

SHRI PILOO MODY (Godhra) : It is not a question of conveying the sentiments from one side of the House to another. An undertaking was given this morning and there is a section of the House demanding that that undertaking be fulfilled. It is for you to order the Law Minister to appear here and make the statement. Let him flout your order if he wants to.

MR. CHAIRMAN : It was not an undertaking. There was a demand but they never committed that the statement would be made today.

SHRI CHENGALRAYA NAIDU : The Speaker clearly said that they should make the statement today.

DR. RAM SUBHAG SINGH : If it is not possible for the Government to collect the information, I am giving them the information. I will read out the letter.

MR. CHAIRMAN : You wait for some time.

DR. RAM SUBHAG SINGH : The Prime Minister is here. She should tell me for how many minutes I should wait. If they want to violate the democratic procedure, how can we cooperate here? (*Interruptions*).

MR. CHAIRMAN : If it is possible for the Law Minister.....

DR. RAM SUBHAG SINGH : The Deputy Law Minister was here earlier....

श्री रवि राय : ला मिनिस्टर आयें और बोलें कि वह क्यों समय चाहते हैं। वह सदन में और हम से अनुमति लें।

MR. CHAIRMAN : Whatever information the Law Minister has, he may convey it to the House. He may kindly be contacted.

16 hrs.

FINANCE BILL, 1970—contd.

SHRI R. BARUA (Jorhat) : Mr Chairman, at the outset I must say that this is the first time that the budget was acclaimed as a good one by all sections of the people in the country. Here I am not giving my own opinion. It is apparent that in a democratic country responses come from different quarters and all section of the people

have acclaimed it. Secondly, if the stock market is any indication, the behaviour of the stock market after the presentation of the budget created a favourable atmosphere in the business community in the country. Therefore, when Shri Dandeker says that there was a dramatic element on the stock market in the beginning that is not correct.

Having said so, I would like to point out that the Finance Bill, in order to assess the right perspective, must keep in view the following realities.—One is the mounting unemployment in the country which, according to the Reserve Bank of India figures, stands at 12.6 million today; secondly, there is stagnancy in the *per capita* income in the country which is now Rs. 319 at constant prices, which is less than the 1964-65 figure of Rs. 333.6; thirdly, paucity of public and private savings. Keeping these three subjects in view, let us look at the budget proposals.

As the Prime Minister rightly stated, the budget is the most important instrument to implement our planned development for the national growth. In order to do that, we shall have to look at the two sectors—investment in the public sector and the private sector. So far as the public sector is concerned, both the management and the direction depends on the public authorities. Therefore, the responsibility for gathering resources also lies with them.

Now, with regard to the private sector, their contribution is a bit indirect. But, all the same, the fiscal policy should be so directed in order to direct the private sector investment towards productivity and towards national growth. It is all the more important because in our national economy the largest proportion or the major portion of the investment comes from the private sector. Therefore, the fiscal policy and public policy on that sector is very important.

So far as the private sector is concerned, in our plans we estimated that the growth rate will be 5½ per cent and investment will be to the tune of Rs. 9,000 crores. If that is so, we shall have to see that there is sufficient savings in that sector, because we shall have to transfer the savings of the private sector to the public sector. Therefore, conditions will have to be created so that savings increase. Today our public

[Shri R. Barva]

savings is only six per cent whereas previously it was eight per cent. Now, if we want to achieve our plan target we shall have to increase it to the tune of 16%. Let us look at the outlay of plan period for the current year. In the current budget the resources for the Central Plan are calculated to be Rs. 1,487 crores from different sources. The balance from current revenue plus additional taxes are supposed to yield Rs. 465 crores. Looking into the past performance this is not going to happen unless a miracle happens.

Secondly, with regard to the performance of the State budgets the spectacle is very poor and disappointing. We expect the States to mobilise additional resources to the tune of Rs. 340 crores but there is no hope because in the last year although the States were expected to raise resources to the tune of Rs. 317 crores they could only raise Rs. 60 crores. The rest of the thing had to be contributed by the Centre. Therefore, this deficit which we have, that is, Rs. 225 crores, is not going to remain at Rs. 225 crores. If we look at Rs. 465 crores from the balance of current revenues plus additional taxes and contribution to the States it is going to be much higher. There is bound to be deficit financing, further increase in money supply and greater pressure on prices will follow. If the prices start increasing—I have already indicated before that the price rise is there and the indication is that it will go up; there is no sign of prices being checked. Once it happens what remains of the plan period. In the first two years of the Plan we have spent Rs. 4876 crores. This would leave Rs. 10,995 crores for the remaining three years, that is, an average of Rs. 3665 crores per year. Now to finance this domestic savings have got to be increased to the level of 14 to 16%. Will it be possible? If it is not possible the difficulty will arise that we shall not be able to go ahead with our Plan programme and the result will be that unemployment will remain and may take rather further increase.

With regard to mobilisation of resources I submit that from non-agricultural sector on 1700 crores a tax of 750 crores is assessed whereas with regard to agricultural sector the estimate is 1500 crores and out of that Rs. 11 crores come as tax. Why is it so? Now, we have also exempted farm houses from tax-

ation and we have also exempted the transfer of agricultural land in town area. These two items, although they may help somebody, are not to my taste, because I know today the price of land in urban areas has gone to such a fantastic height that it will be wrong to exempt them from taxation. How can a farm house which is worth Rs. 2 to 3 lakhs be exempted and how will it help the common peasant? Today we need real resources if we want to implement our Plan. Therefore I would submit that we should try to give relief to areas in which it is really needed.

Coming to the backward areas, the Wanchoo Committee report suggested fiscal incentives to be given in the backward areas so that industrialisation may grow. They suggested the grant of a higher development rebate, grant of exemption from income-tax, exemption from the payment of import duty and also transport subsidy. Because of want of these facilities, the backward areas like my State which are far away from important places have not been able to do anything. Our contribution to the industrial growth is 1.81 per cent whereas the contribution of Maharashtra is 23 per cent. Therefore these things should be taken note of by the Prime Minister so that we get sufficient facilities.

I am extremely grateful to the Prime Minister for the declaration of the package deal and for the petro-chemical complex but in the Fourth Five-Year Plan paper for the National Development Council I find only Rs. 10 crores have been put down for Assam's petro-chemical complex. If it is only Rs. 10 crores, I submit that within the Fourth Five-Year Plan period it will not be possible to have the petro-chemical complex, not to speak of a second refinery. Therefore I would like to know from the Prime Minister whether we are going to have the petro-chemical complex and the refinery or the added refining capacity during the Fourth Five-Year Plan or in the next five-year plan because, otherwise, a confusion is being created that we are going to get it immediately. If people cannot get it, the trouble will be why it is not being done.

Then, from the time of Shri Lal Bahadur Shastri we are being given the assurance that a paper mill and a cement factory will be

established in Assam and that preparations are being made. But I do not know at what point of time this is going to be done because, after all, within the four corners of the Fourth Five-Year Plan and the Budget we must have the requisite finance for that. After all, we function in a particular style and manner. Nobody can find out money beyond what is provided in the Plan paper and the Budget. Therefore it is also necessary that in order to develop backward areas, which are very sensitive, something should be done.

Lastly, Calcutta is another important point. I will submit that the city of Calcutta needs to be re-organised and rebuilt, whatever it may cost to the country because it is very sensitive to the entire eastern region. Transport and communication is in such a wanton stage that something should be done, if necessary, by taking big loans from outside so that it will create employment for the people, bring satisfaction to the area and we shall be able to deal with the violent activities there. It is no good just blaming the Naxalites as such; it is also the anger and disappointment of the frustrated young people which is largely responsible for the violent activities that are there in the area.

With these words I support the Finance Bill.

SHRI D. N. PATODIA (Jalore) : Sir, while we discuss the provisions of this Finance Bill our economy continues to be in a bad shape. Near stagnancy in industrial production has resulted in overall shortages in practically all the commodities; inflationary tendencies, in spite of a rise in food production, have firmly set in, resulting in a steady rise in prices of all commodities all over. Exports have recently started showing signs of decline and unemployment is rising at a very, very fast pace.

The provisions of the Finance Bill have got to be examined in the context of this situation because it is the Finance Bill which provides the mechanism for giving a proper direction to the economy. However, in view of the very limited time available to me, I would confine my remarks to some such aspects of the Budget proposals where I feel that I should be able to make some contribution.

Coming to direct taxations, I am afraid, the programme for the construction of new houses is likely to be one of the severest victims of the new proposals. In India, as you are aware, as many as 400 million people, approximately 80 per cent of India's population, do not have adequate housing facilities. You go to cities like Bombay, Calcutta and Madras and you will find the pathetic conditions under which the people are made to live. What is going to happen in respect of all these cities with imposition of additional wealth tax? Most of the owners will not be able to pay their additional wealth tax. Are all their properties and houses going to be auctioned? Not only that these houses are going to be auctioned but nobody is going to buy those houses because whosoever purchases the house has to pay a similar tax. The impact of additional wealth-tax is going to be severe on the construction activity of the industrial houses.

The definition of urban property has been extended in a very peculiar manner to include all places which fall within the municipal limits of having a population of 10,000 and which fall within a radius of 8 kms within those municipal limits. May I ask the Prime Minister what is then left out? Will it be very wrong to say that the very definition of "urban" has been completely distorted and misused to make this amendment in the Bill?

The agriculturists who for the first time have started showing up, who for the first time have started contributing to the growth of economy will be very severely affected. Apart from the agriculturists, I was just now told by one of my friends that these provisions are likely to affect the plantations to a great extent. There is a very peculiar confusion in the whole Bill. This additional wealth-tax is not applicable in the case of the corporate sector, that is, the limited companies. Any plantation land which is owned by the corporate sector will not be subject to this tax. But a similar plantation land used for similar purposes for growing cash commercial crops will be subject to this very tax if it is owned by individuals and firms. This appears to me a very strange way of dealing with such an important provision. I request and urge upon the Prime Minister to see that this

[Shri D. N. Patodia]

type of anomaly that prevails by which the same type of plantation land used for the same purpose, for cash commercial crops, is subjected to tax in one case and is exempted from tax in another. It is a case of discrimination against those who are not in the corporate sector.

