

[Shri Nanda]

at all during this period and leave things as they are or go ahead and do something. But we cannot do everything at once.

श्री रणवीर सिंह (रोहतक) : इनको तो कर दो, बाकी भी हो जाएगा ।

SHRI SHIVAJIRAO S. DESHMUKH : Your predecessor is committed to conversion of the metre gauge to broad gauge in Marathwada.

SHRI SHEO NARAIN : My question was concerned with the defence of the country. He has not replied to that.

SHRI NANDA : I thank you, Sir, the consideration you have shown me for taking all this time. Various questions have arisen and various proposals were made. Each one will be considered earnestly with care but I cannot promise that every one of them is going to be accepted. It will not be possible apart from anything else because there is a limited amount of funds. Unless we establish priorities; nothing can be done. Therefore, I do not want to say that everything will be done. (Interruption)

श्री रणवीर सिंह : बैकवर्ड एरियाज में, हरल एरियाज में मुनाफे का सवाल नहीं होना चाहिये ।

SHRI NANDA : It would not be possible for me to give replies to all the questions now. But there is a way of giving attention to this matter. Although Prof. Ranga may not like it, I want to associate hon Members and take their help. I want to associate them for consideration of both sides of the question; How to increase the resources and the other things? What are the things to be done? On all these we should meet and discuss and consider them, without any commitment on their part; but at least let me be enlightened which will be of help to me.

SHRI S. M. BANERJEE : I do not want any additional line. There is nothing of that sort. The Rajdhani express from Calcutta to Howrah stops at Kanpur. But the passengers are not allowed to get in. What about that? There is no addition of expenditure involved in that.

SHRI NANDA : If all the demands for more halts on the express lines are to be met there will be no express lines left at all and no speed left and the whole purpose will be lost. All the suggestions offered will be carefully considered and examined. I thank the Hon. Members for the very great consideration that they have shown to me. Thank you.

16/23. hours

GENERAL BUDGET—1970-71, GENERAL DISCUSSION

MR. DEPUTY SPEAKER : The House will now take up Discussion of the General Budget. Shri Asoka Mehta.

SHRI ASOKA MEHTA (Bhandara) : I thank you, Mr. Deputy-Speaker, for having asked me to initiate a discussion on the Budget which is claimed to mark a watershed in the politics and economy of this country. It has been the claim of the Prime Minister that she is engaged now in battering down the barriers that divide the country into two nations, the nation of the rich and the nation of the poor. It is for that purpose that she has destabilised the politics of this country and has broken the historic party. It is therefore that we should give the closest attention to the budget which I presume spells out the new economic policy of the protagonists of new politics in this country. Sir, Gandhiji, in the course of his charismatic leadership of the freedom movement had offered two evocative slogans. One at the beginning of his career, and the other, almost at the end of his career. The first was: "Swaraj in one year"; the other great evocative slogan was "Quit India". Both these slogans have been appropriated by the Prime Minister's party. The President of her party has said that he is trying to achieve socialism in one year! And, a former President of the party has given a slogan of 'quit poverty'. And now we have got to see how far these evocative slogans are woven into the fabric of the budget. I shall look at the budget from four standpoints.

Does it conform to the pattern and trend of the previous budgets, obnoxious as they obviously were? Does the Budget accelerate economic growth and reconcile it with social justice? Does it improve the management of

the economy? To what extent does it put the real content of socialism in our life today?

Let us first consider the pattern and trend. In 1967—I shall confine myself to the budgets presented to this House after the last general elections—the then Finance Minister raised Rs. 114 crores by additional taxes. In 1968, additional taxes were levied to the tune of Rs. 118 crores. In 1969, additional taxes were imposed to the extent of Rs. 152 crores. In 1970, Rs. 170 crores are sought to be raised by way of additional taxes. The pattern is the same. The trend is the same. Any Finance Minister who accepted the general trend that has been followed in the past would have tried to raise about Rs. 175 crores this year.

Then there is a certain proportion—that is where the pattern comes—between direct and indirect taxes raised. As far as direct taxes are concerned, the corporation tax structure remains unaltered. It is significant that the corporation taxes have remained stagnant for a long time. In 1964, the revenue from corporation taxes was Rs. 313.6 crores. In 1970, it will be Rs. 342 crores. During these 6 years, industrial production has increased very much, industrial activities have expanded and diversification has taken place. I am aware there are various tax concessions given to new industries. But even then, when we realise that there has been a significant rise in prices during this period in real terms, what the corporations are being made to pay is much less than what they were paying in 1964. I am not suggesting that any alteration be made; I am merely pointing out certain pattern which is existing, and to the fact that the Prime Minister has conformed to that pattern.

Coming to income-tax, I would not like to tire the House by giving figures about additional income tax raised in 1966, 1967, 1968, 1969 and 1970. All that I can say is that if we look up the figures; there again the same uniform pattern is discernible.

It is true she has made certain changes in income-tax as far as the higher brackets are concerned. What are these changes? Those whose incomes are over Rs. 40,000 a year will have to pay higher taxes. Figures about income-tax assesses are notoriously out of date; therefore, I have not before me the most up-to-date figures. The Finance Minister can

give them, if she wants to. Latest figures available are that there are 30,000 assesses earning over Rs. 40,000 a year. The total income of these 30,000 was computed to be Rs. 225 crores, of which Rs. 100 crores were paid in taxes. Out of these 30,000 people, 17,500 or near about that number have incomes below Rs. 60,000 a year.

Therefore, let us see what has happened to those between Rs. 40,000 and Rs. 60,000 a year. Rs. 60,000 a year means an income more than 100 times the per capita income of this country. In the last year's budget—obviously last year's Budget was thoroughly unacceptable to the Prime Minister in the light of her later actions a person having an income of Rs. 60,000 a year would be left after paying tax with Rs. 2,983 per month.

Under Indiraji's Budget he will be left with Rs. 2,9000 a month. As far as the higher income brackets are concerned, out of Rs. 145 crores of income, they were paying Rs. 75 crores; they will now be called upon to pay Rs. 35 crores. Here I suggest that there is a certain trend. No matter who was the Finance Minister, even if the previous Finance Minister had continued, in this Budget he would have been compelled to find Rs. 25 to Rs. 30 crores through direct taxes. Whether this budget was also prepared by the officers as the Railway Budget is claimed to have been drawn up. I do not know, but there is no doubt about it that this trend would have asserted itself irrespective of who was the Finance Minister handling the Budget.

Then again, when it comes to Wealth Tax, in 1968 Rs. 11 crores were raised from Wealth Tax, in 1969 Rs. 14 crores, in 1970 Rs. 18 crores, and that also as a result of various measures that were taken in the last year's Budget. There has been a certain step up in Wealth Tax and, as the Prime Minister pointed out, the result is that wealth beyond Rs. 10 lakhs has now become counter-productive. At Rs. 10 lakhs even if the return is calculated at seven per cent, after paying income tax and Wealth Tax, Rs. 25,000 per year will be left. Anything beyond that would become counter-productive. Here again, if we look at the way the Wealth Tax has been raised from time to time and if we recognise that this year Rs. 25 to Rs. 30 crores additional revenue would have to be raised from

[Shri Asoka Mehta]

direct taxes, I have not the least doubt that there would be a certain amount of step-up in the Wealth Tax. The utmost that one can say in favour of the Prime Minister is that she has accelerated the movement on the trend line perhaps by one year. If that incremental increase or incremental gain of one year is all she was aiming at when she did all that she did, it is for her to answer. In last year's Budget an attempt was made, I know large sections of the House did not like it, to mobilise a certain amount of resources from those farmers benefiting from the prosperity that has come, their number may be limited, from the agricultural evolution. There has been no effort to move forward in that direction.

As far as indirect taxes are concerned, between 1965 and 1969 Rs. 500 crores of increased revenue was raised through various excise duties that were levied. You will find that the same trend and the same pattern is continued now.

As far as market loans are concerned, the position is really surprising and depressing. In 1969 from market loans Rs. 141 crores were to be raised. In 1970, after all that we have done by nationalising the banks, what we hope to get is Rs. 161 crores. This has been the pattern and the trend in the past. If the previous Budget were chalks, the present Budget is also chalk. If the present Budget is cheese, the previous Budgets were also cheese. Let no one try to say that till yesterday every thing was chalk, from today every thing has become cheese. I would like to know from the Finance Minister if, just to achieve these marginal changes in the pattern laid down, just for a very small incremental gains or the trend line that has been pursued so far, it was necessary for her to de-stabilise the politics of this country and break the historic polity of this nation?

Next, I would like to say something about the strategy of change in the budget in its economic and social content, but before I analyse it, I would like to invite your attention to the window-dressing that is the characteristic of this Budget. I cannot object to a lady seeking the aid of Max Factor, but I am entitled to object to a Finance Minister

using the tricks of Madison Avenue in presenting her budget. The Prime Minister has already alerted us on some of the methods pursued by make-up men. May I understand that a make-up man is objectionable but a make-up woman is to be applauded?

Let us look at the growth part of it. The budget of 1969 marked a real upswing, upturn in our economy. The rate of saving in the economy, the ratio of growth of capital formation through the Budget of gross national product and the ratio of revenue to national income were going down from 1965 onwards, and the downward trend was arrested and the whole thing was reversed in 1969. Is she going to maintain it? I doubt very much. I doubt very much that this upward trend is going to be maintained. Why?

Let us look at the Plan outlay. She is very proud to point to the sharp step-up in the Plan outlay. In the Plan outlay, according to her, Rs. 400 crores more are going to be provided. I have been in this house off and on for many years now, and I remember in the 1955, constant criticism of the Finance Minister; the recurrent charges against the Finance Minister used to be that the revenues were under-estimated. I remember the late Dr. Lanka Sundaram raising a special debate on this point. Probably my colleague, Shrimati Sucheta Kripalani, will remember that. When Shri Morarji Desai became the Finance Minister, in keeping with his temperament, he neither allowed over estimation nor under-estimation. I now find that this is probably the first budget where revenues have been over-estimated, and it is a very dangerous thing to do. I cannot go into the details of it, but if the Prime Minister is interested I will sit down with her or her officers and tell them why I consider the revenues are over-estimated. According to me, the over-estimate is in the neighbourhood of Rs. 100 crores to Rs. 150 crores. The revenue resources will not be realised to the extent she has indicated in the budget.

