Moreover, it is less risky. Government can manage life insurance in a comparatively easy way. But to manage and run marine insurance, accident insurance, crop insurance or cattle insurance and the like is difficult. If Government wants to give the benefits of insurance, by taking it in its own hands, why confine it to life business only? Why not take up other matters and other fields also. The risk involved is of course great. In life insurance, the risk is rather very little. For instance in the case of marine insurance the amount to be paid may be very high. There is greater danger and so greater risk. It seems Government does not want to shoulder the greater risks and responsibilities. That is why it is shirking and does not want to nationalise other insurance business.

Even in regard to life insurance, we have at present some instances of State-managed or owned insurance. I know how it is managed in my own State. There is the life insurance department

[Shri M. S. Gurupadaswamy]

managed by the Government. The management is not of a very high standard which we could emulate. Government or State management there does not compare very well even with some of the private insurance companies.

Shri K. K. Basu (Diamond Harbour) : That is why Mysore is being merged with Karnataka.

Shri M. S. Gurupadaswamy : That is why I say this bureaucratisation or departmental management may not be a good substitute or proper remedy. Instead of departmental management and control, insurance business should be run and conducted by corporations. One corporation does not solve the problem. Our country is so vast and there are thirty-six crores of people and our intention is to give insurance benefits to one and all. If that is our actual aim, it would be very difficult for one corporation to give those benefits to the public. My suggestion therefore is that small companies may be amalgamated with big companies and for each such body, there should be a separate board of directors.

Today, what is happening in the case of air corporations? There are two corporations. I was one of those who pleaded for only one corporation in the beginning because I thought at that time that by having one corporation for the whole thing, it would be easy to exercise control, and bring about economy and good treatment to employees and so on. But now I have heard complaints that even these two corporations are big enough. I suggest that we should take the experience of other nations in this regard. The small companies may be amalgamated with the big and we may have four or five corporations. If this is done there will be sufficient competition among them. If there is only one corporation, there will be no competitive element left. Even in Government-owned industry, there should be an element of competition. Otherwise there will be no efficiency, no economy and no healthy growth of business. There should be about half a dozen corporations competing with each other so that there may be standard.

Shri Heda (Nizamabad) : What about the railways?

Shri M. S. Gurupadaswamy : If you want my views on railways, I would say there should be three or four zones. I do not want the Railway Board itself to manage such a colossal enterprise. The entire railway should be split up

into different zones and there should be zonal management of railways instead of central management.

Mr. Chairman : Let us be more relevant.

Shri M. S. Gurupadaswamy : I was diverted. I would suggest that we should adopt that method and there should not be extensive departmental control and management.

Finally I would appeal to the Finance Minister to consider whether it would not be feasible to bring the entire insurance business under nationalisation. I would also suggest to him that banking cannot be divorced from insurance business. Banking and insurance are two-wheels of the economic chariot. Both of them should be taken under public control and management. The expansion of public sector should not only cover life insurance business but also banking and other sectors of insurance.

श्री श्री० डॉ० पाटे : (जिला अलमोड़ा—उत्तर-पूर्व) : सभापति महोदय, वैसे तो मैं आरम्भ में ही यह स्पष्ट कर दु कि मैं इंश्योरेंस जैसे जटिल विषय के सम्बन्ध में बहुत ज्यादा नहीं जानता हूँ लेकिन तो भी एक बात तो उनके इस कानून से स्पष्ट है कि उन्होंने बंदूक के एक बार से इतनी बड़ी मुर्गी मारी है कि वे मालामाल हो जायेंगे, राष्ट्र संपत्तिवान हो जायगा ।

एक मानमीय सवाल : मुर्गा या मुर्गी ?

श्री श्री० डॉ० पाटे : मुर्गा या मुर्गी कछ ही कह लीजिये जो आपकी तबीयत चाहूँ, लेकिन इसमें कोई शक नहीं है कि श्री सी० डॉ० देशमुख ने बहुत बड़ा शिकार मारा है । और हमारे उस ओर बैठे हुए कम्युनिस्ट भाइयों को तो खुशी होनी चाहिए और इस मेजर (विधान) का क्रतवै विरोध नहीं करना चाहिए क्योंकि आज तो हम सब लोग रुसी हो गये हैं । यह जो इंश्योरेंस कम्पनीज का राष्ट्रीयकरण हुआ है, नैशनलाइजेशन हुआ है, यह वास्तव में श्री बुलगानिन और श्री रुद्रचंद्र की जीत हुई है और आज हम सब उनके छेले बन गये हैं । मैं स्वयं कोई कैपिटलिस्ट (पूँजीपति) नहीं हूँ लेकिन हमें उनकी निन्दा न करके उनको इस बात के लिए धन्यवाद देना चाहिए कि उन्होंने अहो हमारे देश में इतने सारे उद्योग धर्थों स्थापित किये और इंश्योरेंस को जन्म दिया उन्होंने उसको पाला पोसा और हमको करोड़ों रुपये इसके जरिए पैदा करके दिये हैं और इस

नाते हमें पूंजीपति भाइयों को गाली नहीं देनी चाहिए, बल्कि उनको घन्यवाद देना चाहिए। गाली अगर देनी है तो डालमिया को देनी चाहिए जिसके कि पाप से उनके ऊपर चौका फिर गया। गाली उनको देनी चाहिए, लेकिन और बाकी पूंजीपतियों को नहीं देनी चाहिए। इस विषयेक का एक विपरीत प्रभाव यह अवश्य पड़ेगा कि प्राइवेट सेक्टर (गैर सरकारी क्षेत्र) काम नहीं करेगा और प्राइवेट लोग कोई कारोबार नहीं हथियायेंगे क्योंकि वे जानते हैं कि ज्योंही उनके पास रुपया इकट्ठा होगा, सरकार उनसे छीन लेगी। इसका बुरा प्रभाव यह होगा कि हमारे लोगों का ब्रेन (मस्तिष्क) प्रश्निल (सुस्त) हो जायगा, लोगों का ब्रेन काम नहीं करेगा और हमारे लोग कोई नया कारोबार नहीं खो सकेंगे। यह बात भी हमें सोचनी चाहिए।

मैं कोई कैपिटेलिस्ट, सोशलिस्ट या कम्पनिस्ट नहीं हूं, मैं तो एक साधारण कांग्रेसमैन हूं लेकिन पुराना आदमी होने के नाते मैंने पुराना जमाना देखा है और इस नाते में आपको बतलाता हूं कि आखिर इस देश के पूंजीपति वर्ग ने जो धन पैदा किया, वह नैशनलाइजेशन करके हमारे हाथ लग गया और इसलिए हमको उनको बुरा नहीं कहना चाहिए। बल्कि उनको सदा अपने साथ बनाये रखने का प्रयत्न करना चाहिए ताकि वे लोग फिर अपने पैसे को उद्योग धर्घों में लगायें और फिर पैसा पैदा करें ताकि अवश्यकता के समय फिर वे हमारी सहायता करें। हमें इनको अपना दुश्मन नहीं बनाना चाहिए। यह पूंजीपति तो हमारे कमाऊ पूत हैं और हमें इनको अपनाना चाहिए। हमें इनको दुतकारना नहीं चाहिए।

सरदार ए० एस० सहगल : (बिलासपुर) : कामधेनु गाय हैं।

श्री श्री० डॉ० पांडे : जी हां। आप उदाहरण के लिए चार भाइयों में बराबर बराबर धन बांट दीजिये, इक्वेटिवल डिस्ट्रिब्यूशन आफ बेल्य की घ्योरी (धन का समान वितरण का सिडान्ट) के अनुसार आप बराबर बराबर चारों भाइयों में पैसा बांट देते हैं। आपके देखने में आता है कि दो भाई तो अपना सारा पैसा शराबखोरी और बेयागमन आदि दुर्घटनाओं में गवा देते हैं, अपने हिस्से की जायदाद को फूंक देते हैं लेकिन दूसरे दो भाई कमाऊ पूत निकलते हैं और वे उस पैसे को अच्छे कामों में लगा कर और धन उपार्जन करते हैं। इसलिए सर्वत्र आप पायेंगे कि कमाऊ पूत का आदर होता है और

उसको ठीक समझा जाता है और उडाऊ पूत को कोई ठीक नहीं समझता।

यह जो १५ तारीख को नैशनलाइजेशन रूपी एक बम फेंका गया उससे हम सब लोग चकित होगये। मैं मोटर में जा रहा था कि मेरी टोपी को देख कर एक प्रादमी ने यह कहा कि कंप्रेस वालों ने आज, यह इंश्योरेंस छीन लिया है और अपने बास्ते नोकरी की एक और नई मद खोज ली है। मेरा कहना यह है कि हमें लोगों के दिलों से और दिमागों से इस आरणा और आशंका को हटाना है कि हम पक्षपात करते हैं और इस व्यवसाय में अपने ही आदमियों को भरती करेंगे। यह जो अपने ही लोगों को भरती करने की भावना लोगों के दिलों में हमारे लिए है, उसको हमें हटाना है। हमको सबको समान रूप से रोजगार सुलभ करना है। साथ ही यह भी परम आवश्यक है कि जब सरकार हमारी संपत्ति छीन रही है, तो उसको हमारी विपत्ति भी छीननी चाहिए। हमको पद मिलना चाहिए, पैसा भी मिलना चाहिए और प्रतिष्ठा भी मिलनी चाहिए क्योंकि राज्य का धर्म तो धन, धान्य, यश, कीर्त बहुपुत्राभम् है। इनको तो राजा प्रजा को ग्रहण करावे। दूसरा राज्य का धर्म क्या है वह यह लोक बतलाता है : “रोगं, शोकं, दुःखं, दरिद्रं च दूरे परिहरिमस्तु” इनको राज्य को हटाना चाहिए। राज्य का धन, विद्या, सुख, शान्ति स्थापित करनी चाहिए। राज्य का यह कर्तव्य है कि जब वह लोगों से उनकी संपत्ति छीन रहा है तो उनको सब तरह की भोजन, कंपडे, और बच्चों की शिक्षा आदि की चिन्ताओं से मुक्त कर दे और उनकी विपत्तियों को हरना चाहिए। आज सब लोग जानते हैं कि बच्चों को पढ़ाना कितना लच्चिला है ? मैं जब पढ़ता था तब २०, २५ रुपये महीने में कालिज की पढ़ाई हो जाती थी लेकिन आज मझे अपने लड़के को कालिज की पढ़ाई करने के लिए २०० रुपया माहवार भेजना पड़ता है। आज की शिक्षा व्यवस्था कितनी अधिक लच्चिली हो चुकी है कि जिसका अनुमान नहीं किया जा सकता। मेरे जमाने में होने वाले शिक्षा व्यय में और आज होने वाले व्यय में जमीन आस्मान का फँक है। आज आवश्यकता इस बात की है कि सरकार जब हमारी सम्पत्ति हरती है तो उसको हमारी बुद्धि को नहीं हरना चाहिए और उसको भी सारी व्यवस्था योग्यतापूर्वक चलानी चाहिए। सरकार जो व्यवसाय चलाती है उसमें उसको विशेष सावधानी और सतकंता से काम लेकर चलाना चाहिए जिससे उनमें उसको लाभ हो और शारे

