

the electoral roll. I think it is much better we should rather be guided in these matters by the opinion of the Election Commissioner who has to do all these things. I think he has been holding consultations with the different parties also. From this point of view it is not a question of this Government, it is a question more of administrative convenience and the maximum we can do has been done.

Therefore, I am prepared to accept the first amendment of Shri Sadhan Gupta and not the others.

Mr. Chairman: I shall now put that amendment to the vote of the House.

The question is:

Page 1, line 9—
for "1st day" substitute "16th day".

The motion was adopted.

Mr. Chairman: I take it that the other amendments are not pressed.

The amendments were, by leave, withdrawn.

Mr. Chairman: 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.

Clause 3 was added to the Bill.

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

Shri Pataskar: I beg to move:

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

Mr. Chairman: The question is:

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

The motion was adopted.

FINANCE (NO. 2) BILL AND
FINANCE (NO. 3) BILL.

Mr. Chairman: We shall now take up the Finance Bill.

Shri U. M. Trive- li (Chittoor): May I point out that there is no quorum in the House?

Shri A. M. Thomas (Ernakulam): When such an important Bill is being moved there must be at least quorum.

Mr. Chairman: The bell is being rung. There is quorum now. The hon. Minister may move his motion.

The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari): May I with your permission take up both the Bills, Finance Bill No. 2 and Finance Bill No. 3 together? Discussion might be had on both the Bills together and when the voting comes we can take them separately.

Mr. Chairman: Yes.

Shri T. T. Krishnamachari: I beg to move.

(1) "That the Bill to increase or modify the rates of duty on certain goods imported into India and to impose duties of excise on certain goods produced or manufactured in India and to increase the stamp duty on bills of exchange, be taken into consideration."

(2) "That the Bill further to amend the Indian Income-tax Act, 1922, for the purpose of imposing a tax on capital gains and for certain other purposes and to prescribe the rate of super-tax on companies for the financial year 1957-58 be taken into consideration."

Mr. Chairman, when I sought leave of the House to introduce the Bills on the 30th of November, I explained at considerable length the reasons for bringing forward these two measures and I do not, therefore, propose to take up the time of the House in repeating what I said that day. Even so, I think it would perhaps be worthwhile just mentioning some of the salient reasons for the step that we have taken.

As I have said in my speech that day, the resources of the Plan needs to be augmented, and it has to be the constant endeavour of Government to see that the Plan does not suffer

[Shri T. T. Krishnamachari]

merely because of the absence of resources. Added to that, a situation has developed today in the international field which calls for a great deal of caution in regard to the utilisation of our resources, and also certain positive steps in regard to the protection and the utilisation of those resources.

One of the main things that we have to consider in this connection is the conservation of foreign exchange. The third factor which made me bring forward these measures is again to see that certain tendencies that might arise, because of the fact that we are undertaking a Plan of these dimensions which necessarily arise in an expansionist economy, are kept under check. For this purpose certain measures are being taken which are in the nature of permanent measures and which will come into the statute-book and become part of the permanent taxation laws of the country. Others will probably have to be changed as time goes.

I have also indicated to the House broadly the conservative estimate that we have in regard to the additional resources that the Plan will get by means of these measures. Some of the newspapers have mentioned that the immediate benefit that we will get would be of the order of Rs. 2 crores, and therefore there is no necessity for the Government having undertaken these somewhat drastic measures. That is their view. I would like to state that the immediate augmentation to our revenue will not be negligible. It would not be Rs. 2 crores. It is likely to be more. It is perhaps Rs. 4 crores or even a little more. But the main fact which I would like to lay emphasis upon is that action is necessary because of certain circumstances that are now taking place, and that cannot be put off till May, 1957.

It is also necessary that we should impose certain conditions on companies, both in regard to the quantum of the dividend that they can declare

and the utilisation of a good part of their reserves, and they should be told well ahead, so that they can plan their dividend policy and their programme of expansion during the coming year. So, I feel that the steps that we have taken are not merely timely but also necessary.