She has said that there will be a 20 per cent step-up in the Plan outlay of the States which is contingent upon the balances from the current revenue being negative to the tune of Rs. 9 crores and the States being prepared to raise Rs. 165 crores

from additional taxes. Everybody knows here as to what kind of State budgets are being presented. I would like to know from the Prime Minister: let her officers say whether in the State budgets that are presented, the balance will be from current revenues minus Rs. 9 crores, or whether there is the remotest possibility of the States raising Rs. 165 crores in additional taxes during this year for any menting the plan resources. Therefore, both because the revenue has been over-estimated, and because of the possibility that revenues in the States have also been over-estimated, where are the Rs. 400 crores going to come from? As far as growth is concerned, I do not know if the expectation that is being held out can be fulfilled at all.

It is important that when the economy faces a certain amount of inflationary danger, when inflationary potential continues to flout around the economy, the budget should have a tight texture, and it is a matter of deep concern that the Prime Minister has deliberately kept the texture loose.

When we come to social change, the most heartening thing today is that the peasants in the Country have a new technology for dryland farming. Millions of our people who are living in dryfarming areas have now something to look forward to, because, here the Indian Council of Agricultural Research, our magnificent scientists, have been able to produce a new technology. This new technology, we would like to see implemented as rapidly as it humanly possible. As we expect our peasants, our agriculturists, to take advantage of the new methods, of new scientific approaches as quickly as possible, we are equally anxious that whatever is demonstrated should be multiplied as fast as possible, and whatever resources are lacking, we would like to see that the resources are made available. One expects that the Government is equally concerned about implementing this new technology.

What is the provision in the budget for implementing this new technology? Rs. 2 crores.

You will recollect that in the President's Address, we were told that the Government is interested in launching massive rural works programmes. If I remember a right, the word "massive" was there. Our Rashtrapati

was taken in by this word because he has been talking about employment for millions. What is the provision in the budget? Rs. 25 crores providing jobs for 3,75,000 men for one year at the rate of Rs. 1.50 a day.

May I say this to the Prime Minister that her stewardship of the economy has been such that she has shown hardly any regard for employment. Between 1962 and 1966—these were not necessarily very favourable years for us both in public sector and private sector, in Government service as well as outside, in the organised part of our economy, employment went up by 32 lakhs. But from 1966 till to date, I have not got up-to-date figures but figures available so far show that employment went up by only 4 lakhs. It may have gone up some what further in the past few months, but one would like to know, during the four years of her stewardship, what has been the impact on employment. What is the employment content of the budget she has presented, because again in the President's Address, it is claimed that industrial employment has increased by 2 per cent? In the past, has the President's Address ever pointed out that employment has gone down by so much percent? This kind of 'Max Factoring' trying to mislead the House and the country, one does not expect from the Prime Minister and the Finance Minister.

When we come to children's programme, we are all aware that 119 lakhs of school children are today having some feeding arrangements for them. Whether they are adequate or not is a different matter. She has come forward and said that 2 million infants will also be given nourishment. We welcome it. But let us look at the facts. I can understand school children having a feeding programme for 250 days in the year, because there are holidays and when schools are closed, you cannot feed them in schools. But I do not know on what calculation she has said that infants should be fed for 250 days and for 115 days they should be left high and dry. On this basis, if they are going to be given nourishment, Rs. 4 crores which have been provided will provide nourishment only for 7 lakhs of children and not 2 million as argued.

I am happy to know that children are to be given various vitamins-prophylactics against nutritional anaemia. I am also quite

[Shri Asoka Mehta]

happy to know that quite a sizeable number of children are going to be looked after and given prophylactics against propensity to blindness.

We all take some vitamins from time to time, but what the Prime Minister has said runs counter to my experience. She thinks by spending Rs 1.35 per year per child, this wonderful vitamin will be able to cure nutritional anemia, and, by spending 50 paise per child per year, propensity to blindness will be cured. I wish similar wonderful vitamins are produced, so that most of our problems are solved.

She has talked about what proposes to do about rural water-supply. She says, for rural water-supply, provision is being made in the fourth plan which is as much as what we have spent in the past. May I say in every direction, that is the position. The total financial provision made in the fourth plan is larger the combined provisions in the first, second and third plans.

Therefore, I do not know what is the wonderful thing that she is suggesting when she argues that while Rs. 100 crores have been provided, in fact Rs. 150 crores are likely to be spent for rural water supply. In the first year of the Fourth Plan Rs. 12.36 crores were provided and. I presume, spent for rural water supply. If Rs. 138 crores are to be spent in the remaining four years, then there has to be a very substantial step up. Unless she can tell us that the provision this year is going to be Rs. 25 crores or 30 crores it is again trying to hoodwink the people who may not be aware about how these things are done.

Another interesting thing is she has gone in for the fallacy of double counting. She has come to us and said that she has provided Rs. 635 crores of Central assistance for the State Plan. On top of that, she has taken the credit for innumerable programmes that are going to be implemented by the States. She is guilty of two things. One is mixing up the annual plan with the budget. The budget must be there, precisely given, in order to understand how the Finance Minister is trying to husband the economy of the

country. The plan is something different. A part of the Plan is included in the budget, but it is no use talking about what you are going to do in the next five years in the context of the budget. She can do that when she wears the hat of the planning Minister. But she has no right to talk about those things when she is talking about the budget. If she does that, she is trying to mislead us, to befog our understanding.

Then she takes credit for what the states are doing. If some of her favourite states claim credit for what the Central Government is doing today I do not know what our Constitution will come to and what will be the fate of our budget for the future. All this shows that there is a deliberate attempt of using the tricks, the Madison Avenue advertising tricks, Max Factoring tricks, make-up tricks which, I thought, would be unworthy of the Finance Minister of our country.

Was it necessary, I want to ask the Prime Minister with all the strength at my command, to disrupt the Congress and destabilise the politics of this country in order make a few timid advances have to and there in order to have an occasional puny initiative? Now her amateurish embroidery on the fabric of our economy has been laid threadbare.

Let us now come to the management of our economy. The most important thing is how we are managing the economy. In the last 18 years, in the public and private sector Rs. 30,000 crores have been invested. The capital output ratio today is 1 may be marginally wrong—Somewhere 3.7 : 1; that means, out of this investment we may get an additional income of round about Rs. 8,000 crores. If we can improve the capital output ratio, if we can raise it to 3 : 1, we will get Rs. 10,000 crores. If we can raise it during the next 3-4-5 years to 2½ : 1 by better management of our investment, we will get Rs. 12,000 crores. It is here that she can raise the resources for the purpose of various things for the betterment of our people.

What is she doing for the better management of the economy? It is admitted the Economic survey says so—that shortages are appearing everywhere. I believe most people know how profiteering is going on because of

shortages in various parts of our economy. There is need for quick expansion; the Economic Survey says that. The criticality is likely to be in raw materials; the criticality is likely to be in some imports.

In imports, in expansion of industries what has been the experience of those who have—been at the receiving end of the government? Here is a group of engineers—I know the prime Minister has great respect for engineers, the Indian society of Agricultural Engineers who have produced a very interesting report, "Bottlenecks in the Farm Equipment Industry". What does it say? I will give two small instances:

"Components of fuel Injection System ;

.... There are disturbing reports about difficulties in the further expansion programme of this manufacturer; if they are not overcome quickly, increase in production of tractors and engines will be greatly hampered."

Then, on Pistons, Rings and Liners :

"Manufacturers of these components have problems of procurement of vital raw material such as pig iron, aluminium alloy, gudgeon pin steel, circlip steel and steel for duaflex ring."

The whole report is produced by engineers who say that in the agricultural implements industry, in the farm equipment industry, there are so many bottlenecks today, bottlenecks created by the way in which this government functions.

There are other instances wherein we have found that by just Providing Rs. 20 lakhs of foreign exchange to an industry we can save import of Rs. 5 crores. This has been denied and refused.

This Government, particularly the prime Minister, is impressed only if one can cite some kind of an authority from the Soviet Union. That is why in order to gain her interest and her support, may I invite her attention to the latest slogan that has been put forward in the Soviet Union? The slogan is: "Efficiency and intensiveness".

This is how it is described:-

"A careful attitude to each minute of working time, to each machine, to each gram of raw materials, to each new rouble invested."

Is there that kind of earnestness in this administration?

We had a discussion on the railways and we know what Members feel. I know, when we discuss the whole economy we will find that the charge will be made over and over again that you are not managing your economy in an efficient manner. Having de-stabilised everything, having got all the power in her own hands, having assured the people that wonderful changes are to come, in what way is she improving the management of the economy?

Some newspaper reports have come about what she has told the general managers of public sector enterprises and what she has been saying to the managers of the banks. May I say that they are just inane generalities and I do not find anywhere an awareness on her part of the administrative details and points and how they are going to be handled?

The next important thing is the monetary Policy. Most of us are concerned about the constant rise in prices. Our monetary policy over the last five years and even earlier has been that we have permitted money supply to outrun completely increases in the national income. In the last five years the growth rate in money supply has been five times as high as the growth rate in national income.

What is going to be the monetary Policy? It is now more and more recognised that it is not enough to use fiscal weapons. One has to use the more sensitive weapons of monetary Policy. Here again, from the way guidance is given and from what filters into the newspapers, I have my serious doubts.

Then, coming to exports, the rate of growth in non-traditional items was as high as 21 per cent per year for two years and I would like to congratulate the minister concerned for this fine achievement. In non-traditional items they went down by 1.7 per cent. Are we in a position to sustain that growth rate

[Shri Asoka Mehta]

in the non-traditional items ? where are the investments ? where is the production ? You have only to talk to the persons concerned in the Ministry of Foreign Trade to find out how whatever the Ministry of Foreign Trade wants to do, the Ministry of Industrial Development tries to see undone. This constant working at cross purposes is there. I want to know from her in what way things are being done to see that the tempo generated in exports will be maintained because it has started petering out.

Here I would like to say that if in the 1970 we really want to step up our exports in the world market, we have got to develop the growth sector of our industries very much. The growth sectors the world over are chemical industry, the electronic industry and some of the most modern industries. That is where the Prime Minister has constantly tried to prevent any kind of growth from taking place. In contrast Japan looked ahead and said that in the next ten years these are going to be the real growth industries. It was a leapfrog. Japan moved away from the old traditional industries to new industries of tomorrow. That is how the Japanese miracle was achieved. Is she willing to think along those lines ?

