

sustained injuries at Madanpur on 4th March 1959. Three Pakistani soldiers and one civilian raided the house of an Indian national Bharat Namasudia of village Ratanpur on 28th February 1959, assaulted the inhabitants, extorted Rs 1,700 from the owners and molested two ladies. The Government of Assam have asked the Government of East Pakistan to punish the culprits, return the loot and compensate the injured. Our High Commissioner has also been asked to take up this matter at Karachi. No other reports of damage to property have been received.

A ceasefire was arranged between the Deputy Commissioners of Cachar and Sylhet and firing ceased along the entire Cachar border on 8th March, 1959.

No encroachment of Indian territory took place in either of the two areas mentioned above and Indian forces returned fire, when necessary.

The attention of the Pakistan Government has been repeatedly drawn to these incidents of wanton aggressiveness of their border forces. Prime Minister had earlier mentioned in the House that such firing does no good to either country. Similar sentiments have been expressed by the Pakistan leaders but firing incidents go on. Under the circumstances, while we all regret the inconvenience and injury caused to innocent Indian citizens in these border villages, we have to take whatever measures are possible to guard our borders and our citizens adequately and this has been done.

Shri Hem Barua (Gauhati): May I know, Sir, whether the families of those persons who were killed—Munwar Ali—were paid compensation or not, and whether those women who were molested and had to be sent to hospital will receive any compensation?

Shrimati Lakshmi Menon: I want notice to answer those points.

12.19 hrs.

GENERAL BUDGET—GENERAL
DISCUSSION—contd

Mr. Speaker: The House will now take up General Discussion of the Budget. Shri Rameshwar Tantia was in possession of the House.

Shri Rameshwar Tantia (Sikar): Mr. Speaker, Sir, when I was speaking about the implications of income-tax on companies you were pleased to observe that we will get a chance to speak on that later when the Demands for Grants are taken up. Therefore, I will now take up the excise duties proposed in the Budget.

Just now there is no excise duty on power-looms which are less than four in number at a particular place, and there is a small excise duty on powerlooms where there are 4 to 25 powerlooms at a place. It is all right, that there is no excise duty on those powerlooms where there are less than four. But the powerlooms are divided in such a way that even 40 powerlooms under one management are divided into ten units of four just to escape the excise duty. Apart from that, Sir, the cotton mills industry comes next to the cinema industry, which is the biggest industry in India. 40 cotton mills have closed down and more are to be closed. That is the situation. So, I request the hon. Minister to have a stricter check on powerlooms and if these looms are installed in bigger units, then those units should be considered bigger units instead of smaller units.

I now turn to khandsari. Much has been said about khandsari in the House, and I also want to add my humble suggestion in this regard. Some consideration should be given for relief from this excise duty on khandsari. Khandsari is a growing incentive among the growers of sugarcane in my State. Further the sugar industry will also be affected by this. If the duty is imposed just now on khandsari, the incentive will be taken

[Shri Rameshwar Tantia]

away. There are sugar mills in certain States but what about the sugar-cane growers and what will be the situation of the sugar-cane growers?

I may add here that although the extract of sugar from khandsari is not so big as in the case of sugar mills, the molasses from khandsari are eaten by people and that is another ground for not imposing any excise duty on khandsari. Therefore, the duty imposed on khandsari may be reconsidered.

I now come to common tea. Although a small reduction of two paise has been granted in the exports of tea, common tea is a separate question from the other varieties of tea. Common tea is grown also in East Africa, Indonesia, Ceylon and China. By the export of tea we save foreign exchange of Rs. 139 crores out of our total foreign exchange of Rs. 600 crores. Out of that, about Rs. 50 crores is from common tea. If we do not save this industry before time, we will not only lose this big foreign exchange which we are earning, but, at the same time, the economy of Assam tea gardens, and especially Cachar gardens, will be hit. Cachar is dependent on the export of common tea. I think three or four days ago the Minister of Commerce and Industry gave us the information that 11 gardens are affected. Lay-off has been effected and 17,000 labourers are out of employment. But it is not only a question of 11 gardens. If this will be the policy about tea, then probably all the 100 gardens or at least half of them will be closed.

There is another aspect about the common tea. There is a tax of one anna per pound levied by the Assam Government as road tax on tea, that is, the carriage tax. Again, the West Bengal Government imposes another tax on tea—something like the octroi tax. I would request the Government to tell the State Ministries to take away at least this road tax and the

octroi tax on tea which is already having keen competition from the foreign countries.

Now, I come to a very vital question about jute. Before partition, we were growing 32 lakh bales of jute. After partition, within these twelve years, we have had a big inducement and propaganda from the Ministry of Agriculture about the growing of jute. In fact, our mesta production is 70 lakh bales, while the jute mills consumption is only 63 lakh bales. This year, although the prices of other commodities have gone up, the jute prices have gone down to such a level which was not seen during the last 20 years. The members of the Bihar Legislative Assembly sent a memorandum to the Prime Minister, as well as some Members of Parliament, pointing out the sad plight of jute cultivators and traders. The Minister of Commerce and Industry said that there is enough export of jute. But I would say that there is nothing much up till now. The jute prices, instead of showing any upward tendency, as the Minister of Commerce and Industry said, are just the same or even lower than they were before the last six months. More jute should be exported, and there are buyers from foreign countries like West Germany, United Kingdom and Italy.

But there was a small duty imposed sometime ago on jute which was to be exported. But that duty is still on paper, because there were earlier shipments of jute. That duty is still on paper. Therefore, if the Finance Minister will kindly clear up the matter and see that there will be no export duty, it will be good. It will give relief to about 2 lakh workers and cultivators in the industry and bring the jute prices much higher. Further, say, during the next year, the crop may be grown more extensively and we may earn Rs. 4 lakhs or more by way of foreign exchange through export of jute.

I now come to the expenditure side I am thankful to the Finance Minister for having reduced expenditure on defence by Rs. 24 crores. But there is more scope for reduction on this account. But when there are other countries which are putting millions and millions of money in defence for rockets and so on, our expenditure is perhaps on building or buying second-hand ships, as Shri Raghunath Singh said the other day. The second-hand ships will not help the country. And there cannot be any global war just now. Again, for instance, Egypt would have gone down in five or seven days had it not been supported by other powers. I may suggest that instead of effecting greater reduction in expenditure on defence we can put that money in more enduring and good works.

I would now like to say a few words on civil expenditure. That is one thing which most of the hon. Members have criticised. I would also say that the civil expenditure is growing bigger and bigger. The point is this. There is a grandfather in the family, say, and he wants money, and he has a big heart and toils hard. In this way, the Finance Minister and the others have to earn money, and they have to earn with a big heart, though criticism is made from everywhere. But that money is spent by other Ministries which, may I say, may be considered as the spoilt children of rich men. If that term is not parliamentary then they can be considered as extravagant. Also, that hard-earned money should be checked by the Finance Ministry. Although we have got the Estimates Committee and the Public Accounts Committee they make criticisms generally after the thing is over. So, I would suggest that the Finance Ministry should have a check on the expenditure of the other Ministries, and should see that this expenditure which is so big now is reduced. If that suggestion is accepted, I think that civil expenditure will go down. But if it is felt that efficiency will suffer, they can put

a separate department for checking, if it is needed. They can appoint a separate Minister for that with a separate portfolio, if it is needed.

