[Shri Satya Narayan Sinha]

certainly give this assurance that before the next week is out the priorities will be announced.

Mr. Speaker: I think the discussion on the Budget comes to an end on the 20th.

Shri Satya Narayan Sinha: I think this Bill—the Finance Bill—will take up four days—the whole of next week.

Mr. Speaker: What the hon. Minister of Parliamentary Affairs really means is not that he has postponed the question of giving or fixing priorities. The Finance Bill is to be taken up immediately; that means the first priority is fixed. As regards others, he can give the priority during the course of the discussion of the Finance Bill. (*Interruptions*) Hon. Members need not interrupt while I am speaking here. The advantage and the necessity is quite clear. All hon. Members must have specific ideas as to when a particular Bill is going to be taken up. They are interested in different Bills and they have to arrange their programmes. It cannot be that any Bill is taken up at any time without previous notice. Fixity is also necessary to enable hon. Members to give notice of amendments in due time. That is the importance of having priorities.

Dr. Lanka Sundaram: It is understood—I take it—that Government will not propose to bring in new Bills before the Session is over or issue Ordinances saying that there was no time.

Mr. Speaker: Order. order. As regards the question of Ordinance, it is an independent matter with which I am not competent to deal at this stage; it will all depend upon the circumstances which might arise after the House adjourns and which may compel the Government to issue Ordinances. But as at present advised, this is the only programme and there is no other Bill. And there is no question of going on further with the Session.

3 P.M.

DEMANDS FOR GRANTS

Mr. Speaker: The House will now proceed with the further discussion and voting of Demands for Grants under the control of the Ministry of Finance, moved on 15th April, 1954; also the further discussion of the cut motions moved on the 15th April, 1954. How long will the Finance Minister take to reply?

The Minister of Finance (Shri C. D. Deshmukh): One hour, Sir.

Mr. Speaker: That means I shall call upon the Finance Minister to reply at 4 o'clock. At 5, I will apply the guillotine. Then the Appropriation Bill will come, and then the Private Members' business will continue.

Today the House sits, I believe, up to 7-30.

An Hon. Member: Quorum may not be there.

Mr. Speaker: That is the time fixed. If there is no quorum the House will not function. That is very clear.

We will now proceed with the discussion.

Shri K. K. Basu.

Shri K. P. Tripathi (Darrang): I was speaking the other day, Sir.

Mr. Speaker: He had finished.

Shri K. P. Tripathi: Only five minutes.

Mr. Speaker: Well. I do not know. If the hon. Member finished whatever he had to say within five minutes, he has finished.

Shri K. P. Tripathi: I only spoke for five minutes, and 7 o'clock was announced and the House adjourned. I did not close, but the House closed for the day.

Mr. Speaker: The understanding was that the hon. Member had finished. But if he declares now that he had not finished, certainly I will call upon him first.

Shri K. P. Tripathi: The second point I want to deal with is the handling of sterling balances. This is from the *Census of India: Foreign Liabilities and Assets*. At page 12 it is said:

"Against this low interest obligation, the country still has considerable long-term assets in spite of liquidations, and many of them yield high returns".

The idea is this that we have a frozen account in sterling balances which earn us returns at the rate of 1 per cent only. Aganist this there are assets of the British people in this country which are earning them dividends to the extent of between ten and twenty crores of rupees per year. When independence dawned, it would have been better for us to have converted a certain percentage of these sterling assets, which were frozen and which were not likely to bring any returns to us, against the liabilities which we still bore in the shape of industrial and other concerns of England in this country. In that case the result would have been that the profits which today are exported out of this country would not have been exported. What is happening today is that the profits which are exported out of this country regularly go to be repaid in the shape of sterling balances. In other words, the sterling balances are paid out of profits earned in India itself. Such a thing could not have occurred if this precaution had been taken in the beginning. It is very difficult, at any time, in any country, to liquidate the foreign assets and the only time for such a thing, namely, liquidation of foreign assets, is when they can be written off without any payment which means striking of all balances between the two countries. But, this was not done, with the result that we have been paying to the extent of between Rs. 10 to Rs. 20 crores annually out of these industrial assets even if we give up all other consideration. There are other payments also on this account, because there are so many people from England employed in this country. If these assets had been liquidated, then the opportunities for employment would have come to our people and that would have helped to ease the unemployment problem in this country. So, I think, in the matter of non-conversion of sterling assets against these liabilities of a long time nature, we have made a mistake, and even now I would request the Finance Minister to consider whether it can be done.

With regard to the invitation to foreign investors to come and invest in this country, my views are that it is always better for us to get loans rather than provide for investment in this country. If we are to get loans then the returns which we have to pay is only by way of interest on the capital investment. If we get foreign investment in the country, then the payment which we have to make is not the interest but the profits and profits are always higher than the amount of interest. Therefore, this matter should have been impressed upon by the Finance Minister in the numerous conferences which he has had with the foreign people, but I do not know whether it was sufficiently done. There was a meeting of the U.N.O. in which this matter was discussed and the decision taken there was that loans should be floated for undeveloped countries: but later on there was another meeting in which this decision was revised and now every foreign country is trying to press on undeveloped countries, not loans but investment of a private nature. I therefore, request the Finance Minister to consider this point also as to how far loans can be brought from other countries rather than private investment.

[SHRIMATI KHONGMEN *in the Chair*]

The third point which I want to impress here is the question of financial control. Out of practical experience I find that there is a great deal of lapse; allocations are made but the funds are not exhausted; they cannot be spent. So long as the ordinary structure of Government was the only business of this Government, then the financial rules might have been very good; but since we launched upon a development programme on a governmental scale, the necessity arose for

[Shri K. P. Tripathi]

linking our financial rules with the necessity and urgency of expenditure. I think on this question sufficient thought has not been possible to be applied. If the Finance Ministry applies itself to finding out how far the rules may be modified with regard to development expenditure, I think it will be better for the country. With the few disclosures which have been made with regard to misapplication of funds in Damodar Valley Corporation and in other Corporations where the estimates had to be revised several times, it is clear that the way in which the financial rules control the expenditure today are not economic rules in the development structure. Therefore, it is necessary that in some way or the other the Government should reconsider these rules and find out how best they can be related to the circumstances now evolved. In this House there has been an attempt to discuss the question as to whether the financial rules are good or bad. I think that is a misconception. The issue is not whether the financial rules are good or bad. because financial rules must remain; but the issue is how far a change is necessary in those rules in order to relate the new type of expenditure which is the development expenditure of the country today. Obviously a private firm, small or big, has its own way of expending. It is in that way new things are developed. So, if this country has to develop then new rules, more in consonance with the type of expenditure which is being undertaken, shall have to be devised.

With regard to local expenditure and local programme, I think the Government will have to think still further. because there is greater necessity there to relate the expenditure scheduled, to the public initiative and enterprise. A great deal of contribution may be had from the people by way of *shramdan*, voluntary work etc., when there is a flow tide in their enthusiasm. But if this correlation between the expenditure and the public enthusiasm is not there, what happens is that their enthusiasm ebbs, and the expenditure cannot be incurred in a fruitful manner

I would, therefore, request the hon. Finance Minister to find out how far there can be decentralisation with regard to expenditure on local development works, so that the enthusiasm of the people can flow into productive channels, when it is red-hot, and the projects undertaken by the people can materialise forthwith, without having to move to and fro between Delhi and the State capitals and the local authorities.

I think this is very important, and our next Plan will be in a difficulty, if this factor is overlooked. I find that according to the schedule of Government, in the next Five Year Plan, public co-operation is expected in a larger measure. Public co-operation in this country will come in a larger measure in the shape of voluntary work than in the shape of contribution or investment of capital. If that is the case, then voluntary work itself becomes the capital, and it should be our endeavour to see how best we could utilise it. If our financial rules stand in the way, obviously it is a thing to be considered by the Finance Minister, who should see how far there can be decentralisation, in order that we can enlist public co-operation in the largest measure possible. If prudence demands that the rules should be changed, they should be changed. After all, rules are for men; men are not for rules. Rules are meant for society and its development, and not *vice versa*. Therefore, I would suggest that we should consider this question not from the point of view of whether the rules should or should not remain, but from the point of view of how far decentralisation in our rules is necessary, in a developmental economy that has been launched by Government.

The question of rationalisation has been raised. I find that the term 'rationalisation' has been misinterpreted in certain quarters. Nobody opposes rationalisation, but what is opposed is automatisation with machines. The other day, my hon. friend Shri L. N. Mishra was saying that we must go ahead with rationalisation, and that a *few* handful of labourers should not hold up progress. That was a very ill-posed question. If rationalisation is undertaken in the jute industry, the largest number of Bihari workers will be thrown out.

Shri L. N. Mishra (Darbhanga *cum* Bhagalpur): What about a large number of growers in North Bihar?

Shri K. P. Tripathi: If there is automatisation, what happens is that a large number of handling workers and non-technical labourers will be thrown out.

Shri L. N. Mishra: What about agricultural labourers?

Shri K. P. Tripathi: It is not the technical labour that is so much thrown out as the non-technical and handling labour. If automatisation is done, thousands and lakhs of workers employed in Calcutta will be thrown out, and they will have to come back to Bihar, and go to Shri L. N. Mishra, asking him, we have been thrown out, please give us some work, we are all helpless.

Shri L. N. Mishra: What about agricultural labourers? Will they also be not thrown out, if there is no modernisation. (*Interruption*)

Mr. Chairman: Order, order. Let the speaker and the interrupter both address the Chair.

Shri K. P. Tripathi: With regard to growers, it is a known fact that a large part of the agricultural economy of Bihar is dependent on the money orders sent to Bihar by the industrial workers spread out in different parts of India.

If these workers are thrown out, then the result will be that all these workers' contributions to maintain agriculture in Bihar will be cut out. Therefore, all the money crops of Bihar will have to lapse. Bihar will go back to the agricultural economy of the type which produces only food and nothing else.

How is this economy supported in Bihar? The support is the money which comes from these workers and pumped into these areas, as for instance, for jute crops.

Shri Bhagwat Jha Azad (Purnea *cum* Santal Parganas): Fallacious.

Shri K. P. Tripathi: This is not fallacious. This is true. You look into the records. You will then realise how it is true.