In the absence of a new dynamism in any of these four directions, all I can say is that if it is a matter of deep regret and concern to me that this country under her stewardship will remain caught in the savings trap and in the foreign exchange trap and we shall have all the problems that have plagued us in the past. There is no surge forward. If the old things, mistaken as many of those things were, were to be sharply corrected, I could understand the new politics. But to continue the old thing and to find scapegoats for that is something which is not worthy of a person whose politics are determined by her conscience.

The last point that I would like to make is : What is the real content of socialism. I think, in this country, there are four things to which attention needs to be given. The

first is that we must attempt and achieve a higher rate of growth, not less than 7 per cent rate of growth. There are many countries in Asia where they have 10 per cent rate of growth. Any thing less than 7 per cent rate of growth will not give us the wherewithal for a low rate growth if attempts are made attending to some of the problems. With in bringing about social justice, while one would applaud those attempts, the consequences will be that there will be a back-lash from the reactionaries in the country. Let us realise and let the Prime Minister realise that with a low rate of growth if any attempt is made at social justice, we all who are interested in social justice will be confronted with a tremendous back-lash from the reactionaries.

SHRI VASUDEVAN NAIR (Peermade):
Who are the reactionaries ? (Interruptions)

SHRI ASOKA MEHTA : Then, we must know what the poor people are interested in. She can take away the property rights; she can take away property, whatever she likes. How is it going to help the poor ? The cess-pool of poverty lies in rural areas. Therefore, in the rural areas of this country, there should be a massive rural works programme, not Rs. 25 crores or so but Rs. 200 crores or even Rs. 300 crores, because then alone the poor people in India will have something to look forward to, employment and work. Secondly where the prevalent wage rates are Rs. 1/8/-, you make it Rs. 2/-, No amount of legislation, no amount of Kisan Sabha activity, no amount of Naxalite effort will improve the conditions of the poor people. You should have a massive rural works programme where you are constantly trying to raise the daily wages and making an ever-rising effort in improving the lot of the poor.

Thirdly, there should be childrens' feeding programme. We must feed our children from 0-3 years period. It is during that period that the brain is formed. During that period, with inadequate nourishment, there is an impairment to the brain formation and that cannot be corrected no matter what you do after third year. If socialism and equality has any meaning, we have to see that, at that stage, at an infant stage, we do not allow any child to be handicapped for the rest of his life. And that is where she is going to spend Rs. 4 cro-

res. I had suggested, over and over again, let us levy a children's cess of 1 per cent on all the taxes which are collected by the Centre and the States. Roughly on Rs. 8000 crores, we can get Rs. 80 crores. at least, we can do something for a crore and a quarter children.

Then, I come to primary education. In the next 30 years remaining of the century, far-reaching changes are going to take place in the life of the country and in the life of the world. New skills have to be learnt; new aptitudes have to be gained. The least that is necessary is that the children of the poor should be given the right kind of primary education. Today, the drop-out is nearly 50 per cent. What kind of primary education are we giving? How much are we spending? We have 3 million graduates and 15 million matriculates in India. They are doing so badly that so few of them are in the income-tax paying bracket even at the lowest level. The primary education should be improved by using some of them.

The whole point is, if the Prime Minister is really interested in the future, the future lies with the children and the young people, with education and children's feeding programme. Let us forget the older people. Let us become the manure of history—I know Mr. Masani does not like that. I want to see that my children, the children in this country, are being properly looked after. I had hoped that. From a mother at least, this new initiative would come but, as I said, they are mainly fugitive initiatives, when one looks at the Budget, it is a performance, as I said, of an amateurist embroidery of a fabric that is deliberately made thread-bare. I wish the Prime Minister had come forward with a better Budget.

17 hrs.

[SHRI K. N. TIWARY *in the chair*]

SHRI N. K. P. SALVE (Betul) : I have examined the Budget proposals in great detail. I have also followed the country's reactions to the national budget and in the preceding two decades, if not more, I have yet to remember a budget which has received such warm approbation and spontaneous response of the Indian people and the Indian economy as this budget of 1970-71. The

Budget seems to have satisfied, *Inter alia* Shri Asoka Mehta also because he said that the present budget is nothing but the carryover of that which has been brought forward earlier. He may please himself I have nothing to say. But the budget has pleased not merely those who are the least privileged and the under privileged but it has also pleased the punctilious experts. To a sagacious and an objective observer of affairs in India the reason for this unprecedented response to the budget is very easily discernible, because I submit that the Budget proposals have undertaken demonstrable commitments marking a substantial step forward for fulfilling and implementing all those solemn pledges given by the Prime Minister and her Party at the Bombay session to the people of this country. All those pledges are being honoured without impairing the delicate forces which nurture and nourish the Indian economy.

In the pre-Budget period while speculations were rife as to what the Budget was likely to be, one set of critics was inclined to criticise and observe that these pledges were mere political hypocrisy and plenty of sanctimony, another set of critics said that these pledges are not likely to be implemented and they are only for the sake of cheap political gains and in that process it was more likely that the entire economy is likely to be liquidated. In that process of diametrically opposite reason, both of them came to the same conclusion that the country will be doomed. However, the reaction of the people as a whole is a clear manifestation of their satisfaction that all these apprehensions and conjectures were utterly illfounded, ill-conceived and baseless.

For one set of commentators who said that the pledges given by the Prime Minister and her Party at the Bombay sessions were plenty of political humbug and hypocrisy I was inclined to consider, until I heard Shri Asoka Mehta, that he was also one of these commentators—they would do well to read the memorandum, to which Shri Asoka Mehta, just now referred and which is included in this publication supplied to us, "Towards Growth with Social Justice." They would do well to look to the schemes to which Mr. Asoka Mehta referred, relating to small farmers and agricultural labour'

[Shri N.K.P. Salve]

nutrition programme for school going children, housing and urban development and drinking water supply schemes in rural areas. There is also the social security benefit which he has not referred to. Shri Asoka Mehta might consider that these provisions are inadequate.

SHRI J. B. KRIPALANI (Guna) : He made a very good speech.

SHRI N.K.P. SALVE : There is no doubt about it but there are other aspects of the matter to which you will kindly permit me to refer. These provisions have been made to cater to the weal and welfare of the poor. His grievance was that the provision was inadequate he said that Rs. 200 crores should have been provided for the rural economy. I say, 'Why Rs. 200 crores ? Rs. 2000 crores should be provided.' But where is the money to be found ? There is a limitation on our resources. It is anybody's opinion. It was something else when he was sitting here. It is a matter of opinion as to how much should be provided. (Interruptions). But it cannot be denied that a beginning has been made and a provision has certainly been made to take care of the weal and the welfare of the downtrodden and the poor also in this budget. *Interalia* these commitments should leave no doubt about the approach of the Prime Minister and our party about the political and economic matters. The approach is clear and the priorities are going to be so devised, they are going to be so oriented that social justice and economic growth become co-extensive. I submit, Sir, this is the quintessence of the avowed political and economic philosophy of my party.

There was another set of critics, possibly, the followers of Shri Masani were apprehensive that the entire economy might very soon be liquidated by this Budget. All sorts of apprehensions were expressed about taxation. About the corporate sector, it has been suggested that this budget is going to come with such crushing taxation on the corporate sector that it may completely crush the visible spectrum of the Indian economy. I would only draw their attention to the proposals in regard to direct taxation, and in regard to the corporate taxation also they would do well to look at the various tax incentives and sav-

ings schemes, enlarged exemptions income of on approved investments and various reliefs to depositors. The Budget presented for 1970-71 shows considerable promise. It is extremely unfortunate that it was disapproved by some of the critics, some of them economists and some of them politicians. They said people are wrong in supporting the budget, the budget was foolhardy and they were wrong in supporting the budget. I am not able either to understand or to appreciate the predicament of these critics. So far as economists are concerned they have to take a particular line and so far as the politicians are concerned it only shows a clear manifestation of their political frustrations.

There are certain features in the Budget which will necessitate very careful and efficient implementation of the fiscal programmes we have undertaken. Sir, to a certain extent I do share the anxiety expressed by Mr. Asoka Mehta about the figures he gave in respect of augmenting tax revenues. As per the budget estimates for 1970-71, at the existing level of taxation the figure is put at Rs. 2966.97 crores in 1970-71 as against Rs. 2732.04 crores of last year. That means Rs. 234.93 crores is the expected growth of tax revenues on the basis of the existing level of taxation. To this, Rs. 170.06 crores are added by way of new levies on assumption of buoyant economy. Thus it is estimated in the Budget that we will be augmenting our tax revenues in the aggregate to the extent of Rs. 404.99 crores. The growth is not impossible of achievement. However, there are people who have apprehensions about the veracity of these figures. Some economists have said that even at the rate of 6% growth of nonagricultural sector it may be difficult for us to raise Rs. 404.99 crores. At any rate what is of academic interest is the wealth tax figures which are taken at Rs. 75 lakhs less than last year. I really don't know how it will come about if there is going to be buoyancy of economy. Even in wealth tax there is bound to be growth. But this aspect assumes very great importance because the budget proposals have proceeded upon a concession by the Finance Minister that further progressive steps and programmes could not be taken up because deficit finance had to be kept at a figure of Rs. 225 crores. It was in order to avoid

deficit finance which would unleash inflation of a somewhat unfortunate nature that this has been decided upon. Therefore, these figures and calculations are of some importance, and when one sees the inflationary picture, and sees inflation on the anvil, it is extremely necessary that one should take a very careful look at the matter.

I find today there are three basic reasons for this type of inflation which has come about. We have large foreign exchange reserves. There has been reckless advances of credits by the Reserve Bank and the aggregate deficit finance is not absorbed by the economy as yet. Therefore, a very skilful and deft handling of the monetary policy is necessary and shrinkage of credit is warranted to stabilise prices.

The history of the Reserve Bank in stabilising prices has, unfortunately, been very uninspiring so far. I only hope that now with the added responsibilities of the Reserve Bank, it will bring about greater dynamism in its approach and will actively intervene to shrink credit norms without injuring the economy. At any rate, I would suggest to the Prime Minister to consider the following steps to combat the inflationary pressure.

Firstly, it is possible for us to liberalise import facilities. Secondly, it is possible—necessary, I submit—that the low priority on low productivity schemes, of which there are plenty in our budget, should be removed. Thirdly, it is imperative that we put our utmost efficiency in working out the incentive schemes and harness utmost savings even in the rural areas. Enforcement of stricter financial discipline on States is necessary. A conscientious and efficient government in a poor country like India can ill afford 4 per cent increase on Rs. 108 crores in unproductive consumption. Efficiency in administrative productivity is the greatest weapon which the Government can sharpen to avoid the pernicious forces of inflation.

