

THE
PARLIAMENTARY DEBATES
(Part II—Proceedings other than Questions and Answers)
OFFICIAL REPORT

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HOUSE OF THE PEOPLE
Saturday, the 18th April, 1953

The House met at a Quarter Past Eight of the Clock.

[Mr. Speaker in the Chair]

QUESTIONS AND ANSWERS
(See Part I)

9-15 A.M.

FINANCE BILL

Mr. Speaker: The House will now proceed with the further consideration of the Finance Bill.

Dr. S. P. Mookerjee (Calcutta South-East): Before that, may I draw your attention to one important matter? Yesterday, you very kindly announced the unanimous recommendation of the Business Advisory Committee and indicated the Bills which were going to be taken up next week, but last night when we got the programme for next week we found that as many as three Bills which were not included in the agreed list have been incorporated in the next week's agenda. Whether they are minor or major Bills, no list is to be revised without consultation. That would cut across the agreed time-table that we had arrived at.

Mr. Speaker: The point is that these are put in, as I am told, only for the purpose of giving hon. Members an intimation as to what Bills are likely to be taken up by Government if time permits, so that hon. Members may study them and give amendments.

Dr. S. P. Mookerjee: You gave us a time-table for 21 days and if the session is going to end on the 15th May, how can additional Bills be taken up? Let us know how many will be taken up.

Mr. Speaker: The practice always is that some minor Bills which are not likely to take much time are included.

Dr. S. P. Mookerjee: Minor or major, Bills are Bills.

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Mr. Speaker: If hon. Members are not inclined to spare time, of course, they will not be taken up.

The Prime Minister and Leader of the House (Shri Jawaharlal Nehru): As you have said, Sir, this is the practice that is adopted, so that the contingency may not arise when the House has nothing to do. These are merely put in there for safety's sake, and this does not in the slightest go outside the programme agreed upon.

Dr. S. P. Mookerjee: The Prime Minister is not aware of what we agreed to in your Chamber, Sir.

Shri Jawaharlal Nehru: I am perfectly aware of it. I know that. Still, some Bills are always put in, in case of need.

Dr. S. P. Mookerjee: How many more will come up—let us know that.

Shri Jawaharlal Nehru: It is not a question of how many more. They are put in there for safety's sake.

Mr. Speaker: If we stop on May the 15th and if we act according to the agreed programme and there is no time, naturally these Bills will stand over. Now, we will proceed with the Finance Bill.

Shri Bansal (Jhajjar-Rewari): May I know if we are taking up the Finance Bill only now, or are we considering the Central Excises and Salt (Amendment) Bill also?

Mr. Speaker: That, we shall take later on, at the end in the last hour. I think the arrangement was that the last one hour today would be devoted to that Bill. So at 12-15 today the other Bill will be taken up. This means that the Finance Bill will have to be finished by 12-15—of course, the clause-by-clause consideration included.

Shri K. C. Sodhia (Sagar): Are we taking the amendments as they appear in the Consolidated List or as they appeared originally in the different lists?

[Shri K. C. Sodhia]

In the Consolidated List, one of my amendments has been left out.

Mr. Speaker: We are taking them as they were originally tabled. There is no change. When we come to that particular clause, he may draw my attention.

Shri H. N. Mukerjee (Calcutta North-East): May I point out that according to the arrangement that had been entered into, it was announced that today up to 12 o'clock there would be clause-by-clause consideration of the Finance Bill and from 12 to 1-15 there would be its third reading? That was the arrangement which we came to.

Shri K. K. Basu (Diamond Harbour): The extra one hour was to be had on Monday.

Mr. Speaker: I do not know if the understanding we came to when I made my announcement has been superseded by a further understanding.

Dr. S. P. Mookerjee: Your last announcement was that one hour would be kept apart on Monday. When we made an appeal to you, this is what you suggested last. You may see the proceedings.

Mr. Speaker: I said "the last day on the Finance Bill". I thought that the House would not be sitting on Saturday. That is why I used the expression "the last day".

Shri K. K. Basu: There seems to be a mistake.

Mr. Speaker: Let us not perpetuate it. Now, it is agreed that we shall go up to 12-15 with the Finance Bill, and from 12-15 to 1-15 we shall deal with the other Bill. Supposing hon. Members take a little longer on the Finance Bill, it means that the time for the other Bill will be reduced. My announcement was principally with a view to give a chance to some of those 15 hon. Members who had spoken, so that they may have their say.

Shri Damodara Menon (Kozhikode): Does it mean that we give no time to the third reading of the Finance Bill?

Mr. Speaker: We do give time. Up to 12-15 the time is there. If the clause-by-clause consideration goes up to 12-15, then naturally there will be no time left for the third reading. So, it is for the House. It is not that

no time has been given for the third reading.

Shri Nambiar (Mayuram): What about those who had not spoken previously? May I speak during the clauses?

Mr. Speaker: I have no objection.

Shri K. K. Basu: Some time should be allotted for the third reading.

Mr. Speaker: Now, are we seeking to go back on the agreement we arrived at or to revise it?

Shri Frank Anthony (Nominated—Anglo-Indians): May I see a clarification? I was not in the House yesterday, but I find that some time has been fixed categorically for each Bill. I think there has been some misunderstanding. Other Members of the Business Advisory Committee will bear me out. We did not fix any time for each Bill. It was purely tentative and I think the principle that we accepted was that if for some reason—none of us was specifically acquainted with each Bill—one Bill for which we had fixed tentatively five days took seven, then there should be no attempt on the part of Government to curtail the discussion.

Mr. Speaker: What we decided was, in a sense—in a very minor sense—an estimate of the time. We said that it was just possible that some Bill may take a day longer and on some other Bill a day could be curtailed, but all these Bills should be fitted in within the time-limit. That was the point. The whole business should be finished by 15th May, whatever time we take for consideration of each individual Bill.

Dr. S. P. Mookerjee: How can you finish the whole business when the time is already being encroached upon by Government including three more Bills?

Mr. Speaker: Those three Bills will be taken up only if there is surplus time, not otherwise. Supposing the programmed Bills are finished earlier, are we to sit with folded hands? We should have something to deal with.

Shri Frank Anthony: Let us assume for the sake of argument that there are a thousand amendments in respect of the Air Corporations Bill and the discussion takes fifteen days.....

Mr. Speaker: Why should we consider probabilities? When the situation arises, we shall think about it. There is no finality about anything in a moving world.

Dr. S. P. Mookerjee: I suggest that we continue with the clauses up to 11-15.

Mr. Speaker: As the hon. Member suggests, clause-by-clause consideration will last up to 11-15, and then we shall have one hour for the third reading.

Clause 2.—Income-tax and super-tax

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

In page 1,

for lines 15 to 21, substitute:

“(ii) in Part II, in clause (iii) of the first proviso to paragraph D, for the words ‘one anna per rupee of the total income’, the following shall be substituted, namely:—

‘one anna and six pies per rupee on so much of the total income as consists of dividends from a subsidiary Indian company, and a rebate at the rate of six pies per rupee on any other income included in the total income.’”

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

The object of this amendment is to advance the super-tax rebate admissible to foreign companies on the dividend income from Indian companies from one anna to one anna and six pies with a view to attaining the object to which I had already referred, namely, reducing the disparity in tax payable on any business carried on through a branch and a business if it is carried on through an Indian subsidiary company.

Mr. Deputy-Speaker: The question is:

In page 1, for lines 15 to 21, substitute:

“(ii) in Part II, in clause (iii) of the first proviso to paragraph D, for the words ‘one anna per rupee of the total income’, the following shall be substituted, namely:—

‘one anna and six pies per rupee on so much of the total income as consists of dividends from a subsidiary Indian company, and a rebate at the rate

of six pies per rupee on any other income included in the total income.’”

The motion was adopted.

Shri C. D. Deshmukh: I do not move the next amendment.

Shri V. B. Gandhi (Bombay City—North): I refer to clause 2(b) (ii). This clause incorporates the proposal of the Finance Minister to extend the exemption limit for income-tax for individuals from Rs. 3,600 to Rs. 4,200 and for undivided Hindu families from Rs. 7,200 to Rs. 8,400. I was hoping that there would be many Members in the House who would refer to this proposal. But actually only two or three were there who referred to this. And what they said was perhaps the wrong thing to say. They said that they on the whole welcomed the proposal. There are in this House some of us who do not welcome this proposal. It is not, of course, necessary to oppose this proposal since it is only a part of an otherwise very acceptable Budget, as a whole. However, it is a proposal which deserves to be examined from the point of view of the consequences following from the proposal: I mean here financial consequences, fiscal consequences as well as economic consequences. Some of us here really wished that this proposal had not been brought forward at this time. One of the reasons for this position that we take is that just at this time, and in fact in the very same speech in which this proposal was made by the Finance Minister, the Finance Minister announced the appointment of the Taxation Enquiry Commission. Anyway I should like to have this proposal examined from some of these points of view. To be very brief it is a matter which should have been better left to the Taxation Enquiry Commission since this proposal, in a sense, represents a structural change in the Income-tax inasmuch as it deals with the starting point of the Income-tax rate and not with the starting rate of the income-tax. There are certain considerations which should have been considered at an earlier stage, and I hope when the Finance Minister has another occasion to review this whole question of income-tax he will bear these considerations in mind.

Shri Nambiar: I have to make an observation. I could not make it in the general discussion. I oppose the proposal of granting this rebate to foreign shareholders on the ground that the money could be better utilised for other purposes in India. There was a cyclone in Tanjore dis-

[Shri Nambiar]

trict which created havoc, not of an ordinary nature but in which 600 people had been killed, properties worth Rs. 50 crores had been ruined and five lakh coconut trees had been uprooted. And not a single pie of relief was sent by the Central Government in spite of the fact that the Provincial Government had made a request. Only, from Pandit Nehru's Fund Rs. 30 or 40 thousand was sent.

Mr. Deputy-Speaker: This has nothing to do with cyclone. The hon. Member cannot introduce cyclone in every measure. Moreover, this amendment has already been carried. When I put the amendment to the vote of the House I looked around and nobody rose to speak. I will not allow any speech on the amendment. The whole thing is irrelevant.

Shri Nambiar: It was decided.....

Mr. Deputy-Speaker: The Consolidated Fund of India is there for various purposes which the country or Parliament approves of. To bring in cyclone, famine and other things here is not right. Let us not stray away from the object.

Shri Nambiar: It is for want of funds.

Mr. Deputy-Speaker: The hon. Member may say it ought not to be given. And he has said enough. The amendment has already been carried. I am sorry he has missed the bus.

Shri Tulsidas (Mehsana West): This is a disadvantage to the Indian subsidiary companies against the foreign branches. I am not opposed to the issue at all, but I would ask the Finance Minister to keep a watch on the aggressiveness of the foreign companies in this country.

Shri C. D. Deshmukh: I would like to answer the question about cyclone. I am not really aware of any request having been forwarded to the Central Government in regard to cyclone. That statement the hon. Member must take from me. So I have had no opportunity of considering what could be done in this matter. The hon. Member mentioned some contribution from the Prime Minister's Fund. It seems to me that, possibly, the request was made to the Prime Minister personally, in regard to the distribution of his Fund, and not to the Central Government as a whole. I am quite prepared to investigate and find out if such a request was received. I am quite

certain that if there was such a request, in accordance with the usually accepted principles, it was not turned down due to the lack of resources, because whatever it may be it bears only a small proportion to the total resources at the command of the Central Government.

In regard to the point made by the other two hon. Members, I shall deal with the point made by Mr. Gandhi first—I think this matter was raised by one or two Members in the general discussion. It is always a question of delicately balancing considerations with reference to the prevailing conditions. I think I have mentioned it somewhere that I judge the conditions this year are such that there is a certain amount of lack of purchasing power, and therefore it is regarded as quite orthodox financing to give a little relief to the smaller people, so far as it is intended to be a relief. I have confessed quite frankly that my purpose is not to give relief, but to give relief in the administration, in the sense it gives relief from harassment, because I thought of the very small assessee who has to fill in the forms and go to the Income-tax office for payment of five, seven, ten rupees and so on. So I have no doubt that what we are doing this year, or what we have done in previous years, is not going to prevent the Taxation Enquiry Commission from going into the whole issue very comprehensively, and if they feel that that would be justified as well as circumstances justify it. I have no doubt that they will make recommendations for making a modification in respect of the exemption limits which I am asking the House to accept today.

In regard to the other point, I can assure hon. Members that the interests of Indian industries and indigenous capital are always watched very jealously by the two Ministries concerned, Commerce and Industry and Finance and at various stages, whether it is licensing or whether it is issue of capital or whether it is in any other executive sphere, action is always taken to see that our own people are not edged out by the subsidiaries of foreign concerns. Our only object at the moment is to try and get the "know-how" and foreign investments in certain spheres where we feel it will be in the interests of the country. I do not think anybody will hold that the gradual deterioration of the prospects of our indigenous manufactures should be regarded as being in the interests of this country.

Mr. Deputy-Speaker: The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Mr. Deputy-Speaker: I would suggest for the consideration of the House that inasmuch as hon. Members wanted some time to be allotted for the third reading and as the Tea Bill will be taken up, one hour will be devoted to that. I think we start the third reading at 11 so that each one of the groups may have an opportunity to speak and the hon. Finance Minister may reply generally for 15 minutes at the end at 12 o'clock. Therefore, hon. Members will bear it in mind that they will have to dispose of all the clauses unless they wish me to apply the guillotine at 11 A.M.

Dr. S. P. Moekerjee: If you keep your eyes shut then it will be finished.

Mr. Deputy-Speaker: I will try to do so.

Clause 3—(Amendment of Act XI of 1922)

Mr. Deputy-Speaker: I would immediately say to avoid any time of the House being taken up that there are a number of amendments which are out of order. They come under two categories. No duty can be increased without the recommendation of the President and those amendments are: Nos. 11, 12, 14, 17, 20, 31, 45, 46, 51, 52, 53, 54, 55, 66, 67, 68, 69, 70, 85, 86, 87, 88, 89, 90, 91, 92, 93 and 94. These are out of order.

There are other amendments trying to reduce or abolish the preferential duty to the United Kingdom. Whatever might be the goodness or the appropriateness of those amendments, when once the preferential duty is reduced, the duty automatically is increased. On that ground, amendments Nos. 96, 97, 98, 99, 100, 101, 102, 103, 104, 105 and 106 are also out of order. Any hon. Member who wishes to move any amendment will not refer to these amendments.

Shri Nambar: Anything left?

Shri C. D. Deshmukh: May I move?

Mr. Deputy-Speaker: I will give preference to the Finance Minister.

Shri C. D. Deshmukh: There are different sub-clauses. I better move all of them together.

Shri P. T. Chacko (Meenachil): There are amendments to clause 3.

Mr. Deputy-Speaker: I am only taking clause 3. I will not put clauses together when there are amendments. I will ask the hon. Minister to move and then I will come to the other side.

Shri Tulsidas: There are different sub-clauses. Why not they be taken?

Mr. Deputy-Speaker: Let the amendments to be moved by the hon. Minister be disposed of first. Then I will come to the other clauses.

Shri Tulsidas: There are four sub-clauses.

Mr. Deputy-Speaker: Let me dispose of the amendments to be moved by the Government.

Shri C. D. Deshmukh: I beg to move:

(1) In page 3, for lines 1 to 14, substitute:

"(i) the income whereof is exempt under clause (i) of sub-section (3) of section 4,

(ii) which is not expressed to be for the benefit of any particular religious community,

(iii) which maintains regular accounts of its receipts and expenditure, and

(iv) which is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (XXI of 1860), or under section 26 of the Indian Companies Act, 1913 (VII of 1913), or is a university established by law or any other educational institution recognised by, or affiliated to, any such university, or

(v) which is an institution financed wholly or in part by the Government or a local authority."

(2) In page 3, after line 14, insert:

"(2A) For the removal of doubts, it is hereby declared that in respect of sums paid as donations on or after the 1st day of April, 1948, and before the 1st day of April, 1953, the provisions of sub-sections (1) and (2) shall apply as if the amendments made by clause (c) of section 3 of the Finance Act, 1953, had not been made."

[Shri C. D. Deshmukh]

(3) In page 3, lines 20 and 21, for "any loss sustained in a business consisting of speculative transactions" substitute:

"any loss sustained in speculative transactions which are in the nature of a business".

(4) In page 3, for lines 36 to 42, substitute the following:

"Provided that for the purposes of this section—

- (a) a contract in respect of raw materials or merchandise entered into by a person in the course of his manufacturing or merchanting business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods manufactured by him or merchandise sold by him; or
- (b) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; or
- (c) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of jobbing or arbitrage to guard against loss which may arise in the ordinary course of his business as such member;

shall not be deemed to be a speculative transaction."

(5) In page 4, lines 12 and 13, for "28th day of February, 1953" substitute "31st day of March, 1952".

Mr. Deputy-Speaker: All these five amendments are now before the House. Does the hon. Minister want to say anything regarding these amendments?

Shri C. D. Deshmukh: The first amendment has this object: (a) the first three conditions to be satisfied are cumulative while out of the last two, only one has to be satisfied. There is some question of drafting there, (b) that an institution meant for a particular religious community only will be excluded but not an institution meant for any backward community, namely Scheduled Castes or Tribes. I want to make that clear.

The first part of it is merely to show which are cumulative conditions and which are alternative conditions and the second is that it is not intended to exclude any charities to institutions meant for backward communities like Scheduled Castes or Tribes, that is to say, categorise that community in a religious sense.

Dr. S. P. Mookerjee: Is that a further amendment to amendment?

Shri C. D. Deshmukh: No.

Mr. Deputy-Speaker: There are no more amendments of the kind suggested by the hon. Minister.

Dr. S. P. Mookerjee: Part (ii) of the first amendment of the hon. Finance Minister says: "which is not expressed to be for the benefit of any particular religious community".

Does that stand or is it proposed to be modified?

Shri C. D. Deshmukh: It remains, but "religious community" does not include backward classes or Scheduled Tribes.

Mr. Deputy-Speaker: It is not expressed here in the amendment. The hon. Minister means that a religious institution does not exclude backward classes.

Shri C. D. Deshmukh: I really wanted to make that clear while moving this.

Mr. Deputy-Speaker: Does it include a temple?

Dr. S. P. Mookerjee: For the purpose of clarification. It is suggested by the hon. Minister that if there is a donation for the benefit of Scheduled Caste Hindus, then that will not be barred.

Mr. Deputy-Speaker: It will not be barred?

Dr. S. P. Mookerjee: Or non-Scheduled Castes, that also will not be barred?

Mr. Deputy-Speaker: That will be barred.

Shri C. D. Deshmukh: A religious community.....

Dr. S. P. Mookerjee: It is a part of "religious community".

Shri C. D. Deshmukh: Scheduled Castes have social disability.

Dr. S. P. Mookerjee: Whatever Government's intention may be should not be left to doubt. It should be specifically stated in the amendment itself. If the Government proposes that any donation for the benefit of the Scheduled Castes should also have an equal exemption, let it be mentioned there clearly so that there may not be any doubt.

Shri C. D. Deshmukh: I have no objection if an explanation is inserted.

Dr. S. P. Mookerjee: The hon. Finance Minister may also add institutions for the benefit of women and children because in our Constitution itself, these are three categories which are exempted from the general class. There may be an explanation like this:

"Anything that is done for the benefit of women and children or Scheduled Castes or backward communities will be excluded from the general class."

Shri C. D. Deshmukh: I am content to accept that. It will be drafted.

Shri Bansal: May I make a suggestion?

Shri C. D. Deshmukh: An explanation for the purpose of this sub-clause may be added:

"Religious community shall not include any institutions meant for any backward community, viz., Scheduled Castes or Tribes or for promoting the welfare of women and children."

Shri K. C. Sodhia: May I suggest that the word 'exclusive' be added before the word 'benefit'?

Shri C. D. Deshmukh: That meets it, perhaps. It may be argued that an institution which caters to the welfare of both men and women is also an institution which benefits women.

Mr. Deputy-Speaker: What the hon. Member evidently wants is 'for the exclusive benefit of any particular religious community'.

Shri C. D. Deshmukh: I thought exclusively for Scheduled Castes or exclusively for women and children.

Shri K. C. Sodhia rose—

Mr. Deputy-Speaker: Anyway, the hon. Minister is not accepting the suggestion.

Shri Bansal: In my opinion the difficulty comes on account of the use of the word 'community', because in this country the meaning we attribute to it is different from what it actually is. I would also suggest that the explanation which the hon. Minister wants to add will be contradictory to the words 'religious community'. Take for example the word 'Harijans'. Now there are many benefits meant for the use of Harijans. But 'Harijan' is also a religious community. My suggestion, therefore, would be to substitute for the words 'religious community' the words 'for the benefit of narrow sectional interests, or'.....

Mr. Deputy-Speaker: Any religious community is proud of itself, whether it is called narrow or not. It is casting unnecessary aspersion.

Shri C. D. Deshmukh: I thought with the explanation it should be all right.

Dr. S. P. Mookerjee: With regard to this amendment, I have to make a suggestion relating to part (iv). The amendment refers to 'a university established by law, or any other educational institution recognised by, or affiliated to, any such university'. Then part (v) says: 'which is an institution financed wholly or in part by the Government or a local authority'. But there are a number of well-equipped institutions which are not recognised by universities, but recognised by Government. They are excluded. For instance the *Gurukuls*.

Shri C. D. Deshmukh: Are they not financed in part by Government?

Dr. S. P. Mookerjee: They may not receive any aid. They are independent institutions, but recognised by Government. Why not add: "Affiliated to any such university or recognised by Government"?

Shri C. D. Deshmukh: I think 'recognised' is a term of art. It has a special connotation—recognised for purposes of assistance. I am not aware of recognition without any intention to give any assistance.

Mr. Deputy-Speaker: There are two kinds of recognition: recognition

[Mr. Deputy-Speaker]

for purposes of recognising a degree, as in the case of a university—whether grant is given or not. The other is recognition for the purpose of giving grants in aid. Both of them are contemplated here. For instance the wording of sub-clause (iv) reads, "a university established by law or any other educational institution recognised by, or affiliated to, any such university." A university may not give a grant to any educational institution, it is only for the purpose of enabling its students to appear for a degree of the university, that it may recognise an educational institution. Therefore, it applies to both.