In view of the repeated demands made by all sections of the House, irrespective of men and women, I would not like to repeat very much about the injustice done to the women of India by clubbing together the incomes of the husbands and the wives. I hope, the attitude of the Prime Minister also appears to be somewhat favourable which I can understand by the smile on her face.

SHRI KAMALNAYAN BAJAJ:
Unless the smile is deceptive.

SHRI D. N. PATODIA: The smile is never deceptive. I think, it is acceptable to her.

To what extent are these new proposals going to affect the savings of the community? As various hon. Members have said, the total incidence of taxation in respect of any well-to-do person who is having some property will now be more than hundred per cent. The incentive to save and the incentive to earn has been completely lost. It becomes a penalising exercise for a man to earn more and a rewarding exercise for a man to indulge in dishonoured dealings. I am more particularly worried about that section of the community which belongs to scientists, and technicians and to the selected calibre of the country who contribute so much to the welfare and the growth of the country. What will happen to them? Have we offered them sufficient inducement to stay in this country? Have we offered sufficient inducement to them to have a reasonable earning? There is already sufficient brain drain out of our country. (Interruptions) I can tell you with the imposition of these provisions of taxation, no good scientist and no good technologist will any more be willing to stay here. He will be much more rewarded by going outside. The effect of all these provisions will be to accelerate the pace of brain drain out of this country.

With regard to the corporate sector, enough has been said and whatever has been said, I would not like to repeat. The fact remains that the effect of taxation on corporate sector has been considerably increased by various ways. Nevertheless one particular provision of discontinuing tax credit certificates in respect of the holders of new equity shares is going to affect the investment climate in the country and is going to affect the growth of new industries. It is well known that for any new industry for the first few years it is not possible to make any profit and in order to encourage the selling of such equity shares in these new enterprises and in order to compensate the shareholder who would not get any dividend otherwise, this scheme of tax credit certificate by which any person who is holding shares worth Rs. 35,000 would get a benefit of Rs. 1250, was introduced. Now this facility has been withdrawn. The effect will be that investment in new equity shares will be completely frustrated. Already our industrial activity is at a very low level. I do not know what will happen after the withdrawal of the tax credit certificate scheme. I can say that there is not going to be any public enthusiasm in regard to purchase of shares in new companies.

With regard to indirect taxation, the effect will be equally savage. Excise duty alone will fetch Rs. 130 crores. It is wrong to say that with the imposition of excise duty to such an extent the prices will not rise. Items like aluminium, petroleum products and preserved food are items used by the common man and in respect of these items there is going to be a steep rise in the prices.

Now, Sir, what is going to be the effect on exports? At the beginning of the year, it was expected, looking at the rising trend of exports in the course of last year that we shall be able to achieve a minimum growth in exports of about 7%. But look at the performance of the last 3 or 4 months. Ask Mr. Bhagat as to what is happening to him. Exports are clearly showing signs of decline and it would be a great achievement for him and the country if we are able to achieve even 4% growth in exports this year. This has been so partly because there is shortage of all commodities and partly because we are no more competitive in the world market in respect of prices.

What will be the effect on employment ? Has anybody looked at the proposals as to the impact these provisions will have on employment ? Will these taxation proposals be able to generate growth, help construction of new industries and various economic activities ? There appears to be no incentive for growth at all and the problem is rising at a fast pace.

To quote the figures, at the end of the Second Five Year Plan the total number of unemployed persons in our country was 5 million and to-day it is 15 million. 15 million unemployed are more or less equal to the 16 million employed in the organised sector. If the present pace of unemployment goes on, at the end of the Fourth Five Year Plan, we shall be confronted with a huge figure of 28 million unemployed in our country.

SHRI KAMALNAYAN BAJAJ : That will be a growth.

SHRI D. N. PATODIA : Coming to the public sector and the performance and contribution made by the public sector to the economy of our country, the other day, addressing a convention organised by the Institute of Social Education, the Prime Minister lashed out at the detractors of the public sector and charged them with motivated criticism. I can understand her annoyance. I can understand her difficulty. But I can tell you that her annoyance will not be able to improve the performance of the public sector.

The performance is eloquent enough to speak about up itself. The recent reports of the public undertakings committee are still more eloquent. To quote only a few instances, Sir, take the case of the MAMC. According to the report of the public undertakings committee it has already incurred an aggregate loss of Rs. 20 crores., it produces only 11% of the targeted capacity and the public undertakings committee has come down with a recommendation to close down the MAMC for good.

Then, Sir, coming to Bokoro, the report of the public undertakings committee says this. . . .

MR. CHAIRMAN : Kindly conclude; your time is over.

SHRI D. N. PATODIA : The report says that it will continue to incur an annual loss of Rs. 20 crores after completing the first phase. Even in respect of the first phase itself, the original target was Rs. 590 crores and now it will end up with an investment of Rs. 1,000 crores. There are so many such cases. Sir, I am only reminded of the times of the 2nd World War when Hitler was the dictator of Germany. At that time Nazi Government took over management of MESSERCHMIDT the largest aircraft manufacturing factory of Germany and when the taking over was criticised Hitler declared that those persons who criticised the taking over will be eliminated. I am sure the Prime Minister did not mean that. But I can tell you this much. If this is the situation of the public sector then there is no doubt this public sector will not only not be able to make any contribution to the growth of economy but will be a positive deterrent. This poor country cannot afford to have this luxury of public sector which will go on losing year after year. The conditions under which Indian economy is working and behaving will not be properly understood unless you examine the economic performance in the country in the context of what is happening elsewhere in the world. I would therefore quote only a few illustrations of what is happening in Europe, in Asia and in various other countries. Take the case of Japan, Sir, Japan is a wonderful example of the success of human enterprise with cooperation between the State and the private citizens. They have been able to achieve a steady growth of 15% after the war and their savings are as much as 30% of the national income as against that of 8% in our country.

MR. CHAIRMAN : Please conclude; you have taken whatever you wanted.

SHRI D. N. PATODIA : In respect of steel, the pre-war figure in Japan was 1/2 million and now it is 90 millions. In U.K. 10 million sq. feet of industrial sheds are constructed every month. In USA every year capital assets are formed to the extent of 75,000 crores and in the case of USSR they have recently invited Ford, an American firm, to manufacture cars. These are the conditions prevailing in other countries.

MR. CHAIRMAN : Kindly conclude; even 15 minutes are over.

SHRI D. N. PATODIA : The conditions in our country on the other hand are: in respect of our exports, 8 years ago we were 15th and now we have become 22nd. In respect of gross national product 22 years ago we were 5th and now we are 9th. In our country 71% of our population is directly dependent upon agriculture whereas in the case of the USA it is only 5%. Proper direction is needed to be given for the growth of the economy. We have to create incentives and not to curb enterprise. We have to create conditions in which man is made work to and earn, to save and to re-invest his savings. Thank you very much for the time that you have given.

SHRI HANUMANTHAIYA (Bangalore) : Sir, the hon. Member from the Swatantra Party who just now spoke drew a very bad picture of our economy. All the time he is under the fear that his own income may be reduced and also that the quantum of property which is held by him may get reduced. The leaders of the Swatantra Party who have spoken today and also yesterday are apprehensive not so much about the country, though they speak in the name of the country as a consequence of the government's policy as about their personal income and property.

Shri Dandekar who made a very brilliant speech in his own way, I must admit, gave a very alarming picture that out of every Rs. 100 one earns, he can only retain Rs. 6 1/2 after paying taxes. That is right, only at a certain level. In the matter of personal income-tax, we have to look at it from another point of view. When you produce, whether it is in the factory or in the field, the entrepreneurs and industries have to take into account three factors. They are not the sole factors. There is the investment or the capital; there is the management and there are workers. All the time, I presume, they think that only the management counts and the other two factors do not count. This is not correct. The management has to see that it is only one of the three factors that are involved in production.

Take the case of Income-tax. We have taken into consideration not what is given to the Government but what is left in the hands of the man who earns. It is argued that the maximum marginal rate of income-

tax which was 82.5% at Rs. 2.5 lakhs will now be increased to 93.5% at Rs. 2 lakhs. It is true. The correct assessment of the tax pattern is not what is taken away by the tax but what is left in the hands of the individuals. The rates of tax have been stepped up only on slabs above Rs. 40,000/-. In a country where the *per capita* income is only about Rs. 545 per year, it cannot afford to allow sky-high income in a few hands. A person who has an income of Rs. 50,000/- a year is still left with Rs. 31,300/- making an average of Rs. 2,608/- per month which is 57.4 times the *per capita* income. A person who has an income of Rs. 1 lakh will still be left in his hands Rs. 42,800/- per year making an average of Rs. 3,566/- per month which is 78.5 times the *per capita* income. A person who has an income of Rs. 5 lakhs will still have in his hands Rs. 74,300/- per year making an average of about Rs. 6,191/- per month which is 163.3 times the *per capita* income. And the person who has got Rs. 10 lakhs as income will still have in his hands Rs. 1,06,800/- per year making an average of about Rs. 8,900/- per month which is 196 times the *per capita* income. (Interruptions)

SHRI PILOO MODY : Say it is 750 times the *per capita* income.

SHRI HANUMANTHAIYA : When exploitation is increasing and when concentration of wealth is considered a sin, we have to re-adjust our mental attitude.

SHRI PILOO MODY : The Ministers earn 750 times more than the *per capita* income. Why don't you give that example ?

SHRI RANJEET SINGH (Khalilabad) : Let him quote Gandhiji on the subject.

SHRI S. K. TAPURIAH : For fighting Naxalites, they have to take away the amounts from those who put in labour ?