We were told yesterday by Acharya Kripalani that the civil expenditure has gone up from Rs. 40 crores to about Rs. 222 crores within the last ten years. I do not know wherefrom he got this figure. If these are the figures, they are too big. The country needs economy. On the one side, we are putting a duty on khandsari, diesel oil and motor tyres. On the other side, if we cannot save the big expenditure which is going on either in the military or in the civil departments, then, that will be a definitely bad procedure. We should see that more and more efforts should be taken to save the rising expenditure on buildings, on big departments and the personnel in the Government.

डा० राम सुभाष सि० (महमराम) -
अध्यक्ष महोदय अब बजट पहले की तरह केवल आय व्यय का लगा मात्र नहीं रह गया है। हमारे विन मंत्री महोदय ने बतलाया है कि इसके आधार पर हमको योजना को ज्यादा प्रगति देनी है। और योजना का निर्माण हमाला हूँ है कि हमें एक नये ढंग के समाज का मजन करना है और वह नया समाज वर्गहीन समाज होगा। तो मैं तो इसी आधार पर बजट पर कुछ कहना कि वर्गहीन समाज की स्थापना करने में हमारी योजना तथा स्वतंत्रता प्राप्ति के बाद के जितने भी बजट आये, उन सभी में कितनी प्रगति की है।

जहाँ तक प्रथम बार द्वितीय पंचवर्षीय योजना में सफलता प्राप्त करने का सवाल है, हम सम्बन्ध में मैं आकड़ों में ज्यादा जाना नहीं चाहता क्योंकि इस बारे में दोनों ओर से बहुत से मित्रों ने आकड़े दिये हैं। लेकिन मैं यह कहना चाहता हूँ कि कृषि का उत्पादन घटा है। सन् १९४६ में जहाँ उसका सूचक संकेत

[डा० राज मुखर्ज सिंह]

१०० था बहा पिछले वर्ष वह केवल ११३ ४ हुआ, लाखों कोशिशों के बावजूद।

औद्योगिक क्षेत्र के लिए जो कच्चा माल चाहिए उसकी कीमतें कम हुई हैं हालांकि और तमाम चीजों में कमी नहीं हुई है। पिछले दो सालों में उद्योग के क्षेत्र में भी उत्पादन में कमी हुई है। १९५७-५८ में राष्ट्रीय आय दो प्रतिशत घटी और थोक चीजों की कीमतों में बहुत ज्यादा वृद्धि हुई। १९५२-५३ में सूचक संक १०० था, जो कि बढ़ कर ११४ ५ हो गया है। लोगों के रहन-सहन के दर्जे में कोई फर्क नहीं पड़ा—उस में गिरावट आई। उन के खर्च में बहुत ज्यादा वृद्धि हो गई। मार्च १९५८ में सूचक संक ११० था और दिसम्बर १९५८ में वह ११९ हो गया। जहां तक बेकारी का सम्बन्ध है, वह तो सारे देश में गोज गोज बढ़ रही है। योजना की प्रगति की बात कही जाती है, लेकिन बेकारी बहुत ज्यादा बढ़ रही है। एम्प्लायमेंट एक्सचेंज के रजिस्ट्रारों के आँघार पर १९५७ के अन्त में ९० लाख बेकार थे जो कि अब ११८ हो गये हैं लेकिन ये आकड़े देश की बेकारी को पूरी तरह प्रतिबिम्बित नहीं करते हैं—वे कुछ हद तक ही उस की प्रतिबिम्बित कर रहे हैं क्योंकि अधिकांश लोग ऐसे हैं जो या तो अपना नाम दर्ज कराने ही नहीं हैं और या दर्ज कराने में असफल हो जाते हैं। इंग्लिश पाठशाला के बारे में इंग्लिश मिनिस्ट्री की तरफ से और सब की तरफ से दावे किये गये हैं लेकिन उस में भी बालीय लाख एक्ट जर्मनी के लिये पानी की क्षमता बकाय हो गई। मैं उन बातों का जिक्र इसलिए कर रहा हूँ कि हम देखें कि हम कहां तक अपने देश में एक वर्गहीन समाज बनाने की ओर प्रगति कर पाये हैं। युनाइटेड नेशन्स की टीम चांगू तरफ घूम कर दिल्ली आई। उस ने यह आशंका प्रकट की थी कि कलूनीय डेवलपमेंट के कार्यों में कुछ ढील आई है।

जहां तक शिक्षा का मसाला है, हम उस क्षेत्र में कितने मफल हो पाये हैं, यह कहना कुछ कठिन मालूम पड़ता है। छात्रों और शिक्षकों में जितनी निराशा की भावना आज है उतनी भरे जीवन में कमी दिखाई नहीं पड़ी थी।

अभी माननीय उपमन्त्री जी देशकी सरहदों पर सुरक्षा के बारे में बकलव्य दे रही थी। डिफेंस एक्सपेंडीचर बढ़ाने की बात में कर सकता था, लेकिन मैं चाहता हूँ कि जब हमारी सरहदों पर ७५० घंटे गोली चले, तो कम में कम एक मंत्री तो जरूर उन सरहदों पर घूमते रहना चाहिए था जब कि हमारी डिफेंस मिनिस्ट्री में काफी मिनिस्टर हैं, और उन को अपने व्यक्तिगत ज्ञान की बात यहां बनानी चाहिए थी। हमारे देश में हिम्मत होनी चाहिए—और वह है। हमारे देश में हिम्मत का अभाव नहीं है। किसी दूसरे को हमारे देश की सरहदों पर गोली चलाने की हिम्मत नहीं होनी चाहिए। कल आचार्य कृपालानी बट रहे थे कि औरतों को मेना में भर्ती न होने दिया जाय। मैं आचार्य जी की जरूरत से ज्यादा कद्र करता हूँ, लेकिन अभी सरहदों पर महिलाओं के बारे में उप-मन्त्री ने जो कुछ बताया और श्री बर्रा ने जो प्रश्न पूछा, उस को देखते हुए मैं चाहता हूँ कि हमारी महिलायें अपनी शानदार हो कि उन की तरफ किसी की आंखें उठाने की शक्ति न हो और अगर कोई उन की तरफ आंखें उठाने की शक्ति करे तो हमारी महिलाओं में उस की आंखें निकाल देने की ताकत हो। मैं इस आधार पर अपने देश का समर्थन चाहता हूँ।

मैं ने अभी अपनी योजनाओं की एचीवमेंट बताई है। हमारे बहुरंगे माधियों ने कीमतों की चर्चा की है। मैं ने भी थोड़ी की और होलसेल प्राइमिज का और कास्ट प्राफ लिविंग इन्वेस्ट का भी हवाला दिया। मैं नहीं चाहता कि बजट में जिस बात का समावेश हो, उस को हमारे