The main argument for rationalisation is that it will cheapen the products.

Shri K. K. Basu (Diamond Harbour): No fears.

Shri K. P. Tripathi: Mr. Ambalal Sarabhai, whose petition is pending with the Government, has categorically said that automatisation will not cheapen the products and prices will not be reduced—the cost of production will not be reduced. Therefore, all this hallow which was built round automatisation is lost. Because, why are you going to automatise? If your products are not made cheap, there is no gain. The only gain, he says, is that the quality will improve. If quality improves, then what happens? Are you expecting that you will go in for competition in the world market of quality goods? In quality goods, you shall have to compete with U. K. and America. Their machines are far better than any we can buy and at the speed with which improvements are taking place in the United States and other countries I can tell you that they will be able to manufacture better and better machines and, therefore, we will never be able to keep in competition with them, even if we want.

Finally, you know that we have an industry of manufacturing plant for the textile industry in India. They are supplying the looms and spindles.

Mr. Chairman: Order, order. The hon. Member has exceeded his time.

Shri K. K. Basu: In discussing the Demands for Grants of the Finance Ministry, we have got to see to what

[Shri K. K. Basu]

extent the administration of this particular Ministry has led to the development of our national wealth and the securing of the welfare which our State claims to have in view.

Madam, we must try to analyse very carefully the working of this particular Ministry, because it is not merely a department of the Government, so to say, but it is the nerve-centre of the administration of the country. I would like first to refer to the role of foreign capital, because in determining the manner in which the permission of capital issues has been granted by this particular administration, we should keep in our mind to what extent the interests of our nation have been served. I fully endorse the statement which the previous speaker has made so far as repatriation of the investments made by foreigners—the ploughing back of capital—and of profits are concerned. We have dealt with this topic quite a number of times and I do not want to reiterate anything apart from only supporting what the hon. Member who just now spoke said.

I would now like to deal with the investments of foreigners in India. Madam, the Government of our country accepted the proposition that in allowing foreign investment, it should come in only in such industry and such form of production wherein our national investors will not come forward, and in which technical skill is wanted. There is also one other factor which the industrial policy of our Government of 1948 as adumbrated further in 1949 by the Prime Minister laid down. It specifically said that the control and ownership of such concerns should, as far as possible, be in the hands of Indian nationals and the technical know-how of our country should be developed. I would like to emphasise the figures that have been put forward for the last few years. From 1947 till the end of 1952 or the early part of 1953, it has been reported that Rs. 19.55 crores of foreign capital have been allowed to be invested in our country. Of that, practically more than Rs. 6 crores have been allowed to be invested in managing agency and trading enterprises. Also, the foreigners were allowed to invest their money in such lines as soaps, confectioneries, typewriters, fountain pens and other common goods wherein a large percentage of our national capital was invested. So far as the Government policy is concerned we find that a sum of Rs. 4 crores have been allowed to be invested this year. We do not know how it is to be used up. We have been told that during the period 1948-53, nearly Rs. 35 lakhs have been allowed to be invested in textile machinery, and generally, in the textile industry. We have seen to what extent cotton and jute have been dominated by the national capital and to what extent they play the role as against the demand for them. We know further what the Government is doing in regard to these industries and how the Indian counterpart in these industries are behaving. Then why this further penetration of foreign capital?

Even in regard to the expansion scheme, we find that paints, soaps, electric fans and machine tools, are some of the industries where the Government is allowing foreign interest to establish or expand their factories. It will adversely compete with the production of the country. When the indigenous producers do not find any markets to be sold in this sphere. Therefore, we have got to see to what extent the capital issue has been regulated by this Government and particularly by the Finance Department so that the national well-being of the country could be guaranteed.

Then, we have got to look into the fact as to how far the new industries are allowed to function. So far as the oil refineries are concerned, some of them have been established and some more are going to be established very soon. In the control of the administration, the Indians have no share. There are only preference shareholders, and they have no voice in the management. So far as the administrative aspect in this industry is concerned, the most important part of it is the technical know-how. They do not guarantee that they will train the Indian. That means they say. even after 20 years, we will have to face the problem of the know-how in respect of the oil refineries. I do not know why the Government are showing—if I may use the expression—softness in this matter, to foreigners.

Then, we have another investment in colaboration with the I.C.L. for the manufacture of civil explosives. Here, as far as I have gathered, only 20 per cent. is going to be Indian capital. The majority of the shares will remain with the I. C. I. the notorious international combine and so far as the know-how is concerned, I do not know how they will behave when they dismissed many well-trained Indian personnel in their service and they are bringing in raw foreigners instead.

With regard to the steel plant, we do not know much, because the only shareholder is the Government. The value of the purchases that have to be made from a particular concern for the steel plant has to be given shares for such consideration which should be scrutinised carefully in the light of the conditions laid down. Another very important condition put down is in regard to the global tender. They have said that global tenders would be invited from any country, whether the firm is a private one or is managed by Government in any State. We see further that global tenders subsidized by certain Governments should not be accepted. I hope the Government will be considering the global tenders carefully. We know that we have to develop to some extent, the efficiency of the industry. It might so happen—I do not know when—that we enter into a trade pact with those countries in Eastern Europe and Soviet Russia. I hope with sincerety that we will be in a position to get capital goods smoothly. for the establishment of the steel plant. But in that event, it might be considered socialist economy, and therefore subsidised. I would like to ask the Government and the House to consider the rates of profit that exist in foreign concerns in relation to those existing in our concern in this country. Though we have definitely told that there should be no discrimination against them, they are discriminating to their own interests and to our adverse interests. One of the Congress M.L.A.'s, who is himself a businessman, gave certain figures. He said that three of the most important jute mills belonging to Indians—who themselves are not above board—the Birlas, the Nagarmals and another had made a profit of more than Rs. 5 crores while other important British firms have shown a loss of over Rs. 56 lakhs during the same period. We do not know the manner in which these foreign concerns manage their affairs and try to evade the payment of tax. We know how the managing agency firms do things. They bring in officials and experts who will have to be paid high salaries and they are also paid in kind so that their salaries may be put lower down than what they are actually receiving. Only recently, the Government called for some statistics from the managing agency concerns and they have said that such allowances and remuneration should not be shown as remuneration given to the European employees. I understand the Government has knowledge of it and is trying to find out what is the meaning of it.

Take the Batas. The Chairman is an Indian. The managing agency belongs to a foreign partnership firm. They practically dominate the concern and they, on their part, sell to their counterparts in foreign countries shoes at much cheaper rates and their counterparts make huge profits. Our Government is thereby deprived of its legitimate dues.

We know firms like the Rallys. It is one of the biggest trade concern in our country and it is reported that at one time it had issued letters of credit to the extent of Rs. 26 crores. This particular concern dismissed 198

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workers at a day's notice. I understand that they and other similar concerns have asked for permission to throw out of employment 6000 staff because they say they have no work. I would ask the Government to scrutinise their accounts for the past 7 or 8 years and find out what profits have been accumulated and capitalised and bonus shares issued. Unless Government tries to check this attitude of the foreign concerns who are engaged in industries in which many of our national counterparts are also engaged, we cannot progress. These foreign concerns are trying to throw a large number of employees out of work. Government itself answered in reply to a question six months ago, that they have asked for statistics. They find places for European employees who are thrown out of employment from other concerns in other parts of the world, just as Iran or any other country and dismiss very experienced old Indian personnel including experts and technical staff.

Another important aspect is how much of porfit they make. We have the example of the Titaghur Paper Mills. Their capital in 1946 amounted to 65 lakhs but during the period from 1946-50 they have made huge profits and have issued bonus shares to the extent of Rs. 77 lakhs and they have amassed a reserve fund of over Rs. 2 crores and 25 lakhs for labour welfare not spent so far. By imposing increased work-loads and other anti-labour policy they provoke workers and have deprived the country of a production of about 38 million tons of paper which we need so badly by forcible stoppage of work.

Mr. Chairman: Order, order. I do hope hon. Members will co-operate with the Chair by not embarking on conversations inside the House.

Shri K. K. Basu: Another concern WIMCO & AMCO—the match manufacturers which is very familiar has a capital of Rs. 240 lakhs. Since 1948, they have been amassing profit to the extent of Rs. 85 lakhs a year and this concern, by various methods such as work-loads etc. is trying to cheat workers and in three months September 1953 to December 1953, they have reduced the workers earning by about Rs. 35,000 per month and now they want to retrench them, because they say that there is a dearth in the market and the goods have not been sold, when they themselves increase the remuneration to the foreign employee and bring goods and articles from outside which are available here.

The other day, I saw a statement in a Calcutta newspaper that in the tea industry the North India tea planters which are predominantly British refuse to sell the tea here in India and export it to the London market enabling the Britishers to earn a lot of dollars, by re-exporting which, otherwise would have been earned by the Indians. And they have exported about 77 million pounds of tea which were expected to be sold in the Calcutta market. This is the attitude which the existing foreign concerns in India are developing. Along with that there are many methods of tax evasion, indulged in by them, about which Mr. Tyagi, when he was Minister of Revenue told us. There are shipping earning evasions; there is under-selling and also many perquisites given to the foreign employees about which I understand a Bill was introduced in the House, but which lapsed. Unfortunately, the Government in spite of rushing through so many pieces of legislation, could not find the time to get the income-tax law amended. We know that insurance and banking fields are the monopoly of Britishers. This is not a healthy state of affairs. For some time to come, in certain industries, it may be necessary to have foreign capital in the shape of aid on the governmental level but not in those fields where Indian capital is ready to come in.

Mr. Chairman: I have already given fifteen minutes to the hon. Member. I will call the next speaker.

Pandit K. C. Sharma (Meerut Distt.—South): Madam, I am quite in sympathy with the Finance Minister and I appreciate his work. He has done well so far as the management of the finance is concerned. but I am afraid I cannot say that he has done brilliantly well. Madam, the two great objectives of the financial structure of any country are: one, high employment; great production and large national income and the preservation of incentives to work and invest, an adequate supply of venture capital; second, raising revenue and equitable and fair system of taxation. I do not propose to deal with the second point because the matter is already in the hands of the Taxation Enquiry Commission.