Dr. S. P. Mookerjee: I can refer to a number of technical institutions which are not affiliated to any university, but which are recognised by Government. Their degrees are also recognised. Take for instance Jadhavpur, the Gurukul institutions. The United Provinces Government have recognised the Gurukuls and give them proper facilities. If it is not the intention of Government to exclude such categories of *bona fide* institutions.

Mr. Deputy-Speaker: The polytechnics in Madras and other places are recognised by Government, but not by universities.

Shri C. D. Deshmukh: Are they not registered? I should imagine that any worthwhile institution would be registered. That is a much wider category. If it is not a university established by law, it would be a registered society. I think most of the cases which the hon. Member has in mind will be covered by the first comprehensive word.

Shri T. S. A. Chettiar (Tiruppur): For instance an individual may conduct an institution on these lines. It will not be a registered body, but still it will be something in which, the intention is, this help may be forthcoming. "Recognised by Government" is a good phrase which we can add.

Shri C. D. Deshmukh: I have no objection, because I do not suppose there will be very many, and as I argue to myself, if it is recognised, then probably it is doing good work and there is a special reason why it should not be excluded. I would like to know the form of words which the hon. Member has in mind.

Mr. Deputy-Speaker: We may have it this way: "or any other educational institution recognised by Government

or affiliated to any such university". So the recognition will be by both and the affiliation will be to one.

Shri Ramachandra Reddi (Nellore): I have an amendment to the first amendment moved by the hon. the Finance Minister.

I beg to move:

In the amendment moved by Shri C. D. Deshmukh, for the proposed part (ii), substitute:

"(ii) which is expressed to be earmarked for the promotion of educational, social and economic well-being of the public or any section thereof."

There are certain religious institutions which undertake education, medical relief or other social service. As part (ii) stands now, such religious institutions may not get the benefaction of any individual or philanthropist. My amendment will cover this. For instance there is a medical institution run by the Tirupathi Devasthanam. It is an institution which caters to the needs of all communities. There is a leper colony maintained by the temple. A philanthropist may come forward and offer a donation to the colony. That will be barred by part (ii). So, in these circumstances, if my amendment is accepted, it will clarify matters better.

Mr. Deputy-Speaker: The original amendment is a negative one: this is a positive one.

Shri C. D. Deshmukh: My reply is, in the sort of case that the hon. Member has in mind, it would be best to segregate those charitable activities and form a registered society, in which case the benefit of this clause would be available.

Mr. Deputy-Speaker: Even if a medical institution is there, if money is granted for the purpose of a medical institution run by the Tirupathi Devasthanam, it does not stand in the way of part (ii). It is not expressed to be for the benefit of any particular religious community. It is not going to be said so. I think the amendment is not necessary for the reason that if a leper clinic is run by a religious institution or a temple or a community, if money is earmarked and granted for, the benefit of that leper clinic, where all people are admitted, this would not stand in the way.

Shri C. D. Deshmukh: It is either unnecessary or unacceptable.

Dr. S. P. Mookerjee: If you say Hindu lepers only, it will.

Shri C. D. Deshmukh: Yes.

Mr. Deputy-Speaker: So far as leprosy is concerned, it is a dangerous thing.

Shri Tulsidas: I have also an amendment. It was on the same previous clause.

Mr. Deputy-Speaker: No, no.

Shri Tulsidas: This is a new clause. This is to substitute the same clause which was there previously. This amendment says: "which is not expressed to be for the benefit of any particular religious community". I feel that here we are legalising something that has not been sanctioned by Parliament up till now, but was being done by administrative instructions. The Finance Minister said last time that he is only doing what had been done so far.

Shri C. D. Deshmukh: Which amendment is the hon. Member referring to?

Shri Tulsidas: It is amendment No. 33. I would also like to refer to article 30, clause (2) of the Constitution. According to the amendment of the Finance Minister, it will mean that it is not expressed to be for the benefit of a particular religious community. In clause (2) of article 30 of the Constitution it is stated:

"The State shall not, in granting aid to educational institutions, discriminate against any educational institution on the ground that it is under the management of a minority, whether based on religion or language."

This will be discrimination in my opinion as any institution, if it is based on religion, even of a minority community, will not get the same exemption. Therefore, in my opinion, it will be discrimination. Since we have adopted this principle in our Constitution, we must abide by it fully. We have to look to other countries also which are not theocratic, like the U.S.A., having a similar provision. They do not make any discrimination in the case of religious community or anything of the sort. A person is allowed to donate to any Church of whatever faith. Why should we not go to that length; why should we discriminate on grounds of faith? If anybody has faith, why

should he not be allowed to donate and have the same exemption and the same right. I consider that this is making discrimination.

In my amendment, I have also suggested.....

Mr. Deputy-Speaker: The fundamental right is only in regard to educational institutions even though established by a religious minority.

Shri T. S. A. Chettiar: If I may point out, the interpretation of my hon. friend is not correct. What the article in the Constitution refers to is the management of the religious institution. If the institution itself caters to all sections of the community, the contribution will get exemption—be it managed by whatever society whether Hindu, Christian or any other society. The clause refers to contribution to institutions which admit, all communities. The Constitution refers to institutions managed by certain communities. It says: the State shall not discriminate between institutions managed by the various communities. That has nothing to do with this clause. This clause is all right under the Constitution.

10 A.M.

Shri Tulsidas: 'Managed' means, a particular religious community will be managing. It will be suffering from some sort of disqualification.

Shri T. S. A. Chettiar: No, no. He is wrong.

Shri Tulsidas: Any way, that is my opinion, I have further suggested in my amendment that I am opposed to the reduction of the limit from ten per cent. to five per cent. There is an anomaly here to a particular section of the assesseees. Let us take a person whose income is Rs. 5,000. He will not be given any benefit under this exemption because five per cent. comes to Rs. 250. A sum over Rs. 250 cannot be paid because it will be over five per cent. he cannot get exemption for Rs. 250 because that is the minimum. This is an anomalous situation. In other countries like America, it is allowed up to 15 per cent. of the total income. In Australia, it is much more. In Canada it is ten per cent. I do not understand why even this small limit of ten per cent. which was there should be reduced to five per cent.

Mr. Deputy-Speaker: Is that in the same amendment?

Shri Tulsidas: Yes. My amendment is No. 33. With regard to the

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question of percentage, I feel that we should keep the same percentage that was there before, namely ten per cent. instead of five. With regard to "religious community", I think it is no use allowing the secular sentiment to go beyond a particular limit.

With regard to the reduction from 2½ lakhs of rupees to one lakh, I have suggested 1½ lakhs. I do not mind the reduction in the larger amount. Here again, if we accept the amendment of the Finance Minister, there will be more assesses who would be affected by the former 2½ lakhs than the latter one lakh. We will get more assesses to pay this contribution. This is my amendment. I have put the amendment on this basis.

I beg to move:

In pages 2 and 3, for lines 36 to 53 and lines 1 to 14 respectively, substitute:

"(c) for sub-sections (1) and (2) of section 15B, the following sub-sections shall be substituted, namely:—

'(1) The tax shall not be payable by an assessee in respect of any sum paid by him on or after 1st April, 1953 as donations to any institution or fund to which this section applies:

Provided that in the case of a company this exemption shall apply only in respect of income-tax and not in respect of super-tax payable by it:

Provided further that this exemption shall not apply—

(a) if the aggregate of the sums so paid by the assessee is less than two hundred and fifty rupees.

(b) to any sums paid in excess of one-tenth of the assessee's total income as reduced by any portion thereof exempt from tax under any other provisions of this Act, or one hundred and fifty thousand rupees whichever is less.

(2) This section applies to any institution or fund established in the taxable territories for a charitable purpose—

(i) the income whereof is exempt under clause (i) of sub-section (3) of section 4, or

(ii) which is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (XXI of 1860), or under section 28 of

the Indian Companies Act, 1913 (VII of 1913) or is a university established by law or any other educational institution recognised by, or affiliated to, any such university, or

(iii) which is an institution financed wholly or in part by the Government or a local authority, and

(iv) which maintains regular accounts of its receipts and expenditure."

Dr. S. P. Mookerjee: Of course, the Government has made up its mind. The only exception which the Government is prepared to make is in regard to backward communities, Scheduled Castes, women and children. But, I do feel that this is a move in the wrong direction. After all, our country is a secular country in the sense that it has no prejudice against a particular religion, or that it does not favour any particular religion as such. But, I take it, it is not anti-religious. Supposing there is some donation made for some *bona fide* purposes which lead to the religious advancement of one or the other of the great communities of India. There is no reason why the Government should take up this sort of obnoxious and obstructive attitude. The Finance Minister may correct me if I am wrong; but I believe a similar provision exists in the U.S.A. where there is no exception made with regard to purposes for which a donation may be given, unless, of course, it is against the interests or society. I could have understood if the Government had said that; if in the garb of making a donation for the advancement of a religious community, something is done which is against the best interests of society, obviously, Government should not recognise it. We have so many *mutts*, so many temples, so many *dharmshalas* which are not institutions exactly meant for individual benefit. But that has got a great public value as well. If a donation is made for some such purposes why should not the Government grant to it the same benefit which is being granted for other purposes? This, I say, is not a move in the right direction, and I am sure large sections of the people, no matter to which community they belong, will disapprove of it. I am not speaking as a Hindu here. For example, a donation is made for the advancement of the Muslim community or for the Jains or for the Christians. There is no reason why

Government should have taken up this sort of attitude, and I can only express my regret that this should have been the case.

Mr. Deputy-Speaker: The original is "for the benefit of any particular community". This only enlarges the amendment. It does not taboo. Hon. Member will kindly look into the original, that is the Bill as introduced. It reads:

"(ii) which is not expressed to be for the benefit of any particular community".

The clause applies to any institution.

Dr. S. P. Mookerjee: Take for instance, the Ramakrishna Mission. A donation of Rs. five lakhs is made for the maintenance of one of its fine educational institutions. Well, according to this policy, you cannot grant it this exemption.

Mr. Deputy-Speaker: No. It can be said: "The high school maintained by the Ramakrishna Mutt". Then it will be exempt. It is not for the purpose of a religious community, but the high school is open to all people.

Dr. S. P. Mookerjee: The Constitution provides that there may be educational institutions for particular religious communities. Supposing you make a grant for a *Maktab* for the Muslim community, or for a Hindu college which is otherwise good, which is recognized by the university, which is being run as a first-class institution, then the exemption will not be given by Government. That was my point.

Shri T. S. A. Chettiar: There seems to be a little confusion. What is barred is, if any contribution is to be made to a temple for a purely religious purpose, then this clause bars that contribution from getting the benefit of section 15B, but if the Ramakrishna Mission or the Wesleyan Mission or the Catholic Mission run a college, a high school or a hospital which is recognized by the Government or by the university or get help from local boards, those institutions get the benefit of proposed section 15B. And so let us not.....

Mr. Deputy-Speaker: Hon. Member ignores the fact that under article 30 (1) it is open to a religious minority to establish an educational institution solely for the benefit of that community.

Dr. S. P. Mookerjee: Exactly.

Mr. Deputy-Speaker: Now, clause (2) of article 30 has to be read along with clause (1) of that article. That means, no discrimination shall be made even in the case of such institution, established by a minority for the benefit of its members, which is a religious one.

Dr. S. P. Mookerjee: That is what I am saying.

Mr. Deputy-Speaker: The hon. Member evidently wants to read clause (2) of article 30 as detached and as having no relation to clause (1). Both of them should be read together.

Dr. S. P. Mookerjee: In fact, I would ask the Finance Minister, now that you have mentioned this, Sir, to read article 30 (2):

"The State shall not, in granting aid to educational institutions, discriminate against any educational institution on the ground that it is under the management of a minority, whether based on religion or language."

Shri T. S. A. Chettiar: My point is supported by this article:

"The State shall not, in granting aid to educational institutions, discriminate against any educational institution on the ground that it is under the management of a minority....."

Mr. Deputy-Speaker: The hon. Member will kindly read it along with clause (1) of the article.

Shri T. S. A. Chettiar: All minorities, whether based on religion or not, have a right to establish institutions of their choice.

Mr. Deputy-Speaker: Therefore, they can say that a Christian college is established only for Christians.

Shri C. D. Deshmukh: We were dealing with only minorities, whereas here, a religious community is not a minority.

Mr. Deputy-Speaker: It may be a religious minority.

Shri C. D. Deshmukh: It may be, but it may not be. Therefore, there is no question of discrimination against a minority.

Mr. Deputy-Speaker: All that our friends say is that this amendment that is moved is so general, that it does not exempt even those institutions.

Shri C. D. Deshmukh: It is so general that it does not discriminate against any religious community.

Mr. Deputy-Speaker: It imposes a ban on all?

Shri C. D. Deshmukh: Yes, on all people. Therefore, this clause has no bearing on it.

Shri T. S. A. Chettiar: May I continue what I was saying? The policy of our State Governments, as well as, I believe, the Government of India, is that they do not give aid or help to such institutions which cater only to one minority or community.

Mr. Deputy-Speaker: They say it is wrong, opposed to the Constitution. I am not going to decide it. It is for the House to decide the matter. It will take all the points of view into consideration in the matter of voting. The Speaker has no right except to point out the difficulties underlying both for and against whatever has happened in the House. It is for the House to find out whether it comes under article 30. One view is that article 30 (2) ought to be detached, that is, it is the management of an institution that is relevant, but the institution may not cater to the general public. The other view is that clauses (1) and (2) must be read together. Article 30 (1) confers the privilege on a religious community to establish an institution of its own choice, and the contention is that clause (2) in the same article must apply to clause (1); that means, no discrimination even in the cases where it is a special privilege conferred by the Constitution on a religious community. That is the other side. They feel that for religious institutions there is difficulty. Hon. Finance Minister says: We are not discriminating against any particular community. There is no discrimination at all. This is a general exclusion regarding all communities, big and small alike.

Now, therefore, I will put the amendment to the vote of the House.

Shri C. D. Deshmukh: I have not given a reply to.....

Mr. Deputy-Speaker: One word before he begins. We have had sufficient discussion, but if any hon. Member wants further discussion, I have no objection to allow him. For that purpose, I will not go back to sub-clause (c) of clause 3. This relates to proposed sub-section (2) of section 15B.

Shri P. T. Chacko: I want to say a word.

Mr. Deputy-Speaker: We are dealing with sub-clause (c) of clause 3. The amendment moved by the hon. Minister relates to lines 1 to 14 of page 3, relating to any institution or fund established in the taxable territories for a charitable purpose. Any hon. Member who wants to say anything against this, or wants to add or subtract or give an amendment, he may do it now.

Shri P. T. Chacko rose.—

Mr. Deputy-Speaker: Does it relate to this?

Shri P. T. Chacko: Yes. My Amendment is No. 4. It reads:

In page 3, line 1, for "clause (i)" substitute "clauses (i), (ia) and (ii)".

Certain donations to certain institutions are exempted. Now, the institutions to which this clause applies come under proposed sub-section (2), and under that the first part is:

"(i) the income whereof is exempt under clause (i) of sub-section (3) of section 4."

Now, under clause (i) of sub-section (3) of section 4 the income from certain properties is exempted. No institution is exempted. Only the income from certain properties held under a trust or a legal obligation is exempted under clause (i) of sub-section (3) of section 4.

Mr. Deputy-Speaker: Has he got the Income-tax Act with him?

Shri P. T. Chacko: I have got it, Sir.

Mr. Deputy-Speaker: Let us see. What does it specifically refer to?

Shri P. T. Chacko: It reads:

"(3) Any income, profits or gains falling within the following classes shall not be included in the total income of the person receiving them:

- (i) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or ~~may be~~ apart for application, thereto."

Now, an institution may be having income from properties, which comes under sub-clause (1), that is, from properties held under a trust or legal obligation. But the same institution may also be having other properties and other incomes. For instance, obviously, under this clause, a part of the income of an institution which is receiving a donation, is from donations. Donation is a particular item coming under sub-clause (ii) of section 4 (3) of the Income-tax Act, which reads:

"Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes."

So, evidently when you consider the case of an institution, the entire income of the institution will not come under section 4 (3) (i) of the Income-tax Act, which refers only to income derived from particular properties only. The institution will also have income from other sources, say donations. Otherwise, how can you donate to that institution? So, donations come under section 4 (3) (ii). It is therefore necessary that donations should also come under this clause. You cannot donate to an institution which is not having an income from donations. Under this clause, only institutions whose income is confined to certain properties only held under trust or legal obligation, come in. If an institution gets a donation, it gets an income from another source. That source also has to be added here. An institution may have an income under section 4 (3) (ia). I would like to add that also here. Under the Income-tax (Amendment) Bill which is pending before the House, this part (ia) is intended to be deleted and brought as a proviso to sub-section (3) (i) of section 4 of the Income-tax Act. So part (ia) might have been omitted on that ground. But I submit that part (ii) should be added to clause 3 (c) (2) (i). I hope I have made myself clear.

Mr. Deputy-Speaker: What is the object of bringing this in the Finance Bill under this sub-clause? Independently of the Finance Bill, the Income-tax Act provides for this.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): The position is this. This section 15B is totally different from the charging section referred to. My hon. friend has in mind the charging section, which is section 4. There is no point in relating section 15B to the charging

section which stands on an entirely different footing. It does not relate to a charitable institution as such, but only to those people who give their donations to charitable and other institutions. Merely because of some kind of similarity in nomenclature, this matter has been causing a certain amount of confusion. Here is something, the benefit of which *inter alia* goes to charitable institutions, and therefore my hon. friend goes to the root of the problem and goes over to the charging section and wants the inclusion of the sub-clause relating to the income of charitable institutions. The one has nothing to do with the other.

Shri P. T. Chacko: The position is this. Now only a donation given to an institution whose entire income is from properties held under trust or legal application is exempted. Supposing the institution is having income from donations.....

Shri Achuthan (Cranganur): We are concerned with donors and donees.

Shri P. T. Chacko: The question is whether a donation given by a particular person is exempted. That is the main issue. If I give thousand rupees to an institution, the question is whether this is exempted or not.

Shri B. S. Murthy (Eluru): You are exempted.

Shri P. T. Chacko: As it is drafted now, only if it is given to an institution whose entire income comes from properties held under trust or legal obligation, I am exempted. Supposing there is an institution which is not held under trust or legal obligation, but is having properties which are held under trust or legal obligation, and also income from donations then obviously if I donate to an institution which is having an income from donations also, then I would not be exempted under the present provision.

Mr. Deputy-Speaker: The matter is clear. Only I think there is a difference. A religious institution is not taxable. The income of a religious institution either derived from property or from business solely carried on for the purposes of the institution, or even the income of a religious or charitable institution, derived from voluntary contributions is

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not subject to assessment, and as a charitable institution, it cannot be an assessee. But here we are dealing with a non-religious gentleman or a religious person making a contribution to a religious institution. The point now is whether in his case, as an assessee, the exemption should be given or not.

Shri T. T. Krishnamachari: That is correct.

Mr. Deputy-Speaker: There is a difference. Under the present Income-tax Act, the income of a religious institution, even though established for a single community is not liable to taxation. In the Finance Act, all that is done is to encourage charities in the hands of a person or a businessman who is a secular gentleman, who wants to satisfy himself by paying something to a religious institution. The question is whether in his case, this exemption should be given or not. If it is given only for a sectarian purpose or only for a particular religious community, the hon. Minister does not want to exempt. So, I think the points that have been raised are out of place, and the hon. Member has merely made a confusion—or let me not use the word 'confusion', but say anyhow that they do not arise out of this.

Shri P. T. Chacko: I would like to get an explanation from the hon. Minister.

Mr. Deputy-Speaker: I have given the explanation.

Shri C. D. Deshmukh: I agree that it is unnecessary, as you said. Inclusion of section 4 (3) (ii) is unnecessary.

✓ **Shri Syamnandan Sahaya (Muzaffarpur Central):** You mean those institutions which maintain regular accounts or something like that? (Inter-ruption) You are now referring to your amendment.

Shri C. D. Deshmukh: Clause 3 (c) (2) (i) will take care of all possible cases.

Mr. Deputy-Speaker: My further point is this. Why should part (i) also be there? If my interpretation is correct, then income from any charitable institution cannot be subject to assessment, whether it is income derived from property or any business carried on for the purpose of

the institution, or from voluntary contributions. That stands on a different footing. Here what is sought to be exempted under the Finance Bill is any contribution made by a person to such an institution. In his hands, it is his income. Are we to give an exemption for that or not? If that is the point, then why should parts (1), (ii) and (iii) also stay? They also seem to be unnecessary.

Shri P. T. Chacko: Then it is all right.

Mr. Deputy-Speaker: Or, as Mr. Chacko says, let all of them remain. Let the whole thing remain.

Shri T. S. A. Chettiar: Under the Income-tax (Amendment) Bill, any business done by a charitable institution will be chargeable to income-tax.

Mr. Deputy-Speaker: This is anticipating that Bill. Now we can deal with the existing Act only.

Shri P. T. Chacko: As the clause stands now, it applies only to an institution which has got an income only from properties held under a trust or legal obligation. But the institution may have other sources of income.

Shri Bansal: This sub-clause (2) of clause (3) (c) defines charitable purposes. It is put there to qualify charitable institutions. But I agree with Mr. Chacko that this is not complete. Therefore, I would make a submission that we should revert to the position in section 13B of the Income-tax Act, where in the Explanation, it is said:

"In this section, 'charitable purpose' includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility."

Then parts (ii), (iii) and (iv) as amended by the hon. Finance Minister will come as limiting conditions on charitable purpose. 'Charitable purpose' is there defined in the Act already in two places. That definition can be put here as an explanation to sub-clause (2), that is, "Explanation—In this section 'charitable purpose' will mean this....."—then these other limiting conditions will come.

Dr. N. B. Khare (Gwalior): What is before the House? A stalemate?