SHRI HANUMANTHAIYA : My hon. friend thinks, and Shri N. Dandekar also thought yesterday, that they were on very strong grounds in attacking the salaries and emoluments of the Ministers. Even granting. What my hon. friend suggested, what did Gandhiji prescribe by way of salaries to Ministers ? It was Rs. 500, about forty years ago. Now, in terms of the deflated value of the rupee,

if they take about three or four times of that amount, it comes more less to round about the same amount of salary that is being paid to a Minister. But what about the ICS people ? Even when in service, they always look with a covetous eye on employment in the private sector. Even when they are paid the highest salaries in Government service, they think that they will be able to get twice or thrice that amount in the private sector. These industries not only pay high salaries of this magnitude, but the perquisites are also much greater.

SHRI N. DANDEKER (Jamnagar): Not more than the Ministers'.

SHRI HANUMANTHAIYA : I want to ask Shri N. Dandeker to tell me whether they will not have a free car, whether they will not have a free residence. .

SHRI N. DANDEKER : About the same as the Ministers.

SHRI HANUMANTHAIYA:..... whether they will not have entertainment allowance and so on. I have got full faith in my hon. friend's judgment and reasonableness. If industrial executives are paid much more than twice or thrice the amount that a Minister gets, including perquisites, does the Cabinet Ministers who manage the affairs of their departments for the whole of India deserve less ?

Then, I shall catch him by another effective argument also. He is a respected leader of the Swatantra Party, fortunately, I would say, and not unfortunately. His party has a government of their own in Orissa. Has he ever thought of instructing through his party's High Command the Swatantra Government in Orissa to change the salary pattern ? If the Swatantra Party shows the way in Orissa as to what is the correct salary pattern or structure, including perquisites and other things, we shall certainly consider in that light how we should reshape the salary structure of the Central Government Ministers.

SHRI PILOO MODY : Why does he not hand over the Government to us ? And we will do it.

SHRI HANUMANTHAIYA : So, it is only for purposes of propaganda that

they talk here and not for effective action.

Further, Ministers are not industrial executives lasting in the employment for years and years. Most of the Ministers are there for a definite term, at best for one or two terms; they have no pension; they have no provident fund; they have no money to purchase cars. If these people are provided with facilities for a temporary period of five or ten years and provided with some amenities, could that be made as a ground for criticism ? If that is made a ground for criticism, then how much more is it so in the case of industrial executives ?

SHRI N. DANDEKER: May I reply to him ? He is asking me questions.

SHRI P. C. SETHI : He is answering the hon. Member's points.

SHRI N. DANDEKER : He has asked me some questions and I would like to answer them.

SHRI HANUMANTHAIYA : There must be fair debate. He has made his points. He has to answer my points on another occasion when he gets an opportunity. He cannot encroach upon my time, even as he encroaches upon the income of the poor and the working classes.....

SHRI PILOO MODY : My heart bleeds.

SHRI HANUMANTHAIYA : If his heart bleeds, I am sorry.....

SHRI PILOO MODY : If my heart bleeds, there will be a bloody mess all over here.

SHRI HANUMANTHAIYA: My hon. friend himself has said it. I do not want it to happen. How much is the industrial executive to curtail his expenditure ? It is with this view that Government frame the policy of taxation so that concentration of wealth may not take place in particular hands.

I want to remind my hon. friends of the Swatra Party and people of their way of thinking that India is not a capitalist country. We have not opted for a capitalist society. We have opted for a socialistic society. The preamble and directive principles of the Constitution clearly.....

SHRI PILOO MODY : He did not tell me that when I was born.

SHRI HANUMANTHAIYA : . . . lay down the direction in which Government have to work.

SHRI PILOO MODY : He cheated me.

SHRI HANUMANTHAIYA : We have to see that every act of ours, every measure Government takes, leads the country and the nation towards social, economic and political justice. Therefore, if they presume that we have to opt out of socialistic society and argue all the time for a capitalistic society, they will not be on firm ground. . . .

I have to remind them that even as the members of the Congress Party here took oath to the Constitution, they have also done likewise. They have to be serious about the preamble to the Constitution for purposes of implementation. They cannot take oath to a Constitution which guarantees economic justice and plead the next day for a capitalistic system of society.

The other day I heard with appreciation the passionate plea Dr. Sushila Nayar was making in favour of environmental purity. Water, air and other environment are being so polluted that the very Ganga or Yamuna water is almost becoming poison because of the sewage and wastage added to it. Why is this happening in India ? Do we not see the lesson that the westerners have bitterly learnt and are now paying for it in terms of billions and billions of dollars and pounds.

All this environmental pollution takes place because of the process of urbanisation going on. Industries are concentrated in towns and cities. Therefore, the sewage, waste and smoke. Hence if environmental purity has to be guaranteed, this process of urbanisation has to stop. We must frame our policy in such a way that the population gradually begins to live in villages, and likes to live there. For that purpose, the only way is to disperse industries, to start small scale industries. I have given a report on small scale industry to Government and hope Government will implement the recommendations contained therein.

This country being predominantly agricultural, you have to give the profession of

agriculture the most favoured treatment among the professions, as in the case of tariffs between country and country. We are used to the phrase 'most favoured nation' treatment. Among the professions in India, agriculture has to be accorded the most favoured treatment. That will not only facilitate growth of foodgrains so that all of us may have sufficient food and sufficient amount of calories of food but will also stop imports. It is also the base of industrial progress. If Government gives some concession to agriculture exempting farm houses from taxation you must see in that step an encouragement for people to go and settle down in the rural areas and do agriculture. Agriculture and rural economy have to be given all possible protection. The taxation in this sector must be as little as possible so that people automatically stop this process of over-urbanisation and live happily and peacefully and with purity of environment in this country in the rural areas.

श्री सत्यनारायण सिंह (वाराणसी) : संभा-
पति महोदय, मैं वित्त मन्त्री और प्रधान मन्त्री महोदया से कुछ निवेदन करना चाहता हूँ और आज हमारा देश जिस परिस्थिति से गुजर रहा है उस की तरफ ध्यान खींचना चाहता हूँ। आज हम ऐसे आर्थिक और राज-
नैतिक संकट से गुजर रहे हैं जिस से देश के विभिन्न हिस्सों में और जनता के विभिन्न हिस्सों में असन्तोष और निराशा की लहर दौड़ रही है। कहीं पर हम को विस्फोटक स्थिति भी दिखाई पड़ रही है। इस का कारण क्या है ? हमने सोचा था कि जो नए एलान हो रहे हैं, वित्त बिल आएगा, उस में एक ऐसी दिशा होगी जो इस आर्थिक और राजनैतिक संकट से निकलने में देश को दिशा देगी। लेकिन उसे देखने से लगता है कि उसी पुरानी लकीर पर हम चल रहे हैं जो इस संकट को, इस राजनैतिक और आर्थिक संकट को और गहरा करेगा और देश की परिस्थिति एक भयावह स्थिति में पहुंचेगी। सरकार की तरफ से जितनी भी कमेडियां बनाई गईं इस संकट का पता लगाने के लिए उन कमेडियों की रिपोर्टें देखने से पता लगता है कि कमेडियों

ने कहा है और सरकार को सुझाव दिया है कि आज देश में जो गहरा आर्थिक और राजनैतिक संकट व्याप्त है, उस की जड़ में ग्रामीण अंचल का संकट है। मूल संकट ग्रामीण संकट है। क्यों ऐसा ग्रामीण संकट है? सब से पहले इस बात को कहा गया, बराबर 22 साल से कहा गया कि हिन्दुस्तान एक नए दौर से गुजर रहा है जब कि उस के लिए बाजार चाहिए। आज हमारे औद्योगिक माल तैयार होते हैं, देश में जो चीजें तैयार होती हैं, उन के लिए देश के अन्दर और बाहर बाजार की आवश्यकता होती है। लेकिन 22 साल की जिन्दगी क्या साबित करती है कि अन्तरराष्ट्रीय जगत में हमारे बाजार सिकुड़े, देश में जनता की खरीदने की शक्ति बराबर गिरती चली गई और इस का नतीजा हुआ कि हमारा मार्केट देश और विदेश में सिकुड़ा। मैं यह निवेदन करना चाहता हूँ कि जब आप के पास आज की दुनिया में बाहरी बाजार नहीं होगा तो देश की जनता की खरीदने की शक्ति बढ़ानी होगी। उस की परचेजिंग शक्ति बढ़ानी होगी, तभी हमारे उद्योग धन्धे पनपेंगे, बड़े और छोटे सभी उद्योग धन्धे चल सकेंगे। ऐसी स्थिति में जब हम देखते हैं तो गांवों के अन्दर हमारे 70 प्रतिशत, 75 प्रतिशत लोग रहते हैं। उन की जिन्दगी के बारे में कहा गया है कि 22 साल में जितने भी खेती में सुधार करने के लिए कदम उठाए गए वह सभी बेकार साबित हुए और आज ग्रामीण संकट ऐसा बुनियादी संकट बन गया है कि अगर उस की तरफ ध्यान नहीं दिया तो ग्रामीण अंचल में विस्फोटक स्थिति पैदा हो गई है। यह सरकार की रिपोर्टों में कहा गया है। लेकिन आज हम फिर क्या सुनते हैं कि उस से कोई सबक लेने के लिए तैयार नहीं है जिस से कि हम आर्थिक ढांचे में कोई आमूल परिवर्तन करें और देश को एक नई दिशा देने की कोशिश करें। आज दिखाई हम को यह पड़ता है, कहीं पर हरी क्रान्ति की बात होती है, कहीं नीली क्रान्ति की बात होती है, कुछ ऐसी बातें की जा रही हैं। तो हम यह कहना चाहते हैं कि उन्हीं पुरानी पिटी पिटाई

