

**CHARTERED ACCOUNTANTS  
(AMENDMENT) BILL\***

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI RAGHUNATHA REDDY) : On behalf of Shri F. A. Ahmed, I beg to move for leave to introduce a Bill further to amend the Chartered Accountants Act, 1949.

MR. DEPUTY-SPEAKER : The question is :

"That leave be granted to introduce a Bill further to amend to Chartered Accountants Act, 1949."

*The motion was adopted*

SHRI RAGHUNATHA REDDY : Sir, I introduce the Bill.

14.39 Hrs.

**GENERAL BUDGET—GENERAL  
DISCUSSION—Contd.**

MR. DEPUTY-SPEAKER : The House will now resume the general discussion on the General Budget for 1969-70.

SHRI J. B. KRIPALANI (Guna) : Mr. Deputy-Speaker, Sir, I have very great sympathy with the Finance Minister. I wish he had some sympathy for the poor tax-payers and specially the lower middle class and the salaried class. I sympathise with him because he has a habit of taking out of fire other people's chestnuts.

As an example, there was the Gold Control Bill. I am sure the Prime Minister then must have been associated with it. But all the burden fell upon the Finance Minister, and he did not say anything. On one occasion when the Third Five Year Plan was being discussed, I said 'Let us consolidate what we have already undertaken before we introduce new gigantic plans. Let us cut our coat according to our cloth'. At that time, the Finance Minister said 'If the cloth is not sufficient, shall we cut our body'? That was a very good repartee. I wish our political, social and economic life could be improved by such repartees which make the Congress Members to laugh.

This is a very serious question. I am sure he must have himself felt that before we proceed further, we must consolidate what we have done. There is the fourth steel

plant at Bokaro. I am sure he does not approve of it, but he must support it. He does these things in order to defend his leader, his party or his friends. Why can he not act on his own and without trying to defend other people confine himself to his own defence ?

The great losses are in the gigantic plants which we have put up. It is said that there is a loss of Rs. 35 crores. But all this loss is in the gigantic plants ; in others there is profit. That profit also is swallowed up by these giant plants. They give no interest. Rs. 35 crores is just one year's loss.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : They are all giving interest.

SHRI J. B. KRIPALANI : What about the losses that we have been suffering all these years ? This is a strange kind of Government. It does wrong itself and takes its revenge upon the poor tax-payer.

Take, for instance, the tax that they want to levy upon agricultural property. They say that blackmarketeers and others have purchased lands. First of all, why did they allow blackmarket to exist ? Having not enforced the law, they now want to penalise those who have purchased. Lands honestly and not through blackmarket money. The figure mentioned is Rs. 1 lakh. But what is one lakh of rupees ? In some States, for one lakh of rupees, you could get only 10 acres of land. That ten acres of land might have been got by anybody by fair means ; but because Government have allowed blackmarket money to circulate in this manner, they now want to penalise even the honest people.

Then, they say that there are big estates. But they had abolished zamindari. Wherefrom did these big estates come ? May I tell you the origin of these big estates ? First of all, many Ministers began to create these big estates. They could not, therefore, check the capitalists from having the big farms. First, they allowed their information and now they want to penalise them. This is a strange way of doing things.

I need not go into the defects of these giant plants that we have put up in the public sector. I do not know whether the public have anything to do with the public

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sector ; they are only to pay the losses of these big plants but they have no say in it. They are tired of this public sector. I do not know why my socialist friends who are not in the Congress—because in the Congress, everybody is a socialist ; he may be rajah but he is a socialist—but who are in the Opposition, the Socialist or Communist Party support these admittedly in efficient undertakings. They, the Governments themselves say that there are defects in the management, either by way of over-capitalisation or under-utilisation, or over-staffing just as in the civil or military administration and so on. In the Economic Survey, Government themselves have mentioned all the defects and stated that the management is not proper, that the staff is too much, that when they have foreign collaboration they are obliged to purchase from one single market and they have no choice in the matter, and so on. All these defects are given there. I really do not understand why the socialists and communists want to support the public sector which is only a State sector and a monopolistic sector ; they enjoy monopoly yet when they suffer losses, they do not pay even a small amount by way of interest.

I believe that the money that the Finance Minister wants to raise can be very easily raised through economy. What economy can be achieved ? Do Government get all the taxes that they impose ? Are there not arrears with big business which they are unable to detect and collect ? Why can they not diminish the civil expenditure ? Even the Ministers say that 35 per cent of the personnel are useless. But they cannot dispense with them because there will be unemployment, discontent in the administration and so many other things. All right ; all these things are admitted. But why do they have new recruits ? Why can they not stop recruitment for a couple of years so that the superfluous staff may be absorbed ? Every single man who is superfluous disturbs the arrangement of the office, disturbs the discipline of the office. Similarly, they can have economy in the military. The military is given so much money. Nobody objects to it, but much of its money is mispent ; there is no rationalisation in the Army. Then, there are some prestige posts. Why can they not lower the emoluments and the upkeep of these prestige posts ?

The hon. Minister has stated that the

deficit financing that the Government will indulge in this year will be Rs. 250 crores. But I am afraid the Finance Minister has not calculated that every State has a deficit budget.

How are they going to help the States ? All the States are demanding more and more money. It will not be a deficit of 250 crores. It is not that they will have to print notes only for 250 crores, it will be much more, it will be double that or even more than double because every State wants money. Why cannot this Government tell the States to exercise economy ? Why do they give them such costly Governors ? Why do they allow them to have an inflated staff ? Why don't they tell them that they would not give them more money unless they first exercise economy ? Why do they allow the States to have second Chambers ? They serve no purpose. Even here the second Chamber serves very little purpose. But because we have a federal form of Government, one can understand that the second Chamber may be necessary here. But there is absolutely no necessity of a Second Chamber in a State.

Sir, I think that if proper economy in civil administration, in military administration and in the States is exercised, there will be no need for any fresh taxation. I remember this fresh taxation is not only for this year, but it has been going on during the last 21 years. This is the last of those 21 years and I do not know how many increments of tax will come hereafter. For 21 years you have been increasing the taxes upon the people from year to year. They have been indulging in inflation from year to year so that they had to demonetise the rupee. I do not know whether the rupee will not be again devalued. I submit that this kind of indirect taxation—they call it by a respectable term—deficit financing—is really the worst kind of tax. Not only it increases prices internally, but it also injures our exports. When I am talking of exports, I know that most of the exports we have to subsidise. We say that we are selling so much of steel. But we sell steel in the foreign market at competitive world prices, while we do not produce it at world price. In other respects also, we are doing like that.

There is one thing more about which I want to speak and that is about national

[Shri J. B. Kripalani]

integration. I have heard of emotional integration and I did not want to interfere with our lady Prime Minister when she was speaking. I put it to you, sir, if at our age and with our position in the country, we get emotionally involved, what will happen to us and to this country? I submit that what will happen in Bombay was an emotional upsurge. If they had been reasonable, if there was a reasonable approach to things, they could have boycotted all the Southern restaurants that were there. Supposing the lower Marathi population was suffering economically on account of Southern restaurants, they could have simply boycotted them. That is what we did before Independence. Before Independence. Before Independence we said: we do not want foreign cloth; and we boycotted it and we did not purchase it. I am sure if the Maharashtrian friends of ours had boycotted the Southern restaurants, they would get only small customs and they will disappear. Instead of that, we bring our emotional ideas into this economic matter. We do not rationally think about it. Take this Telengana trouble. If we had not acted emotionally, we would not have been in this trouble. We created States on the basis of language and because some people became emotional a State which has the same language is going to be divided. So, I would submit to my Prime Minister and to other people: Do not please talk of emotional integration; talk of rational integration. Our trouble comes because we do not behave rationally. One word more.

I do not know whether the railway budget is finished or not. Perhaps it is finished. Yet I would say that I have got a letter from my constituency. My constituency happens to be in that trouble some State of Madhya Pradesh. They say that I, as a Member of Parliament, have done nothing for them, and the example they give is that I have not been able to induce the Railway Minister to have some link between my constituency, Guna, and the main line. They want some shuttle train to run between Bina and Guna. If the Railway Minister is kind upon me and if he wants that I should not be abused, I hope he will do something about it. I never talk of provincial matters because I think I belong to the whole of India and I have been elected on that understanding that I shall

work for the whole of India and not for a particular State. But what can you do? My constituency happens to be that and they think that they have chosen me and I must do something for them. So, I would request the Railway Minister to do something about it, if he is present; otherwise it may be reported to him. Thank you.

SHRI RANGA (Shrikakulam): Mr. Deputy Speaker, my honourable friends Shri Masani and Prof. Amin have dealt with this budget from the scientific, economic and budgetary points of view and have presented our views in regard to its proposals. We have already expressed ourselves as being opposed to the new taxation proposals that my honourable friend has brought forward before this country and this House.