Now, so far as the employment question is concerned, if the factors that lead to employment and production are rightly dealt with, then our problem is solved to a great extent. The Finance Minister has for that purpose resorted to deficit financing. So far as deficit financing goes, it is good. My contention is that deficit financing of Rs. 238 crores is not enough provision for the situation as it is obtaining in the country. Much greater sums are necessary for maximising economic activities.

From the speech of the Finance Minister I find that he is very much afraid of inflation. I am one of those who hold that inflation to a certain degree is not bad, but on the contrary is beneficial for the national upliftment and amelioration of any backward economy. Nor does the history of deficit financing show that it has always been bad or dangerous for the economy of a country. Take, for instance the great inflation in Germany after the first Great War. In the initial stages, it was helpful to the economy of the German people: not only was the mark good in the market, but the circulation of mark was not in accordance with the proportion it was thrown into the market. The prices did not go up in proportion to the purchasing power of the people. It was at a later stage that the financial back of the German people broke down and the great inflation took hold of the economy which ended in the collapse of their credit.

So, whether inflation is good or bad depends on the crucial question as to whether the people mistrust the currency and take to hoarding of other things than the currency itself. Much depends on the behaviour of the politicians and much more on the conditions of the environment. For instance, while the mark failed in Germany, the French currency held its own and was quite safe, though the currency lost four-fifths of its value in gold. Still the French economic structure succeeded in steering off the difficulties. One of the most important factors which enabled the United States to come unscathed of the great depression of the thirtys was the power of the Federal Government to borrow unlimited sums if money for expenditure, designed to put idle resources to work. This is just the position here in India: that is, we have got a lot of idle labour, but we have no industries to employ them. It was just the position in 1930 in the United States of America and she resorted to large borrowing and putting all its people to work and staved off her difficulties.

Then, again, what failed in Germany after the first Great War succeeded before the Second Great War. There was great enterprise through budgeted finance, to give a fillip to the activities of the German people to produce civilian goods as well as military requirements.

Shrimati Kamlendu Mati Shah (Garhwal Disttt.—West *cum* Tehri Garhwal Distt. *cum* Bijnor Distt. North): There is no quorum in the House.

Mr. Chairman: Now there is quorum.

Pandit K. C. Sharma: I was pointing out that the United States as well as Germany before the second Great War resorted to deficit financing and succeeded in producing large quantities

[Pandit K. C. Sharma]

of civilian and military goods. Germany became through the process of deficit financing one of the greatest forces in the world economy, just before the second Great War broke out.

[MR. DEPUTY-SPEAKER *in the Chair*]

So, what I mean to suggest is that it is not always the case that deficit financing can disturb or cause trouble in the economic field, provided there is correspondingly early and speedy productivity. In all countries of backward economy, it is necessary that deficit financing should be resorted to but inflation need not be feared if early and speedy productive activities are ensured. As against the money thrown in the market, production takes place and goods are produced in the market. Taking the country's economy, I do not think that this Rs 238 crores of deficit financing would have any inflationary effect whatsoever on the market. The relevant factors—overall surplus of Government expenditure, capital formation, industrial corporate profits, coupled with foreign trade balance, and the habit of our people—go to show that there is hardly any fear of inflation, much less of dangerous inflation. On the other hand, the Finance Minister has been chary to resort to enough of deficit financing in order to stir up productive activities. I am emphasising this point with the fullest knowledge that the Finance Minister, no less than any hon. Member of the House, is anxious to meet the menace of unemployment, but I am sorry to say that the facts, as they are before us, require much greater care and more radical measures to meet the difficulties. At the most, the present position, as the Finance Minister himself says, is deflationary and I appreciate that he is taking the steps at the right moment because reflation is always considered in economics as a ready and radical remedy—that is, a man is likely to fall from a well and it is just to prevent the fall; once the man has fallen, the remedy is absolutely different. For, once deflation sets in, it creates another problem, and disaster may follow, and then the economic cycle will take its own course. Now, it is the right time and the correct reflationary step has been taken, but I contend that it does not meet the situation as it is. For instance, I have gone to the villages and walked through the streets; I have seen people with worried faces roaming about and the pamphlet issued by the better half of the Finance Minister himself giving a tragic picture of young beautiful faces roaming about in the streets without any home, without any refuge and without any place to sleep even. Under these circumstances, may I ask what steps the Finance Minister has taken to create employment in the villages and to find work for the people who desire to work, who have nothing else to depend upon for a living, who have no home and who have nobody to care for them. If this is the situation obtaining in the villages, what would be the shape of the economy? What for does this great structure exist? It is find work for the people, to build up a new country, a new nation. How can you raise a new country or a new nation if there is no work for the people, there is no home for the children, no care, no education and no security measures. For all these things radical steps ought to be taken. The slow pace, however, steady it may be, at the present juncture is a dangerous complacency. You have to take a bold step now to meet the great menace that is facing the country.

I once said when the Reserve Bank Amendment Bill was before the House, that I learnt in my book of history of religion that in the primitive times, when the man was crude he used to climb the mountains and take bamboo stick and expect the rains to fall from the clouds, and now with the Rs. 10 crores guaranteed by the Reserve Bank, the Finance Minister expected to solve all the rural indebtedness and credit problems. What a Tragic innocence!

There should be some machinery to obtain credit in the village, to have rural credit societies to give them enough to have double cropping, to have intensive cultivation and to provide the purchasing power in the vast millions of people in the villages; this is the first pivot of Indian economy. Supposing that there are large machines producing millions of yards of cloth and other consumer goods, who will buy unless the rural population has got the means to purchase? How will that purchasing power come into their hands? The other day the Minister of Agriculture stated that price was raised up from Rs. 1-7-0 to Rs. 1-11-0, with the result that millions of rupees passed on from the pockets of the agriculturist to the mill-owner, and the mill-owner is not going to buy million times your cloth. In order to have a sound economy, it is necessary to provide a suitable machinery for rural credit to provide means and the know-how, so that the purchasing power of the vast millions living in the villages may go up. That is the first essential of a sound economy.

One more word...

Mr. Deputy-Speaker: No more word. The hon. Member has far exceeded his time. I call upon Shri Somani to speak.

Shri G. D. Somani (Nagaur-Pali): In the short time at my disposal, I want to draw the attention of the hon. Finance Minister to the developmental needs of the State of Rajasthan, from which I come, and I want to make a special reference to the report of the Gadgil Committee, which was recently appointed as per Federal Financial Integration Agreement, which contained a clause in this connection. The clause runs as under:—

"There is need for assistance to the State in connection with internal integration of its administration and services, and particularly in relation to its development in different directions, having regard to the fact that the State is backward in several respects as compared with Part A States. The Government of India will undertake a systematic enquiry into this problem with a view to rendering financial and technical assistance at the earliest opportunity. It will not be enough if, as a result of Federal Financial Integration, the State is treated in the matter of grants and other forms of assistance in exactly the same way as Part A States."

It was in pursuance of this Agreement, which was made with the four Part B States of Saurashtra, Madhya Bharat, Rajasthan and PEPSU, that the Gadgil Committee was appointed. I am grateful to the learned Chairman and his associates for whatever they have done within the time at their disposal. Still, I beg to submit that the nature of the enquiry that they conducted was neither systematic nor comprehensive. The recommendations that this Committee made cannot be regarded as touching even the fringe of the colossal problem of backwardness of these States.

Before I proceed further, I cannot do better than quote in this connection the opinion of the Finance Minister of one of these Part B States. I would like to quote what Shri M. M. Shah, Finance Minister of Saurashtra, says in this connection. In his Budget Speech while presenting the Budget to the State Assembly sometime ago this is what he said:

"While the Government of Saurashtra are thankful to the Gadgil Committee for the sympathetic and patient hearing that the Members of the Committee have given to us and also for the recommendations that the Committee has made for the assistance to this infant and undeveloped State and to the Government of India for accepting the same, they cannot help expressing their great

[Shri G. D. Somani]

sense of disappointment for the quantum of assistance the Committee has recommended. This backwardness of Saurashtra in certain directions, such as irrigation, forest, roads and the lop-sided development of certain regions is so patent, that it surpasses anybody's comprehension how that backwardness is going to be made good with the small assistance that the Committee has suggested in its Report.

"The Committee has not been able to go fully into the problems besetting this State with regard to its economic backwardness, namely, primitive agriculture, poor soil, lack of afforestation and meagre water storage and undeveloped water resources. I have, however, no doubt that the future of the Federal Financial Integration Agreement would continue to receive the same sympathetic hearing which we have received from the Government of India in the past."

This is what one of the State Governments has to say and I presume that the opinion of the other State Governments concerned cannot, for obvious reasons, be far different from those expressed herein. My submission is this: that at the time when this Federal Financial Integration Agreement was executed certain important revenues of these States were centralized like railways, etc. and it was, in pursuance of this, not only to make up the revenue so lost but also to bring the conditions of these Part B States to the level of the other Part A states that this solemn undertaking was given by the Government of India to make a comprehensive and systematic enquiry into the various aspects of the developmental needs and then to render such assistance as was found necessary.

I quite appreciate and I am quite aware of the fact that over and above what is being done under the Five Year Plan, these States have received a commitment to get liberal assistance in various directions. There is no doubt that so far as the present administrative machinery of these States are concerned, they are perhaps not even able to cope up with what they are getting. What I am more concerned about is the future.

In this connection, I would also like to draw the attention of the hon. Finance Minister to certain vague suggestions. In the conclusion of the Gadgil Committee's Report, certain specific recommendations have been given which have been accepted by the Government. But in the body of the Report, several suggestions have been given about favourable consideration being given to several aspects of the demands which were made by the State Governments. I may refer to one or two of them. The Government of Rajasthan demanded that the amount of Rs. 85 lakhs which was invested by the former Jaipur Government in the B. B. & C. I. Railway for the construction of Nagda-Mathura Railway should be regarded as investment in the shares of a bank or a joint stock concern. This is what the Committee has got to say "We trust that the Government of India will give sympathetic consideration to the State's point of view."

