

श्री त्यागी (देहरादून) : यह मामला जल्दी में तै नहीं किया गया। सोच समझ कर किया गया है।

श्री रामसेवक यादव : अध्यक्ष महोदय, मैं न तो अपनी कोई राय दे रहा हूँ और न चाहता हूँ कि इस मामले पर मदन अपनी कोई राय दे। लेकिन जो परिस्थिति है उसको आपके सामने रखना चाहता हूँ। मैं यह जानना चाहता हूँ कि क्या इसी तरह से इस सदन के एक माननीय सदस्य श्री मौर्य को भी गिरफ्तार नहीं किया गया था। वह भी रिपब्लिकन दल के सदस्य थे और यह भी उसी दल के सदस्य हैं। रिपब्लिकन दल का एक चुनाव भी रद्द हो गया, लेकिन वह अलग बात है। मैं जानना चाहता हूँ कि ऐसा तो नहीं है कि उत्तर प्रदेश सरकार रिपब्लिकन दल पर खास तौर से मेहरबानी करके उसको इस तरह समाप्त करने का प्रयास कर रही है ?

अध्यक्ष महोदय : इसका मैं क्या जवाब दे सकता हूँ। आप कह रहे हैं कि उत्तर प्रदेश सरकार झूठा मुकदमा बना कर रिपब्लिकन दल को नीचे लाना चाहती है। इस मामले पर, जो कि अदालत में गया हुआ है, फैसला होने से पहले हम कैसे राय जाहिर कर सकते हैं कि पुलिस झूठा मुकदमा बना रही है।

Shri Hem Barua (Gauhati): Sir, what perturbs me is that this gentleman is alleged to have made some statement in July and he has been arrested, as announced by the Minister, in February. There is a long gap, although the Defence of India Rules are operating. Therefore, the suspicion is that the police might have built up the case against him. Or else, why did the police take such a long time, after the man is alleged to have made the speech?

Mr. Speaker: At this stage, when it is before the court for trial, we cannot say whether the police cooked it up or it was a real and genuine one.

Shri Tyagi: The delay is obvious. It shows that the allegations were thoroughly examined and therefore, time was taken.

Mr. Speaker: Already we have taken 45 minutes.

12.43 hrs.

GENERAL BUDGET, 1964-65—GENERAL DISCUSSION—contd.

Mr. Speaker: The House will now take up the General Discussion on the General Budget. Shri A. P. Jain.

Shri A. P. Jain (Tumkur): Sir, I will start with the generally accepted truism that our budget is not a mere statement of the receipt and expenditure; it is a purposeful instrument for fulfilling certain objectives, namely, to promote the economic development and attain certain social objectives. So far as we in the Congress are concerned, we defined our social objectives at Bhuvanagar in a big resolution. It was not merely an attempt or an essay on theoretical discussion or philosophical discussion but we took a solemn pledge to fulfil the resolution which we adopted there. We are dedicated to that resolution and in judging the present budget, at least my point of view is going to be, to what extent this budget fulfils the objectives laid down at Bhuvanagar.

Analysing that resolution in a very broad way, its main attributes are (a) higher production, both industrial and agricultural; (b) equitable distribution of income and (c) reduction in inequalities of wealth. These are the three broad criteria which I proposed to use as an acid test to find out the real nature and the quality of this budget. Let me take first higher production in the industrial sector. I am glad that the Finance Minister has paid adequate attention to this problem. Mostly he has brought about certain readjustments, rationalisations and changes in the tax structure of the corporate sector. I do not agree with some hon. Members of the House who said that his objective was to

give relief to the corporate sector. In fact, the net result of his taxation proposals has been an additional levy of Rs. 11 crores during the budget year, which the corporate sector will have to pay. But there are certain points which have caused me a little worry and I would like the Finance Minister or the Minister of State to clarify those points in their reply.

The first point is relief in inter-corporate taxation. This relief, among other things, has taken two broad shapes. The first is exemption of companies from super-tax on dividends received from other Indian companies. The second is reduction of sur-tax by 20 per cent on dividends received from certain types of specified industries including companies generating or promoting electricity. It is well-known that this type of concession leads to inter-locking. Inter-locking means concentration of wealth. Recently we have come across a summary of the report of the Mahalanobis Committee though it has not been published formally. There is a significant remark in the report that has appeared, namely:

"As evidence of concentration in the corporate sector, the committee points out that 1.6 per cent of the total number of companies in 1960-61 claim 53 per cent of the total paid-up capital. It is evident that one of the factors that have contributed to the growth of big companies is the financial assistance rendered by public institutions like the Industrial Finance Corporation, the National Industrial Development Corporation and the Life Insurance Corporation.

The Finance Minister, in Part A of his budget speech has specifically said that he is opposed to monopolies and to concentration of wealth and he proposes to appoint a commission to find out the extent and the details about the monopolies and concentration of wealth, with a view to deal with that problem. So far as the proposal goes,

I welcome it. But one thing I want to ask from him is, until the report of that commission comes, what is he going to do? It has been our experience that it takes several years for a report of that nature to come. Then Government will deliberate upon it and it comes to the House, after which a final decision is taken. What is he going to do in order to stop the increase of monopolies or concentration of wealth until that report comes? If we wait for that report it means that we are going to do anything. So, the first thing that has occurred to me is that this inter-locking, although it has a certain objective, will lead to further concentration of wealth and I would like the Finance Minister to enlighten the House as to how he proposes to combat it. It is my humble request to the hon. Finance Minister that though he may wait for the report for the final steps he proposes to take, at least he should see that no further increase in monopoly or concentrations of wealth take place. If it is allowed to take place for three or four years more, then it will increase in volume and our difficulties in tackling may become unsurmountable.

My second point is about the replacement of super profits tax by the sur-tax. So far as super profits tax is concerned the rate of deduction was 6 per cent. The Finance Minister has raised it to 10 per cent. Well, that is a sort of incentive. The capital base for the super profits tax was the capital and reserve. The Finance Minister has extended the base and he has included he equity capital, preference capital, reserves, debentures, loans both internal and external and loans from banks for a period of ten years. Now, Sir, I want to put one question to the hon. Finance Minister. I have not known of any preference shares or of debentures which are being floated at the rate of 10 per cent or more. All the debentures or the preference capital that I have known of are floated at a much smaller rate of interest. Similarly the loans advanced

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by the governmental agencies or loans raised abroad or the loans from the banks also carry a much lower rate of interest than 10 per cent. How is it then that he has included all these things and allowed a deduction, the aggregate at 10 per cent irrespective of the actual outgoings? This is one part of my objection. Rightly enough, the Finance Minister has been very keen to stimulate savings. If a person stands to benefit by getting a higher deduction on the preference capital or the debentures or on the loans—that is, he gets a deduction of 10 per cent whereas he pays less than 10 per cent—than to that extent it will be a disincentive to build the reserves. I would like the Finance Minister to clarify these two points because they have caused a considerable amount of misgiving in my mind.

Then I come to the foreign equity capital. A report had appeared in the *Patriot*, and I am glad the Finance Minister has taken prompt steps to contradict that report. That report was causing a lot of misgiving and worry to persons like me. Foreign investments have some peculiar features which I do not like. I do not say that constituted as we are the old maxim that "flag follows trade" holds good. We are sufficiently conscious. We have sufficient courage and strength not to be influenced, not to be subordinated to other countries, merely because we import some capital from there. But there is one thing, that foreign capital, particularly equity capital, means the hands of the foreigners in our economic system, and in the ultimate result may also mean other kinds of pressures. We have got the example of South America where the United States is controlling the South American independent States in various ways through the investment of capital. I do not look upon the investment of foreign capital with very great favour yet I do not altogether oppose it. Our approach towards equity foreign capital has been a selective one. Mostly it has

been confined to industries which require big capital—that is, big capital based industries or heavy industries. There has also been another condition, and that is, where we do not have the technical know-how. I hope the hon. Finance Minister will take care.....

The Minister of Finance (Shri T. T. Krishnamachari): That is exactly what is intended.

Shri A. P. Jain: Then I congratulate you on that. I hope that the approach of the Finance Minister would be selective and foreign equity capital will not be allowed to enter into an unnecessarily large number of industries and it will be confined to the minimum. I am glad that that is the view of the Finance Minister also.