[श्री. वी. डी. पांडे]

की नौकरित न प्राप्ते । जिस समय श्री सी० डी० देशमुख आर्डिनेस (अध्यादाश) लाये थे तो उसमें तो यह कहा गया था कि सब कर्मचारियों का मान, प्रतिष्ठा और पद सब सुरक्षित रहेगा लेकिन बाद में ऐसा कहना कि हम सोचेंगे कि किस को निकालना है और किस को रखना है, यह चिज़ अनुचित है । बिना जांच के, बिना चरित्रहीनता का दोष लगाये किसी को नौकरी से निकालना ठीक कार्य न होगा । अभी जो हमारे एक मित्र ने यहां पर कहा है कि वे सारे काम करने वाले चरित्रहीन हैं, दुर्स्त नहीं हैं, और ऐसा आक्षेप करना बिल्कुल अनुचित है । अभी हमारे श्री साधन गुप्त जो बड़े विद्वान अविक्त हैं उन्होंने बड़ा सुन्दर व्याख्यान यहां पर दिया है लेकिन मैं यह कहे बगैर नहीं रह सकता कि उनका यह आक्षेप न्यायसंगत नहीं है और अनुचित है । उन्होंने कहा है कि आप पुराने कर्मचारियों को हटा दीजिए, नरसिंह राव को हटा कर वहां पर हरर्सिंह राव की रखिये लेकिन मैं उनसे नम्रतापूर्वक निवेदन करना चाहूंगा कि इससे काम नहीं चलेगा, सरकार को बीमा कम्पनियों में काम करनेवाले कर्मचारियों पर मूल्य तौरसे निर्भर रहना होगा और जाहिर है कि सरकार के यह जो आई० ए० एस और आई० सी० ए० से को लोग हैं, वे इस काम को नहीं चला सकते हैं । इंश्योरेंस के व्यवसाय को तो यह हमारे पूजीपति भाई ही सफलतापूर्वक चला सकते हैं । हमारे वैद्यनायन तो बड़े योग्य आदमी हैं और जब हम और हमारी सारी सरकार रसी होगई, जवाहरलाल जी ने एक छंडे से सब को ठीक कर दिया, तो यह यक़ीनी बात है कि वे भी अपने विचार बदलेंगे और अपने को बतंमान परिस्थिति के अनुसार ढालेंगे । सभी को अपने विचार आज की परिस्थिति की देखते हुए बदलने पड़ेंगे और अपने को बदलेंगे । और मैं अपने कम्युनिस्ट दोस्तों से भी नम्रतापूर्वक निवेदन करना चाहूंगा कि वे भी अपनी ओल्ड प्रीजुडिसेज (पुराने देशों) को छोड़े । मैं सोशलिस्ट, कम्युनिस्ट या उपद्रविस्ट नहीं हो सकता । इस बुद्धावस्था में भगवान के चरणों में पड़ कर अपनी शोष जिन्दगी बिताना चाहता हूँ । मैं किसी की मान, प्रतिष्ठा या धन नहीं लेना चाहता और मैं तो अपने उन मित्रों से भी हाथ जोड़ कर कहंगा जो हमको तानोंकी दाढ़त देते रहते हैं और मिर्च खिलाते रहते हैं कि उन्हें भी आखिर एक दिन भगवान के बहां जाना है और इसलिए वे जो सदा इस तरह की बातें सोचा करते हैं, उनसे बाज़ आयें । मैं किसी से

बिगड़ करना नहीं चाहता हूँ ।

सरदार ए० एस० सहगल : कम्युनिस्ट लोग तो भगवान को मानते ही नहीं ।

श्री बी० डी० पांडे : सरकार को यह उचित है कि कोई व्यक्ति अपने पद से न निकाला जाय और उसकी मान और प्रतिष्ठा न छीनी जाय और जनता में यह जो सरकार के प्रति आशंका फैल रही है कि नैशनलाइजेशन करके सरकार इसमें अपने प्रादमियों, चचा, भटीजों और रिश्तेदारों को नौकरियां दिलायेगी, उसको भी दर करना चाहिए और जहां तक संभव हो बतंमान कर्मचारियों को उनके पदों पर कायम रख कर उनसे काम को ठीक तरीके पर चलाना चाहिए ।

एक ट्रिव्यूनल होगी जो अच्छी तरह से जांच करेगी कि कोई आदमी दुश्चरित्र तो नहीं है, चरित्रहीन तो नहीं है, कोई आदमी रिश्वत तो नहीं खाता है, इस की जांच करने के बाद अगर कोई आदमी निकालने लायक होगा तो उस को निकालना होगा, नहीं तो नहीं निकालना होगा आखिर वह भी तो हमारे ही भाई हैं, कोई दूसरे तो नहीं हैं । वही तो हमारी राज्य व्यवस्था को चलायेंगे । अगर कोई बेईमान है तो उस को गवर्नेंट से निकाल देना चाहिये । लेकिन अगर हर एक आदमी को बेईमान हम कहेंगे तो फिर आखिर कहां से आदमी आयेंगे राज्य चलाने के लिये ? वह हमारे ही भाई हैं, अच्छी तरह से राज्य चलायेंगे, अगर यह काम चल गया तो रफ्ता रफ्ता बैक भी इसी तरह से चलेंगे, अगर एक दम से हम इतना धन बटोरना चाहें तो वह तो नहीं हो सकता । पहले एक चीज को संभाल लें, फिर अपने बैकों को भी संभाल लें, उस के बाद जितने मकान बाले हैं, दो दो, तीन तीन लाख की हवेली लिये बैठे हैं, उन की बारी भी आयेगी । हम ने सब राजेमहाराजों के राज्य छीन लिए, जमींदारों की जमींदारी भी छीन ली । मैं अभी हैन्सड में ढूँढ़ने का प्रयत्न कर रहा था कि आखिर वहां पर राज्य ने किस तरह से चीजों का राष्ट्रीयकरण किया है । यहां पर तो हम ने आर्डिनेस पास कर के एक दम से पूरे बीमा व्यवसाय को ले लिया । मैं आर्डिनेस राज्य के भी खिलाफ हूँ । जैसे उत्तर प्रदेश में जब जमींदारी छीनी गई तो यहां पर एक प्रस्ताव किया गया और उस के अनुसार बहां पर एक कमटी बैठाई गई, उस ने इन्वायरी (जांच) की तो पता चला कि जमींदार लोग अपने किसानों के साथ अच्छा बर्ताव नहीं करते हैं और बैठे बैठे खाते पीते हैं । उन के ऊपर बहुत से इल्जामात लगाये गये, उस

के बाद विशेषक बना, उस पर वहां पर बहसें हुईं, सब कुछ हुआ, तब जा कर जर्मीनी खत्म की गई। वैसे ही यहां पर भी होना चाहिये। एक दम से इस प्रकार का प्रस्ताव नहीं होना चाहिये कि आर्डिनेन्स के जरिये से किसी चीज को समाप्त कर दिया जाय। मैं कोई कान्स्टिट्यूशनल (संविधानिक पंडित) पंडित नहीं हूं, इसलिये मैं ने लाइब्रेरी में जा कर हैन्सड में भी दुड़ने का प्रयत्न किया कि आखिर वहां पर प्रायरन (लोहा) और कोल (कोयला) को नैशनलाइज करने के लिये क्या कोई आर्डिनेन्स पास किया गया था। लेकिन मूँझे हैन्सड में कहीं भी नहीं मिला कि कोई आर्डिनेन्स वहां पर इस के लिये पास किया गया हो। आर्डिनेन्स जो होता है उस में एक बदू होती है, वह एक तरह की आटोक्रेसी, एकाधिपत्य है प्रजातंत्र (डिमाक्रेसी) नहीं है। डिमाक्रेसी तो यह थी कि हम यहां पर उस पर बहस करते, उस के बाद सब लोगों को राजी कर के, कैपिटेलिस्टों (पुंजीपतियों) को भी राजी कर के, उन की चीजों को छीनते। डिमाक्रेसी के माने तो यह है कि उन को अपनी तरफ खींच कर के, नकि डरा धमका कर कि अगर ऐसा न करोगे तो छः महीने की सजा हो जायेगी आपना काम करते। डराना धमकाना तो वही नीति है जैसा रामायण में कहा है :

विनय न मानत जलधी जड़ गए तीनि दिन वीति
बोले राम सकोप तब भय विनु होत न प्रीति ॥

वह तो ऐसा हो हुआ कि घम फिर कर हिसा से आ गये। इसी तरह से हम लोगों ने इंश्योरेंस को ले लिया है। लेकिन मैं यह कहूँगा कि उन लोगों को जो कि आप के शरण में आये हैं, अब जिन का धन सरकारी हो गया, विचार सरकारी होगा, कारबाहर सरकारी हो गया, सब कुछ सरकारी हो गया, लोग सब आज्ञाकारी सेवक होवेंगे, सरकार की नोकरी में रहेंगे। चूंकि आज तक उन को सरकारी नीकरी नहीं मिली थी इसलिये वह प्राइवेट सेक्टर (गैर सरकारी क्षेत्र) में जाते थे, सरकार के पास उन को नीकरिया देने के लिये इतनी जगह नहीं थीं, अगर यहां से भी निकाले गये तो यही होगा कि दोनों दीन से गये पांडे, न हलवा मिला न मांडे। ऐसा नहीं होना चाहिये, उन का मान, मर्यादा, प्रतिष्ठा सब कुछ सुरक्षित होनी चाहिये। मेरा यही निवेदन है। यही मैं अर्ज करूँगा कि मैं तो बड़ा भादमी हूं, भगवान के यहां जाने वाला हूं, यही चाहता हूं कि देश सूब फले फूले, आनंद से रहे और हम सब लोग मिल

कर आनंद से रहें। इधर से उधर बदलने में गड़बड़ी होनी। जो जहां है वहीं रहे, बाद को देखा जायगा।

श्री अनिलचंद्र तिहार (दरभंगा-पूर्व) : माननीय वित्त-मंत्री ने जो आर्डिनेन्स लगा कर बीमा व्यवसाय के प्रबन्ध को सरकार के हाथ में ले लिया है, उस के लिये मैं उन को धन्यवाद देता हूं और उन के इस कार्य के लिये उन की तारीफ करता हूं। यह ठीक है कि इस व्यवसाय से संबंधित कुछ व्यक्तियों ने सरकार की इस कार्यवाही के खिलाफ भी राय जाहिर की है, जैसा कि पिछले कई महीनों के बीमा व्यवसाय के सालाना जलसे की रिपोर्ट को पढ़ने से मालम होता है। किन्तु आम तौर से बीमा व्यवसाय के राष्ट्रीयकरण के इस प्रथम चरण का व्यापक क्षेत्र में स्वागत ही हुआ है।