बातों पर चलने से और सारे दोष को दूसरों के सिर पर मढ़ देने से समस्या का समाधान नहीं होगा। 22 सालों से हम ने समस्या को हल करने की कोई चेष्टा नहीं की, सच्चाई को नहीं पकड़ा, वास्तविकता को देखने की कोशिश नहीं की और हमेशा किसी न किसी के ऊपर सारा ब्लेम डाल कर निकल भागने की कोशिश करते रहे। मैं पूछना चाहता हूँ, जो छोटे छोटे उद्योगधन्धे हैं, उन की क्या दशा है? आज हमारे देश में भाषा का सवाल, जातीयता का सवाल, साम्प्रदायिकता का सवाल, देश के विकसित अविकसित क्षेत्रों का सवाल, यह सारी समस्याएं खड़ी हैं। बम्बई में जाइए, कलकत्ता में जाइए, चाहे जहां जाइए, इण्डस्ट्रीज बन्द हो रही हैं, कटनी-छटनी जारी है, बेकारी की समस्या तेजी से बढ़ती जा रही है। ये सारी समस्यायें पिछले 22 वर्षों में बढ़ी हैं, तीखी हुई हैं, जटिल हुई हैं या उन में हम ने रस्ती भर भी सफलता प्राप्त की है? यदि नहीं की है, तो अब समय आ गया है जब सरकार को गम्भीरता से इस पर विचार करना चाहिए, आज की परिस्थितियों पर विचार करना चाहिए।

जब संकट गहरा हो गया है, लोगों में असन्तोष फैलता जा रहा है, लोगों में निराशा फैलती जा रही है, जगह-जगह फूट पड़ रही है, तब हमारे बहुत से मित्र कहते हैं कि सरकार को कड़े हाथों से समस्या से निपटना चाहिए। मैं जानना चाहता हूँ—खास तौर से जो मित्र इधर बैठे हुए हैं, उन से पूछना चाहता हूँ, जो कहते हैं कि फर्म-हाथों से समस्या को डील करो, समस्या हल हो जाएगी—जरा इतिहास को उठाइए, दुनिया के इतिहास को देखिए, क्या किसी ने कड़े हाथों से जनता से निपटने का प्रयत्न करके समस्या को हल किया है? अगर इस तरह से समस्या हल हुई है, तब तो आप को भी कोई हल मिल जाएगा, यदि नहीं हुई है, तो आप को भी हल नहीं मिलेगा। आप हाथ कड़े करते जाएंगे, तो दूसरे लोगों के हाथ भी आप के हाथ से

[श्री सत्यनारायण सिंह]

कड़े होते जाएंगे—इस बात को मत भूलिए। हिन्दुस्तान का इतिहास हम और आप इस पार्लियामेंट में बैठ कर नहीं बनाते हैं, हिन्दुस्तान की जनता, जो देश का निर्माण करती है, जिस के हाथ में देश को बनाने की शक्ति है, वह इतिहास का निर्माण करती है। उस की समस्याओं को हल करने की बजाए, उस को फर्म-हैण्ड से डील करने की बात जब मैं सुनता हूँ, तो मुझे दुख होता है। पार्लियामेंट इस काम के लिए नहीं बनी है, आप को उन की समस्याओं को हल करना होगा। उन के लिए उद्योग-धन्धे कायम करने होंगे जिस की ओर सही तरीके से आप का ध्यान नहीं गया है।

पूर्वी उत्तर प्रदेश को ले लीजिए। आपने पटेल कमीशन बनाया, हमारे बहुत से माननीय सदस्य, हर पार्टी के सदस्य प्रधानमंत्री जी के पास बार बार गए, उन का ध्यान इस क्षेत्र की समस्याओं को ओर खींचा। पूर्वी उत्तर प्रदेश की आज क्या हालत है और पूरे उत्तर प्रदेश की आज क्या हालत है—यदि आप और देखें तो आप को मालूम होगा कि पिछले 22 सालों में वहाँ एक भी उद्योग-धन्धा नहीं खोला गया, जहाँ आज गरीबी की सब से विकट समस्या छाई हुई है। मैं आप के सामने एक ही उदाहरण रखना चाहता हूँ—पिछले दिनों जब मैं एक हरिजन के घर में गया, तो मैंने देखा—छोटा-सा घर था, उस का आधा हिस्सा गिरा हुआ था, कड़ाके का जाड़ा पड़ रहा था, हवा चल रही थी, वह बीमार पड़ा हुआ था, जीवन की आखरी सांस ले रहा था। उस के पास ओढ़ने-बिछाने के लिए बोरे का एक टुकड़ा नीचे पड़ा था और एक बोरा उस के बदन पर पड़ा था—यह है पूर्वी उत्तर प्रदेश की कारुणिक दशा का एक चित्रण। कब तक लोग इस को बरदाश्त करेंगे। क्या इस समस्या को दूर करने के लिए आज तक आपने कोई कदम उठाया जिससे कि पूर्वी उत्तर प्रदेश की जनता महसूस करती कि आज हम इस संकट को झेल सकते हैं, वर्तमान में जो भी मुसीबतें

देश के लिए और समाज के लिए आएंगी, उनको हम झेलेंगे, लेकिन इन मुसीबतों को झेलने के बाद जो कल का आनेवाला दिन है, वह हमारा अच्छा दिन होगा? यदि ऐसा होता तो निश्चय ही हमारी आशाएं बढ़ती, लेकिन 22 सालों से हम निराशा ही होते आए हैं, हमारी आशाएं पूरी नहीं हुईं।

मैं प्रधान मन्त्री महोदया से कहूंगा—आप देश की तरफ देखिए, जिन-जिन मौलिक परिवर्तनों की आवश्यकता है, उन के लिए कदम उठाइए। आप यह भी देखिए कि देश के अन्दर वे कौन सी शक्तियाँ हैं जो आप के साथ कंधे से कंधा मिला कर खड़ी हो सकती हैं और कौन सी ऐसी शक्तियाँ हैं जो आप के मौलिक सुधारों से भी मतभेद रखती हैं, आप के हर अच्छे काम का विरोध करती हैं। उन शक्तियों को हमें हराना होगा, पछाड़ना होगा। यदि यह डांवाडोल स्थिति देश के अन्दर बढ़ती रही, तो यह देश राजनीतिक और आर्थिक संकटों से कभी भी नहीं उभर सकेगा और इस की जिम्मेदारी हम-आप सब पर होगी। यह सदन एक ऐसा सदन है, जिस को देश की धर्मनियों की घड़कनों का पता होना चाहिए, जो चारों तरफ दिखाई दे रही हैं। यह कोई साधारण बात नहीं है—हमें देखना होगा कि इस के मूल में क्या बात है। आज तक देश की जनता निराशा होती गई, उस का दिल टूटता गया, आज वह चाहती है कि देश की सरकार की नीतियों में मौलिक परिवर्तन हो, उस की जिन्दगी में सुधार आए, उस के सूखे हुए चेहरे पर कुछ हरियाली दिखाई पड़े, उस की खाली पोंकेट में कुछ पहुंचे। मैं आशा करता हूँ—यदि आप इस दिशा में तेजी से कदम उठाएंगी, देश को ले चलेंगी तो देश की जनता की, मेहनतकश मजदूरों की सहायता देश के निर्माण में आप को मिलेगी, वे आप की नीतियों के पक्ष में काम करेंगे। जब-जब देश पर कोई संकट आया है, देश की जनता देश के साथ खड़ी हुई है, ऐसी नीतियों के साथ खड़ी हुई है जिस में वह देखती है कि

देश का विकास होगा, देश की तरक्की होगी। मैं आशा करता हूँ कि प्रधान मन्त्री जी इस बात को स्वीकार करेंगी और उन तमाम शक्तियों के सहयोग से, उनकी ताकत से देश के निर्माण को आगे बढ़ाएंगे, ताकि आज के इस गहरे संकट से, आर्थिक और सामाजिक संकट से, देश को निकालने में हम मददगार साबित हो सकें।

SHRI TENNETI VISWANATHAM (Visakhapatnam): Mr. Chairman, Sir, uncovered deficits, printing of notes and minting of monies, public borrowing—all these three things have been going on simultaneously for the last 25 years. My suggestion is, only take one of the courses, not the three together. The country has been brought to this deplorable position by this process adopted by the Government and I ask the Prime Minister, bold as she is, whether she cannot get away from this old method of combining these three courses and then bringing the country to ruin. In fact, all the plan projects have been ruined. We have not been able to attain our targets and we have not been able to attain them either by way of production or been able to keep to the money schedules, and because of this discount has grown all around. Its expression is taking many, many kinds of undesirable shapes, and the cost of living index has arisen like anything.

Before I go to other points, Mr. Chairman, I would like to refer to the question of steel plants which has been raised here. So far as Visakhapatnam is concerned—from where I come and I therefore know something about it—I might tell you,—and in order that I can make the record straight—that as long back as August or September, 1963, when the Department was nothing that there must be two new steel plants in addition to the existing ones, taking also Bokaro into account, at that time it was that Shri C. Subramaniam came to Hyderabad and in a public meeting announced that on the advice of foreign experts and in accordance with modern trends the Government had decided to set up a coast-based plant at Visakhapatnam with a capacity of 1.5 million tonnes. It is not yesterday, because of Mr. Karun anidhi's pressure, that something has

come up. Shri Subramaniam then said that he was thinking also of the special steels plant at Salem, and if he continued in office, I believe, these two steel plants as well as the special steels plant would have come long, long ago, and perhaps would not have attracted any of the present kind of political criticism which is now being levelled at them.

17 Hrs.

But then the Ministers change, and then the Ministers changed later, and two steel plants became one steel plant, putting competition between H and V and even that one V was lost in 1966, and it has taken two or three years again to come back to the same position which they took up in 1963, and these steel plants have been announced. I do not find anything political in this. I find only something economical and something national about this. The Planning Commission itself in its interim report, while making an assessment of the third Plan and was thinking of the fourth Plan, actually said, "Do not put all the steel plants in one area and in the same place, but disperse them; it would also have some advantage in removing regional imbalances." It was these factors that guided the Steel Minister. Now having regard to the flexibility and export possibilities of the steel plant at Visakhapatnam, the Prime Minister should make a definite announcement that the size of the plant shall be 1.5 m. tonnes, as was thought of in 1963, as later recommended by experts and as now demanded by humble persons like myself.