Now, Sir, I come to my third point, namely, agriculture. I do not hesitate to say that agriculture has received an extremely cold treatment from the Finance Minister. In the whole of his long speech of 20 pages there is a very scanty reference to agriculture. There is one reference on page 3, paragraph 6 Para A, where he says that "80 selected districts covering 1500 blocks will be taken up for package programme". This is nothing new. The package programme is being tried for a number of years, and after the experience we have gained it was but natural that this scheme should be extended further. Then, in the same paragraph he refers to the setting up of an Agricultural Production Council—just an administrative measure. Again on page 5, paragraph 11, Part A, he makes a casual observation "keeping the prices too low may defeat the objective of raising agricultural production". But he does not go any farther than that, and that too is only a side reference. He further goes on to say: "but wages cannot also be controlled". I was expecting something more than that. There used to be time when the Indian budget used to be called

a "gamble in monsoon". I am glad it is no more so, because we have got other sources of revenue. Even so, agriculture constitutes about 50 per cent of our economy—national economy—and our budget is but a reflection of the economic conditions of the climate of the country. I feel that the Finance Minister should have attached much greater importance to agriculture in his budget speech.

Now, Sir he has talked about supplies. When an hon. Member who was speaking the other day, criticised the agricultural aspect of the budget the Finance Minister interrupted him and said that he has made ample provision in the budget estimates. Well and good. But there are two parts of it. One is making the supplies available as is also done for industry. The hon. Minister has set up the Unit Trust. I welcome it. He has also moved a Bill for setting up a Development Bank. I also welcome it. Now, so far as the supplies go. I trust and believe that more of the resources are going to be placed at the disposal of the farmer. But, Sir, are there not budget incentives which the farmer deserves? Just as the Finance Minister has given budget incentives for the purpose of stimulating industrial production, he should have given budget incentive for the purpose of stimulating agricultural production. I am not making a vague observation. I want to point out certain specific things. Last year, when the duties on kerosene oil were being discussed, many of us made a proposal to reduce the duties on the inferior kind of kerosene oil which is being used in the countryside. During the current year he has realised a much larger revenue from kerosene than what was estimated. What is the reason for his not reducing the duty on inferior kerosene oil, which gives a little light to the poorer sections of farmers and remove the darkness of their wretched homes?

13 hrs.

Now I come to diesel oil, which is

very necessary for the farmers for their pumps and tractors. I do not see any reason why some reduction in duty for diesel oil should not have found a place in the budget. On the basis of past performance or requirement, a farmer who has a pump or tractor and is using diesel oil could be given coupons. It is big companies which are selling oil and so there would not be any difficulty about refund or accounting etc. The farmer can be given concession on diesel on presentation of coupons and the company can get a refund from the Government.

Then there is the question of fertilizers, which is very costly. They are cheaper everywhere else in the world. There is a fertilizer pool which is making unconscionable profits. Is there any reason why the price of fertilizer should not be reduced? Is that not one of the incentives which the farmer deserves?

The Reserve Bank advances credit to co-operative societies at the rate of 2 per cent, but when it reaches the farmer the rate of interest he has to pay comes to 8 to 10 per cent. Why? Because, there are several intermediary societies. There is the Apex Bank, the Central Co-operative Bank and the primary society. Here I make a very humble suggestion to the hon. Finance Minister. Since he deals with the Reserve Bank, he can lay down the financial pattern and eliminate at least one of these links. Either the Apex Bank should have its own branches in the regions and districts which should advance loans to the primary co-operative societies or there should be regional banks covering a division and doing away with the Apex Bank so that these regional banks may advance credit direct to the primary societies. I think that this will reduce the processing of credit through intermediaries by about 2 to 3 per cent, which will mean a great relief to the farmer.

Then, he has talked so much about the corporate sector but he has not said a word about the co-operative

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societies. I am referring to large co-operative societies like co-operative sugar mills or co-operative societies for ginning or pressing cotton of even some co-operative mills which may undertake the manufacture of textiles. This scheme of co-operative sugar mills was started during my time and I am glad to find that as many as 25 per cent of the sugar mills of this country are owned by co-operative societies. Now, what was the object of these co-operative societies? The object was that the farmer owner becomes also the manufacturer of sugar. Some of these co-operative societies have done excellent work. They are efficient, earning good profits, and their method of working is at least as efficient as that of the sugar mills in the private sector. But they are being given a step-motherly treatment in the matter of income-tax. Some of these co-operative societies have evolved a system under which they make it obligatory upon their farmer members to compulsorily supply to the mills all the sugarcane produced by them. It is a long term contract. They have got another scheme. They control the production of sugarcane. They lay down the programme, they themselves harvest it and transport it to the mills. What is the income-tax department doing? If a privately owned mill buys sugarcane at a price higher than the statutory price—they are doing it in Western UP, where they are now paying Rs. 2-6-0 instead of Rs. 2—UP Government is giving a concession of three annas and the mill is paying another three annas—all this is liable to be deducted from the income-tax return as the price of the primary product for sugar. In the case of the co-operative societies, they are making a long-term contract with the sugarcane producers, introducing certain improvements and exercising certain controls. So, they are paying a higher price for the sugarcane. But the income-tax department says: no, the deduction will be allowed only to the extent of the statutory price. Is

it the manner in which we are going to develop co-operative societies? Not only in India but elsewhere, both in the capitalist and communist countries co-operation has a big role to play. I request the Finance Minister to introduce a provision in his Finance Bill, acquiring to himself the power to give adequate relief to the co-operative sugar mills and other processing industries in the co-operative sector to give them a definite stimulus, to give them definite encouragement so that we may come nearer the socialist pattern by which he swears and I swear

Here I am reminded of our revered and devoted friend, Pandit Govind Ballabh Pant. He said during the course of a discussion—I do not know whether the Finance Minister was present but I positively remember that the Prime Minister was there—that the best way of helping a farmer is to give him subsidy because if you link the subsidy with the productive input the farmer necessarily makes good of the subsidy. I do not find anything of it here. I think he should give some thought to it. He will be introducing many more budgets—I wish him long life as Finance Minister....

Mr. Speaker: He should conclude now.

Shri A. P. Jain: Sir, I speak only once or twice in a session. So I should be given more time.

Mr. Speaker: I have no objection to that, but the difficulty is that the Congress members give a long list and I cannot accommodate them all.

Shri A. P. Jain: I will sit down if you want.

Mr. Speaker: I do not want that. But I do not want him to take too long.

Shri Hari Vishnu Kamath: (Hoshangabad): It can be deducted from the total time given to his party.

Shri A. P. Jain: I am not likely to speak for the rest of the session so that others will have more time.

Mr. Speaker: When should I ring the next bell then?

Shri A. P. Jain: Whenever you like. I am always in your hands. I want the Finance Minister to pay earnest attention and devise a scheme by which the co-operative sector is not only strengthened but it is further widened. I know that he will agree with me and do something. I know his heart.

I am skipping over some points for want of time. Then I come to another point, the equitable distribution of income. I am sorry to say that I do not find anything about it in this budget. I know that it is not possible to bring about any radical change in the distribution of income in one budget. It will require a series of budgets spread over a number of years, but I expected him to make a beginning at least, a notional beginning, a nominal beginning. Let me hope that he will do it in his next budget.

I want to make one observation about his budget speech. In paragraph 60, on page 10, under B, he says that his budget proposals mean a reduction of taxes at all levels. I am sorry, I cannot agree with him. Let me examine the figures. I have tried to work them out. On an income of Rs. 5,000 the income-tax on 1963-64 was Rs. 91 whereas under his budget proposals it will be Rs. 84. On an income of Rs. 10,000 it was Rs. 670 in 1963-64 and would be Rs. 709 next year. On Rs. 15,000 it was Rs. 1,521 in 1963-64 and would be Rs. 1,584 next year. So, there is increase in all cases. So far as the Compulsory Deposits Scheme is concerned, that is quite independent of it. He has scrapped the CD Scheme and I congratulate him on it. He took a very fine and bold step in regard to some part of C.D.S. and now he has extended it.