Mr. Deputy-Speaker: The House is considering leisurely which the hon. Member very often advises the House. What does the hon. Minister say?

Shri Syamnandan Sahaya: I want to say a few words, if I may be permitted, on this matter. I shall speak after the hon. Minister.

Mr. Deputy-Speaker: After him, I will not allow.

Shri Syamnandan Sahaya: The Bill, as introduced, has a sub-clause—“which is not expressed to be for the benefit of any particular community”. Now, the amendment by the Finance Minister reads:

“Which is not expressed to be for the benefit of any particular religious community.”

I submit that the addition of the word ‘religious’ expands the scope of the Bill as introduced and, in my humble opinion, is not permissible as an amendment. The Bill as introduced envisaged benefit to any particular community. That was understandable. But when you say ‘any particular religious community’, then the purpose and the scope of the Bill are expanded, and I do not think that can form the subject matter of an amendment. The Bill has not been referred to a Select Committee. Therefore, there was no occasion to consider all the implications that the introduction of the word ‘religious’ would have. I submit not merely for the consideration of the House but particularly for your consideration whether or not the addition of the word ‘religious’ expands the scope and changes the purpose of the Bill as introduced.

Apart from this question which I have submitted for your consideration—I have not had the pleasure of listening to the hon. the Finance Minister: perhaps he has not spoken on this particular subject and he may do so. I have no doubt—I do not see any point in introducing the word ‘religious’. After all, if the idea is that ours is a secular State, we do not limit the scope of this charity to any particular religion. If we allow this exemption, the benefit of this exemption will be enjoyed by all religious communities. It is, therefore, perfectly in keeping even with our policy of secularism, to allow this exemption. I do not know whether the hon. the Finance Minister has any

personal experience of the different types of religious trusts and religious charities, but from what little I have known of them, perhaps in 99 cases out of 100 it will be found that about 90 per cent. of these religious trusts, although dedicated to the temple, are utilised for purposes of public utility, as for instance, help to the poor, education, schools run under religious institutions, medical relief etc. Now, the difficulty is that if we just use the word ‘religious’, then it will lead to a different type of interpretation and even the relief which was given under a trust, which could really be called a religious trust—different kinds of facilities, amenities, reliefs granted to the poor, the sick, the illiterate—will all be denied. I have no doubt neither the Government nor the hon. the Finance Minister would have it in view to deprive these beneficiaries from the advantage that was accruing to them, and would be accruing to them, if the word ‘religions’ had not been added.

Then, again—I do not know whether I should in this matter bring other matters into consideration—it appears to me that this is a matter which deserves very serious consideration of this House and also of the Government. At all places and at all times, day in and day out, the only plank that we seem to have is ‘banish religion’. I do not think it is going to do good to anybody. The trends that we see in this world today—even in a country like Russia when Stalin was ill, we read in the papers of prayers being offered in temples, mosques and in churches—are different. After all, an attempt to banish religion has been made in the past, as will be evident from history, by many a person. But they have all miserably failed to do so. I do not know how far the hon. the Finance Minister will succeed in doing it. But if I may suggest for his consideration and the consideration of his Government, I think it will be impolitic—to put it very moderately—to introduce the word ‘religious’ in this amendment. As I said, I say so not merely on the ground that particular religious communities or religious institutions will be benefited, but also on the ground that under religious trusts great benefit accrues to other types of indigent people who are in sore need of assistance. I do not know if the Government have made any attempt to scrutinise the different types of trusts, religious trusts that are working and to see how the expenditure of the amount secured by the trusts is made. If they had made a survey or if a committee had been appointed to go into the ques-

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tion, perhaps they might have had facts to consider whether the money was really squandered or used, for the benefit of the people at large. Not having done that, I do not think it would be right at this stage to introduce the word 'religious' in this amendment.

Then, Sir, perhaps you may be aware that of late in many States in this country legislation had been passed bringing under control of a Government Committee all such religious and charitable institutions. Therefore, an amount of control and check is being placed by local Governments on the expenditure of such trusts. There should, therefore, be no apprehension that the amount available to these charitable trusts would in any way be mis-spent.

I do not think this point needs to be argued at any great length. Apart from the points that I have placed before the House, I will also appeal to the hon. Finance Minister to consider this matter very carefully. Of course, if there is any decision of the Cabinet, I do not know what he will be able to do. Even if there is any such decision, I think it is a matter which should be kept pending and may be referred back to the Cabinet for further consideration being given to this matter. Personally, I feel that it would be suicidal, it would be highly impolitic and wrong to exempt religious institutions from receiving the benefits that would accrue under this clause of the Finance Bill.

Shri C. D. Deshmukh: So far as religious institutions are concerned, I think the objections are based on a misunderstanding. As I said in the course of my speech on the debate on the motion for consideration, this is no new introduction, that is to say our administration of the present section 15B has also been guided on the same considerations. If it was ensuring to the benefit of any religious institutions, then those donations were not "approved" for purpose of section 15B. Therefore, the first point that I wish to make clear is that no new change is being introduced.

The second thing is that even in section 4, charitable purpose includes relief of the poor, education, medical relief and the advancement of any other object of general public utility but nothing contained in sub-clauses (1)(a) or (2) shall operate to exempt from the provisions of this Act that part of the income of private re-

ligious trusts which does not ensure for the benefit of the public.

In other words, if the income is to be assigned only to the benefit of a particular community, that does not secure the exemption given under section 4. What we are doing now in regard to section 15B is analogous. That is the next point, I wish to make.

Mr. Deputy-Speaker: But why does it include part (i), 'the income whereof is exempt under clause (i) of subsection (3) of section 4'?

Shri C. D. Deshmukh: I am just on the religious point, not on the point of inclusion of parts (i) and (ii).

The third point I wish to make is in regard to this article which has been read out. As I have already urged, in my view, this article of the Constitution has no application at all. We are not here seeking to discriminate against any minority: we are hitting all religious communities alike, with equal impartiality. That being so, there is no question of discrimination. So, it seems to me to be unnecessary to go into the question of the interpretation of clause (2) of this article. Since this point has been taken, I think attention should be directed to the question of management and not the question of benefit. What we are dealing with here is the question of the community which benefits from a certain charity or a certain donation. It is not a question of management at all. As you observed, Sir, in the course of this discussion, if an institution is run by any religious community and the advantage of it is reaped by all without distinction, then donations to such an institution will not be debarred. Supposing there is a high school or a leper asylum, then whatever is donated to that institution will not be debarred. Therefore, we are not introducing any new principle in the name of secularism. We are only repeating in another form the provision which already exists and continues as an administrative practice, which is already in operation.

The next point is the one raised by Mr. Chacko. I think, he is right: that is to say, once we say charitable institutions, then either we ought to do as Mr. Bansal suggested, that is to say, depend on the definition of charitable purposes or, if we want to particularise this, we must particularise in a way which does not discriminate between one kind of institution and another.

Mr. Deputy-Speaker: The hon. Minister, I think, has read through this. I should reason thus: Part (i) refers to some substantial and definite institution where there is property attached. The other is in a nebulous state; nobody can be sure of it. If the income of religious or charitable institution is income derived from voluntary contribution, it may stay or it may not stay. It is a nebulous institution. Contributions by anybody to such an institution may stand or may not stand. The Government wants to distinguish between a definite institution that is standing on its own legs and an institution which is not so.

Shri C. D. Deshmukh: It is to be registered, Sir.

Shri Bansal: That will be taken care of.

Mr. Deputy-Speaker: Under the Societies Registration Act, anything can be registered. If some persons join together and pay Rs. 50, they can have it registered. I thought that proposed sub-sections (1)(a) and (2) have been added for the reason that in those cases there is no guarantee or certainty that the institution has established itself so as to deserve the kind of exemption. It may be a take one. After all, it may specify some purpose which has really no foundation and may go back through another door to himself.

Shri P. T. Chacko: May I point out that in sub-sections (1)(a) and (2), the reference is to the income and not to the institution.

Mr. Deputy-Speaker: I know. This applies to any institution or fund established in the taxable territories for a charitable purpose, the income whereof is exempt. They do not once again define what this charitable institution is to which this donation is made. They are content with the earlier one.

Shri P. T. Chacko: In part (i), it is limited to, 'the income whereof is exempt under clause (i) of sub-section (3) of section 4'. Only those institutions whose income is derived from properties held in trust come under part (i).

Mr. Deputy-Speaker: Yes.

Shri P. T. Chacko: So, the definition is limited as Mr. Bansal said.....
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Mr. Deputy-Speaker: That is to say that when such institution has property....

Shri P. T. Chacko: There can be no such institution where the entire income is derived from properties.

Mr. Deputy-Speaker: The Government do not want to recognise all and sundry institutions which depend upon the donations only. Therefore, there is no lacuna in this. Government is prepared to recognise as in the last year's Finance Act, only substantial institutions. They reserve the right to Government to recognise particular institutions for which financial grants are made. Now, they have made it general and with that view they do not want to recognise all and sundry institutions. Those institutions which come under a particular category, which have some stability, such as educational institutions, they are prepared to recognise.

Shri C. D. Deshmukh: The best thing for us then would be to consider the point raised in the course of the year and if our experience shows that any deserving institutions are left out because of our confining ourselves to particular institutions, it would be possible for us to amend.

Dr. S. P. Mookerjee: May I know whether any new change is being introduced so far as the inclusion of religious institutions is concerned? What was happening up till now was that they were taking administrative decisions. This is the first time that the matter is coming up before the Legislature. Is that correct?

Shri C. D. Deshmukh: The definition of charitable purposes is a part of the Act.

Mr. Deputy-Speaker: It is in section 4.

Shri T. T. Krishnamachari: The point raised by the hon. Member is whether this question of discrimination has all along been one of administrative discretion and that is sought to be done away with. This is precise for the institutions as could be brought in. That is the purpose and the point has been made clear by the Deputy-Speaker.

Mr. Deputy-Speaker: The hon. Minister does not want to introduce any restriction regarding charitable institution. It is already there.

"But nothing contained there-in shall operate to exempt from

[Mr. Deputy-Speaker]

the operation of this Act that part of the income of the private religious trust which does not ensure to the benefit of the public."

Dr. S. P. Mookerjee: That is private trust, Sir.

Mr. Deputy-Speaker: This is a public trust; that is one step in advance. Does it exclude even a temple?

Dr. S. P. Mookerjee: Yes, Sir.

Shri T. T. Krishnamachari: If supposing there is an institution which is managed by only Jains but is intended for the entire community, then that institution will benefit, but if it is an institution in which the benefits will only be for Jains, then the institution will not benefit.

Shri T. S. A. Chettiar: The point is that if it is a religious purpose, it may be included.

Shri T. T. Krishnamachari: It may not be a religious purpose.

Mr. Deputy-Speaker: It is open to the public. They have to put up a notice board.

Shri Bansal: The Finance Minister accepted a few minutes ago that what Mr. Chacko said was correct. I do not know what has happened within five minutes.

Shri C. D. Deshmukh: I said he was correct, but I did not say that I was going to accept his amendment. He said that certain institutions would be excluded.

Mr. Deputy-Speaker: They are nebulous institutions. I will now put the two amendments to the first amendment of the hon. Minister which have been accepted by him.

The question is:

In the amendment moved by Shri C. D. Deshmukh, after part (v), add:

"*Explanation.*—An institution or fund established for the benefit of scheduled castes, backward classes, scheduled tribes or of women and children shall not be deemed to be an institution or fund expressed to be for the benefit of a religious community within the meaning of clause(ii)."

The motion was adopted.

Shri B. S. Murthy: Have these communities no religion?

Shri Velayudhan (Quilon *cum* Mavelikkara—Reserved—Sch. Castes): Who will decide these things?

Mr. Deputy-Speaker: Government will decide. Ultimately, somebody must decide. Can the hon. Member decide? Then we come to the second amendment. Is the amendment to sub-clause (iii) or to sub-clause (iv)? I think it goes better with sub-clause (iv).

Shri C. D. Deshmukh: You are having sub-clause (iii) in the Bill. By the amendment moved by me, that same sub-clause (iii) has become sub-clause (iv) and this is an amendment to that amendment.

Shri T. S. A. Chettiar: Why do you wish to say "educational institution"? Can you not say "any institution recognised by Government"?

Mr. Deputy-Speaker: This is confined to educational institutions only, whether they be giving technical, vocational or any other type of education. I shall put the amendment to vote.

The question is:

In the amendment moved by Shri C. D. Deshmukh, in part (iv), for "or any other educational institution recognised by, or, affiliated to, any such university" substitute:

"or any other educational institution recognised by Government or by a university or is affiliated to any university".

The motion was adopted.

Mr. Deputy-Speaker: Now, we come to Mr. Tulsidas Kilachand's amendment. Is it not barred in view of this amendment?

Shri C. D. Deshmukh: All I have to say is that what he suggests is not acceptable to me. We are now enlarging the scope of these donations and that is why we have thought it proper to decrease the limits. In one case, I think Mr. Tulsidas Kilachand was inaccurate, because in the case of these donations even the present limit is one-twentieth and not one-tenth.

Shri Tulsidas: That is for personal donations.

Shri C. D. Deshmukh: He wants to change the whole thing from one fraction to another. In the case of companies the present limit is one-twentieth. Anyway, as it would involve a considerable loss of revenue,

I am unable to accept the amendment.

Mr. Deputy-Speaker: An amendment to the Finance Minister's amendment was moved by Mr. Reddi. Does he press it?

Shri Ramachandra Reddi: No, Sir.

Mr. Deputy-Speaker: Then, it need not be put. Now, I will put the Finance Minister's amendment as amended.

The question is:

In page 3,

for lines 1 to 14, substitute:

- “(i) the income whereof is exempt under clause (i) of sub-section (3) of section 4,
- (ii) which is not expressed to be for the benefit of any particular religious community,
- (iii) which maintains regular accounts of its receipts and expenditure, and
- (iv) which is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (XXI of 1860), or under section 26 of the Indian Companies Act, 1913 (VII of 1913), or is a university established by law or any other educational institution recognised by Government or by a university or is affiliated to any university, or
- (v) which is an institution financed wholly or in part by the Government or a local authority.

Explanation.—An institution or fund established for the benefit of scheduled castes, backward classes, scheduled tribes or of women and children shall not be deemed to be an institution or fund expressed to be for the benefit of a religious community within the meaning of clause (ii).”

The motion was adopted.

Mr. Deputy-Speaker: In regard to Mr. Tulsidas Kilachand's amendment, lines 1 to 14 have been already amended. So, that part of his amendment is barred. In regard to the other part dealing with lines 36 to 53, it will be left over, because it refers to sub-section (1) and we are dealing with only sub-section (2). In

other respects, I think there is no difference.

Shri Tulsidas: There is. I suggest one-tenth instead of one-twentieth. It is in (1) (b).

Mr. Deputy-Speaker: Does it apply to charitable institutions also?

The Deputy Minister of Finance (Shri M. C. Shah): There is a maximum limit. He wants to change the maximum limit.

Mr. Deputy-Speaker: I think it is barred because the President's sanction is necessary. I am afraid so.

Shri K. K. Basu: It is exemption, Sir. It is giving relief.

Mr. Deputy-Speaker: Is that touched here—“to any sums in excess of one-twentieth”? Very well, we shall come to it later. So far as that portion is concerned, it is in sub-section (1). When we come to that we will take it up. Lines 1 to 14 we have disposed of.

Shri P. T. Chacko: With regard to my amendment, in spite of your explanation, Sir, I still believe I am right and I want to press it.

Mr. Deputy-Speaker: Very well. The other amendment is by the hon. Minister.

Shri K. K. Basu: The hon. Minister is taking the whole time!

Shri C. D. Deshmukh: Because of the discussion.

The object of my second amendment is to remove any doubts that the donations made before 1st April 1953 to approved institutions will not be governed by the provisions of section 15B.

Mr. Deputy-Speaker: The question is—

In page 3, after line 14, insert:

“(2A) For the removal of doubts, it is hereby declared that in respect of sums paid as donations on or after the 1st day of April, 1948, and before the 1st day of April, 1953, the provisions of sub-sections (1) and (2) shall apply as if the amendments made by clause (c) of section 3 of the Finance Act, 1953, had not been made.”

The motion was adopted.

Shri C. D. Deshmukh: My next amendment is to sub-clause (d). That amendment is mainly clarificatory, to make it clear that the provision is concerned with speculative transactions and not with a separate speculative business as such. It is necessary in order to exclude the possibility of a construction that it is only the loss sustained in a separate speculative business to which the proposed restriction applies.

11 A.M.

Mr. Deputy-Speaker: My difficulty is this. I find a number of amendments have been tabled by Government. If I apply the guillotine now, all the amendments will be washed out, even those tabled by Government. If Government is very particular. I must extend the time.

Shri T. T. Krishnamachari: Naturally, Sir.

Mr. Deputy-Speaker: Originally we thought that, notwithstanding the fact that there is no additional taxation, the other matters namely income-tax and so on required consideration. Now, Government itself has tabled a number of amendments. I am afraid at this rate we will have to spend the whole day on this and take the Tea Bill over to some other day.

Shrimati Sucheta Kripalani (New Delhi): If we sit in the afternoon we can finish it.

Mr. Deputy-Speaker: I am willing. Let me ascertain the view of the House. So far as tea is concerned, tea will always be taken in the afternoon!

Shri T. T. Krishnamachari: Four o'clock is tea time, Sir!

Mr. Deputy-Speaker: I hope the hon. Minister will have no objection to entertain the Members to tea!

Shri C. D. Deshmukh: I accept it, Sir.

Shri N. M. Lingam (Coimbatore): Sir, a batch of M.Ps. is going to Bhakra Dam at three o'clock today.

Mr. Deputy-Speaker: Is their presence necessary for quorum here?

Shri N. M. Lingam: It would be better if it is put off to Monday.

Mr. Deputy-Speaker: Let us proceed as much as possible. We will get

through this and finish all the amendments by 1-15. The third reading may stand over to the afternoon, and thereafter we will take the Tea Bill.

What I find is when we proceed from item to item it may take some time. Therefore, we will apply guillotine at 1-15 for all the clauses. In the afternoon, we shall have third reading for one hour and thereafter the Tea Bill for an hour and then we disperse.

Shri C. D. Deshmukh: I think it would be easier if I also deal with my fourth amendment. They are both in the nature of liberalising the provisions in regard to what is regarded as legitimate speculative business.

The object of this other amendment is to exclude from the category of speculative transactions hedging contracts entered into by dealers and investors of stocks and shares and by members of forward markets and stock exchanges to guard against loss which may arise in the ordinary course of their business. Now, it is necessary to exclude these transactions from the category of speculative transactions so as not to hamper unnecessarily certain hedge contracts entered into in the normal course of business.

I think I should take this opportunity of generally making clear what the scope of this particular provision is. It is not intended to hit speculative transactions as such. Here we do not take a view as to whether they are good or bad, although it is quite certain that certain speculative transactions are necessary for the purpose of stability of prices and other objectives which are recognized by economists. What we did want to avoid was the buying or selling of losses, that is to say fictitious transactions. But even after consultations with the representatives of stock exchanges we came to the conclusion that there was no direct way of defining, for legal purposes, these particular transactions. Therefore, we have proceeded by the method of excluding what we do not want to hit. In the Bill, as it is drafted, we have excluded hedging transactions, the common hedging transactions, that is a mill buys cotton and sells cloth. There are various other varieties of hedging transactions and after discussions with the representatives of trade and business I have come to the conclusion that they are also legitimate. One category of

transactions is the one I referred to just now: a man wants to protect himself against any loss in certain scrips he holds, but he sells some other scrips which he expects will have a reverse movement. The object is to save that kind of transaction. The other is where there are jobbers and brokers and others—it is their regular business—and their ordinary transactions are not transactions such as we want to avoid, namely selling and buying of losses.

So, that is the general purpose of these two amendments that I have moved.

Shri Tulsidas: I beg to move:

In page 3, for lines 15 to 42, substitute:

“(d) in sub-section (1) of section 24—

(i) after the first proviso, the following proviso shall be inserted, namely:—

‘Provided further that in computing the profits and gains chargeable under the head “profits and gains of business, profession or vocation” any loss sustained in a business consisting of speculative transactions not in the ordinary course of business shall not be taken into account.’

(ii) after the last proviso, the following Explanation shall be inserted, namely:—

‘**Explanation:** A speculative transaction means a transaction in which a contract for purchase and sale of any commodity including stocks and shares is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips, carried out or transacted otherwise than according to the rules of an association of merchants regulating forward transactions in such commodity in a particular place.

Provided that a contract in respect of raw materials, merchandise, stocks, shares or securities entered into by a person in the course of his manufacturing, merchanting or brokerage business or a business of dealing in shares, stocks or securities or contracts in nature or arbitrage, straddle or hedge or to guard against loss through price fluctuations in respect

of his dealings in the ordinary course of business shall not be deemed to be a speculative transaction.”

This amendment proposed to be made to section 24 of the Indian Income-tax Act in terms of the original wording of clause 3(d) of the Finance Bill and even in terms of the modified form in which it is placed before the House now, in my opinion, should be ruled out. What I feel is that if we are changing the fundamental principles of income-tax law, the modified version of the original text creates discrimination among the assessees. There is also a fundamental change in the income-tax law. Therefore, I feel that this amendment is not a proper one. The cure is worse than the disease. In my opinion, here even those people who abuse these speculative transactions will have a legal basis.

There are three categories of assessees in the speculative transactions. One is the speculator. This amendment either in the modified form or in the original form will have no effect whatsoever. There will be no change at all in that category.

Then there is another category of assessees who do hedging in *bona fide* business. This category of assessees is going to be hit and even though hedging is provided under this clause, everything is not covered. “To guard against loss” may not be considered as hedging. Supposing a person has hedged, he does not make any loss or profit but he may guard against loss. That means he makes no profit. It does not mean that he is only hedging. I am not trying to support corrupt practices. In fact I am of the opinion that corrupt practices must be stopped. It is not possible for the Income-tax Department to get these tax dodgers. They want circumstantial evidence. They have no other powers. I feel that they have enough powers and under these powers they can certainly get hold of these people. If they have not got the necessary machinery, they should improve upon the machinery. However, in order to get hold of the other people, I feel, it is wrong to make a discrimination between assessees.