Similarly, in the body of the Report they have said at many places about various matters regarding medium irrigation works, about roads, forest expansion, famine relief measures in scarcity areas and about the problem of backward classes and said that all these issues are being considered by the Planning Commission or by the Government of India in their various Ministries; they have suggested that these problems should receive the favourable consideration of the Government. While the Government of India have accepted the specific recommendations, I find that nothing has been said about the recommendations for favourable consideration of these various aspects of the developmental needs of these States. I would, therefore, like to draw the attention of the hon. Finance Minister to the various aspects concerned and to ensure that wherever these developmental needs have been recommended to be favourably considered the States concerned should get their due share to assist them in implementing these schemes.

While I have been referring to this I would especially like to refer to one serious aspect of the recommendation which I think should receive proper attention from the Finance Minister. In the end in paragraph 82 of their Report, they say that these recommendations are to be regarded as an *ad hoc* measure of immediate assistance which is not to be treated in any way either as a precedent for these States later or as a precedent for other States. In future they say, these States will take their place along with others in matters of development and no further claims for financial assistance under Clause (i) of the Federal Financial Integration Agreement should be entertained.

I would like to take strong objection to this recommendation made by the Gadgil Committee. As I have explained before and as has also been pointed out in the Budget Speech of the Finance Minister of the State of Saurashtra, the undertaking given in this agreement by the Government of India cannot by any stretch of imagination be regarded as fulfilled by the meagre assistance of four crores of rupees which has been made available to these States by the recommendations of this Committee. It is, therefore, in the fitness of things that the claims of these States for further help be always considered favourably to enable them to attain reasonable standards of living for the people of those States and they should continue to be eligible for such help from the Government of India under this Agreement.

I, therefore, consider that the Government of India should not accept this recommendation that this Agreement should no more be effective and that these States would be debarred in future from asking any further help or claiming any further assistance in pursuance of this Agreement.

I am aware of the policy of the Government in making liberal loans and grants available and I have no doubt that the future of these States is quite safe with the Government of India and that it will continue to receive all possible measures of assistance. What has been vouchsafed under this Agreement should not be taken away in the light of and in the manner in which the Committee had suggested; they have stated that they have not been able to conduct any systematic or comprehensive enquiry which was envisaged under this Agreement. It was hardly possible for them in the course of three or four months which they had spent to visit these areas and study the varied and complex problems of these States and to have been able to make any comprehensive recommendation in this regard. What I submit, therefore, is that the future of this Agreement should remain open and that these States should continue to be eligible for such further assistance as would enable them to reach the standard of life that was envisaged in the Agreement.

Shri Balakrishnan (Erode—Reserved—Sch. Castes): I do not want to make any lengthy speech since the time that was given to me is very short. So I shall confine myself to a particular subject. That is the rural problem.

4 P.M.

I know that Government is taking all possible steps to improve the wealth and welfare of the country. The First Five Year Plan has been launched for the development of the country. Three years of this have already gone. Therefore, we must see whether the condition of the peasantry has been improved; we must see whether their standard has been raised to the level necessary. According to the Report of the Agricultural Labour Enquiry Committee, the annual income of the agricultural family was Rs. 447. The expenditure per family is Rs. 468. And so every family is incurring a deficit of Rs. 21. So I can say that the condition of the villagers has not been raised in spite of all the

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attempts of the Government. I, therefore, submit to the Government that more attention should be paid to villages

Today, the entire population in villages depends upon agriculture. Agriculture is not paying for the increasing population. Also, agriculture is only a seasonal occupation. After the cultivation work is over, our agriculturists keep idle for many months. So I request that in every village some cottage industries may be started.

In the olden days there were cottage industries in every village. Our country was supplying textiles to foreign countries. Our textiles were famous and superior in the world market. One Italian traveller, Marco Polo, in the 13th century remarked about the art of Dacca muslin, and he said that the muslin in the South looked like a spider's web!

Our country was famous not only for its textiles but in many arts and crafts. Look at the art of the Ajanta Caves the magnificent art of painting and splendid art of stones at Mahabalipuram.

It was as a result of the British *raj* that our cottage industries went down and did not flourish. There were three enemies to our cottage industries. The first enemy was British *raj*, the second enemy was the modern machine: and the third enemy was modern civilization. In those days a *dhoti* and an upper cloth were sufficient clothing for a man. But, nowadays, every man requires almost a small industry for meeting his own requirements of clothing.

I, therefore suggest, to the Government that some cottage industries should be started in every village, so that our agriculturists can have some supplementary work. Government must reorganise our cottage industries on modern lines, because nowadays the present population requires everything to be dealt with on modern lines.

Our country is still importing from foreign countries many articles of everyday use. We must see that these consumer goods are not imported from foreign countries. As an instance I may point out that one 7 o'clock razor blade is sold for two and a half annas in the market. But an industrialist in the South says he is ready to supply a razor blade for three pies.

I think this is an appropriate place for me to express my appreciation of that Indian youth who has successfully made a new type of *charkha*. Now it is being demonstrated in the Exhibition. Every Indian must be proud of seeing that Exhibition. This *charkha* is able to produce four times more than the output of the ordinary *charkha*.

What I want to say is that we have in our country the men, the natural resources and plenty of raw material. The only thing needed is that Government must utilise our manpower, our natural resources and our raw materials.

Shri C. D. Deshmukh: As the time at my disposal is limited and as I have already had occasion previously to discuss some of the subjects on which observations have been made by hon. Members, it will not be possible for me to deal with them again. These are rationalisation. unemployment and deficit financing. If I have time, I may have a few observations to make on the subject of employment.

Before I deal with the general body of observations, in the event of my not having any time, I should like to deal with one specific matter, and that is the question of assistance to Rajasthan. Three Members have referred to it, Shri Trivedi, Shri Somani and Shri Shobha Ram. Shri Trivedi complained that no provision had been made for grants to Rajasthan either under the substantive provision of article 275(1) or the proviso thereto. I would refer him to page 593 of the volume quoted by him, which shows that Rajasthan is getting grants under both the provisions. I would refer him also to Annexure VII on page 163 of the Explanatory Memorandum on the Budget of the Central Government for 1954-55, which indicates the resources made available by the Centre to Rajasthan during 1954-55. Then there was Shri Shobha Ram who referred to the assistance to Rajasthan as being inadequate. I am afraid that he is under a total misapprehension. As a result of the Federal Financial Integration. Rajasthan emerged with a small surplus and not with a deficit as some of the other Part B States like Hyderabad, Mysore, Travancore-Cochin, etc. Since then, as a result of the recommendations of the Finance Commission, Rajasthan has received an additional sum of a little under Rs. 3 crores a year. More recently, as a result of the recommendations of the Gadgil Committee, Rajasthan will receive another Rs. 150 lakhs as an outright grant for certain improvement purposes like the construction of administrative buildings, link roads, and so on; while out of a total Central assistance of Rs. 9 crores under the Plan, Rs. 1½ crores will be given to Rajasthan as a grant, instead of as a loan. I might also mention that under the recent scheme for the construction of works in the scarcity-affected areas, Rajasthan will get Central assistance of Rs. 2·5 crores which would assist her in taking measures to prevent the recurrence of famines or to mitigate their effects. Generally it has been our policy in dealing with these States to secure that they receive equitable treatment in these matters, and I must, strongly deprecate special pleas made time and again in favour of any particular State or making allegations of unsympathetic treatment as, for instance, that made by Shri Somani. I would particularly deprecate reopening of issues which all fair-minded persons should consider as settled. It was in accordance with that special provision in the agreement with them that we appointed the Gadgil Committee, and we, on our part, regarded their recommendations as the award of arbitrators. There were certain conditions which they suggested should be attached to the assistance they recommended from the Centre. We put the matter to the States concerned and they said that they accepted these conditions. I believe I am correct in saying that we have not received a single remonstrance from any of these States against the recommendations of the Gadgil Committee, including the particular recommendation which the hon. Member read out. I do think it is time now that these States were brought into line with other States and they did not ask—as they have not asked or did not even encourage the asking on their behalf of—further special assistance. They have to march now step in step with the rest of India; and whatever their difficulties and whatever their development needs are will be considered on a fair and generous scale in common with the other parts of India both by the Finance Commissions whenever they are appointed, and by the Planning Commission when it draws up in due course the second Five Year Plan.

Now, Sir, I shall come to this very important issue of financial and parliamentary control of expenditure. I propose to make my statement as factual as I can, because many of these matters are under consideration. In regard to parliamentary control over Government undertakings where there are companies or statutory corporations, there is little that I can usefully add to my observations in the course of the debate that took place some time ago on, I think, the motion moved by Dr. Lanka Sundaram in the last Session of the House. The issues involved are not free from difficulty and are under active consideration. Hon. Members, however, will be interested to know that this subject was recently debated at considerable length in the British House of Commons. Reference was made to the report of the Select Committee, and the views expressed on the recommendations of the Select Committee were so widely divergent that the spokesman for Government, the Lord Privy Seal, wound up the debate by saying that the issues raised were so complicated that

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Government wish to give some further thought to the implications of the recommendations and that, even if they agreed to accept the recommendation of the Select Committee, it would have to be modified in material particulars so that in their natural anxiety to meet the legitimate issues of the House to be kept fully informed of the working of government undertakings,—all statutory corporations in the United Kingdom,—the Government did nothing that might affect the initiative and enterprise of the managements of these undertakings. The recommendations of the Select Committee of the House of Commons in the United Kingdom is, therefore, still under consideration of the Government of that country. I thought the House might be interested in this information. Now, so far as we are concerned, I hope the House will appreciate my inability to express any views which might even remotely suggest prejudicing of the issues. I should, however, like to inform the Members that the prevailing impression that our State undertakings are free to do what they like without any control being exercised by Government over their activities, is far from correct. I would not like to go into details on this occassion, but hon. Members must know that, apart from the constitution of the Board of Directors of these undertakings which provides for the appointment of Government nominees on them—there is a Finance Ministry representative on many of these undertakings; on most of them—the measure of administration and control exercised by Government over their activities through the powers conferred on the President under the articles of association, is not inconsiderable. The articles also provide for special auditing of the accounts of these companies by the Comptroller and Auditor-General, and in some cases this scrutiny takes the form of a continuous running audit of their operations. Whether the measure of control exercised by the Ministries concerned or by the Comptroller and Auditor-General is adequate for all purposes—as some of the hon. Members of this House mentioned in the course of the debate last Session—will be one of the points which will receive our careful consideration before we reach a final decision in this matter, and I hope it would be possible for us to arrive at a satisfactory solution to this matter.

