

[SHRI INDRAJIT GUPTA]

drop the matter. We have no confidence in the Labour Minister or the Railway Minister.

SHRI RAJ BAHADUR : It is too much for me to pass any judgment on my colleagues, the Labour Minister and the Railway Minister. That is not fair or proper, we shall have to co-operate with each other. All that I can say is that I shall convey to the Prime Minister what he has said. I cannot really say anything more than that. After all, we have to deal with each other. You may be angry with me sometimes. But we shall have to sit down and work. I cannot condemn my colleagues the Labour Minister and the Railway Minister merely to please him. All I can say is that we are seized of the matter which is a labour dispute at least. I think that should suffice.

SHRI INDRAJIT GUPTA : As the leader of the party I am taking personal responsibility of seeing to it now that the matter is dropped. But I am doing it on my understanding that the matter will be dealt with and disposed of by the Prime Minister. If that is not done, then we may raise it again.

MR. CHAIRMAN : What Shri Indrajit Gupta has said is on record. The Minister will consider it and now he will talk to him and decide it.

आपके लिडर ने कह दिया है इस बात को कि घाप लोग इसको ड्राप कर दें। यह खरम हो गया है।

श्री दीनेन भट्टाचार्य।

श्री इन्द्रजीत गुप्त : फाइनेंस बिल पर हम लोग भाषण देंगे। लेकिन फाइनेंस मिनिस्टर ने अपने भाषण में क्या कहा इसको तो हम सुन ही नहीं सके। कुछ तो पता चलना चाहिये कि इन्होंने क्या कहा ?

14.39 hrs

FINANCE BILL 1972—Contd

SHRI DINEN BHATTACHARYYA (Serampore) : Mr Chairman, Sir, I could not hear what the hon. Finance Minister spoke here because of the very important issue raised here. If only this attitude had been taken by the Minister of Parliamentary

Affairs at the outset I think we could have saved much time of the House.

The Finance Bill, 1972, is yet another attempt to put heavy tax burdens on the people for raising resources for the perpetuation of the capitalist path of development which the ruling party has been treading for the last 25 years. Despite the tall talk of socialism and *garibi hatao*, the Government led by Shrimati Indira Gandhi has been following a policy of helping big monopolists and landlords.

The Finance Bill is a magnificent attempt at self-delusion. The taxation policies embodied in the Bill are a mandate for stagnation and not a mandate for economic growth with social justice and self-reliance

Sir, I may say that it is a robbery through high taxation and deficit financing. The Economic Times Research Bureau has calculated that "Contrary to the general impression, the changes in the indirect levies proposed in the Budget for 1972-73 are likely to push up the wholesale commodity prices anything between five to six per cent." It appeared in the Economic Times, Bombay of March 29, 1972.

Sir, out of about Rs 183.25 crores of new taxation envisaged in the Budget only about Rs. 16 or Rs. 20 crores may fall on rich strata, the rest of the burden actually will fall on the common people and this burden of indirect taxes will seriously affect and aggravate the inflationary pressures. Again I quote the figures given by the Economic Times in their review of March 29, 1972. How this is expected to affect certain commodities and how it has increased on the basis of percentage of 1971-72 ? In respect of fuel, power, light and lubricants, it has gone up by 7.9%, in respect of liquor and tobacco by 7.5%, machinery and transport by 11.1%, manufacturers by 12.9% and in respect of all commodities it has gone up 6.3%.

Sir, while the Ruling Congress sheds crocodile tears for the poor people, they actually go on increasing the tax burdens on the people through higher dose of indirect taxes which will fall on the masses of poor people. For instance, the total indirect taxes collected by the Central Government in 1963-64 was Rs. 1,079 crores, it increased to

Rs. 2,812 crores in 1971-72 and Rs. 3,106.13 crores in the Budget for 1972-73. It is shocking that precisely during the last two years when the Government has been parading the "Garibi Hatao" and "Athik Swaraj" slogans, the heavy burden on the people in the form of crushing taxes have been introduced. While indirect taxes increased by Rs. 294 crores from Rs. 2,812 crores in 1971-72 to Rs. 3,106.13 crores in 1972-73, direct taxes showed only a small increase of Rs. 88 crores from Rs. 1,034 crores in 1971-72 to Rs. 1,122 crores in 1972-73.

Sir, according to the admission of the Hon'ble Finance Minister here in this House on 2nd April, 1971, he stated that "the *per capita* tax burden increased by 9.7% between 1968-69 and 1969-70". The most funny thing is this that as a result of this excessive increase in taxes on essential commodities over a period of a year, the total realisation during 1972-73 to the Government on account of taxes on sugar, tea, cigarettes and kerosene textiles, tobacco, soap and matches alone would amount to Rs 940 crores while the total collection from the corporate taxes would amount only to Rs. 480 crores.

What is the net result of continuously increasing tax burdens on the common people? It adds untold sufferings on the people on top of the mounting poverty and unemployment, rising prices, etc.

Sir, according to the Hindustan Times (New Delhi) dated 4th January, 1972. "The price of sugar in the open market has gone up from Rs. 2.35 P a kilogram in the first week of December to nearly Rs. 3.00 per kilogram today.' Similarly, the prices of gram have gone up from Rs. 1.05 to Rs. 1.10 per kilogram....." You know that the increase in the prices of grains in India affect very badly. 38% of the people in the rural areas and 22% of the people in the urban areas who earn less than 50 Paise per day. A have 60 per cent of their total earnings are spent on grains and substitutes.

14.45 hrs.

[SHRI SEZHIAN in the Chair]

As if to add insult to injury, the Central Government is adding further pressures on the price situation by heavy dose of deficit financing which transfers value from the working people to the owners of property, the big capitalists and monopolies. The deficit financing of the Central and State

Governments is expected to increase by about Rs 242 crores during the coming year, pushing up the total for the first four years of the Plan period to Rs. 1131 crores. Instead of taking any effective steps to stop the price hike and taking and effective steps against blackmarketeer and speculators, the Congress Governments both at the Centre and in the States are protecting them.

Only in December last, I read something in the *National Herald* from which it will appear how V.I.P. treatment is given to blackmarketeers if they are by chance arrested.

Coming to the question of "self-reliance" while Shrimati Indira Gandhi makes tall claims of "self-reliance", India's dependence on foreign capitalist countries for aid continues unabated. It was a matter of shame that immediately after the American interference in our effort to help Bangladesh and the blatant anti-India tirades of Mr. Nixon against India, the Government of India gave a red-carpet reception to the arch-enemy of India, Mr. Mc Namara who was formerly the Secretary of Defence of the U.S. Government and now heading the pre-American World Bank.

Similarly, immediately after the last General Elections, the Indian Government entered into a shameless deal with the British Industrial Mission headed by Sir Norman Kipling to allow majority participation for the British private investors even in fields which were reserved for Indians till the other day. Such is the hoax of "self-reliance".

The Government of India has been fooling the people by saying that their dependence on PL 480 funds from America is being progressively reduced. Who does not know that the reduction in PL 480 aid is a result not of the Indian Government's intentions but the decision on the part of the American Government to cut such aid in view of the lower commodity surpluses in U.S.A. ? In fact, if we look into the gross foreign aid, it is increasing. The net foreign aid in declining mainly because of the mounting repayment obligations and interest payments. Moreover, though PL 480 loans are declining the non-PL 480 loans are increasing.

The total debt of India as on 31st March 1972 stood at Rs 6954 crores. It will in-

## [SHRI DINEN BHATTACHARYYA]

creased to Rs. 7328 crores on 31st March, 1973. The Government in the meantime granted 221 foreign collaborations during the last one year only. The licences are being given not only to foreign monopolists but also to indigenous monopolies, like, Tatas and Birlas. They are also being encouraged and licences being given even for medium-sector industries which were previously not given to them.

Something very revealing has come out in the report of the Direct Taxation Enquiry Committee headed by Mr. Wanchoo. The most important thing that this Committee has brought out is with regard to the evasion of taxes. In 1968-69, the total income concealed to evade taxes was around Rs. 1400 crores and the taxes to the extent of Rs. 470 crores were denied to the exchequer.

Another very important aspect has been revealed in the report of the Wanchoo Committee. The tax arrears in 1969-70 stood around Rs. 590 crores (as against a collection of income-tax of Rs 787 crores).

This does not include the arrears in the States . . .

MR. CHAIRMAN: There is another speaker in the hon. Member's Party. He may, therefore, conclude.

SHRI DINEN BHATTACHARYYA: I am just concluding.

'Gharibi Hatao' and many big propagandas are going on day in and day out regarding unemployment, but in spite of tall talks, the unemployment figure is going up. In 1969-70, employment in the organized sector increased to the extent of 2.5 per cent. In 1970-71, it increased to the extent of only 2.2 per cent. This is a clear indication of the mounting economic crisis, resulting in closure of factories, large scale displacement of workers, etc. The number of work-seekers on the live register of Employment Exchanges continued to increase from 34.5 lakhs in March 1970 to 42.2 lakhs in March 1971—a rise of 22.2 per cent. According to the Annual Report of the Labour Department, there has been an increase of 20 per cent in the number of educated unemployed last year—from 18.22 lakhs

to 22.96 lakhs. And West Bengal tops the list. Unemployment schemes have not yet been conceived as an integral part of the organisation of production in our country. A real and strict control of capital-intensive industries and rapid development of labour-intensive industries and cultivation throughout the country can be helpful in the matter. But the Government would not do it as it would hurt the big business interests.

No real land reforms will be done in spite of tall talks. Just a few days ago Government surrendered to the wheat lobby. They did not allow any reduction in the prices of the wheat. In the same way on the question of land ceiling and fixation of ceiling on urban properties, the Government will succumb to the interests of kulaks and jotedars and urban vested interests. Here I would quote two or three lines from an article written by Shri Ranjit Roy *Young India*. "One year back in the Consultative Committee of West Bengal, the Land Reform Bill was passed. After one year, Mr. Sidhartha Shankar Ray comes forward with a statement that no record is there, everything is in chaos." He was given charge by Shrimati Indira Gandhi to look after West Bengal. What happened? All topsy-turvy! Nothing has been done. They are coming now again with false promises. Not only in West Bengal, everywhere this is the same situation. Here again I am quoting from that article:

"If the British-created zamindars were a political prop of British rule, the rich farmers and jotedars (as they are called in West Bengal) who have managed to corner land have become the main prop of the Congress in the countryside after Independence."

So, real land reforms will not come. You can take it for granted.

Before I finish, I would say something about black money. Committees after committees have been set up. The Wanchoo Committee has come forward with a report. They have given certain figures regarding money. They have also mentioned the black methods adopted by big business to evade taxes. What steps have been taken by the Government? I know another committee will be set up to go into those reports and there will be no change in the situation.

Similar is the case with regard to land ceiling. What should be the standard acre? To assess that another committee has been set up. In this way committees will be set up and crores of rupees will be spent but no material change will be brought about in the country in any respect.

The Government know and Shrimati Indira Gandhi knows that the poor people and the masses will not wait for these changes eternally. That is why she managed to pass here a legislation (M. I. S. A.) to put without trial thousands of persons who way rise against their policy under arrest without trial and put them in jail year after year.

AN HON MEMBER : Where ?

SHRI JYOTIRMOY BOSU (Diamond Harbour) : In West Bengal.

SHRI DINEN BHATTACHARYYA : Not only that, every year the Police budget in all the States is going up and here also there is a police under the Central Government which we call CRP whose expenditure is going up every year. Now, a special wing has been set up called Research and Analysis Wing. What this wing does? They bring reports on the States. They report on the moods of the different sections of our people and as to how they are reacting. This wing also organise gangsters; and not only that, they organise murders and killings which are now actually taking place in West Bengal. Even after the so-called popular Ministry coming into power, murders have not stopped. These very people who give the slogan 'Indiraji Jug Jug Jio' are now asking their Anti social friends belonging to their own Party to surrender the arms. They are now fighting with one another.

Sir, this machination is being conducted under the direct leadership of Shrimati Indira Gandhi and the Finance Minister is asking money for that wing which I totally oppose.

*Garibi Hatega Nahi, Amiri Badega*

Nothing will happen. There will be no progress. Though some friends who go by the name of leftists are also searching for the progressive actions of Shrimati Indira Gandhi, I can assure them that they will be only fooled. I can also tell it here that you can fool some persons for some time but not all persons all the time. People will

rise against those who only do tall talks but no action,

With these words, I conclude recording my emphatic protest against the provisions of this Bill.

DR. V. K. R. VARADARAJA RAO (Bellary) : Mr. Chairman, Sir, I should like to begin first by expressing my surprise, may be I should not really have been surprised at the concluding portion of the speech made by the hon. leader of the Communist (Marxist) Party. I was prepared for all the diatribes indulged in regarding indirect taxation and direct taxation, because indirect taxation has increased much more than direct taxation during the last three years for reasons which are obvious for the students of Indian Economics.

When he accused the Prime Minister and spoke about Research and Analysis wing for the purpose of organising intelligence and mass murder, I was wondering whether he was being serious, whether he just wanted to make a speech, because, after all the Communist Party (Marxist) has got to make a strong speech, because there is no other way in which they can survive. The last people in world, the last political party in this country, that could talk of mass murders should have been they party to which the hon. Member belongs.

15. hrs.

I don't want to indulge in politics; normally I do not; but I really was shocked by the very easy way in which the hon. Member talked of murders, CRP, Research and Analysis Wing and somehow also brought in the name of the Prime Minister. I don't think my friend Mr. Jyotirmoy Bosu who is a very intelligent person,—not that his colleague is not intelligent by himself,—would indulge in this kind of expression of his party's views,

I would like to support the Finance Bill. Naturally I support it being a Member of the party. I say myself that even if I had not been member of Congress party I would have happily supported it. If the hon. Members opposite are really serious, I would have thought, they would either abstain or absent themselves from the House, because Finance Bill has to be passed in any case;

[SHRI V. K. R. VARADARAJA]

it is just a formality, it gives opportunity to us to draw the attention of the Government and the country at large to some of the major problems that we are confronted with in the economic field.

I will not go into details. I hope my hon. friend Mr. Salve who, I think, is going to follow me, will speak in great detail. After all, the Finance Bill is a major instrument of Government for implementing its socio-economic policies. We should not look at it from the point of view of whether there is bigger tax on kerosene or smaller tax on petrol. It is very important that while we are discussing the Finance Bill we should ask how far the Finance Bill has succeeded in implementing the social and economic policies to which we as a party in power are committed, and for which we have been returned with such overwhelming majority not only in the Centre but also in most of the States.

Without going into details, I would say that better distribution and more production are the two essential points of our socio-economic policies. It is not a re-distribution of poverty which we want. I think I am correct in making this statement. I am not a Member of the Government; but I am member of the party which runs the Government and I would say that our economic policy and socialist policy can only succeed when there is maximisation of production and equitable distribution. It is our thesis that maximisation of production is only possible through maximisation of social justice. This is an important point. We say that they are not two separate parallel paths or even converging paths. We say that maximisation of production is possible only on the basis of maximisation of social justice. I think it is from that point of view that I would like the Finance Minister, when he replies to the debate, not merely to deal with tax measures and so on, but to tell us—after all, the Finance Minister is the most important economic minister in Government—in what way the Finance Bill and the Budget itself and the policies he has in mind are going to result in maximisation of production through maximisation of social justice.