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Who gets the relief? It is the higher income bracket. On Rs. 25,000 the income-tax last year was Rs. 4,800; this year it will be Rs. 3,834. On Rs. 1 lakh last year it was Rs. 54,250; this year it will be Rs. 44,615.

Shri Rameshwar Tantia (Sikar): Last year there was a compulsory deposit included in that.

Shri A. P. Jain: I have excluded that.

Shri T. T. Krishnamachari: He need not go into detail. I have got it examined only this morning and I can supply the statement to hon. Members. If you take out the compulsory deposit excepting in three cases where there is an increase of a very fraction of a per cent, in all other cases there is a decrease in regard to amounts below Rs. 15,000. So far as higher incomes are concerned, if he takes into account the annuity deposit, it will be slightly more excepting in one particular bracket where it is a fraction less. If you do not include the annuity deposit, the hon. Member will be correct.

Shri A. P. Jain: I am excluding the annuity deposits which is refundable and every year the amount of annuity deposit will go on decreasing. If I have to deposit Rs. 1,000 as annuity deposit this year, next year I will be entitled to a refund of Rs. 100 and therefore I will have to deposit only Rs. 900. That is another feature.

Shri T. T. Krishnamachari: That Rs. 100 will be taxed.

Shri A. P. Jain: Then, about excise duties I am sorry that there is no relief to the common man. Perhaps, he is hard pressed and I quite realise his position because our defence expenditure continues to be high.

Then, I come to the reducing of inequalities. I am glad that the hon. Finance Minister has not only rationalised the Capital Gains Tax and made

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it lower for the low income group and place a little more burden on the higher income group. But he has also done away with the maximum limit of 25 per cent. I welcome that proposal.

I also welcome his proposal to increase the Estate Duty and Gifts tax rates. In a socialist society a man must live by the sweat of his labour. It is a fundamental principle of socialism that everybody must get according to the work he does and not live on unearned income, rents and taxes. So, to the extent that he has reduced the heritable wealth and the wealth which can be transferred by gifts, it is a move, although a slender move, towards socialism and I congratulate him on this set of measures.

About the rise in prices the hon. Finance Minister says that the rise in prices is 7.2 per cent during the ten months intervening between March 1963 and January 1964. But those are the wholesale prices. The consumer is not at all concerned with wholesale prices. I have no manner of doubt in my mind that the consumers' prices have gone up by 20 to 25 per cent so far as necessities are concerned. I will earnestly request the hon. Finance Minister to give up this age-long but unrealistic approach of depending upon wholesale prices. He should work out a system—that is not difficult because we have made a considerable advance in our statistical system; we have got Professor Mahalanobis—and basis of his future estimates on retail prices.

Shri T. T. Krishnamachari: May I point out to my hon. friend that at one time I had sent a letter which was forwarded to him about retail prices in Madras and I got a reply that was written by him and sent by the hon. Prime Minister to me suggesting to me that the price Rs. 1.4 per measure of rice that I gave was wrong because the Hindu quoted the price of rice as Rs. -[13]- per measure. The official

figures, unfortunately, happen sometimes to blur the situation so far as the retail prices are concerned. Now, unfortunately, perhaps the boot is on the other leg; but, nevertheless, the hon. Member had the boot on his leg at one time.

Shri A. P. Jain: The hon. Minister had the boot at one time; he lost it and again he has got it. I do not know how long he will retain it.

Shri T. T. Krishnamachari: I hope, the hon. Member will get the boot again.

Mr. Speaker: There is a race for getting the boot. Shri Jain has taken half an hour.

Shri A. P. Jain: Only five minutes more. I will request the hon. Finance Minister to keep in mind that the lot of the common man is very hard. Our planning is democratic planning and it depends upon the willing support of the people. I am sorry to say that the people are becoming frustrated and disillusioned. If planning has to succeed, prices have to be controlled.

Shri T. T. Krishnamachari: I am entirely in agreement.

Shri A. P. Jain: I am sorry to say that in all the proposals of the hon. Finance Minister there is nothing positive which indicates how he is going to control prices. In the long run prices can be controlled by increased production. But even in the field of agriculture, the team which has examined the package scheme says that the final results of increased production can be attained only in three to four years and not in one year. What are we to do during the interim period?

The world has known of only three ways of controlling prices in the shortest period. One is physical controls. The hon. Finance Minister has correctly pointed out certain administrative and technical difficulties. But what should be our approach? We

should improve the administration rather than give up controls. Then, there are monetary controls. They have not proved to be very effective. As regards fiscal controls, experience has shown that they are not effective in controlling prices. In other words, either we give in to a sense of frustration and say that prices are not going to be controlled or we have to reorganise and improve the machinery to control them.

Now I come practically to the last point. The hon. Finance Minister has indicated a very alarming aspect so far as the States are concerned. The arrears of loans due from the States amount to Rs. 3,600 crores. In the Budget year he is going to give an assistance of Rs. 559 crores to the States. This will include both subsidy and loans. So, the amount of loans will be less. Even if we calculate on the basis of the loans which are going to be advanced during the Budget year, it will mean that our arrears would total to the amount which has been advanced during five or six years. Since in the past the amount of loans to the States was much smaller than what we are giving now, my own feeling is that out of whatever we have paid to the States during the whole term of the Plan nothing has been recovered. Here is the weak point. We are being taxed more. When we want relief in direct taxes, we are told that the Budget is tight. These recoveries are not made. Is it the intention that the Central Government should go on raising resources for the States and never recover them? This is an aspect to which very quick and very intense attention should be given. I hope, the hon. Finance Minister would do it.

On the whole, I welcome the Budget.

Shri T. T. Krishnamachari: Thank you.

Shri A. P. Jain: I know, there are indications in it and I know that the hon. Finance Minister is a man of

imagination and courage. He has left many things undone; I hope, he will do them and will lead us on. We follow him and under his guidance we will go towards the destined goal of the Bhubaneswar resolution. But there is one thing. In a report of his interview to the *London Economist* which has been reproduced in Indian papers he is reported to have said that he has full freedom to frame his budgetary policies subject to the control of the hon. Prime Minister.

Sir, I am a Congressman. I owe my loyalty to the Congress and to the Bhubaneswar Resolution. Let him not take up an attitude which may create double loyalties for me. Let him obey the Bhubaneswar Resolution, let me obey the Bhubaneswar Resolution and let us proceed towards this goal.

Shri Vasudevan Nair (Ambalappuzha): Mr. Speaker, Sir, listening to the debate for the last three days, sometimes I felt sympathy for the Finance Minister because mostly he was receiving only brickbats during the General Discussion on the Budget. I also sympathise with friends, like, Shri Ajit Prasad Jain because such friends have to conclude their speeches by saying, "I welcome the Budget". But I would request the Finance Minister not to go by the last sentences in the speeches made from the Congress benches. I would like him really to read through the whole speeches made in the House during the last three days.

Sir, in a sense it is heartening to see that from all parts of the House, from all sections of the House, basic criticism was made about the approach, the outlook, that is contained in the Budget presented by the Finance Minister. When my colleague Mr. Homi Daji, was speaking and when he made some reference to Bhubaneswar, somehow the Finance Minister got very agitated and he was asking Mr. Homi Daji not to speak about Bhubaneswar and that it should be left to him and to his own friends.

[Shri Vasudevan Nair]

Now, I should make it plain that we have no illusion about Bhubaneshwar or Jaipur.

13.22 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

Shri T. T. Krishnamachari: You have no illusions at all. Have you any illusions?

Shri Vasudevan Nair: But I am sure the Finance Minister will have to settle accounts with his own friends.....

Shri T. T. Krishnamachari: Certainly, we have settled.

Shri Vasudevan Nair:as far as Jaipur and Bhubaneshwar are concerned. At the same time. I would like him to remember that Bhubaneshwar and Jaipur have significance not only for the Congress Party, but for the whole country because you are the ruling Party. Not only that. The ideals of socialism, of equitable distribution of wealth and such other things are not the ideals of any particular Party. But they are ideals already accepted by this very Parliament. They are national policies that we are bound to implement.