Shri Tulsidas complained that he had not even seen the balance-sheets of the State enterprises—I hope I am right in making this statement.....

Shri Tulsidas (Mehsana West): Not all; excepting a very few.

Shri C. D. Deshmukh: I was under the impression that he had not seen any of them at all. Three of them are already here, plus the profit and loss accounts, and others will come out in due course if the hon. Member has a little patience. At least eighteen months are required, and I can assure the House that there is no intention to suppress any of the balance-sheets from hon. Members.

Shri Tulsidas: Can these be circulated?

Shri C. D. Deshmukh: The balance-sheets are all public properties....

Mr. Deputy-Speaker: In addition, they will be available in the Library of the House; why should they be placed on the Table of the House?

Shri C. D. Deshmukh: Sir. Shri Tulsidas also made a very interesting suggestion that we should have a parliamentary committee or commission to watch the utilisation of the expenditures incurred by the States out of the Central assistance given to them by way of grants or loans. Now, the analogy which he drew between the very limited amount of supervision to which we have agreed to in the case of some foreign aid received by us, and our relationship with the States is, of course, not quite apposite although it is an analogy. At first, I was inclined to think that perhaps an arrangement of this kind might be useful. I have since thought over the matter and I do not think we ought to take a decision in the sense suggested by him until we see our way clear. In the case of the States, one has to remember that under the Constitution they have their consolidated funds into which all the Central assistance flows and out of which the expenditure on schemes financed from their assistance is met. These expenditures are subject to the vote of their Legislatures and are audited by the Comptroller and Auditor-General. So far as the proper utilisation of the loans and grants for the specific purpose for which they are given is concerned. I think, the Parliament and the State Legislatures can rely on the Comptroller and Auditor-General to see that this has been done; but so far as the physical check on the schemes is concerned, that is to say, the physical out-turn in return for a certain expenditure, I do not see how a parliamentary or any other committee can keep a current and continuous check. This has to be done, and could be done more properly by a body like the Planning Commission which has to keep a watch over the actual implementation of the Plan. The Commission has now a number of advisers on programme administration who are constantly on tour and in close touch with the progress of work in respect of all the important State schemes. For certain very large projects like the Bhakra-Nangal, D.V.C. and Hirakud Dam, the Planning Commission is in closer touch with the progress of the works and obtains quarterly progresss reports. Therefore, I think at present we may safely leave it to the Commission. I discussed the matter with the Deputy Chairman of the Planning Commission after the hon. Member made the observation. I think we may leave it to the Planning Commission to keep a continuous watch on the progress of the schemes and to modify, if necessary, the machinery available for this purpose from time to time in the light of experience. While Government yield to no section of the House in their desire to see that the amounts made available to the States by the Centre for development of their projects are properly utilised. I would be most reluctant at the moment to do anything which might suggest to the States that they also are not partners in these enterprises, or to do anything to suggest any weakening of the sense of responsibility of their Legislatures for expenditure which falls within the State field. So, on mature reflection I am inclined to believe that we should leave the position at that for the time being till we see what the Planning Commission is able to do. We have suggested to the Planning Commission that we should watch the expenditures in double columns—one showing the financial expenditure and the second showing the physical fulfilment of the project, and I am quite certain as these are periodically examined, we shall find out immediately whether we are getting value for our money or not.

Then, Sir, I shall turn to the question of financial control by the Treasury. There has been some reference to rules—I think Shri Tripathi made a reference to the rules—and I find many people think this is largely a matter of rules. It is my intention to say that it is not so much a matter of rules as a matter of the exercise of common sense and financial propriety. At present we are governed by the 'Rules of Business' made by the late Governor General under some Section—I shall not quote—and similar rules are being framed under the new Constitution. I might add that there has been a preliminary consideration of what form the new rules should take, and at the official level, a conclusion has been reached that the financial control to be provided will be practically of the same kind as exists under the current Rules of Business. Now, these are the rules. There is rule 11 which lays down that every case, the subject of which concerns another department, shall ordinarily be referred for consideration to such department, before any orders are issued. That is the rule of commonsense and co-ordination.

Then there is rule 12 in which it is particularly and specifically laid down that orders giving effect to any proposals involving expenditure (or an abandonment of revenue), for which

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either no provision has been made in the budget or to which, though provision has been made, proper sanction has not been accorded, shall not be issued without prior reference to the Finance Department or the Ministry. The word 'Department' is there, because the rules are old. This rule will not operate to prevent a department of the Government of India from exercising the power of sanctioning expenditure which has been assigned to it by what is called the Book of Financial Powers,—which is a book containing our delegations made to them—or by any general orders issued with the concurrence of the Finance Ministry, or for the exercise of which, the Finance Ministry has declared that its consent may be presumed to have been given—that is, where consent may be presumed to have been given. Then there is rule 14 which lays down that ordinarily, no proposal affecting any subject which belongs to the Finance Ministry shall be brought before Cabinet, unless it has been referred to and considered by that Ministry. This is a special provision in regard to the Finance Ministry alone. It is presumably intended thereby to emphasise the special importance of the subjects dealt with by that Ministry, as distinguished from other Ministries, the reason being, I think, that the Finance Ministry is the common conscience—shall we say—of all the Ministries.

Then there is a thing called the General Financial Rules of the Central Government. These are essentially executive orders of the President, which describe primarily the financial powers of the different authorities subordinate to the Central Government, and the procedure prescribed by the President, which should be followed by them, in securing and spending the funds necessary for the discharge of the functions entrusted to them. I would not read them out, but if hon. Members can get hold of them, they might refer to rules 9 and 10.

Rule 10 is important, which says that every officer incurring or authorising expenditure from public funds should be guided by high standards of financial propriety. It is delightfully simple. Among the principles on which emphasis is generally laid, are the following:

> 1. Every Public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money—

of course, if he has got it.

> 2. The expenditure should not be *prima facie* more than the occasion demands.
>
> 3. No authority should exercise its powers of sanctioning expenditure, to pass an order which will be directly or indirectly to its own advantage.

Dr. Lanka Sundaram (Visakhapatnam): You said earlier 'delightfully simple'. Why don't you make it vaguely complex?

Shri C. D. Deshmukh: It is more or less the same thing. The extremes meet.

Mr. Deputy-Speaker: That can be done in the actual working.

Shri C. D. Deshmukh: It is simple in theory and complex in practice, as many things are.

> 4. Public moneys shall not be utilised for the benefit of a particular person or a section of the community, unless—
>
> (i) the amount of expenditure involved is insignificant, or
>
> (ii) a claim for the amount could be enforced in a court of law, or
>
> (iii) the expenditure is in pursuance of a recognised policy or custom.
>
> 5. The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are

not, on the whole, a source or profit to the recipients.

There is another rule which says that the responsibility for financial operations of the Central Government as also for the exercise of all executive authorities, rests on the President, whose sanction given either directly or through persons to whom the necessary power has been delegated, is necessary to all expenditure from the revenues of the President. The extent to which powers to sanction expenditure have been delegated to various authorities is, as I have said before, indicated in the Book of Financial Powers.

Then there is another rule which says that no scheme of new expenditure will be included in the Budget, unless it is complete and finally approved. In submitting proposals for new expenditure, administrative difficulties and delays in sanctioning processes should always be borne in mind, and not more should be recommended for provision in the Budget than is likely to be spent during the course of the finacial year. It is this rule which it has been difficult to observe, in view of......

Shri Gadgil (Poona Central): Are these rules meant for compliance or otherwise.

Shri C. D. Deshmukh:...the complexity of the business of Government, and in view of the large part which development expenditure now plays in the total expenditure of the Central Government.

There is one other rule which is very important, namely, that the authority administering a grant is responsible for watching the progress of expenditure in public services under its control, and for keeping the expenditure within its grant. That is the responsibility of the administrative Ministry and not of the Finance Ministry.

Shri B. Das (Jajpur—Keonjhar): Apart from the treasury control, the question of the administrative authorities keeping an eye on the progress of expenditure has not come to my notice so far.

Shri C. D. Deshmukh: The experience of the Chairman of the Public Accounts Committee is entitled to all respect. As I said, on account of the complexity of our administration now, these rules have not been followed efficiently, and that, I think, has led to the difficulties that we are experiencing.

Shri K. P. Tripathi: Is there any rule preventing extreme delays? (*Interruption*)

Shri C. D. Deshmukh: That is a matter of commonsense What happens is that delays are either due to the fact that there is no delegation, or due to the existence of certain persons at various levels, who will not accept the contention of the person representing the other Ministry. This latter one is largely a problem of personnel which can only be dealt with, as individual cases come to notice. I might inform the House that I have asked my colleagues to let me have the lists of cases where delays are occurring, and I propose indeed to go personally into each case of delay, in order to see what exactly these causes are, and whether the delays can be removed. As I have said, the delays could possibly be removed by two things. The first is by rapping on the knuckles of the official who is responsible for raising what might be called petty objections, or not making up his mind at one time in regard to all the points that arise on a file. It often happens that when a file comes, a file-pusher may ask one question and then send the file back. Then the file comes back, and another question is asked. Those things are possible, but I think, with the best order of Government, these things cannot be prevented, and they can only be stopped by taking notice of individual instances which the administrative Ministries must bring to the notice of the Finance Ministry. The other remedy, of course, is

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delegation, and that is a matter, I think, where perhaps a good deal of progress is likely to be made on the review of the matter which is in progress now.

Shri Meghnad Saha (Calcutta—North-West): With these delays, not even ten per cent of the budgeted amount is spent. That is a very serious state of affairs, and the result is that the work undertaken by the Ministries cannot be properly performed.

Shri C. D. Deshmukh: Not because it cannot be performed, but it shows that the work was not properly formulated. What usually happens is that the budget provision is made, and the schemes are not ready to be implemented. As I have pointed out the other day, it is not so much a question of financial scrutiny, as the question of a thorough planning and formulation of schemes.