The unmistakable symptoms of inflation, despite bumper crops and growth of industrial production this year, can be disregarded only at grave peril to the Indian people. Each minute the battle will have to be fought to avoid further deficit finance and to beat back the inflationary forces; otherwise, the magni-

ficent programme delineated in the Budget, a document of sheer brilliance, may come to cause more harm to the people and outrage the Indian economy.

I shall now make some observations about direct taxation. The provisions contemplated regarding discretionary trusts are very salutary. In terms of these, discretionary trusts hereafter will be taxed at the flat rate of 65 per cent or the regular rates, whichever are higher. In fact, I may submit that experts had expected this much earlier. It is a very salutary feature and it is equally sensible that the provision is not retrospective.

Then I would refer to the provisions in direct taxes regarding charitable trusts. These are being streamlined. They will only enable the department to deal more effectively with a set of misguided philanthropists who create charitable trusts in the hope that charity always begins at home. It is these misguided philanthropists who need to be checked, and the amendments do not in any way militate against the cardinal right of exemption to charitable trusts. They only contemplate a stricter and more punctilious compliance to merit exemption on account of the incomes of these charitable trusts.

There is, however, one aspect of the matter to which I must draw the attention of the Finance Minister. It is now proposed that the incomes of charitable trusts must be spent within the duration of three months of the close of the account year. Where accounts are maintained on mercantile or accrual basis, within those three months you may not have money to spend. This matter needs to be examined.

Next, I should like to refer to the provisions regarding the levy of additional Wealth Tax on urban assets. It is high time that we brought about effective ceilings on urban properties. We are obliged to do this and the sooner it is done the better. I also appreciate the very great legal difficulties in implementing this intent of ours of bringing about a ceiling on urban properties, and this additional Wealth Tax on urban assets is at least expected to achieve the purpose partially. I have nothing against the principle of larger tax being levied on urban property so that

[Shri N. K. P. Salve]

ceiling does come about, but the modality of achieving the objective by levying additional Wealth Tax on urban assets in the form and manner proposed in the Bill is rather crude and is bereft of legal finesse. If under the garb of charging Wealth Tax the Government is either going to expropriate urban assets or force their owners to sell the same outside the subject of the law of eminent domain, such a levy on capital value, if wholly disproportionate, may be struck down as colourable legislation.

Take a concrete case where a person built a property in 1944 for Rs. 5 lakhs and rented it out at ten per cent rental, which is Rs. 50,000. After payment of all the property taxes and income tax, Rs. 30,000 is left with him. In the course of 16 years the market value of the property has increased to Rs. 20 lakhs. What will happen in the case an assessee for the year ending 31s. March 1971, that is the assessment year 1971-72, he will be called upon to pay an aggregate wealth tax of Rs. 1,43,000 which is 33 1/3 per cent of the capital employed by him. And another assessee similarly situated, if he has Rs. 20 lakhs cash, will be required to pay only Rs. 48,000.

SHRI S. R. DAMANI (Sholapur) :
How will the value of the property increase ?

SHRI N. K. P. SALVE : I am coming to that. There is no provision in the law anywhere or in the rules that a lesser rental income on property similarly situated will entitle the owner of such property to lesser market value. So, this is the answer. That has to be taken care of. In a case like this the State will either be taking away the property without compensation or shall be compelling the owner to sell it, and not acquiring it for any public purpose. This, I submit, the State cannot do. This will lead possibly to this House making a legislation which may be struck down as colourable legislation, because the doctrine of colourable legislation is very simple. A legislature cannot indirectly do what it cannot do directly. If we cannot expropriate property without compensation, or if we cannot compel them to sell, if this measure is tantamount to forcing them to do so, we have the risk involved in this. I must make it clear that this is not to say that we are not to proceed ahead

with the measure. What I submit is that I find that it is a rather crude measure. There are several alternatives or ways which, with a proper legal understanding of the matter, can help us achieve the objective of bringing about ceiling on property.

SHRI KANWAR LAL GUPTA
(Delhi Sadar) : What is your suggestion ?

SHRI N. K. P. SALVE : Some other time I will discuss it with the Member, but at the moment I am confining myself to this difficulty of this legislation being liable to be struck down as colourable.

Thereafter, the Prime Minister dilated upon the imperative necessity of enlarging the tax base and augmenting the tax revenue to meet the requirements of social welfare. For a moment, I thought that a Messiah had ultimately emerged on the scene with a revolutionary plan to redeem direct taxation from the pernicious tentacles which had stifled its growth all these years, but when I heard the measures which the Finance Minister had to offer to expand the base or augment the taxation by way of direct taxes, I felt considerably disillusioned because the measures proposed are completely niggardly and extremely inadequate to reach the very revolutionary objective of expanding the tax base and augmenting the direct tax revenue as a percentage of national income.

Sir, when we look at the working of the direct taxation in our country over last year's, in our anxiety to expand the tax base and bring our tax collection from direct taxes to a next figure of our total national income, we find our performance is rather unfortunate. We failed in augmenting the resources.

The *Economic Times* of 17th February, 1970 gives a chart of our tax structure in which they determine the shares of different groups in the total tax revenue. In this chart, it has been worked out that in 1955-56, whereas out of the overall tax revenue, the tax on income and expenditure was 23 per cent, in 1968-69, it declined to 18 per cent.

There is another tax structure by *Economic Times* published on 13th February, 1970. This also highlights our dismal failure in the field of direct taxation. In the agricultural

sector, direct taxes in 1951-52 were 1.2 per cent and in 1968-69, they came to 1.1 per cent. In the non-agricultural sector, our direct taxes were 4.21 per cent in 1951-52, and in 1968-69 there was only a marginal increase of 5.4 per cent. As against that, the indirect taxes rose from 4.7 per cent to 14.2 per cent. This chart, I submit, reveals a very sordid story of our abject failure in direct taxation which we have tried to expand simply by increasing the rate of taxation to heights which are absurd. Our present approach has made the tax-base, stagnant, and augmentation of the direct taxes impossible. Eradication of disabilities in wealth, opportunity and power is a far cry. Therefore, I submit a wholly revolutionary change is needed now to redeem the direct taxation in our country. One most dynamic, revolutionary plan which I can think of in dealing with the existing law of direct taxation is to throw away all the existing Acts, and books of law, and all the voluminous case laws into the dust-bin, and if the dust-bins are not adequate, burn them away because only thereafter shall we be giving to us and we will be compelled to give to us a modern, simple and a brief code of laws on direct taxation. (*Interruption*) I submit that the time has come when it is necessary that we should consider taxation of statutory income. This is my suggestion. We will have to make a drastic departure. After all, it has nothing to do with a budget; we all know that it is extremely cumbersome. There is nothing new in it, I submit, therefore, that we should make a complete departure. The change should be that we should think of taxation of statutory income determined with reference to the turnover in respect of various goods, services and commodities, agricultural and non-agricultural, to be appropriately classified every year. Such a law on taxation will have the merit of brevity, simplicity, elasticity, celerity in assessment and collection, and eradication of black money. And this would also help us augment and expand our tax base.

My next submission is regarding taxation of income. Having submitted that there is no scope for further deficit financing, I would like to submit one thing. Morally I am disqualified from canvassing any claim for withdrawal of the tax, claim for any relief in taxes, but my only submission to the Prime Minister is this. In a small booklet which I had published, with facts and figures I had

made out a case that so far as the rates of personal taxation are concerned, they are very highly punitive already and there is hardly any scope for further taxation on the same. In the budget proposals, taxes have been increased on personal incomes of Rs. 40,000 and above. Instead of collecting Rs. 15 crores from individuals, I submit that the corporate sector which still can bear much more taxes must be brought within the purview of the taxation proposals.

About the clubbing provision, it is said that hanging and wiving go by destiny. The Prime Minister, therefore, was magnanimous in promising in her budget speech, "let not the tax collector put asunder those united in heaven". [But the Prime Minister gave a warning of a most disastrous calamity which is round the corner, particularly for the hen-pecked husbands—the possibility of the income of the wife and minor children being clubbed with the husband's income. The harassed husbands, who constitute 99 per cent of the total husbands, will be sunk when the new law of clubbing comes into force. These harassed hen-pecked husbands will have to put up not only with nagging wives but pay penalty to the tax collector for being married to a wife who earns. This is not social justice, because the down-trodden, hen-pecked husbands are being oppressed. If not now, it is on the anvil.

I read in the papers that a new steel plant in the fourth plan will be erected at Vishakapatnam. The economists and technicians in India have unequivocally reported that cheapest steel can be made at Baila Dilla in Bastar District, which is a most backward area. But political manoeuvring always outweigh the larger consideration of distributive justice. That is one reason why Mahakoshal area has also been denied the currency printing press. After it was decided to be installed in Betul—a backward tribal area—for mysterious reasons, it was decided to be shifted to Dewas, a highly developed industrial area, against technical advice. I have no grievance that Dewas is the constituency of the Minister whose ministry runs the press. My grievance is that the people of Betul have been grievously wronged and this decision, therefore, must be revoked.

SHRI M. R. MASANI (Rajkot) : Mr. Chairman, Sir, listening to my friend, Mr. Salve, I thought I should put his mind at rest about something that was puzzling him as to why what he calls some of my followers are so pleased with the budget. He was referring to the reaction of the stock-exchanges and some sections of business. Let me tell him straight. way that those people are neither my friends nor my followers. They embrace a large number of businessmen with whom I have nothing in common, but who are the camp followers of your own party, who are hand in glove with your ministers. In fact, the Prime Minister may derive whatever satisfaction she can from the fact that all the tax-evaders and dubious businessmen I come across tell me that it is a beautiful budget, which is poor compliment one can pay to the budget, judging by the kind of birds of a particular feather who seem to be delighted with it, because in any case they do not pay any taxes, leaving the honest, hard-working people Mr. Salve refers to in his booklet to bear the whole brunt of these savage taxes.