Now, sir, I think the time has come when a beginning should be made in a constitutional and regular manner to give effect to the provisions of the Constitution in regard to the relations between the States and the Union, in regard to financial resources and allocation of these funds between the Union and the States. This has been long neglected. This task is supposed to have been relegated or shifted to the National Development Council. It is not the proper forum. The National Development Council has accepted to do some work in this regard. But it has yielded only bad results.

15.00 hrs.

Therefore, if we want economy, as my hon. friend, Acharya Kripalani, has been suggesting, on this front as well as the States front, if we want proper use made of the funds that are being placed at the disposal of all these Governments by the public as a whole, then a concerted and co-operative effort should be made by all the Finance Ministers, the Prime Minister here and the Chief Ministers there, and we should not pursue the present position. The present position is not honourable to the States themselves, nor is it convenient for the Finance Minister here. The State Ministers are turned into petitioners and also into people who go on mounting their pressures on the Union Government. It is only too well known to everybody that the States Ministers and the Chief Ministers go on complaining

that they are not being allotted sufficient funds. Is it edifying? It is as bad as the other one.

At present, a new tendency has come in for the Education Minister, the Food and Agriculture Minister and other Ministers here to go on complaining also in the same manner that they are not being given proper allocation and sufficient funds are not being placed at their disposal and so on. If we want to avoid this kind of thing, definite steps should be taken in the direction I have suggested.

Secondly, there is great need for economy. We have been suggesting for a long time about this; we have been saying that even at the time of formulating the demands from the various Ministries, the Finance Minister should be prepared with the help of his experts to put an axe on them of at least 10 per cent. Finance Minister after Finance Minister had offered to do it. They had even admitted the possibility of achieving if not 10 per cent economy, at least 5 per cent over-all economy. My hon. friend, Shri Masani, was suggesting that he would be content with at least 3 per cent. Even that has not been affected. All that my hon. friend, the Finance Minister, was able to say in his statement is that a considerable restraint has been placed on expenditure. But it has not yielded any results, not even a rat.

Therefore, I am led to feel that even this Finance Minister, who has been really keen on restraining expenditure, has not succeeded, cannot succeed under the present circumstances. He cannot succeed here; it is impossible for him to succeed at the States level. That is why I want that a concerted move should be made over the whole of India in regard to this particular matter.

Is economy possible? My hon. friend, Shri Lobo Prabhu, has given some thought to this matter in regard to how new posts are being created, are going to be created in a number of Ministries. I need not take the House into all those details. If their experts are willing to be educated, they can meet my hon. friend, who has held positions comparable to their own before he had retired, and he knows what he is talking about, in regard to the position that obtains in the Posts and Telegraphs, External Affairs, Food and Agriculture and so on. Even the Finance Ministry is in the same boat. Have

there not been too many supernumerary jobs there, posts which are not really needed? There can be economy, and that economy is not being achieved. There can be axing, but that axe is not being used.

I would like my hon. friend, the Finance Minister, to give another look into this matter, and then begin to discuss with his colleagues in the Cabinet to co-operate with him in this direction. If only they were to do it, out of this Rs. 3000 odd crores of expenditure this House is expected to place at their disposal, it should be possible for them to save Rs. 300 crores. If they were to save Rs. 300 crores last year, the year before and this year, we would have had with us Rs. 1,000 crores. So much so that Rs. 1000 crores need not have been taken from the pockets of the people. Our people are not wasters; they certainly know the value of their money and they can certainly be expected to put that money to much better use than these irresponsible departments and ministries.

And committedly they have been wasting and misusing. Even just now my hon. friend, Shri Kripalani has referred to it. Shri Sethi, a junior Minister, himself has stated in the other House that on the steel plants they have lost and they are losing. How much did he say? Rs. 38 crores. He makes it an apology. 38 crores of rupees is only 38 naye paise for them which we spend for coffee in the Central Hall.

**SHRI P. C. SETHI :** After depreciation and interest.

**SHRI RANGA :** He is talking about depreciation. What about the rate of interest? They have now made a free gift of it to themselves. What did he say the other day? He himself admitted that it used to be 6%. It was 5%. Did he take the permission of the House before doing that? Is it not an extraordinary and irresponsible way of misusing public money? They have done it. All these Rs. 38 crores they have been losing for years ago. My hon. friend, the Finance Minister said in reply to our criticisms, 'After all the TATAS had their own gestation period. Therefore you must allow gestation period to Bokaro and Rourkela.' How many years do you want as gestation period? For a human being it is only 18 years of minority.

**SHRI C. C. DESAI (Sabar Kantha) :** It will take another four years now.

**SHRI RANGA :** Many more years of gestation period they want. My hon. friend who ought to know much more than his own adviser says another 4 years. God alone knows, where is the guarantee that it will take another 4 years only. Where is the guarantee that this strong Minister, the Finance Minister is going to be there as Finance Minister for the next 4 years. Another Minister will come in. That Minister ... Yes, my dear friend, you are being laughed at and shifted. I know. You are still keeping your feet somehow or the other although you are bending a little now and then, But the others simply crumble to pieces. Then there would be no economy at all. In that way how much public money you have diverted in wrong direction. Rs. 3300 odd crores. This way you have been wasting national resources.

**THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI) :** May I say one thing? The hon. Member said that the interest which was taken in the steel plant was reduced from 6 to 5 per cent. It has been raised from 5 to 6 per cent.

**SHRI RANGA :** Is it not a fact that it was reduced from 6 to 5. What did he say? He said the other day. Did he say from 5 to 6? All right 5 to 6. There is a book adjustment. Are you going to make any payment? Whichever way you go, my dear friend, you are a losing concern. You are running this country on an insolvent basis and you are helping our people to be insolvents everywhere. What is it that my hon. friend has none? Shri Kripalani has already told us...

**SHRI J. B. KRIPALANI :** It is not 38 crores. Profits from smaller plants are also utilised. This is a deceit in accounting.

**SHRI RANGA :** They have a number of rats, some bandicoots and small rats. Small rats are being eaten up by the bandicoots. In 1961-62 they took away from the people Rs. 1050 crores. Now, Sir, how much do they want? Rs. 2587 crores of rupees. Rs. 1580 odd crores more they have taken in the last 10 years from our people.

Year after year, more so for this year, it has been growing. What have they done with all this money? The population growth has been only 2%. Therefore, it could not be said that because the population has been increasing and my hon. friend has been obliged to cloth all these people and feed them, all this money is needed.

But, surely this question will be asked—has this money in any way helped them to wear one more yard of cloth, to have one more morsel of food, one more palmyra leaf on their huts, one more square yard of ground just in front of their *Jhompdis*? My hon. friend nods his head. What can I say to him who is so very blind? In his own city here thousands and thousands of *Jhompdiwajas* are being driven away from their huts. Hundreds and thousands of people are homeless, living on the pavements in cities. One day a lorry went over the pavement in Bombay and at that moment seven people were killed on the spot. One lakh of them live on the pavements. One small incident, which my hon. friend, Prof. Amin narrated, has proved to the hilt that the conditions of the masses, millions and crores of them, who are living under sub-normal conditions, who are suffering from inhumanity of all kinds—malnutrition, lack of clothing, lack of shelter and so on—have not improved. But conditions of some others have improved.

In the place of old traditional monopolies who were coming under the hammer of this House as well as the other House, new monopolies who are managing all these State enterprises—these Ministers and all those who are behind them—have come. Is there any control on them? Is there any criticism about them? Are there any commissions being appointed to see how public money is being wasted in all these Government-controlled, Government-managed and Government-financed and also Government-favoured enterprises? No such thing at all! Their henchmen and their favourite contractors are lining behind them. This is how public money is being wasted. Under this situation, what is my hon. friend to do? At least, here and now, he should say "I made a mistake",—as in olden days he must have done it before his teachers—"and I am not going to do it again. I am not going to levy this 100 crores of additional taxation". Should he continue this deficit financing? Should he levy these horrible new taxation

proposals? What is the position or what is the reaction of the Members here on his new taxation proposals? Except for one or two Messieurs and Mesdames, except for one or two groups, all the other groups in this House including some hon. friends of the Congress Party...

SHRI BAKAR ALI MIRZA (Secunderabad): No, no.

SHRI RANGA: have expressed themselves against these new imposts, even the additional imports on the 10,000—20,000 rupees income group of people. If I were the Finance Minister of a National Government, I am quite sure, I would give first priority to them. Now, situated as we are, these people also deserve some consideration. My hon. friend, Shri Hirn Mukherji also wanted the Government to show some consideration towards these people.

What about others, let us see. My hon. friend wants us to believe that he is in favour of the agriculturists. My hon. friends have written some wonderful things. My mouth began to water when I was reading it. I thought that these budget proposals would do something for them. Here it is said: "It is thus of the utmost importance that agricultural production programmes are pursued with vigour. Fertilizer supply will need to be expanded further, minor irrigation extended, power supplies provided to energise pumps and the output and distribution of new high yielding varieties of seeds further extended. Agricultural prices will need to be maintained at levels which secure adequate returns to the farmer and credit services have to be widened alongside the application of new inputs."