In this connection, I would like to ask him if Government are clear in their mind—I would not blame him if they are not be-

cause the subject is much too complex and complicated to form snap judgments about the role of the private sector in the Indian economy? Have the Government given attention to the failure or lack of failure of mixed economy? Have the Government thought it fit to undertake an evaluation of the working of the policy of mixed economy in the light of the newly-emphasised social and economic goals we have set before this country? I ask these questions because I am sure the Finance Minister knows as well as I do that when we examine all the details of the action Government are taking, it does appear—not that there are too many voices in Government, but it is always possible even in an individual to have many voices—that there has not yet been an integration of these various voices and the evolution of a co-ordinated policy regarding what is the role of the private sector. If we say the private sector has a role, then what are the fiscal instruments which are being used for the purpose of promoting the efficiency of the private sector? I for one would be quite prepared to agree with him if he says there is no role for the private sector. As a matter of fact, more than ten years ago, in a paper submitted to the AICC on socialism, I had expressed my personal view that there is no place for the private sector as far as the Indian economy is concerned if we really wanted socialism. This is on record, in print; it is known and available to almost everyone.

SHRI INDRAJIT GUPTA (Allpore): It was taken as an academic thesis.

DR. V. K. R. VARADARAJA RAO: Academicians can also be effective in many ways.

SHRI INDRAJIT GUPTA: I agree, but his party does not.

DR. V. K. R. VARADARAJA RAO: I think this is a question on which there is a great deal of misunderstanding in the country. It is the feeling is created that Government do not know their own mind or if Government say 'All right, we are prepared to attack everybody if he is producing, if the production is accompanied by income, if the production is accompanied by property', then without the Government knowing where they are, they will suddenly find them-

selves taken to a position where they have policies which they do not want to implement. Therefore, I am asking this question. Let us know what the role of the private sector is.

Then I want to ask another question. My hon. friend,—Shri Bhattacharyya—he has left ; I hope I did not make him leave—talked about land reforms. As if he knows or any party or any body in this country today knows what precisely should be the criteria that should govern land reforms, especially ceilings. Before I go on to that, I should like to say that land reforms do not only mean ceilings. All along, we have been talking as if land reforms only mean ceiling. But much more important than ceilings—I will not say much more important because then I may be called a reactionary, not that it matters, but still one does not like to be called names unless one deserves it—are some questions I should like to ask. What is the position of tenants ? I know that the State the hon. Finance Minister comes from has a good record of tenancy legislation. I would like to know what is the position of tenants in other States. What is the position in Bengal, what is the position of sharecroppers in Bihar, in Bengal ? What is the status of oral tenancies ? What is the status of record of rights today ? For many years, we have been insisting on having a proper record of rights, with regard to ownership, tenancy and so on. I know it is not there. Without that, how can we have land reforms ? What is the position regarding tenants ? What is the position regarding land records, oral tenancies, banami transactions in land holdings ? Also in the midst of this, what is the position of agricultural labour ? Where do they figure in these land reforms ? Some people say they are going to get a lot of land by ceiling and redistribution. Others say, "No, no ; you cannot give it. They do not know anything, about agriculture ; We must give it to uneconomic holdings, those who have one to two acres." So, nobody knows who are the better farmers ; agricultural labourers or other farmers. There is a good deal of controversy. I would like to know what the thinking of the Government is in land reforms in respect of agricultural labourers.

Then, coming to the basic problem of the ceiling itself. Why do we want a ceiling ? The other day, this simple question was

asked of me, and I was stunned for a moment, because we are taking it for granted that there should be ceiling. Somebody asked, why. As far as I am concerned, I am clear in my answer. Some friends who belonged to the party of Shri Jagannathrao Joshi, have tried to say that ceilings will have to be connected with income; Rs. 1,500 a month should be the income that one should get from land. I want to be very clear, because as a social scientist and an economist. I want to make it clear that ceilings are not connected uniquely with income. Land does not belong to any private individual. I am quoting Shri Vinoba Bhave. He is not a Communist; perhaps he may be greater than a Communist. That is a different matter. But land is a natural resource. Land is also a status symbol. Land is also something which is the only means of giving some livelihood for the masses of people who are living in the rural countryside. What is the point of mixing up agricultural ceiling or land ceiling with income ceiling ?

I must congratulate the leader of the Jan Sangh party on the astuteness he has shown; very clever. If it is Rs. 1,500 a month, automatically, the ceiling will be 30 to 40 acres, and then he also says, "Look here. In the urban areas, people get Rs. 1,500 or more. The Ministers get Rs. 2,250 a month and even Members of Parliament are getting quite a lot of money. Therefore, I feel it is not a helpful suggestion at all. It is a suggestion which is not intended to help the problem of land reforms. I think all this has arisen because the Government themselves are not quite clear in their mind. I think it is very important to tell the country categorically that land belongs to the nation. It is very important to tell the country categorically that all water below the land belongs to the nation. This controversy of irrigated land, tube-wells, this and that is unnecessary. I am not saying that you should not give compensation. I do not dwell on it. I do not want to be a bull in a China shop; I am not prepared to say you must give compensation or no compensation, because it is not my business to do that. I do not have that responsibility. But I do want to say that we must make the position crystal clear to the country at large. Otherwise, what do we see ? Miserable figures came out of the Chief Ministers' Conference. I was not present there nor could I really find out, but I heard people telling me that as a

[DR. V. K. R. VARADARAJA RAO]

result of the entire big conference that they had, the figure of one million acre or so came out as the land that would be available for redistribution. How is it going to solve the land problem?

If we want to solve the land problem, we must have 40 million or 50 million acres of land. Even that is not going to fully solve the problem, because the problem is so big. Of course, it is going to give a lot of trouble and difficulty; it is going to obstruct production for the time being. But if we want to have a major dent on land reforms, we will have to do a lot of things, a lot of follow-up action. For example, we failed to take follow-up action on devaluation, and so, if we do not take a lot of follow-up action on land reforms we will be worse off, and there will be no land reforms.

I do not want to give an answer. But I do want to suggest to the hon Finance Minister that it is not only the business of the Chief Ministers, and with all due respect, it is not only the business of the members of the Central Government or the VIPs of the Congress organisation; it is a matter in which we all, Members of Parliament, are equally concerned. This Parliament has taken a very great interest in land reforms. I would like to suggest that before any decisions are taken, before the Chief Ministers give their decision, or commit themselves to a particular position, before the AIIC commits itself to a particular position, during the current session of Parliament I request the hon. Finance Minister to request his leader, the head of the Government, to see that at least one full day is allotted in this House, so that we will know, and everyone will come out with his views, all parties, without any inhibition. Let us all know what we mean by land reform, why do we want ceilings, what are the problems that will emerge from land reforms and how do you propose to tackle them. I want to refer to the urban ceilings—a pledge which we have given. We are good in giving pledges? We have got into that habit; that habit was already there before 1967. After all it was taken for granted that it was a way of talking. My friend the Minister of Parliamentary Affairs says that when we get angry we say something but we do not mean it; afterwards we give each other coffee or tea or coca-cola. But the position has now changed. Before 1967 we could make promises and not

bother too much if we do not keep them. Now we have come into power because we have told the country that we shall implement what we promised. The Prime Minister has gone on record more than once, and most recently too, saying that we shall not allow anything to come in the way of implementing the pledges we have made.

Having made this pledge about ceiling, what does it mean? Is it a ceiling on house or property or does it include the land on which the house is built? It is an important question. A big house in Connaught Place or Barakamba road may be valued at Rs. 2 lakhs or 1.5 lakhs but the value of the site or the land may be Rs. 50 lakhs. What exactly have you got in mind? To whom does this land value belong? Again I want to suggest as a student of socialist doctrine and as a person who believes in socialism that there can be no private property in urban land values. Urban land values have to be nationalised. Whether you pay compensation or not, it is a different matter. But they have to be nationalised if you want to have effective ceiling on urban property. I want to pose this challenge to the Government, that in spite of all the expertise that they have at their command, all the lawyers at their command and also the lawyers at the command of others who are not with them, that unless you nationalise urban land values, not only unoccupied urban land but also urban land on which houses are built today, unless they are nationalised, I do not think that they are going to find it possible to implement any kind of suggestion on ceiling on urban property.

I am not saying anything about monopoly houses. There are my friends who talk about nationalisation of the twenty monopoly houses. Obviously, I am not against nationalisation. But I should like to ask this question: what are we doing to see that nationalisation works? Otherwise, nationalisation has become another phrase, another slogan. Taking of my friends on this side, my friends who are in the Opposition and who believe in socialist doctrines.....

PROF. MADHU DANDAVATE: (Rajapur) Both sides have mixed.

DR. V. K. R. VARADARAJA RAO: I believe very soon we shall welcome him

into our party. I know the ground is ready and it will not be too long or too far off when we shall also have him. Our party has very wide arms and we welcome everybody who subscribes to our creed and we do not enquire too closely in the inner working of other's minds. Mr. Dandavate has quite an hon. place if he wants to join our party.

**PROF. MADHU DANDAVATE :** I do not believe in betrayal.

**DR. V. K. R. VARADARAJA RAO :** If the hon. Member has me in mind, I have never betrayed. I joined the political party only three days before I stood for elections. Before that I was friendly not only with the congress party with his party and his leaders and so many other leaders. I did not belong to any party. Unlike so many of his friends who crossed and recrossed, consistently I have been a democratic socialist, not a communist. It is on record ; he knows it.

Now coming to the question of a nationalisation, a big case is being built for nationalisation in our country. The point is : what are we doing to see that nationalisation works. Let us take the nationalisation of banking. I thought the hon. Finance Minister would give us a white paper on the subject, when he gave his Economic Survey, showing what has been the effect of nationalisation of banking. Has the big industry got more loans, or has the medium or the small industry got more loans ? Have the big farmers got more loans or did the small farmers get more loan ? A few cases such as a rehriwala or a rickshawala or somebody like that may be there for the purpose of political propaganda. But when we are discussing an issue seriously in this House, namely, the latest and the biggest nationalisation, it is important for us to know how it has worked. What about State undertakings ? What are we doing to see that they are much more efficient than private undertakings, that the sense of participation and sense of identity is much greater in public undertakings than in private undertakings ? If I may indulge in distant prognosis—not astrology—I think we have started on a particular road and there is no escape ; we are going to proceed on the road. I think there is no escape from having more and more of socialisation, ~~private~~ and more of nationalisation, more and more of public sector. But whether we do it efficiently or

inefficiently, whether we do it in such a way that it sustains and supports socialism or in such a way that it does not, is the big question facing the government. I should like to know from the Finance Minister what he has to say to the House on what is being done. First, let us have an analysis of the working of the existing public sector undertakings, of the newly nationalised undertakings and the undertakings that are still to be nationalised. It is no good having party meetings where we get up and say "Bureaucrats must be thrown in jail or murdered." Anybody who becomes a Government servant is a bureaucrat. It is not a class ; it is a functional description. Nobody can do without bureaucrats. Even this Parliament cannot work without bureaucrats. None of us can function without bureaucrats. Therefore, mere sentiment will not take us very far. The Finance Minister should tell us how much they are seized of this question, what is the thinking they are doing on this subject for making nationalisation work, instead of merely talking of nationalisation.

Coming to the question of Centre—State relations, certain fears have been expressed. I do not say fears always legitimate, but when fears are held sincerely, whether they are legitimate or not, they have to be taken into account. My friend from the CPM quoted figures of indirect taxation, etc. If I wanted, I could give the Finance Minister—I think he has himself got it—a statement from 1947 up to date about the increasing manner in which State Governments are becoming the pensioners of the Central Government. It takes a particular political view. I want to affirm it with all the strength of my conviction, of my knowledge of Indian history, that this country can survive as a united nation only and only as a federal polity. It can never be a Unitary State. We are too large, and we have much too diverse a heritage of culture, which we appreciate mutually. Therefore, if you look at it from the point of view of just of financial relations over the last 25 years, how much expenditure incurred by the State Governments is done from State revenues and how much comes from the Centre acting as an agent. Centre acting as moneylender, Centre acting as a donor, you will find that the loans have become so large. We talk of net loans and gross loans in our dealings with foreign countries,



[DR. V. K. R. VARADARAJA RAO]

but I know a number of States where the interest they have to pay to the Central Government exceeds what they get as a allocation from Central Government. This again is a question which has to be considered because sentiments are involved. The new States you have brought into existence are not like the old British Indian Provinces. They have a life of their own. They are not to statues. They have got their own feelings and ambitions, which we knows. The Minister know himself too Therefore, it is very important that the Central Government should conduct a thorough review of this particular question of Centre-State relations, not in terms of the Constitution, Rajamannar Committee, etc., but in terms of what has been happening over the last 25 years and to what extent you are promoting creativity and self-reliance on the part of the State Government. I have been myself in the Central Government and I always used to object to this. There is a feeling that we should come to Delhi and by the very fact you have come to Delhi, you know much more than what you would know if you are in Bangalore or Madras or Lucknow or Chandigarh. I think it is very important to encourage and promote self-reliance on the part of the States, make them much more responsible for development, make them much more responsible for their mistakes, make them much more responsible for the good things they do. Therefore, this again is a subject which needs the careful attention of the Government.

I have traversed very wide field. I am most grateful to you, Sir, and the House for Having heard me. I joined the Congress Party after 1964 when the Bhubaneswar resolution made the establishment of a democratic socialist society the creed of the Congress. I joined the Congress when it was in trouble. I stood for election when it was in trouble and I won the election when it was trouble. Now the Congress Party is in very good condition.

SHRI YESHWANTRAO CHAVAN :  
Don't leave it now.

SHRI V. K. R. VARADARAJA RAO: Oh! No ; I will not leave it. I would like to assure the Finance Minister that though I am not orthodox in many ways, I may orthodox in terms of political marriage. I am express dissatisfaction in the domestic house, but I

do no believe in leaving the party. If the hon. Minister wants to drive me out, that is a different matter ; I have no choice. As far as I am concerned, I do not believe in leaving the party. After 40 years I joined a political party. I do not have another 40 years ; may be another ten years.

SHRI YESHWANTRAO CHAVAN :  
I talked only in a humorus vein.

DR. V. K. R. VARADARAJA RAO :  
As a member of the Congress Party, while supporting the Finance Bill, I do not hope that there will be some hard and serious thinking done in government on the various problems confronting them We do not need gimmicks any more ; we do not need to pamper the sentiments and susceptibilities of important classes of people any more. We are powerful by the popular mandate received during the elections. So, I think it is necessary we should implement the polices. I must tell the Finance Minister that though I support the Finance Bill, it is not going to do all that we expect the government to do in the field to take the country forward in its march towards socialism.

SHRI INDRAJIT GUPTA (Alipore) :  
MR. Chairman, this debate on the Finance Bill has come at a time when the Fifth Five Year Plan is on the anvil in the process of being shaped. Just as my hon. friend, Dr. Rao, has correctly said, the Finance Bill should essentially be the instrument for advancing along the path towards the goals which we have set for ourselves. So, we would like to know whether the Fifth Plan, which is in the process of being drafted, will or will not really put before the country a new look in planning, a new look which will be comprehensive and integrated, and will not shirk whatever bold institutional and structural changes may be necessary. If the Fifth Plan falls on these grounds, then I am afraid the future of the country is indeed dark.