Apart from plefcit financing, printing of notes and public borrowings, there is the question of excise duties. Year after year it has become a habit like drinking to increase excise duties. How can you be correct about your planning, how can you think of the future with any amount of certainty without knowing what excise duties you are going to be asked to impose by your bureaucratic machinery? You may be asked to increase the duty in March, December or at any time of the year. In all humility and seriousness, I submit to the Prime Minister: Give a holiday to these excise duties for some three or four years. Unless you do that and at least stabilise them at the present level of Rs. 1600 crores

[SHRI TENNETI VISWANATHAM] for some time; you will not be in a position to think about your future plans and projects and future demands of developmental and non-developmental expenditure.

17-02 Hrs.

[MR. DEPUTY-SPEAKER in the Chair]

We always thought that the demand made at the time of the general discussion of the budget for reduction of excise duties on common necessities would be heeded to. I find the minister just now saying, that nobody has made any such demand in the discussion on the Finance Bill. It is very peculiar. But it is good he has said it good-humouredly. I demand on behalf of the people of this country that excise duties on common necessities should be taken away, not only the increases, but the excise duties themselves. If you want money, you can get it from those who are capable of giving it. But nothing has been done to reduce the duties on common necessities like kerosene, sugar, preserved fruits, etc. Preserved fruits now have become a luxury for the rich men, whereas nearly 40 per cent of the fruits in this country are wasted, because they cannot be canned and preserved cheaply for the poorer classes. The excise duties on preserved fruits are so heavy that the cost is far beyond the reach of the ordinary man. You have excise duty on the bottle, on sugar, on the can and on the end-product. Excise duties have got a very peculiar nature. Government produces security paper in the security press at Nasik for its own purposes. Excise duty is imposed on that also. I wonder why you do not impose excise duty or Incometax on the money you allot to the various departments, which amounts to about Rs. 7000 crores. Why don't you collect excise duty and income-tax on all those departments also? You will get a lot of money.

There was a continuous demand that the exemption limit for income-tax must be raised to Rs. 7500. I will repeat that demand. You are going to loss not more than Rs. 4 crores. If you increase the rate on the slab above 2500 upto Rs. 40,000, you are going to get nearly Rs. 8 crores. So, you are not losing anything on the whole on account of that.

Therefore, I once again appeal that it should be done.

Then, I do not understand this change in income-tax as the income of husband and wife put together. It does not very much affect the rich people because in the very rich families the wives do not earn; they depend upon their husbands. It is only in the middle class families, small income group families that both husband and wife are obliged to earn.

SHRI N. K. P. SALVE (Betal): Separately earned incomes are not clubbed.

SHRI TENNETI VISWANATHAM: Then I have nothing to say on that.

Then, there was a lot of enthusiasm when the banks were nationalised. Please consolidate the position, form an all India organisation in which you involve the banks, the Central Government, the State Governments and co-operative organisations, make it a multi-purpose organisation which will help stream clearance the rural housing, remove the difficulties of drinking water supply and also attend to agricultural and other wants.

Lastly, sir, we were discussing Centre-State relationship recently. The attitude which the Central Government had been adopting for the last 15-20 year was that it was in the position of a donor, because it has got large resources, and the States are in the position of the donees. This attitude must change. Do not generate pressures and agitations in the States by continuing this policy because you have more money. Both your money and the State money is peoples' money. Please treat the States as joint partners in your efforts to make the country march forward. Please change your attitude towards the States.

I once again repeat: consolidate the gains which you have made on the occasion of the nationalisation of banks; please let everybody say that during this year, before the next budget comes, they have actually seen the results, the concrete results of the operation of nationalisation.

SHRI N. K. SANGHI (Jodhpur): Mr. Deputy-Speaker, I have been patiently sitting for the last two days and hearing the debate on the Finance Bill and have given thoughtful consideration to the points made out by various members. I have come to the conclusion that this 1970-

[71 budget is a unique budget. It is a budget with a difference. There has been so much criticism of the past budgets in the country but today even though we have heard some strong speeches from the opposition members some members trying to say these things are not there or those things are not here, some of the excise duties are a little higher, some of the direct taxes are a little crushing, with all this, if one takes note of the budget reaction outside this House, one would come to the positive conclusion that this budget has been hailed not only by the capitalists but also by the radicals; and even the Young Turks of our party have nothing to say against it. But this is the way the budget has been received.

I have to give a little background to the budget. There had been a split in the Congress Party due to certain ideological reasons. When the party was divided into two groups, new challenges were thrown, new social obligations were cast on the party and because of these challenges a lot of care had to be taken in formulating this budget and one would rightly say that proper care has been taken in this budget to give a new direction to this country.

While talking of this budget we will have to look into its salient points, we will have to apply some yardsticks to find out whether the budget is really good or not. Merely saying this budget is good or bad is not going to serve the purpose. We have to find out whether this budget generates production, whether the budget gives incentives for savings and whether the budget takes us towards the development of the country. I am sure that if one makes an analysis of this budget from the point of view of these salient points one would come to the conclusion that this budget helps us to march towards a goal of progress.

This is the second budget which has been presented by the Prime Minister of this country after independence. The first budget was presented by the late Shri Pandit Jawaharlal Nehru in 1958 and this is the second budget which has been presented by a Prime Minister, which is a hallmark in giving new directions to our Country. I would also draw attention to the remarks made by one of our Communist friends, Shri Sharma, who said that our budget

is no good as compared to the British budget which had been piloted by the Chancellor of Exchequer, Mr. Jenkins. If I would draw your attention our budget is very much in parallel to the British budget. Our budget as presented this year has got the same salient features. We have today raised the exemption limit. Similarly, the limit of exemption has been raised by the British budget. We have not levied any new taxes on the corporate sector. The British budget has also not levied any new major taxes. In Britain there is a Labour Government, a socialist government; we are also today marching towards socialism.

We will have to take these vital factors into consideration. After all we have to have some comparison; we cannot just decry that the budget presented is not good or a few odd taxes here those are not healthy. In this budget there has been some criticism on points like entertainment tax, tax on trusts, etc. I would not like to go into detail on these aspects because we have ample opportunity when we take up the matter for clause by clause consideration. Today when we have launched on a new programme to develop this country at a faster rate—we have seen what has been clamoured for in this House. I have been hearing throughout the last month while going, through the demands of the various Ministries that there is clamour for increase in the outlay; every State wants an increasing share for the Fourth Five Year Plan. There has been demand for steel plants, demand for taking up big canal projects like Rajasthan Canal, Farrakka Dam and industrialisation. There has been demand for creating industries in the backward areas and lastly, Sir, in this House we have the demand for producing Atom Bomb in the context of unfriendly neighbours like Pakistan and China that we have had. There is demand for defence preparedness so that we could keep the country away from these unfriendly neighbours. We have to look into these things. If we want all these things—we want development programmes; we want steel industry; we want our dams—ultimately there is no reason why we can not have progress if the taxes are there. Taxes have got to be there and that is what my friend, Shri T. Viswanathan, was just now saying. He has put a demand for

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Visakhapatnam. We can quite see the aspirations of the people. There is rise in the demands of the people, and they want everything that the world has and there is no reason why they should not have them. To meet all these challenges we shall have to take many unpleasant steps, that is to tighten up our belt and we shall have to mop up the last rupee that is available in the country. With these things in view we shall have to take into consideration the budget we are discussing.

I would like to draw your kind attention to direct taxes. Today what is our tax administration? Are the people unwilling to pay taxes or there is something radically wrong, with our tax administration. People today in this country are very much alive to their demands. They are willing to pay the taxes but I would say the taxation machinery is completely neglected and a new structure has to be created. To go into the background I will go back to 1860 when we had the first Income Tax law. After many changes we had the Income Tax law of 1922. In 1961 we had a new Income Tax Act. It was hailed as a piece of new dynamism and one which will create confidence in the people to pay taxes. During the last nine years what has become. We had 400 amendments and three hundred provisos, substitutions, deletions and additions. What has come out of it? It has become a piece of all jumbles. The whole thing has been completely ruined. Today a man in the street, a businessman, an engineer does not know what is his responsibility towards the direct taxes. Today he shudders. Today when even Members of Parliament are asked to file their return of income tax they feel it very difficult and have been making so many representations and requests to the hon. Speaker that their income tax should be deducted directly and they may not be asked to file a return. This is the temper of the people today. We have to do something to see that a proper image is created in the recovery of direct taxes and to achieve this goal we have to do lot of things.

We have had many Commission going into this system. In 1947 we had the Tax Investigation Committee, then we had the Mathai Commission; later we had the Tyagi Commission in 1959 and then we had the

Administrative Reforms Commission. It was after all these Commissions that we had the new legislation of 1961—Income Tax Act 1961 that we are all today applying. Thereafter the Bhoothalingam report was produced.

We have had a report of the Administrative Reforms Commission to make some dynamic changes in the Act but we do not bring about those changes. We implement them in piecemeal, bit by bit, with the result that we are not able to do anything. We will have to take up the matter radically.

Recently a new committee, the K. N. Wanchoo Committee, has been formed to go into the larger ambit of direct taxation. I would appeal that when we go into this matter, the whole gamut of the thing should be taken together so that we can give a good, understandable law and a man should be able to know his responsibility and liability fairly so that he may become a better citizen.

To make the administration of taxes better we have also to do many other things. Every year we come out with a new law. We have the tax schedule and we keep on increasing the direct taxes or the excise duties this way or that way. But when we make fundamental changes every year in the Income-tax Act, the officers are not able to tackle them. Before the law is digested by them when it comes into operation; the next year comes round and a new law comes up and the whole thing is forgotten. Even the tax advisers and consultants are completely not conversant with the law, with the result that it creates a lot of difficulty.

Then, in between these budgets we have new theories propounded by the Finance Ministers who come from time to time. When Shri Krishnamachari came, we had the Kaldor theory. Then we had the compulsory deposit scheme. Lately we had the annuity deposit scheme. We found all these were faulty. It is because of these that we have to change the law and it is for these reasons that the Wanchoo Committee should take the matter squarely and properly to see that a proper tax law is given to the country. Today it is not a matter whether the taxes are high or low but the whole emphasis is whether the tax officers are doing as much duty as is required of them in this country.