Shri Meghnad Saha: I beg to differ from that.

Shri C. D. Deshmukh: When the Budget is framed, the time at our disposal is so short that although the Financial Advisor attached to the Ministry, and at the higher levels—the Ministers, the Finance Minister or the Deputy Minister—do their best, in view of the Plan now it is not always possible to say that if a scheme is not ready by a certain date—it has to come in October if it is to come into the Budget—it will not be included in the budget, because we are in a hurry to execute the Plan. It may be that schemes will be ready not in October, but in November, December, January and February. Now, what we do in such cases is to agree on a broad consideration of the scheme that a certain sum be provided, sav. in regard to the new steel plant. I am quite sure that my colleague is not able to tell me precisely how much he will be able to spend in the next year, on the steel project but he will be able to say 'well, approximately I think I shall be able to spend 'X' crores on this scheme and therefore, 'X' crores should be provided in the budget'. That is usually done. Therefore, the position is that every proposal which involves expenditure and which is initiated by the Ministry and is not covered by the financial powers delegated to the administrative Ministries has to be examined and concurred in by the Ministry of Finance before any expenditure can be incurred, whether it is included in the Budget or not included in the budget, that is to say, we concur, whether the amount is budgeted or not.

In order to facilitate the examination of expenditure proposals in the Ministry of Finance, the Ministry is divided into a number of divisions, each one of which is accredited to a group of Ministries and is located, as far as possible—this is important—along with these Ministries. The object of this arrangement is to achieve the closest possible association of the officials of the Finance Ministry with those of the administrative machinery so that they could at various levels and at various stages examine the proposals jointly and expeditiously. Each division is under the personal control of a Joint Secretary, who consults the Secretary or the Minister wherever he feels that that is necessary. The objective examination of every expenditure proposal by the Finance Ministry, whose staff is specially trained for this purpose, ensures that full value is obtained for every rupee that is spent—at least, that is the hope—and that austerity standards are generally maintained. The House will agree that at a time when we must conserve every bit of our resources for implementing the National Plan, it is important that the expenditure of the budgeted amount under every head must be carefully scrutinised at some stage. It is not always that this scrutiny can be completed, as I said, before the figures in regard to every scheme are included in the Budget. The detailed financial scrutiny of the schemes included in the Budget, therefore, proceeds apace with a view to ensuring that the maximum possible economy is achieved consistent with efficiency. This is particularly important at the present time as I said, when development expenditure is assuming such large dimensions. The House may be interested to know that as a result of the scrutiny exercised by the Deputy Minister of Finance after the abolition of the Standing Finance Committee, a reduction of Rs. 4 crores was made out of a total of Rs. 24 crores, which is about 16½ per cent. in the proposals put up to him during the last 8 months, without making any appreciable reduction in scope of the various schemes. Rs. 4 crores saved out of Rs. 24 crores. This was done—and that is again very important—with the full agreement of the Ministry concerned which had made the proposals.

Now, I have stated this matter more or less in a factual way because, as I said, we are still considering in what respect it should be modified in order either to prevent lapses, which would accelerate the formulation of schemes, or to expedite execution.

Shri Meghnad Saha: May I interrupt? I as the head cf a scientific department get half the amount budgeted in the first part of the year. During the second part, I have to go the Ministry of Finance to explain what is the utility of the research work on nuclear physics or geological excursions and so on and in this way half the grant of the scientific department cannot be spent.

Shri C. D. Deshmukh: I do not know to which Ministry he should go.

Shri Meghnad Saha: To the Finance Ministry.

Shri K. K. Basu: To your own Ministry.

Shri C. D. Deshmukh: If it relates to the Education Ministry, then he must be referring the problem to the Education Ministry.

Shri Meghnad Saha: They recommend for the second time. But it gets stuck up in the Ministry of Finance where some Deputy Secretary intervenes and asks whether the expenditure on nuclear research is justified or not. And I have to stand all that ordeal.

Shri C. D. Deshmukh: I shall be very glad to look into this particular case as to why this fission takes place in the matter of nuclear fission.

Mr. Deputy-Speaker: Fortunately, the House is not in fission.

Shri C. D. Deshmukh: This is all the common double objective of everybody concerned, to see (a) that money is properly utilised and (b) that money is expeditiously utilised.

Dr. Lanka Sundaram: Money is fixed in the air!

Shri C. D. Deshmukh: Now, I shall come to the question of separation of audit from accounts. More than one hon. Member has referred to this question. I think I have made it clear before that Government are in principle in favcur of this and that the question of phasing the change in such a way that it does not dislocate the administration is really the practical issue for consideration, at least so far as the Central Government are concerned. I said last time that many State Governments were not very happy over the separation proposals. I am sure the House will realise that such a fundamental change would have to be spread over a period of years and cannot be introduced at once. So far as the Centre is concerned, in the Railways and Defence Services, the separation has already been effected. Now, that is Rs. 200 crores plus Rs. 200 crores—Rs. 400 crores. In the case of the Food and Supply departments discussions relating to the separation have reached a fairly advanced stage and I hope it will be possible to take a decision in the near future.

Then, Sir, there were some other points of this kind. One was that raised by Shri T. N. Singh about excess

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grants. The position is very simple. He is quite right in drawing attention to article 115(1)(b)—that is, excess grants should be presented to Parliament. The position, I am informed, is this. The financial provisions of the Constitution, of course, came into effect from the 1st April, 1950. In the first year, that is, 1950-51, the actual expenditure in the year becomes known only after the appropriation accounts are prepared by the Comptroller and Auditor-General. The demands for the excess spent are, therefore, submitted only after the Public Accounts Committee have dealt with the appropriation accounts of the year concerned and Parliament is aware of the reasons for the excess and the Public Accounts Committee's views on these reasons. The position at present is that although the appropriation accounts for Railways, Posts and Telegraphs and Defence for 1950-51 have been prepared and presented to Parliament, the appropriation accounts relating to civil departments are not yet ready and the Public Accounts Committee have yet to deal with them. When the Public Accounts Committee have examined all the accounts, then the House will be invited to consider the excess grant.

Shri T. N. Singh (Banaras Distt.—East): Where is the objection to take up the Railways and Defence which have already been dealt with separately? After all railway services are always dealt with separately.

Shri C. D. Deshmukh: I am afraid the Railway Ministry only can answer this question. If the hon. Member had asked about the Posts and Telegraphs, that is another matter. But I cannot say from memory how many excesses have been found in the Posts and Telegraphs. May be there have not been any...

Shri T. N. Singh: There have been.

Shri C. D. Deshmukh: I shall have to find out. In any case, that is a matter of convenience.

Now, Sir, questions were raised about the action taken on the reports of the Public Accounts Committee and the Estimates Committee. On the whole, I am in a position to say that almost all their recommendations have been accepted and have been carried out. I have not got the time to go into details here. So far as the Estimates Committee is concerned, I believe from time to time we do furnish the House with details of which recommendations have been accepted and which have not been accepted. I am not quite certain whether we follow the same course in regard to the public Accounts Committee. But I have here examined all the main recommendations that they have made—1, 2, 3, 4, 5 and 6—and I find that in every case the necessary instructions have been issued by the Finance Ministry. But if there is any case in which the Public Accounts Committee feel that their recommendations have not been properly implemented, I shall be very glad to be informed of that case, because, as I said, I regard these two Committees as my most valuable allies, so to speak, on behalf of the Finance Ministry.

Shri T. N. Singh: Is it not the convention that before any statement is made by the Ministry concerned rejecting or accepting any of our recommendations, the concurrence of the Finance Ministry is always there? That is the procedure laid down.

Shri C. D. Deshmukh: That is right. I think I do not know of a case. Recommendations in regard to specific cases involving a difference in judgment is one thing. Recommendations in regard to procedure is another thing. I am aware of a case—or perhaps one or two cases—where the Ministries did not take the same view as the Public Accounts Committee. Now, in this case the procedure is that the matter is brought before the Cabinet. It is not a question of the Finance Minister taking a view. It is a question of the whole Cabinet concurring or not concurring, and no statement is made by a Minister before the matter has been discussed in the Cabinet. I am afraid I cannot go farther than that.

Now I shall come to the question of taxation, the other important matter that was raised. The first point which I make on this issue of taxation is with regard to its incidents, progressive or otherwise, and the incentive that is sufficient for the country's development—this is being considered very carefully by the Taxation Inquiry Commission. The Inquiry Commission is now engaged in taking evidence in Delhi, and I am hoping that before the end of the year, I shall have some indication of what they think at least on the major issues, so that it might be possible for the Centre as well as the State Governments to consider those matters and then make the necessary changes or take the necessary steps when they present the next budget.

So far as the past policy is concerned, in the last few years, we can claim that it has been progressively to reduce the burden on the poor. I give instances. Since 1947, the income-tax exemption limit on the poor, or comparatively poor, has been progressively raised from Rs. 2,000 to Rs. 4,200 in the case of individuals, and in the case of Hindu undivided family, from Rs. 2,000 to Rs. 8,400.

Shri S. N. Das (Darbhanga Central): These cases do not refer to the poor.

Shri C. D. Deshmukh: That is why I said, 'relatively poor,' because I think that the middle-classses, as I once said, are the new poor. In 1949, the income-tax on the slabs of Rs. 1,500 to Rs. 5,000 and on Rs. 5,000 to Rs. 10,000 was reduced from one anna and two annas respectively to nine pies and one anna nine pies in the rupee. In 1950, the income-tax on the slab Rs. 10,000 to Rs. 15,000 was reduced from three and a half annas to three annas in the rupee and on the balance above Rs. 15,000, from five annas to four annas in the rupee. But the reduction of the maximum income tax-limit from five to four annas was counterbalanced by increasing the lower supertax rate from two annas to three annas. Just consider the case of assessees other than companies. The figures indicate that the assessees with an income of more than Rs. 25,000 represent five per cent of the total number of assessees, and the number of assessees is a microscopic proportion of the total population of the country. There are about eight lakhs of assessees as against the total population of 360 million—to put it in round figures. The actual tax paid by them—those with incomes of over Rs. 25,000—is 75 per cent of the total tax paid, that is to say, as against five per cent of the numerical strength, they pay a tax of 75 per cent. If this is not progressive taxation, I do not know what is.