We want to achieve the minimum targets of the war on poverty which everybody is so anxious to carry out. I am not talking in terms of socialism and all those things like my hon. friend, Dr. Rao. I am much more practical because I have never had the good fortune to be professor. Of course, I respect him very much and I

agree with most of what he was saying, hundred per cent. But I set very limited objectives because I see whom I am taking to; they have to carry out these things. The provision of essential commodities to consumers at cheap or reasonable prices—by essential commodities I mean cloth, sugar, foodgrains, edible oils, kerosene oil and medicines; I do not go beyond this...

AN HON. MEMBER : Paper and textbooks.

SHRI INDIRAJIT GUPTA : You can add to the list. There was a furore in this House in the question hour today, and quite rightly, over the question of sugar, which cut across the party lines. The way the sugar price goes on rising is a big scandal. So, I say, the Fifth plan will stand or fall by its capacity to implement these targets. That is one thing I have mentioned. The second is the creation of employment opportunities on massive scale and the third which follows from that is the generation of greater purchasing power in the hands of the common people.

Now, the effect of the Budget which the Finance Minister presented to us, roughly, two months ago, is already visible, I think, in higher prices. If he has got the latest figures available. I hope, he will give them to us at the time of his reply. But already the economic journals have been pointing out that the prices have been pushed up by the Budget and that, even by the end of March or beginning of April, the price index was as much as 5.8 per cent higher than what it was, at the same time, last year, when the index was spiralling up as compared to 1.70. This is nothing surprising. That is our experience after every Budget.

What I am concerned with is about these monopolies which my hon friend, Dr. Rao, did not discuss very much and he said that, in general, he agreed that monopolies should have no place. Are we going to consider at least the question of breaking the hold of monopolies in these essential commodities which make up the common man's Budget? I am trying to project a new idea for your planners. We have done nationalisation here and there. Not a single consumer goods industry has been touched up till now. One thousands and one types

of controls may be imposed by order, price control, this control or that control,—notifications galore. But no control can work when the commodity which you need to control is in the possession of somebody else. Therefore, I suggest, that the takeover by the State of the wholesale trade in foodgrains and its distribution through a State machinery so as to ensure reasonable prices and some measure of holding the price-line has got to be the next target.

I am not for the moment going into that controversy as to whether anything taken over in the public sector works efficiently or inefficiently. I do not have the luxury of time which Dr. Rao had. I have much less time at my disposal. I have to finish within the allotted time. Without that, I say, there is no possibility of holding the price-line on essential commodities, like, food and clothing. Can anybody explain why, after so many years, coming to the oldest, premier and major industry of this country, the textile industry, every day, in season and out of season, we have to discuss here the phenomenon of closed textile units? This was never there in the earlier periods. About 60 to 70 or even 80 textile units are lying closed throughout the country. Something is wrong.

You cannot get in the market even the coarse cloth at the price which has been ordered to be stamped on it, and is stamped on it. Even the coarse cloth cannot reach the common man at that stamped price. Even that cloth with the stamped price on it is being sold in the market at a price higher than the stamped price. How can you control anything? You have to take over the industry. There is no way out. If you want the poor man to get food, sugar, cloth, edible oil, kerosene and essential drugs, the industries connected with the production of all these have got to be taken over. Are these going to be any of your targets during the Fifth Plan at least or not? I do not know. Please tell us.

Now, in the name of what Dr. Rao referred to as maximising the production and in the name of self-reliance, I am sorry to see that the Government of India is only feeding the monopolists with new licences, for new units or for expansion of existing units. The argument is that the production must be maximised and, therefore, whoever

## [SHRI INDRAJIT GUPTA]

can maximise the production should be helped to do so.

We are told about a new theory which has recently been talked about and that is, just an absolute increase in GNP is no good and that it should be GNP combined with social justice, etc. etc. But what is actually happening is that, unless you are serious about breaking up the concentration of economic wealth in a few hands, simply by encouraging these monopolies to increase their production, we are not going to get anywhere. They are very wise and very self-confident about the Government's attitude, as it still exists, in spite of all the talk which is going on. There is a rising wave of public opinion in this country; nobody can deny it; it is being expressed every day in different forms. It was expressed only yesterday in the Capital city itself—it has come in the papers today by eminent people belonging to all political fronts and walks of life that the monopolies must be curbed, the monopolies must be taken over. That is true. But the monopolies themselves are saying that, in the name of maximising production and in the name of promoting self-reliance, they are still in a position to get more and more licences out of the Government. Despite what the MRTP Act might say, in spite of what the MRTP Commission might do, in spite of what the Licences Inquiry Commission has recommended, the old way of giving licences to the monopolies is going on. If Mr. Chavan dismisses this once again as he has often done in the past by saying that the speaker is only clouded by his old ideology, I have nothing to say, but I would like to see what other ideology comes in its place. I want to give him two examples of what their attitude towards monopolies is encouraging them to do; one example I shall give of foreign monopoly and one example of domestic monopoly. They were raised in this House only recently. I am not saying anything new.

One is this company, Union Carbide, a foreign firm manufacturing at present 9.3 million Eveready torches per year. This Union Carbide has been allowed to expand beyond its capacity of six million torches; that also, as far as I have been able to ascertain, is not a licensed capacity but what is known as registered capacity. When the company was originally started, its registered capacity was six million torches,

Subsequently, after 1970, it was incumbent on this company to come and secure a licence if they wanted to expand their capacity further. My information is that no such licence has been procured. But the production has been raised to 9 million torches without any licence. Not only is this a violation of the Industrial (Development & Regulations) Act, but when a question was asked in the House the other day, how this has been permitted, the reply given by the Minister of Industrial Development was as follows :

“The increase of production effected is within the spirit of a decision that had been circulated by Government to the effect on 13-12-1960 that with a view to securing increase in production, manufacturing units might be permitted to increase their production beyond their licensed capacity provided they could do so without import of additional machinery and out of their foreign exchange allocation.”

So many untruths are contained in this statement. Really I am horrified. First of all, there is no licensed capacity; there is only a registered capacity. Secondly, this spirit of the decision of 13-12-60 is explicitly stated—I looked up—as applying only to Indian companies. Foreign companies are not permitted to do this. Yet, this is quoted, put forward, here as an explanation on the floor of the House. After the Licensing Committee had given its report, it had become incumbent on this company to come and apply for proper licence to have the production regularised. But it has not done so. The capacity has gone up to 9 million. You will say, ‘What is wrong? We are getting more torches’. But it is a foreign company, a huge company, which is remitting so much of foreign exchange out of the country, and it is also putting the domestic, indigenous manufacturers of the same commodity into serious difficulties—they cannot compete with giants of this size.

Another example that I shall give you is of the domestic monopoly—nearer home, our old friend, Mr. Birla's concern, Hind Aluminium Company—HINDALCO. I had made an allegation in this House a few days ago that this company which was licensed to instal only two machines of a particular kind which are known as,

"Properzi" rods' aluminium rods had in fact installed a third machine for which it has no licence, and the production of that third machine is never shown in its returns to the DGTD. It has concealed it and that production on the third machine is sold outside in the black market to unauthorised customers and, Sir, the reply I got was — it is in the record—that 'We have no knowledge of this, but we will look into it.' This is the kind of thing which is going on. Therefore, production is being maximised whether by illegal means or unauthorised means or by selling in the black market—that is a different matter. But this kind of maximising production is not going to take us where we want to go in this country.

Not only that, Mr Chavan is also losing excise revenue.

He should know that if processed aluminium rods are sold illegally and unauthorisedly, he is losing quite a big chunk of excise revenue. At least he should be interested in finding out that.

Then, Sir, on the question of ceilings, I do not have much time or inclination to go into a detailed discussion. All I would like to say is that the recent are quite stormy, the events of the last few days have revealed—I hope nobody will take any offence—events that this Central Land Reforms Committee is just another name for the 'Kulak' lobby, for the lobby of rich farmers. What is it that is achieved in the last 2-3 weeks? While this terrific controversy is going on inside the ruling Party is has absolved the Minister and the Minister of State of the Agriculture Ministry of charges of misinterpreting the recommendations that is had made previously regarding ceilings. It has absolved them of that. That is one big achievement. The second achievement is whether the ceiling should or should not apply to the privately irrigated land. On that thorny question, this Central Land reforms Committee has preferred to remain silent and said that is should be decided at the next meeting of the National Development Council where all the Chief Ministers meet. Well, it has absolved itself of that responsibility.

As far as we can make out, the election manifesto of the Congress Party was quite clear and unequivocal on this point, that all

perennially irrigated land, all land capable of growing two crops should be covered by the suggested 10-18 acre ceiling and these words which were smuggled in, 'that land under assured irrigation from the Government sources only,' this was done by somebody's connivance, somebody at high-up places connived at it. It shows and this is a matter of alarm to us, the great strength and capacity for mischief of the 'Kulak' lobby. I say matters will not end here. The battle for ceiling will go on, of course, but, it is a portent. What is happening is a portent of something which will come again in future. That is when K N Raj Committee ultimately produces its report and another battle begins on the question of how to draw the affluent rural incomes into his net, Mr Chavan's net. There will be another very big upheaval inside the country, inside your Party and so many places. Of course, as Dr Rao said, we welcome it. We welcome it because these things must be thrashed out, cleared up sometime or the other. Even your Party cannot go on carrying inside all its all-embracing fold all these people who are either for or against the basic democratic reforms which are required.

Lastly, because I have not time and I have to leave time for my colleague also, the last point I wish to point out is something which is proposed in your manifesto and which certainly the planners and the Planning Commission talk about quite a lot that is, the administrative reforms. I am only referring to the role of this, what Dr. Rao called, "much-maligned" bureaucracy. Of course, bureaucracy is not a class. I agree with it. Nevertheless, in our present set-up, I want to pin point attention on the role of the bureaucracy in—that does not mean all the bureaucrats naturally—the role of the bureaucracy in sabotaging production—that is what the Finance Minister is interested in, in maximising production—in sabotaging production and inflicting losses amounting to crores on the community. Are you or are you not going to do something about it in those cases where the guilt of such bureaucrats is palpably evident? Nothing is done. Take one current example, The papers bring it out everyday. Will somebody bother to trace it? What is going on this crisis which has gripped many parts of the country, Maharashtra, Gujarat, Eastern Region, West Bengal, Bihar, that is the close-down of production units? Why?

## [SHRI INDRAJIT GUPTA]

should this lead to loss of production, loss of employment? The factories say, they have no electricity; the power plants say there is no power to generate electricity, they say, they are not getting coal, they have to close down part of their generating sets. Why is there no coal? Because, there are no wagons. Why are there no wagons? The Railway people say, no, no, there are plenty of wagons, but the wagons are not moving fast enough; there are certain people, consumers, customers, etc. who are not clearing the wagons; they are lying in the siding. So, they go round and round in this merry go-round trip like this and nobody is caught, nothing is found out, and the country loses crores of rupees every day. I see at the back of all this there is a big conspiracy between certain bureaucrats of the Railway establishment and certain unscrupulous businessmen and merchants. This slow-down of turn-round of wagons is a man made problem. This is being done so that big compensation can be claimed from the Railways and that claim money is split between the interested parties. Coal is piling up at the pit-head on the one hand; there is no coal to feed the electricity producing units on the other. Why should this happen? What are you going to do about this? It is a serious problem.

There is one more example which would like to give. Here is our Public Undertaking Committee which has just produced a report. It is not even printed. It is only in a cyclostyled form. I hope some Members who are interested will bother to read it. This is about the oil and Natural Gas Commission. What a revelation of a scandalous thing it has brought out! It is proved in the Public Undertakings committee's report that the Rustam crude, for which we secured the right, to get 6 millions or 7 millions of rustam crude, for refining in our public sector refineries because we could not depend upon foreign refineries who were going on pushing up prices, was not lifted, there were people interested in seeing that Rustam crude was not lifted, was not brought here, was not used in our public sector refineries. 2 years were wasted in this. 62 percent of the rustam crude to which we are entitled has not been lifted and brought to this country at all. The Barauni refinery has got one million tons refining capacity lying idle and for 4 years we have had to import

Rs. 120 crores worth of petroleum products from abroad which could have been made in our own country. What was being done? There was one Chairman of the IOC, thank God, he is no longer there, belonging to that heavenly tribe of ICS, Mr. N. N. Kashyap, who said that before we can bring the Rustam crude, it must be properly analysed in the Institute at Dehra Dun whether its lube content is proper or not, whether it would be suitable and all that. Two years were spent on that and the report was given that it is perfectly all right, it can be used, but Barauni refinery will require a little re-designing of some of its machinery but nothing of that sort was done, nor Rustam crude is brought and used. What are you going to do about it? If we attack such bureaucrats we are told that it is unfair, you should not attack them who are not in the House to defend themselves, that they will be demoralised etc. etc. You must find out what is the link-up and what is the collusion with them due to which they are making money. You cannot implement any plan unless this system is changed. In any democratic set-up, parliamentary committees and people's representatives are associated in these matters. I hope when Mr. Chavan replies to the Debate, he will at least tell us something about the future plan, whether there is going to be any new line, any break through, because, on that depends whether the country will stand or fall.

SHRI N.K.P. SALVE (Betul) : Mr. Chairman, not long ago in this House when we were discussing the budget proposals, we considered various monetary and fiscal problems which face our country. We tried to consider several measures to invigorate and intensify our struggle and our attack on poverty and inequality. In this debate, speaking for myself, I have not the slightest intention of venturing into the dizzy heights of macro-economics which my esteemed colleague, Dr. Rao, has touched; I will merely confine my observations to fiscal legislation connected with direct taxation, with special reference to the enactment under contemplation in the Finance Bill, 1972.

I also consider this the opportune time when hon. members can make their comments on the Wanchoo Commission Report because this is the most important document presently before the Finance Ministry for its implementation, and it deals with an extremely important and delicate matter,

namely tax evasion and tax avoidance, a malaise; a scourge which seems to have proliferated extensively into every walk of Indian society. While hon. members will do well to make their comments. I only hope they would not confine themselves to doing what Shri Bhattacharyya did by merely narrating some figures and to criticise the Government the Members would do well to make some constructive suggestions and give some guidance to the Finance Minister as to how best he could implement some of the recommendations so that we may effectively be able to incorporate those recommendations in the statute book and be able to arrest to some degree tax evasion and tax avoidance.