यह बात सर्वमान्य है कि किसी भी देश में निजी व्यवधान सार्वजनिक क्षेत्रों में पूँजी छिपाने का काम सब से ज्यादा बीमा व्यवसाय ही करता है। खास कर वैसे देशों में जिस की राष्ट्रीय अर्थ व्यवस्था प्रारंभिक तथा प्रिमिटिव स्टेजेज से गुजर रही होती है। हमारा देश भी प्रभी उसी व्यवस्था से गुजर रहा है। अतः यह लाजिमी था कि राष्ट्र की छोटी छोटी वस्तुओं को भी राष्ट्रीय उत्थान के काम लगाने के लिये बीमा व्यवसाय का प्रबन्ध सरकारी हाथों में लिया जाय। पश्चिमी देशों के बीमा व्यवसाय के इतिहास को देखने से भी पता चलता है कि जब उन राष्ट्रों में आर्थिक संकट आया है तो बीमा व्यवसाय ने आर्थिक संकट को हल करने में बहुत ही सक्रिय सहयोग दिया है, और इसलिये भी मैं सरकार की इस कारबाई का समर्थन करता हूं।

इस देश के बीमा व्यवसाय का इतिहास १०० वर्ष से कम का ही है, यह बात सही है कि प्रारंभ में हमारे देश की कंपनियों को बहुत कठिन संघर्ष का सामना करना पड़ा है। इस देश के बीमा व्यवसाय को विदेशी सरकार से सहायता मिलना तो दूर रहा, पग पग पर विदेशी कंपनियों का मुकाबला करना पड़ा। अतः आज इस व्यवसाय के प्रारंभिक अवधीनी के सामने हमारा माथा मुक जाता है। बीमा कंपनियों के प्रबन्ध के सरकारी हाथ में आने से पहले हमारे देश में अच्छी और बुरी दोनों तरह की कंपनियां थीं। कुछ कंपनियां हमारी ऐसी थीं जो अन्तर्राष्ट्रीय स्थाति प्राप्त कर चुकी थीं, और हमारे देश के लिये गौरवस्वरूप थीं। उन का व्यवसाय विदेशों में भी होता था। किन्तु दुःख के साथ कहना पड़ता

[**श्री अनिश्च लक्ष्मण सिंह**]
है कि हमारी कुछ कंपनियों का प्रबंध सन्तोष-जनक नहीं था। ऐसी कंपनियों में पालिसी-होल्डरों के हित को सर्वोत्तम नहीं माना जाता था। इस का परिणाम यह द्वित्रा कि ऐसी कंपनियां बहुत ज्यादा प्रगति नहीं कर सकीं। यह बात सब जानते हैं कि कुछ एक कंपनियों को छोड़ कर तभाम कंपनियों व्यक्तिगत प्रभाव में थी। ऐसी कंपनियों में पालिसीहोल्डरों के हित को प्रथम स्थान न दे कर व्यक्तिगत स्वार्थों की ओर प्रधिक ध्यान दिया जाता था।

Mr. Chairman: Obviously, hon. Member is likely to take some more time. The House will now adjourn and will re-assemble at 5 P. M.

4-30 P.M.

The Lok Sabha then adjourned till five of the Clock.

The Lok Sabha re-assembled at Five of the Clock.

[**MR. DEPUTY-SPEAKER in the Chair**]

GENERAL BUDGET, 1956-57

The Minister of Finance (Shri C. D. Deshmukh): Sir, I rise to present the statement of the estimated receipts and expenditure of the Government of India for the year 1956-57.

I have had the privilege of presenting so far five annual Budgets of the Central Government, which reflected to a very large extent the financial implementation of the First Five Year Plan. There has been considerable transfer of revenue resources from the Central Government to the States, both on the recommendation of the Finance Commission and as statutory or discretionary grants. Moreover, loan assistance given by the Central Government to the States towards their capital expenditure has been progressively increasing. The Central Government has been enabled to do this by the discriminating approval of Parliament to the Taxation measures put forward by Government from year to year, as also by the judicious augmentation of our financial resources by the creation of credit supplemented, and indeed facilitated, by the assistance so generously and understandingly extended to us by friendly foreign countries or bodies and international institutions. In the context of our Plans the Central Government's budgets have thus come to possess a significance far exceeding that suggested by the respective constitutional spheres of the Central Government and the States.

Thanks to the encouraging response of the people of this country themselves,

in addition to external assistance, the First Five Year Plan will, by the end of the current financial year, have been fulfilled generally to a satisfactory extent. I shall not take up the time of the House to recount the main features of the results achieved, the more important of which have already been referred to in the President's address. It is enough to state broadly my view that by means of the First Five Year Plan we have laid sound foundations for a more massive super-structure in building up the country's economy.

The present Budget relates to the first year of the Second Five Year Plan which will during this Session be submitted to the Parliament for approval. A draft outline of it has already been published, and in due course the House will have an opportunity of discussing it fully. At this stage only a few general observations by me are called for so that the background to the Budget that I am presenting may be understood.

The Plan envisages a total outlay of Rs. 4,800 crores on development and investment in the Public sector. It has not been possible to satisfy all the pressing demands from the Central Ministries and from the States. I can only say that, considering all the circumstances, a Plan of Rs. 4,800 crores, with possibilities of unavoidable marginal increases, and corresponding financial resources not fully within sight, is in my opinion (which is shared by most of the leading economists of the country) about the utmost that the country can, with realism, adopt. It is indeed a bold and ambitious Plan that we shall be undertaking, requiring great and sustained efforts, and it will be, therefore, a matter of pride and gratification if we can successfully implement such a Plan within the Five Year period. If some Central Ministries and States are disappointed, I can only assure them that the Planning Commission has tried to equalise dissatisfactions at the margin.

A plan for a five year period has necessarily to be flexible. It has to be adapted from time to time to changing circumstances. There are uncertainties inherent in any forecast or preview of the future and it is unrealistic to claim any immutability about allocations, targets and the implicit assumptions in the plan. The plan is to be regarded as a framework or a map which indicates in which directions development is to proceed, in what measure and through what techniques of resource mobilisation. Such a

map may not be complete in all respects. For some purposes even a five year framework or map is not sufficient and it may be necessary to think in terms of a longer perspective of, say 15 or 20 years. Each step forward in the development of the economy brings into view new horizons or at least throws up new problems, and we have constantly to redraw the map in the light of developments within the economy and to adjust the perspective in which we are projecting our programmes.

A plan is not merely a programme of expenditure to be incurred by Government. It is a co-ordinated effort by all sections of the community to attain certain results through the use of defined resources and by defined stages. At each stage in the process there must be a balance between demands and supplies not only in the aggregate but also by sectors. Real resources must move in conformity with the plan, for, as is well known, even a small bottleneck in the availability of a vital raw material, or of power or of transport, or of foreign exchange, can have adverse repercussions upsetting the whole programme. A great deal of work of a technical character will be continuously necessary in order to ensure the co-ordinated development and use of resources as the plan proceeds. From this point of view, no less than from the point of view of the uncertainties I mentioned earlier, it is essential to view the plan as a broad framework within which more concrete and detailed plans for each year may be worked out and implemented.

The Second Five Year Plan is a bolder step forward in the direction of developing the economy. It involves an increase in the rate of investment from the present level of about 7 per cent. of the national income to something like 12 per cent. This order of effort is feasible only if the necessary restraint in the matter of consumption is forthcoming on the part of all sections of the community, each according to its capacity. With a rising national income keeping ahead of the growth in population there need be no question of a reduction in the existing average living standard. This has to rise. That is the very object of planning. Nevertheless there is in the short term a choice between an increase in consumption and an increase in investment which would bring in larger returns in the future. To the extent that a plan succeeds in drawing upon unutilised resources, it makes possible a simultaneous increase in the production

of investment goods as well as consumption goods. It is not necessary, therefore, in an under-developed economy to regard an all round reduction in consumption as a condition precedent to an increase in investment, although it is possible that the current consumption standards of the more fortunate sections of the Community will be unfavourably affected. There is, all the same, need for relative restraint, difficult as this is in a country which starts with exceedingly low levels of consumption. And fiscal policy has to be geared to this objective. Whatever the rise in money incomes, the community's expenditure on consumption must be limited to the level which buys off currently available supplies of consumer goods at more or less constant prices.

I shall not at this stage review the entire financial prospect in relation to the Plan. I must, however, stress the fact that a plan of the dimensions proposed will require the utmost effort by way of mobilising the resources needed. The financial resources obtained from abroad can only help within limits and at the margins. This help is, undoubtedly, of great significance and value, and it is most welcome. However, the bulk of the effort has to come from within the country. In this context a progressive tax system, that is, a system which augments tax resources proportionately or more than proportionately to the increase in national income has an important role to play. It is important also to encourage and mobilise the savings of the community with far more intensive official and non-official efforts than have hitherto been made. As both these can only be achieved progressively, the implementation of the Plan has to be phased with care.

A correct appraisal of current economic trends and situations is notoriously difficult, but as far as such an appraisal is feasible, we should, in my view, be justified in believing that we are embarking upon our Second Plan in a reasonably favourable economic climate. In retrospect it seems clear that economic conditions in the country changed for the better in 1953 and 1954 and the Indian economy achieved even greater strength and vigour in the course of 1955. The decline in agricultural prices which set in after August, 1953, was halted by May, 1955, and over the remaining part of the year an upward trend was registered. In most industries production reached significantly higher levels, and, aided by favourable factors,

[Shri C. D. Deshmukh]

the performance in regard to agricultural production was satisfactory. The rate of planned outlay was stepped up considerably without apparently releasing inflationary pressure. Aggregate demand and supply tend to balance at a higher level. The slack in the economy which came into evidence after the collapse of the Korean boom has virtually disappeared. The First Plan has thus strengthened the economy a great deal and the stage is now set for more rapid development.

In 1954-55 the overall index of agricultural production reached 113.9, almost on level with the preceding year when it had touched the record figure of 114.1. The output of foodgrains during the year amounted to 65.8 million tons, which, though a little lower than in the previous year, was yet in excess of the Plan target by just over 4 million tons. The easy supply position of foodgrains enabled the Government to remove the last remnant of controls on the 18th March, 1955, when the inter-zonal restrictions on movement of wheat were removed.

The general crop prospects for 1955-56 are considered to be satisfactory. They would have been better still but for the calamitous floods in the North and the devastating cyclones in the South that occurred during the year.

The production of commercial crops showed further improvement in the current year. Oilseeds output at 5.9 million tons and raw cotton at 4.3 million bales have exceeded their targets under the First Five Year Plan by 4 lakh tons and about 1 lakh bales respectively. The production of sugar touched the record level of 15.9 lakh tons as compared to 10.01 lakh tons in 1953-54, while that of jute, which remained depressed during the last two years, has shown a significant increase of about 12 lakh bales during the 1955-56 season as compared to the last.