We have also to consider as to what has happened to the income-tax officers and the department. The officers are completely demoralised and disgruntled. What is the reason? Today even the Chairman of the Direct Taxes Board is of the status of an Additional Secretary; the members are of the status of Joint Secretaries. What to talk about Class I and Class II Officers? The Class II Officers have been slogging in their places for the last 15 years. Unless we can find a way out to give them their due, we cannot find dynamism in these officers to discharge their duty to the people. These officers are expected to complete a large number of cases. But today what is their status? Class I officers go up to Rs. 1200 and Class II officers go up to Rs. 900. He is supposed to deal with people with a higher strata of society. He is also expected to complete cases involving revenue of crores of rupees. In that context we expect them to keep their character. If you go and look to their standard, they do not own a motor cycle or a car. They have to assess the income of high income assessee. It creates all the more difficulty. It is time we thought about it and did something.

About the working of the Direct Taxes Board, whenever there is a legal matter they have no answer to it. I would give you an example from the practical working of the Direct Taxes Board. When a man impress his self-acquired property in the Hindu Undivided Family, the department says that one was liable to pay gift tax. People had to go to the AAC, the Tribunal and the High Court. The High Court came to the conclusion that the money thrown into the hotchpotch, was not taxable. The department takes every assessee to the appeal. They file an appeal to the Tribunal and again to the High Court. They completely flout the decision of the High Court. They want to tax at source what is not taxable according to the law. They are well within their right to bring forward an amendment to the tax law but this kind of witch hunting is not good; it is not going to do any good to the country.

Then, take the case of mine-owners. They used to pay some royalty. The department came out with the proposal that they will not be allowed this as revenue expenditure or even depreciation as on capital expenditure.

They had to go right up to the Supreme Court and it took a number of years. If this is the outlook in the working of this department, we cannot have any faith in it.

Lastly, today there is a black law in the income-tax law; that is section 34. Cases are lying reopened today for the last 30 years. There is no time limit. There are not one or two but thousands and thousands of cases under section 34 of the 1922 Act which are lying open. Today we want to complete the assessment in two years. But may I know from the hon. Minister and the department the reason why these cases cannot be completed? Even a man who commits murder is given life imprisonment for 14 years. At present under the Income-tax law, under section 34 of the Income-Tax Act of 1922, we expect these cases to go on for years and years together. Today, these people are dead and their children and heirs are being pursued. This matter has to be seriously looked into.

In conclusion, I say, a new dynamism has to be given to the administration of the the Department. We will have to create a sort of fellowship and understanding between the tax-payer and the tax collector. Then only we shall be able to carry the country forward to a goal of progress and prosperity.

With these words, I support the Finance Bill.

DR. SUSHILA NAYAR (Jhansi): Mr. Deputy-Speaker, Sir, I was very happy to hear Shri Hanumanthaiya speaking about environmental sanitation and river pollution, its dangers, etc. I wish to bring to the attention of the Prime Minister that the Demands of the Ministry of Health and Family Planning and Works, Housing and Urban Development have not been discussed since 1967. We have not been given an opportunity to bring out some of the defects and shortcomings and highlight some of the very necessary things that need the attention of the House and the Government.

I would like to draw the attention of the Prime Minister to the Report of the Ministry of Health and Family Planning. If she has the time to glance through the Report, she will note therein they have

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admitted that the number of sterilisations and the loop insertions, the two foolproof methods of family planning, have considerably declined. They have said, on the other hand, that the number of conventional contraceptive users has increased. Now, the conventional contraceptives and the pills need constant use from day to day, month to month, year to year, over such prolonged periods to produce any effect on the birth-rate that they are not likely to have the desired effect on checking the increase of population of India. Unless the population growth is checked, no efforts at growth and development of the economy of the country are going to raise the standard of living of the people. It is very necessary to give serious attention to it.

Why has there been such a steep decline in the family planning performance with regard to sterilisations, loops, etc. ? It is for the simple reason that the Government has tried to make this programme an official programme and has systematically removed voluntary agencies and voluntary efforts that we had so diligently brought into it. The people in the villages still do not trust the official machinery. I have heard some of the Plan publicity people saying that whenever they go to villages to talk about grow-more-food campaign, about modern methods of agriculture, etc., they have to first explain to the people that they are not the family planning people. Otherwise, the villagers will not let them come into the village. Why has this happened ? Here and there, some enthusiastic officers who are given money incentive if they produce a certain number of persons for sterilisation, have forced some people into sterilisation. The number of such forced sterilisation may be very few. But they do a lot of damage. The result is that there has been a sharp decline in this programme. The Prime Minister should look into it and rectify it.

Another sad effect of this has been that the same people who are asked to do family planning work for which they are given money are also asked to work for malaria eradication and other health programmes for which they are not given extra money, they neglect malaria eradication programme and other health programmes, with the result that a large number of malaria eradication units which had gone into the

consolidation and maintenance phase have been brought back to the attack phase which is the first phase. The malaria eradication programme that we have been proved of and for which we were able to hold our head high is tottering today. It is a very serious matter. We have spent large sums of money on this programme. It deserves the attention of the Prime Minister. Similarly, the small-pox eradication programme and other health programmes are having the same fate.

The housing department also needs looking into. I will not take much time on this because I have a few other things to say in regard to the Finance Bill. It is only right that taxation should be a major instrument of policy.

Sir, it is well known that the tax structure and procedure at any given time reflect the result of a series of policy decisions of varying importance in the past. Often it happens that the reasons for which a tax was levied get lost in the midst of fading memory, but the tax survives. Take the example of Sales Tax which was introduced by Rajaji in Madras, in the first instance to make up for the loss of liquor revenue. The liquor revenue in most of the States has not been given up, but the sales tax is there. There are many other taxes of a similar type. These should be reviewed.

Now the policy that was enunciated by the Prime Minister is that we want growth coupled with social justice. We welcome this very much. But may I also say that while every fiscal measure has an economic effect whether we specifically desire it or not, the fiscal instrument is neither the only nor the best method available to bring about the desired changes. Many people have, from time to time, suggested some special taxation after the third child for promoting family planning. I am glad that the Government has not agreed to it.

In this Bill I find that the mischief in the private trusts, charitable trusts etc. is sought to be undone through taxation measures which is very unfair and undesirable. The Prime Minister has stated that the budget is geared to growth as well as social justice. I can not say that this claim is correct. The burden of the right type of taxation should be

so distributed that those who can afford will shoulder the greatest burden. But what is happening? Sir, indirect taxes which hit the poor man the hardest are increasing every year. In 1948-49 the total of such taxes was Rs. 499 crores, and in 1966-67 the revenue from indirect taxes has increased to Rs. 1027 crores. By now, it will be still more. In this context, increased excise duty on sugar, kerosene, petrol, canned food and vegetables, is surely not consistent with social justice. The burden of these increases always falls on the consumer.

Take sugar. I agree that the burden on the controlled sugar is less than on free sugar. But do the villagers get the controlled sugar? The villager who produces the sugar cane, is denied sugar for his child. Is this socialism? Then take kerosene. Kerosene is the only means of lighting available to the villagers. Should its price be raised? Take petrol, Petrol is not consumed only by those who own cars—even those are mostly middle class people. They are not rich people. But over and above that, petrol and diesel are used for agriculture. They are also used for buses, public conveyances, which are used by the common man. Surely to increase the burden of taxation on these is not right and is not correct.

In the Budget speech, the Prime Minister talked about welfare programmes. I welcome their introduction but they are most inadequate. We have been talking about rural water supply programme for years and years. Yet, the provision made is so small that at this rate it will take us—God knows how long even by the end of the present century we may not have drinking water for all the villages. This provision should be increased.

Then about nutrition of children. It is good that a beginning has been made. Children under the age of 3 will have extra food. But when they grow to 4 years what is going to happen to them? It needs to be looked into.

With regard to dry farming too the provision is too little. Thus Sir, what are the employment opportunities that we have opened up for our youth? If our budget is really growth-oriented, it will provide for many more opportunities to our youth.

But we are more interested in controlling and regulating growth than in promoting it. Take the case of extra excise taxation on preserved food and vegetables. Surely, we want agro-industries to flourish in the villages. The food that is wasted to-day when it is there in plenty in certain seasons and is not available at other times, should be canned and made available to the public. In this way more money can be given to the poor agriculturist, and more food to the people. It will incidentally give employment opportunities to our engineers and our technicians.

Then, Sir, about our Harijans in the villages, what are we doing for them? So little is proposed that it is most disappointing. Many other speakers have brought out how atrocities still continue in this sector in many places. Socio-economic causes of untouchability must be removed. There are so many electrical and mechanical appliances in the villages today. Why cannot they have a scheme, so that young engineers can go to rural areas so that they can do something to help the rural people as well as earn a living for themselves? Provisions should be made for such schemes.

17.30 Hrs.

[MR. SPEAKER *in the Chair.*]

Now I come to another very important area. Social justice demands equality of men and women with regard to opportunities and also equal wages for equal work. We have not been able to give equal opportunities nor have we been able to give equal wages for equal work, but we propose to club the income of the husband and wife together so that they come into a higher income bracket and pay more taxes. Sir, surely, this is a very wrong idea which is being contemplated, because most of the women who work in India work out of necessity not out of the pleasure of working. In United States, Finance and Luxemburg, they have clubbed the income of husband and wife, but then they have divided it by so that each may pay tax on 50% of the pooled income. In this way they come into the lower income bracket and not a higher one. Apart from the economic aspect this measure involves the question of status of women. Surely, the women Prime

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Minister should not deal this blow to the economic and social emancipation of women in India in which is just beginning.