As regards the practical side of it, I would like to suggest that a Board of Referees be set up as was provided for in the E.P.T. Act and if any income-tax officer wants any help, he can get it from the Board. If the Government cannot do this and

[Shri Tulsidas]

fore the whole of the Income-tax Act is to be changed, this, in my opinion, is very improper and therefore, this change is not desirable.

We are told that the Income-tax Investigation Commission had recommended this in a separate report to the Government. We were told this by the Finance Minister. The Income-tax Investigation Commission has not given this as a recommendation in the published report. This was given to Government in a confidential report.

[SHRIMATI AMMU SWAMINADHAN in the Chair]

I would like to know from the Finance Minister whether it is not true that in that separate report, the Commission also recommended that if speculation losses are not allowed to be set off against non-speculation income, speculation gains must not be added to the other income of the assessee.

Shri C. D. Deshmukh: It is on record. This is not a confidential report.

Shri Tulsidas: That has not been given to the public as a published report. Section 6 of the Income-tax Law says:

"Any income gained or lost can be set off against any other income of the said category of business or in any other form."

Now, the income which will be taxed will not be allowed to be set off. A speculator who has lost or gained in this speculation will not be discriminated while the other man will be discriminated. To that extent I feel there is a discrimination between different categories of assessee.

Part (c) of the hon. Minister's amendment says:

"A contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of jobbing or arbitrage to guard against loss...."

Here again only the members of the stock exchange or the associations will be allowed this exemption. Now, most of these members, as pointed out by the Finance Minister, will be brokers or the traders in the association but there is also the other section, the clientele of brokers who may not be members and therefore, to that extent, there is discrimination between different classes of people trading in the association or in an exchange.

Then there may be traders in the forward markets who may not be members of the association or there will be a person who may not be a member of the stock exchange. To that extent there is discrimination again.

We have recently passed an Act to control and regulate the forward markets. We have seen the utility of the forward markets in the country. I am sure that this change in the fundamental provisions of the Income-tax Act is bound to jeopardise the working of the forward markets. Under normal *bona fide* trading, if there is going to be discrimination, it will be very difficult for a person to judge in a forward market whether it is hedging or speculation. It is not practicable to cover the risk of price fluctuations in one commodity by a hedging transaction in the same commodity.

Then I would like to remind the hon. Minister that in his speech in the beginning he said there were different administrative instructions and that he would look at certain representations made by different associations. These administrative instructions, in my opinion, are not really helpful. What happens is this. Even when the administrative instructions are there, a person is still assessed. If he wants to appeal, or if he wants to go to the court, the administrative instructions do not give him any help. I therefore, feel that an amendment, particularly with regard to section 23A should be moved. Whatever the intention of the Finance Minister may be with regard to these administrative instructions, it should be in the form of an amendment. The administrative institutions are not going to help, as he really intends to give help to these assessee, they will be hard hit by this amendment. I hope the Finance Minister will consider all these points.

Shri G. D. Somani (Nagaur-Pali):

I beg to move:

In page 3, for lines 15 to 42, substitute:

"(d) in sub-section (1) of section 24, after the first proviso the following proviso shall be inserted, namely:—

'Provided further that in computing the profits and gains

chargeable under the head "Profits and gains of business, profession or vocation", any loss in a business consisting of speculative transactions which have been entered into for the sole purpose or with the main objective of reducing profits shall not be taken into account for the purpose of this sub-section.

Explanation.—Speculative transactions do not mean and do not include Hedge transactions or Straddle transactions understood as such under the bye-laws or regulations of the respective commodity exchanges or bodies controlling the respective trades."

I do not want to repeat what my hon. friend Mr. Tulsidas has already explained in regard to the various difficulties which will be experienced by genuine traders if the amendment as it stands at present is not modified in the manner which both the amendments put forward by me and by Mr. Tulsidas indicate. The whole question is this. The Government should have made known their intention about the functioning of futures trading when bringing about these amendments. Because, the amendments as they stand at present tend to restrict the functions of these exchanges only to speculators or to those who are genuinely interested in the manufacture or merchandising of the same commodity. The Finance Minister may be aware that there is a large body of traders—one may be trading in cloth or for that matter in any other commodity—who are engaged in genuine speculative transactions in the various futures exchanges. (If a cloth trader is not to be allowed to set off his losses in speculative transactions against his income in other directions, that means, that the function of the futures exchanges will be very much adversely affected, because, that would tend to restrict the function of these forward exchanges to either speculators or to those who have been defined under these modifications. The policy of the Government should be made known whether they want to restrict the function of these exchanges only to speculators, because according to the wording of the amendment, the speculators will be still at liberty to misuse the same practice of buying up losses or profits as has been prevalent all along, because, they will not be touched by these amendments. Nobody would like to have any objection to any of the precautions that may be taken to check tax evasion

that has been going on. But, in bringing up all these amendments, we have to consider the difficulties that may be caused to the general trade.

Speaking about industry, I would like to draw the attention of the Finance Minister to this question. His amendment says:

"a contract in respect of raw materials or merchandise entered into by a person in the course of his manufacturing or merchanting business to guard against loss.....in respect of his contracts for actual delivery of goods manufactured by him or merchandise sold by him."

I would like to have a clarification. As a textile mill owner, suppose, I want to purchase cotton in the futures market, 5000 bales, not to guard against any loss, but because of an anticipation of a rise in the price of cotton, what will be the effect of these amendments?

Shri T. T. Krishnamachari: 'Future price fluctuations' is here.

Shri G. D. Somani: The provision says: "...to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods manufactured by him". If today I anticipate a rise in the price of cotton, that is not to guard against any loss in goods manufactured; I simply expect a rise in the cotton prices as a textile mill owner.

Shri T. T. Krishnamachari: It is not hedging; it is a *bona fide* transaction.

Shri G. D. Somani: But, that does not meet the requirements of the provision as it stands. The cotton purchase must be proved to the satisfaction of the Income-tax officer to have been undertaken to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods.

Shri T. T. Krishnamachari: That point need not be laboured. *Bona fide* initial transaction for purchase of a particular commodity will not come within the scope of this provision at all. It is only something that you do subsequently to cover that transaction, which may be speculative; it is that particular transaction which is intended to cover the first transaction, that is sought to be covered by the provision in the amendment moved by the hon. Finance Minister. Initial

[Shri T. T. Krishnamachari]

transactions of purchase is a *bona fide* transaction which normally goes into the books. In any loss or profit, there is nothing speculative. That is regular business. The speculative element comes in when you want to hedge that particular transaction. Even that is now covered.

Shri G. D. Somani: Any way, the amendment as it stands is not clear.

Similarly, in regard to jobbing, jobbing also need not necessarily be undertaken to guard against loss.

Shri T. T. Krishnamachari: That is again covered. The trouble is this. May I mention that my hon. friend really sticks to his own amendment without reference to the amendment given by the hon. Finance Minister. That seeks to cover more or less the entire ground. Part (a) deals with *bona fide* transactions where there is hedging. Part (c) deals with transactions entered into by a member of a forward exchange. If a person is not covered by part (c) and is independent of the forward market, then, part (a) covers the position. I think, without really giving due weight to these amendments, my due friend is labouring under the original idea that he had that these transactions are not covered.

Shri G. D. Somani: I want a clarification whether the aim of the Government will not be achieved if the amendment that I have put forward is accepted. The aim is to check the evil practice of buying up of losses. You want that the losses incurred in these fictitious transactions should not be recognised.

Shri T. T. Krishnamachari: That may be met; but the Government is satisfied that its own amendment is far more comprehensive.

Shri Dhulekar (Jhansi Distt.—South): Rut, does this not benefit you?

Shri G. D. Somani: It is not a question of benefiting. When you want simply to check the evil practice, which at present may be going on in industry, of buying up losses or profits the amendment that I have moved clearly says that any such business which is entered into for the sole purpose or with the main objective of reducing profits shall not be taken into account for the purpose of this sub-section. I feel that this sufficiently meets the requirements of the

situation. The amendment put forward by the hon. Finance Minister will lead to all sorts of complications. It will also affect the functioning of the futures exchange. I think the matter should have been gone into more deeply and more thoroughly considering all the repercussions which it may have on the general functioning of these exchanges whose importance has already been recognised by the Government.

Shri C. D. Deshmukh: I have not very much to say. The hon. Member as well as Mr. Tulsidas Kilachand had asked me to discuss this particular clause with them. I had fixed a time when Mr. Tulsidas appeared. I think we spent an hour with him and some other gentlemen who appeared.

Shri G. D. Somani: I am sorry....

Shri C. D. Deshmukh: For him now to say that it has not been gone into carefully is unjust. I am convinced, after the long discussions I have had not only with one of these gentlemen, but also with the presidents of the two stock exchanges, that the amendments that we propose now meet all reasonable cases that are likely to arise and I think that we will only complicate matters further by trying some snap drafting of this very delicate matter. As far as I am aware, these recent amendments cover all possible transactions which may be entered into in the course of some legitimate aspect of business or other

One other point which hon. Members made is that, if you exclude or exempt stock brokers and jobbers, the purpose may be defeated. I am assured by the president of the stock exchange that that will not be so and that the way in which these accounts are kept are sure to lead to a discovery of these transactions. There was only one other point which he had raised, in regard to the purchase of cotton. I can assure him that a purchase such as he has mentioned does not stand in jeopardy at all by anything that is contained in these amendments.

Shri Tulsidas: What about section 23A, and the assurance that you gave that you would be only passing instructions? Are you going to bring amendments?

Shri C. D. Deshmukh: The hon. Member refers to administrative instructions, and then he says they are

not satisfactory. Then he asks me to give the instructions and give an assurance.

Shri Tulsidas: You may put down an amendment on the basis of whatever instructions you like to issue. That is the point.

Shri C. D. Deshmukh: If the hon. Member's suggestion is that I should bring forward an amendment in the sense in which administrative instructions were to be issued, then I must say that I am unable to do so.

Mr. Chairman: I will now put the hon. Minister's third and fourth amendments.

The question is:

In page 3, lines 20 and 21, for "any loss sustained in a business consisting of speculative transactions" substitute:

"any loss sustained in speculative transactions which are in the nature of a business".

The motion was adopted.

Mr. Chairman: The question is:

In page 3, for lines 36 to 42, substitute the following:

"Provided that for the purposes of this section—

(a) a contract in respect of raw materials or merchandise entered into by a person in the course of his manufacturing or merchanting business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods manufactured by him or merchandise sold by him; or

(b) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; or

(c) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of jobbing or arbitrage to guard against loss which may arise in the ordinary course of his business as such member;

shall not be deemed to be a speculative transaction."

The motion was adopted.

Mr. Chairman: Now, amendments of Shri Tulsidas and Shri Somani.

Shri C. D. Deshmukh: Both are barred, madam, now.

Mr. Chairman: I need not put them to the vote.

Mr. Chacko wants to put his amendment?

Shri P. T. Chacko: The position is this. I do not know what happened to it. It was discussed and the Finance Minister was about to accept it, but a very long explanation was given by the Deputy-Speaker which I could not accept. I do not know if the Government can accept it. I cannot accept the explanation given by the Deputy-Speaker. It is not correct according to me. I would only want to know what the position is.

Mr. Chairman: Would the hon. Member like me to put his amendment to vote?

Shri P. T. Chacko: I want to know the position of Government. If the Government is not accepting it, I do not press it. Anyhow, I do not accept the explanation of the Deputy-Speaker.

Shri C. D. Deshmukh: The object of my fifth amendment is to extend the concession to dividends received from companies formed after 31st March, 1952 instead of 28th February, 1953. The companies formed after 31st March, 1952 are not likely to have commenced production or even to have their subscribed capital paid up, and therefore, for our purposes they are as good as new companies, and, therefore, I feel that the concessions should extend to them.

Shri K. K. Basu: We could not follow.

Shri C. D. Deshmukh: The object is to bring within the scope of this concession companies formed after 31st March, 1952, that is to say, one year earlier, on the ground that they are not likely to have commenced production or even to have their subscribed capital paid up. It is retrospective extension of the concession.

Mr. Chairman: Would any hon. Member like to speak on this amendment?

Shri K. K. Basu: We have amendments to sub-clauses (e) and (f), but the hon. Minister's amendment concerns sub-clause (f). I do not know what procedure we should follow.

Shri C. D. Deshmukh: I should imagine so far as this particular provision is concerned, if there is no objection from any part of the House.

[Shri C. D. Deshmukh]

then it might be accepted. That would still leave, the other amendments for discussion.

Mr. Chairman: I will put this amendment to the vote of the House.

The question is:

In page 4, lines 12, and 13, for "28th day of February, 1953" substitute "31st day of March, 1952".

The motion was adopted.

Shri K. K. Basu: I beg to move:

(1) In page 4, after line 36, insert:

"Provided that no foreign capital and undertaking shall be allowed to establish and invest afresh in such industries where truly national industries are already working unless the Central Government is satisfied that such investment do not adversely affect such national industries."

(2) In page 4, after line 42, insert:

"(3) All such exemptions should be laid on the table of the House every year immediately after the close of the financial year."

In moving these amendments, I want to lay emphasis on a very short point. We have seen in recent times that especially British concerns who have their Indian counterparts or who have their branches here, are allowed to invest new sums or allowed to enter new branches of industry. It is true that in the Five Year Plan we have accepted the proposition that foreign capital may be brought in for a specified purpose. It is mainly in those industries which need the 'know-how' which our country lacks, or those industries which mainly relate to capital goods or certain heavy industries wherein there is no national enterprise. But, unfortunately, in recent times we have seen that the Government has allowed new foreign capital to be invested, or they have given sanction to existing foreign concerns to invest afresh even in the consumer goods industries.

The other day, we mentioned the fact of Lever Brothers. From the figures it seems that Lever Brothers today produce nearly 50 per cent. of our soap consumption, and with the extra amount they have asked for

and which, I understand, has been sanctioned by Government, they will produce 65 to 66 per cent. of our national requirements, as a result whereof our national industries are either going to be extinguished or gradually worn out of existence.

Similarly, we have seen in the case of industries like fountain pen ink. You may know from experience that we had quite a number of fountain pen ink factories in India truly owned by us, but in competition with, say, the Parker Quink Company which is obviously developing into an international trust, our fountain pen ink industry is driven away from the market. I can give similar examples.

I do not know why Government has given sanction to establish a chocolate factory, because our need of industrialisation is more for capital goods and such heavy industries which we do not possess. And though naturally we personally from our side do not like foreign capital, especially equity capital, coming in, even the Planning Commission has accepted the proposition that foreign capital should only be allowed to come where we have no industry or if we want to develop capital industries. But unfortunately we see today that even in the case of consumer goods industries wherein we have got long-established national industries, we are allowing foreign capital to come in. The object of my first amendment is to impress upon the Government to see that when such new enterprises are allowed to grow or to be established, they should see that they do not adversely affect the national industries which are already there.

My second amendment seeks to emphasize the fact that we the Members of Parliament feel that such exemption should be laid before the House, so that we may know in what way our Government is working by allowing such exemptions to be given and in respect of which industries.

Mr. Chairman: Amendments moved:

(1) In page 4, after line 36, insert:

"Provided that no foreign capital and undertaking shall be allowed to establish and invest afresh in such industries where truly national industries are already working unless the Central Government is satisfied that such

investment do not adversely affect such national industries."

(2) In page 4, after line 42, insert:

"(3) All such exemptions should be laid on the table of the House every year immediately after the close of the financial year."

Shri G. D. Somani: I beg to move:

In page 4, after line 31, insert:

"(11) Ferro-Manganese".

I have suggested in this amendment the inclusion of the ferro-manganese industry also in the list of industries that have been stipulated, as this is also of more or less the same importance as the other industries that have been listed. I hope the hon. Finance Minister will see his way to accept this amendment.

As regards the general matter of giving this exemption for new investments, I only want to point out that this will be of very little help, because after all the investment in new concerns does not bring any dividend for quite a few years to come, for at least five or seven years, and as such if this exemption were extended to the existing industries also, then it would have meant something real as an incentive. But as it is, since it is confined to new industries only, and since they do not generate any dividends for a period of five or seven years after they are permitted to come into existence, it does not in effect mean anything in the nature of an immediate relief.

Mr. Chairman: Amendment moved:

In page 4, after line 31, insert:

"(11) Ferro-Manganese".

Shri C. D. Deshmukh: I would like to say that so far as the last observations of Mr. Somani are concerned, it is not possible for us to extend these concessions to existing industries, because it will involve a very great loss of revenue and after all what has been done does not need any incentive. Incentive is required in respect of future enterprises.

As regards the inclusion of ferro-manganese, we have generally gone on the principle of including those industries which are included in the Schedule to the Industries (Development and Regulation) Act, 1951; if

we leave the safe anchorage of this, then it is very difficult to distinguish between one industry and another. At the moment, we do not think that there is any case for widening this list, in order to include ferro-manganese. Therefore, I am not able to accept the amendment which is proposed by the hon. Member.

As regards the two amendments moved by Shri Basu, I appreciate the moderation with which he has put forward his views, and in general, I think what he has said is reasonable, but I doubt whether the way in which he wants to accomplish it is the proper way. These are not matters which can be secured by legislative provisions. We think that these are matters to be taken notice of by the Controller of Capital Issues, of the Ministry of Commerce and Industry in issuing the licences for new industry. I can assure him that by and large the objects which he has mentioned will be borne in mind, when foreign capital is admitted. There can be no doubt that we also are on our side alive to the generality of the considerations to which he has made allusion. Therefore, I do not think it is necessary for accomplishing that purpose to accept the amendment which he has moved.

Similarly, the trouble about his second amendment is that when the conditions laid down in the proposed sub-sections (1) and (2) are satisfied, then the assessee becomes entitled to the exemption, and there is no special act of exemption to be given by the Government or the Income-tax Department in any particular case. Therefore, what the hon. Member has in mind cannot be accomplished by a legislative amendment, but if he is very keen on it, then I shall make an attempt at the end of each year to collect information in regard to the firms which enjoy this exemption, and to place such information on the Table of the House.

Shri K. K. Basu: In view of the hon. Minister's assurances, I do not want to press my amendments, but I hope they will be translated into action.

Shri C. D. Deshmukh: All assurances are.

Shri G. D. Somani: I do not want to press my amendment.

Mr. Chairman: So, these three amendments are not pressed.

Shri Nambiar: But permission of the House is required to withdraw those amendments.

Mr. Chairman: Have the hon. Members leave of the House to withdraw these amendments?

The amendments were, by leave, withdrawn.

Mr. Chairman: The question is:

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clause 4.—(Amendments to Act XXXII of 1934).

Amendment made: In page 4, line 43, before "The Indian Tariff Act" insert:

"With effect from the 28th day of February, 1953."

—[*Shri C. D. Deshmukh*]

Shri K. K. Basu: What about clause 3? Is it entirely passed?

In clause 3(e) we had an amendment. We had thought that after clause 3 (f) we would come back to clause 3 (e).

Mr. Chairman: That is already passed. The hon. Member perhaps may have his chance to speak in the third reading.

Shri K. K. Basu: That is all right. But I would like to know the position.

Mr. Chairman: Clause 3 has already been passed by the House.

Shri K. K. Basu: There has been some confusion. Anyway, I shall take my chance.

This clause relates to the provisions made in the Indian Tariff Act, as to the different kinds of duties leviable on the imported goods. I would like to emphasize—I tried to move amendments in respect of the Schedule, which have unfortunately been ruled out of order—one point that even today in the year 1953, while we are discussing the Finance Bill, we are being asked to put our stamp on the imperial preferences that have been going on for the last 20 years. Now and then, the members of the Treasury Benches try to explain that by our alliance with the British Com-

monwealth, and our alliance with the system of imperial preferences, India has been benefited. I would only urge upon you to go through the list of the commodities which are being exported to the United Kingdom, and those that we import from there. You can readily see this. Take the case of tea. The United Kingdom today is preferring Ceylon tea to Indian tea. They have increased their quota of purchase of Ceylon tea in preference to Indian tea. Then as regards jute, we find from reports the same thing. We have gone to the United States for a market and we are also going to Australia for selling our jute produce. If we analyse the figures—unfortunately time does not permit me to go into the details of it—we will see that these Commonwealth countries, more especially the United Kingdom, do not purchase goods from any altruistic motive. If they find Indian goods cheaper and suitable for their purpose then they will be willing to come forward and help us. So far as import of capital goods is concerned, I do not know to what extent Great Britain can help us in giving capital goods. We know from recent records that in this regard also they are not very much helpful. Therefore, we feel the time has come for us to judge and enter into contracts with all countries on merits. We cannot continue the Imperial Preference which we had when the British were ruling over us. Why should this economic domination still continue, affecting adversely the interests of our country? Therefore, I would have very much wished in this Finance Bill that the Government of the day had come forward with a proposal to do away with this Imperial Preference. Our purchases and sales in the world market should be on their own merits. This is the point I would like to emphasise on this particular clause.

Shri Mulchand Dube (Farrukhabad Distt.—North): I wish to draw the attention of the hon. the Finance Minister to the principle on which export duty is levied on certain articles that are exported out of India. I am referring to the calico prints that are exported from this country to England, America, Australia, Europe, and other places. Tapestries are declared as free of export duty while table covers are dutiable to the extent of ten per cent. *ad valorem*. I do not see on what principle this export duty on table covers is based. As I understand it, the word "tapestries" is wide enough to include table covers

also. It is the difference in size that seems to make some kind of a difference so far as the hon. the Finance Minister is concerned.

I know of a particular case in which a trader from London came to Farrukhabad and placed an order with a firm of Farrukhabad for certain prints describing them as 'tapestries' and also saying that they were non-dutiable. On this basis an export permit was obtained and while the goods were on their way to their destination, they were stopped at Bombay on the finding of the Customs officer that they were table covers. The sizes were, of course, such that it could be said that they were table covers; but then it could also be said that they were tapestries. This kind of difficulty is being felt by people on account of the distinction that is sought to be drawn between table covers and tapestries.