Where is the credit? You want to take away the credit from the agriculturists, the little that they have been able to save if at all some of them have been able to save. Where is any investment there on your part? They have invested: they themselves have given information here. I need not quote from all that; thousands and thousands of pumps have been installed; power-drills have been taken in; tube-wells have been installed and energised. All at the cost of whom? The peasants themselves: one and a half million acres in one direction and 2½ million acres in another direction have subsequently converted from dry-land into wet-land at the cost of not less than Rs.

2,000 per acre. Who has invested all this? Not this Government. It is those people who have invested more than Rs. 600 crores. What is it that you want to do? You want to penalise them.

You have turned green. I never thought that my hon. friend is capable of turning green against anybody! But now he has turned green, and why? Because he thinks there is a green revolution on the horizon. What is that green revolution? There are more than 96 or 97 million hectares of land under foodcrops. Out of it, they want to bring under the influence of their new varieties, 9 million odd hectares, that is, one-tenth; would they be able to find sufficient quantities of fertilisers for that? My hon. friend Shri Masani has already given the reasons why they would not be able to provide sufficient fertilisers. This Government is suffering from some kind of disease from which I am afraid nobody would be able to save them. (*Interruption*) Have they been able to put in their mobile fingers, active fingers, on anything constructive? They would not allow the Mithapur project to come up, because of their ideology and dogmas and troubles that beset them, and they are afraid of their friends, their allies, invisible allies and external allies also outside. The result is that they would not develop the production of fertilisers. Without fertilisers, how would it be possible for them?

There is also one other danger. I wish to sound a note of warning to my hon. friend. It might not have been possible for him to know that. If you introduce the new varieties, they will receive, they will encourage new pests, and more and more of them and these new pests, when they come, would destroy not only the new areas, one acre out of every 10 acres, but the rest of the land also in that neighbourhood unless you provide this new acre of land with sufficient quantities of fertilisers, water, and pesticides and fumigate with all the other instruments that are needed in order to destroy those pests. They have not got those fertilisers today. They have not got the pesticides; they have not got the insecticides or the necessary equipment, not to speak of the administrative equipment even for nine million hectares. When would it be possible for this imbecile Government to provide the necessary where-withals, the necessary inputs and the necessary equipment, what they call the infra-structure in order to help our

[Shri Ranga]

peasants to bring in all their land under the new varieties? Therefore, there is no such thing as the green revolution round the corner. It is only in their dreams. They want to wet our mouths; they are only drying up, as the tongues of our kisans, millions of them, are drying up.

In Rajasthan, for a long time, we have been asking for an all-India famine and flood insurance fund with Rs. 100 crores from the Centre and about a corresponding sum at the State level in order to protect our kisans. They have not been able to do it; in only one year we have had good crops. (Interruption) Sir, I need just three or four more minutes.

Yesterday, Mr. Naidu was asking the Finance Minister and the Government as to what they were doing when all our kisans were losing their working capital. They have lost all. For their maintenance they were borrowing. What did you do? Even for the new purchases they are making in respect of the machinery, they are not doing it with their money. They are borrowing the money. The money comes from the co-operative banks, your own Reserve Bank, your own State Bank. The State Bank which never used to advance any money at all to our kisans because their credit worthiness was not supposed to be so good, had to advance Rs. 50 crores last year, and the Reserve Bank and the co-operative banks also had to finance them. How are the kisans using all this money? Not as the Government has done, has been using it, in a wasteful manner. They have been using it in purchasing all these things. What is the contribution of my hon. friend, the Finance Minister?

Is it constructive? No, it is destructive not progressive. It is retrogressive. How much money do we have to collect by way of taxes? And from whom is it due? It from some of the rich people who are in towns from whom we have to collect money—whether you consider their money to be black money or white money I do not care. I want more and more money to come into our lands, into our fields, into our villages and into our agriculture. If you can't provide that money and if some people are prepared to provide that money, I wish to welcome them from outside—all over the world. If I were the Finance Minister, I would rather run to all

the international institutions to advance not one thousand crores of rupees but several thousand crores of rupees over a five year period in order to enable me to develop projects like the Narmada River Project in order to help our kisans. Do you expect the kisans to purchase all these things in spite of the wealth tax? Are they Professors like myself? I am of course a professor without salary for the past 39 years, thanks to Gandhiji's teachings. Here are the professors who are very well-guarded and are sitting in their air-conditioned rooms. They seem to be foolish people. You, Sir, come from the banks of the river Godavari wherefrom water comes to a lot of catchment areas. Instead of taking water from the river, they are catching the rain water. If we were to reach the kisans, we have to reach the rich people who have got money. From them have they been able to collect money? It is not possible to make any more levy. Your direct taxation has already reached a stage and it is not possible to go on taxing any more. I am glad that the Prime Minister is also here. Now they must begin to think about our international posture. Would it be possible and would it be wise if you go on spending more than Rs. 1,000 crores every year on defence alone because we are faced with the two enemies? So, my hon. friend, the Prime Minister, on the new year day said that we were going to achieve something. It would not be possible to have any kind of achievement to anybody's credit or to the credit of the country as long as they carry on their partywise government. You need a mother or a father but it so happens that we have a mother here and she performs the real function of a mother and has qualified herself to become the head of a real democratic caucus.

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI): Mr. Deputy-Speaker, Sir, I have been listening to the general debate on the budget very carefully and attentively. There has been criticism on several scores and in some quarters, the criticism is on the whole budget and of course on the Government as such. It is natural for every person to look at a budget or any particular thing like that from the viewpoint that he holds from the interests that he has or the interests that he represents

here. And it is not natural to expect that many will take an objective view of the whole thing. That also is responsible for some of the criticism.

SHRI J. B. KRIPALANI : Has nobody got any national interests ?

SHRI MORARJI DESAI : I have not said that nobody has any national interest. I have said that only if you consider national interest, you take an objective view of things. That is all that I have said. I have not arrogated to myself anything or arrogated to anybody else anything. I am only trying to see how things look like. I do not know whether I have accommodated anybody. It is not a question of accommodating anybody but it is a question of realising the facts of life. Of course my hon. friends may want to make new facts of life. That I know. I have no objection to it. It is a creative strength if they are able to do so. Let them do so. Whether it is creative or destructive it will be for other to see. It is not for me to judge here.

The budget, as usual, can never be a topic on which there can be no difference of opinion and it will be no budget if it is not criticised. On that score also, there can be little doubt in the minds of anybody. If I have to get a budget prepared by Members Opposite, I do not think they will agree even amongst themselves. They won't agree and ultimately, it will be for somebody to prepare that budget.

AN HON. MEMBER : There will be agreement.

SHRI MORARJI DESAI : I do not know about the agreement. (*Interruptions*)

AN HON. MEMBER : What about Congress Party ?

SHRI MORARJI DESAI : I am not excluding the Congress Party. I do not consider that the Congress takes a different attitude than the other people. I won't say that. Who am I to say that ? I am not arrogating that to the Congress Party ; I am speaking for those who do not look at things politically as others do. I won't say that the Congress Party looks at things like that. How can I say that ? It would be wrong on my part to say that.

SHRI MANOHARAN (Madras North) : It is a late realisation.

SHRI MORARJI DESAI : I wish my friends realise something more out of experience. They are new to power. If they want to continue to look at a thing politically only, they can do so and I have no objection to that. I say that it is not possible for me to do so and I do not want also to take that position.

Sir, now I would like to explain the budget further than what I have done in my speech. Taking the criticism that has been made here as the basis, I should explain it. But, before I do that, I should like to speak about some general matters which have been said. It has been said that this budget is not revolutionary. I have never claimed that this is a revolutionary budget. It is a continuing budget every budget should be a continuing budget. It has also to grow. It cannot be said that this budget is a static budget. We have provided more than last year even though the provision is not much. Therefore, it cannot be said that this is not a budget which provides for growth. It was also said that this was a vindictive budget—a budget of vengeance. Those who think in terms of vindictiveness and vengeance cannot see anything else. To a jaundiced eye, everything looks yellow ! Therefore, I am not at all perturbed by what they see. I would only try to examine it in details.

Then, it was said that this was a declaration of war against the States.

SHRI MANOHARAN : I still maintain it.

SHRI MORARJI DESAI : I do not expect you to accept it. But, at any rate, I must give my view just as I hear his views. Therefore, when it is said that it is a war against the states, how is it that it is war on the states ? Is it a war on the States because there are some levies on fertilisers and on agricultural wealth—Wealth Tax—and on electric pumps ? Is that why it is said that is a declaration of war against the States.

SHRI MANOHARAN : Then why should you encroach upon the States ?