It is sometimes assumed that the indirect taxes fall only on the poor. That is another fallacy that appeared in the observations of hon. Members. It was, rather, an assumption facilely made. Actually, that part of the indirect tax which represents export duties, as I have once pointed out, cannot fall on the local population at all. Of the remainder, the scales of the import duties and central excise duties—the lowest that I have made—indicate that out of the total sum of about Rs. 210 crores, on an average per year, more than Rs. 70 crores are borne not by the poor but only by the rich. This includes items such as motor cars, wines and spirits, silk, piece-goods, superfine cloth, better type of cigarettes and so on. I have not got the time here to give you the complete list. I have got the rates of duty here. Silk, artificial silk, socks and stockings, 100 per cent; tobacco, unmanufactured, 192 per cent; ale, beer, port etc., 228 per cent.; brandy, gin whisky, 208 per cent. On the other hand, dried, skimmed milk, free; pulses, free; salt, free; books free; penicillin in bulk, 20 per cent. and so on and so forth. All that I wish to say is that these matters are carefully

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borne in mind, when we fix the rates for various duties.

Shri T. N. Singh: What about *biris* and textiles?

Shri C. D. Deshmukh: That is a matter of excise. That is to say, people can pay according to the purchases. When I say, 'superfine cloth,' that is a matter of textiles. What I say is, if any one purchases, say, 50 pounds of superfine cloth, there will be one sort of duty. Do you mean to say that in general all excise duty falls on the poor? This is what I have to say in regard to general taxation, except that I would like to remind the House again to one of the last budget speeches. The only measure that the Finance Ministry took with some feeling of pride, I might say, in that it was a social innovation, was the enactment of the estate duty. But the House has already forgotten that such a measure has been passed.

Shri Gadgil: Nobody has forgotten them. They only want that there should be a limit on income.

Shri C. D. Deshmukh: So far as the limit to income is concerned ...

Shri Gadgil: Your small mercies are not being forgotten.

Shri C. D. Deshmukh:.. It is for the Taxation Inquiry Commission to tell us what exactly are the limits to be fixed. They might conceivably propose that the maximum on the largest slab, on which the slab is fixed, might be reduced, or they might suggest a pattern of taxation which will secure that there is less difference between the lowest and the largest incomes.

Shri Gadgil: What I want to ask is: unless the Taxation Inquiry Commission know what is the major policy of the Government, what can they recommend?

Shri C. D. Deshmukh: This is putting the cart before the horse.

Shri Gadgil: Even then, the cart will run.

Shri C. D. Deshmukh: We are not advising the Taxation Inquiry Commission. The Taxation Inquiry Commission is advising us. It is for them to give us advice. Yesterday, I think, they examined Shri Khandubhai Desai. He must have made it clear to them what his points were. It may be that the Commission will be influenced by that view. I do not know whether they have examined Shri Gadgil.

Shri Gadgil: They won't examine me. That is certain.

Shri C. D. Deshmukh: I wish now to refer to the refunds. A complaint was made that refunds are not given quickly enough. Now, the actual refunds granted during 1950-51 was Rs. 25 crores. In 1952-53, it was 33.63 crores of rupees. In 1953-54, it was Rs. 37 crores. These are the arrears accruing. We do not know the encashments. The monthly figure for the number of refund applications does not indicate that there is any abrupt fall in the closing months of the financial year. The total number of refund applications for disposing of, up to the end of February, 1954, was 78,752. The number actually disposed of during the period was 68,138. It is quite a large number. The number pending at the beginning of March was thus 10,614. I have not got the figures yet, but I expect that the bulk of them would have been disposed of in March.

There were other small points in regard to corruption in the Customs Department. I had given figures previously to show that statistics indicate that there is not as much corruption as hon. Members are inclined to think, although cases do come up.

Then there was a specific complaint in regard to opium and narcotics consumption and so on. One hon. Member was far from soothing when he talked of narcotics. But these are very small problems and I do not think I need take the time of the House, at this stage, over them.

There is a matter which I would like to mention, and that is in regard to foreign investment, which has importance, and on which we should make it clear what our view is. One hon. Member—I think it was Shri Sadhan Gupta—accused us again of what he called, submitting to foreign exploitation. He said we had been allowing indiscriminate import of foreign capital and then he took the trouble to quote from some pronouncement of the leaders of the Congress Party in 1938. I feel that that is not a very valid argument to refer to what was said in 1938 when the country was under foreign domination. Now that domination has ended. In those days, the advent of foreign capital did have the danger of leading to the further concentration of economic power. in the hands of foreigners and consequently of economic exploitation. But the hon. Member has not referred to the fact or has not properly considered the fact that we are independent now and that Government have adequate powers to ensure that foreign capital does not use its position to the detriment of national interests.

So far as the general policy of the Government is concerned, it has been declared over and over again—in brief that foreign capital is desirable and welcome provided it is of the right kind and is sought to be invested in the right fields. I think that point has been accepted by the hon. Member who spoke last, Shri K. K. Basu. He said that it has demonstrably to be in national interests and all our efforts are directed towards that end. Hon. Members know that before a scheme of foreign investment is sanctioned, it is subject to a process of screening to make sure that it will further the interests of national economy. I note that he has referred to a large number of cases. I wish he had spoken yesterday and not today because it is impossible for me to give the details of every one of these cases; chocolates, soap etc.

An Hon. Member: Coca Cola.

Shri C. D. Deshmukh: There may or not be an explanation; mistakes might or might not have been made but, by and large, that is the position. The point I wish to refer to is this.

[MR. SPEAKER *in the Chair*]

The hon. Member feared that this was a drain on the country's resources. It is a truism to say that the service charges or the profits and dividends that foreign capital earns imposes a burden on the country's economy, at any rate, on the foreign exchange resources. But that is, I wish to point out, only a part of the picture. Foreign capital can render useful service or bring the know-how, particularly in an undeveloped or under-developed economy like ours and it is always a question of judging where the balance of advantages lies. But, even from the narrow point of view of the impact of foreign investment on the balance of payment looking at merely the profit remittances, I think, is likely to give a distorted picture of the situation. For instance, hon. Members know that—and that was referred to by Shri Basu —many of the points made by the hon. Member are in the nature of flogging a dead horse because all these points were gone into when we considered the relevant legislation—the total foreign capital that is to be invested in the refineries is of the order or Rs. 35 crores. Supposing we assume that it earns a profit of 10 per cent of the capital, then it is likely to lead to a profit of about Rs. 3 or 4 crores per year. On the other hand, the production of the refineries will be, at the present day prices, worth about Rs. 44 crores per annum. As against this, import of crude oil valued at about Rs. 26 to 27 crores will be necessary. This means that Rs. 17 or 18 crores worth of foreign exchange will be saved every year as against the profit, which, as I said before, is not likely to exceed Rs. 4 crores a year. In screening projects of foreign investment, the foreign exchange economics of any particular project is always one of the things that is gone into in detail. But

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that is not the only criterion. The investment of foreign capital may be in an industry which would never have come into existence if reliance had been placed solely on indigenous capital, either because the technical know-how is not available in the country or because indigenous capital is not willing to venture out on a new line. In such cases, the investment of foreign capital clearly leads to increased employment in the country and to the acquisition of technical knowledge by our nationals, which, of course, is one of the conditions precedent to our growth.

Then, another point that was made was that the foreign capital should come as a loan and not as direct private investment. Now, the capital that we are getting from the World Bank is, of course, of that kind. Indeed, it is the largest item of foreign capital that has come into this country. Direct foreign investment, has not been very large and I think the figures show that there has rather been a disinvestment than investment. So, it is not as if foreign capital is begging us to accept its entry here. One advantage of direct investment is that it earns its income out of the profits it creates; in the case of loans, this flexibility is not there. Private foreign investment usually brings with it the technical know-how, which loans do not.

Again, there are cases where we get reports of consultants. Those reports are apt to cast a somewhat heavy burden on us unless those who are consulted are prepared to have a stake in the industry that may be started. That is a kind of safeguard. Therefore, we feel that there is definite scope for foreign investment although it is not denied that in cases where it is misused or where it is not serving the interests of the country, they ought to be reviewed. I am always open to receive from hon. Members, including Shri Basu, instances in which they feel—though he has not done so before—that foreign capital is misusing the advantage of its being permitted to carry on its enterprises here.

Shri Meghnad Saha: How much foreign capital has been exported out of the country?

Shri C. D. Deshmukh: I think the net disinvestment is of the order of Rs. 35 crores since 1945.

Shri Meghnad Saha: I was told about Rs. 20 crores.

Shri C. D. Deshmukh: The hon. Member has asked me for information. It is certain that it is of the order of 35 crores. It may be Rs. 20 or Rs. 25 crores.

That brings me to one point which the hon. Member made in regard to sterling balances. It is not true that the sterling balances are earning only one per cent. Owing to the increase in the Treasury rate now in the United Kingdom, our returns are very much higher. The hon. Member said that those sterling balances were frozen and that it would have been in the interests of the country, if we had paid with it the enterprises of foreigners. So far as that was practicable, it was already done. For instance, we settled certain obligations; we paid all the railway debentures; we repatriated the railway debentures. We repaid all the sterling loans. I forget the amount, but it is about Rs. 500 crores or Rs. 600 crores.

The only last point that I would like to say that it is much better that we utilise our balances which are released in accordance with an agreed rate for either consumer goods which are essential or for capital goods rather than for acquiring capital assets.

Dr. Lanka Sundaram: May I put a question with your permission? The hon. Minister, in the course of his reply just now, made certain general observations on parliamentary control of public corporations. He also made a reference to the debate on the last occasion where he gave a specific assurance to this House that he would either bring in a special Bill or certain amendments to the Companies Bill. This morning you announced that the Companies Bill is coming up before the House this session. May I know whether he will bring in a special Bill or bring in amendments to the Company law to provide parliamentary control of public corporations?

Shri C. D. Deshmukh: I do not remember having given any such assurance, but, if I have given such an assurance, I am bound to fulfil it.

Mr. Speaker: I will now put the cut motions and the Demands. I will first put the cut motions.