Mr. Chairman, I think we should discuss this budget in a dispassionate manner and examine it against the background of the past years. We cannot take this budget in isolation. We have to see it against the background of past decisions, past policies and our present economic condition. The result of the past budgets of the last twenty years has been that this country has made about the slowest and lowest economic progress, except for Burma, even in the backward continent of Asia. Twenty years of these policies have reduced this country to stagnancy and bankruptcy. Our *per capita* income at constant rates taking 1960 values as the base, has been more or less stagnant. The figure for 1960-61 was Rs. 307 and, by the same token, for 1968-69 it is Rs. 319, a piffling rise. Inflation, meanwhile, has been taking its toll. Over the last eight years prices have risen by 73 per cent. During the last twelve months by seven per cent. Specially during the last few weeks, the rate of inflation has become galloping. From November to January, which are the latest figures which we have, inflation was proceeding at the rate of 15 per year. It is against this backlog and pace of inflation that we have to Judge this budget. One result of this has been the constantly depreciating

value of our rupee among the currencies of the world, and one manifestation of it has been the refusal of the Yugoslav Government to trade with us on rupee account any more. They have made it perfectly clear that they consider our rupee to be utterly worthless and, therefore, they want us to deal with them in hard currency.

India's overall progress in the last twenty years was bad because of the policies of the predecessors of the prime Minister and the Finance Minister, who had been introducing State Capitalist, reactionary budgets for twenty years. I quite agree with my hon. Friend, Shri Asoka Mehta, that there is nothing new or original in this budget. it is a budget of the same series as those which were brought in by Shri Krishnamachari and Shri Morarji Desai, but it is one step further down the slippery slope to ruin. Shrimati Gandhi can certainly sing to Shri Morarji a popular song which runs as follows :

"whatever you can do, I can do better; I can do anything better than you". But here "better" means more ruinous to the country that is all what she has done, to build on the wrong policies of Shri Krishnamachari and Shri Morarji Desai and to take the country one step downwards. Now, for the same reason that I have got up in this House to denounce the policies of Shri Krishnamachari and Shri Morarji Desai, I must reject this budget because it is based on the same wrong premises and comes to the same wrong conclusions and results the same inflation and the same disasters which the earlier budgets have created.

The budget claims certain virtues. Let us examine to what extent they bear scrutiny. Because of want of time I will take only four. One is improving the lot of the common man, which should come first; secondly, increasing savings; thirdly diffusion of ownership of economic power and, fourthly providing employment opportunities.

So far as improving the lot of the commonman is concerned, perhaps the only little feature of the budget which may be of some use to some middle class people is what

has been called the raising of the exemption limit of income-tax. So far those who did not have incomes over Rs. 4,500 to 4,800 a year, which varies according to marriage, children etc. were exempted from income-tax. Shri Boothalingam in his report, which was submitted two or three years ago, suggested both for equitable reasons and administrative reasons that the exemption limit should be raised to Rs. 7,500, a very modest proposal made by an administrator. Even this modest proposal has not been accepted. Meanwhile, the value of the rupee has gone down and Rs. 7,500 today does not mean what it meant even according to Shri Boothalingam report. In place of that, a piffling rise from Rs. 4,800 to Rs. 5,000 has been brought about. And for this a great amount of credit has been taken and some newspapers have been foolish enough to give headlines of this concession.

I see nothing in this budget that will, in the coming twelve months, improve the lot of the commonman. Against this, we have to put a tremendous burden of crores of rupees of additional taxation in the form of excise levies and increase of railway freights. The increase of railway freight means that every commodity except milk and foodgrains, which have been released under pressure, every other commodity used by the common people will have now to bear the cost of additional freight which will be passed on to the consumer. These commodities include...

SHRI RANGA (Srikakulam : Betel leaves.

SHRI M. R. MASANI : Yes, betel leaves; professor Ranga is very much exercised about betel leaves. It will also cover commodities like Kerosene, sugar, vanaspati, textiles, newspapers, cement and sanitary, fittings.

For some reason this very modern Prime Minister seems to grudge sanitary fittings to the people. All that will enter into the life of the commonman.

On top of this come the excise duties. These excise duties, as we know, are on a wide range of commodities like aerated waters, sugar, cigarettes, tea, coffee, kerosene, and so on. Somebody has estimated that, except for a very small amount, which might be on

air-conditioners and refrigerators, the bulk of the indirect taxation this year falls on the lower middle class and the poor people of this country.

The former Transport Minister, who is sitting there, had given a solemn assurance he must now be regretting that because he has been let down by his Prime Minister--that no more burdens would be cast on road transport. Shri Raghu Ramaiah also, for good measure, repeated that assurance. Neither of them has tendered their resignation at the Prime Minister having flagrantly flouted the assurance that they gave, because the tax on petroleum of 10 paise a litre is a breach of that assurance given by both Transport Ministers in public speeches. Already, the duty on petrol was 82 paise a litre. 431 per cent of the cost of petroleum was the excise duty collected by these parasites who sit opposite. On top of that another 10 paise has now been added.

THE MINISTER OF PARLIAMENTARY AFFAIRS, AND SHIPPING AND TRANSPORT (SHRI RAGHU RAMAIAH): My assurance was only that the matter would be placed before the Finance Minister.

SHRI M. R. MASANI : The Finance Minister has obviously shown how much weight she attaches to her colleague, the Minister of Parliamentary Affairs.

The biggest burden on the poor consumer is going to be deficit finance. Shri Ashok Mehta has already referred to it. This year's deficit finance has been calculated by the Finance Minister at Rs. 225 crores. Shri Mehta is perfectly right that this is a gross under estimate of deficit finance and a gross over estimate of revenues. He gave certain reasons as to why he thought the revenues have been over estimated, but I will point out another respect in which an over estimate of about Rs. 100 crores has been indulged in the Budget. This comes under the estimate of "growth effect" which takes place every year; that is, as a result of some growth the taxation at the old rates also is estimated to give a higher yield. Shrimati Gandhi has estimated that at existing rates of taxation, tax revenues will grow to the extent of Rs. 280 crores. This is entirely unfounded. If no recent year has the "growth effect" of taxation been

[Shri M. R. Masani]

more than Rs. 100 to Rs. 150 crores. On what basis does she now tell us that, even if she had not raised rates of taxation, the existing rates of taxation would have given Rs. 280 crores of more revenue? I hope, when she replies, she will explain this very peculiar guess of hers. I think, it is completely baseless and what this really means is that, in addition, to Rs. 225 crores of deficit finance, there will in fact be another Rs. 100 crores of deficit finance which she is trying to hide in her Budget.

If you take these Rs. 325 crores and add to that Rs. 290 crores of admitted deficit finance last year, you get a total of Rs. 615 crores. This is lethal. On top of the rising inflation, this amount of deficit finance will destroy the economy. The Planning Commission itself has admitted that over a period of five years deficit finance should not exceed Rs. 850 crores. In the first two years of the Fourth Plan, that target is almost being approached, leaving nothing for the remaining three years.

I say that it is an inflationary budget of the worst kind and the cumulative effect of excise duties, railway freight and the printing of currency notes is going to impose a burden of several hundred crores of rupees on the poorest section of our people. All this is done on the basis that production in both agriculture and industry is going to increase.

I do not know if the Prime Minister has consulted an astrologer. Perhaps she has been influenced by her New Railway Minister and had taken to those outdated, superstitious practices. On no other basis can I understand why she assumes that Nature will go on favouring us.

Why does she assume that we have had two good monsoons and we may budget for a third? Experts in meteorology have explained that, taking the last couple of hundred years of our history, in every seven monsoons we may expect a couple of good ones, a couple of really bad ones and two or three which are neither good nor bad but normal. Now if we study the last few years, the law of averages will tell us that, if we are really responsible people, we should budget for a more

moderate monsoon, if not a bad one. But the Prime Minister in her recklessness has budgetted for another excellent monsoon and has explained that this amount of printing of currency notes will be justified because agricultural and industrial expansion is going to continue. I hope so, not for her sake, but for the sake of the people of this country. In that sense, the budget is nothing but a reckless gamble on the Monsoons like any share-market speculator who has applauded the Budget. "The Birds of the same feather flock together" in these matters also.

From the point of view of the common man, it is a bad Budget. I regard the Budget as a declaration of war on the standards of life of the poorer section of the people. It is certainly not the common man who is going to be helped. So much for the common man.

Now, I come to savings and investments. We come here to the realm of corporate and direct taxes. I would have very much liked to spend fifteen minutes on this. But I have a limited amount of time and I propose to leave the examination of the direct and corporate taxes to which Mr. Salve has already referred to my young colleague, Mr. Somani, who will follow me later in this debate.

All I would say is that, as far as I can make out this Budget is going to dampen further the very low average rate of 8 per cent of savings of our national product which may have managed in the last twenty years. I say this because this Budget transfers another Rs. 170 crores from the pockets of the saver and the investor to the sterile pockets of the Government. This is called "mobilising resources". This is a beautiful phrase that the Marxists have coined. What does this mobilisation consist of? It consists of this that a rupee which in the private sector earns a return of 7 paise earns in the State sector, the Government sector only two paise. That is the wretched record of our State sector. Every rupee of the Rs. 170 crores that could have earned 7 paise for the nation is going to earn 2 paise for us, that is, a net loss of 5 paise per rupee of the tax payers' money. This is not mobilisation but demobilisation of resources, pouring them into the gutter. And yet the Government accepts the marxist ideology, the Stalinist ideology, of talking

away money from the people, squeezing "surplus values" from the people and calling it resource-mobilisation. This Budget is an enemy of saving and investment for which this country will have to pay as it has paid for the last twenty years.

Then, I come to the diffusion of ownership. We all agree with the idea that economic ownership and power should be spread as widely as possible. That was the Gandhiji's thought. But this Budget, far from diffusing ownership places more of it in the hands of those who do not pay taxes and accumulate fortunes in black money. Let me explain how this Budget of Mrs. Gandhi is a black-marketers' Budget. Till now, a man with an income of over Rs. 2 lakhs paid 77 per cent tax, whereas now he has to pay 93.5 per cent. The difference is this. Formerly, this man had to earn Rs. 4.35 in order to make one rupee of white money, that is for every Rs. 4.35 that he earned, he could take one rupee as white money, but now, with this additional impost, in order to have one rupee as white money, he has to earn Rs. 15.40. Can we imagine the temptation, the provocation, this offers to these gentlemen not to pay taxes, even if they were doing so so far, and to join the increasing ranks of those who think that it is better not to pay taxes and have a good time?

The result is that fixed income people have to pay taxes and those who are honest have to pay taxes. The entire burden is cast on those honest people who pay taxes. But what about the thousands and thousands of rich people who do not pay any tax at all and yet can buy half of us with crores of rupees of black market money?