The upward trend in industrial production has persisted through 1955. A revised index of industrial production is now available. The new series has a larger coverage—88 items as against 35 items in the old interim index. According to this series the index of industrial production (1951-100) for the first 10 months of 1955 works out at 125.7 as against 112.9 for the whole of 1954. This represents an increase of some 11 per cent. over the preceding year. This increase in production was shared by almost all the

important industries. The output of finished steel at 1,26 million tons was higher than the record of 1.243 million tons achieved in 1954. The production of mill cloth which stood at 5,087 million yards in 1955 was 89 million yards higher than the production of 1954 and exceeded the target fixed under the First Five Year Plan by 387 million yards. The production of handloom cloth has also increased considerably during the year and at 1,450 million yards was the highest since Independence. Cement production during the year reached 4.5 million tons, again the highest since 1947. In jute, chemicals and paper too, the performances were high. Considerable strides have also been made by the engineering industry.

Special steps are being taken to plan and execute large scale development of the chemical industry in diverse fields. Manufacture of paper and pulp from bagasse is under investigation. An expert committee has recently been appointed to go into the question of existing capacity for the manufacture of different types of machine tools and to recommend measures required for the rapid development of this basic industry. The National Industrial Development Corporation has in hand a number of projects including the establishment of heavy foundries, forges and gear-cutting and structural fabrication shops. These will lay the foundations of the heavy machine-making industries. The two major producers of steel have undertaken substantial expansion of their capacity which will relieve the shortage of steel during the Second Five Year Plan. Licences have also been given during the year to raise cement output to 11.59 million tons in the next five years.

Special measures were taken during the year for the promotion and development of small industries. A National Small Industries Corporation has been set up and four regional Small Industries Service Institutes opened. A number of schemes for the development of various small industries in co-operation with the State Governments have been approved. Technical assistance to help small industries in improving output has been extended and special experts are being brought in from abroad to help in this task. A scheme for setting up Industrial Estates in various important centres in the country is under implementation. Financial assistance on a greatly enhanced scale is also being given through the State Governments. The development of the Khadi and village

industries and handicrafts continued to receive systematic assistance from Government through grants and loans to the respective Boards and State Governments.

Industrial enterprises in the public sector have also advanced to higher levels of performance. The Sindri Fertiliser Factory has exceeded the planned target by producing 3,22,000 tons of ammonium sulphate during 1955. The Hindustan Cable Factory which began production in September, 1954, has stepped up its output considerably and during the current year is expected to exceed the target of production of 470 miles of cables per annum envisaged for this factory. The Penicillin Factory started working in 1954 and has already left far behind the planned target of manufacture of 4.8 million mega units. The Machine Tool Factory at Bangalore and the Integral Coach Factory at Perambur have commenced production.

Government have decided to increase the production capacity of the D.D.T. factory in Delhi, which commenced production only in 1955, to 1,400 tons and also to set up a second factory in Travancore-Cochin with a similar capacity. Among the more important new projects that will be taken up during the coming year is the setting up of a Heavy Electrical Equipment Factory in the public sector for the manufacture of electric generators, transformers, switch gears, turbines for river valley projects and traction equipment for railways. The House is aware of the creation during the year of the Ministry of Iron and Steel to deal exclusively with the setting up of steel plants in the public sector. The final project report for the first of the three steel plants which it has been decided to set up, *viz.*, that at Rourkela, has recently been approved and work at site is progressing satisfactorily. Decision on the project report for the second plant at Bhilai has been taken and here too, a Project Division set up at the site has been making fair progress. Arrangements in regard to the third steel plant at Durgapur are progressing satisfactorily and meanwhile, a field office headed by an administrator, has been established.

It is evident that the industrial base of the economy is being broadened year after year, and to this progress the private as well as the public sector has made a significant contribution.

The downward trend in wholesale prices which began in 1953 and gathered momentum in 1954, was halted by May 1955 when the wholesale price index reached a low of 342. Since then the index has been rising continuously and in December 1955 it reached 368.4, more or less on par with the level in December, 1954. The prices of food articles advanced from 276.1 in May to 327.7 in December and of industrial raw materials from 396.4 to 438.3. On the other hand, prices of manufactured articles remained virtually unchanged over the year. The fact that prices in general did not record any net rise over the year as a whole is significant in the context of the considerable expansion that has occurred in money supply with the public which recorded a rise of about 200 crores or 11 per cent. during 1955 as against a rise of about 120 crores in 1954.

The movement of wholesale prices is reflected in the cost of living. The all-India index of cost of living moved down from 97 in December 1954 to 92 in May 1955, mainly due to a fall of about 7 per cent. in the food index. By October, 1955, the general index had again moved up to 97. Later figures indicate that cost of living indices have moved up in the last quarter of the year, in keeping with the general trend of wholesale prices. The average level for 1955 as a whole, however, is lower than that for 1954.

Government took several measures to arrest the downward trend of agricultural prices which caused some anxiety early last year. Purchases of wheat and coarse grains were made at selected centres and larger exports of several agricultural commodities were permitted. These measures, together with the increased tempo of development, arrested the fall in prices, and an upward trend is now in evidence. In order to prevent an undue rise in prices as a precautionary measure Government have been releasing stocks of wheat for sale at selected centres. These price movements only highlight the importance both of Government keeping a continuous watch on the price level and also holding at its disposal sizeable stocks of food grains on which it can operate. A little counter-vailing action in time may save more extensive and varied measures later.

There is another aspect of the problem which may be mentioned in this context. Experience has shown that measures for imparting relative stability to agricultural prices cannot be fully effective without properly organised and

[Shri C. D. Deshmukh]

integrated facilities for credit and marketing. Accordingly, in the light of the findings of the Rural Credit Survey Committee, an integrated programme of co-operative development covering all important aspects of rural economic life, viz., credit marketing, processing, warehousing and storage has been formulated. The main features of this programme are the participation of the States in the share capital of the co-operative institutions at all levels, re-organisation of the agricultural credit structure with larger organised primary units and strong Central and Apex Banks, organisation of marketing societies closely linked with credit co-operatives, establishment of warehouses and provision of better storage facilities to co-operatives and the setting up of institutes or schools for the training of co-operative personnel. The Government and the Reserve Bank have already implemented a number of recommendations of the Rural Credit Survey Committee in this respect. Thus the Imperial Bank of India has already been converted into the State Bank of India and the Reserve Bank of India Act has been amended so as to enable them to expand and augment credit facilities in rural areas. Only with progressive implementation of the Committee's recommendations will the requisite institutional framework for an effective application of policies in relation to agriculture be established.

Notwithstanding the progress achieved in different sectors of the economy, the employment situation in the country remains a matter of concern. Several *ad hoc* employment surveys in different parts of the country have been carried out, but they cannot easily be used to assess the overall situation or assist in formulating policies and plans for meeting it. The measure of unemployment and under employment in an un-developed economy presents difficult problems of definition and procedure. The Central Statistical Organisation and the National Sample Survey have been devoting some attention to these problems, but it will be some time before comparable and comprehensive data on a continuing basis become available. Meanwhile, from the rather inadequate data furnished by the employment figures, it would appear that unemployment in the urban areas is increasing. The number of persons on the live registers at the various Employment Exchanges rose from 6.1 lakhs at the beginning of the year to 6.92 lakhs at the end, i.e., by about 13 per cent.

This increase in registrations may however be due in part at any rate to greater tendency or readiness to register, as in part it is also due to some movement of people from rural to urban areas. However that may be, the need for stepping up the pace of development and for diversifying the economic structure of the country is obvious.

Honourable Members will recall that when we started the First Five Year Plan we anticipated a large deficit in our over-all balance of payments. But it has not materialised to the extent we originally feared. Due very largely to the great increase in our food production, which has resulted in a very substantial reduction in our food imports, as well as to the aid we have received from foreign countries over these years, the total reduction in our sterling balances during these five years has been about Rs. 150 crores only. Latterly, the improvement in the domestic economy has made itself felt somewhat in our external trade. The country's balance of payments on current account for the first nine months of 1955 showed a surplus of Rs. 25 crores and the year as a whole may show a surplus of about Rs. 35 crores as compared with a deficit of Rs. 4 crores in the previous year.

The level of our sterling balances reflects the overall balance of payments. At the beginning of the year 1955, these stood at Rs. 731 crores and at the end at Rs. 735 crores. That they have risen only by Rs. 4 crores as against the much greater surpluses on current account is due to a substantial deficit on capital account. The House will recall that India repurchased her obligations from the International Monetary Fund to the extent of Rs. 22.2 crores in 1954. A further sum of Rs. 19.3 crores was repurchased during 1955, reducing India's liability to the Fund to about Rs. 6 crores only.

Our dollar position has also improved. During the first three quarters of 1955 there was a substantial surplus on current account of Rs. 31 crores as against Rs. 3 crores in the corresponding period of 1954. As a result of the improvement in the dollar balance of payments, India made a net contribution of \$53 millions to the Central Reserve in 1955 as compared with a net withdrawal of \$15 millions in 1954. During the year further progress was made towards liberalisation of dollar imports. This is in line with the policies followed generally by members of the Sterling

area. Further reduction of the discrimination against dollar imports or liberalisation of dollar payments will obviously depend on the overall position of the Central gold-dollar reserves.

The improvement in the payments position was achieved at a higher level of trade than in the preceding year. The total value of imports during 1955 was higher by Rs. 28 crores as compared with 1954. Exports recorded an even larger increase, the actual figure being Rs. 41 crores. Of the items which have contributed to the general increase in exports, special mention may be made of vegetable oils, jute manufactures, raw cotton and shellac.

Despite the satisfactory payments position at present, the projected increase in the pace of development in the country will necessarily put a heavy strain on our payments position in future. Government are taking active measures to promote exports. Export Promotion Councils and Commodity Boards have been set up, greater emphasis is being laid on the value of standardisation and quality control and participation in international fairs and exhibitions is being increased. The institution of an Export Credit Guarantee Scheme is under consideration and a Committee has recently been appointed to formulate proposals in this regard. In spite of all this, there is little doubt that, if the Second Five Year Plan proceeds according to schedule, not only shall we not be able to achieve any surplus in our external accounts but we are also likely to be faced with fairly substantial deficits. These deficits may be greater than they otherwise would have been because we have to contend with certain adverse factors. Tea prices have fallen and export trade in our other major items, jute and cotton textiles, is becoming increasingly competitive. We have, therefore to take urgent and effective steps to modernise and rationalise these industries, so as to make them capable of withstanding foreign competition. Our import requirements on the other hand must necessarily continue to rise as the tempo of our development programme increases. It is in this context that the importance of making all-out efforts to encourage export industries and otherwise to save or earn foreign exchange becomes apparent.