बिस मंत्री रोख रोख बढ़जते रहें। लेकिन अगर सरकार की तरफ से घोषणा हो कि दिल्ली में साठे पंद्रह रुपये मन आटा मिलेगा, तो सरकार के सम्बन्ध विभाग को देखना चाहिए कि वह उस भाव पर मिले, नहीं तो उस के अस्तित्व का कोई औचित्य नहीं है। अगर वह चौबीस और पच्चीस रुपये मन बिकला है, तो उस के अस्तित्व का कोई औचित्य नहीं है। इतनी क्षमता होनी चाहिए और बजट भी इसी हिसाब से बनाना चाहिए। माननीय मंत्री ने कहा है कि हम ने योजनाओं की आवश्यकताओं का ध्यान कर के यह बजट बनाया है, लेकिन मैं चाहता हूँ कि उनके साथ ही प्रशासन के अन्य सब कार्य ऐसे ढंग में चलाने के लिये बजट से व्यवस्था करनी चाहिए कि उन में तनिक भी कमजोरी न आने पाये और अगर उन में कमजोरी दिखाई देती है, तो उस पर अकुश लगाने की बात भी बजट में जरूर रहे। उस अकुश का ममा-वेश बजट में है, लेकिन पूरा नहीं है।

जहा तक फूड प्रोडक्शन का सवाल है, उस पर मैं बाद में आऊंगा, लेकिन बहुतेरे साथियो के प्राइसिज के बारे में बताया है कि जमुना पार दूसरे दाम है और दिल्ली में दूसरे दाम है, पंजाब में एक दाम है और बिहार में दूसरे दाम है। दामो में इतना वैरिगेशन नहीं होना चाहिए और अगर हम इन चीजों को रोक सकने में सफल नहीं हो सकते हैं, तो हम को खुद-ब-खुद माचना चाहिए कि हम इस काम को हाथ में रखे या न रखे।

इसो तरह से मेनिग्रज का सवाल है। यह जरूरी है कि हम जनता को इस बारे में उपदेश दे कि वह राष्ट्रीय कार्यों और विकास के कार्यों के लिए ज्यादा से ज्यादा रुपया बचाये, लेकिन हम को यह भी देखना चाहिए कि जनता से लिये गये एक भी पैसे का दुरूपयोग न होने पाये। मैं चाहता हूँ कि इस देश में ऐसी व्यवस्था हो यदि एक भी व्यक्ति आवाज उठाये और कही पर किसी दोष को बताये,

तो उस की तुरन्त छान-बीन हो और उस की सफाई दी जाये। अगर एक ममाधि के बनाने के सम्बन्ध में यहा पर दम बरस तक मवाल आते रहे, तो यह बात कोई क्षमता की द्योतक नहीं है। अगर पार्लियामेंट के मेम्बर यह कहे कि दस रुपये की कुर्सी के दाम चालीस रुपये दिये गये हैं, तो उस पर विचार करना चाहिये। मैं उदाहरण के तौर पर यह बात कह रहा हूँ। यदि सरकार की ओर में इस प्रकार के चर्चे होने हैं, तो संविग्न करने की बात करना एक विरोधी चीज मालूम होती है। तेईस, साठे तेईस करोड रुपये के नय टैक्स लगाये गये हैं। मैं कोई जानकारी नहीं हूँ, लेकिन अगर हिम्मत से काम लिया जाय, मिनिस्टर मे ले कर नीचे तक कोशिस करे, तो इतनी रकम बचाई जा सकती है। यदि हम एक क्लार्क से आठ दस घंटे काम की उम्मीद करते हैं, तो मिनिस्टरों और बड़े बड़े आफिसरों से भी यह उम्मीद करनी चाहिये कि वे दस घंटे बैठ कर ईमानदारी में काम करे और अपना ममय, शक्ति और पैसा नाजायज कामों में कम से कम लगायें। अगर देश भर के सब दफ्तरो में यह व्यवस्था की जाये और अगर पाच कुर्सियो के बजाय एक कुर्मी रखी जाय और सोफा-सेट के बजाय माधारण कुर्मी रखी जाय, तो आमानी से बाइस, तेईस करोड रुपये एक माल में निकाले जा सकने हैं। लेकिन इस के लिये कडाई की जरूरत है। अगर देश का वर्गहीन समाज की ओर ले जाना है, तो हमें कडाई करनी होगी।

श्री म० प्र० विश्व (बेगु मगय)

अब तो शासको का एक नया वर्ग बन गया है।

डा० राम सुभग सिंह : वर्गहीन समाज की मन कल्पना यह है कि अन्न में शाशको का कोई वर्ग नहीं रहेगा—वह धीरे धीरे विदर आउट कर जायगा। यह आप सक्रमण-काल की खान करने हैं •वर्गहीन समाज की नहीं।

बी बाल्मीकी (बुलबुलवाहर—रक्षित-मनु-
रक्षित जासिया) : जातिहीन समाज पहले
बनना चाहिये ।

एक भारतीय सचिव साथ साथ बनना
चाहिये ।

डा० राम सुभग सिंह बाल्मीकी जी
मैं एक मूल प्रश्न उठाया है । यदि हम देखे
कि १९४७ में भारत के स्वतंत्र होने के बाद
देश में जाति-चेतना को ज्यादा प्रश्रय मिला
है या जाति को लोप करने की भावना को
ज्यादा प्रश्रय मिला है, तो जहा तक मैं विवेक्षण
कर पाया हूँ, मैं समझता हूँ कि जातीय
चेतना को ज्यादा प्रश्रय मिला है, चाह वह
शिक्षा के क्षेत्र में हो, चाह रिजर्वेशन के क्षेत्र
में हो या किसी और क्षेत्र में हो । हमारे
विधान में रिजर्वेशन को इस वष के लिये
व्यवस्था है । मैं तो यह चाहता हूँ कि हमारे
यहा के जितने भी दुर्बल अंग हैं, उन सब अंगों
को ज्यादा से ज्यादा संरक्षण मिलना चाहिये,
जाति के नाम पर नहीं बल्कि दुर्बलता के
आधार पर, पेशे के आधार पर । हल जा
चलाता है, उस को अधिक में अधिक मीठे
मिले । इस आधार पर कि यह ब्राह्मण है या
चमार है संरक्षण नहीं मिलना चाहिये ।
इस संरक्षण का मदान यहा पर उठाया भी
गया था और इस के उत्तर में कामिनिस्टर
महोदय ने कहा था कि यह प्रश्न विचारार्थीन
है । मैं चाहता हूँ कि जहा तक संरक्षण का
मासना जाता है वह केवल पेशे के आधार
पर होना चाहिये न कि जाति के आधार
पर । अगर कोई मछूआ मछली मारता है
और उसी आधार पर कि उस का इस पेशे
को करने के लिये संरक्षण मिला हुआ है
वह पालियामेंट में आये लेखिन लौट कर फिर
मछली मार कर गुजारा करे । इसी तरह
से बकील लोग यहा पर आवे या दूसरे लोग
आवें । जो भी लोग इस तरह से आवे यं
इस आधार पर न आवें कि वे मुसलमान है,
हरिजन हैं, ब्राह्मण हैं । इस आधार पर,