One or two other matters have been raised and doubts have been expressed in public. The main thing is with regard to the operation of these provisions in regard to 23A Companies which compel a company to declare dividends and, at the same time, to pay taxes, and which compel the companies to deposit with Government or any agent that it might name, a certain proportion of their undistributed profits earned during the year or of their free reserves earned in the past. I would like at once to say that it will be our endeavour to see that the mechanism which will be created for the purpose of enabling the companies to expand and utilise their reserves in the direction in which Government consider it desirable not only for the progress of the country but also for the implementation of the Plan, would be such as to make it easy for them to get a quick decision from time to time. Of course, oftentimes people say that a decision, right or wrong, should be given quickly. I would certainly give that assurance on the floor of the House that I will try and see that the mechanism gives a decision fairly quickly. Of course, if the decision is not one that is palatable to them, there will be opportunities provided for a review.

One other matter which I would like to mention in this connection is this. I promised, at the time when I introduced these Bills, that I shall give some concessions in regard to the capital gains tax in respect of what one might call the middle-class people who sell one house they possess or one of two houses they possess. I have tabled an amendment in order to meet such contingencies.

If a person sells his house for which he realises Rs. 25,000, we shall not assess the capital gains earned thereon provided he is a person who does not own probably more than two houses or does not, at any rate, has a house of the value of Rs. 50,000 in the aggregate. I have tabled that amendment in pursuance of the promise that I gave to the House when I brought these Bills forward.

I do not think it is necessary for me, at the present stage, to dilate further in regard to the provisions of the Bill. I have no doubt that the hon. Members would scan the Bills and dissect them and expose the defects in them and ask for an explanation when necessary. I am also sure in my mind that the hon. Members would like to go beyond the Bills themselves and also to the general economic situation which in part happens to be the justification for my producing these measures. I do hope to be able to receive very valuable advice from such hon. Members as would intervene in the debate. So far as I am concerned, I have been promised a rich fare, and the hon. Members have asked 8½ hours to discuss this motion. I am not saying it in a light spirit, but I do feel that at the present moment, the task that we have set ourselves to is such, that any constructive advice that comes from any hon. Member from any quarter will be highly welcome and it would be treated with a great deal of respect and would be examined and utilised to the extent that it is possible for us to do. Therefore, at the present moment, I shall content myself with these preliminary remarks and I commend these two Bills for the consideration of the House.

Shrimati Renu Chakravartty: Which is the amendment that has been tabled by the hon. Minister to cover the cases about the selling of one house, etc.? Is it a new amendment?

Shri T. T. Krishnamachari: I do not think it has come. It has just now come, I think, to me. It will be available to the hon. Members.

Shrimati Renu Chakravartty: It is not circulated.

Mr. Chairman: It will be circulated to the Members.

Motions moved:

(1) "That the Bill to increase or modify the rates of duty on certain goods imported into India and to impose duties of excise on certain goods produced or manufactured in India and to increase the stamp duty on bills of exchange, be taken into consideration".

(2) "That the Bill further to amend the Indian Income-tax Act, 1922, for the purpose of imposing a tax on capital gains and for certain other purposes and to prescribe the rate of super-tax on companies for the financial year 1957-58, be taken into consideration".

MOTION RE REPORT OF GOVERNMENT INSPECTOR OF RAILWAYS ON DERAILMENT OF 319 DOWN EXPRESS.

Mr. Chairman: The House will now proceed with the motion to be moved by Shri Feroze Gandhi.

14.59 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Shri Feroze Gandhi (Pratapgarh Distt.—West cum Rae Bareli Distt.—East): I beg to move:

"That the Report of the Government Inspector of Railways on the derailment of 319 Down Express at a girder bridge between Jangaon and Raghunathpalli stations on the 27th September, 1954, resulting in the death of 136 persons be taken into consideration".

Shri T. B. Vittal Rao (Khammam): Sir, this report by the Government Inspector of Railways comes under the Ministry of Communications. I would like to know whether both the Ministers will reply to this debate or only one Minister, that is, the Railway Minister. The report, as it is before