I would like the Finance Minister, if possible, to read every day, for example, the Directive Principles of the Constitution. Let him refresh his memory. I think, it is very necessary for him to do that. Let him, again and again, read the Industrial Policy Resolution adopted by this very House. I am sure these are not very revolutionary documents about which he need be afraid or frightened. Our charge is that this Finance Minister is trying to subvert the Industrial Policy Resolution, that this Finance Minister is trying to sabotage the very national policies accepted by this House and he is even going against the spirit of the Directive Principles of the Constitution.

Shri T. T. Krishnamachari: Not quite as sufficiently as you are trying to subvert the State.

Shri Vasudevan Nair: He gets a bit restless when the things are told in his face. He will become restless. That I can understand. But he has to listen. As far as the Industrial Policy Resolution is concerned, I say this for his benefit specially for I do not think he is reading it these days. He should know that there is a complete and comprehensive picture presented there as far as the future industrial development of this country is concerned. He cannot take something out of it and reject the rest. It is a complete picture. He cannot distort the whole thing. In Para 5, it is said:

"In order to realise this objective...."

It is given in the earlier paragraphs.

"....it is essential to accelerate the rate of economic growth and to speed up industrialisation and, in particular, to develop heavy industries and machine making industries to expand the public sector, and to build up a large and growing cooperative sector....."

About it a mention was made by my hon. friend Mr. Ajit Prasad Jain.

"These provide the economic foundations for increasing opportunities for gainful employment and improving living standards and working conditions for the mass of the people. Equally, it is urgent, to reduce disparities in income and wealth which exist today, to prevent private monopolies and the concentration of economic power in different fields in the hands of small numbers of individuals. Accordingly, the State will progressively assume a predominant and direct responsibility for setting up new industrial undertakings and for developing transport facility. It will also undertake State Trading on an increasing scale...."

Underline this thing. It says:

"It will also undertake State

trading on an increasing scale..."

And what is the role of the private sector?

"At the same time, as an agency for planned national development, in the context of the country's expanding economy, the private sector will have the opportunity to develop and expand. The principle of cooperation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed along cooperative lines."

Our charge against the Budget, against the ideals formulated by the Finance Minister is that he is distorting the whole concept in favour of the private sector. I do not have the time to quote the various passages that occur in his Budget speech. The various statements that he has made previously in this House and outside, right from the beginning when he gave the talk over the All-India Radio about the economic situation in this country, he was step by step trying to move away from this Policy Resolution of this Parliament and this country. Now, his fear is that provided we give sufficient incentives to capital, the whole problem can be solved. We all know that the Finance Minister is facing a crisis. This country is facing an economic crisis. He is moving from difficulty to difficulty. In spite of planning for so many years, as it is being mentioned by every Member in this House, the cost of living is going up, the purchasing power is going down, the prices are going up, unemployment is a very huge problem that we face even today and these are the problems that should get answer even after all these years of planning and in order to solve the crisis, the Finance Minister has his way of helping, prodding on supplementing the energies of the private sector. It is a one-sided approach and a very wrong fundamental approach. What is the situation in

this country? In the Economic Survey, it is pointed out:

"The index of variable dividend industrial securities (1952-53—100) came down from 195 in May 1962 to 173 by the end of December 1962 and further to 158 by the end of June 1963. A considerable part of the decline in share prices was in the nature of a corrective to the earlier boom...."

The Government itself has to agree that of the decline was in a way justified because it was a corrective to the earlier boom.

"...but since the decline had been sharp a number of measures were taken to stimulate activity in the stock markets."

The Finance Minister's solicitude for the industrialists is well known.

Then, what did he do all these months? The *Economic Survey* further says:

"Forward trading was resumed in June, 1963, financial assistance was given to the Industrial Finance Corporation and the Industrial Credit and Investment Corporation to enable them to increase their under-writing operations and the selective credit controls were relaxed in so far as advances against shares were concerned. The modification in the credit policy of the Reserve Bank in October, 1963, as also the announcement of Government's decision to establish a Development Bank led to a recovery in share prices and the index by 25th January, 1964 was 169, i.e., the level prevalent a year ago."

In 1952-53, the index was 100, and Government themselves felt that a certain decline was justified as a corrective to the boom, but the index again went up to 169, the level prevalent a year ago.

After all this, the Finance Minister thinks that it is again necessary to

[Shri Vasudevan Nair]

give many more incentives to the private sector, and he has come forward with all these proposals.

One of his pet schemes is the Unit Trust. He was pleading in this House for the establishment of the Unit Trust as he said that it would really help the middle-class people, the not very rich people, also to come into the field of industry. But what has happened in actual practice? He has constituted a board of trustees for this Unit Trust. There again, the real purpose of Government is revealed; with whom the Government and the Finance Minister are linked is again divulged in the constitution of the board of trustees for the Unit Trust. Is it to help the ordinary shareholders? Is it to help the middle class people also to come into the field of industry that such people are put in control of the Unit Trust which will have a lot of money from Government? That is again handed over to the monopolists. That is our charge against the Finance Minister. Mr. Wagle, who is one of the trustees of the Unit Trust represents the Karamchand Thapar group of companies whose web is entangling every available field of industrial production. Another gentleman, Mr. Mitter is on Messrs. Andrew Yule & Co. which has 200 Indian companies under its control, all directed and managed from London. The Unit Trust is being controlled by such people. Then, there is Mr. Tuli of the Punjab National Bank who should be taken as representing the Sahu-Jains about which the Vivian Bose report had much to say. Still, the Finance Minister wants us to believe that he really wants to expand the base of industry so that it is not controlled by a few business-houses. I should say that he has without shame come forward in his budget speech giving a kind of theoretical explanation that today the business-houses are not really controlled by the old families in whose names they stand. Of late, even in the Western countries, in the classically capitalist countries there is

a lot of talk about people's capitalism. Perhaps, they think that they can dupe people by such talk. It is regrettable that the Finance Minister of India, the Finance Minister of a Government which is run by a party which claims to stand for socialism should come forward as an apologist of the private sector and without shame try to tell the people of our country that these big business-houses and these big companies are today not really controlled by these few monopolists, but really the ownership is passing down to the broader sections of the shareholders. This runs counter to facts. This is a propaganda which the Finance Minister of this Government ought not to have taken up on himself to carry on.

Now, let us compare the Finance Minister's solicitude for the capitalists or the private sector with what he has done in the field of controlling the price-line or of boosting up agricultural production or of at least prevention the upward trend in unemployment and such other fields.

As far as the agricultural sector is concerned, most of the Members in this House including many Members of the ruling party have drawn attention to the fact that there is practically no concern shown in this budget as far as the agriculturist is concerned. We from our party have been arguing in this House all these years that if we really want to make a breakthrough, the fundamental and basic thing that we should give attention to is the question of the institutional reorganisation in agriculture? What has happened in this regard in this country during all these years? During all these seventeen years, what has happened is that in the name of agrarian reforms, various State Governments have really tried to sabotage the very legislations passed by themselves. I do not have the time to go into the details. But, apart from the institutional reorganisation in agriculture and the relations of production in the country, there are various other steps that should be taken to

help the peasant to get out of the rut in which he was remaining for the last many centuries. Government claim that they have taken steps. It is true that a lot of money was spent over it; during the first two Five Year Plans nearly Rs. 1750 crores were spent on agriculture, community development and irrigation, and in the Third Five Year Plan it is proposed to spend nearly Rs. 2000 crores on all these three items. But it still remains a fact that even during the period that we have spent nearly Rs. 3000 crores for increasing agricultural production, we have been importing foodgrains to the tune of about Rs. 2000 crores. Look at the huge amount that we have invested and look at the shabby results that we have got. We should go deeper into the causes why this stagnation still remains in the field of agriculture. Some Members plead for more money. That may be necessary. But before that, I would urge Government to make a study as to whether the money that is being pumped into the villages really goes into the hands of the real cultivators or not. That is the basic question. I am sure that you will see that in every block or in every village, not more than 10 to 20 per cent of the richer sections of the cultivators get the benefits either by way of credit or fertilisers or seeds and so on. I cannot say that it is a monopoly there, but it is again a combination of certain vested interests in the villages together with the officials that really grab a large part of the amount that we are trying to push down to the villages. A very interesting study was made in this behalf by no less a person than Shri Jayaprakash Narayan. A committee had been appointed by Government to study the welfare of the weaker sections of the village community, and a report was submitted to the Ministry of Community Development and Co-operation. There are very many revealing things in that report where he has pointed out that nearly 50 per cent of the village community, who, according to him, belong to the weaker sections, are completely out of the picture as far as the com-

munity development projects are concerned, and as far as the credit facilities are concerned. So, my point is that not only shall we have to give a new reorientation to our agricultural projects and programmes, but we should really try to see that the grip of the richer sections in the villages over all the projects is removed and the real benefits go down to the real tiller of the soil or the weaker sections in the villages. Unless that is done, and unless genuine efforts are made to reach the larger sections of the people in our country, whether they be in the villages or in the towns, we shall not be able to turn the corner and we shall be going in the vicious circle and in this rut. If we really want to make a break from this situation, then, the fundamental approach and outlook of the Finance Minister and this Government have to change. We are sorry to find that instead of that, under the leadership of the present Finance Minister, there is an attempt being made to distort the vision that is before this country, to distort and sabotage the policies and programmes which are national policies and programmes adopted by this Parliament and this country and by all the political parties in this country.