**SHRI MORARJI DESAI :** I am not encroaching upon the States. Why should the hon. Member quarrel with me when this is a levy on fertiliser? Is it because that it is to be used in agriculture? If because it is used by the agriculturists, should the Central Government not levy any excise? In that case you will say it is a very fair budget. The Government has been levying excise on many things used by agriculturists, because this is not prevented. It is income from agriculture which the Central Government cannot tax. If wealth is to be taxed, there is no provision in the State List. It is not provided specifically also in the Central List. But there is article 248 which says that whatever is not provided in the State or concurrent list, the Central Government can levy tax on it. That has been specifically provided. Therefore to argue like this is not right. I had consulted the former Attorney General. Then it was said that Attorney General is not there and there is a new Attorney General. That is true. So, I consulted the new Attorney General also and he has confirmed the same view. There is no difference of opinion. I have absolutely no doubt in my mind about the legality of this matter. I am only trying to point out that there is no question of declaring war on the States in this matter.

**SHRI MANOHARAN :** You are misquoting him.

**SHRI MORARJI DESAI :** What is the use of saying that? If my hon. friend is not even prepared to accept my word, without knowing anything about it, who is talking in the air will be judged by hon. members. I donot want to say anything more. He can go on muttering anything he likes; I do not bother. But this is not a proper attitude for an hon. member who is responsible. All of us are responsible. Why do we not take that attitude? It is no use trying to say something which is not correct at all. If my hon. friend wants to see those opinions, he can see that. They are not private, confidential or secret. I will not make a statement trying to make use of somebody. I am not used to doing it. I can stand on my own and if there is any penalty to be paid, I am prepared to pay it. It is no use taking this sort of attitude. That detracts from the views of the hon. member. If this is how he is going to talk, it is impossible to pay importance to what he says.

There is absolutely no attack on the States. As a matter of fact, the Government of India shares with the States some of its revenues. That is also decided by the Finance Commission and not by the Government of India itself. The Finance Commission does it every five years or earlier if necessary. The Planning Commission also sets apart a certain amount of money for help to the States from the resources which the Government of India raises. It is not that in sharing the revenues, the Government of India is doing any obligation to the States. When it is said that the States are made to run to the Government of India, it is a very wrong description of the whole position. There is no question of the States running to the Government of India. If Government of India gives these moneys to the States, it is not that the Government of India is becoming a patron. Not at all. This has been provided by the Constitution.

I think the Constitution has very wisely provided for all these things. If my hon. friends want to change the Constitution and if they can do so, who am I to stand in their way? But as long as the Constitution is there, it is no use saying that the Government of India is doing something wrong. Let any item be shown where the Government of India has gone outside the Constitution or has done something which is discriminatory. In that case, the Government of India can be charged, challenged and taken to task. It is the privilege and authority of my hon. friends. It is their right to take the Government of India to task wherever it has gone wrong. They can take the Government to task even when it has not gone wrong; I cannot dispute it. But if they do it rightly, the Government of India is bound to accept it. If it is not right and if the Government is not convinced about it, the Government cannot accept it. It is their right to go by their honest opinion. I hope that will also be granted. I do not think my hon. friend can claim that they have a greater regard for national interests than those who are in this Government. I do not say we have greater regard for national interests than my hon. friends. But we have different views. We have our own different ideals. We have our own different attitudes. And, if our views differ we should respect each other and not try to run down each other. That is the only way we can function together in

democracy. This is how I am trying to function.

I am not saying that my hon. friends should accept whatever I say. I am only trying to explain the manner and method in which I have tried to put this Budget before this hon. House on behalf of the Government of India. It is a budget which I have placed before the House not as my budget, but as Government's budget. That is how it should be looked at. It is not a kind of personal equation in this matter at all, and that is how it is put, before the House.

There are no doubt difficulties between the States and the Centre, What are the difficulties? The States are demanding more and more resources. It is not for Government of India to give more and more resources unless the Constitution is changed. The Government of India has larger liabilities, larger duties to perform, Therefore, the Government of India has been provided with taxing powers.....(Interruption)

AN HON. MEMBER: Reduce the wasteful expenditure.

SHRI MORARJI DESAI: If my hon. friends will have some patience in this matter I will come to that. I do want to touch on all those points which are of general interest, which are repeated from time to time. I have replied also from time to time and yet no notice has been taken of it. Therefore, I have to go on repeating it in a different manner in the hope that some time it will be accepted, It is the hope with which I go on doing it and I will go on doing it even now.

It is said that there are several ministries here which should be sacked immediately. I do not know how that is to be done.

AN HON. MEMBER: Why?

SHRI MORARJI DESAI: I am not so stupid as to do it; that also should be understood. After all, Government of India cannot say that it will not deal with agriculture at all. Government of India will not deal with day-to-day agriculture of the peasants because that is the function of the States, but to do common research for the whole country, and to give the peasants help in this matter is the function of the nation

itself; it is a national concern and Government of India must have their office for that.

SHRI MANOHARAN: Have a nucleus of staff.

SHRI MORARJI DESAI: That is a different matter. All these things can be considered. But if you want to disrupt Government of India we cannot consider anything. Let us come to reason. If we come to reason we can certainly consider it. In the matter of education also there must be a national educational policy. That is not forced on any State but the Government of India can put it before the States—whatever they accept they accept and whatever they do not accept they do not accept. So there also we have a separate body, the University Grants Commission. The universities are in the States. There are a few with the Centre. The Centre can deal with them but the universities in the States belong to the States and it is the States who have the right to legislate for them and not the Centre. But because larger resources have been given to the Centre it is the duty of the Centre also to help the States in the matter of University education. Therefore, the University Grants Commission has been set up which deals with these grants. It is not done in any Ministry of the Government of India. In that body there are representatives from universities to deal with these things. Therefore, it cannot be said that the Government of India is trying to dictate to the States or trying to cripple them by making them Municipalities or Corporations. That would not be right at all. If it is the idea that the Centre must be a nominal Centre and the States must have all the powers and the residual powers I cannot agree. I have my own conception of this and they have their own conception.

SHRI JYOTIRMOY BASU (Diamond Harbour): But they have to face the music.

SHRI MORARJI DESAI: I know, I am facing more music than what they face. Let us all face the music. Why do you say you face the music or we face the music.

SHRI VASUDEVAN NAIR (Peermade): How do you like music?

**SHRI MORARJI DESAI :** Why does my hon. friend think music is a bad thing, Music is a good thing. It will do good to our souls. Music is not a bad thing. It is soothing if it is proper music. Otherwise, it is not at all music ; it is just noise. Music is all right ; I do not understand why they are grudging music.

**AN HON. MEMBER :** Let him speak on the budget and not on music.

**SHRI MORARJI DESAI :** I am speaking on the budget ; I am not speaking outside.

**SHRI KANWAR LAL GUPTA (Delhi Sadar) :** There is no provision for music in the budget.

**SHRI MORARJI DESAI :** Every item is not provided separately. There is an academy for music and it is provided for. Some items are not provided for because they are with the States. The Government of India is spending ; and the Government of India must spend because it has got to help the States.

After all, the Centre has got to be strong and the States also have got to be strong. I do not say that only the Centre should be strong and the States should be weak. I want the States to be strong and the Centre to be strong. But unless the Centre is strong this country will again go to pieces. That is the history of this country. Because there was no Central Government in this country at any time, therefore, we were overwhelmed by foreigners and we were dominated by other countries for a few centuries. If there had been a strong Central Government, that would not have happened and, therefore, this is very vital.

Even looking at the present pattern of political life in this country, when there are different parties governing in different States, there are bound to be different views and different policies. The Centre must coordinate all of them. It must treat all of them equally and must see that no body is able to pull away one way or the other way. That also requires the Government of India to be strong. But the strength of the Government of India must be utilized to strengthen the States and not to weaken them. The Centre must not interfere in the spheres of the States and where the Centre has to do

something it must consult the States. But, ultimately it must exercise its own authority and its view honestly, whatever it may be. It cannot be dictated to in these matters by any kind of threat that the Government of India is not acting properly.

Of course, these are things which we have to consider. I do not say that they should not be considered. The same applies to my hon. friends opposite. We have got to hear their views very respectfully, very attentively and very carefully. But after hearing them, we have to come to our own conclusions. If in those conclusions we differ, we may be criticised, but we have got to take that chance and do our duty by following our own conscience, if that is granted. Even if that is not granted, it is there and cannot be taken away by them. Therefore, this has got to be done.

From that point of view, if my hon. friends examine the whole question, they will find that there is no contradiction between the States and the Centre and there is no kind of pulls except that they want more money. That is all right. If they want more money and I have more money it will certainly be put at their disposal. But if I have no more money, what am I to put at their disposal ? This demand for having more resources for the States also will one day defeat its own purpose. Please consider what will happen if more resources are transferred to the States. That means that the revenues of the Government of India will be correspondingly less. That means that the money that is given to the States by the Centre will become less. The total resources are not going to be increased by this.