The Finance Bill, 1972, has made a significant departure for which the Finance Minister has come in for a very scathing indictment, namely, that the rate structure of the direct taxes has kept untouched and untinkered except for a minor change by which the surcharge is increased from 2.5 to 5 per cent. Also there are some structural changes in the law of direct taxes contemplated in the Finance Bill—I should like to deal with some of the important changes a little later. But now I should like to deal with this scathing criticism which has been flung on the Finance Minister for his having left direct taxes untouched and untinkered. If I may analyse it, the gravamen of the charge against him levelled by the leftist parties was that while he raised massive amounts by way of indirect taxes, he has almost pandered to the wishes and dictates of the money bags by not raising the direct taxes. Particularly, Shri Indrajit Gupta was extremely vocal at the time of his budget speech, and asked: Why did you not raise the rates of tax on the corporate sector? I submit this criticism is extremely uncharitable and completely disregards the disquieting harsh realities of the Indian economy which existed in the period just preceding the budget. At the outset, I wish to make it absolutely clear that I am in entire agreement with Shri Indrajit Gupta when he says that there is still scope for enhancement of tax rates so far as the corporate sector is concerned. At the same time it has also to be stated that no one possessed of his rational faculties and who understands tax laws would ever suggest that direct taxation of the non-corporate sector has any scope for enhancement, a sector where the highest

marginal rate of taxation, is 97.75 per cent. Therefore, the charge ultimately is reduced to this that the rate of taxation of the corporate sector has not been increased. Yes, there is scope, notwithstanding the perennial lament by the vested interests that the corporate sector is overburdened with direct taxes and that it has adversely affected industrial growth. I do not for a moment believe that. I do concede that there is scope for enhancement of taxes on Corporate sector. The only question I would like to ask is whether in view of the disquieting position in the growth of industrial production, in the prebudget months, whether this was the right time for Shri Chavan to increase the rate of taxes on the corporate sector. I think he has done very well in desisting from the same. He has given what I call an extremely inexpensive fiscal stimulus and incentive to boost industrial production, and I must congratulate him that this inexpensive boost, fiscal stimulus and this inexpensive incentive have paid dividends to him. In the preceding two months, there has been a marked improvement in the industrial production of the country. I have called it an inexpensive stimulate because such fiscal stimulus and incentives are sometimes given by giving out massive concessions as they have been given recently in the United Kingdom. The Chancellor of the Exchequer there has announced the slashing of taxes to an extent of £1,200 million sterling. He had to frankly concede that the people are complaining that the taxes are too heavy to leave any incentive for hard work. Be that as it may, in the United Kingdom, they do not have the twin objectives to achieve which we have. We have twin objectives to serve: that it is not enough that we think only of growth. It is certainly not enough. Along with, growth, we have to take care of social justice. So, the inexpensive stimulus is that Shri Chavan did not give any concession in tax, but he did not raise any rate, and that has really paid dividends to him.

If one were to see the structural changes there are a few important structural changes contemplated in the Direct Tax Law. The first one is inclusion for taxation of casual gains, windfalls, and subjecting them to a charge of income-tax. Hereafter, if you were to win a lottery, crossword puzzle, race or card games, and win in gambling, you will have to pay a tax. Well, this is a major change he has done, which not merely plug

[Shri N. K. P. Salve]

a loophole, but it repairs a large crack in the direct tax law. However, I am unable to understand the differential concessional terms which the Finance Minister has given for the taxation of lotteries. So far as the other windfalls are concerned, the casual gains other than lotteries, such as crosswords puzzles, races or card games, etc., the exemption limit is fixed at Rs. 1,000.

But so far as winnings from lotteries are concerned, they will be taxed at an immensely concessional rate; that is to say, if one were to win up to Rs. 5,000, there is no taxation at all. If the total income is less than Rs. 10,000 winnings are not to be taxed and then when total income exceeds Rs. 10,000, the entire winnings are not to be taxed the first Rs. 5,000 are to be deducted outright. Out of the balance, only 50 per cent is to be taxed. This is a discrimination which is wholly unwarranted. I know there might have been some unconscious pressures from the States, because the States are the biggest lottery-runners these days. But it would be sacrificing a very sound principle of legislation if the lottery winnings are taxed concessionally. After all, races, gambling, lotteries, etc., belong to the same genus, species, and their taxation must be uniform.

The second change sought to be made is the taxation of capital gains on the sale of jewellery. It is a change which was long overdue. However, in this also, the Finance Minister has shown a concession which I am unable to understand. If you sell the old jewellery, and make capital gains and then out of such capital gains if you purchase new jewellery, the value of purchase of new jewellery is exempt from being taxed. I am unable to understand the rationale of this exemption when we are not wanting to encourage any type of vulgar display of opulence and when we oppose ostentatious ways of living. I cannot understand why the purchase of new jewellery should be encouraged in this manner.

Today, we read in the newspapers that the Prime Minister has observed somewhere that people have an undue bias in favour of purchasing gold, which is not at all desirable. Therefore, I do hope that the Finance Minister will withdraw this concession of exemption on purchase of new jewellery.

16 hrs

The next change seeks to introduce a

new section, 295 (MM) in the Income-tax Act, 1961. When this section becomes law, it will empower the Central Board of Direct Taxes to make rules prescribing certain conditions under which the Appellate Assistant Commissioners of Income-tax may admit fresh evidence in appeal, not produced before the ITO. This sort of legislation is highly ill-conceived and improper. In the Consultative Committee to which I do not want to refer very extensively. The Finance Minister had himself rejected such suggestion. The role of the appellate assistant commissioner of income-tax in the income-tax hierarchy is much different from the role of an appellate court under the civil procedure code. He has not merely the power of an ITO but much more. The legislature has given him many more powers. It is in fact an administrative review which is done in the appeal the assessment is completed. This is how the Supreme Court has described the power of the Assistant appellate commissioner of income-tax: "his powers are wider than those of the appellate court under the code of civil procedure. His competence is not restricted to dealing with the subject matter of appeal; he may examine all matters covered by the assessment order and correct the assessment in respect of such matters even to the prejudice of the assessee and may remit the case to the income-tax officer for enquiring into items which were not even the subject matter of appeal; if a receipt has been assessed under one head, the Appellate Assistant Commissioner may hold it to be assessable under another." That is what the Supreme Court says. He is so powerful and rightly so because at this stage for the first time a proper review of the assessment is made in appeal. Where is the need for these people in the Board sitting in the cosy chambers of the Secretariat to make rules to guide this authority as to when fresh evidence be allowed to be taken. Why do they not trust his wisdom and sense of justice that this man exercising appellate jurisdiction vested with so much power will exercise his authority judicially, justly and fairly and will admit fresh evidence only in consonance with the principles of natural justice. Fresh evidence is not admissible as a matter of right at the appellate stage but fresh evidence is always allowed to be introduced in appeal under special circumstances. In terms of section 119 the Central Boards of Taxes is precluded specifically by the legislature from interfering in

the appellate jurisdiction of the Appellate Assistant Commissioner of income tax. But the Board is now going to make a rule under the new section. If and when such rule is made and, if it is not to be *ultra vires*, it will have to be within the postulates of section 119. I do not know what sort of rule Board will make keeping in view the restriction imposed by legislation in section 119. Therefore, I fervently implore the Finance Minister not to press this type of provision, but to trust the Appellate Commissioners of income-tax. Besides, why do they not send them departmental instructions? Nothing prevents them from sending departmental instructions enumerating the circumstances in which they are going to admit fresh evidence in the first appeal.

What is worse, it is not the rich and affluent who can afford expensive income-tax advice who will be every worried about producing evidence. If at all the rich suffer, they do not suffer because they have produced adequate evidence; they only suffer because they have produced some evidence in which something increminatory is found out. It is the poorman who does not understand what to produce before the ITO who suffers. Only to day in the party's standing committee meeting we were discussing how complicated the law is; not one out of 520 Members of Parliament, I dare say, including myself, would be able to fill his return correctly. Law is so complicated and things are so difficult for a poorman. If a person who is assessed at Rs. 10,000 or 12,000 has a grievance on some matter and he has some evidence to produce which he could not produce before the ITO, why should he be precluded? Therefore I request Mr. Chavan not to press with this provision.

I immensely welcome the introduction of a permanent account number. It is now contemplated that every assessee will be given an account number and this will provide an efficient method of cross checking various transactions. I am sure this would be an effective deterrent to tax evasion. I only hope that bureaucrats do not, with their bias for red tape, bring in impediments and obstacles because this measure means streamlining the administration. You are proceeding towards sophisticated methods. Even if it costs a little extra, I am sure the Finance Minister will make finance readily available for this.

I shall now make some observations on the Wanchoo Commission Report. This Commission was appointed mainly to suggest ways and means to check the scourge of tax evasion and avoidance. The terms of this commission were: (1) recommending effective measures to unearth money and prevent its proliferation and to suggest ways of checking avoidance of tax and to produce arrears; (2) to examine various exemptions allowed by the tax laws with a view to their modifications, curtailment or withdrawal and (3) indicated the manner in which tax assessments and administration should be improved to give effect to the recommendations. In a sense the terms of reference were not wide. The report has been with us for quite sometime and I have very carefully gone through the entire report. Before I make my comments, I have to apologise for having used somewhat intemperate language when I was speaking on the report in my budget speech. My friends and the Members of the Commission, felt offended at what I said, unwritingly I have no hesitation in expressing regrets for using language that I did in my last speech on the budget to describe the report. But I do maintain, having studied the report extensively, very carefully and objectively, not with a view to picking holes, but to finding out practical ways and means if we could really put an end to this curse of tax evasions and black money which seems to be degrading, debasing and corroding the very moral, and legal norms of the entire society, enabling people to pay bribes, and indulge in other vicious corrupt practices degrading and debasing the whole structure of Indian society. I have tried to work hard and go through the report very extensively not once or twice but as many times as I could. Now I find that there are certain very serious drawbacks of a general nature in this report and I must mention them to start with. The first drawback is that the implementation of some of the important recommendations will necessitate, if not reversal, at least a major review of certain fiscal and monetary policies of the Congress Party. It can, therefore, be taken for granted that such recommendations which require a major review of policy will be kept in cold storage for eternity. Terms reference strictly do not justify recommendation requiring reversal of major fiscal policies.

The second drawback is the recommendations are spread over fairly wide range of



[ Shri N. K. P. Slave ]

direct taxation beyond the problems of evasion or avoidance of tax. And, on tax administration, the recommendations are very far reaching. The recommendations have got so mixed up that a further scrutiny, seminars and other process will be required to sort out the recommendations which have an immediate nexus with the malaise of tax evasion and avoidance, which can be implemented, as against other recommendations which are not directly related to the problems of tax evasion.

The third drawback is that the various recommendations are more expressions in favour of one opinion against another, without there being sufficient and authentic data, figures facts and statistics to support each opinion. One would have expected that the report was more factual than argumentative. The report is a synthesis of the reports of the various commissions on taxation, the reports of the Public Account Committee, the report of the Administrative Reforms Commissions and well-known opinions voiced by the representatives of trade and commerce on the one side and by the representatives of the department on the other. The weight of the report would have been entirely different if the report, instead of condensing the opinions of these various commissions Committees and persons, was very factual and realistic, relying on information from the assessment and other relevant records of Income tax proceedings for evaluation of the problems and for suggesting remedies.

Finally, the recommendations can neither be accepted in their entirety nor be rejected in their entirety, with the result that the Ministry has been given a very long rope to do whatever it wishes to do with this report. This is a luxury we can hardly afford at a cost of Rs. 11 lakhs, which is the expenditure on this Commission.

However, I do concede that some of the suggestions made by the Commission are indeed very bold. I will just consider a few important suggestions and make my observations regarding the important recommendations made by the Wanchoo Committee. Their main recommendation is that high rates of taxation are one of the main causes of the widely prevalent malaise of tax evasion and avoidance in our country. That appears to be the very basis on which they have proceeded in this report. That is why

they have suggested a revised schedule of taxation, in which the highest marginal rate is recommended at 74.75 per cent, as against the present rate of 97.75 per cent.

About high rates of taxation I will quote only a few lines, because I know time is extremely limited. They themselves feel very strongly and this is what they say :

“Among the causes which have contributed to the spread of tax evasion and build up of black money in our country, we had listed the prevalence of high tax rates as an important factor.”

Further, they observe :

“At the end of our enquiry, we were left with little doubt in our minds that such high rates of taxation are tolerable or are tolerated mainly because of the widespread evasion and avoidance that take place.”

This is the philosophy on which they proceed.

“To many, they provide adequate justification for resisting the attempts of the State to Snatch away almost the entire fruits of their labour.”

In their final observation they are demolishing the basic theory which we have been cherishing all these years :

“One reason often given for adopting high tax rates in our country is that they would narrow down inequalities of income and wealth.”

They are completely in disagreement with our philosophy on this point and this is what they say :

“In theory, this might be a valid proposition. but in practice, high rates of taxation are apt to make the rich richer and the poor poorer, thereby widening the gap between the two classes.”

Thus they have virtually gone to the extent of saying that the high rates of taxations are responsible for increasing the disparities that we see in our society. They say :

“Today a person in the income bracket of over Rs. 2 lakhs, who

earns an extra Rs. 1,000 and declares it honestly in his return of income, is worse off under our tax system than an unscrupulous person who evades tax on only Rs. 30. In such a situation, honesty becomes the first casualty and not many would find it easy to resist the temptation."

Whether to check such temptation we should liberalise the law or we should so tighten the law that a person pays a very heavy price for falling a prey to such temptation is a matter of opinion. Whether for purposes of accelerating to economic growth lesser tax rates are required or not, is a matter on which I have nothing to say at the moment. I am not discussing that. But, in my opinion, it is the single largest self-deception the Commission seems to have practised on itself if it sincerely believed that by Government revising the rates of income taxation, as suggested by the Commission, there would be even the slightest qualitative or quantitative improvement in the attitude of those tax-payers who are dishonest today and can successfully evade taxation without being imprisoned or penalised. And the dishonest tax-payers of tomorrow are no different from their tribes of dishonest tax-payers today. There are honest tax-payers who pay their full taxes even if they are bled white by the high rates of taxation. There are dishonest tax-payers who will evade payment of full taxation even if they can easily afford it. The class of tax-payers who become dishonest merely because the present rates of taxes are higher than those recommended by the Wanchoo Commission, in my opinion, just does not exist, and I shall prove it.

I will prove it by drawing attention of the House to the rates which were prevalent in the fifties. Yesterday I was glancing through the Finance Act, 1956 and I found that in the Fifties when the purchasing power of the rupee was very much more than what it is today, in the fifties the rate of taxation for income between Rs. 40,000 and Rs. 1,50,000 was very less than what is suggested in the schedule by the Commission, and above Rs. 1,50,000 the rates was  $9\frac{1}{2}$  annas super-tax, 4 annas income-tax, near about the rates which the Commission itself is suggesting. The Commission has not given any data, it has not made any factual study of

what was the position of tax evasion in the fifties with tax rates as rational as suggested by them. As a person who has been very humbly connected with tax administration and has been arguing tax cases in courts I am in a position to say that in sixties the tax evasion was much less than what it was in the fifties. In the fifties we had several neo-rich, several multi-millionaires and billionaires who resorted to tax evasion and then subsequently availed of the various disclosure schemes and came to settlement under section 271 (4) (A). As compared to that, in the sixties there were fewer crore-paths, and lesser now.

If the revised rates are accepted, according to Commissions calculation Shri Chavan will have to forego Rs. 45 crores. Yet, not one assessee will come to the path of rectitude. Will it be signs of wisdom on our part to then pay such a price? Where is the proof to say that the rates of taxation have ever mattered with people who take to path of dishonesty? There is proof to the contrary. So, the reduction of rates to curb evasion and avoidance is the single biggest self-deception that is being suggested. However unrelated to evasion, if to rationalise taxation you wish to reduce the rates, I have nothing to say.