We want dispersal of wealth and we want to remove the disparities of wealth. For this, should we not encourage voluntary giving? Should we put obstacles in the way of voluntary giving? Will not voluntary giving lead to social justice? Is it necessary to deny the rich the joy of giving? Let those people who can afford to give as much as they wish. All I wish to say is that while it is necessary for the Government to see to it that giving for charity is genuine, and it is not a camouflage to help friends and family members or to get indirect control over business and industry.

Then, there are a number of other points which need looking into, let there be no disincentives to voluntary giving for genuine charity. As regards the charitable trusts many people have pointed out the difficulties. Govt. insist that they should spend 75% of the income within 15 months or 18 months. Is it necessary not to insist on this. As a result of this instances what will happen is that just as Government departments indulge in unwise spending round about the 31st of March, the voluntary Trusts etc. may also resort to this kind of thing. Let the trusts be allowed to accumulate 25% of their income without income-tax officers, permission. Let them ensure that this accumulate money is in deposited in banks and will not be invested in shares or various other prohibited of activities. It should not be necessary to go to the income-tax officer to get his permission to accumulate 25%. Also, let the specific purpose provided not be to rigid. It should include emergency needs such as floods, famines, etc. The accumulations may be deposited in banks or debentures as specified. Let there be no insistence on spending the total income of the year.

If in one year there are not enough deserving candidates for scholarships, money may remain so that trust may give to more persons in the next year. We need not insist that 100% should be spent within such and such period, 15 months or 18 months. Let them be allowed to make use of the money for charitable purposes and to make use of it wisely.

I now come to gift tax. The limit is sought to be reduced to Rs. 5,000. I think it is necessary not to do that. If it is a gift for a charitable purpose to a person or to an agency outside the family, let there be even increase on the limit of Rs. 10,000 that is there at present. This Rs. 10,000 is a very small sum. Therefore, I think, it is undesirable that Government should propose to reduce this still further.

Sir, why cannot Government bring in some measure by which a particular income, say, above Rs. 2,000, 3,000 per month or 40,000 or 50,000/- per annum be invested in production project? Cannot the Government be content of to see that the extra funds are invested for productive purposes and are not used for ostentatious living?

I have seen in Sweden and Norway as also in some other countries that the rich people are not going about with fine clothes nor showing off their wealth. The social climate is such that if they resort to high living, the society will not tolerate it. Let the ruling party and let all of us here set an example of simple and austere living so that the rich people will know that if they want respect in society, they have to adopt simple living and spend money on projects for the benefit of the nation and not for their own benefit.

THE PRIME MINISTER, MINISTER OF FINANCE, MINISTER OF ATOMIC ENERGY AND MINISTER OF PLANNING (SHRIMATI INDIRA GANDHI) :
Mr. Speaker, Sir, I should like to thank and congratulate the Hon'ble Members who have spoken in the course of the discussion, for having maintained a high level of debate and focussed the attention of the House on the features of the Finance Bill. I am particularly glad that the debate has been free from acrimony, wild accusations and personal attacks except for two of my hon. friends opposite.

Hon. Members have displayed commendable forensic skill. Some of it was wasted, for it merely traversed the ground already covered during the general discussions on the Budget.

Before I deal with some of the specific points raised, for example, by Shri Dandekar

Shri Shantilal Shah and Shri Kothari, I should like once more to remind hon. Members of the rationale of the original Budget proposals. The Budget, as Dr. Nayar said just now, is an expression of the Government's political will; it sets forth what the Government aspires to do, and details the measures, fiscal or otherwise, that are considered necessary to fulfil these aspirations. We have to restore the impulse of growth to the nation; there has been a veil of economic stagnation in recent years and this must be lifted. Investments in the economy must therefore be properly augmented so that income and employment can both rise. There is no escape from the fact that in order to restore the impulse of growth, it will be necessary to raise additional resources for the public sector. The proportion of public savings to national income has to be raised and in order to do so, the proportion of public revenue to national income has also to be raised. Certain short-term sacrifices are involved in the process, but if the country has to advance at an accelerated rate, we cannot possibly flinch from the task of raising additional revenue, however disagreeable inconvenient this might be to some.

But this additional taxation must not be at the cost of the other objective we have placed before ourselves, that is, a progressive reduction in inequalities, which are at present rampant in our society, with respect to incomes, wealth and consumption. I do not think that there is any need to apologize for the general structure of the taxes proposed in the Budget. Given the limits set, in the short period to available resources, we cannot, in the course of a single year, ensure that income and employment are expanded at a tremendously faster rate. But the general intent in the Budget is unmistakable. As I have said on other occasions, a beginning has been made through various programmes to expand employment opportunities and to narrow the more blatant income inequalities.

Some hon. Members opposite have bewailed the fact that this year, we have further enhanced the taxation rate on the upper ranges of personal incomes. Their concern is probably sincere but everything depends on the angle from which one views it. Comparison with other countries has little meaning, for even if one takes into

account the *per capita* income levels, our nation, is in the overall, one of the least taxed in the world, and even the high marginal rates of taxation for personal incomes get considerably reduced after the various exemptions are allowed.

Shri Dandeker is worried about the impact of various excises and the proposed deficit financing on the level of prices and on the cost of living of the common people. The worry is well-intentioned, even though not based on fiscal reality. May I repeat yet again that, in framing the proposal for excise levies, I have taken the maximum care to ensure that the burden on the poorer sections of the community, will be the lightest.

AN HON. MEMBER : But there is burden on them.

SHRIMATI INDIRA GANDHI : That is true but it cannot be avoided. All one can do, is to try to make it less than on others.

If excises on refrigerators and tinned fruits and delicacies are levied, I can assure Shri Dandeker that the common people are not affected. If excises on brandy, gin and whisky are increased again the cost of living of the poorer people does not go up.

Some hon. Members mentioned TV. Now, the intention is not that the richer people should have more TV sets, but that in the state of our economy, TV could be of tremendous help to the farmer and to the teacher, and this point of view has been kept.....

SHRI PILOO MODY : Government's publicity and propaganda.

SHRIMATI INDIRA GANDHI : Last Friday, I proposed certain special reliefs to help small manufacturers and artisans. Care has also been taken to lower the burden of excise duty on the cheaper varieties of tea generally consumed by the common people. I am as much concerned about prices and for legitimate reasons, as are hon. Members. It is the Government which has to face agitations and protests, if prices start rising....

SHRI PILOO MODY : It is the police.

SHRIMATI INDIRA GANDHI : The price situation must be continuously watched.

The hon. Member Shri N. Dandekar also alleged that we have over-estimated revenue and that, therefore, deficit financing, in 1970-71 is likely to be of the order of Rs. 450 crores and not Rs. 225 crores. I must disappoint him on this score. The latest figures of revenue collections suggest that even for 1969-70, the budgetary deficit is likely to be much less than the Rs. 290 crores, estimated earlier. One of the major factors for this is an improvement in the collections under income-tax and corporation tax. Since this improvement in the collections for the last year is bound to have a favourable effect on collections during 1970-71 also, there are fair chances that the need for deficit financing can and will be kept down.

Shri Shantilal Shah has paid a compliment though in rather a dubious manner, if I may say so. He admitted the buoyancy of share prices, but found a wrong and far-fetched reason for it. Shri N. Dandekar maintained that the initial buoyancy has now begun to collapse. My hon. friend Shri S. R. Damani has effectively countered this statement.

SHRI S. K. TAPURIAH : Effectively ?

AN. HON. MEMBER : Appoint him as the Finance Minister.

SHRIMATI INDIRA GANDHI : Now Shri Shah cannot have it both ways. The stock exchange reacted favourably to the budget because despite the usual noises made for the sake of record, it does ensure the cause of healthy corporate growth.

Members of the Swatantra and Jan Sangh complained that our corporate taxation is high, that in fact, it is the highest in the world with few exceptions. They have argued that although the rates of corporate taxation have not been increased, there would be a rise in the incidence of tax on the corporate sector because of the lapsing or diminution of some of the tax concessions so far available. These critics conveniently overlook the several concessions which soften the incidence. Even with the lapsing of the incentives, such as the tax credit certificates or the reduction in the rates of develop-

ment rebate, the net incidence on the corporate sector will not be affected to any significant extent. Obviously, the development rebate cannot be a permanent part of our tax structure. One has to make a beginning sometime or other to reduce it, with an eye on its ultimate abolition. The intention of Government in this regard was announced as early as 1965. No change has been made in this year's budget.

These hon. members referred to the withdrawal of deductions for entertainment expenditure. I hope I am not a kill-joy. We are not against companies entertaining people from within the country or abroad. But we do say that this should not count as deductible expenditure so far as taxation is concerned. Affluent countries such as the U. K. and Canada have decided to do away with the expense account.

SHRI S. K. TAPURIAH : What about sumptuary allowance of Ministers ?

SHRIMATI INDIRA GANDHI : Shri Kothari's other point was that the increase in personal taxation would weigh heavily on intellectuals, professionals and technical people generally. He pleaded for more generous treatment to these classes. Now, one would obviously like to help as many people as one possibly could, but the base of our tax-paying community is so narrow that there is hardly any room for manoeuvrability, and the higher contribution must inevitably come from those in the relatively higher income brackets.

Several members spoke about charitable trusts. Shri Shantilal Shah suggested that if charitable trusts were to be regulated and abuses eliminated, this should be done by a separate law and not through the instrument of taxation. This is a matter for the States to consider and undertake. What the tax law seeks to do, is to put charitable trusts on notice that they cannot enjoy tax exemption, if at the same time, they use their funds to provide direct or indirect benefits of various kinds to the author and other persons connected with him, instead of using these to serve the purposes for which the trust was established.

I am sure the House will agree that the instrument of taxation is a potent instrument to keep these trusts in line. Some hon. members deemed it unreasonable to as

charitable trusts to make returns of their income, if they did not have to pay tax. Whether they have to pay tax or not, can be determined only if the trusts furnish the details of their accounts and returns of income, to tax authorities. Even now, some sort of checkis exercised when charitable trusts come up for exemption certificates.