5 P.M.

I will put all the cut motions together unless any Member wants a cut motion to be put specifically.

The cut motions were negatived.

Mr. Speaker: I will now put the Demands.

The question is:

"That the respective sums not exceeding the amounts shown in the third column of the Order Paper in respect of Demands Nos. 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 115, 116, 117, 118, 119, 120 and 121 be granted to the President to complete the sums necessary to defray the charges which will come in course of payment during the year ending the 31st day of March 1955 in respect of the corresponding heads of demands entered in the second column thereof."

The motion was adopted.

[*The motions for Demands for Grants which were adopted by the House are reproduced below.*—Ed. of P.P.]

DEMAND No. 26—MINISTRY OF FINANCE

"That a sum not exceeding Rs. 1,43,19,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Ministry of Finance'."

DEMAND No. 27—CUSTOMS

"That a sum not exceeding Rs. 3,84,11,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Customs'."

DEMAND No. 28—UNION EXCISE DUTIES

"That a sum not exceeding Rs. 6,28,30,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Union Excise Duties'."

DEMAND No. 29—TAXES ON INCOME INCLUDING CORPORATION TAX AND ESTATE DUTY

"That a sum not exceeding Rs. 3,41,76,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Taxes on Income including Corporation Tax and Estate Duty'."

DEMAND No. 30—OPIUM

"That a sum not exceeding Rs. 34,13,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Opium'."

DEMAND No. 31—STAMPS

"That a sum not exceeding Rs. 1.17,43,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Stamps'."

DEMAND No. 32—PAYMENTS TO OTHER GOVERNMENTS, DEPARTMENTS, ETC. ON ACCOUNT OF THE ADMINISTRATION OF AGENCY SUBJECTS AND MANAGEMENT OF TREASURIES

"That a sum not exceeding Rs. 10,20,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Payments to other Governments, Departments, etc. on account of the Administration of Agency Subjects and Management of Treasuries'."

DEMAND No. 33—AUDIT

"That a sum not exceeding Rs. 7,05,82,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Audit'."

DEMAND No. 34—CURRENCY

"That a sum not exceeding Rs. 1,58,39,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Currency'."

DEMAND No. 35—MINT

"That a sum not exceeding Rs. 85,02,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Mint'."

DEMAND No. 36—TERRITORIAL AND POLITICAL PENSIONS

"That a sum not exceeding Rs. 19,40,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respetct of 'Territorial and Political Pensions."

DEMAND No. 37—SUPERANNUATION ALLOWANCES AND PENSIONS

"That a sum not exceeding Rs. 2.80,80,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Superannuation Allowances and Pensions'."

DEMAND No. 38—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF FINANCE

"That a sum not exceeding Rs. 3,20,64,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Finance'."

DEMAND No. 39—GRANTS-IN-AID TO STATES.

"That a sum not exceeding Rs. 14,01,67,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Grants-in-aid to States'."

DEMAND No. 40—MISCELLANEOUS ADJUSTMENTS BETWEEN THE UNION AND STATE GOVERNMENTS

"That a sum not exceeding Rs. 2,53,000 be granted to the

President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Miscellaneous Adjustments between the Union and State Governments'."

DEMAND No. 41—EXTRAORDINARY PAYMENTS

"That a sum not exceeding Rs. 21,16,78,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Extraordinary Payments'."

DEMAND No. 42—PRE-PARTITION PAYMENTS

"That a sum not exceeding Rs. 1,24,42,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Pre-partition Payments'."

DEMAND No. 115—CAPITAL OUTLAY ON THE INDIA SECURITY PRESS

"That a sum not exceeding Rs. 4,78,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Capital Outlay on the India Security Press'."

DEMAND No. 116—CAPITAL OUTLAY ON CURRENCY

"That a sum not exceeding Rs. 2,48,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Capital Outlay on Currency'."

DEMAND No. 117—CAPITAL OUTLAY ON MINTS

"That a sum not exceeding Rs. 65,75,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Capital Outlay on Mints'."

DEMAND No. 118—COMMUTED VALUE OF PENSIONS

"That a sum not exceeding Rs. 86,21,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Commuted Value of Pensions'."

DEMAND No. 119—PAYMENTS TO RETRENCHED PERSONNEL

"That a sum not exceeding Rs. 99,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Payments to Retrenched Personnel'."

DEMAND No. 120—OTHER CAPITAL OUTLAY OF THE MINISTRY OF FINANCE

"That a sum not exceeding Rs. 20,35,21,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Other Capital Outlay of the Ministry of Finance'."

DEMAND No. 121—LOANS AND ADVANCES BY THE CENTRAL GOVERNMENT

"That a sum not exceeding Rs. 31,70,68,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955, in respect of 'Loans and Advances by the Central Government'."

Mr. Speaker: I will now take the remaining demands.

Shri V. P. Nayar (Chirayinkil): May I seek an information? I sent some cut motions which seem to have been disallowed. They related to the Demands for Grants for Parliament Secretariat.

Mr. Speaker: The hon. Member may see me in my chamber about that.

Shri V. P. Nayar: I made several requests for that Sir, but......

Mr. Speaker: Order, order.

The hon. Member is not raising any new point and I think it was conveyed to him that the Demands of Parliament Secretariat, as a matter of convention for years together,—I shall not use the word "ages"—is never discussed and no cut motions are allowed. Hon. Members of the House will note that the Parliament Secretariat is the Speaker's Department and the Speaker cannot be the subject-matter of any discussion or any criticism in the House. If any hon. Member wants any information about the Parliament Secretariat, if he has any doubts about the same, he is welcome to see the Secretary and get information in this connection. If he is dissatisfied he can come to the Speaker and get all possible explanation and information. But as a token of the sovereignty of the House, the Speaker cannot be subjected to any discussion or criticism in the House itself.

If hon. Members are dissatisfied with any Speaker or Speaker's actions, the remedy is not to have a discussion in the House, but the remedy is to move a motion of no confidence in the Speaker, or a motion for his removal. That is the only way in which Members dissatisfied with the Speaker can raise the question in the House—not by way of cut motions.

Shri V. P. Nayar: You have misunderstood me. Sir.

Mr. Speaker: I do not want any discussion. If there is anything for discussion, for my part the hon. Membe is welcome again to come to m chamber direct and discuss.

Shri V. P. Nayar: You have not a lowed me to start my point of view

Mr. Speaker: It is wrong to say tha I have not allowed him. The hor Member wants a particular time an has a particular urgency. I do not fe any urgency about it. This is a matte which can wait, until I can satisfy him, or attempt to satisfy him at leisure.

Shri V. P. Nayar *rose*—

Mr. Speaker: It is no use raising questions now.

The question is:

"That the respective sums not exceeding the amounts shown in the third column of the Order Paper in respect of Demands Nos. 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 107, 108, 109 and 131 be granted to the President to complete the sums necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of the correspond ing heads of demands entered the second column thereof."

The motion was adopted.

[*The Motions for Demands for Gr which were adopted by the House reproduced below.*—Ed. of P.P.]

DEMAND NO. 70—MINISTRY OF LAW

"That a sum not exceedin Rs. 1,23,79,000 be granted to th President to complete the su necessary to defray the charg which will come in course of pa ment during the year ending the 31st day of March, 1955 in respe of 'Ministry of Law'."

DEMAND NO. 71—ADMINISTRATION OF JUSTICE

"That a sum not exceeding Rs. 1,73,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Administration of Justice'."

DEMAND NO. 72—MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

"That a sum not exceeding Rs. 7,31,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Ministry of Natural Resources and Scientific Research'."

DEMAND NO. 73—SURVEY OF INDIA

"That a sum not exceeding Rs. 1,31,81,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Survey of India'."

DEMAND NO. 74—BOTANICAL SURVEY

"That a sum not exceeding Rs. 6,35,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Botanical Survey'."

DEMAND NO. 75—ZOOLOGICAL SURVEY

"That a sum not exceeding Rs. 4,12,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Zoological Survey'."

96 P.S.D.

DEMAND NO. 76—GEOLOGICAL SURVEY

"That a sum not exceeding Rs. 51,86,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Geological Survey'."

DEMAND NO. 77—MINES

"That a sum not exceeding Rs. 23,84,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Mines'."

DEMAND NO. 78—SCIENTIFIC RESEARCH

"That a sum not exceeding Rs. 2,95,08,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Scientific Research'."

DEMAND NO. 79—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

"That a sum not exceeding Rs. 14,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Natural Resources and Scientific Research'."

DEMAND NO. 80—DEPARTMENT OF PARLIAMENTARY AFFAIRS

"That a sum not exceeding Rs. 1,23,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Department of Parliamentary Affairs'."

DEMAND No. 107—PARLIAMENT

"That a sum not exceeding Rs. 89,27,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of Parliament.

DEMAND No. 108—MISCELLANEOUS EXPENDITURE UNDER THE PARLIAMENT SECRETARIAT

"That a sum not exceeding Rs. 27,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Miscellanous Expenditure under the Parliament Secretariat'."

DEMAND No. 109—SECRETARIAT OF THE VICE-PRESIDENT

"That a sum not exceeding Rs. 76,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Secretariat of the Vice-President'."

DEMAND No. 131—OTHER CAPITAL OUTLAY OF THE MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

"That a sum not exceeding Rs. 1,24,79,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1955 in respect of 'Other Capital Outlay of the Ministry of Natural Resources and Scientific Research'."

APPROPRIATION (NO. 2) BILL

Mr. Speaker: The House will proceed with the Appropriation (No. 2) Bill now.

The Minister of Finance (Shri C. D. Deshmukh): I beg to move for leave to introduce a Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the service of the financial year 1954-55.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the service of the financial year 1954-55."

The motion was adopted.

Shri C. D. Deshmukh: I *introduce the Bill and beg to **move:

"That the Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the service of the financial year 1954-55, be taken into consideration."

Mr. Speaker: The question is:

"That the Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the service of the financial year 1954-55, be taken into consideration."

The motion was adopted.

Mr Speaker: We shall take up the clauses.

Clauses 1, 2 and 3 were added to the Bill.

The Schedule was added to the Bill.

The Title and the Enacting Formula were added to the Bill.

*Introduced with the recommendation of the President.

**Moved with the recommendation of the President.