These are the people who have applauded this budget. These are the people who like this budget. That is why I said that far from diffusing ownership, what this budget does is to put more money into the pockets of tax-evaders and black-marketeers.

Having said that, let us not also put on an air of superior virtue—we in this House or those on the Treasury Benches. A class of people who escape taxation are the Ministers. They have put the tax limit of Rs. 40,000, of course, in such a way that they themselves are not affected (*Interruption*) because their salary

is Rs. 2250 per month which I am told is taxable. If you add it up for the year, it does not touch Rs. 40,000. So they have put the extra burden of taxation just where it does not hurt those Ladies and Gentlemen.

AN HON. MEMBER : ICS Officers also.

SHRI M. R. MASANI : Let us stick to ourselves. (*Interruption*) All right. ICS officers also though some of them may come into this category. Let us, Mr. Chairman, turn the search light inwards towards our political class. Sir, charity begins at home. Let us examine ourselves. Now the Cabinet Ministers have excluded themselves from the additional taxation. But it is a fraud on the taxpayer that they do not draw more than Rs. 2250 per month. It has been estimated by Mr. Palkiwale who ought to know, that their tax-free perquisites come to around Rs. 17,000 per month. In other words, their total income is over Rs. 2 lakhs gross. I do not mind if the Minister in this big country, for the hard work they do, feel that they are entitled to Rs. 20,000 a month, I would be prepared to sanction it provided they, like other non-officials outside, pay the tax that is due on Rs. 2,40,000 per year. (*Interruptions*) If the people who earn Rs. 2,40,000 outside are "exploiting" the country, then these Ministers are among the ranks of the exploiters. To borrow the metaphor of Mr. Asoka Mehta, they are drawing in emoluments and perquisites and amount equal 750 to times the per capita income of India. (*Interruptions*) it is a shame.

But let us turn to ourselves. I do not want to be popular in this House. Let us examine ourselves, we Members of Parliament I recall, when last year we added to our emoluments, I moved an amendment opposing that particular measure saying : 'Let us not adjudicate is our own cause. Let us refer this to a tribunal for arbitration or adjudication as with all other public employees. But I was not listened to. We gave ourselves a little more.

SHRI S. M. JOSHI (Poona) : That also tax-free.

SHRI M. R. MASANI : We get Rs. 500 as salary per month. Hon. Members who

[Shri M. R. Masani]

gave evidence before the Select Committee were asked to estimate what we get tax-free. Of course, we do not get as much as hon. ladies and gentlemen sitting over there. Most of the Members said : We think we get something between Rs. 1500 and 2000 a month tax-free which, converted for the year, comes to Rs. 18000 to 20,000 a year. Now, I do not know how much more we have added in the last twelve months.

In other words, according to Mr. Asoka Mehta's calculation, we, Members of Parliament, take 60 times what the *per capita* income of the country is. I am not complaining. I am not saying that we do not work hard. We deserve all this, may be. But let us be honest with the people of India. Let us not kid them by saying Mr. Fakhruddin Ali Ahmed and Mrs India Gandhi take Rs. 2250 per month and we take only Rs. 500 per month. We earn a very good income from the country, from the tax-payer, for producing what I do not know, except words, words and words. We think that [is justified] Outside people who are honourable and hard-working, engineers, technicians, chemists and executives have been called exploiters are enemies of the people let us not have double standards. If they are exploiters, we are equally exploiters in this country.

Now, Sir, I come to employment opportunities. The Budget has some gimmicks to create employment, as if employment can be created by allocating funds in a budget. Rs. 27 crores are put aside for various schemes. They are good. I have no objection to rural welfare schemes or if roads are built and wells are dug. But to think or say that by providing some money in the budget the unemployment problem is going to be solved would amount to this that we are throwing dust in our own eyes. It may give employment to a few lakhs of people for a few years. That is all. It cannot solve the unemployment problem permanently. Already there are 15 million to 16 million people, who are unemployed in this country about half are in the villages and half are in the cities. By this kind of socialism, at the end of the Fifth plan what we are holding we are going to have is that there will be 28 million unemployed. This is the goal towards which Socialist

India is supposed to have been moving. Will this sum of Rs. 27 crore, solve this unemployment problem of 28 million people at the end of the Fifth plan ?

SHRI RANGA : There is under-employment also.

SHRI M. R. MASANI : The only way to increase employment is to increase productivity and to increase production you have to increase the size of the cake; so that more can partake of the slice. Jobs are not created by allocating funds in a budget. I would like to read a piece of advice that comes to the Prime Minister from very near home. I read the other day an excellent address, a lecture, given to a learned academic society by a cousin of hers, Mr. B. K. Nehru. He had not read the Budget at that time. He said :

"It is demonstrable that there are a much larger number of people on the pay roll, particularly in Government offices and in our larger industrial establishments, irrespective of ownership, than required for efficient working of the office or factory. These additional people are not employed. They are receiving unemployment relief at a very high rate at the cost either of the tax payer or of the consumer. A person is employed only when he is utilising the factors of production available in his particular environment in the most effective fashion and thereby producing goods or services additional to what would be produced if he were not working. Employment in short means productive employment.

And then he goes on to say and this is what I would like the Prime Minister particularly to note :

"It follows therefore that there is no such thing as an employment policy taken by itself. A policy which increases the production of goods and services at the maximum possible rate is the policy which leads to the maximum employment."

So much on this point.

Now I have an obligation at this stage to suggest an alternative. What I say is there is no need for additional taxation at all. What his country requires today is a drastic

cut in the rates and levels of taxation so that savings are simulated and enterprise and growth take place. There is nothing incapable or necessary about this budget or this taxation.

There is tremendous leakage of public funds. I was the Chairman of the Public Accounts Committee from 1969. A sample survey was made of the leakage of public fund, on the basis of the facts which had come to our notice in a small cross-section of the departments and in those two years the figures showed that no less than Rs. 90 crores had gone down the drain in those particular cases. In the wide spectrum of public expenditure how many thousands of crores are being wasted year after year.

Every year, while the money spent on non-development expenditure goes up, the money spent on development expenditure goes down. In 1951-52 non-development expenditure was 32% of the revenues; it was 40% in 1960-61 and 56% in 1968-69. The corresponding development expenditure has shrunk from 68% in 1951-52, to 60% in 1960-61, and 44% in 1968-69. At this rate of socialism you will see that in the next 50 years non-developmental expenditure will take away between two-thirds and three-fourths of the revenues of the Government, leaving only a fraction for development. All this demonstrates the Law of Prof. Parkinson, who is very much in our minds these days, that expenditure rises to meet income.

There are many ways in which additional taxation could even now have been avoided. I suggest them to the Prime Minister. Like Shri Nanda, let her have second thoughts.

First of all, by efficient tax collection of arrears and current taxes which is not taking place now the whole of this Rs. 170 crores could be made good. Not one rupee of additional taxation will be necessary.

Secondly, there is a mysterious paragraph in the Finance Minister's speech, Part A, p. 4, paragraph 11, which says :

"Provision is being made for Rs. 175 crores to cover gaps in the resources of certain States".

It is a very cryptic and mysterious remark which gaps and which States ?

SHRI BAL RAJ MADHOK (South Delhi): States which support her ?

SHRI M. R. MASANI : This is the first time that this kind of provision has featured in our Budget. We are a federal country. Our Constitution lays down how the revenues of this country are to be shared between the Union and the States. A discretionary grant taken by the Prime Minister and her colleagues to be used to put money in the pockets of the State Governments that they favour and omit others that they do not would be not only highly improper and corrupt, but I wonder whether it is constitutional. I have my own doubts whether this kind of discretionary grant can be sustained in the courts of law. But we will leave the Constitutional aspect alone. I want to ask the Prime Minister which are these States, what are these gaps and how are they going to be ascertained? Above all, who is going to ascertain them? Is it to be a quasi-judicial body like a Finance Commission? Or is to be the Government of the day, with its well known standards of political morality? I hope when the Prime Minister replies she will tell us how this money is going to be used. But I am pointing out that if even today she will drop this mysterious grant, the entire rise in indirect and direct taxation can be remitted and this country can go ahead faster.

Then there are the State enterprises, the drones and Laggards of our economy, the bad boys in the class. It has been estimated that the private sector earns an average rate of 11 per cent on capital invested. If the public sector could only return 5 per cent on capital invested, then that will give Rs. 175 crores. That is, if a 5 per cent return is there from State enterprises, there will be no need for the additional taxation proposed this year. Will the prime Minister, lay down this target for the government sector and remit this additional taxation ?

Then there is Bokaro, the biggest white elephant of them all. This wretched plant promises to be the most expensive of the expensive steel plants in India and it is taking a needlessly long time to erect.

[Shri M. R. Masani]

But now we come to the biggest scandal and it has broken in the last few days and that is the way in which, under brutal Soviet Pressure, an Indian consultancy firm has been pushed out of the job of consultancy in Bokaro that had been promised to them solemnly by the Government of this country. This follows from the visit to Moscow last November of Shri K T Chandy, a well known communist fellow-traveller throughout his life. When he went there, he signed an agreement for bringing into this country what is called Gipromez, the Soviet consultancy organisation. By bringing this Soviet consultancy organisation into this country, the Soviets now stake the claim that Dastoor and Company, who were promised this assignment should not be trusted with it. But it is going to be taken over not by the Soviets—because that would be too blunt—but by what is called the Central Engineering and Design Branch of the state enterprise itself. But everyone who knows anything about it knows that this Central Engineering and Design Branch will be nothing but a cover, a facade, for the Soviets who have got the Indian consultants thrown out.

I am sure the prime Minister does not want to be party to another breach of faith. May be she did not know about it when this commitment was made by Shri Chandy in Moscow. Whatever be the facts, I would like her to go into this before her reply to the Budget debate next week and tell us what are the facts, why this assurance has been gone back on and what exactly is the commitment to the Russians? Our information is so far from what has been published in the press. I want to draw attention to a very authoritative article by Prof. K V Subramanyam, no less than a member of Shrimati Gandhi's Cabinet sub-committee on Sciences.

As we understand, it the payment to the Soviets has to be made for these services either in Pounds sterling or in the gold content of the rupee—not our rupee which nobody wants any more, neither the Soviets nor the Yugoslavs—at the option of the Soviets. I hope that the prime Minister will remember to reply to this. Otherwise we shall have to raise the welfare again when he Demands for Grants of the Steel Ministry, come up.