During the year under review, we have not taken any loan from the International Bank for Reconstruction and Development. India's net total borrowings from the Bank during a period of six years remain at about \$ 125 millions,

of which \$ 64 millions have actually been drawn so far. However we expect the Bank to play a still more significant part in the financing of the foreign capital requirements of the Second Five Year Plan. In order to enable it to assess our requirements and to determine what projects in the Plan it could finance, we have invited the Bank to send a Mission to visit us and we expect that it will be here shortly. Another development in the foreign financial field is the establishment of the International Finance Corporation which will start functioning during the course of the next few months and which, we as a member country hope, will add to the flow of further funds to this country.

India continued to receive economic assistance from friendly countries, mainly from the U.S.A., Canada, Australia and New Zealand. The total amount of foreign aid estimated to be utilised from April 1951, to March, 1956, is of the order of Rs. 200 crores, the total authorisation of funds so far being Rs. 300 crores. For the year 1955-56, a sum of \$ 50 millions has been authorised by the U.S. Government as development assistance to India, of which it has been agreed that \$ 37.5 millions or its rupee equivalent will be a loan. The Government of Canada provided during 1955-56 an amount of \$ 13 millions, as usual, and a special allocation of \$ 7 millions for the NRX Reactor for the Atomic Research Station in Bombay. The Government of Australia have agreed to provide an additional 1000 wagons and some equipment for the All-India Radio at a cost of approximately Australian £ 1.8 million. Similarly, the Government of New Zealand have intimated that an additional amount of £ 400,000 would be available for being utilised on dairy development schemes. Assistance from the Ford Foundation for the projects undertaken in the previous years was continued. Under the Colombo Plan we are also providing assistance to some of our neighbour countries. In the course of 1956-57, the value of external assistance expected to be received by India under the Colombo Plan, including assistance from the U.S.A. is expected to amount to Rs. 75 crores. While we shall be spending approximately Rs. 1.5 crores on aid to other countries. We shall also be receiving from the Government of the USSR a credit equivalent of about Rs. 10 crores during the year in respect of the supply of plant and equipment for the Bhilai Steel Project. Such assistance from outside, freely given and received without inhibitions, plays a

[Shri C. D. Deshmukh]

valuable role in our endeavours to develop our economy, and I feel sure that it is greatly appreciated by the vast majority of the people of this country.

The Government of India have continued, as in the past, to maintain their close economic link with the Sterling Area. India was represented at the Commonwealth Finance Ministers' Conference in Istanbul in September last when common problems facing the Sterling Area were discussed and the need for the continuance of sound internal economic policy was recognized. The Conference also reviewed the difficulties that had been facing sterling in the recent past and determined on measures to restore its position in the markets of the world.

We have also continued to follow our traditional policy of close co-operation with our neighbouring countries in economic matters. We participated in the Asian-African Conference in Bandung in April, 1955, where a number of resolutions were passed dealing with economic matters designed to promote economic co-operation among the countries in Asia and Africa. In accordance with the resolutions of that Conference, we have appointed a liaison officer to examine and pursue policies conforming to these resolutions. We also agreed to grant a loan of Rs. 20 crores to the Government of Burma to help them tide over certain temporary difficulties.

This review of the last year of the First Five Year Plan shows how far the country has progressed during the period covered by it. What has been achieved in the past few years gives reason for hope that given the will and determination to put up with the necessary sacrifices, the further progress of the country can be assured. The spell of stagnation has been broken. Total national income over the First Five Year Plan period will have increased by some 18% as against the 11% increase envisaged in the Plan. The productive capacity of the economy has been significantly enlarged. And these results have been achieved consistently with the maintenance of economic and financial stability. In the course of the First Plan, there have been inflationary or deflationary forces in evidence from time to time, but on the eve of the Second Plan, the situation appears to be more or less one of balance, with slight pressures which, if not kept under observation and check, might in the context of the greatly increased rates

of further expenditure contemplated hereafter become inflationary.

I shall now deal with the revised estimates for the current year and the budget estimates for the coming year.

The House will remember that the Budget for the current year placed the revenue at Rs. 481.58 crores and expenditure at Rs. 498.93 crores, leaving a deficit on revenue account of Rs. 17.35 crores. On the basis of the latest available information, I now expect that the year will close with a surplus of Rs. 12.31 crores. This improvement is due to a rise in revenue of Rs. 29.09 crores and a shortfall in expenditure of Rs. 9.57 crores.

The revenue from Customs is now taken at Rs. 165 crores which is almost the same as the budget figure of Rs. 164.5 crores. During the year a number of export duties were abolished or reduced in the interest of our export trade. Thus the duties on jute manufactures, black pepper, coffee, and iron and steel manufactures were abolished while the duties on oils and oil cakes, raw cotton etc., were reduced. The average rate of the export duty on tea was also less than the rate of As. 10 per pound assumed in the budget. The net result has been a reduction of Rs. 11 crores in the revenue from export duties. This reduction however has been offset by an equal improvement in the import duties on various items, such as motor spirit, machinery and iron and steel. Union Excise duties are now estimated to yield Rs. 140 crores against Rs. 132.27 crores taken in the budget. Of the improvement of about Rs. 8 crores, petrol and kerosene oil account for Rs. 1 crore, cloth Rs. 2 crores, sugar Rs. 1.75 crores, and the new excise duties introduced in the last budget Rs. 2 crores. For revenue from Income Tax, the budget figure of Rs. 173.7 crores has been repeated. The Estate Duty collections are now estimated at Rs. 2 crores only against the budget estimate of Rs. 3 crores, but this revenue accrues almost entirely to the States and the reduction does not affect the Central Budget. The revenue from Posts & Telegraphs is expected to increase from the budget estimate of Rs. 70 lakhs to Rs. 2.27 crores as a result of better traffic; the share of States in Income Tax is now placed at Rs. 55.16 crores against the budget figure of Rs. 56.97 crores; there is a formal increase of Rs. 11.2 crores on account of sale proceeds of evacuee property which is offset by a corresponding transfer to the compensation pool

on the expenditure side; and other heads show a fall of Rs. 2.64 crores representing largely a throw forward to the next year of a part of the profits from the sale of sugar imported on Government account.

The expenditure this year is now estimated at Rs. 489.36 crores of which Civil expenditure will amount to Rs. 304.29 crores and expenditure on Defence Services to Rs. 185.07 crores.

In Civil expenditure there is a saving of Rs. 3.16 crores, excluding the self-balancing item of Rs. 11.2 crores which I have mentioned earlier. This is the net result of a number of variations, of which I need mention only the major ones. Assistance to States towards relief and repair of damage caused by natural calamities is expected to increase by Rs. 4 crores to Rs. 7 crores as a result of serious floods in certain parts of the country. The expenditure on displaced persons has increased by about Rs. 3 crores over the budget figure of Rs. 10.37 crores. On the other hand, expenditure under Education shows a shortfall of Rs. 3 crores due to slower progress of schemes, particularly the Centrally assisted State schemes and there are similar savings of Rs. 1 crore each in grants to the Central Social Welfare Board and for village and small-scale industries. Interest charges are expected to be less by Rs. 1.4 crores and there is a similar decrease under Civil Works.

Under Defence Services the revised estimates show a net decrease of Rs. 17.61 crores. This is mainly because expenditure on stores was less than was anticipated owing to difficulties in procuring supplies.

For the coming year, I estimate the revenue, on the basis of existing taxation, at Rs. 493.6 crores and the expenditure at Rs. 545.43 crores leaving a deficit of Rs. 51.83 crores on revenue account.

The revenue from Customs next year has been placed at Rs. 150 crores against the current year's revised estimates of Rs. 165 crores. The drop of Rs. 15 crores is due, firstly, to the full year's effect of the abolition of export duties made this year; secondly, to the cessation of imports of sugar and, thirdly, to a similar reduction in the imports of motor spirit as a result of increase in indigenous production. The yield from Union Excise duties is taken at Rs. 145.45 crores as compared with the current year's revised estimates of

Rs. 140.00 crores, the increase being largely due to an improvement of Rs. 4 crores in motor spirit and of Rs. 1.2 crores in tobacco. Under Income Tax, the revenue next year is placed at Rs. 180 crores, an increase of Rs. 6.3 crores over the current year's revised estimates. The revenue from Posts & Telegraphs is estimated at Rs. 65 lakhs only against Rs. 2.27 crores this year. The dividend payable by Railways next year is estimated at Rs. 39.66 crores, an increase of Rs. 3.5 crores over the current year's revised estimate. Of this amount Rs. 33.09 crores will represent the interest element taken in reduction of the interest payments on the expenditure side and the balance as contribution to revenue. The estimate of Estate Duty collections next year is Rs. 2.5 crores, most of which will accrue to the States. Sale proceeds of evacuee property will drop by Rs. 6.2 crores, but this, as explained earlier, will have no effect on the revenue budget. The only other item which needs mention is the share of Income Tax payable to States which will amount to Rs. 53.35 crores, the reduction being due to adjustments of over-payments made in the previous year.

I am budgeting for a total expenditure of Rs. 545.43 crores during the next year of which Rs. 203.97 crores will be on Defence Services and Rs. 341.46 crores under Civil heads.

The estimates of Defence Services show an increase of Rs. 18.90 crores over the revised estimates of the current year. The increase is mainly due to the normal expansion of the Navy, and Air Force. The Army budget also shows an increase, due to the carry-over to the next year of demands of stores which have not materialised during the current year. Some increase is also expected in the manufacture in India of stores required for the Services.

Civil expenditure next year shows an increase of Rs. 43.37 crores, exclusive of the self-balancing item in respect of evacuee property mentioned earlier. The bulk of the increase is on account of the rising tempo of development expenditure. I need not weary the House by giving a detailed account of all the individual variations. As usual, full particulars are given in the Explanatory Memorandum and I shall mention here only the more important items.

The total expenditure on nation-building and development services under

[Shri C. D. Deshmukh]

Civil Administration, excluding Rs. 3·6 crores transferred from other heads, amounts to about Rs. 92 crores as compared with Rs. 69 crores during the current year. Provision for Education increases by Rs. 6·4 crores to Rs. 21·6 crores which includes Rs. 10·4 crores for grants to States for basic, social and secondary education, Rs. 3·5 crores for University Grants Commission, and Rs. 1·5 crores for scholarships to students of scheduled castes, scheduled tribes and other backward classes. For expenditure on Medical and Public Health an additional sum of Rs. 4 crores has been provided; Agricultural and allied services will cost Rs. 4 crores more, and, similarly, development of village and small-scale industries Rs. 1·3 crores more. Provision for scientific research has been increased by Rs. 2 crores and for coal and mineral prospecting by about Rs. 1 crore. For development of Khadi and handloom industries a total provision of Rs. 6·1 crores has been made in the revenue budget but this will be met from the fund created out of the special cess on mill-made cloth.