I only hope, Sir, whatever else would be accepted this would not be accepted in the name of preventing tax evasion. They have stated that through various avenues, the black money has proliferated and they have demarcated three avenues in which it is actually proliferated, surreptitious and clandestine business which includes purchase and sale of licences and payment of secret commission, secondly smuggling of gold and luxury goods and thirdly they have stated in the political field black money has proliferated. That is, however, a matter which the Finance Minister will look into. I am confining myself to more basic matters which they have referred.

So far as taxation on individuals is concerned, they have suggested a schedule. Now my very serious grievance is this They are suggesting in the schedule 23% reduction to a man who gets Rs. 2 lakhs and above and a person who really deserves relief and immediate relief because of ever increasing spiral of price rise has been given no relief

[*Shri N. K. P. Salve*]

whatsoever in the suggested rates. A person who has the misfortune of earning Rs. 10,000 according to the revised schedule, gets no relief. A man who earns Rs. 15,000/- gets a relief of 6% and a person who earns Rs. 20,000/- gets a magnanimous relief of 1.25% and one who earns above Rs 20,000/- gets a bounteous relief of 2% and one who earns Rs. 2 lakhs and above gets 23%. I cannot understand and how are they building a pyramid with upside down. In fact, I would plead with the Finance Minister to consider the lot of the people who are earning Rs. 1,000/- or Rs. 1,500/- a month, who have to bring up their children, there is not enough for them to clothe them, to feed them educate them and if they evade tax, I think, they have very justification to do so. There should be no tax upto Rs. 10,000/- and upto Rs. 25,000/- there should be revision of rates. If Finance Minister wants the rate above Rs 25,000/- to be reduced, it is for him to judge whether it is profitable or unprofitable but relief to peoples earning upto 25,000 in a year is due at once.

MR. CHAIRMAN : Please finish now.

SHRI N.K.P. SALVE ; I will just finish, Sir. Give me two more minutes.

Regarding ceiling on business expenditure Commission has stated that the Guest House expenses and the entertainment expenses should be allowed because according to them in these disallowances as now contemplate in our tax laws, it is only the honest assessee who is grieved and suffers and the well advised and some what crafty assessee manages to escape the rigours completely.

Sir, I would have agreed with the Commissions recommendaion on this point much more, if they had only come out, with some more data on the point because it is to my knowledge that with a slight readjustment and rearrangement of affairs and with a skillful narration in the vouchers these entertainment expenses, become sales promotion expenses, advertisements expenses, messing expenses, boarding expenses, employees lunch expenses, Director's travelling and liaison expenses and the Tribunal has been holding in centper cent cases that these expenses are

allowable. Therefore, if one were to see the entertainment expenses claimed in large companies after ceiling was imposed by the Parliament on its allowablity the claims have declined very much under this head though not the real expenses. Therefore, it is the honest who are really put to difficulty. I wish the Commission had examined hundred cases and brought on record the decline in claims under this head. After all how much is the gain to the revenue as a result of the ceiling. Let the dishonest be penalised on this matter for a very small gain in the revenue.

The recommendations about the penalties are extremely important. The Commission has recommended that the levies of penalties for the concealment of income-tax should be related to the income tax and wealth-tax respectively sought to be evaded and not on the basis of income and wealth sought to be concealed. In other words, if Rs. 30,000/- income is sought not to be concealed, the penalty should be related to the tax of Rs 6,000/- and not be related to the concealed income of Rs. 30,000/- Presently on the Rs. 6,000/- being the tax sought to be evaded on concealed income of Rs. 30,000/- the minimum penalty is Rs. 30000/-, maximum Rs. 60,000. Likewise for wealth-tax assessee, the wealth tax sought to be evaded may not even be Rs. 1,000/- but the minimum penalty is Rs. 30,000 and maximum Rs. 60,000/. Thus, jointly for income-tax and wealth-tax the penalty can be Rs. 60,000/- minimum and Rs. 1,20,000/- maximum. Therefore, the Commission has suggested that these penalties are hopelessly out of proportion and they have dealt with them and they have suggested that these penalties are so heavy that when you levy the penalty, no one is interested in paying the penalty. I have very good one more important reason to give to the Finance Minister- why the recommendations should be accepted, and he can verify this.

Therefore, in hundred out of hundred case wherethe penalties are so heavy as in the cases I have taken *i.e.* ; on Rs. 6000 tax, evasions penalty of Rs. 45,000 to 60,000 is levied that is, one and a half times to two times income sought to be concealed. The matter goes before the tribunal and ~~imposes~~ the courts to take a strict view because

of the hardness of the penalty. When you levy a heavy penalty out of all proportion, the appellate courts are going to call upon the Revenue Department to discharge the burden of proof strictly giving no quarters for any doubt. And in hundred out of hundred cases, the Department fails with the result that heavy penalties embellish only our statute book. In reality, they do not work.

I hope, Shri Chavan will examine and call for the records of tribunals where heavy penalties were levied and find out what has happened. If the penalty is Rs. 5000 or Rs. 10,000, on a tax liability of Rs. 6000 that a different thing. But if it a heavy penalty, then the appellate courts will want a foolproof case for sustaining such harsh punishment.

Lastly, about raids and searches, the Commission has mentioned that more searches and said be made to unearth the black money. Fantastic figures of evasion and the avoidance of tax and black money are given by the Commission. According to their calculation—of course, they have apologised and said that the method of their calculation is at best a guess-cum-estimate.—in 1961-62, the income which has escaped assessment is Rs. 811 crores; in 1965-66—Rs 1216 crores and in 1968-69 — Rs. 1400 crores and the tax evaded in 1968-69 is Rs. 480 crores. The black money transaction is to the tune of Rs. 7000 crores. If these figures are anywhere near reality, then, I submit, this parallel economy, black money economy bits fair to become the paramount economy one day and therefore this scourge of colovred money must be eradicated lock stock and barrel in tune even by eradicating the entire private sector if necessary. I will go to that extent even. But I just do not accept these figures, as anywhere wear reality.

What they have said here is that the method of raids and searches is an extremely important expedient in department's hands to unearth hidden black wealth. In seven years time, 1961 to 1968 the Income-Tax Department have had 1447 raids out of which, department says, 1418 raids were successful and out of several thousands of crores of rupees income evaded in these 7 years an amount, according to department, of Rs. 699 lakhs, that is, roughly, Rs. 7

crores has been seized, The anatomy of "raids and searches" is not at all understood, it appears by this Commission They have not analysed how much amount out of this is refunded. How much penalty levied. How many sent to jail on the basis of raids and searches. There are very many cases where the Department has given refunds of seized money, saying, "It is disclosed and shown" and the money is refunded. They have not analysed it. What is successful as against unsuccessful in raids is not discussed. While we want the Department to act strictly where necessary and the method of raids and searches may be increasingly used, where worthwhile it should not be used to humiliate and insult people as they have done recently in Bombay. The department carried out huge raids and, I am told, that in most of the places raided by them and searches carried out at the place of Film artistes, nothing incriminating was found. If this is correct. I am sure, the Department will some day have to answer this House for this type of raids, insulting the innocent Film artistes. Let it be known clearly as our policy that raids and searches are not to be used as media to terrorise or insult people. And if an assessment claims of Bombay Commissioner are not found to be correct, he will have to answer us.

**SHRI VIRENDRA AGARWAL (Moradabad)** · Mr Chairman, Sir, while replying to the Union Budget debate, the Finance Minister had defined the objective of the Government's economic policy as the improvement of the quality of man. What sort of a man our economic policies have produced during the last 25 years? Has the quality of man improved or deteriorated materially and spiritually?

It is not correct to say that the economic policies have made the common man corrupt, dishonest and inefficient? We all know that, materially, more than 225 million people in the country, the half of India's population still live below the subsistence level. Begary is growing every day. Of course, it would be unfair not to concede that an insignificant percentage of population has certainly improved their living standard. But the soaring prices and punitive tax structure have robbed him of whatever little he has acquired. If he still looks better off, it is because he has acquired proficiency in corrupt practices.

[Shri Virendra Agarwal]

Sir, the primary and the basic function of the Government is to produce clean administration and, so long as we are not able to produce a clean administration, we can never improve the quality of man in this country. Democratic functioning should always lay the greatest possible emphasis on to enrich human personality. But human individual has been forgotten in the present scheme of things. The dignity of the human individual is a central principle of democracy. But, unfortunately, the spirit of individual liberty seems to be on the decline. What we need today is to gain our objectives without encroaching on individual liberties.

Sir, poverty has been given an ultimatum by all political groups and parties in this country. The most crucial question to day is—may be, a 64 million dollar question—how long will it take to *hatao garibi*. This is the question which is being asked. Different estimates have been made. The Planning Minister has suggested that poverty would be banished by the end of the Sixth Plan, while the other estimates are that it will still take a longer time. But I feel that we may not be able to provide a national minimum, what to say of 12 years, even in a period of 150 years. At the moment one gets the impression that the present Government is not interested in learning from the past but is in a mood to cover its failures of its economic policies by evolving new theories. One has recently been borrowed from one Pakistani economist. We all know what this theory was and what harm it has done to the development of this and other countries. *Garibi* who has been the real patient is not to be blamed because he is confused and is rapidly losing his faith in the whole process of Parliamentary democracy. We are all talking of one or other diagnosis, what sort of policies can help in banishing poverty. Many of us suggest extreme radicalism; another set of people suggest extreme liberalism. According to me, it is neither radicalism nor liberalism which can banish poverty in this country. I, here, think of late Pandit Jawahar Lal Nehru who had talked a great deal about the application of science and technology to banish poverty. But, unfortunately, in our country today the scientists are required to commit suicides. My head hangs in shame. I do not think whatever Pandit Nehru had suggested to this country will ever be worked

out. It is only the application of science and technology which can ultimately help in banishing poverty, and neither radicalism nor liberalism of any order can ever succeed in eradicating poverty. People who are living below subsistence level must be ooked after first. This is very elementary for all of us to understand. The fruits of development must be percolated to the poorest. It is no longer necessary for the Government or Government leaders just to pay lip sympathy to the poor, but what is required is to deliver the goods to the poorest sections of the community.

Sir, the population is growing at a faster rate. Today our population has reached 547 million to which we add 13 million every year. We are having 50,000 babies every day, practically a baby every other second. The World Bank, in one of its reports, has said that India will have 1402 million people by 2075 A D and a possible maximum of 2 799 million in 2155. Another estimate of population rise is that we will have round about 100 crore people by 1975, 200 crore people by 2017, may be 400 crore people by 2038. You can well imagine the extent of poverty which we are required to face in the country. Poverty would remain monumental if it is not tackled in a big way. It is easy for the Finance Minister to feel happy that his budget has succeeded in shouldering the strains of the last year, but that is not enough. We have got a big task and big responsibility while there is a growing population. Our economic policies must be attuned in such a way that we could really eradicate poverty in the shortest possible time. Both the public and private sectors as they are working to-day, provide additional employment only to about 300,000 people every year and if all the schemes that the Government has sponsored during the last three years are worked out well and implemented well, they will not be able to provide more than 200,000 jobs. In this way, we would be able to provide jobs only to 500,000 people a year and at this rate you can very well imagine that the rate of unemployment will grow from the present 14 million to about 40 million by the end of 1980. This is the extent of the problem and this is the extent of poverty we are facing in this country and that we have to formulate our policies in a big way if we are really keen to tackle the problem.

We all know that rapid industrialisation holds the key to the economic prosperity,

While we talk of industrialisation, it is natural that we have to evolve a Strategy in which a large percentage of our population are shifted from agriculture to industry. A large number of economists have made a study and they have come to the conclusion that if you really want to have prosperity, then we should not have more than 50% of the people to depend upon agriculture. That means that a large percentage of our people must be shifted to industries if you really want to build an affluent society in this country and for that it has been worked out that we must have a very high growth rate, that is not less than 10% a year if we really want that our people should have a national minimum, say, by 1980 and that necessarily implies that because agriculture has got its own limitations, the industrial growth rate will have to increase at the rate of 25% a year. This faster growth rate can only generate more employment and provide surplus which can be distributed in favour of the poor. If we do not have a fast growth rate, then I can tell you that we will continue having slogans in this country for all time to come and the poor will continue to remain poorer. If we really want industries to grow, we have to launch bold and imaginative plans to step up our industrial production, say in the case of steel, to not less than 100 million tonnes and in the case of oil-200 million tonnes and similarly, in the case of electricity 200 million Kilowatts by 1980. That is the only solution by which we can meet the challenges which face us to-day.

The Common man in the country has tremendous faith in the Prime Minister. The common man is looking towards the Government for evolving a policy which will banish poverty. But what do we see? We see that the quality of man is deteriorating rather than improving. The policies which I have mentioned, if followed, can certainly usher in a new era of economic prosperity but surprisingly they are being ignored altogether.

During the last one year, we all know about the industrial growth rate. It was hardly 2% a year. In 1969-70 the prime Minister had presented the Union Budget which was acclaimed as growth-oriented because she had granted a large number of fiscal incentives which accelerated the industrial growth rate in the country. We had a 7%

industrial growth rate in 1969-70 but in the last two years it seems to me that the present fiscal policy has sabotaged everything that the Prime Minister had done in 1969-70. How the withdrawal of fiscal incentives have sabotaged the growth rate? They are the withdrawal of the development rebate, then the concession to priority industries has been withdrawn and concession in surcharge has been increased from 2½% to 5%, and the personal income tax raised from 92% to 98% leaving practically no incentive and the wealth-tax concessions on new industries granted for five years have also been withdrawn. These are all the incentives which have been recently withdrawn and the Government expects our industrial growth rate to go up; I think the Government is just having dreams. Industrial growth rate cannot increase with this fiscal policy and the corporate tax which was hardly 40% in 1960-61 has now gone up to 58%—an increase of 45%. A study conducted of 141 countries reveals that more than 131 countries have a ceiling on company tax rate at 50%. If Government is not interested in terms of giving tax concessions to the corporate institutions then I can assure the Government that our industrial rate will go down further and further. We will only make poverty to spread further in this country and nothing else. We are merely shouting slogans. That is all. The common man will refuse to believe in such slogans in future. This is the situation just now.

What have the British Government done? They have granted fiscal concessions to the industries of the order of 1,211 million pounds, that is round about Rs. 2308 crores which is practically half of our total budget. The result is, the British industries will be able to write off hundred per cent initial capital of plant and machinery in the first year of operation and still they have been described too latter and too late. Such fiscal concessions have been granted in West Germany Japan and United States. In our country we remain where we were because these are not given in our country.

I have heard so much about Wanchoo Committee's report. Mr. Salve, is just interested to flourish at the bar, with the growing black money.

Does he know that ours is the highest taxed country in the whole world? The Wanchoo Committee report may or may not

[Shri Virendra Agarwal]

be accepted by the Government. One of their major recommendation is that personal income-tax rate must be reduced to 75 per cent. That is, there should be a ceiling at 75%. I hope we are going to have detailed discussion on Wanchoo committee's report here as well as at the Consultative Committee. I need not therefore elaborate on this point, here.