The Minister of Planning and Minister in the Ministry of Finance (Shri B. R. Bhagat): Mr. Deputy-Speaker, before I take up some of the points raised during this discussion, I would like to clarify one or two personal allegations made by the hon. Member, Dr. Ram Monahar Lohia. In his speech yesterday, he referred to the alleged impropriety of the appointment of a certain Member of the UPSC. The allegation is completely unfounded, and I should have ignored it but for the fact that it is necessary that public confidence is not allowed to be undermined by unfounded allegations, particularly when such allegations are made on the floor of this House.

श्री किशन पटनायक (सम्बलपुर) :
उन्होंने इस बारे में जो शब्द कहे थे वह कोट
किये जायें

उपाध्यक्ष महोदय : भाई, भाई ।
भाप सुन लोजिये ।

Shri B. R. Bhagat: I am giving the facts. The House will judge.

The appointment was made purely on the basis of merit and the requirement of work, and any kind of relationship had not the remotest bearing on it. This gentleman was not removed from the Bihar Service, as alleged by Dr. Lohia. He belonged to the Indian Service of Engineers and was allotted to Bihar.

Shri R. S. Pandey (Guna): Do not take Dr. Lohia seriously.

Shri B. R. Bhagat: He completed his five years' tenure as Chief Engineer in Bihar. Thereafter his services were transferred to the Central Government for six months in the first instance, later extended with the concurrence of the UPSC. On retirement from this post, he was selected for another assignment under the Central Government on the recommendation of UPSC. This assignment was not in any department under Nandaji's charge. He held it till about the middle of 1962.

His case for appointment as an Engineer Member of the UPSC was sponsored by the then Minister of Food and Agriculture, who said that he had high regard for his integrity, uprightness and professional ability. Later he added that with his knowledge, experience, competence and integrity, he would fill the office of Member of UPSC with distinction. Then again the then Minister of Commerce—now the Minister of Industry,—who had known this gentleman's work as a Minister in Orissa, also commended him for his high integrity.

After consulting the Chairman, UPSC, his appointment in the vacancy of the Engineer Member was recommended by the Home Minister to the President.

About the relationship, may I say that I would like the House to determine it? For example, if there is relationship between A and B in this way, that B is A's mother's sister's son's son's wife's uncle, 'the learned Doctor calls it a close relationship!

An Hon. Member: What is it?

Shri B. R. Bhagat: I can repeat it.—mother's sister's son's son's wife's uncle. 'This relationship the learned Doctor calls as close relationship!

Shri Sidheshwar Prasad (Nalanda): A real research work.

Shri B. R. Bhagat: Similarly, he made another allegation in regard to the National Projects Construction Corporation, a public sector enterprise, and its former Chairman, Shri L. N. Mishra, who is now Deputy Minister in the Home Ministry. I am sorry to say that here also his allegations are baseless and unfounded.

Shri Kishen Pattnayak: How?

Shri B. R. Bhagat: The facts will speak for themselves.

He referred to the construction work done by the NPCC at Darbhanga airfield. This particular work was given to the NPCC on a tender basis. The NPCC's tender was the lowest. As against the tender of the Hindustan Construction Company for Rs. 2.16 crores, the NPCC's tender was Rs. 1.46 crores, very considerably lower. In this was included supplies, cost of cement and other materials, and hence the nett value of the contract was only Rs. 80 lakhs. The NPCC was allowed Rs. 80 per 1000c. ft. by CPWD for the items of work in question, and not Rs. 110 as alleged by the learned Doctor. For the earthwork and other things the NPCC called for tenders and the rate quoted by the lowest tenderer, Messrs. Khanna Construction Co. of Lucknow, that is Rs. 69 per 1000c. ft. was accepted. The balance of Rs. 21

was kept by them for some items of work which they did themselves.

The point is that this is a public sector enterprise. Any profit made by it comes to the public exchaquer and not to any private person.

श्री किशन पटनायक : लोकन मजदूरों को कितना दिया गया ?

Shri B. R. Bhagat: The normal procedure was followed. Everything was allotted by tender, whether to the NPCC or to the subcontractor. It would be wrong to conclude that any excess profit was allowed to anybody at any stage or any irregularity was committed.

These are the facts. If you compare similar work done in other air-fields, either Ranchi or Gorakhpur or Lucknow, it will be found that the rates allowed to the NPCC were 10—15 per cent lower—for similar construction, work of a similar type.

So from any point of view, the conclusion emerges that the NPCC has done a good work and because of its participation, the public exchaquer was saved to the tune of Rs. 70 lakhs straightway. As for the work of the former Chairman, under his chairmanship it has done good work, and the work increased from Rs. 16 crores to Rs. 47 crores, and it could declare a dividend of 4½ per cent.....

श्री रामसेवक यादव (बाराबंकी) :
उपाध्यक्ष महोदय,

उपाध्यक्ष महोदय : आर्डर, आर्डर ।

Shri R. Barua (Jorhat): On a point of information.

Mr. Deputy-Speaker: No clarification now. He is not yielding.

श्री रामसेवक यादव : उपाध्यक्ष महोदय, इस सिलसिले में मैं मंत्री महोदय से जानना चाहता हूँ क्योंकि इस सम्बन्ध में कुछ चर्चा हमारे दल की ओर से चली थी

उपाध्यक्ष महोदय : आप बैठ जाइये ।

Shri B. R. Bhagat: Coming to the budget discussion....

श्री रामसेवक यादव : उपाध्यक्ष महोदय, मैं इसकी जानकारी चाहता हूँ

Mr. Deputy-Speaker: As long as he does not yield, I cannot allow the hon. Member to intervene.

श्री रामसेवक यादव : मंत्री महोदय मुनने जा रहे हैं ।

उपाध्यक्ष महोदय : आर्डर, आर्डर ।

Shri Nambiar (Tiruchirapalli): He is most unyielding.

श्री रामसेवक यादव : जब मंत्री महोदय मुनना चाह रहे हैं तो मुझे कह लेने दीजिये ।

Mr. Deputy-Speaker: When a Member is on his legs, he cannot speak like that.

Shri Yallamanda Reddy (Markapur): He has yielded.

श्री रामसेवक यादव : उपाध्यक्ष महोदय, डा० लाहिया ने यह कभी नहीं कहा कि यह जो फायदा हुआ है वह उम कारपोरेशन को नहीं गया है और वह मिश्रा जी को गया है । उन का यह मतलब नहीं था । उनका मतलब यह था कि समाजवाद में मजदूरों को क्या मिल रहा है जब इस तरीके से उनकी भी फायदा उठाने की मंशा है ? यह एक बात रही । दूसरी जो अभी मेहता के बारे में कहा गया तो मैं चाहूँगा कि मंत्री महोदय सन् १९५६ का सारा रेकार्ड, वहाँ की सारी कार्यवाही, वह सारी चीज मंगायें और तब उस पर चर्चा होनी चाहिए । श्रीमन्, कब उन की नियुक्ति हुई है जब नन्दा साहब हमारे गृह मंत्री हुए तो जो पहले गृह मंत्री रहे उन के समय नियुक्ति क्यों नहीं हुई ? यह जानकारी रखी जाय सदन के सामने तब जाकर असलियत मालूम होगी । बिहार

[श्री रामदेवक यादव]

राज्य विधान सभा में उन पर क्या चर्चा हुई थी और क्या बहस चली थी वह सब मंगायी जाय

उपाध्यक्ष महोदय : आर्डर, आर्डर ।

The hon. Member was not here while I was speaking. For his benefit I repeat that the labourers were paid Rs. 48 and not Rs. 15 or Rs. 20 as was stated by Dr. Lohia.