In addition to the increase of Rs. 23 crores I have just mentioned, the provision for Community Development and National Extension Service has been raised by Rs. 1·4 crores to Rs. 12·9 crores; and that for the welfare of scheduled tribes, scheduled castes and backward classes by Rs. 3·4 crores to Rs. 10·2 crores. The grant to the Central Social Welfare Board and expenditure on Social and Moral Hygiene will cost Rs. 1·6 crores more. Other increases are Rs. 50 lakhs for grants to States for Primary Education under the Finance Commission's Award and Rs. 1·8 crores for expenditure on Forest Development.

Of the rest of the increase in Civil expenditure, a sum of Rs. 2·7 crores represents additional expenditure on displaced persons due largely to the continued influx from East Bengal, and Rs. 1·4 crores on Elections, the balance being the net result of variations under other items.

The current year's budget provided for a capital expenditure of Rs. 223·3 crores. This was inclusive of Rs. 29 crores for State Trading schemes, mostly in regard to foodgrains. These schemes are now estimated to yield a net credit of Rs. 11 crores owing largely to reduced imports of wheat and sugar. Capital outlay in respect of Railways is now expected to be Rs. 72 crores against the budget figure of Rs. 66

crores, but this increase has been more than offset by a shortfall in expenditure under a number of other heads. Thus cash compensation to displaced persons shows a saving of Rs. 6 crores in the budget provision of Rs. 15 crores. The revised estimates of capital outlay for the current year now stand at Rs. 170 crores.

For the next year, capital expenditure is estimated at Rs. 316·7 crores including Rs. 9·5 crores for Government Trading schemes, mostly for our normal purchases for the Central Reserve of foodgrains.

Provision for the capital outlay of Railways amounts to Rs. 113 crores against Rs. 72 crores in the current year. Provision for the three steel plants at Rourkela, Bhilai and Durgapur amounts to Rs. 44 crores. A provision of Rs. 5 crores has been made for investment in the Life Insurance Corporation which is being set up following the decision to nationalise life insurance. Cash compensation to displaced persons is estimated at Rs. 20 crores. There is also an increase of Rs. 6 crores on the capital outlay on Defence next year.

In addition to the provision for capital outlay, the estimates include, against the original Budget provision of Rs. 355 crores for the current year, a revised figure of Rs. 327 crores this year for loans to State Governments and others, mostly for the execution of projects in the Plan. The provision made for the next year on this account is Rs. 386 crores. Honourable members will find the broad details of these loans in the Explanatory Memorandum.

With the large and growing outlay in the context of the Plan, both on revenue and on capital account, the question of securing the maximum possible economy and avoiding wastage owing to delays and inefficiency assumes added importance. Honourable Members have naturally been taking keen interest in this question and the Taxation Enquiry Commission had also stressed the need for a thorough and careful enquiry, both in the Central Government and in the States, into the whole question of public expenditure. As I have explained on various occasions we are keeping a continuous watch over the growth of expenditure and securing economy, wherever possible, as part of our day to day control over expenditure. We have an Economy Unit set up under the Home and Finance Ministries continuously re-assessing the staff requirements of various Central Ministries

and an Organisation and Methods Division in the Cabinet Secretariat engaged on a continuous review of organisation and methods of work in the various Central Offices, so that wastes resulting from uneconomic methods are avoided. We have also the assistance of the Estimates Committee in the pursuit of economy. Any net reduction in the administrative expenditure in the Centre or in the States can hardly be expected during the course of implementation of the Second Five Year Plan. Nevertheless, this very tempo of rising expenditure during the next five years would open up many possibilities of extravagance and waste and it is necessary to keep a still closer watch over such expenditure to ensure that the tax-payer gets the maximum benefit out of the planned outlay. We have been in consultation with the Planning Commission and have come to the conclusion that the best way of dealing with this matter would be to set up a special high-powered committee of Ministers and the Deputy Chairman of the Planning Commission at the Centre to organize a thorough investigation, including inspection in the field, of the important projects in hand both at the Centre and in the States (with the approval of the National Development Council), through specially selected teams. These teams will be composed of officials as well as non-officials specially selected for each group of related investigations and may be assisted by outside experts. As the results of each investigation are received, the High-powered Committee at the Centre will examine them with a view to formulating proposals for effecting economy to be implemented by Central Ministries or in the States, as the case may be. The orders of the Cabinet or guidance from the National Development Council will be obtained wherever this is considered necessary. Such proposals may conceivably include the setting up of economy units for different categories of projects, preferably in the Planning Commission.

This brings me to the somewhat related question of the resources of the States for financing the Plan. It is of great importance that the revenue budgets of the States, as, indeed of the Centre, should be balanced. While it is reasonable to borrow for investment outlay and for a time even some measure of deficit financing may be necessary for financing such outlay, ordinary prudence demands that current expenditure should be met by taxation. Capital expenditure has also to be phased so that it corresponds to the results of special

efforts to increase resources for development. The States have been advised to bear these considerations in mind in framing their budget estimates for 1956-57. Some measure of relief to the revenue budget of most of the States may result from a re-classification of expenditure between revenue and capital. This question was examined carefully by us in consultation with the Comptroller and Auditor-General and, with a view both to uniformity and also because of the large and abnormal expenditure necessitated by the Plan, we have suggested to the States that certain items of expenditure might appropriately be transferred from revenue to capital, as for example, expenditure on permanent assets of a concrete nature costing Rs. 20,000 and over. The Centre has also been able to make grants to the States over and above the transfer of resources which it had to make as a result of the last Finance Commission's Award, but the Centre's ability to make such grants is conditioned by its own revenue position. In any case, the allocation of revenue resources between the Centre and the States is a matter for the Finance Commission for which the Constitution specifically provides. For the year 1956-57, Central assistance towards the schemes falling on the revenue budgets of the States is being continued on the current pattern, although part of this assistance will necessarily have to be reallocated among the re-organised units which will come into existence later in the year as a result of the decisions on the recommendations of the States Reorganisation Commission. The year 1956-57 will be the last of the quinquennium covered by the Award of the first Finance Commission. How far the Centre can continue or increase the present scale of assistance to the States will depend on the Award of the next Finance Commission. The President has approved the appointment of Shri K. Santhanam as the Chairman of the next Finance Commission. Other members of the Commission will be appointed shortly and the Commission is expected to start its work in the near future. The Commission will have to consider the finances of the re-organised States and its recommendations will normally take effect from the year 1957-58. In addition to its normal duty to make recommendations about the distribution of Central taxes and of Central grants, it is proposed to seek its advice on a few other important subjects. The first of these, as was indicated in the last Budget Speech, is the

[Shri C. D. Deshmukh]

distribution of proceeds of Estate Duty in respect of which we are, at present, tentatively following the last Finance Commission's formula about income-tax. Another subject is the terms which can appropriately be fixed for different kinds of loans to the States. A large number of loans are being and will continue to be sanctioned to the States for financing their Plan. The terms of each loan have so far been fixed *ad hoc* and it is possible that, in some cases, they have proved onerous. An independent body which will go into the question of the finances of State Governments would be able to make a proper assessment of the burden of these loans on the States and also to advise upon their appropriateness. Whatever relief these adjustments and the Finance Commission may bring to them, it is clear that the States have to raise additional revenue to cover the growing recurrent liabilities which the present and the next Plans will involve on their revenue budgets. In this they may have to go beyond the lines recommended by the Taxation Enquiry Commission which was visualising a much smaller Second Five Year Plan.

The current year's budget provided for an overall deficit of Rs. 327 crores to be met by expansion of treasury bills. On the basis of the revised estimates, the overall deficit is now expected at Rs. 222 crores. As the opening balance of the year was about Rs. 18 crores less than the minimum of Rs. 50 crores the expansion of treasury bills will amount to about Rs. 240 crores.

Unlike the previous year when a combined loan was floated to cover the requirements of both the Central Government and the State Governments, this year the normal procedure of separate loans by the Centre and the States was followed. The Central Government floated a 10-year loan, the 3½% National Plan Bonds—Second Series. This loan which was for Rs. 100 crores was fully subscribed, the amount accepted being Rs. 103.7 crores. Small Savings have shown substantial improvement, the collections now expected being Rs. 65 crores against Rs. 52 crores in the budget. While the response so far has been encouraging, the task set for the next Plan is much bigger. As hon. Members will have seen from the Draft Outline of the Plan, Small Savings are expected to yield Rs. 500 crores during the next Plan, which is more than double the target for the current Plan. Government have been taking various steps to intensify the Small Savings movement.

In the rural areas, the agency of Panchayats, Union Board Presidents and Village Teachers is being utilised. The Women's Savings campaign under the Central Advisory Committee has been maintaining its progress and over 150 voluntary social and women's organisations have been appointed as agents for the sale of Certificates. The State Governments are co-operating in the movement and some of them have created special offices to intensify the small savings drives in co-operation and co-ordination with the National Savings Organisation. Advisory Committees are being formed, both at the State and the district level, to assist the movement and a system of Savings Groups is proposed to be introduced in all offices and organisations. The higher target for the next Plan can only be achieved, however, if there is full and whole-hearted co-operation on the part of every citizen of the country. This is a task of vital national interest about which there can be no two opinions and I hope that the fullest co-operation will be forthcoming freely from all. I, therefore, renew once again my appeal for greater effort on the part of every one to save and invest in Small Savings and thus contribute towards the successful implementation of the Plan.

The improvement in the Ways and Means position this year is due largely to the surplus in the revenue account and the savings in the capital expenditure and loans to State Governments and others which I have mentioned earlier. Foreign aid this year is now expected to amount to about Rs. 56 crores against Rs. 74 crores in the budget, but this has been more than offset by improvement in other heads. Two loans which fell due for repayment this year were duly repaid, the amount involved being Rs. 69 crores.

The overall deficit next year is estimated at about Rs. 390 crores. This follows the larger provision for development expenditure in the revenue and capital budgets. Credit has been taken for a new loan of Rs. 100 crores next year. Small Savings next year may amount to Rs. 70 crores and foreign aid Rs. 85 crores. There is no loan maturity next year. Allowing for other miscellaneous transactions under Debt and Remittance heads, it will be necessary, on these estimates to expand treasury bills by Rs. 390 crores to cover the overall deficit.

I might summarise the Ways and Means position for the coming year. Government need Rs. 52 crores for meeting the revenue deficit and Rs. 703

crores for financing the capital outlay and loan requirements of State Governments and others. Against this, they hope to raise Rs. 100 crores from the market loan and Rs. 70 crores from small savings. Foreign aid expected next year amounts to Rs. 85 crores and other miscellaneous Debt and Remittance transactions may bring in Rs. 110 crores. This will leave a gap of about Rs. 390 crores in the available resources to balance the budget.

I now turn to the budget proposals for the coming year.

The position for the coming year is briefly that the deficit on revenue account is estimated at Rs. 51.83 crores and the overall deficit at Rs. 390 crores. The immediate question is how much of this deficit should be covered by additional taxation.