I now come to agriculture. Agriculture is the only bright spot on the economic horizon of the country. The country will produce 130 to 140 millions of tonnes of foodgrains in 4 years time from the current year's production of 112 million tonnes. The farmer has worked very hard. The prosperity that comes from hard work should go to the farmer. Government has been feeling jealous of their economic prosperity. First they thought about agricultural income-tax. Then there was the Chief Ministers, Conference to shelve it and then it started with procurement prices. They could not succeed. Now they talk about land ceilings. It may create a situation that the Green Revolution of which we are talking so much may turn into a red revolution. This is the request and the warning that I would wish to place before the Government. What ever you may do with land ceiling or procurement prices, in no case should agricultural productivity in this country be allowed to be lowered or reduced in any way. If agricultural productivity is to be reduced, in that case, we may even be in need of importing wheat as we had been doing for the last 25 years.

That day will not come, Sir, if we continue to support the farmer in every possible manner. Let his position be stabilised for 3 or 4 years. When the position gets stabilised, the farmer may be in a position to pay a little for economic development. No policy of the Government, no statistics, of any kinds or politics should be allowed to stand in the interest of the farmer.

There is a lot of talk and controversy going on in the matter of land ceiling and there is a lot of uncertainty prevailing in the country today. One does not know what will happen. There is a lurking fear in the mind of the farming community that the Government are moving towards collectivisation. This sort of fear must be removed, if we really want the farmer to raise his

production. We have not yet provided any incentive what so ever to the farmer for his agricultural productivity while we have put all possible burdens on the farmer to raise his productivity. This is what will not work.

The Budget which was presented and the Finance Bill which we are discussing today have placed additional burdens on the kisans by taxing fertilisers, power-driven pumps, lubricants and a tax on tractor prices. All these taxes on modern agricultural inputs have helped to raise the cost of production. If you continue to place heavy burdens on the farmer and if you also expect him to pay more in the form of taxes or in the form of less wheat prices, I am sure he will have no incentive left to raise his production.

What are the objectives of the Budget? We have heard a great deal and have been talking a great deal about economic policies. There are four main objectives of this policy: growth, stability, social justice and self-reliance. Unfortunately, the growth rate has been so poor during the last 21 years that it has all been neutralised by the population growth rate, and we still do not exactly know what is happening to our economy.

Coming to stability of prices, the Prime Minister is determined to hold the price line. She has made it absolutely clear that prices in this country must be stabilised. But from whatever little I see, I do not think this Government will ever be able to hold the price line. It would be better for Government to make it absolutely clear to the nation that prices cannot be stabilised. What the Government can immediately do is to hold the price line in respect of essential items of consumption, if it is serious and sincere in respect of its policies. If monkeying with policies continues, nothing good will ever come out of it and prices will continue to rise.

I have no time to deal with social justice. But I want to say a word about unemployment. I would plead with Government to undertake a large rural works programme with a provision of Rs. 15,00 crores during the next two years and have a network of rural works so that our rural people gain useful employment. In this way, we can build up our rural areas.

There is a lot to say about self-reliance, but as I do not have the time, I will just say this. We as a nation do not have a short-cut solution or a magic wand that we might banish poverty overnight. The most crucial question today is to what extent we are helpful in raising the rate of savings? This is the crux of the entire economic problem. If the rate of savings continue to be solved down as it has been during the last three years—it has gone down from 11.1 to 8.3 per cent—you can very well imagine that you are not going to have a growth-oriented situation. What we need today is at least a growth of 18-20 per cent in the rate of saving so as to be able to have a self-generating economy.

The Prime Minister is determined to take all resolute steps which are sure to have their impact on the eradication of poverty within a period of three years. She has also made it clear the other day—and I think these are the words of wisdom which Congressmen should appreciate—that we are a democratic society and not a dictatorial one. Where is the organisational structural and the administrative set-up to implement the radical programme?—the Prime Minister asked the Congress Party. This is what we should all ask ourselves? Exactly where do we stand in terms of our commitment to the nation? At the moment, there is an atmosphere of indecision, inaction and, above all, stupidity in the whole country and it is a challenge to the present leadership to act and lead the people to economic prosperity.

Sir destructive negativism must be discarded, if we want the trade unions to observe industrial discipline, farmers to pay taxes, industrialists to accept Government partnership. Fiscal incentives are now the need of the hour to meet the new demands for maximisation of growth rate which is the surest strategy to banish poverty, to stabilise the prices and to ensure social justice, and above all, to improve the quality of man.

SHRI S. N. MISRA (Kannauj): Mr. Chairman, Sir, I consider it my proud privilege to support the Finance Bill in the hope that a few practical suggestions of mine will be kindly considered by the Finance Minister and that he shall not permit himself to be guided by bureaucratic advisers only. As most of the points have already

been considered, I shall only confine myself to some valuable suggestions.

India has its own peculiar socio-economic factors which are not considered by the Ministry, and if they are considered, I am sure a much lower rate of taxation and a much lower share of exemption would be allowed.

Nobody will doubt that as opposed to other countries our family consists of five or 6 members, and the head of the family is the only earning member of the family in India. Whereas in other advanced countries, after a person attains majority, he is in a position to earn and he is no more dependent on the single earning member of the family as in our country. Secondly, earning opportunities in India are very limited. In this country, the average of employment can be considered as from 16 to 65 years including the judges of high courts and of the Supreme Court; a major portion, about 30 to 35 years are spent in education and then in search of employment. Therefore, only a small span of life is left when a person is in a position to earn. When he is earning, he has to make provision for saving for use in old age. Unfortunately, in this country, no provision has been made for old age, such as old age pensions. Other types of facilities have not also been provided for old age, with the result that it becomes inevitable for everybody to make a provision for the future also.

I am conscious of the fact that even for highly paid Government officers, when they retire, in some cases, the interim pension is not fixed. They are in difficulty, and if they do not have any other person who is in a position to earn, they are in immense difficulty, as has been mentioned. These are the reasons why a person is bent upon making a provision for the future and he is not having a clear picture before him of his old age, and therefore, the provision is to be made.

Now, nobody would be able to dispute, in these days, that India is the highest-taxed country after the legislation in 1961. (Laughter) There is no question of laughing. These are facts. A few figures given by the Federation of Indian Chambers of Commerce in its publication known as the *Direct Taxes—an international comparison*,



[Shri S. N. Misra]

show that on a meagre income of Rs. 20,000, an individual is taxed in Australia at Rs. 2,500; in the United Kingdom, Rs. 3,250; and in India, Rs. 4,200. The higher level of income-tax rates in India are almost double that of the rates at many stages; and at the final stage, as has been mentioned, there is a taxation of 97.75 per cent.

It is, therefore, inevitable that the rates of duty lead to an honest or dishonest avoidance of taxation. It is therefore, desirable to take stock of the entire situation, unbiassed by the slogan as has been given by my learned friend ever here. We have to consider the realities of every situation, and when we talk of realities, we must consider the realities that we face; and therefore, it is necessary that the limit of exemption in the tax-structure should be made higher up. In 1939, you will remember, the exemption limit was Rs. 2,000. Since then prices have gone up by ten times therefore inevitably the minimum exemption should have been Rs. 20,000. I submit that in any case the limit of exemption should be placed at Rs. 15,000. We can take advantage of the experience of other countries. In England they have raised the exemption limit (*Interruptions*). They have thus allowed four lakhs of people to be exempted and taken off the register of assesseses. If we raise this limit to Rs. 15,000, it would leave a fair income to everybody. The needs of the people cannot be covered with Rs. 3,000. By the method, we shall be taking away about three lakhs of people off the register. It would allow the income-tax officers to be careful about the big tax payers. They will find it easier to see those who are evading taxes and not indulging in petty cases of catching small fish while allowing the sharks to go; it is they who know how to avoid. It is these persons who are able to corrupt the officers. There is need for the income-tax officers confining their energies for the evaluation of people who pay more than Rs. 15,000 as tax.

Secondly, I want to suggest that the income-tax rates should be such as to give inducement and encouragement to people to earn. In our country the rate of taxation is so high. The necessity for saving for tomorrow is very much there. It is these conditions that have brought into existence the black money. The tax dodgers with the help of black money had created a bigger

market; they corrupt officials. Black money is increasing as the figures indicate. Therefore I suggest that the tax rate should be a sort of a curvature. This suggestion has not been made or considered by anybody. Tax rate should be in curvature. In the spectrum, in the curvature should come people with one lakh of rupees. At the curve, with people who have two lakhs of income, there should be a reduction so that there will be a lesser rate of tax on Rs. 2 lakhs; the maximum rate at Rs. 2 lakhs will be lower than the rate of tax on one lakh. You can do it in the curvature form, so that it will give impetus to the people to get into the taxation structure and disclose their real income; in order to have lower rates they may disclose the higher rate of income.

Nobody is prepared to part with black money. Whatever methods you may adopt, people who have black money will not part with it. There should be a basic change in the policy. Since you have not succeeded with tax dodgers and persons with black money, you have to adopt another policy and tell those people: we give you three years time to deposit all your black money in the nationalised banks and you will not be questioned where from you got this money. If for three years you allow people to invest their money in industrial development. Without enquiring their source, people would come forward and invest in industries and deposit in the banks. You will be able to get some revenue in respect of the money that has been deposited. Now, according to the report, it is Rs. 7 crores.

SHRI JYOTIRMOY BOSU: They would not do it.

SHRI S. N. MISRA: You wanted to take away the major part of the black money. They are not fools, therefore, to come forward with their money. If you do not ask from which source they have got it, then you will be able to get that money for investment. This has been done successfully in various other countries of the world. I am conscious that the practical aspect of things is usually ignored in Parliament. It is given a burial because we are used to talking more than acting practically. Slogans have been raised but that will not help us. The difficulty is, you have a very big, fat budget. But what you have actually

done is, for the purpose of employment, you had budgeted Rs. 75 crores. But actually only Rs. 3 crores and odd have been utilised. The same is the case with education road-building, etc. You bring in mobilisation of money but you do not utilise it correctly.

In the public sector, we have invested thousands of crores. But what is the type of people you send there? The hard-earned money of the tax-payers is being pumped into these undertakings, but nobody takes any interest to see that they function correctly and properly. There is excess of expenditure, waste of money, etc., but nobody cares for it. It is, therefore, necessary that before we have the mobilisation of resources, we should see that it is properly utilised. If by mobilising the money you can get the fruits of investment, it is good. But it is no good continuing to have losses in the public sector. I am not against public sector; I am in favour of it. But I must say that it is necessary that there must be a correct and proper assessment of the public sector and to give them the people who know how to run them. I. C. S. or I. A. S. or retired people are not the proper persons who can head these public undertakings. There must be interests created in respect of the public undertakings. I am of opinion that 50 per cent of the directors in every public undertaking must be from the public. All of them must not be Government servants. I can cite the example of the Shipping Corporation and other undertakings where directors from the public have been taken and they have been working very well, making profits. So, my suggestion is, before the mobilisation of funds is made, it must be ensured that the money that has been budgeted and taken out for particular purposes must be properly utilised. If they are not properly utilised, it is no good taking money out of the pockets of the poor people and taxing them and making them bleed out with the money.

With these words, I support the Finance Bill.

**SHRI P. K. DEO (Kalabandi):** Mr. Chairman, if we have an impartial look at the Finance Bill, there is not a single item of relief. On the contrary, levies have been imposed to the tune of Rs. 183 crores, in addition to an annual levy of nearly Rs. 500

crores which have been put in the two mini-budgets of October and December, 1971

17 hrs.

When you put the value of the Finance Bill to the acid test, certain pertinent questions arise. Firstly, has the government utilized this momentous opportunity it has got today with absolute political stability and tremendous upsurge in national morale after the victory? Secondly, is this Bill going to achieve the short-term objective of the Planning Commission? Thirdly, will it achieve the long-term goal, i.e. growth with social justice? The answer to all these questions is a big "No".

In such an unprecedented year of happy glory, when the nation's eye has been naturally lifted to new horizons and to new goals of prosperity, the Finance Minister has missed the bus and belied all expectations. He has chosen to tread the same old unimaginative path, following the same old policies without any moderation.

As pointed out by the previous speakers, the burden of income-tax and the wealth-tax combined together is the highest in the World. It amounts to virtual confiscation and yet it has been continued without any abatement in this Finance Bill. In spite of these rigorous measures, it is still possible to be wealthy in this country, not by ability, industry or enterprise but by joining a new class of maharajas, who are the tax evaders, the black marketeers and professional politicians who feather their nests by official patronage under the licence, permit quota raj.

17:02 hrs.

[MR. SPEAKER *in the chair.*]

In spite of the pious wish, in spite of the promises made and the recommendations of the Administrative Reforms Commission, since 1968 that we should go for the Lokpal and Lokayukt Bill to give into the various administrative improprieties grievances and complaints, no action has been taken in this regard. The Lokayukt and Lokpal Bill has been kept in cold storage.

The Finance Minister has refused to learn that direct taxes achieve little to bring up the standard of the poor. He should take a leaf from the latest budget of the

[Shri P. K. Deo]

British Government, which constitutes an interesting exercise in the act of generating growth through tax cuts. This scheme was recommended by the Trade Union Congress, which is the apex body of the entire working class in Britain. It recommended a cut of £ 1,500/- million, which is equivalent to Rs. 2,885 crores, and the Chancellor of Exchequer effected a cut in the tax structure of £ 1,200/- million which is equivalent to Rs. 2,308 crores, which is more than half of our entire revenue. With these tax cuts U. K. expects to double its rate of economic growth and reduce substantially the number of unemployed. Our unemployment figure stands at the staggering figure of 14 million. According to the most conservative estimate it is expected to go up to 37 million or 40 million by 1980. Social justice demands at least a job for every unemployed person. Yet, it is a moonshine in this country.

Much has been said about the Wanchoo Committee report. I fully endorse the various recommendations. It says that vigorous steps should be taken to prevent tax evasion. At the same time, the Wanchoo Committee recommended that the maximum marginal rate of income-tax should be brought down to 75 per cent with a reduction in the lower slabs. But nothing has been done to give effect to it. As pointed out by Mr. S. N. Mishra, I fully endorse that the exemption limit should be raised to Rs 15,000 at least. All the recommendations of the Wanchoo Committee have been put in the waste paper basket. Even though the problem of unemployment and economic stagnation is more acute and dangerous for a poor country like India than U. K., we have chosen to go in the contrary direction.

As pointed out by my hon. friend, the rate of saving has gone down from 11 to 8 per cent. When I say India is poor, India is not potentially poor. India has abundant natural resources, man-power, ample skill and enterprise to create national wealth. It is all available. Rather, I say, India has been made poor by persistent pursuit of wrong fiscal policies.

It has been calculated that if the income of everyone above an annual income of Rs. 25,000 is distributed equally in the entire country, the *per capita* income will increase by 40 paise. I have not calculated how

much benefit will accrue by the distribution of privy purses. The social justice should not be confused with mere equality. Social justice demands adequate differentials. I emphasize on differentials of ability and hard work. No economic growth is possible without these differentials. Simply chanting the *mantra* of socialism and *garibi hatao* which has been much denuded of its true content, by constant rubbing, and which has appeared in different brands according to one's own interpretation has had disastrous effect in countries, like, Burma or in Sukarno's Indonesia.

Our country's development can be brought about by increase in its G. N. P., availability of work, distribution of its income and quality of life. The Part I of the Budget Speech of the Finance Minister is a marvellous document. But the Part II is a contradiction of the Part I and the negation of the basic objectives which have been mentioned in the Part I of his Budget Speech.