But another thing will happen. We have different stages of development in this country between States, within States and in several places. If we want to see that the weaker units should be helped it is the Government of India that can help them, because no State will help another State. They say : let all States be equal. But are they functioning as equal partners ? What happens in the matter of food ? They do not accommodate each other. What happens in many other spheres ? They are not able to settle their border disputes among themselves. For that reason also a strong Centre is required. We do not want to settle disputes by means of

violence or breaking each other's head. We must settle them in such a manner that we are able to advance very peacefully and progressively to our goal.

The goal is common for all ; the methods may be different.

SHRI VASUDEVAN NAIR : What is that goal ?

SHRI MORARJI DESAI : The goal is to make everybody happy in this country, including my hon. friend.

SHRI RABI RAY (Puri) : Including monopolists.

SHRI UMANATH (Pudukkottai) : Tatas and Birlas,

SHRI MORARJI DESAI : I hope, they do not remember them so much, If they remember God, they would be happy. I do not want to take their names. You may take their names. I do not want to have their mala.

Therefore when you talk about equality, the Centre is behaving equally with everybody. Are the States doing so ? Let us do so. But this also is a matter of progress.

We are new to the whole thing. Twenty years is not a large period. We have got to develop because for centuries... (*Interruption*).

SHRI BAL RAJ MADHOK (South Delhi) : There we do not agree with you.

SHRI MORARJI DESAI : I do not say that everybody will agree with what I say. But am I not entitled to put my view before you for your consideration ? If you do not want to hear my view, there is no meaning.

SHRI VASUDEVAN NAIR : Sometimes your views are very absurd.

SHRI MORARJI DESAI : Maybe, but more often you are. What am I to do ? Yet, I hear you ; I do not interrupt you. Why do you not see that ? Where more absurdity lies will be seen from this experience.

SHRI JYOTIRMOY. BASU : Keep Congress alive.

SHRI K. LAKKAPPA (Tumkur) : You should not talk about the utopian philosophy.

SHRI MORARJI DESAI : I do not believe in utopia ; I believe in earth and being on earth. That is what I believe in. I believe that one must not go into utopia at all.

The criticism has been of a kind which is usual and, therefore, I need not go much further into it.

SHRI KANWAR LAL GUPTA : Wah !

SHRI MORARJI DESAI : That does not mean that I am not going to go into the other things at all. I am only saying about the general criticism. I have dealt with some of it ; I cannot deal with everything because the Budget is an occasion when anything can be spoken up to the skies. That has been the convention ; therefore, I am not talking of everything.

SHRI S. S. KOTHARI (Mandsaur) : The middle class is bitter about the taxes.

SHRI MORARJI DESAI : I am coming to all that. If we do not hear each other patiently, how are we, either you or I, going to get any wisdom ? None of us can get it if we get into confusion. Therefore we must hear each other patiently and decide, ultimately. If we have to decide, we have to decide and if you have to decide, you have to decide. We should help each other, That is the spirit in which I am saying this and am putting this before you.

Before I go to the taxes, I would first of all like to refer to one criticism which was more personal. Shri Sreekantan Nair had said that the relief on cotton textiles which was given was such that the changes were only benefitting the mills of Maharashtra and Gujarat and that the spinning mills in the south would have no relief.

SHRI KANWAR LAL GUPTA : What is personal in that ?

SARI MORARJI DESAI : It is personal criticism. It is said because I come from Gujarat ; otherwise, it would not have been mentioned. But it is not true. That is what is not seen.

AN HON. MEMBER : He has included Maharashtra also.

SHRI MORARJI DESAI : Maharashtra is in the same western region. I belong to Maharashtra also but also belong to Tamil Nadu. I belong to every State and not only to one State. But my hon. friends think, because they belong only to one State, that I also belong to one State. This is what they think. When I make my Budget I do not think of any region ; I think of what is to be done. When I distribute money, I certainly think of regions because the region which requires to be helped more has to be helped more and the region which requires to be helped less has to be helped less, but not in terms of any particular region this way or that way.

He has said that these changes will benefit the mills of Maharashtra and Gujarat whereas the spinning mills in the south will have no relief. This seems to be based on wrong premises as the duty reductions in the hank yarn and the abolition of the sizing duty will have greater impact on the fine and superfine counts of yarn whose releases for civil consumption from the mills of South India are much more than of the rest of India. Therefore they will benefit more in that sense. These reductions, whether on cotton fabrics or on Yarn, are not intended as direct benefits to the producing mills ; the reliefs are intended primarily to stimulate the offtake of coarse and medium varieties of fabrics from composite mills and the fine and superfine yarn by the decentralised sector comprising of handlooms and powerlooms. To the extent the demand from the decentralised sector for fine and superfine yarn improves, the mills of South India will be benefited. In the case of cotton fabrics, however, the duty burden has been increased on printed varieties of fine and superfine categories by the the imposition of printing surcharge which is higher on medium and coarse varieties.

The surcharge will affect the mills of Maharashtra and Gujarat more than the mills of south India. Similarly, the *ad valorem* duty of 15 per cent on suitings, tapestry, toweling cloth and similar fabrics will also affect the mills of Maharashtra and Gujarat substantially more than the mills of south India. If, therefore, the extent of higher levy on some of the fabrics is set off against the relief given in the case of

medium and coarse varieties, the hon. Member will find that the balance of advantage is in not in favour of the mills of Maharashtra and Gujarat. In this matter, however, the regional considerations cannot weigh with Government in giving relief and the reductions proposed have been done primarily with the object of stimulating the off take of your by the decentralised sector and of coarse and medium fabrics by the consumers throughout the country. Yet they misunderstand the whole thing and then make the criticism. If there is any doubt, and if I am asked about it, I will certainly put the facts before them so that this kind of wrong criticism does not come in and allegations are not made. Of course, allegations do not worry me because they do not apply. But that creates a wrong impression in the public mind. Some of my hon. friends opposite seem to believe in the Goebblesian theory and they are indulging in it all the while, that is, if the same things are repeated day to day howsoever wrong they may be, they are believed. That is the theory on which they go on. I cannot help it. But I would, certainly, like to help them because they cannot go on doing that for ever and these things cannot be believed for ever. Ultimately, that harms the cause which they have at heart. I do not say they have no cause. They have a cause which they want to see prosper. But the best way way to do is to rely on facts and make correct criticisms rather than go into prejudices and make criticisms accordingly.

I should now like, before I deal with the taxes, to say why this kind of Budget has got to be made. We must realise through what conditions we are passing. This also I have said from time to time....

SHRI JYTIRMOY BASU : For the last 20 years.

SHBI MORARJI DESAI : During the last 20 years or maybe even more, 21 years. Therefore, we have got to consider it from that point of view. It is said that we are in a bad condition. I have not said that we are in a good condition in that sense. I have only said that we are recovering and we are now on the way to making further progress. I have not said that we have become all right. I have only said that we are turning the corner and going towards better conditions. Now, if that is not accepted, I cannot tell my hon. friends anything more which will

make them wiser. But I must put before them why I say this. Before I say that we must also realise through what conditions we have passed. When it is said that planning has failed and planning has done no good, the facts are not taken into account as they should be. Until the end of the Second Five Year Plan, the targets had been achieved. Even in food production, the targets had been achieved. The target was 80 million tonnes and the actual became a little more than that, not less than that.

SHRI N. DANDEKER (Jamnagar) : Revised targets, not the original targets.

SHRI MGRARJI DESAI : Even revised targets. That shows that the revision was more calculated. After all, when you make the first estimate, it may not be as correct. But if you have verised it before the Plan ended, it would be a realistic target.

AN HON. MEMER ; Thanks to rain-gods :

SHRI MORARJI DESAI : Everybody will have to rely on rain-gods because we are not independent of them. You may have a power over me. But you will have no power over rain-gods. That much is certain. If you want to blame me even for rain-gods, you can certainly do so. But that will not benefit anybody but that is also being done. Therefore, one has got to consider that the target was reached.

AN HON. MEMBER : We are blaming the tin-gods.

SHRI MORARJI DESAI : There are those who are not tin-gods what about them ? At any rate, there are tin-gods. If there is no tin and no god, what happens then ? After the end of the Second Five Year Plan, the next three years were not quite good, that is, we produced less food than in the last year of the Second Five Year Plan.

Then one year was good. But after that, two years were so bad that we had not seen such bad years in the last hundred years ; we lost 30 million tonnes of food in two years. That put a great strain on our economy and food prices went up, Prices went so high as they had not gone before in 15 years ; they went so high in three years.

This is what happened, This put an intolerable burden on all of us.

Then, before that, we had to meet two attacks on our borders : one was by the Chinese and the other, in 1965, by Pakistan....

SHRI M. L. SONDHI (New Delhi) ; Who betrayed Tibet ?