The point I am making is this if the rates of taxation, direct and indirect, can be reduced by half, and I say they can be, what would happen to the revenues? President Kennedy, who carried out this experiment in America—he was a great progressive—showed that when you reduce tax rates, your revenues do not go down proportionately. They go down much less, and the best estimate we can give just now is that if our rates of taxation, indirect and direct, every excise duty, every freight rate, every income tax were lowered to half the proportion, then we might lose about 30 per cent. of our gross revenues not 50 per cent. And I believe that we can have an over-all cut of 30 per cent of our total revenues in this country today. There is a tremendous amount of leakage and wastage that can be shut out, and I have shown there are three or four ways in which it can be done. If this can be done, then I can promise this House that within one or two years the present bulk of revenues will be restored and the people of India will be going places.

Let me give some figures. In 1961-62 and 1962-63 the rates of industrial growth were high, 9.1 and 9.7 respectively.

The corporate taxes went up during that period from Rs. 160.81 to Rs. 287.30 crores. They did not quite double, but were nearly double, without any rise in rates. Then came a rise in corporate taxation and then noxious effects of the Second and Third plan, the rotten plan that we have gone through, began to be felt. The result was that by 1967 the rate of industrial growth, had dropped from 9.7 to (minus)-0.7 per cent. The entire industrial advance in this country was brought to a standstill. If the rate of corporate taxation had not been raised. If the Second and Third plans and the Budgets of Shri Krishnamachari and Shri Morarji Desai had not been presented, what would have happened? What would have happened is that the rate of growth would have gone up by eight per cent. every year. I am not taking nine per cent. If that had happened, our revenues would have gone up every year by Rs. 245 crores at the existing levels of direct taxation. If taxes had not been raised in 1963-64 and later, we would have been getting Rs. 245 crores more than what we are getting today. Let us assume half goes to the Government and half would have remained

with the producers, because corporate taxation is about half. That means that an additional Rs. 124 crores would have remained with the public exchequer by direct taxes.

Similar figures can be given for indirect taxes. Between 1961-62 and 1963-64 indirect taxation rose from Rs 702 crores to Rs. 1,064 crores an increase of 52 per cent. Then, excise duties started being raised to finance these wretched plans and the result was that they stopped growing.

Another Rs. 100 crores a year could have come from additional revenue from excise duties at the old rates.

I am pointing out that it is not the rate of taxation that the people should worry about, it is the rate of growth of the economy. If you can get a higher rate of growth of the economy as Japan, Korea, Taiwan and Malaysia have shown, not to speak of Germany, we would be getting more for our social and public purposes than we are getting by this stupid policy of raising rates so high that revenues drop and use blackmarket becomes the feature of the day. This is our objective. We have said this before and we say it again.

Mrs. Gandhi thinks, she had said so, that she is in the company of forward-looking people. I wish she was because then I can see a bright future for our country. Alas, she does not know that the fact is that she is not. She seems to be.

Living, according to her Budget and her policies, in the era of the kind of Marxism that young people like her and others picked up in the Universities in England in the middle thirties.

In the middle thirties, it was fashionable to be a Marxist and all young people naturally picked this up. (*Interruption*) as no doubt she did also. I suggest to her that it is time she moved from what she learnt in Cambridge or in London in the middle thirties. Things have moved since then. Socialism the world over has changed. (*Interruption*) Take West Germany; take Sweden, (*Interruption*) except in this country take countries like Sweden which practice socialism. Take countries like West Germany that practise socialism because now, Mr. Willy Brandt, the leader of

the Social Democratic party, is the Chancellor of West Germany. If you examine the programmes of the Swedish socialist party or the German socialist party, you will find that this kind of budget, this kind of planning, has no place in their make-up.

I will read a passage from the programme of the German social Democratic party which, hon. Members will realise, sound, like a passage from the programme of the Swatantra Party :

"Free choice of consumer goods and services, free choice of working place, freedom for employers to exercise their initiative and free competition are essential conditions of a social Democratic economic policy."

It goes on to say :

"The social Democratic Party, therefore, favours a free market wherever free competition really exists. As much competition as possible.... as little planning as necessary."

I could go on reading from the Swedish socialist manifesto. I commend to Mrs Gandhi a little book, *20th Century Socialism* by Mr/s Rita Hinden, a woman socialist in England. Above all, I would like her to read this book which I am showing to her : If she will look at it *The Unperfect Society* by Djilas, a great communist. He was a communist till recently. He has learnt, because he is moving with the times, and he says what I am trying to say to Mrs Gandhi if she would listen :

"The philosophical foundations of Marxism, laid down in the mid-nineteenth century and systematized by the eighteen-seventies, have remained in essence unchanged, while the modern sciences have been pushing forward inexorably."

What does he say ? He says that the choice before the world is Lenin on the one side and Gandhi on the other. He was a great Marxist-Leninist and he describes, in this book, how Lenin was his first prophet and how he turns to Gandhiji.

And what do we do? We from a Committee to celebrate the centenary of Lenin, distinguished by fellow-travellers, and build

[Shri M. R. Masani]

up this man who openly proclaimed his belief in lying, deceit, murder and treachery for the benefit of the Communist party. We try to elevate him in this country with the patronage of our prime Minister, and at the same time we turn our backs on Mahatma Gandhi (*Interruption*).

AN HON. MEMBER : You disregard Gandhiji.

SHRI M R MASANI : We do not disregard Gandhiji; We stand by him and uphold him.

Sir, this budget does not represent 20th century democratic socialism. This budget is a reflection of the kind of decadent reactionary State capitalism which has been so far practised by despots like Nkrumah of Ghana and soekarno of Indonesia. I was in Ghana for a meeting in January. People said to me "Do not talk of socialism here. It is a dirty word, because Nkrumah has vulgarised this word so much that people will not look at anyone who calls himself a socialist. Do we want that day to come in this country, and it will come, if this goes on. People will spit at the word socialism. (*Interruption*) It is a good word which I have professed for many years and I shall accept the objectives. (*Interruption*) The objectives of socialism are good objectives. They are a classless, equal and free society. But, unfortunately, the methods of socialism are the slowest and the most impossible methods to get to those objectives.

Therefore, intelligent socialists like the Germans, the Swedes and the British—

AN HON. MEMBER : And like you.

SHRI M. R. MASANI : Yes; like me—discard them as rusty, outdated, weapons and take up new weapons with which the German socialists, the Swedish and others taken their countries forward.

If the Prime Minister really wants to modernise the country, I can assure her that people like me will be with her. But before she can modernise the country, she will have

to modernise her own thinking, and the thinking of many of her colleagues.

MR B. K. NEHRU : I will quote one Nehru to another, because it may make a bigger dent than I can hope to have put his finger on the spot in discussing the mentality of the kind of socialists sitting there. He says :

"There is ignorance about the nature of modern wealth. Modern wealth is totally different kind to traditional wealth; these two kinds of wealth are not created the same way, their social consequences are entirely different and the manner therefore in which society has to treat them must also be wholly different...."

All the ways of growing rich before the industrial revolution involved the exploitation by the strong of the weak, by the privileged few of the unprivileged majority. Wealth was limited; the rich could not grow rich without robbing the poor. No wonder then that in a society such as ours where the economy has only fractionally moved into the industrial area and which has hardly yet been touched by the present scientific and technical revolution, the minds of the people should be attuned to the concept that there is something in word in the ownership of wealth...."

This is what the budget is based on. Then he goes on to say :

"Modern wealth is not limited; it is capable of being increased without any limit whatsoever."

That is without exploiting anybody. This is what I am trying to say to the prime Minister. Let us all modernise our own thinking. Let us keep up with what is happening in the rest of the world. Let us not stick to what we learnt thirty or forty years ago.

That is why I agree with my friend, Mr Asoka Mehta, that there is nothing new or original in the budget. It is the same old dreary, "stale and unprofitable" mixture,

which we in this House have got bored by listening to from Mr T.T. K Krishnamachari, Mr. Morarji Desai and now from Mrs Gandhi.

I deplore above all the lack of originality in the thinking of this budget. There is neither social justice in it nor growth.

Now a days there is a fashion abroad. It is called the maxi-coat, a coat that goes right down to the ankles has become the ladies' fashion in Europe. But under the maxi-coat, the ladies of fashion wear very brief, bikini-size under-garments. Mrs Gandhi's budget appears to be very much like this, because under all this covering of gimmickry and make-up, her maxi-coat policies may look very big and imposing, but underneath I am afraid its under-garments are extremely short and extremely negligible.

SHRI CHINTAMANI PANIGRAHI (Bhubaneswar): Sir, while being conscious of the constraints of realism at the present crossroads of India's political development the budget for the first time has boldly faced the realities and the challenge of the changing times and has responded cheerfully to the new awakening of the masses. It has shown that given determination and will, promises improve the lot of the common man and the underprivileged can be faithfully fulfilled and our sovereign Parliament can lead the nation from victory to victory in the realisation of the directive principles of the Constitution, to which we all owe faith and allegiance. This wind of change is noticeable in the proposals of the budget.

For the first time, as a people's budget, it has thrown up possibilities for a radical break-through. There are decidedly socialist orientations. It is also for the first time that the budget as an economic instrument has adopted some strategy which while completely demoralising the forces of reaction has paved the way for providing common meeting grounds for the rising progressive, democratic and socialist forces in the country. I can understand why Mr. Masani was so angry. But I was happy because when I used to hear him in the second Lok Sabha, he used to quote Dean Acheson of the United States. He used to quote Mr. Dulles. I am very happy he has come nearer home to quote Shri B. K. Nehru this time. I hope his alliance with Jansang

has really prevailed upon him to believe in the slogan of Indianisation.

18.15 hrs.

[SHRIMATI JAYABEN SHAH *in the Chair.*]

With the food production about to exceed one hundred million tonnes, with a rising level of foreign exchange reserves, with our exports increasing and our balance of trade position improving very fast, the economy is poised for a high rate of growth and it is quite good that in this budget we have attempted for a high rate of growth of our economy. It is our duty to accelerate this tempo still further.

Much is being said about this deficit financing of Rs. 225 crores. I had a talk with some American Professors of Economics about the traditional theory of supply and demand they found that the traditional theory of supply and demand does not operate nowadays. If the big tycoons in America store all the coal available in the coalmines the theory of supply and demand lose all meaning. If Shri Masani is guided by the traditional theory, I may tell him that he can at least for one instant keep in mind the experience of Mr. May inchun who was Rector of Hsinshua University. He had a doctorate of an American University and he was in America for 26 years. When he went back to China to join the Hsinshua University he was told by the authorities and the people to go back to the villages and learn everything afresh. After training for one year in the villages he said that he had to unlearn many things which he learnt of traditional economics for 26 years in America.