जाति के आधार पर उन को मिनिस्टर, क्लर्क
या चपडाली नियुक्त नहीं किया जाना चाहिये ।

जहा तक वेजिफ का सवाल है किसी को
तो उस हथार रुपया मिल रहा है और किसी
को पचास रुपया और दस रुपया । इस तरह
का जो भेद है यह भी कम होना चाहिये ।
हमें देखना होगा कि इस में हूँ ; कितनी दूरी
तक सफलता अपीच कर पाये हैं । इस को भी
हम हटा नहीं पाये हैं । वगं भेद को हटाने की
बात भी इस बजट में मानी चाहिये थी ।

हमारे ममानी माहब ने ब्लडशेड की
बात की है, खून खराबे की बात की है ।
खून खराबे की बात शायद वही लोग करते
हैं जिन को इस में होनी खेलने का मीका
नहीं मिला है । जो लोग कितने ही समय से
होनी खेलने आये हैं उन को इस का कभी
उर नहीं लग सकता है । जो लोग इस तरह
की बात करने हैं कि ब्लडशेड हो जायगा
उन को मैं चेतावनी देना चाहता हूँ और
उन लोगों को चेतावनी देना चाहता हूँ
जिन लोगों ने कभी भी हल को कंधे पर नहीं
रखा है कभी गाय बेल नहीं रखे हैं कि वे
किमाना ने नाम पर खून खराबे की बात
करना बन्द कर दे । वे ही किमानो के बारे में
बाल मकने हैं जिन्होंने हल का अपने कंधे पर
रखा है, जो बेलो को खिलाने है जा गाय को
डूहते हैं या और कोई कृषि में सम्बन्धित
काम करने हैं या जिन्होंने किया है । मैं
चाहता हूँ कि बजट का निर्माण भी उस
आधार पर हो कि उन लोगों को जो हल
पर अपना हाथ नहीं रखना चाहते हैं हल
के बारे में बोलने की बात न आवे ।

महकारी खेती के बारे में देश में एक
प्रकार से तमाशा मच गया है । फिर यह
सहकारी ढग की हो या मंयुक्त ढग की हो
या किसी और प्रकार की हो । मैं आप को
बतलाना चाहता हूँ कि सयुक्त महकार की
व्यवस्था हमारे देश में कितनी अधिक है ।
मेरा एक छोटा-सा गांव है । वहां पर बोड़ी

बहुत बेती होती है। वहाँ पर कोई भी काम होता है, उस में सहकार का भ्रंश भवस्य रहता है। कोई भी काम बिना सहकारी आधार पर नहीं होता है। हमारे घरों में बीनी कटनी होती है, उस के लिये दूसरो का सहारा लेना पडता है, अपने बैलो से दबरी नहीं होती है, दूसरो से बे लेने पडते है। मकान बनते है तो सहकारी आधार पर बनते है, लडकियो की शादिया होती है तो उनमें भी महायता ली जाती है।

श्री हरिश्चन्द्र माथुर (पानी) सरकार बीच में मत आये।

डा० राम सुभग सिंह मैं यह कहना चाहता हूँ कि चाहे माथुर साहब हो, या मसानी साहब हो—किमी को मैं व्यक्तिगत रूप में नहीं कहना चाहता, मैं माधायण तौर पर कहता हूँ—कि जिन लोगों ने हल पर अपना हाथ नहीं रखा है, वे किसानों के बारे में न बोलें और अगर वे न बोलें तो मैं आपको यकीन दिलाना चाहता हूँ कि किसानों की जो समस्या है खुद-ब-खुद हल हो जायेगी।

अब मैं खाडमारी के बारे में कुछ कहना चाहता हूँ। मैं दानों के बारे में कुछ नहीं कहना चाहता हूँ। मैं किसी प्रकार का दान भी नहीं चाहता। दान की मनोवृत्ति मैं समझना हूँ देश में नहीं बढ़नी चाहिये। आचार्य जी ने दान की बात भी कही और साथ ही साथ लैजिस्लेट करने की बात भी कही। मैं समझता हूँ कि स्वतंत्रता प्राप्ति के बाद दान की कोई आवश्यकता नहीं रह गई है, शिक्षा वृत्ति को किमी भी प्रकार का प्रभय, मैं चाहता हूँ, न दिया जाय। अगर हम ने इस को बढ़ावा दिया तो इस में देश में और भी असन्तोष बढ़ेगा। आप सीलिंग की बात भी करते है। मैं चाहता हूँ कि सीलिंग हो, और सीलिंग के काम नहीं चल सकता है। जिस के पास वस एकड़ भूमि है मैं चाहता हूँ

कि दूसरे लोगों की तरह वे उस के पास भी दो एकड़ या जितनी भी आप चाहे उस के पास भूमि रह जाय। लेकिन यह जो आधार है यह हम पर भी लागू होना चाहिये जोकि चार सौ या छः सौ रुपया पाने है हमें भी खाने भर के लिये ही मिलना चाहिये। साथ ही साथ यह आधार सभी पर लागू होना चाहिये।

श्री सुरेन्द्रनाथ द्विवेदी (केन्द्रपाडा)
कितना बड़ा सीलिंग आप चाहते है ?

डा० राम सुभग सिंह मैं कहना हूँ कोई भी आदमी हा जिसको चार हजार तनखाह मिलती है, फिर चाहे वे मैम्बर पार्लियामेंट हूँ जिसको चार सौ या छः सौ तनखाह मिलती है, सब के लिए एक सिद्धान्त लागू करें, यह नहीं होना चाहिये कि एक के लिये एक सिद्धान्त हो और दूसरे के लिए दूसरा सिद्धान्त, एक के लिए एक स्टैंडर्ड हो और दूसरे के लिए दूसरा। लेकिन यह देखना भी आपका फर्ज है कि काम करने का इमंठिव रहे। मैं इस बात को मानता हूँ कि कृषि की जो व्यवस्था आज है, उसको उमी तरह में रखना गलत बात होगी। लेकिन मैं साथ ही साथ यह भी पूछना चाहता हूँ कि आज यह बात क्यों पैदा हुई ? यह बात आज इस लिए पैदा हुई कि कृषि की उन्नति के लिए वे काम नहीं किये गये जो सरकार द्वारा किये जाने चाहियें थे। जमींदारी अधानिशन तुरन्त कर दिया जाना चाहिये था, जो बहुत बड़े बड़े होल्डर्स हैं उनकी जमीन को लिया नहीं गया है, जो इरीगेशन की व्यवस्था की जानी चाहिये थी, वह नहीं की गई, कौटल की नसल का जो सुधार किया जाना चाहिये था वह नहीं किया गया, उनकी जितनी व्यवस्था होनी चाहिये थी वह नहीं हुई। आज आप वनस्पति पर टैक्स लगाने जा रहे है और उसके बारे में हल्ला होता है। मैं पूछना चाहता हूँ कि क्यों नहीं इस टैक्स के साथ-साथ भी का

[डा० राज सुनल सिंह]

उत्पादन बढ़ाने की बात की जाती। क्यों नहीं इन सब चीजों की तरफ ध्यान किया गया ?