Against the background of deficit financing of Rs. 242 crores, while casting his net of indirect taxation on all conceivable items used by the poor the Finance Minister inside his velvet gloves of *garibi hatao* has exposed proverbial *Bagnakh* of Shivaji to strangle the poor with its claws. It is corroborated by an unprecedented rise in prices even though Mr. Suabramaniam has been chanting on the *mantra* of "stability in prices".

So far as the industrial fibre is concerned, it has gone up by 11.8 per cent; raw cotton—22.3 per cent; electrical machinery—8.1 per cent; non-electrical machinery—9 per cent; fuel and lubricant—5.3 per cent; textiles—12.9 per cent; aluminium utensils—5.7 per cent. So far as the food articles are concerned, in the case of sugar, it has gone up by 21.5 per cent as against a fall of 8.7 per cent last year. Sugar is being sold at Rs. 5.75 per Kilo. There is some political hanky-panky about it. The artificial deficit of sugar has been created by the political collusion of the party in power with sugar magnates. The prices of fish, meat and eggs have also gone up by 10.4 per cent. The price index of all commodities has reached its peak at 192 in 1971 as against the base 100 in 1960. Sir, the fresh impost of indirect taxation will be the last straw on the camel's back. I most respectfully

submit that the Finance Minister may reconsider these proposals.

Nothing has been said about agricultural labourers. Regarding monopolies, we are against all monopolies, whether it is monopoly of a private house or it is Government monopoly. I would be failing in my duty if I do not express my concern regarding overdrafts of States. When the question of overdrafts to States comes, the State Centre relationship always comes in the picture. In this regard I congratulate the Tamil Nadu Government for having published the scholarly and well-documented Rajamannar Committee's Report highlighting the constant encroachment of the Centre on State matters and suggesting certain remedies, establishment of Inter-State Council as envisaged in the Constitution and giving more powers to States. I am surprised to read the latest statement of Prime Minister that she is against giving more powers to the States as she believes that only the affluent States would be benefited by that. I can cite several instances of political persecution meted out to non-Congress States, whether in the location of steel plant or new railway line or giving industrial licence or setting up of public sector undertaking. Even though the expert committee has given the report that the cheapest steel could be produced in the State of Orissa, the country has been denied of cheap steel because of the partisan attitude of the Government.

Coming to the talk of affluent States, a study of the last 20 years reveals that there is no relevance between the precept and the practice of the Prime Minister. She has been talking of affluent States. So for as Orissa State is concerned, because of this type of Centralised planning, in the sixties Orissa's *per capita* income stood at Rs. 278.80 as against the national *per capita* income of Rs. 481.50, a discrepancy of more than Rs. 200, compared to the difference of only Rs. 100 in the last fifties. The gulf of difference has been widening. In this regard I would like to point out that, if there is a voice of protest or popular resentment against Centre's highhandedness, they need not be surprised. The writings on the wall are very clear. Bangla Desh has shown the way. Even Aurangzeb, at his height of glory; saw the cracks in the Moghul Empire. In this regard I will most respectfully submit that the Government of India should shed its

megalomaniac attitude and should realise the realities.

**SHRI AMRIT NAHATA (Barmer):** Mr. Speaker, Sir, for some people in this country, the word of the World Bank is sacred and final. Till a few years back, the World Bank used to say that, in the developing countries, the most important thing is growth; once there is growth, prosperity will percolate down. But experience has shown that large amounts were invested and sole priority was given to growth, and yet in these developing countries tensions have grown, social inequalities have grown and prosperity has not percolated down to the poor people. Now this World Bank has suddenly jumped to the other extreme. Now it says that growth, by itself, is not important; what is important is social justice; if you ensure social justice, growth will take care of itself; once there is social justice, once there is equality, once there is equality of opportunity, growth will take its own care, people's creative energies will be liberated, and there will be increase in national wealth. So, some of our policy-makers say that there is no need for investment, there is no need for public sector growth, there is no need for more production; social justice is enough; we will ensure social justice, and we will have growth. Sir, this jumping from one extreme to another is very dangerous. Two years ago our Prime Minister gave a very correct direction and a spirited lead for our country — 'Growth with Justice'. That is the only correct strategy for India and for that matter, for any developing country, Justice must be ensured, distributive justice must be ensured, opportunity justice must be ensured and to achieve that, more and more investments in public sector, investments in essential sectors and investment in creating the infra-structure and jobs to the people is equally important.

Similarly, I am happy that the Government of India has not shaken off the Keynesian doctrine which all these years obsessed the official thinking in this country and has been consciously and unconsciously voiced right to-day in this House. The Keynesian doctrine says: the greater the Disparity and greater the inequality, the greater shall be the capital formation because the poor man cannot save and because the poor man cannot save, there would be no investment

[Shri Amrit Nahata]

and as only a handful of rich people will be able to save, they will save more because they cannot consume all that they earn. So, there will be greater saving and there will be greater investment. So, let there be greater inequalities. Luckily, this doctrine, has now been rejected by the Government of India in the report that I read and also in the speech of the Finance Minister it seems that this doctrine has been rejected.

All these arguments for reducing the maximum limit for taxation and for increasing the exemption limit emanate from this basic thinking that greater the inequality, the greater shall be the capital formation. This Keynesian doctrine is in the background of those hon. Members who say that introduction of ceiling on land shall lead to reduction in production. I am not mouthing a slogan. I am not placing before you any ideological consideration but pure scientific practical compulsions of economic growth in the agricultural field which demand imposition of ceiling. People say, 'What will happen to our tractors if 18 acre is the ceiling? What will we do with them?' They will bring the tractors to Delhi and have a parade of tractors at I. Safdarjang Road, and they will say, 'What shall we do with these tractors?'

This Green Revolution, this new farm technology we have borrowed not from America and Russia, the two countries which are most backward in agriculture. My hon friend there was saying that there is an apprehension that this ceiling would ultimately lead to collectivisation. Sir, India is not suitable for collectivisation. India is not suitable even for State farming and for that matter, even co-operative farming. We have borrowed this new farm technology from Japan, from Taiwan, from Mexico, countries where land-man ratio is very small, and where big tractors are unknown. India is a small country and this new farm technology is ideally suited to small scale, intensive farming. It has been experimented that under laboratory conditions, if proper inputs are available and they are applied in a scientific manner, the optimum size of a holding shall be five acres and it has been amply proved by all the studies made by various Universities that if you reduce the size of the holding, production will increase. It will not go down. I know laboratory

conditions do not operate in practical life and, therefore, five acres would not be a practical proposition. But there is always an optimum point and after a certain limit the law of marginal diminishing returns operates. Therefore redistribution of land will increase production. Sir, I congratulate the progressive farmers of the country for their tremendous contribution for achieving self-sufficiency in food and the nation is grateful to them. But the time has come that these benefits of the Green Revolution should percolate down to the millions of farm labour and millions of the landless farmers.

SHRI K. N. TIWARY (Betiah). Do you do cultivation?

SHRI AMRIT NAHATA: We know your point very well. You have projected your view point very ably at various forums. Let me have my say.

There are millions of landless labourers, millions of farmers and farm labourers. If they are given a small plot and all the inputs made available to them, agricultural production in this country will increase by leaps and bounds. I am convinced that this reduction of ceiling must be effected retrospectively. There are legal luminaries who say it cannot be done. I entirely agree with Prof. V. K. R. V. Rao when he says that the entire land vests in the States. It is the nature's gift to man. No private ownership of land should remain and once we accept this principle that all land vests in the State, the State must redistribute the land so as to have a floor and ceiling which alone will not only ensure an egalitarian social order in our country, not only ensure social justice in our country, but which will also fulfil the requirements of maximum agricultural production.

SHRI K. N. TIWARY: Neither you nor Prof. V. K. R. V. Rao has got any land. You are depending upon the film production and he depends upon his professorial work.

SHRI AMRIT NAHATA: I don't have any land. Now Sir, before I proceed with my chain of thoughts I want to clarify one point. The Kulkars always charge me that I am a film man and have no right to speak about land ceiling. Sir, I am a maker of films. I congratulate the Finance Minis-

try for launching raids on a large number of film people, to unearth the black money and the hidden money of the film people. But this is no solution. I have been repeatedly saying this. This powerful weapon of films, this powerful medium of films, which could be used to transform the entire generation of today which could be used to make life more purposeful, more idealistic, more beautiful, is now left in the hands of speculators, commercial manipulators unscrupulous people playing with the morals of our young generation, corrupting the souls of our young people. Like Broadcasting, like Railways, this should also not be left in the private hands. The whole film industry must be nationalised. The State must take it over and utilise it for the regeneration of the whole country. This is my point and I hope my Kulak friends will not again and again repeat the argument that I am a film maker. I stand for complete taking over of the film industry by the State. This is one industry where the State will not be called upon to pay a single penny, as compensation, because the film producers do not own any asset. Film producers are proposal makers, they make a proposal, they sell it, and films are made. These are the films which cater to the beastly instincts, which provide crime, sex and violence leading to de-humanisation and brutalisation and corruption of human soul. Therefore, I stand for nationalisation of film industry.

It has been asked, why punish the farmer only. Now, I don't understand what they mean. The determining and overriding factor for all land reforms should be to ensure land to the actual, physical tiller of the soil. If that is the guiding principle of land reforms, we shall be fulfilling the dreams of Mahatma Gandhi. It has been said, why have a ceiling on land only, when there is no ceiling on urban income and urban property. Yes, we stand for ceiling on urban property. But the two things are different. The purpose of ceiling on land is to have more production in agriculture whereas the purpose of ceiling on urban property is only to prevent two things, first, to prevent the racket going on in land transactions, to curb the role of black money in these transactions, to curb conspicuous consumption and partly to check rentier income. But here also, if a middle class man who saves some money and builds a house for his own purpose, if people like him are axed,

and if big sharks and big corporate sector and big business houses who build palatial buildings under the name of their company or who build palatial offices, go scotfree, then the purpose of ceiling on urban property shall be completely defeated.

I agree with Mr. V. K. R. V. Rao's suggestion. All urban lands—whether houses have been constructed thereon or whether they are lying upon,— must be nationalised and then a proper apportioning of urban land must also be channelised for solving the housing problem of the urban population.

Sir, regarding black money, it is a parallel currency playing havoc with our economy. Prices are rising, conspicuous consumption is rising, the inflationary trends are increasing, and corruption in every walk of life—political, economic and social,—is being encouraged by this vice of black money. We have been demanding this and I will again repeat that demonetisation is the only solution of black money. I know, our Finance Minister does not like the idea. He has been rejecting it again and again. Once upon a time when we took up the idea of bank nationalisation, it took us years and years before we could get that implemented. All progressive opinion in this country has been demanding and shall continue to demand again and again, demonetisation which will freeze black money, or illegalise it.....

AN HON. MEMBER : Wanchoo Committee has said about it.

SHRI AMRIT NAHATA : I don't know; that has not been circulated. I agree with one of the suggestions made by my hon. friend Shri Mishra. If you announce a tax holiday, nothing will come out, but if simultaneously you announce demonetisation of currencies after a certain date from Rs. 100 upwards. I would not go below that, it will have effect.

SARI JYOTIRMOY BOSU : The Wanchoo Committee recommended Rs. 10 any above.

SHRI AMRIT NAHATA : The currency will have to be changed by a certain date. During that period if you say that if the money is invested in some corporation floated by Government, say, for eradicating

[Shri Amrit Nahata]

desert, you will not ask for the source of it, it will be put to good use, and black money may be put to productive purpose. But if you announce only the first, black money will never come out. Demonetisation is the first pre-requisite for freezing black money.

SHRI JYOTIRMOY BOSU : He is in favour of opening the flood gate.

SHRI AMRIT NAHATA : Simultaneously with demonetisation, if the money is used to eradicate desert, it will serve a productive purpose. So now Sir, I come to the desert. *Garhi hatao, Anyay hatao*, are very great slogans. But I am vitally interested, my people are vitally interested, in eradicating the desert. Two-third of Rajasthan is arid zone. I am sorry to say that all these years this region has been totally neglected. I have one concrete proposal. The Government of India must set up a statutory authority which is autonomous, which has powers to raise its own resources for the purpose of eradicating the desert. It may be called the Indian Desert Eradication Authority.

Talking of Centre-State relations, I am surprised when people talk of neglect of their respective States, they forget that there is Rajasthan which has been given a treatment which I will relate by means of quoting the allocation for developmental purposes. In the Fourth Plan for continuing schemes under the Ministries of Steel, Heavy Engineering and Industrial Development, out of a total investment of Rs. 774.47 crores, Rajasthan gets Rs. 9.41 crores, Rs. 6.21 for the expansion of machine tools and Rs. 3.10 for the expansion of Instrumentation Ltd. But for the new schemes, under the departments of Steel, Heavy Engineering and Industrial Development, out of a total of Rs. 560.61 crores, Rajasthan does not get a single paise. Under the Department of Mines and Metals, for continuing schemes, out of a total investment of Rs. 297.53 crores, Rajasthan gets Rs. 78.70 crores, that is 26 per cent, but for the new schemes under the Fourth Plan, out of a total allocation of Rs. 212.29 crores, Rajasthan gets only Rs. 27.32 crores. Under the Department of Chemicals, out of Rs. 261 crores for continuing schemes, Rajasthan gets nothing; for new schemes, out of Rs. 328 crores, nothing. Under Petroleum out of continuing schemes Rs. 302 crores, nothing, for

new schemes out of Rs. 90 crores again nothing. Under the Department of Foreign Trade, out of continuing schemes, Rs. 11 crores, Rajasthan gets nothing; out of new schemes for Rs. 28 crores, again nil. Under the Ministry of Transport and Shipping, out of Rs. 41 crores, Rajasthan gets nothing. Under the Department of Atomic Energy, out of Rs. 64 crores, Rajasthan gets nothing.

This is surprising. When you come to the brass-tacks, this is the position. This shows that Rajasthan has been neglected. It has demanded that the new oil refinery proposed to be set up in north-west India be located in Rajasthan. This refinery will refine crude piped from Kandla. If located in Rajasthan, it will be nearest to that port. We have a most suitable site approved by experts, Sawai Madhopur. If we are silent, if we are calm, if we are backward, it does not mean that we should be treated like this. Rajasthan has a right to more share of investment in the public sector. This oil refinery must be given to Rajasthan, and the total neglect with which Rajasthan has been treated must be ended.

SHRI SUBODH HANSDA (Midnapore) : Sir, while I rise to support the Finance Bill, I would like to make a few observations. Much is said about socialism, economic development, industrial development, land reforms, etc. But I feel it is very difficult to achieve these objectives if the entire administrative system is not changed. This bureaucratic system of administration must be made accountable. The Members of Parliament or the legislatures are accountable to the public after five years, but the bureaucratic government is not accountable to anybody. They are accountable only to their own officialdom. Therefore, they know that while governments may come and governments may go, they can remain for ever. This is one of the main reasons why it is more difficult to achieve the objectives. Therefore, if we have to achieve the objectives, I feel that the system of administration should be changed, and the bureaucracy must be made accountable to the public representatives of the area.