Today in our country we are shaping the economics of growth in a never way. I may venture to say that growth and inflation do not necessarily go together. There is no reason to believe that growth and inflation must go together. Rather, growth is the greatest enemy of inflation. Therefore, in this budget we have attempted for growth without inflation. Because we want accelerated development in the economic sphere, therefore the provision of Rs. 225 crores of deficit financing is nothing to bother about. I may also say that it is much less than what was provided by Shri Morarji in 1968 if he cares to look at his own budget. Therefore, charge of reckless deficit financ

[ShriChintamani Panigrahi]

ing does not hold good. In fact, it is much less than that of last year.

The keynote of this budget is production; the keynote of this budget is production-orientation and accelerated investment. We will have to look at this budget according to this new light. An earnest and sincere attempt has been made to ease the lot of the salaried middle-class and efforts are being made to tighten the screws of the richer sections, sections which are affluent so that they could give a little more money for the development of the society.

Therefore, if Shri Asoka Mehta was trying to see the line of demarcation between the traditional budget and this year's budget and he could not see any difference I can only cite the example of a learned professor. I was also learning under him. He was a professor of philosophy. He used to have two holes in his front door for years together. A common man from the village went and asked him why he is having those two holes. He said that he has two cats with him, one big and another small. Since he would be immersed in his work and would not like to be disturbed he had made two holes, one big and another small, so that the two cats could go out and come in whenever they like without disturbing him. Then the villager asked him whether it is not sufficient to have only one big hole so that both could go out and come in by the same hole. On examination it was found that both the cats could go out by the same big hole.

So, Shri Asoka Mehta has to learn quite a lot from the common man. Then he could understand the difference between the traditional Budget that Shri Morarjibhai presented and this Budget.

Here are the salient features of this new Budget which marks a complete watershed from all the traditional Budgets. Shri Asoka Mehta was trying to ask as to why at least this split in the Congress. This recent split which has been brought about in the Congress is of their creation, not by the Prime Minister or by us. It is their creation because they could not distinguish between light and darkness, black and white.

18.21 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

See the difference of this new Budget. It provides for firstly, family pension-cum-life insurance scheme for industrial workers; secondly, special schemes for small farmers and research on dry farming techniques; thirdly, rural works programmes in areas which are prone to famines, droughts and all kinds of natural calamities—the Bombay Congress session had accepted the programme so that you could provide employment to millions of men and women—fourthly, setting up of Urban Development Corporation to tackle problems of slums and other problems which are facing the urban areas; fifthly, supply of drinking water which is the basic need of the villages and which many of the areas are today deprived of and it was the demand of the Bombay Congress session that it might be fulfilled; sixthly, massive nutritional programme for millions of children; and, seventhly, minimum pension of Rs. 40/- for the employees. We accepted the ten-point socialist programme and I can see seven of them here.

For the wage earner with less than Rs. 5,000 income a year, the concessions are considerable. He is freed from income-tax and the duties on certain consumer goods leaving him virtually unscathed because he does not normally consume them.

A great point was made about taxation that has been done in some sectors. If you analyse this taxation, you will find that at least 70 per cent of it will be borne by those who belong to the higher income groups and perhaps only 16 per cent will be borne by others. Therefore I know why they are angry.

Then, the wage earner will benefit from the proposed scheme for family pension and life insurance which will guarantee a pension of between Rs. 40 and Rs. 150 a month. Further, Government servants are promised a minimum pension of Rs. 40 a month. This proposal will benefit about 3 million employees throughout the country who contribute to the Provident Fund Scheme. Our party knows that the 3 million Government employees will be the strongest supporters of the scheme and the Government.

Again, Government has decided to build a buffer stock of foodgrains. We have built up 4.2 million tonnes of buffer stock of foodgrains and we hope that we can control prices. Much was being made of rising prices now-a-days. With a good deal of control and if we can implement all these decisions, I hope the price mechanism can be controlled.

I had said that this Budget is meant for growth. What are the salient features for growth in 1970-71? If you look at the Budget proposals, you will find that significant attempts have been made for accelerating agricultural growth and also to stimulate industrial growth. Provision has been made for investigating national resources of ground water wealth so that in many areas where there is no possibility of irrigation electricity could go and the villagers could get water and grow more crops. Then, provision has been made for improving cattle breed and wealth. Provision has also been made for encouraging silk production. Tea, rubber and coffee industries have been given impetus so that we could compete in the export market.

Then, Mr. Masani was just giving a very gloomy picture of industrial growth. We have recently come from certain countries and we find steel which goes from India is being utilised in Kuwait, in Turkey and in Afghanistan on a large scale for housing-building programmes. Our cement is also being utilised in those countries. Our engineers are building hospitals in Kabul and in other countries also. India is marching ahead.

We have made provisions for the desert regions in Rajasthan, Gujarat and Haryana. All these areas are backward and they need special attention. It is a matter of regret that Mr. Masani had to say why Rs. 175 crores have been placed at the disposal of the Centre to help the backward areas in various States which are lagging behind. I think, no State Government and no M.P. from any State will ever subscribe to the views of Mr. Masani. I have seen all those areas and they are backward and neglected. There is a demand that they should get more and more attention. Therefore, the Government has been generous enough to provide for this sum of Rs. 175 crores. I congratulate the Government for their boldness and imagination in this direction.

In line with the political commitment to the under-privileged and to the common man in rural areas, we have decided to take up rural project for small farmers. To begin with, in 45 districts, it is proposed to start the rural projects and we are quite sure that this scope will be enlarged further. This is meant for growth and for furthering investment because we want to keep the tempo of productive activities that are going on in the country.

The stock exchanges all over the country, as you might have seen, after the Budget was presented, have been quick to respond to the stimulus offered to the investment in the budget. It provides tax exemptions for a larger size of personal incomes from investment in the Unit Trust, share dividends, Government securities and interest on bank deposits. For All those who prefer saving to spending, an attempt has been made to encourage people to save.

There is an increase in the exemptions from Wealth Tax of amounts invested in public sector and new manufacturing enterprises. The big farmers have been offered higher rates of interests if they entrust their wealth to the postal savings scheme. Higher interest is also proposed on provident fund deposits.

The Budget also breaks fresh ground with a massive nutrition programme which will serve more than 2 million children under the age of 3 years. I think, it is for the first time perhaps that such a big effort has been made. Besides, the school feeding programme has also been enlarged. In all, this bold nutrition programme will benefit 14 million children upto the age of 12 years.

Lastly, this Budget has made a curb on the rich people for which Mr. Masani was so angry. It is a commitment of this Congress party made at the Bombay session; that the affluence should be curbed and it is in right earned that the Prime Minister and our Government has tried its best to curb the affluence. Therefore, the Budget has introduced a levy on all property of urban nature worth more than 5 lakhs. This is a practical answer to the problem now. I met certain people in Calcutta and they said, "What should we do? We have more than Rs. 10 lakhs to Rs. 20 lakhs of property." I asked them, "Who told you to have the property here?". It is neces-

[Shri Chintamani Pangirahi]

sary to do that to help the poor people in the country.

Let me quote the words of the Prime Minister. I quote:

"Who derives his entire income from wealth, the combined effort of income and wealth taxation, as now proposed, will impose an effective ceiling on income after tax when such income reaches approximately Rs. 25,000 per annum."

For the first time, the Wealth Tax rates on urban land and buildings has been raised. The Wealth Tax rates have been raised from the existing levels of 0.5 per cent. The exemption limit for Gift Tax has been lowered from 10,000 to Rs. 5,000. The Company entertainment expenses have been disallowed for tax exemption. The flat rate of 65% on the income of discretionary trusts is also a well-designed measure to check tax evasion. These trusts were being mismanaged like anything. They were extending their empire. This is the first time that we are attacking these trusts. Therefore, if all this does not distinguish the Budget of 1970-71 from the budget of 1969-70, then what makes the difference? I hope, Sir, the trend and direction shown in the budget will pave the way for better understanding between the forces of progress, the forces of democracy and the forces of socialism and they shall try to adjust with each other and will provide such a kind of solid rocklike understanding that the forces of reaction will be defeated in all their conspiracies. A beginning has been made in the right direction and I am quite sure, that if the corporate sector had been left untouched to-day, it is like a goat being prepared for the next year's sacrifice.

श्री महाराज सिंह भारती (मेरठ) : उपाध्यक्ष महोदय, मुझे इस बात का रंज नहीं है कि...

MR. DEPUTY-SPEAKER: You can continue tomorrow.

DISCUSSION RE: WESTERN KOSI CANAL, ASHOKA AND THAKUR PAPER MILLS, AND MITHILA UNIVERSITY AND MITHILA BROADCASTING STATION

MR. DEPUTY-SPEAKER: Then we take up the half-an-hour discussion. Mr. Bhogendra Jha, you have raised four or five matters for this half-an-hour discussion. I stand corrected. This is not an half-an-hour discussion, but it is a discussion under Rule 193. But only half an hour has been allotted for it. After you speak, we cannot allow any other members and I will call upon the Ministers to reply.

SHRI SHEO NARAIN (Basti): Every Party should be given a chance.

SOME HON. MEMBERS *rose*—

MR. DEPUTY-SPEAKER: Please resume your seat. I am listening to other members. You are not the only member here. I cannot hear anybody if everybody talks. Please sit down. I am running this House. I know what I am doing let me here.

श्री रामावतार शास्त्री (पटना) : उपाध्यक्ष महोदय, हर एक पार्टी को कुछ समय दिया जाये ।

श्री शिवचन्द्र झा (मधुबनी) : उपाध्यक्ष महोदय, यह स्पष्ट कर दिया जाये कि क्या अन्य पार्टियों के सदस्यों को समय मिलेगा या नहीं ।

MR. DEPUTY-SPEAKER: I am entirely in your hands. If others speak, you cannot conclude this discussion in half an hour. Therefore, you have to decide one way or the other. It is not possible. Kindly hold on. About four or five Ministers are involved in this discussion. If you want them to say something in reply to all the points raised, then you must forgo the right to speak.

SHRI VASUDEVAN NAIR (Peermade): May we know whether there is such a wise Minister who can reply on behalf of all the Ministers?