SHRI MORARJI DESAI : Nobody betrayed Tibet, That is all wrong. If my hon. friend feels the guilt, he can accept it.

SHRI M. L. SONDHI : You read Sardar Patel's book. I am prepared to fight for Tibet. You come with me.

SHRI MORARJI DESAI : I will come. If my hon. friend can take me to Tibet not in his imagination but really, I will accompany him.

Therefore, the economy came under great strain. The result was that we got a curious combination of recession and inflation which has not happened anywhere else.

SHRI KANWAR LAL GUPTA ; Is it a serious offer ?

MR. DUPUTY-SPEAKER : Order, Order.

SHRI MORARJI DESAI : Let him make it seriously first of all. (*Interruptions*)

Then, what happened ? As I said we came to a curious combination, which is never seen, of inflation and depression. Why did depression come at the same time as inflation? It was because of bad seasons. The revenues decreased all around. 50 per cent of our national income is from agriculture. If 20 per cent goes out of it, it means a great fall in the total income of the country. That affects the Government and Government spending also gets lessened. As Government spending got lessened, recession came immediately in the engineering industries because Railways could not place their orders, which they had to place and they depended more on Railways than on anything else. All this brought in recession which again caused greater hardship to all of us. This was the condition through which we were passing. In

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1967-68 we tried and we began to get out of it as the reason improved and as the results of agricultural improvements began to be reaped. It is no use saying that nothing has been done for agriculture and that agriculture has been neglected..... (Interruption) If you examine all the expenditures made, on industries and on agriculture, during the last 18 years, you will find that about the same amount of money has been spent on agriculture as on industries.....

SOME HON. MEMBERS : No, no.

SHRI MORARJI DESAI : It is no use saying 'no'. I can give the facts and figures to my hon friends. Let them take them... (Interruptions). They are all published. They could see them... (Interruptions)

AN HON. MEMBER : The per capita is much less.

SHRI MORARJI DESAI : It is not a question of per capita. It is a question of what can be done. After all, are the industries meant only for industrialists ? They are meant for all the people they are not meant only for one section. What comes from industries is also for the benefit of the whole country and not only for some people or a few people. Therefore, all this is like that ; it cannot be taken otherwise. If my hon, friends want to have some other notion, they are welcome to have it. I only give my view.

SHRI RANGA : What we say is a fact. You have neglected agriculture.

SHRI MORARJI DESAI : I do not accept this.

SHRI BAL RAJ MADHOK : Why should you distort facts? You should speak out facts. Is agriculture not neglected ?

SHRI MORARJI DESAI : If my hon. friends get angry, I have no remedy for it, But facts are facts.

SHRI KANWAR LAL GUPTA : Dr. Lohia challenged Pandit Nehru when he was wrong. Now we are challenging you. (Interruptions)

SHRI MORARJI DESAI : You may call me a wrong person. But why don't you hear me in silence ? I heard you all when you said many wrong things..... (Interruption)

SHRI RANGA : We cannot go on hearing all sorts of wrong things. How dare you say that you have not discriminated against agriculture ? How dare you say that ? You claim to be the Finance Minister. You do not deserve to be the Finance Minister.

SHRI MORARJI DESAI : Not only I say I am right but you are not right. I will say that. Even if you tell me angrily, I am not going to ... (Interruptions)

SHRI RANGA : I can understand if anybody else says this. But it is the Finance Minister who is saying this. You have not done enough for agriculture. The Planning Commission has admitted this not once, but several times.

SHRI MORARJI DESAI : I have not seen that. But we have not done enough for industry also. We are not doing enough for any sector. It is no use trying to say that we have done sufficiently for one sector, but not for others. It is a question of capacity. The Member may say anything. Unless I accept his view, he thinks that I am wrong. That does not matter.....(Interruptions). I cannot go on like this.

16 hrs.

MR. DEPUTY-SPEAKER : If hon. Members make interruptions, that will take the time of the House. You had 21 hours debate on this and all sorts of views were listened to very patiently. This is not fair. You have protested. You cannot carry on like this on the floor of the House when there is some decent way of doing it.

SHRI JYOTIRMOY BASU : He is misleading the House.

MR. SPEAKER : This is not fair.

SHRI MORARJI DESAI. I cannot help, if they exercise the privilege. But they cannot take away my privilege to say what I

think is true. After some time, I am quite sure reason will prevail and this will not happen in future. All of us will become wiser and then we will begin to learn to hear each other more patiently than we have been doing.

Now I continue. If you remember all these things, then the last budget and this budget are meant to see that the economy is revived and we get further on the path to progress in a realistic way. That is what we are trying to do and therefore the Fourth Five Year Plan is being made now. For three years yearly plans were made. It is not right to say that the Plan was given up or there was no Plan. Of course there was no Five Year Plan for three years. That is true. Those were annual plans because we were in difficult conditions and we could not muster more resources. Therefore, it was not possible to have Five Year Plan.

A question was asked by my friend Shri Vajpayee whether it can be taken for granted that we have come to a stage when the plans will be r esources-based. The plan has always been resources-based and it has to be resource-based.

SHRI BALRAJ MADHOK : It is aid-based.

SHRI MORARJI DESAI : If my hon. friend just hears me explain, I will say that there is basically no difference of opinion. The difference of opinion lies in the matter of assessment. A plan has to be resource-based. I have no doubt about it. But that does no mean that resources are only those just before your eyes. Resources have also got to be mobilised and mobilised with a view to see that the resources get increased further on and not get dried up. Therefore, a realistic assessment has got to be made. And in this there may difference of opinion. I cannot deny that. It is bound to be so and it is so every-where and not here alone. Even in one Party there is bound to be difference of opinion. But ultimately it is the Finance Minister and the Planning Commission who have got to help each other in assessing these resources and seeing what plans can be made. That is what is sought to be done. We made three yearly plans. We had the last year's plan. This year's plan cannot be less than last year's plan. That goes without saying and anybody will recognise that

because if you make a lower plan there will be no growth and at any rate, psychologically they most of the people will feel that we are going down and not going up. Therefore, this year's plan must be larger than last year's, I have no doubt in my mind on that.

SHRI P. K. DEO (Kalahandi) : Let us psycho-analyse.

SHRI MORARJI DESAI : Yes, if my hon. friend has any psychic powers, he can certainly do that. I do not envy him.

Therefore, one has got to mobilise resources, what we want. The plan has also got to be within the resources we can mobilise. If I cannot do that, I have to face the inevitable and make it less, if it is necessary.

It was said that I am still having deficit financing, even when I had said that I did not want to do it. It is true I am not in favour of deficit financing generally.

AN HON. MEMBER : Why do it ?

SHRI MORARJI DESAI : Because of compulsion of circumstances, because of compulsion of conditions in the country and requirements based on a very realistic assessment and realistic approach. One cannot go by theories only in these matters. One has to go by what is required in a given situation. It is, therefore, that I have kept deficit financing at a little lower level than what I had done last year. Because I would like to get out of it, but I can do so only when more resources can be mobilised without that. I am quite sure that time will come in the course of future years. Today that is not the case. Therefore, I could not raise also deficit financing to a level where it would be absolutely harmful—there is no doubt about it. Hence, I had to keep it at the level of Rs. 250 crores. The rest of the money required must be raised by taxation.

Then it is argued by some sections—not by all—that the concessions which have been given to the industrial sector should not have been given ; on the other hand, more money should have been taken from them. We are trying to get out of recession—we are slowly getting out of it. At this stage if you put more burden on the industrial sector, it will be a suicidal act. Therefore, we have got to

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see that they revive. We want to see that idle capacities work fully; we want to see that our exports go on enlarging further and further. If we have to do that, we have got to be realistic and see that concessions are given to industries.

Some people objected to the incentives given to the capital market also. They asked, why bother about it? The capital market is absolutely vital and essential in a mixed economy. If it is not a mixed economy, if it is a totalitarian economy like the communist economy, it is a different proposition altogether. We have not chosen it yet—at any rate, I am not going to choose it at any time.

SHRI VASUDEVAN NAIR : You say socialist economy.

SHRI MORARJI DESAI : Communism is not socialism, in my view. But I am not going to get involved in that argument just now as otherwise it will take more time. I will take another occasion to talk about it. I have already done it once.

Therefore, the capital market also has got to revive. Otherwise, members of the public, specially in the rural sector, will not be wishing to invest their savings in several directions. It is, therefore, necessary that incentives should be given to them. Hence I have raised the limit of dividend free from income-tax from Rs. 500 to Rs. 1,000. It is for the same reason that we have provided several concessions to the jute industry, the textile industry and some other things also. This is the reason why concessions have been given. This is the reason why additional burdens could not be put on these industries. Before I can take more from them, I must see that they earn more. This is a process that has always to go on.

Then it was asked: why have I taken more from fertilisers, from agricultural property by way of wealth tax and from pump sets? These are the things which have come under the greatest criticism. This criticism has been from all quarters—I do not deny it. It is a substantial criticism. I cannot say here and now that these criticisms have this or that meaning, or have this or that result or that I have come to a conclusion on them.