My suggestion to the hon. the Finance Minister is that he may reconsider this question and after reconsideration, make table covers also non-dutiable. By exporting calico prints to foreign countries, we earn a great deal of foreign exchange. If this restriction is imposed on the export of these articles, considerable difficulty arises. As regards the case that I pointed out just now, the goods are lying at Bombay. They are not being allowed to proceed further and a prosecution is also said to be in contemplation, which may have the result of not only forfeiture of the goods but also injury to our foreign trade to a considerable extent. It is only this suggestion that I wanted to make to the hon. the Finance Minister for his consideration.

Shri C. D. Deshmukh: As regards the suggestion of the last speaker, I can only undertake to have the position examined. There is nothing that I can do about it in regard to the rates that are already entered here in the Schedule.

Now, as regards the general observation made by the hon. Member, Shri Basu, of course that is a point which crops up over and over again.

Shri T. T. Krishnamachari: Like King Charles' head.

Shri C. D. Deshmukh: I believe there have been occasions on which my hon. colleague has given the justification for continuing such of the preferences as exist now.

Shri K. K. Basu: Why should they continue?

Shri C. D. Deshmukh: It may or may not be. It is a matter for consideration on merits. The general position is this. In 1939 there was an agreement between this country and the United Kingdom and British colonies for granting a margin of preference of ten per cent. That was substituted by the General Agreement on Tariffs and Trade where again in return for certain other gains or advantages we agreed to reduce the margin with the prior consent of the United Kingdom from ten per cent. to six per cent. *ad valorem*. Therefore, the result at the moment is that so long as India continues to remain a party to this trade agreement, we are obliged to maintain six per cent. margin in favour of U.K. and the colonies and the standard rate cannot be reduced below six in any case. I may also add that this question is always under our consideration whether we should now continue this and whether there are any residual advantages resulting from this agreement. So this matter is constantly under the review of the Minister of Commerce and Industry. It is my belief that much of the importance of this has now disappeared and it may be that when a suitable agreement comes, it may be possible for us to reduce this list very considerably.

Mr. Chairman: The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clause 5 was added to the Bill.

Clause 6.—(Alternation of certain duties of central excise)

Shri G. D. Somani: I beg to move:

In page 5,

(i) line 22, omit "and three pies",

(ii) lines 22 and 23, for "one anna and three pies" substitute "seven and a half pies".

I would like to make a few observations regarding this excise duty on fine and superfine cloth. The other day, the hon. Finance Minister pointed out that I had complained to him because he ignored certain points made by me at the time of the discussion of the Budget. I would like to make a submission to the hon. Finance Minister. In the ordinary course it would not have mattered whether any points are replied to or not. But here, as I had pointed out

[Shri G. D. Somani]

in the observations that I had made on that occasion, to me for all practical purposes, it seemed that there had been some serious misunderstanding or some serious error somewhere which clearly shows that the way in which the excise on fine and superfine cloth has been revised is not in conformity with the statement which the hon. Finance Minister made in his Budget speech. I may briefly recall that both at the time of the Budget speech as well as the other day while initiating the debate on this Finance Bill, the hon. Finance Minister said that this change was being made only to solve certain administrative difficulties. He also said in his Budget statement that he did not expect any reduction or increase in the excise on fine and superfine cloth. My submission is that this statement from the hon. Finance Minister gave an impression not only to the public at large and to the hon. Members of this House, but even to those of us who are engaged in the textile industry, when we first read or heard the speech that this was really a very innocent measure and meant only to solve administrative difficulties, and there was nothing very drastic or a substantial change in the existing incidence of the duty on fine and superfine cloth. It was only a little later, when the full implications of this revision were felt, we realised that this was no mere re-adjustment of duties to solve the administrative difficulties, but it was some very drastic increase in the rate of duties on fine and superfine cloth.

I would not like to bore the House and the Finance Minister by giving the list of several varieties which I have kept with me, which show that the increase works out in some cases to 100, 125 and 200 and even more than 200 per cent. Obviously, as the Finance Minister is aware, there were four categories of excise duty on fine cloth with excise duties of seven, nine, eleven pies and one anna, which by a stroke of the pen has been raised to 15 pies in the latest re-adjustment. Although I have not got the full or actual figures of separate collections from excise on fine and superfine cloth during last year, from the calculations I have made, I think the average rate for the fine varieties during last year was not far above $7\frac{1}{2}$ pies per yard. This means that at least an average increase of 100 per cent. of these duties has been brought about in the name of this re-adjustment of duties. I could understand if the hon. Finance Minister would have said so in his Budget speech that he wants to in-

crease the duties on fine cloth by 100 per cent. Whether I oppose it or whether he could very well have ignored that opposition does not matter. So far as the industrial viewpoint is concerned, it is more often ignored than accepted by the Government. The point I want to make here is this. My humble submission to the Finance Minister is that in view of the statement made in his Budget speech that the primary and sole purpose of this re-adjustment was only to solve administrative difficulties, and that he does not want to have any additional revenue from these excise duties, and he gave the impression to everybody that it was only for procedural purposes, I complained to the hon. Finance Minister that if there is really some misunderstanding or if some error has crept in, he should clarify how in the name of re-adjustment this drastic increase has been brought about. I complained not because it was an ordinary point which the hon. Finance Minister or any other Minister is not expected to reply in the course of his observations, because of so many other points, but because of this.

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Now, coming to the merits of the case, I would only make this submission. If the hon. Finance Minister persists in these duties, the result would be a substantial fall in the production of fine varieties. While the exchequer might get the same amount as they got last year, there will be a substantial reduction in the production of fine varieties of cloth. He will have done an irreparable injury to the industry and the consumers. After all, the law of diminishing returns is there and it has already begun to operate. I do not know whether the hon. Finance Minister has cared to find out about the clearances of fine goods, after this revised duty was introduced. I would like to bring to his notice that these clearances have suffered very terribly. There have been serious setbacks in the clearances of fine goods. If this duty is not brought in conformity with the original intentions, the result might easily be that fine production will suffer considerably. The whole amount of duty that he may be able to collect will not be very much larger than what he has collected last year, but the production as a whole will suffer and the country will suffer. After all, the duty of 15 pies will be on all sorts of fine cloth from six annas to Rs. 1/4/- per yard, which the poor people consume. The whole

revision has been, I think, substantially most unscientific and he has been badly advised by his Department in bringing out this re-adjustment in the manner he has done. I would, even at this late hour, urge upon him to seriously consider the very adverse repercussions and implications of this re-adjustment which is unjust both to the industry and the consumer; and to do justice to both by bringing the re-adjustment in conformity with the original statement that he had made at the time of the Budget speech.

Mr. Chairman: Amendment moved:

In page 5,

- (i) line 22, omit "and three pies",
- (ii) lines 22 and 23, for "one anna and three pies" substitute "seven and a half pies".

Shri Morarka (Ganganagar-Jhunjhunu): The existing rates of duty are five per cent. on fine and 20 per cent. on superfine cloth, that is the latter is four times the former. But under the new proposal we are going to have one anna three pies per yard on fine and three annas three pies on superfine. That means the gap will be little less than three times. May I know the reason for this increase in duty on fine and decrease in duty on superfine cloth? Why this relief is given to the superfine variety while more burden is imposed on the fine? The fine variety is used more by the poor people and the superfine by the rich.

The Finance Minister said that this change from *ad valorem* to specific is not going to make any difference in the revenue collection. But, we find from the explanatory memorandum to the Budget that the expected collection is 12 crores of rupees during last year but under this rate the collection is going to be 21 crores of rupees. I know this 21 crores includes six crores collection under the Khadi and Handloom Cess Act. But even making allowances for that, we see that we are going to collect about 15 crores of rupees as against Rs. 12 crores during the last year. Secondly, I would like to know why this relief is given to superfine cloth and why an extra burden is put on the fine production, because the production of fine cloth is 150 crore yards per year while the production of superfine cloth is only 50 crore yards per year. So, I would request the hon. Finance Minister to enlighten the House on this point.

श्री० रणधीर सिंह (रोहतक) : मेरे दोस्त सोमानी जी ने अभी एक प्वाइंट रैज किया कि

रीएडजस्टमेंट के बजाय फाइन और सुपर-फाइन कपड़े पर कुछ टैक्स फ़ालतू लगाया जा रहा है। मेरी अर्ज है कि वैसे तो यह री-एडजस्टमेंट ही है, लेकिन अगर वह इस को वैसे समझते हैं तो उन को यह भी समझना चाहिये कि देश के अन्दर जिस वक्त यह इंडस्ट्रीज लगी थीं उस वक्त कंज्यूमर्स को काफी से ज्यादा कुर्बानी करनी पड़ी और उस वक्त टैक्स तक लगाये गये। अब जैसा कि अहिंसात्मक ढंग से हम हिन्दुस्तान के अन्दर समाजवादी निज़ाम कायम करना चाहते हैं तो इस तरह के ढंग और तरीके अखिल्यार करने होंगे और इन बातों के मुताल्लिक गिना करने से काम नहीं चलेगा।

हम को यह समझ कर चलना होगा कि जो थोड़े बहुत प्रिविलेज्ड हैं, जो तरक्की पा गये, और आगे चले गये, उन को छोड़ कर जो पिछड़े हुए हैं, जैसे काटेज इंडस्ट्री हैं, उन को आगे बढ़ाना है। उन को आगे बढ़ाने के लिये हमें टैक्स देना होगा, जिस तरह दूसरी इंडस्ट्रीज को स्थापित करने के लिये कंज्यूमर्स ने टैक्स दिया था। पंजाब के अन्दर भाखरा डैम से बिजली पैदा होगी और बिजली से हम काटेज इंडस्ट्रीज की तरक्की कर सकेंगे। लेकिन वह तभी जब कि बड़ी मिलों पर कर बढ़वा दिया जायेगा। और यह बढ़ावा तभी दिया जा सकता है, जब कि सुपर-फाइन और फाइन कपड़े पर हम कोई फ़ालतू टैक्स लगायें और उस रुपये से हम काटेज इंडस्ट्री की मदद करें। टैक्स इसलिये लगायें कि वह काटेज इंडस्ट्री का मुकाबला न कर सकें। यह करना ज़रूरी है।

Shri C. D. Deshmukh: Much has been made of the precise words I used in referring to this measure in the course of my Budget speech. I should try to make it clear what exactly I meant. Shri Somani says that he would be prepared to under write an increase of at least Rs. 1½ crores from the Budget proposals. The actual increase might be that, or even more.

Shri G. D. Somani: Provided production is maintained.

Shri C. D. Deshmukh: But I think he has misunderstood my point. His estimate of an improvement of Rs. 1½ crores in the yield from cloth during 1953-54 from the new specific duties is obviously based on the official estimated revenue yield from cloth during 1952-53, but what I had in mind was the yield in normal years from the excise duty on cloth which was of the order of Rs. 16 crores to Rs. 17 crores. The year 1952-53 was an abnormal year in which the cloth market nearly collapsed in February-May 1952 and a great deal of assistance was given by Government in order to revive the industry, and that is in spite of the statement made by the hon. Member that Government never needs any representations made by the industry.

Shri G. D. Somani: More often than not, I did not say, "never".

Shri C. D. Deshmukh: Memories are very short. I can produce a letter of thanks which was written to me, I think, by the hon. Member himself.

Shri G. D. Somani: I thanked you publicly in this House for the reduction in export duty.

Shri C. D. Deshmukh: It means that when the representations are accepted, we get thanks; and when, for some reason, we have a difference of opinion with them, then we get something else. (*An Hon. Member: Brickbats.*) As I said, 1952-53 was an abnormal year and all that I have attempted to do is to provide for a revenue of about Rs. 15 crores during 1953-54 under cloth.

One hon. Member over there said that we have budgeted for an income of Rs. 21 crores but that includes Rs. six crores from the special concession which the House has already approved. Therefore, my intention is to realise the Rs. 15 crores on the proposed duties and according to the best of my calculations, I think we shall reach our target. On the basis of the average selling prices and the actual production of the four groups of superfine categories, grey, bleached, dyed, and printed, during the quarter ended 1952, the incidence of the duties proposed in the Bill for these categories is: fine—seven to nine per cent.; superfine—19 to 23 per cent. These compare with the *ad valorem* incidences prescribed as follows in the Central Excise Tariff before the introduction

of the Finance Bill: fine—all varieties five per cent.; superfine—all varieties 20 per cent. Therefore, the increase is not of the order mentioned by the hon. Member.

Shri Morarka asked for the reason why there was this gap between the incidence on fine cloth and that on superfine cloth, that is, he asked why the gap should have been reduced. Firstly, the drop in the production of fine cloth as a consequence of last year's slump has been much less steep than in the case of superfine cloth, and the prices of fine cloth have also exhibited much firmer trends than the prices of superfine cloth. Moreover, the average ex-duty price range for the grey, bleached, dyed and printed groups, in each category during the period June-August 1952 was more or less identical, namely, Rs. 6-13-7 to Rs. 1-1-4 per yard. They have been almost the same for fine and superfine cloth. Since then the prices of fine cloth seem to have improved further, which cannot be said of superfine cloth with equal justification. In other words, one has to bear in mind the law of diminishing returns in fixing one's excise duties.

Then, Shri Somani said that these duties were affecting the trade already. Now, my information is that the trade, in so far as the internal trade is concerned, is brisk and if there has been any fall, that is in respect of the export demand. That export demand is not affected by the duties that are proposed here. Therefore, I am quite satisfied that what is being proposed is reasonable and that it is not going to yield any more than what the Treasury has been getting on an average in the past years.

Mr. Chairman: Would Mr. Somani like to press his amendment?

Shri G. D. Somani: No, I beg leave to withdraw it.

The amendment was, by leave, withdrawn.

Mr. Chairman: The question is:

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

Clause 7 was added to the Bill.

Clause 8.—(Discontinuance of Salt duty).

Amendment made:

In page 5, line 31, for "including" substitute "excluding".

[*Shri P. T. Chacko*]

Mr. Chairman: The question is:

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 9.—(Inland postage rates)

Shri K. K. Basu: I beg to move:

(1) In page 5,

(i) omit lines 36 to 39.

(ii) in line 40, for "(ii)" substitute "(i)".

(2) In page 5, line 42, for "eight annas" substitute "six and half annas".

My first amendment seeks to do away with the proposal to increase the postal rates on book pattern and sample packets and the second one seeks to reduce the proposed rate from eight annas to six and half annas. What I want to emphasize is this. In our vast country, a large number of packets are sent to the countryside from the towns. Ordinary, common people have to send book packets or medicine packets. It is necessary that Government should not tax them more. Ultimately, the burden falls on the consumer. In the Budgets of the Central and State Governments, very little provision is made for educational and other social service activities. In view of this, Government should not ask Parliament to sanction these enhanced postal rates.

I would like to emphasize another point from the standpoint of the common traders. We know that sample packets and other things have to be transmitted by post for advertisement and such purposes by the middle-class trading community which predominates in our country and which mostly consists of Indian nationals. I would therefore emphasize this point and would suggest to Government that they should rather go in for taxation of those categories of goods which can bear enhanced taxation instead of taxing the common people and the common trading community who will ultimately go out of existence or at

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any rate suffer badly in their vocation.

That is the short point I want to emphasize and I hope that Government would accept my amendments.

Mr. Chairman: Amendments moved:

(1) In page 5,

(i) omit lines 36 to 39.

(ii) in line 40, for "(ii)" substitute "(i)".

(2) In page 5, line 42, for "eight annas" substitute "six and half annas".

Shri Nambiar: I wish to speak a few words in support of the amendments moved by my hon. friend Mr. Basu. I strongly feel and I want to drive home to the Treasury Benches that this increase of rate is very very reprehensible and the people as a whole do not agree to this, they oppose it. The Government wants to increase the postage rate on book post. The book post is generally used by the middle classes and educational institutions. There is no reason why the book post rate should be enhanced in this manner. I can understand taxation from other sources, sources that can be taxed. But this is a tax on the middle classes. The middle classes are already hard hit under the existing conditions of wage cut, retrenchment, post-war crisis and so on. Under the circumstances I cannot understand the working of the brain behind this proposal. I would appeal to Government not to press but to drop this proposal.

The other thing is packets. The proposed increase in the rate for packet posts is also equally bad. I can say from the comments made by all sections of the people, commercial interests, etc. and from the comments in the newspapers, they are all united in opposing this move. And much money is not being obtained through this source. When the hon. Finance Minister is dealing with Rs. 400 crores and when he says that so much money is still to be raised from public sources, etc., why should he tax the ordinary middle classes who are already finding the taxation unbearable? I would request the Minister to drop this proposal and accept the amendments moved by my hon. friend, Mr. Basu.

The Deputy Minister of Communications (Shri Raj Bahadur): I think the position with regard to the increase in postage rate on book and packet

[Shri Raj Bahadur]

post has not been fully understood by the hon. Member. Probably he thinks that book, pattern or sample packets go to rural parts and are things which are required by the common man; and on that plea he has tried to oppose the increase in rates. I may respectfully submit that so far as pattern or sample packets are concerned they are essentially coming from big manufacturers who have to pay for the postage. As such there is no reason why, in respect of a Department, which the hon. Members opposite want to be run purely on commercial lines and which they have been saying should be commercialised by rationalisation of rates so that no loss is suffered, they should now want that it should oblige the big business and suffer the burden of loss itself or make it fall on the common man.

I can say for the information of the hon. Members that, on an average, the loss to the Department on every unit of unregistered packet has been calculated to be 8·4 pies, on every registered packet 6 annas 7·5 pies, and on every V. P. packet 12 annas and 4·3 pies. The total annual loss on all these three items is of the order of Rs. 59·7 lakhs, Rs. 18·2 lakhs and Rs. 15·4 lakhs respectively.

It has therefore been necessary, in order to provide the ordinary postal facilities in the rural areas to the common man, that we should not allow this Department to incur a heavy loss on these articles and that we should try to equalise the burden of taxation so far as it is possible.

It has been said that the common booksellers have been affected and that it will be difficult for booksellers to send their books to far off places. It is common knowledge that books are mostly sent by railway parcels and in bulk quantities to outside stations. Locally they are available in the market, and therefore no question of postage arises. It is only a minor fraction of them that are sent by post. As such the burden does not fall on the bookseller himself but it also falls on the shoulders of the customer.

I am surprised to hear the point of view of the traders and the big business being voiced by the Members opposite who have said that the trader-class is going to be affected by this increase. And Mr. Nambiar has gone to the extent of saying that this increase is "reprehensible" on this ground. He has come as a champion of the trading class. I wonder why and how this change has come about.

As a matter of fact, as I was submitting, the burden of this increase on postal rates is not going to fall on the small bookseller or the small trader. Perhaps the hon. Member has in mind a petition which has been circulated, and some reference may be made to that. That petition also comes from a firm which deals in law books. Mostly, law books are not used by the common man or in the rural areas or by the peasants or the labour classes. They are used by lawyers, by the litigant public, which also belong not to the common class but to a special class with some interest, vested or otherwise. So that burden is not also going to fall on the common people. But I am happy to see the change. I welcome the change and their coming as champions of the interests of big business.

Shri K. K. Basu: In the national interest.

Shri Raj Bahadur: We have tried to scale down the loss by this increase. But even this increase will not enable us to wipe out the loss that the Department is suffering on these articles at present. It will be hardly 40 to 50 per cent. of the loss that will be covered by the proposed increase in the postal rates.

I therefore oppose the amendments moved by Mr. Basu.

Shri Nambiar: It goes on to the consumer at last.

Shri Raj Bahadur: Law books are consumed by the lawyers and not by the common people.

Mr. Chairman: Does the Finance Minister want to say anything on this?

Shri C. D. Deshmukh: I have nothing to add.

Mr. Chairman: The question is:

In page 5,

(i) omit lines 36 to 39.

(ii) in line 40, for "(ii)" substitute "(i)".

The motion was negatived.

Mr. Chairman: The question is:

In page 5, line 42, for "Eight annas" substitute "Six and half annas".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

The First Schedule

Shri C. D. Deshmukh: I beg to move:

In page 13, line 10, in column 5, for "75" substitute "65".

The object of this amendment is to correct a printing error which has crept in. The figure should have been 65 and not 75: 75 is a misprint.

Mr. Chairman: The question is:

In page 13, line 10, in column 5, for "75" substitute "65".

The motion was adopted.

Mr. Chairman: There are several other amendments but I think most of them are not allowed. They have been disallowed.

The question is:

"That the First Schedule, as amended, stand part of the Bill."

The motion was adopted.

The First Schedule, as amended, was added to the Bill.

The Second Schedule

Shri C. D. Deshmukh: I beg to move:

In page 17,

(i) line 8, after "48(1)" insert "48(3)"; and

(ii) line 9, after "59(4)" insert "59(5)".

We seek to insert these two items which again, I am sorry to say, were inadvertently omitted. These items which ought to occur in the Schedule are not to carry any surcharge.

Mr. Chairman: The question is:

In page 17,

(i) line 8, after "48(1)" insert "48(3)"; and

(ii) line 9, after "59(4)" insert "59(5)".

The motion was adopted.

Mr. Chairman: The question is:

"That the Second Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Second Schedule, as amended, was added to the Bill.

The Third Schedule

Shri C. D. Deshmukh: I beg to move:

In page 17, line 16, omit "27(4)".

Because this entry was carried forward from the previous Finance Act where I regret to say, it appeared inadvertently. This item already appears in the second Schedule, that is to say, it carries no surcharge and therefore it cannot be in the third Schedule.

Mr. Chairman: The question is:

In page 17, line 16, omit "27(4)".

The motion was adopted.

Mr. Chairman: The question is:

"That the Third Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Third Schedule, as amended, was added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

Shri C. D. Deshmukh: I beg to move:

"That the Bill, as amended, be passed."

Mr. Chairman: Motion moved:

"That the Bill, as amended, be passed."