I referred earlier to the question of re-classification of expenditure between revenue and capital. At the Centre, Honourable Members will recall, we are already taking to capital temporarily a number of grants to States and there is not much scope for further transfers from revenue to capital without straining unduly the rules of classification. I believe also that, with the administrative machinery both at the Centre and in the States getting increasingly geared to the execution of the Plan, shortfalls in expenditure of the order which have occurred in recent years will tend to diminish. The estimates for the coming year have been framed with as much care as possible; in particular, substantial reductions have been made under heads which have shown persistent savings and the provision for grants to States for various development schemes has been based on a proper assessment of the ability of the States to find their share of the resources required to finance those schemes. Although, therefore, it is not possible to say categorically that the shortfalls will be entirely eliminated, or that there will be no variations in estimates of revenue, the margin of fluctuations is likely to be narrower than in the past. Indeed, it may be said that the cuts that have been made in some of the demands for next year may prove to be too fine. I cannot but stress again, the principle that current expenditure should, as far as possible, be met from current taxation. It is, therefore, necessary to cover the gap on revenue account in the coming year, if not wholly, at least substantially. My proposals for additional taxation are related to this objective.

I shall first deal with the changes I propose to make in Customs Duties.

In regard to import duties, a number of minor changes are being made and I need only mention a few of them. The duty on liquid gold for glass making is being raised from its present level of 31½ per cent. to 62½ per cent. The duty on flash-lights and flash light cases is being raised from 39½ per cent. to 50 per cent. These changes will help the indigenous industries in these goods. Certain changes are also being made in the items in the Import Tariff affecting mineral oils, mainly with a view to rationalising the existing headings. The existing item in the Import Tariff relating to spectacle frames and parts thereof is being amended so as to include complete spectacles within that item because frames were imported with just pieces of glass. The net effect of the changes proposed will be an addition to revenue of about Rs. 1 crore.

As regards export duties, the only change I propose to make is by way of affording relief to the Tea Industry. The House will recall that a slab system of export duty on tea was introduced last year. It is too early to say how that system has worked. In the meantime, however, our exports of tea have suffered a setback during 1955 as a result of a number of factors, including a comparatively high production and keen foreign competition. In order to afford some relief to the Industry and to step up our exports of medium teas, I propose that the existing duty for the slab relating to the price range of Rs. 3-4 to Rs. 4 per lb. be reduced by two annas per lb., that is, from eight annas per lb., which is the present rate, to six annas per lb. The effect of this will be that all teas ranging in price from Rs. 2-8 to Rs. 4 per lb. will bear a uniform duty of six annas per lb. The change is being given effect to by a notification, which is being issued immediately. On the basis of the present scale of exports, the loss of revenue involved is expected to be about Rs. 1 crore.

Turning to Excises, I shall first deal with changes in the existing duties. My main proposal is to raise the duties on all categories of Cotton Fabrics by 6 pies per sq. yd., except on Dhoties and Saries of the coarse category, the duty on which would remain unchanged. The Taxation Enquiry Commission had recommended enhancement of the excise duties on all varieties of Cotton Fabrics and I had accordingly proposed in last year's Finance Bill an increase in the duties on medium and coarse Cotton

[Shri C. D. Deshmukh]

Fabrics from 6 pies per sq. yd. to one anna per sq. yd. It was, however, then represented that prices of agricultural commodities had been falling for some time, and the purchasing power of the rural population was low. The offtake from the mills had also declined at the time and the mills were carrying large unsold stocks. The proposals were accordingly withdrawn. Conditions have since noticeably improved. Although mill production of Cotton Fabrics has reached a level higher than ever before, the offtake from the Mills has steadily risen. In the context of an expanding demand for cloth, this position is likely to improve still further. The prices of agricultural commodities have also risen. After the most careful weighing up of all relevant factors, I have come to the conclusion that an increase in the Excise Duty on medium and coarse cotton cloth is fully justified. The yield expected from the proposed increase is Rs. 14½ crores.

I also propose to make minor changes in the existing duties in respect of Soap, Strawboard and Art Silk Fabrics.

The duty on Soap is at present confined to soap produced with the aid of power. Since this duty was first imposed year before last, surveys conducted have shown that the non-power operated units are producing substantial quantities of soap. Some of the larger units amongst these are offering appreciable competition to the smaller power operated units. I have accordingly proposed new excise duties for non-power operated units at somewhat lower rates than the existing rates for power operated units. In the matter of exemptions to the small-scale units also, it is proposed to put the non-power operated units in a slightly better position than the power operated units.

Strawboard at present enjoys an exemption from excise duty. Enquiries have shown that this exemption is hardly justified. Strawboard and cheap Millboard compete with each other. A substantial proportion of Strawboard is actually produced by well organised units which hardly need any special protection. I accordingly propose to tax Strawboard at the same rate as that at present applicable to millboard, namely, 6 pies per lb. As a measure of relief to the small producer, I also propose to give, by executive notification, an exemption for the first 500 tons of Strawboard and the cheaper varieties of Mill-

board cleared by any manufacturer during the financial year.

In regard to Art Silk Fabrics, it has been found that the exemption given to units employing not more than 24 looms has placed them in a position considerably more favourable than the small units in the sister industries producing cotton or woollen textiles. This has further enabled them to offer unfair competition to the taxed sector of the Industry. I have, therefore, proposed the abolition of this exemption in its present form. It is being replaced by an executive notification, in a modified form, exempting the production of the first 9 looms by any manufacturer.

The total revenue effect of these small changes is an increase of Rs. 50 lakhs.

For new excise duties, I propose only two items, namely, Vegetable Non-essential Oils, and all kinds of Diesel Oil, Vaporising Oil and Furnace Oil.

Vegetable non-essential oils figure in the list of commodities recommended by the Taxation Enquiry Commission for an excise duty, and I propose a duty of half an anna per pound on all such oils. This duty will be levied only on factories operated by power. Even among these, it is proposed to grant exemption by notification for the first 125 tons per year cleared for home consumption from any factory. This will ensure that all *ghanies* and other small units are exempted from the duty. The yield expected is Rs. 5½ crores.

Production of diesel oil and other fuel oils at the new Refineries at Bombay is soon expected to outstrip the internal requirements for such oils. The import duty on these oils should, therefore, be replaced by an excise duty. The excise duties I propose are 4 annas per gallon on High Speed Diesel Oil and Vaporising Oil used primarily in driving heavy motor vehicles, and Rs. 30 per ton and Rs. 15 per ton, respectively, on other Diesel Oils and Furnace Oils. These new duties are expected to yield Rs. 4½ crores.

Countervailing Customs Duties will be imposed wherever necessary.

The net additional revenue from the changes in Excise Duties will amount to Rs. 25 crores.

I now come to Income Tax. The only change I propose in personal taxation is a slight adjustment upwards of the super-tax payable on incomes above Rs. 70,000. With this adjustment, the rate of tax on the highest slab of income that is above Rs. 1,50,000 will be

91.9 per cent. against the present figure of 88.6 per cent. The extra revenue on this account will be about Rs. 1 crore.

In this connection, I may mention that the Taxation Enquiry Commission had recommended that the tax on the highest slab of income should not be more than about 86 per cent. They had, however, recommended that, in addition to this rate of tax, there should be a surcharge *cum* compulsory deposit at a graduated rate on incomes above Rs. 25,000—the maximum being 5.6 per cent. as surcharge, and the same amount as deposit. Their scheme envisaged, however, that against the surcharge a long-term loan, say, for 45 years, might be given at a nominal rate of interest under certain conditions and that the deposit should be repayable with interest after 45 years. The net additional amount that the tax-payer would have to pay in any year is thus represented by only one of these. Considered purely as a tax burden, the effect of the Commission's recommendation, is this a tax of 86 *plus* 5.6 per cent., that is to say, about 92 per cent., on the highest slab of income. This will also be the position under my proposals in respect of these incomes.

I propose also to introduce a tax on Registered Firms. The Income Tax Act recognises two kinds of Partnership Firms; those which are registered, that is, for the purpose of Income Tax, and those which are not registered. In the case of the former, no tax is imposed on the firm as such but its profits are taxed in the hands of the partners according to their respective shares and at rates applicable to them individually. In the case of the latter, that is, the unregistered firms, the tax is imposed on the firm as such at rates applicable to personal incomes. The registered partnerships, therefore, enjoy an advantage over the unregistered partnerships, and they do not also pay any Corporation Tax which is payable by Companies. I think there is adequate justification for imposing a small tax on the registered firms as such. I propose that the rate of such tax should be nine pies per rupee up to Rs. 75,000, one anna up to Rs. 1,50,000 and one anna six pies for incomes above this figure. The partners of the firm will get abatement on their proportionate shares of this tax for the purpose of income-tax, but not for super-tax. In order that small partnerships may not be affected by this, I propose to exempt incomes up to Rs. 40,000. In other words, registered

firms whose income is Rs. 40,000 or less will not be required to pay this new tax. The extra revenue from this tax is expected to be Rs. 1 crore.

The other field of direct taxation is the taxes on corporations. About half of our direct taxes comes from this source and there has been no change in Company taxation during the last five years. In view of the large development expenditure that has taken place in the First Plan Period and the even larger expenditure contemplated in the next Plan, I think there is adequate justification for putting a small extra burden on Companies. I propose, therefore, to effect three changes. *First*, the rebate of one anna of income-tax at present given to non-Section 23-A Companies in respect of undistributed profits will be withdrawn. *Second*, while the rates of super-tax payable by Indian companies will remain unchanged, there will be levied, in addition, a super-tax at a graduated rate on the dividends declared by them above a certain limit, namely, 6 per cent. This rate I propose to be 2 annas in the rupee on the amount distributed in excess of 6 per cent., but up to 10 per cent. of the paid-up capital. On distributions above 10 per cent. of such capital, the extra super-tax will be 3 annas in the rupee. *Third*, there will be a tax of two annas on bonus issues. I have taken due notice of the recommendation of the Taxation Enquiry Commission that there should not be any tax on bonus shares. I consider, however, that there is adequate justification for imposing such a tax and, in any case, such tax is an integral part of the scheme I have proposed.

Incidentally, I am also taking this opportunity of completing the process which we started in 1953 of equating the tax payable by a foreign company operating through a branch and that payable by another company operating through a subsidiary Indian company which remits the whole of its profits as dividends to the foreign parent company. The net effect is that the tax payable by a foreign company operating through a branch will go up from 53 per cent. to 62 per cent.

Another change I propose is an increase in the penal super-tax payable by a Section 23-A company which deals wholly or mainly in investments. I propose to raise it from the present figure of four annas in the rupee to eight annas in the rupee on the amount of undistributed profits. The rate applicable to

[Shri C. D. Deshmukh]

other Section 23-A companies will remain unchanged.