I would like to say something about taxation. The Finance Minister has imposed a tax on kerosene. Much criticism has been made of it on the floor of the House, and

he has given certain concessions in the duty on kerosene; I do not know whether its impact is very bad on the urban people. But I am sure that its impact, the impact of enhanced duty on kerosene, is very bad on the rural people. Therefore, there is a demand from all quarters that the duty on kerosene must be removed. I hope that the Government will take note of this.

The new duty on iron and steel is also not very much appreciated by the rural people. The cost of building materials has gone up, and the cost of building houses has gone up. I feel that certain concessions must be given to the rural people, particularly in respect of the building materials, that is, iron and steel especially, which are used for building construction. While the concession may not be given to the urban people, I feel that the concession must be given to the rural areas so that the people can build cheap houses.

We talk of the industrially backward areas, and some concession is given to the industrialists who want to set up industries in the backward areas. But I am afraid whether in respect of the industries which are based on iron and steel, the industrialists will come up to set up these industries in the backward areas. Therefore, if we are to encourage the industrialists to set up the new industries in the backward areas, a concession on the prices of iron and steel must be given to the industrialists.

Coming to my next point, which is about Bangladesh, I wish to say that since the creation of Bangladesh, smuggling has very much intensified in the eastern region. There are a large number of smugglers who are smuggling Indian goods into Bangladesh and selling them at a very high price, sometimes four to five times more than the cost that is prevailing in this country. This has created a very bad impression on the people of Bangladesh. Not only are we losing a huge amount of tax by this process, but the impression created in the minds of the people of Bangladesh is bad, politically. The people of Bangladesh are thinking, and there is a public feeling outside, that the Indian people are exploiting the Bangladesh people. Therefore, I think this is a very serious issue, and the Government should take steps to check such smuggling of goods into Bangladesh, I think a number of check-

posts should be established all along our border areas so that the Indian goods cannot make a free entry into Bangladesh.

The agricultural price commission has recommended support prices for the agricultural products in the country but the Government has not implemented the recommendations in so far as jute is concerned. The price of wheat has been enhanced due to the pressure of big agriculturists. But in West Bengal the price of jute is slowly coming down and the Chief Minister has requested the Government of India to increase the jute price. He has sent a strong note saying that unless the jute price is increased, jute cultivators may take to paddy cultivation. I request the hon. Minister to take steps to increase the price of jute, so that the area under jute cultivation may not come down.

The House is aware that our country is short of medical practitioners and a large number of health centres are going without doctors. Today morning a question was answered in our House in which it was said that there were fourteen private medical colleges and eight of them are recognised by the Indian Medical Council and the rest were affiliated to universities. Students are not admitted to those medical colleges on merits but on payment of huge sums as donations, with the result poor boys could not get admitted to these colleges. I suggest that either these colleges be nationalised or more medical institutions be opened in the country to cater to the needs of the have-nots.

In West Bengal there are seven medical colleges and there is much pressure on admission to these colleges. More than 10,000 apply for admission whereas only 600-700 students could be admitted. The irony of fate is that students coming from the rural areas do not get admission. More medical institutions should be set up in West Bengal where there is a cry for medical education.

I come from a district with a population of nearly sixty lakhs. There is persistent demand for a medical college to serve that area and its sixty lakh population, in addition to Bankura and Purulia districts, which together with my district has a population of almost a crore of people. There is persistent



[Shri Sudhodh Hansda]

demand for not only a medical college but for a university also. I am sorry this programme has not been included in the Fourth Plan. I suggest that these demands should be considered by the Government at least for the Fifth Plan so that West Bengal, especially Midnapore could have a medical college and university. We are in the last stage of the Fourth Plan and the Fifth Plan is on the anvil. In these Plans the Government's stress is on economic, social and industrial development of the country. Except in the field of food, Government will agree that no marked improvement has been made. Even in the public sector undertakings every year the Government is losing huge sums at the cost the poor taxpayer. How long will the Government tolerate these things. I do not know. It must stop. Have the Government any machinery to check these things? They should think over it. In West Bengal, we are all the time facing shortage of electric power. Most of the industrial units are not working to their full capacity due to this. This has not only stopped the expansion programme of the industrial units but setting up of new units also has completely stopped. There is acute unemployment problem in West Bengal and if things go on like this, it cannot not be solved.

This year West Bengal has entered into the era of green revolution by adopting new methods of paddy cultivation. But this is going to be spoiled because there is shortage of irrigation and power. There is so much shortage of water that most of the paddy crops are going to be dried up. It is high time Government sunk tube-wells to save the crops. There are reports that people are dying because there is shortage of drinking water. The Government has exhausted its funds, particularly in relief work. I would request the Centre to advance more money to West Bengal so that relief work can be done and the situation, which is going from bad to worse can be saved.

Government have said much about the concessions being given to the tribal people in the recruitment of military and police personnel. But the regulations are such and the standards are fixed in such manner that very few people come up to that standard. The hill people have been given certain concessions, I urge upon Govern-

ment that the same concessions should be given to the tribal people also, so that large numbers of them can be taken into the police and military service. With these words. I support the Finance Bill.

SHRI B. R. SHUKLA (Bahraich) :  
Sir, I extend my support to the provisions of the Finance Bill. It Combines a sense of realism with a sense of idealism of social justice which we have adopted in our programme at the time of the parliamentary elections 1971 and State Assembly elections this year. The Finance Bill has been criticised from different angles. The Marxists have criticised the budget saying it is an empty budget which does not hold out any promise of eradication of poverty and the slogan of *garibi hato* was a mere vote catching device of the ruling party, which can be never fulfilled. The same view has been expressed by another hon member belonging to Jan Sangh. Even some members from this side of the House have gone out of their way and departed from the accepted policy on the basis of which they happen to be here.

I submit that the Finance Bill and the whole scheme of the budget should be viewed in proper perspective. The Congress Party, which is now the ruling party, is not committed to the eradication of private property in all its shape and form and in its entire extent. Under our constitution, we do not stand for a communist type of Government; nor do we stand for a form of government or a form of society in which the rich persons would have their unfettered way to chalk out their destiny, to rule over the country, to exploit the millions of people in this country in any way they like. We have adopted constitution which is based on democratic socialism. It also postulates that the economic system of the country shall be operated in such a way that it shall not end in the concentration of wealth in a few hands to the detriment of the common people. If you view the budget in this way, then you will have to admit that Government has gone a long way to implement the promises for eradication of poverty, to provide the necessities of life something has been done. But much more needs to be done in future.

Last year we started on the scheme of social transformation but we were overtaken

by an unprecedented tragedy, by the influx of millions of refugees to this country, and the economy of this country was put to serious strain. It certainly redound, to the credit of the Finance Minister and his colleagues that the prices did not soar so high, as happened during the British times during the second world war, when the prices went so high and a class of blackmarketeers came into existence that a number of persons had to be put in the jails. Thanks to the patriotism of the people of this country, including the members of the business community, the prices were kept in their proper trim.

Now we are chalking out certain programmes, a ceiling on land is being imposed and the limit of ceiling is being cut down. It is too late in the day for the members of this part of the House to go back on the promises which we have solemnly made to the electorate. The resolution on ceiling on land was adopted as early as August 1971 when it was said that the ceiling would be somewhere between 10 and 18 acres. Now the State legislatures, most of which are controlled by the ruling party, have given a direction that the ceiling should be fixed in between these two limits.

It is but natural that the landed interests so firmly entrenched in so many legislatures should try to seek ways and means to scuttle the accepted programme policy of the Central Government. It is but natural because when self-interest comes into play, idealism is given a go by. That is manifested in the various statements coming from the various people. This ceiling on land has to be imposed because of the necessity to remove the disparity between two classes of people.

But that is not the only point. Ceiling on land may not be desirable in America where the population is very meagre. In Australia the ceiling on land may not be desirable. In Soviet Russia there is no question of ceiling on land because there is collectivisation of farms. But in India, where millions of people are without any work and have no land to till, where people are suffering from poverty since time immemorial, why should there be such hullabaloo, such hue and cry, if they are promised a few acres of land so that they may have a modicum of meals a day? So, the ceiling has to be imposed. What should be the precise

provision, what should be the exemptions, they are not the concern of this House because it is a State subject. Certainly, the Central Land Reforms Committee can give guidelines to the State Legislatures.

In the Bill which has been introduced, already a number of exemptions are sought to be made in favour of mechanised farms, for religious endowments which have come into existence which have usurped as much cultivated land as possible and so on. We have to see that these forms of exemptions that are liberally given only in order to deprive millions of tillers and cultivators of land are not allowed. We have to be very vigilant about it.

Then, Sir, my hon. friend, Dr. V.K.R.V. Rao who is a senior Professor of Economics and who has also been associated with the administration of the Central Government by occupying a berth in the Central Cabinet has posed certain questions. He asked: What is the direction of the Government's policy? What is the economic policy of the Government? I think, the economic policy of the Government is well-known. It is democratic socialism. Probably, he also advocated that there should be a complete abolition of private industries. I would respectfully differ from him. I say it because in the case of a few industries which have been taken over under the public sector, either because of our fault or because of some inherent defects which we are having from the past, we have not been able to manage them well. Therefore, it is a rather very hasty step to suggest that all the private industries, by one stroke of pen, should be nationalised.

He also advocated that the land belongs to nobody, that it belongs to the State. It was said by Manu that the land belongs to the persons who first shot the deer and cleared the forest. But since the time of Manu, much water has flown down the river Ganges. Now, the land cannot be said to belong to the State in its entirety because some persons have invested money in order to acquire some landed property. Now, you say, if a certain person has put in his earnings in the bank, it is not going to be nationalised, but, if a certain person, under the existing order, has chosen to invest his honest earnings in acquiring a piece of land, you are going to acquire it. So, there

[Shri B. R. Shukla]

should not be an omnibus statement regarding the nature of land.

Then, Sir, this black money is the creation of the crores of rupees of allocations made by the Central Government for the implementation of the Plan. I would dare say without any fear of contradiction that huge allocation of money, when it goes to the level of State or it goes to the level of district, is diluted and it goes into the pockets of commission agents, into the pockets of contractors, and by way of bribery into the hands of officials. Therefore, there is an increasing dominion of parallel black economy. Unless the plans are implemented properly, unless the Central Government sees to it that the money allocated is properly and purposely employed, there will be no end of black money and all our slogans of *garibi hatao* will be bogged down at the State level and at the district level. So, unless the implementation is done in all its seriousness, this state of affairs will continue.

श्री के० एन० सिधारी (बेतिया) : अध्यक्ष महोदय, मैं एक ही विषय पर बोलना चाहता हूँ और वह है लैंड सीलिंग। लैंड सीलिंग की बात यहाँ पर चलनी है, हमारे दोस्त नाहाटा साहब ने और डा० बी० के० प्रार० बी० राव ने भी उमका यहाँ पर जिक्र किया। बैसे मैं इस पर बोलना नहीं चाहता था लेकिन चूँकि जिक्र आ गया इसलिए मेरा अपना जो थ्यू प्वाइन्ट है उसको मैं यहाँ पर रखना चाहता हूँ। ज़मीन का बटवारा हो, ज़मीन पर सीलिंग हो या प्रापर्टी पर सीलिंग हो, इस बदलते हुए जमाने में इसके खिलाफ कोई नहीं हो सकता है और न हम लोग ही हैं। कुछ यूरो प्रैस इंडिया के प्रन्दर हैं और कुछ ऐसे लोग हैं जिनकी जीभ उनकी नाक छू लेती है। वह लोग भले ही किसी को रिप्रेकेशनरी कह दें, यह उनके मन की बात है, उनसे झगडा करने से कोई फायदा नहीं है।

यह बात सही है कि कभी जमाना था जब बड़े-बड़े जमींदार थे, लैंडलांड थे। आज वह नहीं रहे, राजा लोग नहीं रहे। बड़ी-बड़ी ज़मीन वाले कुछ लोग जरूर हैं। यह चौथी

सीलिंग जमीन पर होने जा रही है। हमको दिक्कत यह मालूम होती है इस सीलिंग की जरूरत इसलिए हुई कि अभी तक जितनी सीलिंग हुई है उसका इम्प्लीमेंटेशन नहीं हुआ। और हमको डर यह भी है कि यह जो लैंड सीलिंग होने जा रहा इसका इम्प्लीमेंटेशन इतना पेचीदा मामला है कि ला मिनिस्टर अपनी सारी किताबें खोजते हुए रह जायें तब भी इसका हल नहीं निकलेगा।

एक ही उदाहरण देता हूँ। एक बटाईदारी सिस्टम है, जिसके पास ज़मीन है प्रगर बटाईदारी किसी के नाम से है तो जमीन वाले लोग लिख कर नहीं देते। अगर यह लिख दें कि 15 वर्ष से बटाईदार है हमारी जमीन का, और वह भ्रादमी गरीब है, वह मीनिंग के अन्दर में भ्रायेगा, ला उमके खिलाफ़ में क्या करेगा? और वह हमारा भ्रादमी रहेगा, ज़मीन निकलेगी नहीं हमसे।

दूसरी चीज यह है कि चाहे जमीन हो, चाहे नौकरी हो, या सिनेमा हो या बिज़नेस हो, हर आदमी का एक ही मतलब है कि उसको जीवन यापन का साधन मिले, उसके बच्चों के पढ़ने का इतजाम हो, जब बीमार पड़े तो दवा-दारू का इतजाम हो, बूढ़ा हो तो उसकी परवरिश हो, और उसकी आमदनी किसी जरिये से हो। ज़मीन का भी यही मतलब है। जो जमीन जोतता है उसका भी यह मतलब है। तो मैं जानना चाहता हूँ कि क्या इस बात पर सोचा गया कि एक परिवार की आमदनी क्या होनी चाहिये। पांच आदमी का परिवार मानते हैं, उसकी इन्कम क्या होनी चाहिये जिससे अपने बच्चों को पढ़ा सके, बूढ़ा हो तो उसकी परवरिश हो सके? उसके घर में भर जाते हैं तो उसका श्वाड कर सके, लड़की की शादी कर सके। कम से कम एक मामूली मकान जिसमें तीन कमरे हों, एक किचन हो, इतना बना सके। इन बातों को सोच कर सरकार की

तरफ़ से एक आमदनी फिक्स की गयी है या नहीं ?

जो लोग लैंड सीलिंग की बात करते हैं, चाहे 10, 15 20 एकड़ की करें, उससे मतलब नहीं है। आमदनी, जो कि आवश्यक है, अगर 5 एकड़ में उसकी हो जाय तो आप सीलिंग उतनी ही कर दें। एक एकड़ में आवश्यक आमदनी हो जाय तो आप सीलिंग एक एकड़ कर दें। और माननीय नहाटा साहब के मुताबिक अगर लेबोरेट्री ऐक्सपेरीमेंट के मुताबिक किसी की आमदनी हो जाय तो उसको एक

लेबोरेट्री दे दी जाय। लेकिन क्या इन्कम होनी चाहिये, यह तो तय करना ही पड़ेगा।

अध्यक्ष महोदय : आप आज ही अपना भाषण समाप्त करेंगे, या कल बोलना चाहेंगे।

श्री के० एन० तिवारी : मैं कल भी बोलना चाहूंगा।

MR. SPEAKER : The House stand adjourned till 11.00 A. M. tomorrow. 1800 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, May 16, 1972  
Vaisakha 26, 1894 (Saka)*