Shri Gidwani (Thana): The hon. Finance Minister, while replying on Thursday stated that the principle of paying compensation from the revenues of the Government has not been accepted by the Government. I would like to give him a brief history of the whole case so that he may be aware as to how Government had committed themselves previously regarding this matter. I would not go into the long history of the case. I will only refer to the two conferences which were held by the Government. One was held in 1949 presided over by the late Shri Gopalaswami Ayyangar when Shri Mohanlal Saksena was the Minister. In that conference, 60 representatives of the displaced persons were invited and Government was represented by their Ministers and Secretaries. In that conference, Shri Gopalaswami Ayyangar stated in the following words:

[Shri Gidwani]

"Who says that compensation shall not be paid? It shall be paid. It may be partly paid in cash, partly in kind and partly in some kind of bonds."

After that Claims Act was passed and a big department was set up and claims were verified. Then there was another conference in 1950 called by Government which was also presided over by the late Shri Gopaldaswami Ayyangar. At that time Shri Ajit Prasad Jain was the Minister. In that conference, apart from Shri Jain and the late Shri Gopaldaswami Ayyangar, Shri Mehr Chand Khanna, Mr. Chandra and the late Rehabilitation Minister of Punjab, Dr. Lehna Singh and Mr. Bhide, the then Minister of Rehabilitation of PEPSU, and other officials were present. On the non-official side, Bakshi Tekchand, Mr. Jaspal Roy Kapur, M.P., and myself were invited. That conference was held immediately after Pandit Nehru visited Pakistan and had met the late Mr. Liaquat Ali Khan. The Pakistan Rehabilitation Minister Mr. Shahabuddin was to arrive in Delhi for further discussions about evacuee property and other matters. Two days previous to that, a conference was held. In that conference, while discussing the evacuee property question, the question of compensation was raised because after the Compensation Act was passed, the displaced persons were not filing their claims. There was no response to the Government's call for filing claims. Claims Officers were appointed but there was no work, the reason being that the displaced persons had lost faith in the Government's sincerity because earlier, when we came from Pakistan, then also claims were filed but those were thrown into the waste paper basket. The displaced persons had spent lakhs of rupees and wasted much of their time. They were not filing claims this time because they felt that the fate of these new claims may also be the same. Then the question was raised. We asked the late Shri Gopaldaswami Ayyangar as to how the compensation would be paid. He said, that there were three sources. "X" will be the value of property left by the Muslims in India. "Y" will be the difference in value that we expect to get from Pakistan between the properties left by Hindus and Sikhs in Pakistan and the properties left by Muslims in India. "Z" will be the Government contribution. We told him that "Y" would be zero because we have seen from previous experience that our Government is not

capable of getting anything from Pakistan. Let us therefore eliminate "Y". Then he said "I assure you that we shall pay you from Government of India's resources a substantial amount". I told him that a substantial amount may be a lakh, it may be a crore but that will not satisfy us. Then he uttered these words. "A substantial amount which shall not dissatisfy the displaced persons". That conference took place in July 1950. After that we issued an appeal to the displaced persons to file their claims and more Claims Officers were appointed. Nearly we have spent a crore of rupees on this Department. Apart from Government spending that amount, the displaced persons have also spent lakhs of rupees. They had to go several times to the Claims Officers. They had to purchase stamps, and postal orders. They had spent on the journeys. Our Government has earned a lot of money on account of these claims being filed and re-filed. I will also tell you that for one month and a half, from 1st September 1952 to 15th October, 1952 the Claims Department did practically no work and the Government was put to a loss of Rs. two lakhs because the work was not arranged properly. But, that is a separate matter.

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

After that, during the last elections, Shri A. P. Jain said repeatedly that compensation would be paid and that Government would also contribute its quota. I may also tell you that Government appointed a Committee called the Tekchand Committee of which I was also a member. It went into all aspects of the question and submitted its report. That Committee consisted of seven representatives of the displaced persons.

We submitted a unanimous report. In that we have also mentioned that compensation be paid from three sources, one, the value of the property left by Muslims, the second instead of the source "Y" mentioned by the late Shri Gopaldaswami Ayyangar, we have recommended that the amount spent by Government on houses and shops constructed by them and the loans that have been advanced to displaced persons should also be put in the pool. Even that was not considered by the Committee sufficient for the purpose. Therefore, the third source which Committee recommended was Government contribution. This was our unanimous report. At the same time the

Government held two conferences: conference of Rehabilitation Ministers of various States, and a Conference of Custodians and Secretaries of the various States. All the committees have submitted schemes on the basis of which the Rehabilitation Ministry has framed a new scheme which has been submitted to the Cabinet for its consideration.

From all this, you will see that, it is not once, it is not twice, it is not by one Minister, it is not by two Ministers but, by three Ministers, solemn assurances have been given at various stages that they shall pay compensation. I may further add, that in the beginning it was thought that the value of the properties left by Muslims in India will be about Rs. 300 crores or Rs. 350 crores. Then, it came down to Rs. 250 crores. Then it came to Rs. 100 crores. Now, I do not know what the value of that property is, because we have various enactments, various amendments, and various ways of dealing with the question. Even according to the Government's calculation, the value of evacuee property is not more than Rs. 100 crores. Originally, it was said that the value of property left by Hindus and Sikhs in Pakistan would be to the tune of Rs. 2000 crores. Then, it came to Rs. 1000 crores. Its valuation made by the Government, revised and rationalised, comes to about Rs. 600 crores. You can see that according to the latest calculation, the value of the Muslims' property is one-sixth of the value of the property that displaced persons have left in West Pakistan. I am only talking of urban property. Movable property and immovable property of displaced persons who were living in villages has not been calculated. Government scheme is only about the urban property. Other urban property in sanitary committees in Sind, property in mandis in Punjab, etc. has not been taken into account. That would also amount to many crores. I was going through this previous history to show that it is absolutely necessary that Government should contribute its quota to the compensation pool; otherwise the amount for compensation will be very small. Therefore, it is high time that the Cabinet Committee decided this issue as early as possible. I have brought this question before you because the first meeting of the Cabinet Committee is taking place in this connection on the 20th April, 1953.

I may further add that the displaced persons have placed their faith in the

assurances of the Government for so many years that they will get this compensation. Now, in the words of Mr. Jain, it is not really compensation, it is part of rehabilitation. Therefore, I urge upon the Finance Minister to be generous enough. After all, the sufferings that the displaced persons have undergone have no parallel in the history of the world. The people in the political field might have gone to jails or might have been fined some thousands of rupees. But, there is no parallel to this where lakhs of people have been uprooted from their hearths and homes and have undergone intense sufferings in various ways. I am not going to refer to other matters. The Finance Minister's statement has created a feeling of discontent, not only among the displaced persons but even others have certain misgivings about it. In this connection I shall read a few lines from the *Times of India* of today's date. It says:

"On Thursday the Union Finance Minister made an important statement in Parliament on the subject of payment of compensation to displaced persons. Unfortunately, instead of clarifying the issue, it has confused it even further....."

For practical purposes, the matter was, however, settled—at least so it was thought at the time—when the Rehabilitation Minister announced categorically last September that the Government would add its own mite to the evacuee property pool from which displaced persons received compensation."

In the end it says:

"Does this mean that the Government is preparing to beat a strategic retreat and to back out of its earlier promises to swell the compensation pool by putting some of its own money into this fund?"

This is so far as the question of compensation is concerned. This question does not affect a few lakhs of persons. Nearly twenty-five lakhs people are affected. To save them from physical and moral death, it is essential that this question should be settled as early as possible.

I am thankful to Shri Deshmukh for his sympathetic attitude towards the question of ejecting the displaced persons from the houses in which they are living. They are unable to pay the rent. I was really touched when

[Shri Gidwani]

he said, "we must take a commonsense view of the thing". People who have been rehabilitated should not be dehabilitated. Similarly there is another question, viz., the recovery of small loans. As I said previously, displaced persons were given small loans, from Rs. 50 to Rs. 5,000. There are some cases where they have been paid from Rs. 200 to Rs. 300. They are being asked now, after three years to return those small amounts in three instalments, with three per cent. interest. This is not being done under the ordinary law of the land. It is not under the Civil Procedure Code. A new law has been enacted in the case of the recovery of rents as well as recovery of loans from displaced persons. In default of payment of either arrears of rent or arrears of loans the recovery is to be made as arrears of land revenue which means attachment of goods and it also involves imprisonment of the defaulters. These matters affect lakhs of people. I would therefore urge upon the Finance Minister, and through him, upon the Government, not to delay this matter any further, but to arrive at a satisfactory solution on the 20th, which will go to rehabilitate the displaced persons who are eagerly looking for early payment of compensation.

I may tell Mr. Deshmukh again that when he took that sympathetic attitude towards the question of recovery of rents, I was touched, and I would appeal to him to take a similar attitude in this important question as well which affects the well-being of lacs of displaced persons.

Shri K. K. Basu: Within a few minutes the curtain is going to be drawn in the great drama that has been played for the last three or four weeks in which, in spite of his amiable nature, the Finance Minister played the role of a villain, if I may be permitted to use the expression, because we feel in the financial proposals today, more especially in the background to the main trump card which they have propagated with so much fanfare—the Five Year Plan—the common people have very little to enthuse about.

I shall begin first with the Finance Minister's speech in reply to the general discussion on the Finance Bill. He tried to emphasize the problem in his way. If we want to improve the

existing industrial units, there will be necessary retrenchment.

I take the example of the jute industry. Our idea is that there should be a retrenchment of over 40,000 people because of this improvement in the productive unit by installing new machinery. But the Finance Minister himself said it might go up to 80,000. Similarly, if we look to plantation industries like tea, about which we have had a discussion in this House, 30,000 to 40,000 workers are affected. If you look at the recent report of the Port Commissioners in Calcutta, you will find the Chairman himself says that 3,000 people are going to be retrenched. Similarly, the other day, our Deputy Minister has given us the figure that 3,000 are going to be retrenched or declared as surplus immediately. This is the picture, this is the prosperity that our Government put before the people and ask the people to enthuse about and support their Plan. The result is that even the existing persons who are employed in different industries are going to be thrown out of employment. Over and above that, there is one other matter to which I would like to refer, because the hon. Finance Minister referred to it the other day, that even among Government servants, before they are declared surplus, the Government tries to absorb them in a different department.

Mr. Deputy-Speaker: This is the third reading on the Finance Bill. In the first reading all and sundry from China to Peru may be talked. After the second reading, during the third reading, the discussion must be confined to the Finance Bill.

Shri K. K. Basu: I am coming to that.

Mr. Deputy-Speaker: What is the meaning of coming to it later?

Shri B. S. Murthy: He is coming to it.

Shri K. K. Basu: These relate to policies.

Mr. Deputy-Speaker: The hon. Member has to speak in respect of the effect of the Finance Bill now.

Shri K. K. Basu: Even there we have found that in the same Government department, on one side there is retrenchment, and on the other side, new people are taken in. I know particularly of the Disposals Department at Calcutta. News comes on to

me every month, that some persons have been retrenched, but at the same time even in the same Central Government department at Calcutta, and specially in the Income-tax and other departments new people are being taken in, and these retrenched personnel do not get any preference. A number of persons is retrenched every month on the ground of being surplus.

In this connection, I would like to refer to one other point, which does not directly refer to this, and that came out in a recent judicial decision that a larger number of Government employees who were employed during the war had been appointed under letters of appointment which were signed by persons who were not authorised under the Government of India Act to do so. Unfortunately, those persons were not properly appointed, and so they cannot claim any relief under article 311 of the Constitution. The Government have not so far come forward to correct this mistake of either themselves or their predecessors, which was made when so many Government employees were appointed during the war. And yet Government want the people to enthuse over the Plan and the financial proposals which have been made to make the Plan successful, so that in the next three years, our national income *per capita* would increase, and the people would be benefited.

There are tales of other misfortunes that the common people suffer either in the form of famine or scarcity, whatever terminology they might adopt to describe it.

With this picture in view, I would like to criticise the attitude of the Government, so far as the financial proposals are concerned. The Government have tried to give certain concessions to foreign capital. They have also sought to give rebate on super-tax in respect of dividends from a subsidiary Indian company of a foreign concern which is having branches here. I do not know why the Government are so sympathetic and slack in respect of these concerns. Even as I have said in the earlier discussion, these foreign concerns have played a role which can by no means be called to be in the interests of the nation. Even today, foreign capital is allowed to come in, and exploit in the same old fashion. You have accepted the proposition that foreign capital may be brought in, but our only point is that do not allow foreign capital to come and exploit our own industries. It may be said that whatever foreign capital comes, it should come through

Governmental agencies. Even then, we feel that foreign concerns should be allowed to grow here only in cases where our national capital does not come forward, and also in cases where we feel that they should supply us the know-how. Now, what is the role that these foreign concerns, which have been in existence here for a long time, have played? Recently, there were some questions and discussions on the treatment meted out to the Indian employees in these foreign concerns. We have seen how a number of Indian assistants were recruited during the war and they gained experience and began to occupy very important positions, but as soon as the war was over, they were demoted or retrenched and Europeans were brought in on emoluments much higher than those enjoyed by their Indian counterparts. When the Government wanted to have information about the personnel engaged by these concerns through a questionnaire, they evaded it. Government do not want to bring the real picture before the House.

As to the key positions held by these foreigners, they do not like to train Indians in the 'know-how'. If the Government let this policy continue, their stand that they will bring in these foreigners only so long as they are not able to get suitable Indians will not bear scrutiny. If this is allowed to continue, even after 10 or 15 years we will be in the same position and the same theory that there are not enough suitable Indians and we have to bring in foreigners will be brought forward.

In this connection I also want to reiterate a thing which I have already said. Of course, the Finance Minister gave me an assurance on this point, but we should not allow these foreign concerns either to set up new industries or enhance the investment in existing undertakings where we have our national industries. These industries have been built up for the last several years. We have seen during the discussion that a large number of foreign companies, either through their Indian subsidiaries or through combines, are being allowed to exploit the market where we have genuine national industries. These relate mostly to consumer goods. We apprehend that in the near future these concerns may take advantage of our economy and compete with, and throttle, our national industries.

In this connection also I tabled an amendment which, unfortunately, I could not move. That was about the

[Shri K. K. Basu]

income-tax evasion indulged in usually by these foreign companies. Mr. Tyagi said the other day that we have reports from the department that these foreign concerns are evading income-tax in many ways. They have many payments in kind. They have their officers here who are on 'all found' terms. Their children and their dependents are paid in England. They have here houses which are fully furnished with all the paraphernalia, free motor car etc. with the result that the taxable income becomes very low. (Interruptions).

Mr. Deputy-Speaker: Order, order. Hon. Members ought not to carry on conversations like this.

Shri K. K. Basu: When the Income-tax (Amendment) Bill was brought in, the hon. the Finance Minister said that in the near future a comprehensive legislation was envisaged which would put a stop to all these evasions and plug all the loopholes. But unfortunately we have no indication of it. On the other hand, we have before us proposals which give concessions to these foreign undertakings. The time has come when we should consider what attitude we should adopt towards these concerns, whether we should allow them to continue here unless they play fairly and squarely so far as our national economy is concerned.

We have also seen the concessions to these combines. We know the ICI-Tata combine had a proposal to manufacture dye-stuffs. But today we are told that they want to import them and not to manufacture them and will only be packed and sold here. So we have not got a heavy chemical industry here, which we need so badly.

Therefore, I would like to emphasise in connection with these financial proposals that the Government should develop a condition of things where-in the people should feel enthused that they can support them and that they are in the context of the national Plan in which the Government asks the people to co-operate.

In this connection—I do not know whether it would be purely relevant or not—I would like to suggest this. In the Planning Commission Report the private sector is supposed to supply about 500 crores of rupees from their savings. We know that the British capitalists earn about 36 crores of rupees on dividends over and above another 60 crores. This is from the records of the Government itself. We know that they have taken as dividends much more than what they have

invested. I do not want them to be expropriated because you will not accept it. Why not put a limit to this profit for the time being? Why not a limit be put that they will not be allowed to take back more than one per cent. return on the investment and the rest should be ploughed back to the industry so that they can help the growth of our industrialisation? As the bell has rung and as I have very little time, I will not go over this for a long time, and I hope that these factors will be taken into consideration.

One more point about the big schemes that we are having. We should have a Parliamentary Commission or a permanent Parliamentary Committee to go through every proposal of these multi-purpose projects or big undertakings. It is no use after three years, after our national money has been wasted, for the Public Accounts Committee to go through that and give a report that this mistake should have been avoided. Possibly another mistake will be committed in another three years and the Public Accounts Committee will take a further three years to comment upon that. While the nation's wealth is being utilised, a Parliamentary Committee should sit in judgment over every proposal and not allow such things to continue, as when the other day Mr. Deshmukh said that in Hirakud some works were done which ultimately may not prove worth while.

Before I conclude I would like to impress upon the Finance Minister two matters of our province. One is about the Ganga Barrage Scheme. It is not a question of Bengal alone. It is the question of maintaining India's biggest port, the Calcutta Port, and also of a direct land route to Assam, through which one of our main foreign exchange earners, tea comes in. In Sunderbans area in southern Bengal we have got the possibilities of oil facilities and it has large cultivable areas. The area is under the provincial Government. Times are changing and it has to be tackled on the basis of a national programme. The Government should see that this area should be developed in the near future so that it may develop into a granary. At any rate, it may solve our food deficit.

1 P.M.

Mr. Deputy-Speaker: We have finished the clause-by-clause consideration stage. It is only the third reading. I think many Members are not

interested. We will now adjourn and meet again at 4 P.M. today.

The House then adjourned till Four of the Clock.

The House re-assembled at Four of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

Mr. Deputy-Speaker: When I said this morning that our sitting now would commence at four I had expected that the whole morning would be taken up over the clauses, but we finished all the clauses by 12-25 or so. There was so much time left, and so we had the discussion. In view of the half an hour we have already spent, I think we must finish this discussion by 4-30. I only wanted to give an hour for the third reading.

Shri P. N. Rajabhoj (Sholapur—Reserved—Sch. Castes): Make it five, Sir.

Shri M. S. Gurupadaswamy (Mysore): Yes, Sir. Let us extend it up to five.

Mr. Deputy-Speaker: Very well. We shall have it up to five. How long will the hon. Minister take?

Shri C. D. Deshmukh: At the most ten minutes.

Mr. Deputy-Speaker: I will call him fifteen minutes before five. Since a number of hon. Members are anxious to speak, each may take ten minutes. At five, we will take the Tea Bill and sit till six. If that Bill is passed within a few minutes, hon. Members will have the rest of the evening for tea. Otherwise, we will carry on till six.

श्री बुलेकर : जो प्रस्ताव माननीय अर्थ मंत्री जी ने उपस्थित किया है उस के समर्थन के लिये मैं खड़ा हुआ हूँ। यह बात तो स्पष्ट है कि जो बजट हम ने पास किया है उसी से यह फायनेंस बिल बना हुआ है। और इसलिये बजट के सम्बन्ध में जो कुछ भी बातें कही जा सकती थीं, वही बातें फायनेंस बिल के सम्बन्ध में भी कही जा सकती हैं और जो किसी प्रकार की सूचनायें या उस के ऊपर कटाक्ष किये जा सकते हैं तो वह इस में निहित हैं। मैं यह बताना चाहता हूँ कि जो बजट पेश किया गया है वह साधारण बजट जैसा कि पिछले वर्ष उपस्थित किया गया था वैसा ही बजट नहीं है और उस बजट के समान

यह फायनेंस बिल भी साधारण बिल नहीं है। इस की एक हिस्टारिक वैल्यू है, एक ऐतिहासिक मूल्य है, और प्लानिंग कमीशन की जितनी योजनायें हैं उन का यह प्रारम्भिक सूचक है। इसलिये मैं समझता हूँ कि इस फायनेंस बिल के सम्बन्ध में जो कुछ भी बातें हम को देखनी हैं वे इस प्रकार से देखनी चाहियें कि जो बजट हम ने तीन सप्ताह तक पूर्ण रूपेण विचारा वह इस बिल के द्वारा पूरा समर्थित होता है कि नहीं। मेरा कथन है कि पूर्ण रूपेण हम ने बजट पर विचार कर लिया तो हम समझते हैं कि यह फायनेंस बिल अवश्य पास होना चाहिये।

जो कुछ बातें बजट के सम्बन्ध में कही गई थीं, उन की मैं सरसरी तौर पर चर्चा करूंगा। एक बात यह कही गई कि जो कुछ प्रॉजेक्ट्स या योजनायें हमारे भारत वर्ष में चलाई जा रही हैं उन में रुपये की बहुत भारी बरबादी है। दूसरी बात जो कही गई है वह यह है कि हमारे अर्थ मंत्री ने यह जो नई योजना डेफिसिट फायनेन्सिंग की निकाली है वह हमारे लिये इस समय उचित नहीं है। तीसरी बात यह कही गई है कि हम अमरीका से और अन्य देशों से जो धन की सहायता लेते हैं और साथ साथ जो टैक्नीकल सहायता भी लेते हैं वह हमारे लिये उचित नहीं है और हम को इन दोनों सहायताओं को ठुकरा देना चाहिये। इस के साथ साथ यह भी कहा गया है कि हमारे यहां के जो आफिसर्स हैं, नौकरशाही है, वह इतनी करप्ट और खराब है कि हमारी योजनाओं को बिल्कुल बरबाद कर देगी। मैं इन सारे क्रिटिसिज्मस को और जो ये कटाक्ष हैं इन को पूर्ण रूपेण सत्य नहीं मानता हूँ। यह तो कोई कह नहीं सकता कि कोई भी बात या योजना जो पेश की जाती है वह पूरी की पूरी ही अच्छी होती है और उस में किसी प्रकार की बुराई नहीं होती। मैं आप की आज्ञा से अपने आनरेबिल मैम्बर्स को यह बतलाना चाहता

[श्री धुलेकर]