आज हम सहकारी खेती की बात करने हैं और इस चीज को चलाना चाहते हैं और यह हम इसलिये करने जा रहे हैं कि हम अपने कामों में असफल हो गये हैं और कृषि में सुधार कर पाने में हम कामयाब नहीं हुए हैं। किसान असफल नहीं हुआ है। यहाँ पर मैं यह डिस्टिकशन कर देना चाहता हूँ कि अगर कोई यह कहता है कि यह असफलता किमान की अकर्मण्यता के कारण हुई है, तो यह बिल्कुल गलत बात है। असफलता हुई उन लोगों की ओर से जिन को कृषि का काम बढ़ाने के लिए जरूरी प्रदान करने चाहिये थे।

आज यहाँ यह कहा गया है कि दौलताना साहब को पंजाब में एग्स्ट कर लिया गया है। मैं इस बात में जाना नहीं चाहता हूँ कि यह चीज जायज है या नाजायज है। वहाँ पर वेंचरमेंट लेवी का मवाल है और कहा जा रहा है कि कम्पाउण्ड इंटिग्रेट नहीं लेना चाहिये। एक टनना है कि यहाँ पर कम्पुनिस्ट एग्स्ट होते हैं और मैं अपनी कान्स्ट्रिक्शंस में ११ लाख या १२ लाख छोट आया हूँ और इसलिए छोट आया हूँ कि यह किमानों की मलाई की चीज है वाजिब चीज है। अगर जिनने भी कृषि के बारे में काम करने चाहिये थे वे कर दिये जाते तो हमारा उत्पादन अवश्य बढ़ा जाता। छाटी छाटी अडचने भी सामने आती हैं और अगर उनको भी सरकार ने हल कर लिया होता उनको भी दूर कर दिया होता तो हमें सफलता मिल सकती थी।

मैं बंग मूषर्ष की बात कर रहा था। शिक्षा के क्षेत्र में या किसी और क्षेत्र में अगर २३५१ की बात चलनी है तो हमसे जातीय

चेतना को बहुत अधिक प्रवृत्त मिलता है। यह चीज बढ़ी है, कम नहीं हुई है। मैं चाहता हूँ इसकी रोकथाम हो। पेशे पर सरक्षण होना चाहिये। बंग सहयोग के आधार पर हम लोगों का बहुत-सा काम चलता आया है और वह चलते रहना चाहिये। आज भी वह चलता है और किसी छोटे से क्षेत्र में ही नहीं चलता दुनिया में चलता है और मैं चाहता हूँ लोगों में सहयोग की भावना बढ़नी चाहिये और भेद की जो भावना है, उनका नाप होना चाहिये।

खाडसारी की बात टाटिया जी ने कही। मैं भी चाहता हूँ कि खाडसारी मुक्त होवे। यह सही चीज है। मान लीजिये कि किमान ऊँच पैदा करता है और वह गुड बनाता है। किसी दूसरी जगह पर चीनी की फेक्ट्री है। अब इन दोनों के सुरक्षित क्षेत्र रहते हैं। गुगर फेक्टरी के लिये जो क्षेत्र सुरक्षित है, जो क्षेत्र उमवे अन्तर्गत आता है, वहाँ के किमान गुड नहीं बना सकते हैं, उनका ऊँच फेक्ट्री का देना ही पड़ेगा। मिल के रिजर्वेशन के बाहर का जो क्षेत्र है वहाँ पर जो लोग ऊँच पैदा करने हैं वे जो चाहे उसका बना सकते हैं, गुड बना सकते हैं खाडसारी बना सकते हैं। चीनी की फेक्ट्री जहाँ पर होती है उसके लिए यदि यह निश्चित कर दिया जाए कि जिस क्षेत्र में वह पढ़नी है उस क्षेत्र में सब के सब लोग नहीं तो कम से कम ७० परसेंट ऐसे आदिमियों को रखा जाएगा उस मिल में जो उमी क्षेत्र के हो तो असम्तोष नहीं होगा। लेकिन आज चीनी की फेक्ट्री खाली जाती है और जो लोग रखे जाते हैं उनमें से ७० परसेंट उन लोगों को रखा जाता है जो दूसरे क्षेत्रों के होते हैं। इससे स्वभावतः गड़बड़ी पैदा होने लगती है।

आप चीनी का उत्पादन बढ़ाना चाहते हैं उसका एक्सपोर्ट बढ़ाना चाहते हैं। मैं सहमत हूँ इस बात से कि अधिक से अधिक चीनी का

एक्सपोर्ट होना चाहिये। लेकिन उन किसानों का भी खयाल रखा जाना चाहिये जिनका सखा से यही रोजगार का जरिया है। वे भी क्राफ्ट उगाते हैं कैंस क्राफ्ट और खाद्य पदार्थ जो ऊँस है, जो गन्ना है वह कैंस क्राफ्ट है। इन्हीं पर उनकी रोजी निर्भर करती है। उनको इसकी छूट होनी चाहिये कि जहाँ चाहें वे इसको बेचें। वे चाहें तो खुद गन्ना बना लें उसको खुद बेच लें। मैं जानता हूँ सन्फि-टेशन वाली जितनी फैक्ट्रियाँ हैं चाहे व नाम के लिए खाइसारी की फैक्ट्रियाँ हो उन पर टैक्स लगे। दूसरी तरह की जो यनिट्स हैं वे चाहें तीन हाथ पावर की या पाच हाथ पावर की इनके बारे में आप टैक्स की दरों को दौहरायें या न दौहरायें—इस के बारे में मैं कोई याचना नहीं करता हूँ—लेकिन किसानों के दिमाग में यह बात स्पष्टकनी है कि इन पर कर लगने में मिल मालिकों का एकाधिकार हो जाएगा। इस माल तो ऐसा है कि दो अधिकारी हैं इमलिये कोई चिन्ता नहीं है। जिस दिन एकाधिकार होगा उस दिन देवना होगा। जिस दिन आप मिल मालिकों का एकाधिकार होगा उस दिन का सवाल है। आप भले ही खडसारी को नेम्ननाद कर दें मझे इस की चिन्ता नहीं है, लेकिन शूगर फैक्ट्रीज का फीगन ही नेशनलाइज कर दीजिये। इसी तरह से डीजल आदि का भी सवाल है या और जो तेल है उनकी भी एकादमी का सवाल है। इन सब बातों का मैं इस वास्ते रख रहा हूँ कि अगर आप सचमुच बजट को एफैक्टिव बनाना चाहते हैं तो आज जितने भी भेद हैं—आज तरह तरह के भेद नजर आते हैं—उन सब भेदों को खत्म करके हम एक ढंग के समाज को बनाने की श्रम बढ़े। आज तक हम उस श्रम कम बढ़ पाए हैं। मेरा यही कहना है।

Mr. Speaker: Shri Asoka Mehta. I will call Shri Jaipal Singh next.