श्री त्यागी (देहरादून) : उन्होंने यह बात ग़लत कर दी है कि डॉ० लोहिया ने कोई एस्पेशन मिश्र माहव पर नहीं किया था । आई एन ग्लैंड कर देट ।

Shri Sheo Narain (Bansi): On a point of order, If I make an allegation against the Government, I should be present in the House.

Mr. Deputy-Speaker: There is no point of order..... (Interruptions). Order, order. Let the Minister proceed.

Shri B. R. Bhagat: Many hon. Members said that the budget proposals of the Finance Minister did not conform to the objectives of the Congress and also that what he said in part A was unexceptionable but that the budget proposals do not conform to those economic policies, I wish to join issue on this aspect because the proposals will be found to subserve four interests: economic growth, sustained defence effort, meeting the ends of social justice and avoiding the inflationary pressure in the economy. It is not enough to look at the specific tax incentives in isolation from the expenditure which the Government propose to incur during the year. It should be looked at from an integrated point of view. Progressively, the plan outlay is being stepped up and priorities are being determined so as to stimulate growth in the most desired direction. This year, plan outlay has been stepped up by Rs. 330 crores, from Rs. 1654 crores to Rs. 1984 crores and

this has been distributed over key sectors including agriculture, irrigation, power and basic industries. Defence outlays are also being maintained at a high level, which was reached last year. As compared to the revised estimates, for 1963-64 there will be an increase in defence outlay by Rs. 46 crores. Central assistance to the States have been stepped up and this year Rs. 559 crores have been provided. All this has been done precisely with a view to stimulate the growth of the economy and growth in the particular sectors necessary for increasing output. So that, the provisions relating to the raising of the resources have an anti-inflationary effect and the inflationary effect is neutralised to the maximum extent. The overall deficit is much less. It has been stated by hon. Members that new taxes should be proposed only when the revenue expenditure could not be covered by revenue receipts; that is an outmoded approach. It was a common phenomenon that the overall deficit in the past several years was yawning gap. Through a very tight budgeting the Finance Minister has reduced that gap to Rs. 86 crores, which is the smallest for the last 7-8 years, except for the year 1961-62 when the budgeted deficit was Rs. 64 crores. This has been done precisely with a view not to add any pressure on prices.

Then again, the taxation proposals serve the policy enunciated in part A. The most important objective is to promote economic growth and the proposals in regard to the corporate sector serve the main idea: to make more resources available to industrial companies for the purpose of investment and expansion along approved lines. The same is the intention in the case of the tax on dividend distribution because if the surplus is distributed instead of being taken to the reserves for the future investment, the process will be defeated. The concessions given to selective

industries are all done with a view to promote the growth in the most desired sectors from the point of view of the overall economy. So, the twin principles of growth and prevention of inflationary pressure have been very ably looked after in the Budget proposals.

Many hon. Members said that the Finance Minister has emphasised giving relief to the private sector and thus eroded the existing industrial policy resolution. If you look at this charge and considered the facts, you will find that it is not correct. For instance, it was said that the concessions given to the sectors like aluminium, fertiliser, bauxite, etc., which are listed in schedule 'B' of the Industrial Policy Resolution are also given to the private sector. If you read schedule 'B' of the industrial policy resolution in which these industries are listed, you will find that it is what may be called the mixed sector in which the State will enter progressively and enlarge its operations but the private sector will at the same time have an opportunity to develop either on its own or with State's participation. That is what the industrial policy resolution says. Industries covered under schedule 'A' for which concessions are given are coal, lignite, iron ore, iron and steel and certain items of machinery. The industrial policy resolution states that in the industries listed in schedule 'A', the existing privately owned units are not precluded and the State is free to secure co-operation of private enterprise in the establishment of new units whenever national interest so requires. As the House is aware, public sector has already made rapid strides in iron and steel; considerable progress has been made in machine-building; to permit the existing units to expand in these industries is not contrary either to the letter or to the spirit of the Industrial policy resolution. The remaining industries for which concessions have been given are all industries whose development, the resolution envisages, will ordinarily be

undertaken through the initiative of the private sector. So, the main consideration is to stimulate and help growth in these sectors and the concessions given have been guided by the considerations of growth, and not to give uncalled for concessions to the private sector. The charge that the industrial policy resolution has been eroded is, on facts, completely unfounded.

14 hrs.

Then I come to the third principle of the budget proposals and that is the principle of social justice. Many hon. Members have said that this principle has been ignored: that the spirit of Bhuvanewar is not there. They just look at the whole picture from a single or a peculiar angle and do not have an integrated view of the whole thing. That is why such charges are levelled. It has been said, and I think it is being repeatedly recognised that the concentration of wealth and economic power can be prevented only over a period of time and by a number of policies, not only fiscal policies but also other. Merely one budget proposal in a single year cannot check the concentration of power. It cannot be done in one stroke, but a number of things has got to be done. A number of policies has to be taken. What is much more important is, in this respect, a positive policy of promotion and a strong public sector. You will see that only through development and creation of public sector that this problem can be tackled.

In this respect, the House will be glad to notice that in the present position, the public sector has for the first time come to occupy a much more dominant position than the private sector. For example, in the sector of industries and minerals, the key sector, the public sector investment is today much more than in the private sector. In the third plan it is Rs. 1,754 crores in the public sector and Rs. 1,335 crores in the private sector. So, the public sector has gone ahead. This picture was not there a few years

[Shri B. R. Bhagat]

before. Take any component; for instance, iron and steel. A few years before, iron and steel was entirely in the private sector. But it has now become a dominant public sector. Machine building and such other industries are largely public sector industries or enterprises. The basic industries are in the public sector. Even in coal, the public sector is assuming an increasingly important role. Therefore, this is the correct way of tackling the problem of concentration of economic power and achieving the ends of social justice. But, all the same, in this budget itself, the Finance Minister has taken care to see that the existing concentration of power is tackled, and that is why he has taken steps to see that the existing fortunes are reduced. That is why again the most progressive taxes in respect of capital gains or estate duty or wealth-tax have been imposed. I think the fortunes can disappear in one generation instead of two or three generations, which was the position before.

Secondly, he has taken very stringent measures to put down tax evasion. Very stringent powers have been taken in respect of where actually the unaccounted money accumulates. All these powers have been taken. Thirdly, he has tried to put effective checks on conspicuous consumption in this budget itself. He has taken care to see that ample powers are taken and various steps are taken to control the concentration of economic power and of wealth, although the House must bear in mind the fact that these can be tackled only through the creation of a dominant public sector and it is the Government's policy to pursue this increasingly.

Then I come to the question of public enterprise itself. Several hon. Members have said rather conflicting things about the public sector enterprises. Some hon. Members opposite have said that the public sector enterprises are not only run ineffi-

ciently but they are not giving adequate returns and they have complained about this. On the other hand, we heard yesterday Shri K. D. Malaviya who said that to talk that public sector enterprises will give profits is nonsense. I approach this question purely from this point of view, While some Members say that public sector enterprises are not making profits, the hon. Member probably took the opposite view, namely, that those who say that the public sector enterprises should give adequate returns are opposed to that. It is not the point. To say that because public sector enterprises subserve other interests than economic interests, that, is to develop an area or indulge in promotional or other activities, and therefore adequate returns should not be expected of the public enterprises is, I think, a very incorrect view. If we accept this view, I think there would not be any growth of the public sector, because it is an accepted socialist principle in any country,—whether it is communist or socialist or a democratic socialist country, and you may not call it profit—that certainly the surpluses or the resources have increasingly to come from this public sector. Therefore, once you accept this principle that the public sector should not yield adequate returns, then you say good-bye to all socialist principles.

Shri Tyagi: He only wanted to help the private sector through cheaper supply of tools, etc.