हूँ कि यह जो बजट इस समय पास हुआ और उस के लिये जो फायनेंस बिल पेश हुआ यह असाधारण समय में हुआ है। हमारी परिस्थिति इस समय क्या है? इस समय हमारी परिस्थिति यह है कि हमारे यहां जो ३६ करोड़ की जन संख्या है वह एक स्तर की नहीं है और इसलिये हम अमरीका या इंग्लैंड में या दूसरी जगह जो जनसंख्या है और उन पर जो टैक्सेशन का वजन लादा जाता है या जो योजनायें वहां चलाई जाती हैं या जो राज्य व्यवस्था वहां कायम की जाती है या जो अर्थ व्यवस्था वहां कायम की जाती है या जो वहां की फायनेंसियल पालिसी होती है, वह अर्थ व्यवस्था हम यहां लागू नहीं कर सकते हैं। हमारे भारतवर्ष में इस समय जैसा कि हमारे अर्थ मन्त्री महोदय ने कहा मिक्सड इकानामी है। मिक्सड इकानामी का अर्थ यह है कि यहां सोशियलिज्म भी कुछ चल रहा है, कैपिटैलिज्म भी है, स्टेट सोशियलिज्म भी है, क्रूड वार्टर सिस्टम भी जारी है, बारोइंग भी जारी है। हम परदेशों से टैक्नीकल एंड मानिटरी एंड ले रहे हैं। हमारे यहां कांटेज इंस्ट्रूज भी जारी हैं, ग्राम उद्योग भी चल रहे हैं। साथ साथ प्राइवेट और स्टेट, निजी तौर पर और सरकारी तौर पर बड़े बड़े व्यवसाय, इंस्ट्रूज भी चल रही हैं। हमारी ऐथीकल्चरल इकानामी में, हमारा जो खेतिहर समाज है, जहां ऐसा भी समाज है कि एक बीघा जमीन जोतता है और ऐसा भी समाज अब पैदा हो गया है कि जो ५ हजार एकड़ अप टु डेट मंशीनरी से, ट्रैक्टर से और बिजली से जोत रहा है। इसलिये जब हमारे यहां इन ३६ करोड़ मनुष्यों की बात हो, जहां पर कि एक आदिवासी से ले कर उन्नत से नख्त मनुष्य मौजूद हों, जहां जन संख्या इस प्रकार की हो, वहां यह कहना कि हम एक इकानामी चाहें वह रूस की हो या अमेरिका

की हो, को हम चलायें, यह बात नहीं हो सकती है। यह बात असम्भव है। इसलिये हमारा कर्तव्य हो जाता है और हम बाध्य हैं कि हम मिक्सड इकानामी चलायें, हम डैफिसिट फायनेंसिंग करें, हम थोड़ा थोड़ा कर्जा हर एक मनुष्य से लें और हर प्रकार के मनुष्यों से, ठेके से भी काम लें, सरकार अपनी अमानी से भी काम ले, इस सब के लिये हम बाध्य हैं।

हमारे कुछ मित्रों ने कहा कि हीराकुंड में, पंजाब से हजारों मजदूर आये हैं। किसी ने कहा कि लाखों रुपया वहां पर बरबाद हुआ है कि जिस की वजह से शायद बांध बनते बनते वह पूरा नहीं बन पावेगा। मैं यह कहना चाहता हूँ कि इस सब के लिये हम को सोचना चाहिये कि सब जगह एक ही प्रकार से काम नहीं हो सकता है। जब हम बड़े बड़े प्रोजेक्ट्स और योजनाओं को फैलाये हुए हैं तो हम बाध्य हैं कि समस्त लोगों की हम सहायता लें।

इसी प्रकार से फौरेन पालिसी भी हमारे लिये एक ऐसी चीज हो गई है कि जिस के लिये एक निश्चित मार्ग कर लेना कि या तो अमेरिका के साथीदार हो जायें या रशिया के साथीदार हो जायें या इंग्लैंड के साथीदार हो जायें या इंडोनीशिया के साथीदार हो जायें या चाइना के साथीदार हो जायें, यह कठिन है। हम यह नहीं कर सकते। इसलिये जब हमारे ऊपर दूसरे पक्ष की तरफ से कटाक्ष किये जाते हैं कि हमारी वैदेशिक नीति भी ठीक नहीं है तो हम यह कहते हैं कि हम ऐसी दुनिया में उपस्थित हैं कि जिस में हमारे लिये कोई नीति हो सकती है तो वह एक ही नीति हो सकती है कि दुनिया के जितने सोग हैं उन को हम अपना मित्र मानें और हर एक से वही बर्ताव करें कि जो हम चाहते हैं कि दूसरे हमारे साथ करें।

इसलिये हमारा बर्ताव दूसरों से मैत्रीपूर्ण है, यहां तक कि हमारे जनसंघ, श्रीर आर० एस० एस० और अन्य मित्र लोग हैं वह हम से कहते हैं कि पाकिस्तान से आप भाईचारा क्यों रखना चाहता हो, पाकिस्तान तो बहुत बुरा है, लेकिन मैं उनको कहता हूँ कि भाई मेरे केवल गाली देने से तो कुछ होगा नहीं। हम जगत में जब बैठे हुए हैं तो हमारा कर्तव्य इस बात का है कि जिस तरीके से बात सुलझती हो, उस प्रकार उस को सुलझायें। अगर हमारे मित्र यह कहते हैं कि हम को बात बहुत जल्दी सुलझाना चाहिये, श्रीर जम्मू और काश्मीर का सारा मामला यू० एन० ओ० से वापिस ले लिया जाये तो मैं उन से पूछना चाहता हूँ कि आप दुनिया में बैठेंगे कहां? मैं तो उन मित्रों से साफ और मोटे अक्षरों में पूछना चाहता हूँ कि फर्ज कीजिये कि मैं आप के मोहल्ले में रहता हूँ और मैं मोहल्ले के लोगों के साथ मैत्रीपूर्ण सम्बन्ध न रखूँ, उनके साथ मित्रतापूर्वक न रहूँ तो मुझे बतलाइये कि मैं उस हालत में किस के घर बैठने पाऊंगा, इसलिये हमारी जो दूसरे देशों के साथ मैत्री और भाईचारे की नीति है, वह बहुत ठीक और उचित है। एक बात और भी मैं यहां पर कह दूँ कि हमारे मित्र लोग जो नेशनलिज्म के ऊपर इतना जोर देते हैं, मैं समझता हूँ कि यह नेशनलिज्म का कीड़ा इतना घातक सिद्ध हुआ है कि जिस की वजह से आज सारी दुनिया त्राहि २ कर रही है। पहला महायुद्ध जो हुआ और जो दूसरा महायुद्ध हुआ, यह सारी चीजें आखिर किस चीज का परिणाम हैं, आप देखेंगे कि इसकी तह में यही नेशनलिज्म है, हम अपनी नेशनलिज्म, राष्ट्रीयता को इतना बढ़ाते चले जाते हैं कि हर एक मनुष्य यह समझता है कि जिस राष्ट्र का मैं हूँ, वही राष्ट्र सब से अच्छा है और बाकी जितने अन्य लोग हैं, दूसरे देशों के रहने वाले हैं, वह सारे के सारे

खराब हैं, बेईमान हैं, खोर हैं, और डाकू हैं, मैं समझता हूँ कि ऐसी भावना बहुत ही गलत है। हम सारे जगत में रहते हैं, अन्तर्राष्ट्रीय जगत में रहते हैं और हमारा कर्तव्य है कि हम सब से मिल जुल कर चलें और किसी को अपना दुश्मन न समझें और सब से मैत्रीपूर्ण व्यवहार रखें।

फिर उस के बाद प्लानिंग कमीशन की रिपोर्ट पेश हुई और उस के लिये करोड़ों रुपये का खर्चा हम ने पास किया, जब हम ने इतना बड़ा खर्चा पास किया तो हमारा कर्तव्य है कि हम एक ऐसा बजट पास करें जो कि प्लानिंग कमीशन का सहयोगी हो, हमारा फाइनंस बिल प्लानिंग कमीशन की आवश्यकताओं के अनुरूप होना चाहिये। इसलिये मेरा कहना है कि फोरेन पालिसी के नाते से, इंटरनेशनलिज्म के नाते से और अपनी घरेलू व्यवस्था के नाते हमारा कर्तव्य हो जाता है कि हम फाइनंस बिल को सपोर्ट कर के आगे ले जायें और इस प्रकार आगे ले चलें जिस से हम उस पंचवर्षीय योजना में पूरी तरह से सफलभूत हों, क्योंकि अगर किसी तस्वीर के हम टुकड़े टुकड़े कर के देखेंगे और नाक को देखें और कहें कि नाक खराब है, इसी तरह आंख और पैर आदि अंगों को अलग अलग देखें और कहें कि आंख खराब है, और पैर खराब है तो यह सही ढंग हमारा देखने का नहीं है। हम को पूरी तस्वीर देखना चाहिये और हमारी पूरी तस्वीर क्या है, वह तस्वीर में कहां कि हमारी पंचवर्षीय योजना है और वह हमारे देश भारत-वर्ष की आत्मा का स्वरूप है और यदि हम इस पंचवर्षीय योजना द्वारा अपने देश की आत्मा के स्वरूप को तय कर सकें, तो मैं आप को विश्वास दिलाना चाहता हूँ कि हम भारतवर्ष को

[श्री धुलेकर]

उन्नति के शिखर तक पहुँचा देंगे। मेरा ऐसा विश्वास है कि यह पांच वर्ष की जो हम ने प्लानिंग की है, यह भारत वर्ष को बहुत दूर ले जायेगी। मैं एक छोटे क्लास का काम करने वाला होने के कारण रोजाना मजदूरों, खेतिहर, लोगों, और देहातों में आता जाता हूँ

Mr. Deputy-Speaker: I am afraid we are converting this into a second reading stage. I will not allow this kind of a general discussion requiring the Finance Minister to speak once again at length and answer all those points that have been raised. This discussion must be confined only to those points that have been passed in the second reading. Outside that no hon. Member ought to go. I thought this will not take time and that is why I allotted an hour.

श्री धुलेकर : मैं यह सब कह कर इस बात को सिद्ध करना चाहता हूँ कि जब तक हम फाइनेंस बिल को उस की पूरी सूरत में न देखें हम फाइनेंस बिल को अच्छी तरह से नहीं समझ सकते। फाइनेंस बिल में जो कई व्यवस्थायें दी गई हैं उन से जाहिर होता है कि यह जो बजट हम ने बनाया है, यह हमारा वेलफेयर बजट, मंगलकारी बजट है। दो, तीन, चारों जो कि अमेंडमेंट्स में पेश की गई हैं उन के सम्बन्ध में कहना चाहता हूँ कि जो इनकम-टैक्स में यह बात रक्खी गई है कि जो घन चैरिटेबल सोसाइटीज को दिया जायेगा, उस के ऊपर टैक्स नहीं लगाया जायेगा, यह बहुत ही प्रबन्धी बात है। दूसरी बात . . .

Mr. Deputy-Speaker: He has already taken fifteen minutes.

Shri Dhulekar: I will take only one more minute.

Mr. Deputy-Speaker: I am sorry if the hon. Member had no opportunity earlier. I cannot help it.

श्री धुलेकर: इन शब्दों के साथ मैं फाइनेंस बिल का समर्थन करता हूँ।

Shri Thanu Pillai (Tirunelveli): I congratulate the Finance Minister for his ability and firmness in getting the Budget passed, though I have got a lot of grievances from my part of the country. The other day my friends from the South raised the question about famine conditions and the hon. Minister was good enough to devote a few minutes for mentioning things about Madras. A very interesting episode was that hon. Members in the Madras Assembly have criticized the Centre for not having contributed enough, and they went to the extent of saying that the Centre gave Rs. two crores loan when for relieving the famine conditions in Rayalaseema they had to spend about Rs. ten crores. But our Finance Minister said that he had given Rs. 17 crores contribution in the course of two years. It is amazing why a responsible State Government should make such utterances on the floor of the State Legislature and they are being denied here. I would require some clarification on that.

Shri C. D. Deshmukh: It is quite easy. Rs. two crores, sale of securities for using in the Rayalaseema area; Rs. 17 crores towards the implementation of their Plan.

Shri Thanu Pillai: I would like to have a clarification on this point whether this Rs. 17 crores constituted the whole grant to the Madras State or for relief measures in connection with famine conditions.

Mr. Deputy-Speaker: He has just said that Rs. 17 crores are for implementation of the Plan and Rs. two crores for Rayalaseema famine relief.

Shri Thanu Pillai: But there it was criticised that the Centre first promised Rs. two crores loan and Rs. two crores grant and then they reversed their decision and the Madras Government had to sell their Government of India security bonds to the tune of about Rs. two crores. What we are interested is to see whether that is a fact or whether this is a fact; because we are all concerned, both in the State Government as well as in the Central Government. When the people in the

area are given certain answers and certain opinions are being created. There is room for propaganda by the Opposition. I would like here to point out that there is a lot of criticism in the South that the North is neglecting the South. To that extent, when we hear that criticism and this answer we are not able to make out things properly. Rs. 149 crores have been set apart in the Five Year Plan for the State, but there is no revelation of the apportionment of the Central contribution and the State expenditure. We would like to see all these things put on a proper level and the contribution from State to State clarified for the information of the public.

Then coming to the famine conditions, though they were graphically described by my friends, the Finance Minister said that he is not posted with full information. I do not know whether the Government of Madras has not given sufficient information in the manner in which it was described here, or whether the conditions have not been understood. I would request hon. Ministers from the Centre to go and visit the South, especially the districts of Madurai, Ramanad and Tirunelveli and have first-hand information before they come to certain conclusions. The contributions that are being made by the Centre, when they go to the Provinces, are not distributed fairly and equitably in the various districts. If there is some maldistribution, that affects our relationship with the people at large. So in all these distributions, though the Centre might give full autonomy, I would like that a certain check is placed on these State Governments as to the distribution of this amount. In my district the District Collector placed a demand for Rs. 60 lakhs. Then it was reduced to Rs. 30 lakhs and the Madras Government was promising Rs. seven lakhs. Ultimately, before 31st March, my district got only Rs 5000. That is the condition. When people criticise, "What is this North domination and South submission" we are unable to answer the people. We cannot sit tight at home and say, "we are Members of Parliament, we do not care what happens to people". To that extent I would request the hon. Minister to educate the Members of Parliament to be able to answer the people and the criticism that is being levelled.

Not only that. In our part there is another presentation from the Government of Ceylon Under the Indian and Pakistani Citizenship Act all our

people are being ejected. It is bad in effect. Not only that. They have passed a lawless law under which anybody, any Indian not possessing certain documents might be indicted as an illicit immigrant and the onus of proof is on the accused and not on the accuser. A lot of people are coming up to aggravate the famine condition in our district and in the Madurai-Ramanad district also. To that extent also the famine condition has been aggravated and what little help is being given is not reaching our people adequately. I would submit that the Rs. 47 lakhs given for gruel centres is not what we want. We have got energy, enthusiasm and ability. What we want is the wherewithal to fulfil certain conditions. We have small rivers where anicuts can be built up. There is one river project, Manimuttar. The people of the district contributed Rs. 1,28,00,000 towards that project but that project has been slowed down last year for want of Finance. Even the money that has been contributed by the people had not been spent so far. If we ask them, they say "no finance" and they point the finger to the Centre. Our hon. Minister says "We cannot assist them for their deficit balances." If that is the attitude, what is the meaning of this integrated Five Year Plan? In the implementation of the Plan, if any one portion goes wrong and the Centre is not prepared to take responsibility, to whom will the people of that area look up? How are we to call this Plan as an integrated Plan? I would like an answer to that also.

There is disaffection amongst the staff from panchayats to Parliamentary Secretariat. A lot of things were said on the floor of this House about the loyalty of our officers. The other day a challenge was thrown that if the Government servants were asked to vote for the Government, the decision would go against them and to some extent that may be true. The planners have written very beautiful words.

"The economic conditions of fixed income receivers of the middle and lower middle classes in particular during recent years have undoubtedly been trying. While considerations of seniority are important, given a satisfactory system, in certain cadres, there should be scope for promotion more rapid and more conspicuous than the normal rules provide for" and so on and so forth.

[Shri Thanu Pillai]

It is very good to write but what is the effect. There is disaffection caused by many shortcomings of a very simple nature which can be looked into and rectified by the Ministry easily. They say that a man who puts in honest work must be able to get rapid promotion but there are complaints that unqualified people are being confirmed and promoted whereas qualified persons are not able to get confirmation or promotion.

The middle class people working in the Central Secretariat have been clamouring for P.T.O. concessions. One hon. Member mentioned about it and I want to know whether a reply would be given to this by the Finance Minister. This concession was given after taking into consideration the living conditions and the meagre salaries drawn by these Government servants. Conditions have not changed. The cost of living index has not come down. We are not able to pay adequate dearness allowance commensurate with the cost of living index. This concession was withdrawn for reasons of financial economy. The Central Government at the same time imposed on officers on a higher scale a voluntary cut. I understand that this voluntary cut had been restored but this concession has not yet been revived. Earned leave for these Government servants is meant for recouping their health and they are not able to utilise it for want of facilities.

Mr. Deputy-Speaker: The hon. Member should conclude now.

Shri Thanu Pillai: I would request the hon. Minister to consider this aspect. I also extend this request to the Railway Minister at least to give one-third of the concession.

Dr. N. B. Khare: This Bill is for three purposes, fleecing, hectoring or bullying and law and order and the whole show is managed by two powerful personalities, one belonging to the Indian Congress Service, and one belonging to the Indian Civil Service, one sitting and bullying and the other fleecing. I have deliberately used this word fleecing and the following figures will show to what extent the Indian public is being fleeced and what an enormous burden the Indian tax-payer has to bear.

The total expenditure in 1938-39 worked out on the basis of divided India was only Rs. 56 crores. In 1953-54 it is going to be Rs. 438-81 crores. That is, a rise of 800 per cent. in 15

years. You can imagine what a huge sum is extorted from a poor country like India and dissipated on military expenditure and visionary schemes, by an extravagant, wasteful and corrupt Government.

Shri T. T. Krishnamachari: What was the condition when you were a Minister?

Dr. N. B. Khare: Our military expenditure today has gone up to 400 per cent. higher than the revenue of 1939 without any adequate return.

The statement of the Finance Minister that there has been a marked improvement in our economic condition during the current year is simply amazing—this is Mr. Nehru's style. The chief reason for making this claim is the fall in wholesale prices. That fall was brought about by raising the bank rate to 3½ per cent. in November 1951, by the exhaustion of post-Korean boom, by large increase in world production of all commodities competing in the international markets and by the internal collapse of speculative commodity prices. But this fall has little bearing on domestic living costs. The real decisive test of improvement in the economic condition is not the fall in prices but the fall in the cost of living.

An Hon. Member: He is reading his speech.

Dr. N. B. Khare: These are all figures. I cannot keep these in memory.

Mr. Deputy-Speaker: The hon. Member should not look to his notes.

Dr. N. B. Khare: This living cost has been continuously rising in spite of all the anti-inflationary measures taken by the Government like heavy taxation and control of all kinds including even credit control. This can be verified from the statement No. 15 on page 147—how can I cram this. Sir? In the Reserve Bank of India's Report on Currency and Finance for the year 1951-52, The figures of the cost of living in Bombay as given there are as follows:

Base 1939	100
1949-50	291
1950-51	302
1951-52	314
1952-53	347
	(9 months)

And there is every danger of this cost of living soaring higher and

higher. Food subsidy will vanish in the current year and we shall have to import about three million tons of food grains at heavy costs and heavier freight costs. A large amount of money will be spent on the Five Year Plan which will create a further demand for more food and more consumer goods. Over and above this, Rs. 110 crores of created money will be forced into circulation which will hit hard the common man.

It is said that increased production, both agricultural and industrial, is an argument in favour of this alleged improvement of economic condition. But it should not be forgotten that agricultural production may increase in general without any increase in the essential cereals. Increased production in industries does not necessarily reduce the cost of living. People cannot eat cement or wear steel. The handloom industry is in a bad condition. The production of tea is disturbed by the closing of many tea gardens and the trend in sugar industry is uncertain. When one remembers that all these articles are the factors in reaching the indices of the cost of living, it may be bold to expect an improvement in the economy of the country, but it may not be wise. All manner of foreign visitors give good chits in favour of Indian conditions before departing from this country and Government has reaped rich harvests of these certificates from an endless number of foreigners, but these certificates cannot be a proper substitute for the harvest of wheat and rice. They cannot also bring a solatium to the army of unemployed. No one in this country has given any good chit to this Government. Only the foreigners do it. Even the white caps, some of them, have shown their restiveness on the floor of this House. There is discontent everywhere, among students, petty Government officials, school masters, *patwaris*, *bhumias*, and all manner of people. Under these conditions of the country, our Prime Minister is going to attend the Coronation of Queen Elizabeth II of England who is still our symbolic head. Our association with the Commonwealth may raise the international status of our popular Prime Minister; but it cannot do any good to this country or even to its prestige as an Independent Sovereign Republic. In actual fact, we are merely attached to the chariot wheel of the United Kingdom whose efforts are concentrated on the restoration of the international status of the pound sterling and in securing multiple convertibility for it.

Prof. D. C. Sharma (Hoshiarpur): Is the hon. Member only reading figures?

Mr. Deputy-Speaker: He will read only for ten minutes.

Dr. N. B. Khare: We are told that the Budget is tax-less. It is not tax-less. Deficit financing is the worst kind of taxation. We are told that the middle classes will be helped by the concession in income-tax, by raising the limit of taxable income. How many are paying income-tax? Only seven lakhs in a population of 36 crores. How many are there in the lower income group? About four lakhs. It is all moonshine.

The focal point of this Budget is the Five Year Plan. Our Finance Minister is intent upon raising the money from any quarters by any means whatever to finance this Plan. But, Government themselves are not yet definite and they do not know their own mind about the volume of finances required and the methods by which they have to be raised. The Budget Speech of the Finance Minister is full of wishful thinking, pious hopes and palpable contradictions. The most glaring contradiction is about the total amount to be used for financing the Five Year Plan. Originally, it was given that Rs. 1493 crores would be raised from internal resources. Suddenly, we are told that the figure has been raised to Rs. 2069 crores. Has the country got suddenly richer by Rs. 600 crores? I cannot imagine. It is a most strange contradiction. The second contradiction consists in the swift changes about the need of foreign aid. In 1951, we were told by the Planning Commission that without Rs. 300 crores of foreign aid, no higher target could be achieved. In December 1952, foreign aid was pulled down from its high pedestal. In February 1953, it has again been raised to its high pedestal. No reason is given for these somersaults.