These are matters which have got to be seriously considered by the Cabinet and the Cabinet will certainly consider them. But I cannot say that this will be done or that will be done, But I must say this. When this was done, it was done with the knowledge that it will not cause an adverse effect on agriculture or on the agricultural progress that is being made to-day. There can be difference of opinion. I am not doubting the difference of opinion and *bona fides* of those who are saying that this will be so. At any rate there are arguments on both sides which should be seen. There are people arguing on both sides and it is no use one side telling the other side 'You are wrong and I am only right'. We have to consider both the sides and take a decision. When it is said that fertilisers will be used less and agricultural production will go down, it is not true because the burden which is put on fertilisers is only 8 to 10%. It is not 32%. It will increase the cost only by 8% or 9%, not more than that. (Interruptions). I am talking of 10% *ad valorem* duty and some of it will get absorbed in the price also.

16 10 hrs.

[Mr. Speaker in the Chair.]

SHRI MANOHARAN : You cannot effect a 3% economy in the Central Government.

SHRI MORARJI DESAI : I will come to that also. Not that I am not going to speak about it. Therefore, to say that fertilisers will not be used is not a correct estimate of facts in the first place. There are several people especially in the smaller sector of agriculture who sell away the fertilisers that they get ..

SEVERAL HON. MEMBERS : No, No.

SHRI MORARJI DESAI : In the black market. I am not saying that all of them do so. Even now (Interruptions)

SHRI UMANATH : Export licences are being sold in the black market. Why should the Government issue export licences? (interruptions)

MR. SPEAKER : Order, Order.

SHRI BAL RAJ MADHOK : Part of it is used on liquor, but not sold in the black market.

SHRI MORARJI DESAI : My hon. friends think that this is a matter where there is some imputation being made against somebody. That is not so. Take the question of sugar. When it is distributed to people on the ration card, they take it and sell it elsewhere. They take wheat and sell it elsewhere. These are natural things that happen. (Interruption) What I am saying is that people take it from other people and pay much higher prices. Still they do it and use it because they get profits out of it. (Interruptions).

SHRI UMANATH : If his logic is to be applied to export licences, why not stop the export licences being sold? He allows it even when it is sold in the black market. Why come and touch upon sugar and fertiliser?

SHRI MORARJI DESAI : I cannot stop anything like that. We are trying to stop the export licences being sold. We are trying to do that. (Interruptions)

MR. SPEAKER : Order please.

SHRI MORARJI DESAI : There are all kinds of people among all sections of the people. I am not saying that the bulk of the farmers have done it. The bulk of the farmers cannot do it. There are a few people who do it.

SHRI BAL RAJ MADHOK : Why do you then tell that all the farmers are doing that?

श्री ए० ला० बाहूपाल (गंगानगर) : श्री मोरारजी देसाई बतलायें कि किसान कहां पर फटिलाइजर को ब्लैक-मार्केट में बेचते हैं।

MR. SPEAKER : Order, order. We may not agree cent per cent with him, but let us hear.

SHRI MORARJI DESAI : This only shows that my hon. friends want that I must

accept everything that they tell me without questioning it but they must not hear me patiently when I tell them something with which they do not agree. This is not a correct thing at all. This is my objection. I have no other objection.

I would come to another thing also. In 1967 we withdrew the subsidy on fertiliser and that raised the price of fertiliser. And yet, that year 37% more fertilisers were used in this country and next year 58% more was used. Therefore, it is no use saying that...

SHRI KANWAR LAL GUPTA : The price is higher than anywhere in the world.

SHRI MORARJI DESAI : Even at the present price the fertiliser leaves a profit to the agriculturists from which I am taking a little. I have taken the figures from some agriculturists, who are good agriculturists, as to how much comes from a given amount of fertiliser and how much profit is made out of it. I found, I learnt from them—they are responsible people—that from the fertiliser which gives Rs. 134 worth extra production this levy will take away four rupees. This is how this duty has been levied.

SHRI SONAVANE (Pandharpur) : Is there any personal experience?

SHRI MORARJI DESAI : My hon. friend ought to know that I am not an agriculturist now and I cannot have any personal experience. How can I now have personal experience? If I consult agriculturists who are inconvenient to my hon. friend, it is not my fault. After all, the agriculturists also have their own views. They have sometimes different views. If I put them before my hon. friends, I don't know why they are excited. They do not like to know what is the other view at all. They want to go only by one view. What can I do?

Coming now to the Agricultural Wealth Tax, it is said that that is unconstitutional. It is not unconstitutional as I said before. I have said that two Attorney Generals, one after the other, have confirmed it.

SHRI C. C. DESAI : The Cabinet made you rub your nose on the ground by compelling you to read the amendment here,

SHRI MORARJI DESAI : I know that this created a criticism. Because my colleagues could not come here in time, a paper was passed on to me at that time. May I say that the Budget is always considered, before it is presented here, by the Cabinet. The Cabinet was considering it. I told them at that time that this is a thing where it is my view that genuine agriculturists must not be there and I am going to speak about it here. They wanted to put it in writing and that was why they were delayed. They came here and passed on that slip.

SHRI C. C. DESAI : You were brought to your senses by the Cabinet.

SHRI MORARJI DESAI : But the sense came to me first. I suggested first, not somebody else. They have also equal sense. I don't deny that even you may have better sense in some matters and in some, less. What can I do ? This is always the case with everybody.

श्री कंवर लाल गुप्त : आप किसानों को बहिष्कार, और बातों को छाड़िये ।

श्री मोरारजी देसाई : किसीको बहसने का सवाल ही पैदा नहीं होता ।

I have said that genuine agriculturists will not be affected by this. I don't want that genuine agriculturists should be affected by this. Therefore, I am trying to find out different kinds of formulae which will see to it that this object is achieved. I have deliberately kept it for a year. Nothing will be done this year for recovering it. I want to see that no steps are taken in that direction.

SHRI S. KANDAPPAN (Mettur) : The hon. Finance Minister said that he did not know anything about the agriculturists.

SHRI MORARJI DESAI : I have not said that I did not know anything about the agriculturists. I was an agriculturist when I was young, and therefore I know more about it than my hon. friend.

SHRI S. KANDAPPAN : I am still an agriculturist.

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SHRI MORARJI DESAI : I do not

know what kind of agriculturists are sitting here. How should, I believe in your veracity?

SHRI S. KANDAPPAN : You can rely on me. (*interruption*)

SHRI MORARJI DESAI : I said I am not an agriculturist now. That is what I said, and therefore, I cannot have any personal experience just now. That is what I said.

SHRI S. KANDAPPAN : That is why you are not able to differentiate.

SHRI MORARJI DESAI : I do not want any agriculturist to be harassed at all. I do not want anybody to be harassed. Therefore, I would like to take a year over it to see that if there are any corners they are wiped out. And if I find that the corners are such as cannot be removed, there certainly must be a reconsideration of the whole thing. That aspect is also in my mind. Therefore, a year is put on it.

SHRI KANWAR LAL GUPTA : Otherwise we will corner you.

SHRI MORARJI DESAI : That will not affect me at all. Anyone of you can corner or kill me but that does not affect me; you may do what you like.

SHRI KANWAR LAL GUPTA : Sir, that is a very uncharitable remark; I never meant it.

MR. SPEAKER : Order, order. "Corner" also, he did not mean it.

SHRI MORARJI DESAI : When my hon. friend said "we" I thought there are others who may do the other thing; not only he. (*Interruption*). Well, Sir, this duty, is meant to be taken on electric pumps only, not on the other pumps. That is being clarified.

SHRI VASUDEVAN NAIR : Have you got figures about the two types of pumps ? (*Interruption*).

SHRI MORARJI DESAI : Now, what has happened ? It is only in the areas in which electricity is there that electric pumps can be used. All others have to use diesel

engines. And the diesel people pay three times the cost of the electric motor and pump. (*Interruption*). How am I to reduce the price of diesel engines? I am not selling diesel engines. After all, diesel engines cost more. This costs less. It is therefore, to equalise the opportunities that I levy it on these pumps. This is the whole philosophy behind it, and the benefit that they are going to get out of this is that they have to pay only once every year. That is why it has been levied.

**SHRI BAL RAJ MADHOK :** Because of your failure to provide electricity to all people, you want to penalise those who have electricity.

**SHRI MORARJI DESAI :** If my hon. friend wants to look at it only like that I cannot help it. I wish him well. But I say he only will suffer, not I. It is no use looking at it in such a manner, when you do not take all the facts into consideration. There can be difference of opinion, but what is the use of saying everytime that everything is being taxed and only luxuries are being helped? What is the use of saying that? I do not think that that is the way this Government functions or any other Government would function. I would not say no mistakes are made by the Government; nobody has ever claimed that. But my hon. friends are also not paragons of virtue or perfection. Everybody has got to see that. What is the use of taking this kind of attitude where you say that this Government only can do like this and in this manner. Of course, they can do so, but after all, it does not benefit anybody.