Shri Asoka Mehta (Muzaffarpur): Mr. Speaker, I had characterised the Finance Minister's speech as lucid and honest. I have not the gift of lucidity. But, I am sure the Finance Minister

would like me to be honest in my observations

The Budget needs to be examined from its micro-economic impact that is, the impact of the taxes on households and firms as also its micro-economic impact. Quite a large number of hon. Members have tried to focus attention on the impact of the Budget and the taxation proposals on the budgets of households and firms. I shall not go into that. I would, therefore, like to confine my attention to the overall micro-economic impact of the budget and to see how far the economy has been adequately analysed and measured suggested for gearing it up.

I congratulated the Finance Minister on his speech because I felt that, by and large, he had given us a clear analysis. I would like to offer certain criticisms and observations because I feel that he has not shown the requisite courage in devising a solution. The forward steps are halting and scattered. The outstanding fact of the last year or two has been noted and commented upon and on which, in the other House, the Finance Minister was good enough to accept the validity of some of the criticisms, is that there has been a marked fall in the tempo of development. Not only has the rate of industrial development gone down from 8 per cent to about 3½ or even less, but, the most disturbing phenomenon has been that in the year 1957-58, our national income fell by 2 per cent. Whatever the reasons, whether we put the responsibility on bad monsoons or other difficulties that we may have encountered, the fact remains that instead of moving forward, we retreated to the tune of 2 per cent. There has been, side by side, a sag in investment, into the details of which I do not want to go because some of these things have been well brought out in the Economic Survey that has been given to us. On pages 2, 5, and 15 various significant observations have been made in the Economic Survey. In para 47, where practically the first part of the outlook

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is sought to be summed up, the last sentence is

"Investment activity, it would appear, is levelling off in contrast with the sharply ascending trend observed since 1955-56"

Apart from the other specific observations that have been made in the report about the sag in investment, the fact remains that there is a tapering off and that the whole trend is in a certain direction a direction which takes it away from the one in which we had been moving during the earlier period. The net capital formation will be lower in 1959-60 than in 1956-59 as the Economic Classification has shown on page 11.

The Finance Minister in his speech as well as in the Economic Survey that accompanies his speech has talked about certain countervailing measures. On page 14, for instance in para 42, it is said

"But to the extent that the emergence of inflationary pressures is unavoidable in the course of implementation of development plans, there is need for curbs and countervailing action at various points"

He further on says

"Price stability and a vigilant watch on costs are thus essential as much on considerations of internal as of external finance and viability"

A lot of criticism has been made on this point here, because this House and the country are not satisfied that adequate measures are being taken to see that these countervailing measures are being adopted. What has been done, for instance to see that costs are kept under check? What is the machinery? You have said that there have got to be certain curbs and countervailing action. What precisely are these curbs and countervailing actions? It is on these points that, I believe, a more useful discussion will be necessary not only at this stage, but later on, because this is one

of those areas where we have got to come to grips with the somewhat unwelcome developments that have taken place.

Our industrial development was a head ahead of the world average two or three years back. The average of the world was about 6 per cent including good countries and bad countries. Ours was 8 per cent. We have woefully fallen behind. I think it is necessary to realise that, in the last 10 or 15 years, in many parts of the world, irrespective of what system one follows, whether it is a capitalist country or a communist country, in a sense, the barrier has been pierced. I am sure the Finance Minister's attention has been drawn to a very important interview that was given by M. Jean Mounet on the recent industrial growth in the European community. He has said that between 1948 and 1957, in the six countries of the European community, industrial expansion has been to the tune of 97 per cent—97 per cent expansion in a decade. Commenting upon it, the *London Economist* said that this amount of expansion in the six countries is equivalent to that of the previous century and a half put together. This is what is happening in the capitalist part of the world.

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Let us take China. In China, between 1950 and 1957, the gross national product increased by 86 per cent, that is, at the rate of 9.3 per cent per annum. Conceding the fact that there was a considerable amount of slack in the earlier period if we confine our attention to the period 1953-57, the increase was 33 per cent, or 7 per cent a year. Now a 9 per cent rate of growth not just industrial production but a 9 per cent over-all rate of growth in economy, has been achieved for nearly two decades by a number of countries, again irrespective of the particular system that they adopt. I am sure the Finance Minister knows that such a rate was achieved by

Sweden, by Japan, by South Africa, by Russia both under the Czars and under the Communists, and by a number of other countries. Why is it that in our country a start was made and we have fallen back? There is great danger that lies ahead of this country, and the great danger is of being caught in the trap of a low-level equilibrium. It is not realised that the biggest danger that an agricultural country faces, a country that is engaged in the kind of agriculture, traditional agriculture to which we are accustomed, is that there is the constant tendency for agricultural operations to get adjusted with the increasing population to an equilibrium at lower and lower levels.

Only this morning, there was a meeting of the consultative committee called by the Minister of Planning, and we heard two contradictory views. There were those who said that something should be done to find work for our people who are under-employed in the villages; there were others who said where are the workers? —we find there is a shortage of labour. I think these two things get reconciled when we realise that there is this constant and chronic danger of reaching an equilibrium at lower and lower levels. That is one of the important difficulties, one of the dangerous barriers that we have to pierce, and that would require a number of institutional changes.

Whether co-operative farming is good or bad, I do not propose to go into it at this juncture, but I would like to point out that these are not issues which can be debated in a vacuum as is sought to be done. These are questions which will have to be discussed in the light of certain objectives we are placing before ourselves. If we want to develop not by throwing the whole burden on the Treasury Benches, nor by castigating one set of experts or another set of experts, we will have to find our way out. Here, what is needed is a complete lucidity in analysis, and willingness to follow up in action whatever conclusions

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your analytical tools may be able to provide to you. The result is that where growth gets stunted, increase in savings is bound to.

In India in 1957-58 the national income declined by 2 per cent, but public revenue drew into the Government Exchequer one per cent more from the national income. On the one side there has been a decrease of 2 per cent in the national income; on the other hand, revenues have gone up by one per cent. I can very well understand the strong reaction of our Members here because people are being caught in a kind of pincer, and it is this pincer movement that we have got to escape and avoid.

Even in a totalitarian country like China, there are many things from which we can learn; there are many things against which we must guard ourselves. I refer to China not with any kind of fanatical faith in it, as for instance my very esteemed colleague here, nor with any kind of blindness towards that great country. Even in a totalitarian country like China, where between 1950 and 1957 the share of consumption in the national product has gone down by 10 per cent, and the gross domestic investment has increased from 9 per cent of the national product to 20 per cent, that is, 11 per cent more of the national income is being channelled into investment and 10 per cent less is available for consumption, even there, this has been preceded by expanding the size of the cake. As I said, in a period of ten years the gross national produce has been increased by 86 per cent. If you do not increase the size of the cake fast enough, and if you try to draw away a larger share for purposes of investment, then, of course, all these difficulties arise, and therefore we have got to realise that we cannot cut down our increasing rate of investment because that means being pushed back into the mire of stagnation into which we dare not go.