Shri B. R. Bhagat: It may not be the intention but I think it will lead to that. Therefore, I think, to judge this whole question in the correct perspective is, as I said, this: that the public sector has got to give adequate returns. He mentioned particularly the railways. He said, how do we expect the railways to give adequate returns. I think probably he does not know that repeatedly, the Railway Convention Committee has been stepping up the dividends from

the railways. Last time, when the Committee sat, the dividend was fixed at 4.25 per cent on the capital at charge, and this year we have taken 5.75 per cent over a portion, as contribution of the railways to the general revenues. I say that if you take into account the capital investment in the railways and the working of the railways, and if you exclude those are as in which for strategic or other reasons the railway lines have to operate, then the return from the railways will be 10 per cent. Posts and Telegraphs was also referred to. We have fixed a return of 5.75 per cent for a portion in that respect also. In the case of the enterprises which are under construction or which have not reached the level of production, the hon. Members add up the figures and say that the return is two per cent or say that on those which are under construction the return is 0.7 per cent. I think that merely shows an animus against the public sector. You must see the enterprises which are earning. There are examples in the private sector enterprises which even for a long time have not yielded any dividends or profits. To expect the Hindustan Steel to give profits at once is not proper. All over the world, the iron and steel industry has a very long gestation period, and once the steel plant goes into production of one million tons, another expansion of one million tons also goes into operation. Therefore, when production and operation go both at a time, to expect those industries to yield the maximum return is to expect the impossible. And that is why in the Explanatory Memorandum, these have been categorised: these running industries and the rests. If you take their dividends, you will find they are giving very good dividends. Some of them like the Hindustan Machine Tools are paying for their own future expansion. I think to judge this question in the correct perspective will be to take the gross profits be-

fore taxation, after providing for depreciation, plus interest on the capital employed. If you judge like that, then what is the picture? During the year 1962-63, the rate of return so calculated worked out to 37 per cent for Hindustan Insecticides, 22 per cent for Hindustan Antibiotics, 21 per cent for Hindustan Machine Tools, 20 per cent of Indian Rare Earths, 15 per cent for Hindustan Cables and 12.5 per cent for Indian Telephone Industries. If you judge on the same basis, according to a recent survey by the Reserve Bank of India of 1333 non-government public limited companies for 1961-62, they have shown an average return of 10 per cent. Therefore, it is borne out by facts that a public enterprise runs efficiently if it has come to the level of a running industry, it can yield the same amount of return which a larger group of private enterprises, which are also run on similar conditions can be expected to yield. Therefore to say that these enterprises should return 10 per cent on the capital employed is a reasonable expectation. Therefore, to say that if a public sector project yields a return of 10 per cent it is a capitalistic idea and if it yields very little, it is a socialist idea is completely misleading. I think Malaviyaji will think twice before saying so. Being a socialist, I think he will have to revise his opinion in the matter.

A large number of hon. Members have spoken about agriculture. Mr. Jain also referred to this. A misunderstanding is being created by their speeches and the Finance Minister has given a cold treatment to agriculture, because not enough is being mentioned in the budget speech. Malaviyaji said yesterday that the budget was industry-oriented and agriculture was completely ignored. He pleaded for massive aid to the cultivators, since marginal concessions will not help to deal with the huge problems posed by agri-

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culture. If hon. Members see it in a proper perspective, this charge will be completely unfounded, because the House should realise that agriculture is a State subject. The Finance Minister has considered the basic problem about it. Whether it is the promotion of agriculture through intensive development in 80 districts or giving adequate price to the farmers or various other means; what important role agriculture has to play in the growth of the economy—all these are there. I think to expect more will not fit in the scheme of things of a Central Budget, because agriculture is entirely a State subject. If you look at it from that point of view, here I would like to enter into caveat with the hon. Members who have said that Government is trying to ignore agriculture. If you see the recent provisions made in the Plan outlay, it will be found that repeatedly the Plan provisions for agriculture have been stepped up.

For example, in this year's budget, the plan outlay for 1964-65 is Rs. 25 crores more than last year for agriculture. Last year it was Rs. 121 crores; this year it is Rs. 146 crores. The Finance Minister has very kindly said that he would be prepared to give more assistance to the extent of Rs. 15 crores or so this year. Similarly, if you take the provision for irrigation, there again, the outlay this year has been stepped up from Rs. 121 crores to Rs. 136 crores; i.e. by Rs. 15 crores.

Shri Tyagi: It also includes community projects.

Shri B. R. Bhagat: No; that is not true. In power also, there has been a very big step up. Part of it goes to agricultural promotion. There has been a step up by about Rs. 24 crores. So, the financial outlays for agriculture have been increased. Similarly efforts are being made to push up the agricultural production programmes so as to create the quickest

possible returns in terms of increased agricultural production. The Finance Minister referred to the 80 districts in which agriculture will be taken up on an intensive basis.

Shri R. S. Pandey: In order to give incentives to the farmers, it is high time to appoint a high-powered Agriculture Commission, to go thoroughly into the details of agricultural problems, as the Royal Commission on Agriculture, which was appointed in 1926.

Shri B. R. Bhagat: I think the hon. Member is completely out of date, because it is not lack of knowledge about the causes which is halting agricultural production. The causes are known. The only thing is how to provide the remedies. What incentives and facilities for farmers are required and what sort of organisation has to be created so that every facility reaches the field level? For that, no fact-finding Commission is required. They are all known. The point is how these coordinated and integrated activities could be made to reach the field level and they have got to be provided in efficient manner.

What was the experience of intensive agricultural development over a smaller area is now being done on a crash programme basis in 80 districts and 1500 blocks spread all over the country. It will deal with not only foodgrains, but various other cash crops, which are very good raw materials for our industry and which find export also.

Therefore, in these areas the necessary organisation is being created and not only the official machinery, but non-official machinery like district production board and agricultural production board, are being created, so that agriculture may get the benefit of the organisation that has been lacking till now.

Now I come to the question of prices, which is a very important

question, because it gives great incentives to the producers. Several measures have been taken by Government in recent years towards achieving the objective of providing the minimum prices. For example, minimum price has been fixed for rice, wheat, and jowar and minimum price has been fixed for major commercial crops like jute, cotton and sugarcane. These prices are also revised from time to time to reflect the market conditions, so that the return which the cultivator gets is not out of tune with the costs. About market and provision of credit, it is true that the credit required by the farmer is to be augmented on a bigger scale. The smaller farmers, who often times do not have the requisite security to offer are to be looked into, because they form the larger majority of the population. This is being precisely looked into and action is being taken in these 80 districts so as to provide credit on a crop security basis, instead of on land security basis, so that this difficulty to the small farmer about security can be taken care of. Similarly regarding marketing facilities, every year more credit is being given on a percentage basis to the farmers who come to the co-operative societies. The hon. Member laid stress that the Government should encourage co-operative societies and he offered several suggestions. These are being precisely done and it is expected that the co-operative marketing societies will be created in these districts and they are being helped through credit and regulated markets all over the country.

Therefore, whether it is in the matter of physical targets or by way of increased pesticides for fertilisers, more foreign exchange has been allotted by the Finance Minister for these things, more credit is being made available in these districts for increased agricultural production, better prices are being given and coopera-

tives are being encouraged. From every point of view, if you look at the problem of agriculture you will find that it is not being neglected. The country cannot afford to neglect agriculture and every effort is being made to improve agriculture.

Shri D. S. Patil (Yeotmal): Sir, may I ask the Minister.....

Mr. Deputy-Speaker: Order, order. May I know what time the hon. Minister is likely to take? He has already taken 40 minutes.

Shri B. R. Bhagat: I will take only a few more minutes.

I was saying, Sir, that every effort is being made to push forward the programme in the agricultural sector. The hon. Member said that the budget does not say anything about any incentive or relief being given to the farmer. In a central budget, actually there are very few items in which the farmer is directly concerned, very few taxes are levied. He referred to kerosene and diesel oil. The primary consideration is the consideration of foreign exchange. Whatever levy we have done is with a view to conserve foreign exchange in respect of these things. It is true that some of these direct subsidies may help the farmers, but there are other considerations also like the consideration of foreign exchange. Therefore, on the balance of it, it is recognised that whatever is possible should be done and it is being done to help the farmers in producing more. Therefore, to say that the Finance Minister has either not cared for the objectives of the Congress, or whatever objects he has laid down in part 'A' of his speech...