The net effect of all these changes in corporate taxation will be an increase in revenue of about Rs. 8 crores. I also hope that the scheme proposed will have some anti-inflationary effect.

In addition to these, the Finance Bill contains several other proposals some of which give relief to the tax-payers and some others which are intended to plug loopholes. In general, they are in implementation of some of the recommendations of the Taxation Enquiry Commission. I do not propose to weary the House with the details of these amendments and for the convenience of the Members I have appended to the Budget papers a Memorandum explaining in detail the provisions of the Bill.

At this stage, I should like to refer to only one of these amendments. The House will remember that, shortly after Section 5 (4) of the Investigation Commission Act had been declared invalid by the Supreme Court, we issued an Ordinance on the 17th July 1954 enacting a new Section 34 (1A) in the Income Tax Act to enable us to take over the cases which had been started under the provision declared invalid. Under this Ordinance, which was subsequently ratified into law by Parliament, we took powers to reopen all cases of tax evasion during the war years of more than Rs. 1 lakh. As the law stands, this power can be exercised only up to the 31st March 1956. There have been, since then, two other judgments of the Supreme Court, one in October 1954 declaring Section 5(1) of the Investigation Commission Act invalid from the 17th July 1954, and another in December 1955 declaring that Section invalid from the 26th January 1950. This means that the Department will now have to take over again a large number of cases previously dealt with by the Investigation Commission. We have carefully reviewed the position arising out of the judgments of the Supreme Court in consultation with our legal advisers. As a result, it is now proposed to have a redraft of the existing provisions of the law enabling the Department to reopen old cases. Substantially, the position remains unchanged—the only difference being that, while the existing law lays down a time limit up to the 31st March 1956 for the exercise of the Department's powers to reopen cases of concealment beyond eight years, the proposed amendment fixes no time limit. This is being done for three reasons;

firstly, the latest judgment of the Supreme Court having been given only in December 1955, it is not possible for the Department to issue all notices within the short period of three months left since then; secondly, the validity of the new Section 34 (1A) is itself being challenged in several High Courts and it is not known when we shall get a final decision on this point; and finally, the Taxation Enquiry Commission have recommended that, as in other countries, there should be no time limit to the reopening of cases of fraudulent tax evasion. This is a desirable reform which has been long overdue. The power of reopening cases beyond eight years will not be exercised unless the amount of total tax evasion exceeds Rs. 1 lakh and then only with the sanction of the Central Board of Revenue. This will ensure that the powers are exercised after proper scrutiny and only in cases of substantial evasion. It is also proposed to give the Department powers of search and seizure of accounts and documents which the Investigation Commission had and which the Taxation Enquiry Commission have recommended the Department should have. The experience of the last year and a half has shown that unless the Department is armed with these powers, it is not possible effectively to investigate cases of tax evasion. I have no doubt that the House will give its whole-hearted support to measures taken to prevent and detect large-scale tax evasion and it may take my assurance that the new powers taken now will not be exercised unless they are absolutely necessary.

The net effect of these changes in income-tax is an increase of Rs. 10 crores, of which the States' share will amount to Rs. 1.8 crores.

The Postal and Telegraph branches of the Posts and Telegraphs Department have been working at a loss for some years. The net loss during the three years ended the 31st March 1955, was Rs. 222 lakhs in the Postal Branch and Rs. 65 lakhs in the Telegraph, and the losses during the current year in respect of these two Branches are estimated at Rs. 49 lakhs and Rs. 82 lakhs, respectively. The main reasons for the losses are the opening of unremunerative post offices and telegraph offices as part of the Department's expansion schemes under the First Five Year Plan on the one hand, and the charging of uneconomic rates on the other. The rates charged at present are, in many cases, well below the cost of the service. A

review of the existing postal and telegraph rates has, therefore, been carried out with reference to the cost of the service, and, as a result of the review, it has been decided to increase the fee for registration on postal articles and the rates for inland telegrams. The existing registration fee of As. 6 per article will be raised to As. 8 and on inland telegrams the minimum charge will be raised from As. 12 to As. 13 for "Ordinary" and from Rs. 1-8 to Rs. 1-10 for "Express". These enhanced rates for telegrams are the same as those that were in force prior to the 1st April 1950. The additional revenue expected from these increases is Rs. 95 lakhs.

The net effect of the proposals may now be summarised. The changes in Customs Duties will not have any net effect on revenue. The new and increased Excise Duties will yield Rs. 25 crores. Changes in Income tax will result in an additional revenue of Rs. 10 crores of which the States' share will amount to Rs. 1-8 crores, and changes in postal rates will yield Rs. 95 lakhs. In the result, Central revenues will increase by Rs. 34-15 crores.

My taxation proposals will still leave a deficit of Rs. 17-68 crores on revenue account. This is a large amount, but unforeseen marginal improvement in revenue and savings in expenditure may yet be possible, and I propose to leave it uncovered. I must repeat, however, that additional taxation is inseparable from a bolder plan of economic development. The Taxation Enquiry Commission had in mind an order of expenditure on the Plan amounting to Rs. 3,500 crores. The size of the Plan is now larger and a correspondingly larger tax effort is necessary. The findings of the Commission have shown that in real terms, there has been little addition to the national tax effort relatively to national income over the last two or three decades. Even to maintain the proportion of tax revenues to national income more or less constant, additional taxation of the order Rs. 350 crores over the five year period would be necessary at the Centre and in the States. This proportion has, however, to be raised, moderately. What I have proposed this year by way of tax effort is, in my judgment, the minimum that must be attempted in view of the requirements of the Plan.

Including the additional taxation, the overall deficit for the year will stand at Rs. 356 crores. I think it is important to bear in mind the limitation I mentioned earlier in regard to deficit financing. There is not, at the moment, any great

slack left in the economy which would justify anything more than a reasonable amount of deficit financing. Up to a point deficit financing is not only permissible, but even desirable in a developing economy. Experts differ as to the permissible limit, but it would be quite unrealistic to assume that deficit financing of this order can be maintained for any length of time without inviting inflation. The road to inflation is easy enough, but it opens flood-gates which it would later be impossible to close. We are, in fact, taking a measure of risk with the deficit financing proposed for 1956-57 and we shall have to watch its effects carefully and adjust subsequent programmes in the light of these effects.

The budget I place before you is, as I have said, the first step towards the implementation of the Second Five-Year Plan. A big Plan requires a big effort, and to make a good beginning with it will be, to vary the old adage, almost to ensure its accomplishment. The objective we have set to ourselves is that primary and ineluctable duty of every modern Government, namely to raise the living standards of the people and to create in the process a progressive and equitable economic and social order. This objective moreover, is to be attained by democratic means. The sanction behind the Plan is not the will of Government (शासन शक्ति) but the will of the people (जन शक्ति). Democracy is for us a means as well as an end. It defines our objective, and it indicates the approaches and techniques to be adopted for the fulfilment of the objective.

The problem is not merely one of raising the statistical average of *per capita* incomes which could easily be a will-o'-the-wisp; it is one of raising the lowest incomes and of opening out to the younger generation avenues of growth and advancement that will bring out the best in them. For this the present generation has to make sacrifices. It has to work harder and it has to abstain from asking for immediate returns. A plan, verily, is a *vajan*. This is the essence अनेन प्रसविष्यद्वमेष दोऽस्त्रवट्टकामषुक् । of the process of capital formation, of building up the infrastructure of development and of equipping the community with the tools and implements needed for increasing the national product. We shall succeed in this task to the extent that we bring to bear on it in judicious proportions all the idealism.

[Shri C. D. Deshmukh]

and all the practical realism that we possess.

The Second Five Year Plan will be followed by several other Plans and it is only after we have fulfilled, shall I say, the Third Five Year Plan that we shall see a marked and unmistakable improvement in living standards all round and in the capacity of the country to go ahead more rapidly on its own momentum. The burdens that the Plan imposes upon the people are by no means light nor can their weight be mitigated by any assurance that they are temporary. On the other hand, our people stand, so to say, on the threshold of a golden age; we have to build well and truly for them; and we have to raise, ungrudgingly and unhesitatingly, all the money necessary therefor. Money is, after all, mainly a measure of effort; and the success of our monetary calculations, whether for our taxation measures, or for our deficit financing, or for anything else for the matter of that, depends vitally upon the measure of productive effort put forth in the community. It is the responsibility, if I may with all respect say so, of every member of this honourable House and of similar chambers all the country over, to adjudge every proposal on this basis, that is, not of what Government seeks to take from this sector or from that (indeed Government cannot take anything for itself) but of what that proposal in terms of mobilising the real efforts of the country means and of whether by any alternative proposal we could call forth equal effort without greater sacrifice.

The success that has attended on the first Plan makes it clear, I believe, that

the people of this country are capable of, and willing to put forth, the effort necessary to achieve bigger things and to make for themselves and for their children an India befitting of her great heritage. Our destiny is now in our hands. Our people have throughout history been known for their almost infinite patience and perseverance. Given the leadership, they have never failed to respond in more than adequate measure. It is these people, Sir, that have now girt their loins and stand ready to launch forth on their new, and so far their greatest endeavour. They can rightfully expect us, their chosen leaders and representatives, to give them of our best counsels, loyal guidance and informed direction.

* FINANCE BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move for leave to introduce the Finance Bill, 1956.

Mr. Deputy-Speaker : The question is:

"That leave be granted to introduce a Bill to give effect to the financial proposals of the Central Government for the financial year 1956-57."

The motion was adopted.

Shri C. D. Deshmukh: I introduce ** a bill to give effect to the financial proposals of the Central Government for the financial year 1956-57.

6-45 P.M.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the 1st March, 1956.

* Published in the *Gazette of India Extraordinary* dated 29-2-1956.

** Introduced with the recommendation of the President.

DAILY DIGEST

1209

1210

[Wednesday, 29th February, 1956]

COLUMNS	COLUMNS
PAPER LAID ON THE TABLE	1085
Budget estimates of the Damodar Valley Corporation for the year 1956-57	
REPORT OF COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS PRESENTED	1085
Forty-fifth Report was presented	
REPORT OF JOINT COMMITTEE PRESENTED	1085-86
Report of the Joint Committee on the Securities Contracts (Regulation) Bill was presented	
BILL PASSED	1086-1133
Sales-tax Laws Validation Bill was further considered. Clauses 1 to 3 were adopted and the Bill was passed	
BILL UNDER CONSIDERATION	1135-75
Life Insurance (Emergency Provisions) Bill was considered. Discussion on motion to consider was not concluded	
PRESENTATION OF GENERAL BUDGET	1175-1208
The Minister of Finance (Shri C. D. Deshmukh) presented a statement of the estimated receipts and expenditure of the Government of India for the year 1956-57	
BILL INTRODUCED	1208
Finance Bill	
AGENDA FOR THURSDAY, 1ST MARCH, 1956	
Consideration and passing of Demands for Supplementary Grants, 1955-56 and Life Insurance (Emergency Provisions) Bill	