The rest of the world is growing up fast. Our rate of development is only

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a third of the rate China achieved between 1950 and 1957, leaving aside other countries. We cannot for political reasons, for military reasons, for reasons of national security, for the well-being of our people, stint on development. In order to safeguard the political philosophy and the political institutions that we have created in our country, must maintain a high rate of development, but a high rate of development demands as an inevitable and inescapable pre-condition that over-all increase must take place in national product. I will not labour this point, but I am labouring it just for this reason that it needs a greater amount of clarity than we have been showing so far.

As far as employment is concerned, there again it is necessary for us to find at least two lakh jobs a month if we are to provide employment to every one who will need it. If we take the back log into consideration, the figure would be 2,50,000 a month. Our rate of provision of employment is about one lakh. What precisely are we going to do here?

The third point that I would like to make in this connection is that in an economy like this, the budget cannot play a stabilising and neutralist role. I am not saying that the budget has played a stabilising and neutralising role, but I am just warning against any tendency to treat the budget in terms of a stabilising and neutralist fiscal policy, because that would spell stagnation. To the extent that autonomous investments tend to become smaller and smaller, it becomes the responsibility of the Government to induce larger and larger investment. This leads us to the very difficult problem of resources.

I would like to remind the House, if I may be permitted to do so, that in the last speech that I made in the last Parliament, which you, Sir, were kind enough to permit me to make, I had invited the attention of the House and the country to the approaching problem of internal resources. This was

before we got obsessed, and very rightly, with the problem of external resources. But I believe from now on our main emphasis should be on the problem of internal resources. While I would like to say something about external resources, I would, however, like to make what I consider to be an important point.

When we drew up this Second Plan, we basically changed our conception of the pattern of savings in the country. In the pre-plan period the monetised savings in the country were approximately distributed equally between the private sector and the public sector. The distribution was fifty-fifty. In the First Plan we tried to alter it to 52 in the public sector and 48 in the private sector. In the Second Plan our intention has been to change it further to 61 per cent in the public sector and 39 per cent in the private sector. Now, what are the implications of this? We all accepted the Plan. What are the implications of this change, this shift in the ratio of distribution of monetised savings in the country between the one sector and the other? The consequences are far-reaching, because in order to achieve this, there is a fairly high or fairly stiff rate of what is called the incremental rate of growth. As new monetised savings come into the economy, 73 per cent of them have got to be diverted to the public sector, if this rate of 61-39 is to be achieved. It is 61-39 of the total growth, monetised savings available in the economy. That is, if by labour I do something, it is not monetised. Monetised savings are ultimately expressed or calculated in terms of money. Seventy-three per cent of the fresh team that pours into these monetised savings will have to be diverted to the public sector. That is where this whole taxation policy comes up. We say, do not tax. But we have a plan the very foundation of which is that out of one hundred rupees of monetised savings that come up, Rs. 73 will go into the public sector, and only Rs. 27 will go into the private sector.

Where are these savings? Businessmen may have savings; a cultivator may have some savings; the middle class may have some savings. I have already conceded the point that where the gross national income keeps on falling, you cannot increase your rate of investment. You find then that you are confronted by a very serious situation. But I am trying to take the discussion a stage further. I am anxious that we try and understand that when we decide to go in for a planning of the kind that we have decided upon, there are certain inescapable implications. We cannot put our case of approval upon a certain plan and then turn round and say that we are not willing to accept the consequences that flow from it. Either we have a plan in which the bulk of the responsibility of development is thrown upon the private sector as a whole—I can understand that, whether that would be a wise thing or not is a different matter—or we may not in this House overwhelmingly say that we stand for a socialist society, we want that we should move forward in the direction of a socialist reorganisation of our economy and then say that we will not permit the inevitable consequences of that, that a fairly stiff percentage of the incremental savings be channelled into the public sector. This, to my mind, is running with the hare and hunting with the hound. I feel that this august House and this great nation of ours must be willing to face these difficulties realistically. I am not pleading for one policy or another but we cannot have the luxury of pursuing inconsistent ends. Let us decide what our objectives are and we must then be willing and be prepared to meet our people and say that if these objectives are acceptable, these are the inevitable means and consequences that have to be adopted.

The second point that I would like to make about internal resources is that in the last ten years the tax revenue has increased by 70 per cent, but the net revenue from commercial departments has remained stagnant. I hope that this is not going to happen

to our industrial undertakings where in we have already invested over Rs 400 crores. I know these industrial undertakings are just coming up, I am not blaming them, but the income we have derived from them so far is only Rs 1.25 crores, which is a rate of return of about four annas for hundred rupees. I know it is an unpopular thing to say that, it is a thing which is likely to be misunderstood, but you have got to see that there is an increasing profit margin in your public undertakings, for, if you do not want to tax people, you must cure—which again is a question of efficiency, which again is a question of avoiding wastage—an increased profit margin. We cannot say that we shall have this public sector, but we want to see that we also milk them for the purposes of immediate satisfaction of one section or the other of our people. You have got to keep this tendency of milking in check, if you are to work on the basis of the Plan, if you are to develop what is known as growth perspective if you are to provide to the country the growth, leadership that the country asks for today in insistent terms.

Acharya Kripalani (Sitamarhi):
Leadership is growing in years

Shri Asoka Mehta: May I be permitted to develop my point?

Acharya Kripalani: I am only saying that leadership is growing in years.

Shri Asoka Mehta: Last year, I had raised the question of stagnation in income-tax. The Finance Minister quoted a few figures and tried to show that I was wrong. Again, I have no desire, and I have not tried to score any debating points with him, and I hope he also will not try to score debating points with me. I say, here is a fact, here is a tendency which we may ignore only at our peril. The ordinary collection in 1957-58 was Rs. 155.5 crores; in 1958-59, it was Rs. 152.4 crores, according to the revised estimates; and the budget estimate figure for 1959-60 is Rs. 155.9

. [Shri Asoka Mehta]

crores. What is the reason? It needs to be gone into. My hon friends Shri M. R. Masani and Shri Somani and others might say—and Shri M. R. Masani is very fond of quoting the Law Minister; I do not know if he is here—that the diminishing returns have set in; I do not know, if diminishing returns have set in, we should have the courage to revise the tax structure. But if it is not so, we should find out what is wrong, where things are going wrong. The problem should not be disposed of, as the Finance Minister tended to do last year, by saying, the changes have been to the extent of Rs 2 to 3 crores more than you have said, because I think the Finance Minister himself realises that this problem deserves our active consideration.