Shri D. S. Patil: May I ask one information from the hon. Minister? The creditworthiness depend on the capacity of production.....

Mr. Deputy-Speaker: Order, order. The hon. Member may resume his seat.

Shri B. R. Bhagat: In conclusion, Sir, I would say that the hon. Members, because they have looked to

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the whole economy, which is a complex and many faced phenomenon, from their specific angles and narrow point of view, some of them have found that concessions have been given to the private sector. Although the corporate sector has been induced towards growth there has been no concession. Actually the net tax levied on the corporate sector is Rs. 11 crores more than what was levied last year. Hon. Members have forgotten that there has been definite relief given to the lower income groups. The Finance Minister has given special benefits to the lower income employees of the Government and other categories. In the past this has been the practice and I think in the future also he will come forward with increasing direct benefits to the weaker section and lower income groups of our society so as to subserve the common objective of social justice to provide incentives where it is due.

Therefore, whether it is agriculture or basic industries, they fit in a definite pattern, and the pattern is of planned development that has been adopted in the Third Plan. The objective is the objective that has been propounded in the Bhuvaneshwar resolution, the objective of providing a minimum to the people of this country by the end of the Fifth Plan. Everybody recognises that you can divide a cake in as many parts as you like, but the more important thing today, at this juncture, is how to increase the size of the cake. Therefore, that is what is being done all the time. At the same time, through fiscal measures, through other measures, through the promotion of agriculture, by giving relief to the farmers and by providing incentives to them and to the industry, we are trying to see that social justice is being done and we are able to enlarge the cake, the size of the cake. We also try to set in motion the distribution

process through fiscal and other measures so that the objectives of socialism and social justice laid down in the Bhuvaneshwar resolution is achieved.

Therefore, Sir, from whatever angle you may look, through whatever facts you may see, the picture is that this budget conforms to the resolution of Bhuvaneshwar and it is a socialist budget.

Shri Nambiar: Question.

Shri B. R. Bhagat: It will promote the growth, defence and the larger well being of the country.

Shri Bhagwat Jha Azad (Bhagalpur): Mr. Deputy-Speaker, Sir, while I was hearing the intervention of the State Minister for Finance, I was thinking that I will have to make some changes in my speech or the brief which I am holding after the budget has been presented in this House. I regret, Mr. Deputy-Speaker, I have nothing to change. It is nothing but the enunciation.....

Shri B. R. Bhagat: You are so unchangeable?

Shri Bhagwat Jha Azad: The hon. State Minister said that those who are not seeing that there is something socialistic in this budget, which is there, mean to say that who do not see them are blind. Like the king in new clothes, he should have said: "Those who cannot see are blind". That is the only thing he did not mention.

Sir, like my other hon. friends in this House, belonging to all sides, I would like to examine this budget on a broad perspective and examine its broad aspects. Unlike in other years, I do not propose to go into the detailed measures, especially the tax concessions, the deletions and substitutions that have been made. That need not be done, because I feel that this budget is raking up some sort of fundamental things which are to be examined very thoroughly.

Last year, I congratulated the then Finance Minister, Shri Morarji Desai, for his boldness and courage of conviction, though I had difference with him on many points. I must congratulate the present Finance Minister for his cleverness and intelligence with which he has tried to re-shape the economic policy of this country according to his conviction.

Sir, I see in this budget a gradual erosion of the Industrial Policy Resolution of 1956. Not only that I feel that it will in the long run bring a change in the relationship of the social good and individual prosperity—what we call in other words the public sector and the private sector—I do not find that this Budget proposes any measures to reduce the prices for which the hon. Finance Minister has shown great concern. It goes to appoint a commission, but it does not show the awareness about concentration of economic power in the form in which it has grown. I think this Commission would enquire from the very ABCD of our country. These are the broad aspects on which I would like to examine the budget.

Coming to the Industrial Policy Resolution, speaking during the debate on the mid-term appraisal of the Third Five Year Plan I quoted detailed statistics to show that there has been a gradual erosion of the Industrial Policy Resolution of 1956. I make bold now to say that that erosion is very fast and unless we get another statement from the Prime Minister as was done in 1948 and in 1956, we feel that it may change so much that it may be a piece for the museum or the archives and it may be impossible for us to recognise the Industrial Policy Resolution.

Shri Namblar: That is right.

Shri Bhagwat Jha Azad: Thank you very much, Shri Namblar, but I do not want any praise from you.

Shri Namblar: He is speaking the truth.

Shri Bhagwat Jha Azad: My party Members understand me and that is why they do not cheer me. I was saying, Mr. Deputy-Speaker, that the time is fast approaching when, unless we do something, it may not be possible for us to recognise the Industrial Policy Resolution of 1956 and it may be a piece for the museum or some archives.

The Minister of State has taken great pains to explain that there is nothing said in the budget to show that there is something wrong with the public sector, and anything wrong said about the public sector is unacceptable! I feel that this Budget has pulled down the image of the public sector. If I had the 50 minutes time as he got, I would have also quoted from the Budget speech. We also do not hold, nor did Shri Malaviya who spoke yesterday to which he made repeated reference, that the public sector should not make some profit. This Budget gives the impression that the public sector should make enough profit, much more profit than the private sector, to contribute to the general revenue, to the general resources and also to build a reserve for its own expansion. I think the public sector should make profits. But the public sector must sit a norm for making profits. Otherwise, if the public sector undertakings are supposed to make profits, it indirectly justifies the huge profits that are being made by the private sector for the gain of a few individuals. And, therefore, what we object to is this.....

Mr. Deputy-Speaker: We have to take up non-official business at 2-30. But I would like to give a chance to more Members, if the House agrees, and then we may take up the non-official business a forty-five minutes later. There are only two resolutions.

Shri Namblar: Then the programme may be upset, because after the

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hon. Minister replies there is one resolution which has to be completed, and then another resolution has to be taken up.

Mr. Deputy Speaker: We will take up both those resolutions.

Shri Nambiar: Otherwise that will get lapsed.

Shri Thirumala Rao (Kakinada): Is it your proposal, Sir, that we should sit till 5.45?

Mr. Deputy-Speaker: We can take up the third resolution also.

Shri Thirumala Rao: There are a number of engagements, and not knowing of this proposal about extension we have agreed to these programmes.

Mr. Deputy-Speaker: If the House agrees we can sit half an hour late.

Some Hon. Members: No, no.

Mr. Deputy-Speaker: Then Shri Bhagwat Jha Azad will continue on Monday. We will now take up non-official business.

14.32 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS
THIRTY-FIFTH REPORT

Shri Muthiah (Tirunelveli): Sir, I beg to move:

"That this House agrees with the Thirty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 4th March, 1964."

Mr. Deputy-Speaker: The question is:

"That this House agrees with the thirty-fifth Report of the Committee on Private Members'

Bills and Resolutions presented to the House on the 4th March, 1964."

The motion was adopted.

14.32½ hrs.

RESOLUTION RE: PROCLAMATION OF EMERGENCY—contd.

Mr. Deputy-Speaker: The House will now proceed with the further discussion of the following Resolution moved by Shri Tridib Kumar Chaudhuri on the 21 February, 1964:—

"This House is of opinion that the Proclamation of Emergency declared by the President on the 26th October, 1962 need not be continued any further and hence recommends to the Government to advise the President to revoke the same."

The hon. the Home Minister to continue his speech. Thirty-one minutes are left for this Resolution. The Home Minister has already taken eight minutes, so twenty-three minutes remain out of which I have to give some time for the reply also.

Shri Tridib Kumar Chaudhuri (Berpampur): I must have some time for reply.

Mr. Deputy-Speaker: Yes, he will have seven minutes.

The Minister of Home Affairs (Shri Nanda): Mr. Deputy-Speaker, Sir, I intervened in the discussion on the resolution tabled by Shri Tridib Kumar Chaudhuri recommending that the Government should advise the President to revoke the Proclamation of Emergency and I had made a few observations when the House adjourned on the last occasion. I stated then that I was very keenly conscious of the fact that the Proclamation of Emergency armed the Government with very wide powers.