The third contradiction which is most confusing is the importance given to the price levels by the Finance Minister. All these five years, the Finance Minister told us that the one engrossing preoccupation of the Government has been to fight inflation. They said it was a war on inflation. In spite of all the measures of the Government, prices are still rocketing. It has been fought for five and a half years; but still the price level has gone up. Yet, our Finance Minister has suddenly forgotten all that his own Government has said all these years and has come forward describing that the inflationary trend had been brought under control and that the

[Dr. N. B. Khare]

climate is now favourable for high cost economy. This means deficit financing. I wonder if the members of the Planning Commission were a party to all these shiftings, contradictions and vagaries. I think they are not, perhaps. I do not know their inside working. But, I think, they have been overshadowed by the firm attitude and blandishments of these two powerful mighty men and they have yielded. One of them has surrendered completely. It appears that they were appointed not to question, but to co-operate. They have performed their task very well and I congratulate them.

Now, I come to hectoring. Every one knows that in the Kashmir question, Government have bungled. Even Congress Press has now begun to say so. When we say so, we are called traitors, communalists and what not. Law and order is maintained in such a manner that we are prevented from speaking on the subject. Any party, even the Communists who speak in favour of the Government on this are allowed freely. The other day, the Prime Minister made a speech in Delhi. He abused us to his heart's content. I challenge him. Let him have a joint meeting; he may explain his Kashmir policy and any one of us will explain our Kashmir policy and let us see for whom the public votes. His policy is not secular. I am a secular man. Secular means, no discrimination against any creed or community, or in favour of any creed or community. I am quite agreeable to that. But, every action of Government, including Kashmir, is done in favour of one particular community only. Therefore, the policy of the Government is not secular, but "Shekhular".

How is law and order maintained? In this way. Innocent people are belaboured and heads broken. This is a very bad thing and dangerous thing. (Interruptions). I will not praise but curse this Government for this kind of maintenance of law and order.

Pandit K. C. Sharma (Meerut Dist.—South): Is it in order, Sir, to bring such questionable things to the House?

Mr. Deputy-Speaker: There is no question of exhibiting anything before the House. It would not form part of the record.

श्री पी० एन० राजभोज : हमारे देशमुख साहब बड़े अर्थशास्त्री हैं। रिज़र्व बैंक के गवर्नर की हैसियत से आप ने बहुत सारी करेंसी तैयार

की है। लेकिन देश की विकास योजना के लिये और देश का कारोबार चलाने के लिये पैसे की जो जरूरत है उस को मिटाने का रास्ता आप नहीं देख सकते हैं। यह बड़े दुःख की बात है सच बात यह है कि देशमुख साहब ने अपनी आंखें एक तरफ से बन्द कर ली हैं। इस देश के सरमायदारों, जमींदारों और राजा महाराजाओं के पास जो पैसा इकट्ठा हो गया है उस की तरफ आप देखते नहीं हैं और केवल गरीबों के ऊपर टैक्स लगा कर आप देश का कारोबार चलाना चाहते हैं।

एक तरफ हमारी बम्बई सरकार शराब बन्दी कर रही है और इस प्रयोग में १२ करोड़ रुपया फिजूल गवां रही है और दूसरी तरफ लोग भूखे मर रहे हैं। हमारे अर्थ मंत्री बम्बई सरकार को क्यों नहीं डांटते। असल बात यह है कि सारे देश का ध्यान रखके योजना कायम करने की जरूरत है और वह योजना ऐसी होनी चाहिये जिस से जल्दी से जल्दी फायदा पहुंच सके।

देखिये हमारे महाराष्ट्र में सब से अधिक आवश्यकता फौमीन का सामना करने की है। वहां क्षरण की योजना चाहिये। लेकिन अगर दस साल बाद क्षरण की योजना पूरी हो तो उस से क्या फायदा हो सकता है। लोग तो आज भूखे हैं, उनको आषार मिलना चाहिये। इसी लिये ऐसी इर्रिगेशन की योजना हाथ में लेनी चाहिये जिस से थोड़े ही दिन में किसानों की खेती सुधर जाये। आज जरूरत है छोटी छोटी योजनाओं की जैसे कुबें खोदना, छोटे क्षरण बांधना, तालाब तैयार करना। इस काम में करोड़ों रुपये भी नहीं लगेंगे और लोगों के जीवन में जल्दी सुधार भी हो जायेगा। लेकिन हमारी सरकार तो बड़ी बातें करती है और उस को तो बड़ी योजनायें दिखाना अच्छा

लगता है। छोटी छोटी योजनाओं में उस का दिल नहीं लगता।

सवाल तो पालिसी का है। अछूतों के लिये सरकार ने कुछ पैसा मंजूर किया है। लेकिन इस से काम नहीं होगा। अछूतों के लिये ही नहीं बल्कि सारे लोगों के लिये मुफ्त में शिक्षण होना चाहिये। अछूतों को जमीन मिलनी चाहिये। जब तक उन की आर्थिक हालत नहीं सुधरती तब तक उन का भला नहीं हो सकता।

मैं इसके लिये एक अपील करना चाहता हूँ कि जो पंच वर्षीय योजना है उस में सब लोगों की सहायता होनी चाहिये। आप हम लोगों के लिये इस में कोई अच्छी योजना बनाएं, आर्थिक मामलों के बारे में और ऐजुकेशन के बारे में। थोड़ा थोड़ा स्कालरशिप तो आप दे रहे हैं, उस को मैं मानता हूँ, क्योंकि जो कुछ हो रहा है उस के लिये तो बोलना चाहिये। लेकिन कम से कम कम्पलसरी ऐजुकेशन देश में नहीं होती है तब तक हमारा गरीब देश कैसे आगे बढ़ेगा। इसलिये कम से कम हमारी परिस्थिति सुधारने के लिये, कम से कम अछूतों के लिये तो आप कुछ करो। दूसरे ऐजुकेशन का सब से बड़ा सवाल है। तीसरी बात यह है कि हम लोगों के लिये देहातों में स्टीगल एड मिलनी चाहिये। हम गरीब लोग जाते हैं तो उन के पास पैसा नहीं होता, कैसे वकील कर सकते हैं। खराब परिस्थिति है।

चौथी बात यह है कि हमारे गृह लोग जो गांवों में काम करने वाले हैं उन की हालत तो कुत्ते की जैसी खराब है। उन को तनख्वाह दो दो तीन तीन रुपया ऐवरेज में पड़ती है। तो सेंट्रल गवर्नमेंट बम्बई गवर्नमेंट को दबा सकती है, बोल सकती है, कि देश की हालत को सुधारने के लिये कुछ न कुछ करना चाहिये।

79 P.S.D.

एक बात मैं यह कहना चाहता हूँ कि जो ऊंचे आफिसर लोग हैं वह हमारे लिये अच्छी तरह से ध्यान नहीं देते—बड़े सख्त रहते हैं जैसे विलायत से आ गये हों। मैं समझता हूँ कि आई० सी० एस० आफिसर्स जो हैं उन में नेशनैलिटी आनी चाहिये। उन को समझ लेना चाहिये कि हमारा देश स्वतन्त्र हो गया है। उन को अपनी पुरानी आदत सुधारनी चाहिये और अच्छी तरह से काम करना चाहिये। इस के लिये उन को स्ट्रिकट इंस्पेक्शनस देने चाहिये।

मेरी एक खास विनती और है और वह यह है कि एक सैपरेट मिनिस्ट्री अछूतों के लिये हो जाय तो हमारे लिये अच्छा हो जायगा, क्योंकि जैसे रिफ्यूजीज के लिए अलग रिफ्यूजी मिनिस्ट्री बनी है तो रिफ्यूजी काम के लिये कितना खर्च हो रहा है। उन के लिये तो बहुत खर्चा हो रहा है। उस दिन फायनेंस मिनिस्टर ने प्रश्न के जवाब में कहा कि रिफ्यूजीज के लिये हम कितनी सहूलियतें दे रहे हैं। लेकिन सच्चे रिफ्यूजी तो हम लोग हैं, सच्चे दरिद्र तो हम लोग हैं। हमारे लिये करोड़ों रुपये खर्च नहीं होते हैं तब तक आप की पंच वर्षीय योजना सफल नहीं होगी, यह देखने में ही ठीक रहेगी।

एक बात मैं पंडित नेहरूजी से भी कहना चाहता हूँ कि उन को अपना दिमाग शान्त रखना चाहिये। वह हमारे लिये कभी कुछ नहीं बोलते। हम कुछ कहते हैं तो वह कहते हैं कि यह जातिवाद है। यह जाति का झगड़ा नहीं है, यह मैं पंडित जी को याद दिलाना चाहता हूँ।

Shri M. S. Gurupadaswamy: The Finance Minister seems to be dangerously complacent regarding his Budget proposals. He seems to think that the policy that he is pursuing today is the

[Shri M. S. Gurupadaswamy]

best in the circumstances. I beg to differ from that point of view.

A budget, if it is to be called a good budget or a proper budget, must fulfil two conditions. The first condition is: the Finance Ministry or the budget should take into consideration the total outlay available in the country—both public and private outlay. The second condition is: the budget should take into consideration whether that total outlay is adequate to meet the demands of full employment. In other words, the datum line for a budgetary policy is manpower. The entire manpower that is available in the country should be properly and gainfully employed. The budget should be prepared to realise this end. Then only it can be called an economic budget. From this point of view I say that the budgetary policy enunciated by the Finance Minister is not progressive; it cannot be called the budget of the Millions, the budget of the common man.

Today, the unemployment figure is rising, and it is assuming enormous proportions. It is almost bordering on a crisis. I want to know from the hon. Finance Minister what concrete steps he has taken to meet this crisis. If he has followed a correct budgetary policy, then he should have assessed the entire outlay available in the country, both private and public. But, here he has taken only one outlay. That is, he has taken into consideration the public outlay only. He has not taken into consideration the private outlay that is available. This way the Budget has failed, and the Finance Minister has missed his bus.

Everywhere, both in the Government factories and departments as well as in private industries, retrenchment is going on, and no uniform policy is followed in the matter of retrenchment. To make my point very clear, I may draw the attention of the Finance Minister and also of the Minister of Commerce and Industry to a very late case. In the Textile Commissioner's Office, Bombay, recently about 600 people are threatened with retrenchment. Already, nearly 300 people have been discharged from service. While doing so, the method adopted is very curious. People who have put in more than six years or seven years of service but who are non-graduates have been discharged, whereas people who have joined later, mainly because they are graduates, have been retained. The principle of seniority is not taken into consideration at all. Further, I want to bring home to his mind that the policy

of retrenchment is not uniform even in Government departments. Take the case of the Railways. There, if an employee serves more than one year, he will have a permanent status. Even if he is discharged from service, he will be given all the privileges and benefits of a permanent employee. In the case of private concerns also, there are rules that employees who have put in more than one year of service cannot be turned out as temporary employees. Even if they are discharged from service, they will get all the benefits of permanent employees. But in the case of employees of Textile Commissioner's Office, different procedure is followed. This policy of discrimination is very irrational and it has hurt many hundreds of employees. So I want the hon. Minister to clear his policy with regard to retrenchment.

Many hon. Members have referred to the development of industries and production and the like, but they have not referred to the question of the development of our mineral resources. I want to refer to that question. Today, our country is suffering from lack of policy on the part of the Government with regard to the exploitation and utilisation of mineral resources. There is no clear programme. There is no proper plan. For example, manganese ore is exploited, but it is exported. It is a very strategic mineral. It can be used for alloy steel. Again chromite is available in large quantities in Mysore. That is not exploited. That also is a very important material that can be used for the manufacture of alloy steel. That is not done. I have no time to refer to individual minerals, but this Government is not exploiting the mineral resources of India properly, nor using them fruitfully. Take the example of coal. Coking coal is now used for heating purposes. That can be used for a more important purpose. The coking coal reserve is very limited in our country. It may be exhausted within 50 years, and there is no plan on the part of the Government to preserve the use of coking coal for a more important purpose.

Again, there are many gold fields all over India. They have not been surveyed and exploited. The Kolar Gold Fields have been exploited by a foreign company, and the return that we get is very low. No attempt has been made either by the State Government or by the Government of India to nationalise it. And only place where the gold ore is available in large quantities has been given over to foreigners. Again there are.....

Mr. Deputy-Speaker: Instances may be multiplied, but this is not the occasion. I shall now call upon the hon. Finance Minister.

Shri M. S. Gurupadaswamy: I shall conclude now by appealing to the hon. Minister to set up a Mineral Development Corporation to look into the whole matter and draw out a plan for exploiting and using all the minerals in a proper way.

Shri C. D. Deshmukh: This debate has raised more or less the same ground which was covered by the general discussion as well as the second reading debate, and I shall not go over some of the points with which I dealt then.

As regards compensation, I shall not complicate an already complicated situation by adding to what I have said then. I take note of what the hon. Member said, in regard to his version of this affair.

Shri Gidwani: You can refer to the minutes of the proceedings.

Shri C. D. Deshmukh: With regard to Shri Basu's observations, I think he is taking a somewhat jaundiced view of the situation in regard to employment. I do not quite know what he meant when he referred to the jute industry. All I said was that one has to choose between two horns of a dilemma, so to say. If we wanted to modernise the jute industry and be in a position to pass on something more to the producer of raw jute, then it involves the throwing out of employment of a large number of workers. That is not a problem which is facing us today, but it does in fact prevent us from taking any more effective action in regard to the minimum price of jute.

Then in regard to tea, I think I shall have occasion to refer to the fact that many of the tea gardens have already reopened, as a result of the gradual improvement in the conditions, that has taken place, partly owing to factors which were not beyond our control, and partly, we flatter ourselves, owing to action that we ourselves have taken or is contemplated.

In regard to the general question of employment, which has been referred to not only by Shri Basu, but by some other hon. Members, although the matter is very important, I do not

really see what one can do except to increase the pace of our investment expenditure, and that we are doing so is proved by the fact that we have exposed ourselves to the criticism that we are now undertaking measures in regard to deficit finance, which threaten the standard of living of the common man. Therefore, we are between two fires. If we have recourse to deficit finance, then we are told that we are threatening the standard of living of the common man. If we do not have recourse to deficit finance, then of course, the unemployment problem remains a much bigger one than it would be with the investment expenditure. I myself do not consider that there is any other solution to this problem except promoting the economic development and accelerating the economic development of the country.

It is quite possible to quote figures from time to time showing how unemployment is fluctuating; maybe that it is increasing, maybe that there is a great deal of frictional unemployment, but I am persuaded that if one has formed a correct judgement in regard to the pace of investment expenditure, then one must be in a position gradually to bring the problem of unemployment under control.

There was some reference to the number of people retrenched in various establishments, as for instance, in the Textile Commissioner's Office. Now the actual notice of retrenchment has been given. I understand, to only 130 people, but I do not wish to join issue with the hon. Member as to the number of people. The point is that you cannot abolish or modify controls with the disappearance of scarcities, in these offices without some retrenchment in the office which was established for the purposes of exercising or reinforcing or enforcing control.

Shri M. S. Gurupadaswamy: What about the assurance given by the hon. Minister of Industries?

Shri C. D. Deshmukh: Efforts are always made not only in this establishment, but in all establishments, to absorb the personnel which is retrenched, in some other Government establishment; and there are rules laid down to this end by the Home Ministry. For instance, although all are borne now on the employment registers, there are rules that their rights for employment have to be considered first; they are to be given preference,

[Shri C. D. Deshmukh]

and also from time to time, arrangements are made in order to find out whether people thrown out of employment in one zone cannot be employed in another zone. In other words, all practical means that could be taken to temper the wind, so to speak, to these shorn lambs, are adopted. But there will always be, I fear, a certain amount of residual unemployment arising out of retrenchment, but if we are going to have additional resources for investment, I do not see how we can dispense with either retrenchment or rationalisation. Surely, if the same amount of money as is saved by retrenchment is employed in investment, then it is bound to yield a larger return, and that must be to the benefit of the country.

Then, Shri Basu raised the question of the additional advantage given to subsidiary companies. The point I wished to make was that as a whole on foreign establishments, we do not expect that there will either be an advantage or a disadvantage, that is to say, the rate of tax on branches has been increased, and as a counterweight, there has been some reduction made in the taxation of subsidiary companies.

As a matter of fact, there is a second transire of increase, which perhaps we shall have to adopt so far as the branch companies are concerned, before the disparity to which I made a reference is more or less removed, and therefore there may be further proposals next year which may affect only the branches. Then we shall find that we have succeeded in removing that disparity. Therefore, it is not a unilateral advantage which has been conferred on foreign investments.

In regard to the various other issues which are of a very general nature, which have been raised by Shri Basu, replies have been given from time to time, and I do not think it is true to say that there is any difficulty in the transmission of "know-how" from foreign investments. The process has been going on very continuously, and so far as new investments are concerned, certainly, very great care is taken to ensure that our own people are properly trained, and our capital made capable of holding the highest voices. Actually if we look back over the last five years, while new investment has been coming in dribblets, there has

been on the whole more disinvestment than investment. And I believe that in many trading concerns, now, there is no further scope for expansion at all; in other words, the capital issue control authorities do not now agree to any foreign investment which has the purpose merely of undertaking some trading transactions in this country. So, I submit that the situation is not as bad as was painted by Shri Basu.

5 P.M.

Then there was one proposal which he made which, I think, would not be in the interests of the country, that is to say, use of force in order to ensure that part at least of the yield on foreign investments is compulsorily ploughed in. I do not think that in a matter like this force brings in the greatest dividend. In other words, nobody knocks on an open door, and it is a policy of open door that we have been practising. We have known from experience that if there is no risk threatened to an investment, then people are content to plough in the current yields on their investment in the enterprises in the country. If, on the other hand, there is any danger of any bar being placed on remittances or dividend or capital, then there is the greater possibility of no investment coming in at all.

Shri M. S. Gurupadaswamy: Here also China's case may be repeated.

Shri C. D. Deshmukh: In China, as far as I can see extra-legal means were employed, and that is not the policy that we have been following. We have undertaken to treat everyone with fairness and equity and we have given an assurance that whoever brings in capital will be allowed to take it back whenever he wants to take it back. Whoever reaps any dividends here will be allowed to remit them to his country. I have never been able to understand what objection there is to allowing people to take out the return on the capital which they have invested. It is always possible to add up figures and say 'This is 30 crores or 40 crores or 50 crores'. But we are hiring the money, and if we are hiring the money I do not see why we should not allow, after income-tax has been paid, the residue to be sent out to the parent country.

Shri Nambiar: That is train (Interruption).

Shri C. D. Deshmukh: I have not got very much time. So I do not think I should take notice of these interruptions.

Then there was the extraordinary complaint made by the hon. Member who has not waited for an answer. He said something—fleecing and hectoring. If it is fleecing, I think it is the golden fleece which brings good fortune to the country. He has picked out all the factors which, according to him, betoken that the country is in a very parlous condition indeed. Well, if that brings solace to his soul, he is welcome to live in that illusion. I am quite convinced that there has been a very distinct improvement in the economic conditions of the country. And even in regard to the figures which he quoted, if he will only take the trouble to look at the latest figures, he will find that even the cost of living index has fallen in almost every centre except Bombay. Bombay is a very special case because they used to get a very large subsidy on their cereal consumption as one of the biggest industrial cities. With the removal of that subsidy last year, their cost of living index went up. But with the exception of the State of Bombay, as I said, where the food index for the year rose by about ten per cent. the cost of living indices have generally fallen all over the country in varying degrees. I shall not take the time of the House by quoting the actual figures.

Mr. Deputy-Speaker: The hon. Minister may take a few more minutes, if he wants.

Shri C. D. Deshmukh: I have sheaves of figures that prove this point. I am certain that that point cannot be disproved.

[SHRIMATI AMMU SWAMINADHAN in the Chair.]

I do not think there are any other points which I should answer at this stage and, therefore, I shall now content myself with the observations I have already made and commend my motion.

Shri K. K. Basu: May I ask a question?

Mr. Chairman: No question now.

Shri K. K. Basu: One point must be answered. The other day the Finance Minister said he was considering the possibility of seeing that personnel retrenched in one department of the

Government were absorbed in another. I referred to cases of retrenchment in the Disposals Department when there was recruitment in the Income-tax and other departments of equally qualified persons.

Shri C. D. Deshmukh: I shall be very pleased to investigate all these cases if the hon. Member will send me the details. It is very difficult to deal with a matter like that in a general way.

Mr. Chairman: The question is:

"That the Bill, as amended, be passed".

The motion was adopted.

CENTRAL EXCISES AND SALT (AMENDMENT) BILL.

Clause 2.—Amendment of First Schedule etc.)

Shri Nambiar (Mayuram): I have carefully gone through the Bill and I find that some relief is being given to the tea garden owners. It is welcome at this stage, but at the same time, I have my own fears whether this relief will actually go to the workers who are retrenched. On that point no specific information is forthcoming yet. According to my information and the information given by the hon. Minister of Commerce and Industry, recently about 117 tea gardens closed down and about 60,000 men were rendered unemployed. Out of these 117, according to the information supplied by them, only 23 gardens are reopened. The remaining gardens are still closed. Further, out of the 60,000 men only 20,000 are re-employed and 40,000 are still unemployed. We do not know whether even in the gardens opened they have work all the seven days or only for four days. My information goes to show that only four days' work is there in many gardens. Apart from that, the amenities granted to the tea garden employees, namely, supply of foodstuffs at subsidised rates etc. have not been restored yet. Formerly they used to get foodstuffs at the rate of Rs. eight or Rs. nine a maund whereas now it has gone up to Rs. 17-8. Previously, in July last, when the same issue was raised here, both the hon. the Minister of Commerce and Industry and the Minister of Finance promised us that they would try to restore all the amenities and they would do their best. But what happened was that the Assam Government as well as the West Bengal Government were helping practically, rather than opposing the management in this