Some hon. members, including Shri Dwivedy, voiced a demand to raise the exemption limit. I can understand the concern of hon. members for further relief for middle income groups, but I think the figure Shri Dwivedy mentioned was not quite correct, because to raise the exemption limit even to Rs. 6,000 would have meant a further loss of Rs. 18 crores. But I should like them to appreciate that the limit of Rs. 5,000, low as it is in absolute terms, is still quite high in relation to the low level of incomes of a vast majority of our people. Also although the exemption limit is only Rs. 5,000, in effect it is closer to Rs. 6,000, if we take into account the deductions allowed to salaried tax-payers for expenditure incurred on travelling for purposes of employment besides the deductions for certain approved contractual savings such as through life insurance, provident fund etc. On the whole we expect about five lakhs of assessees to be taken off the register of the Income-tax Department as a result of these changes.

Some Hon. Members, and the last speaker also, Dr. Nayar, spoke about the idea which I had thrown out in the presentation of the Budget to combine the incomes of husbands and wives. I had thought to bring greater harmony to married life, and certainly not to put the clock back or in any way to come in the way of women's further emancipation. My intention, as I had said then, was to have a discussion on the subject and to have the views of the Members. There has been discussion and also a spate of representations, some of which have belied the normal male presumption that only they can put forward a point of view with cogency and vehemence. Anyhow, this does not form part of the Finance Bill.

Many Members have spoken about the problems of different States. I do not think that this is the occasion to go into them. Within the general constraint or resources,

the Central Government tries to meet the needs of States to the maximum extent possible, but I should just like to touch on one or two points which were raised. Hon. Member Shri Raj Deo Singh spoke of the housing loan to U. P. and compared it with the loan given to another State. U. P. had drawn Rs. 801 lakhs and spent only Rs. 669.39 lakhs. Normally this rate of expenditure does not justify any further allocation during the current year. Nevertheless, in view of certain special projects, 1 crore has been allocated to U. P.

With regard to West Bengal, we are fully conscious of the very special importance of the problems of Calcutta as well as of rural Bengal. We are pursuing these matters and doing everything possible to expedite surveys and also the implementation of the various schemes.

One hon. Member spoke about Assam. Perhaps he did not know that the paper mill project which he mentioned has already been sanctioned.

I had thought that with the announcement of three steel plants, we had got rid of this problem at least for some time, but it seems to be very much with us. Hon. Member Shri Dwivedy spoke passionately on the subject, but he was replied to immediately by my friend Shri Naidu on behalf of Andhra Pradesh, and later on when Shri Dwivedy was not in the House, by Shri Viswanatham also.

SHRI SURENDRANATH DWIVEDY (Kendrapara) : He said he did not reply to me. I have no objection to these three steel plants. I want to know your policy.

SHRIMATI INDIRA GANDHI : He replied to your statement that we had given in to pressure, or that somebody from Tamil Nadu had said something.

श्री रवि राय (पुरी) : अध्यक्ष महोदय, यह तो एक बयान तमिलनाडु के शिवा मंत्री का था कि प्रेशर के अधीन यह सारे स्टील प्लांट दिये।

श्रीमती इन्दिरा गांधी : उन्होंने कोई भी बयान दिया हो।

[SHRIMATI INDIRA GANDHI]

Shri Viswanatham has replied to that by saying that it was many years ago, in 1963, when these matters were taken up that a decision was taken for all practical purposes but for some reason it was shelved. In between, there were many troubles, and we did think that we should not take up the projects immediately, but there were complete surveys and much work was done. So, the decision was not a sudden one. As a matter of fact, even after this decision was taken we did not announce it immediately because we wanted to settle various details. I think hon. Members know that the overall working of steel plants has improved. Bhilai is now giving profit, and as for Rourkela, Shri Surendranath Dwivedy has referred to it; as hon. Members know, Rourkela is in Orissa, and it has also improved somewhat, although not as much as we would have liked it to do although Rourkela also has been expanded.

The Agricultural wealth tax was touched upon by many hon. Members. I think that there is some misconception about this. This tax will affect only those whose lands are worth over Rs. 1.5 lakhs, over and above the general exemption limit of Rs. 1 lakh of wealth. Therefore, by no stretch of imagination, can one say that it is going to affect the poor farmer.

श्री कंबरलाल गुप्त (दिल्ली सदर) :
आज नहीं तो आगे चल कर तो ऐफेक्ट करेगा। एक बार मौत ने मुंह देख लिया तो बराबर तकलीफ होगी।

SHRI CHENGALRAYA NAIDU :
After the land reforms, there is only one type of farmers; we do not have any rich farmers now.

SHRIMATI INDIRA GANDHI : I agree with the hon. Member that there are not many rich farmers, but there are rich farmers. The number of non-rich farmers is very much greater, and if we are to help them, then I think that it is in the interests of the richer farmers also to contribute so that the general level in the village and so on increases and makes for greater stability and improvement in the general rural scene.

As regards sugar, the increase in excise duty on levy sugar is only marginal. Even

then, in some zones, because of the re-adjustment of the prices of levy sugar, in spite of the increase in duty, the prices to consumers have come down. For instance, in the Delhi market, I am told that it has dropped from Rs. 1.94 per k.g. to Rs. 1.78 per k.g. Free sale sugar has also registered a perceptible fall in prices in the post-budget period. As a consequence, retail prices have come down by about 10 to 15 paise per k.g. in spite of the increase in excise duty. In the Delhi market, retail prices of free sale sugar which was round about Rs. 2.10 per k.g. in the immediate pre-budget period has now come down to Rs. 1.95 per k.g. With the fall in prices, the tariff value fixed for the collection of duty on free sale sugar has dropped from Rs. 1.50 per k.g. in March to about Rs. 1.20 per k.g. now, and as a consequence, in the post-budget period, the duty in absolute terms has fallen by about 11 paise per k.g. However, we are keeping the situation constantly under review.

As I have explained earlier, the object of increasing the excise duty on tea is mainly to make up the substantial loss sustained by the abolition of export duty as well as the grant of partial rebate on quality teas exported. The measure of relief given on export duties has generally been welcomed, as it would help to retain our hold in the foreign market and to improve on our past levels of export in the near future. At the same time, it is necessary to make up the loss, at least partially by levying something more on teas which are consumed internally. But here again, as I have said earlier, care has been taken to see that the net duties are left unaffected or only marginally touched. The superior teas, however, will bear a somewhat higher burden, but to the extent that these teas are diverted to the export market, the economy would stand to gain by way of larger foreign exchange earnings. The problem of giving some relief to the weaker sector of the tea industry has also been taken care of. We have recently decided to limit the duty to 70 paise per k.g. in the case of those tea gardens whose average realisation in the past three years on all their sales in the approved auction centres is less than Rs. 5 per k.g. The details of these proposals are being worked out and we hope to finalise them quite soon.

*Symbols in Tamil Nadu
bye-election*

18 Hrs

There is an impression that if a tax is levied, it means that we are against that industry or occupation or that group of people. This is an erroneous idea, because even though people may be doing something worth-while, they would still have to contribute to helping those who are much worse off than they are.

It is strange that people are against taxes, at the same time, they want more to be done for different sections, for example, for the unemployed. The basic solution to this problem lies in expanded investments all along the line. Employment is a function of economic growth. Private investment on its own has failed to ignite the spark of growth in recent years, which is why, in this year's budget, we have purposely provided for nearly 20 per cent increase in public outlay, and have specially planned certain projects which would be biased towards the creation of employment opportunities. I do admit that this marks only a small beginning, and much has to be done before we can catch up with the backlog.

But we must have certain logic in our remarks. If we want more employment we must also accept the imperative need for additional resources. It is not easy to evolve a fiscal system which will, at all points of time, satisfy all sections of the community. But our objective in this year's budget was stated clearly—we must combine the fiscal imperatives of growth with the needs for the maximum social objective achievable in the short period. Also some amendments have been moved, which will make the fiscal proposals more rational and purposive. The proposals are now before the House; they do not represent all that we would like to do but what is possible in a given situation and in particular circumstances.

SHRI CHENGALRAYA NAIDU :
Why don't you withdraw the fertiliser tax?

SHRI J. N. HAZARIKA (Dibrugarh) :
May I ask a question? The export duty on tea was withdrawn and the excise duty on tea differs from zone to zone. There are five zones. But there is a little discrimination with regard to the rates of excise duty on tea. It is not only on loose tea but on quality tea. Therefore, certain zones will have to be competing internally with some difficulties, whereas the others will be

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getting more benefit. Will that discription be removed at the appropriate time?

MR. SPEAKER : There is a discussion coming on clause-by-clause consideration. At that time, these things may be asked. There is enough time for that. Now, the question is :

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1970-71, be taken into consideration."

The motion was adopted.

18.04½ hrs.

BUSINESS ADVISORY COMMITTEE

FORTY-NINTH REPORT

THE MINISTER OF PARLIAMEN-
TARY, AFFAIRS, AND SHIPPING AND
TRANSPORT (SHRI RAGHU RAMAIAH):
I beg to present the Forty-ninth Report
of the Business Advisory Committee.

18.05 hrs.

STATEMENT RE. BYE-ELECTION IN
CHERAN MAHADEVI ASSEMBLY
CONSTITUENCY OF TAMIL NADU

THE MINISTER OF LAW AND
SOCIAL WELFARE (SHRI GOVINDA
MENON) : Sir, I took sometime to get
some information as to the question on
which my friend Dr. Ram Subhag Singh
wanted a statement. On a writ petition
in the Madras High Court filed by Mr.
Kakkan, the judge ordered the Election
Commissioner:

"Not to issue directions to the Chief
Electoral Officer or to the Returning
Officer, Cheranmahadevi Assembly
constituency, not to allot symbol
of bullocks with yoke unless,
meanwhile, the decision is taken
under paragraph 15 of the notifica-
tion issued under rule 5 of the
Conduct of Election Rules made
under the Representation of the
People Act 43 of 1951."

The Chief Election Commissioner is now
going on with the judicial enquiry under
para 15 of the notification issued under rule
5 of the Conduct of Election Rules. Since