Now, I come to the question of economy. What economy can be effected, after all, has also got to be seen. It is no use merely saying, as my hon. friend Shri Masani said, "Cut out here; cut out there; cut this, cut that, and then you get Rs. 600 crores; and everything would be all right." We ought to see what is possible and what is not possible. Otherwise it cannot be done. May I say that there is scope for economy. I cannot say there is no scope for effecting economy. Economy is being done from time to time.

**AN HON. MEMBER :** How much?

**SHRI MORARJI DESAI :** "How

much" is also a matter which has got to be considered. If I want to have large-scale economy and do away with the staff, can I retrench them? Will my hon. friends allow it? They would not allow it.

**AN HON. MEMBER :** Ministers.

**SHRI MORARJI DESAI :** How many Ministers does the United Front Government have? Why don't you look at that? Why are you saying this? (*Interruption*)

**AN HON. MEMBER :** Salaries.

**SHRI MORARJI DESAI :** The salaries have to be real and not fake. That also must be realised. It is no use giving salary which will leave...(*Interruptions*)

**MR. SPEAKER :** Order, order.

**SHRI MORARJI DESAI :** At any rate, the salaries here are far less than those obtaining in Russia. That is all I can say to my honourable friend.

**SHRI JYOTIRMOY BASU :** Why talk about Russia? Talk about West Bengal and Delhi.

**SHRI MORARJI DESAI :** Now if we look into the budget, it is said that in the Civil Administration...

**SHRI J. B. KRIPALANI :** There may be parties who may be concerned with their own party. If they are very wrong, that is no justification.

**SHRI MORARJI DESAI :** I entirely agree with you.

**SHRI J. B. KRIPALANI :** Then, you must try to curtail the number of Ministers. We are not concerned whether the D. M. K. Government have many ministers or not! May be, they are wrong, but why should you say that because they are wrong, therefore, "we are also going wrong?" This is a very good argument!

**SHRI MORARJI DESAI :** I agree. But this is a matter to be decided by the Prime Minister and nobody else. (*Interruptions*). I think that it is the right of the Prime Minister to decide and nobody else has that right. (*Interruptions*).

[Shri Morarji Desai]

Now, if you take the Civil Administration, there are two sides—one is the Defence and the other is Civil. In Defence, you say that economy to the extent of Rs. 100 crores can be effected, we did effect some economy last year. But, that has been used up by extra expenditure for making the equipments better and giving allowances. We must realise that in our defence expenditure, we have got to spend because we have too many replacements. Otherwise it will not be a proper equipment at all.

The Finance Ministry is going into it very thoroughly and we are trying to see that all these things are looked at from the proper point of view. Therefore, in Defence when they want to do a certain thing there can be different views and if there are different views, the views of the Defence Minister will have to prevail. If we want to have proper defence for this country, I cannot tell the Defence Minister that this is what you should do or what you should not do. It is not possible to do that. Therefore, I discuss with him and ultimately, I am guided by his opinion and he is also to go by the opinions of the Chiefs of Staff in certain matters. If they say that this should be done, that has got to be recognised. Otherwise Defence cannot be run properly. And therefore to say that Rs. 100 crores can be cut out from the Defence expenditure is not at all realistic. Even if it is cut, they would require it for other purposes and I have no doubt about it. This is how we are trying to see that defence expenditure is met.

If you look to the Civil Expenditure other than developmental expenditure, it is Rs. 1,594 crores as against Rs. 1,466 crores for the current year. Of this amount of Rs. 1,594 crores, Rs. 596 crores accounted for by assistance to States and Union Territories both for Plan and non-plan purposes. Now, do my hon. friends expect me to make any economy where they are wanting more and not less? Then that leaves only Rs. 998 crores on Central Government's own Civil Administration. Out of this expenditure on Central Civil Administration of Rs. 998 crores, Rs. 580 crores are accounted for by interest charges including the service charges on the draws from the International Monetary Fund thus leaving Rs. 418 crores for other expenditure as against Rs. 390 crores this year. That means it is Rs. 28 crores more. Even—this amount of

Rs. 418 crores includes Rs. 75 crores on police. It is not possible to lessen the expenditure on police, unless my hon. friends cooperate and become more reasonable.

SHRI NAMBIAR : C. R. P. can be scrapped.

SHRI MORARJI DESAI : Unless you become reasonable, it is not possible. We will have to increase it. Then Rs. 36 crores on account of Currency, Mint, Opium and Security Press Charges. This cannot be lessened. Rs. 65 crores on account of transfers of ear-marked revenues and other accounting adjustments. This cannot be lessened. Rs. 28 crores aid to other neighbouring countries and Rs. 13 crores on account of displaced persons, which includes Rs. 10 crores of loans given in earlier years to be written off, thus making a total of Rs. 217 crores. I cannot lessen anything out of these. This leaves Rs. 201 crores. Out of this, how much can I lessen? How can I lessen Rs. 100 or 200 or 300 crores out of Rs. 201 crores? My hon. friends would not take note of it. Out of this, Rs. 39.3 crores are accounted for by tax collection charges. Tax collection has got to be strengthened more, as more work is there. I have been asked by many hon. members to increase the staff, so that the work is done more quickly. There is no question of lessening this. Then Rs. 21 crores for External Affairs; Rs. 20 crores for Audit. I cannot lessen any expenditure on audit. Rs. 20 crores for food subsidies. This also goes on. Rs. 13 crores for civil pension charges. Can I lessen that? You want to increase that. This leaves nearly Rs. 28 crores for general administration. How much can I reduce from that? If I reduce it, it only means I have to retrench people.

श्री मोरारजी प्रसाद (बांसगांव) : प्रिवी पर्ल बन्द कीजिए ।

SHRI MORARJI DESAI : That accounts only for Rs. 4.8 crores, not more. Therefore, all these have got to be seen in their proper perspective. It will be seen that it is not possible to talk of percentage reduction at all. In plans also, now we have introduced methods for new projects so that less expenditure can be made with more efficiency. This is how economies are sought to be effected.

My hon. friends will appreciate that it is not possible for me to do what they ask me to do. Yet, as I said, there is always scope for economy.

It was said, in my own ministry, I have not done anything. When I first took charge of this ministry, there were five Secretaries, I reduced them to two. Afterwards one had to be added and now there are three. It is not as if this is not being taken into account. I have also reduced a lot of other staff. In the excise department where we are having this self-assessment method, and so much staff will not be required, it is not possible to put out all the staff on the street. They are being absorbed elsewhere. But it is not possible to absorb them in any and every department. Redundant staff can be absorbed only to a limited extent. To say that nobody should be recruited in future for some time is not a realistic proposition. If a scientist is required, how can I take a lay man into that post? A scientist will have to be taken. If an accountant is required, I cannot take an excise man there. There are occasions and purposes for which new staff has got to be taken. But we are not allowing anybody to do it easily. We are trying to see even in regard to leave vacancies, whether they may be kept vacant. These are the methods which we are adopting. We will try to adopt other methods also. If my hon. friends give me some more realistic suggestions, I will certainly thank them and assure them that full importance and attention will be given to them. I shall be obliged to them if they do so, instead of making such vague suggestions to me.

16.35 hrs.

#### DEMANDS\* FOR GRANTS ON ACCOUNT, 1969-70

MR. SPEAKER : The question is :

"That the respective sums not exceeding the amounts shown in the third column of the order paper, be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1970, in respect of the heads of demands

entered in the second column thereof against Demands Nos. 1 to 135."

*The motion was adopted.*

*[The motions for Demand for Grants (on Account), 1969-70, which were adopted by the Lok Sabha, are reproduced below—Ed.]*

#### Demand No. 1—Ministry of Defence.

"That a sum not exceeding Rs. 29,51,000 be granted to the President, on account, for or towards defraying the charges during the year ending on 31st day of March, 1970, in respect of 'Ministry of Defence.

#### Demand No. 2—Defence Services, Effective—Army.

"That a sum not exceeding Rs. 1,29,09,11,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1970, in respect of 'Defence Services, Effective—Army'."

#### Demand No. 3—Defence Services, Effective—Navy.

"That a sum not exceeding Rs. 7,81,96,000 be granted to the President, on account, for or toward defraying the charges during the year ending on the 31st day of March 1970, in respect of 'Defence Services Effective—Navy'."

#### Demand No. 4—Defence Services, Effective—Air Force.

"That a sum not exceeding Rs. 32,95,27,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1970, in respect of 'Defence Services, Effective—Air Force'."

#### Demand No. 5—Defence Services, Non-effective.

"That a sum not exceeding Rs. 5,46,67,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1970, in respect of 'Defence Services, Non-effective'."

*Moved with the recommendation of the President.*