As far as income and corporation tax revenues are concerned it is interesting to find that between 1951 and 1957-58, the assessed income has increased by 74 per cent, while the number of assesseees has gone down by 21.5 per cent, the tax revenue has increased by 36 per cent, and the percentage of assessed to national income has increased by 40 per cent. A little over 9 per cent of our national income comes under the purview or the net of direct taxation. Here, it seems obvious, because the corporation taxes are also included, that the profit margin in the private sector has increased very much. Now, my communist friends might draw any conclusion; the labourers might draw any conclusion as to the extent to which this increased profit margin is being utilised for the purposes of well-planned investments. Whether through taxation in the public sector or through planned development of the private sector, these profits are re-invested, it spells progress. To the extent these profits are being allowed to be frittered away in one form or the other, it is a woeful waste of the scarcest resources that we have in the country.

Acharya Kripalani: God save us.

Shri Asoka Mehta: Then again, as far as company taxation is concerned, I would like to say that it is not clear to me what the Finance Minister intends to do. Is he trying to simplify the structure, particularly, of company taxes or is he trying to rationalise it?

An Hon. Member: Both.

Shri Asoka Mehta: These are answers which unfortunately I find it very difficult to understand, because these two things are not the same. If you are simplifying then you do not want to bring about any structural alterations. If you want to bring about structural alterations, that should be made clear. The implications of some of the things that have been decided upon will result in far-reaching structural alterations in the whole organisation of companies.

An Hon. Member: Quite right.

Shri Asoka Mehta: It is a good thing I have often advocated that we do not want this kind of plenitude of holding companies. If we are going to straighten them out even through fiscal measures, I think we should make these things clear. I have called the Finance Minister's speech an honest speech, that he does not want to keep anything up his sleeves; whatever cards there are up his sleeves should be put on the table, so that whatever we do is done in full understanding.

Then, again, I find that 2,284 individual assesseees have an income of over Rs. 1 lakh or more per year; and there are 229 individuals with a post-tax income of Rs. 1 lakh. These people are arguing that a man who has an income today of about Rs 5 lakhs, for instance, is taxed to the extent of 118 or 120 per cent including the income-tax, super-tax and the wealth tax and the rest of it; and therefore, they say that this is not fair. I would just like to point out that it is true, that if you look at it statically, these

people are being called upon to pay more than what they are earning today, assuming that the taxes are being honestly paid.

But I would like to point out—and the House should take into account this fact—that simultaneously there is such a thing as capital appreciation taking place, and even if there is a capital appreciation of 1½ per cent per year, the man who is paying 120 per cent tax is not poorer but as well, if not richer than he was ever before. In a developing economy, the most important thing is this capital appreciation that is taking place. And if we are interested on the one hand, in bringing about greater and greater economic and social equality and, side by side, in seeing that certain incentives are preserved so that people do not completely non-co-operate, I think the kind of tax structure that has been evolved is sound and I hope and trust that the Finance Minister will not permit himself to be stampeded into altering it in any major direction.

I shall conclude my observations with just touching two points. The first point is this. Every time the question of excise duties comes up, this controversy comes between factory products, small scale industry products and cottage industry products. We have talked about joint production programmes. But here again we have not worked out a consistent philosophy. Fiscal needs should not permit us to do anything which would in any way undermine the overall joint production philosophy that we may have worked out. I would just say this, that our whole approach should be to see that a new product is added and not that a product is substituted. Substitution of what is being produced in one sector of our economy in another sector is not economic development. Product addition, and not product substitution, has to be the whole approach. I shall not labour that point any further.

The last point that I want to make is this. What does the situation demand? I agree with Acharya Kripalani that this is a crisis of faith. But that is a matter on which he alone can speak with the requisite assurance. I can only say that without such a resurgence of faith, of course it may not be possible to move in any direction. Acharya Kripalani has said that we should cut our coat according to our cloth. The cloth in an under-developed country is very small and your coat will not keep you from freezing. The cloth has to be increased. The only way that you can increase your cloth is, as he said, by resurgent faith. And what is equally necessary, if not more necessary, is willingness to work out new modes and new methods of organisation. Where we are failing, where we are stumbling, where we are preventing the growth of our country lies in the fact that we have not yet discovered a cement of organisation, various methods and techniques needed for that purpose. This is not the time to go into it. But I hope and trust that at least this particular question will deserve and receive attention when we take up the Demands for Grants of other Ministries, because it is not only wastage, it is not only inefficiency in production which will always be there, but if you have decentralised production, you have got to introduce some kind of centralised organisation to make it efficient. Where there is centralised production, there is a built-in kind of organisation. Decentralised production, therefore, makes a tremendous demand upon our organisation potential and if we ignore that completely, if we throw the whole burden upon the Treasury Benches, I am afraid we shall be throwing out the baby with the bathwater.

Shri Jaipal Singh (Ranchi West-Reserved-Sch. Tribes): I was very pleased yesterday to find you echoing my annual protest against the Treasury Benches. I have more than once called the attention of this House to the failure of the hon. Minister of Parliamentary Affairs to do his duty,

[Shri Jaipal Singh]

and I am very glad that, in my effort I am confirmed by your own unfortunately unavailing efforts.

To me, it seems very clear that when there is a general discussion of the general budget every Ministry should be properly represented in this House. We have a host of Ministers, Deputy Ministers, Parliamentary Secretaries and the like I do not know what they are doing Whom am I addressing myself to? I want to know that. Well, I am addressing now the Finance Minister through you But I find that every year this House is being treated with disrespect After your blunt remarks yesterday, I had hoped that the Treasury Benches would not have the impertinence to continue to ignore this House on an occasion like this

Mr. Speaker I would urge upon the Ministries to have at least their Deputy Ministers here This is a general discussion on the general budget So far as particular Ministries are concerned, the Minister concerned and a Minister from the Finance Ministry may be here But regarding the general discussion, whom are the Members addressing to? How can the Finance Minister with all his alertness take note of everything that is passing? If it is said that they will read these reports later on they can stay at home and we can also send in written speeches! There is no meaning in this It is not impressive at all.

We are setting a model for 14 other Assemblies in this country I am really surprised that this kind of thing is happening How long am I to go on making such remarks? I am not a schoolmaster here I am really sorry that this is falling on deaf ears There must be some arrangement whereby at least all the junior Ministers should be here to take note of things I do not know what work they are doing elsewhere.

Shri Jaipal Singh: The hon. Finance Minister has rightly, in his maiden appearance here, according to the usual convention, been given bouquets right and left I personally feel that these bouquets are overburdening him So I would prefer to toe the line of reducing his burden

I feel he has disappointed me in many directions I had hoped that after coming to Delhi, he would have grown wiser as he grew in stature. That has not happened, but I do still look forward to it happening My biggest disappointment is in his hunt for new resources Where the resources are obvious, he runs away from them I would have thought that he had forgotten that he was no longer in Bombay where he enforced Prohibition very unsuccessfully I know that members of the ruling party like to believe that Prohibition has been very successful

Shri M L Dwivedi (Hamirpur): It is successful He is not aware of that

Shri Jaipal Singh I want to tell my hon friend that I have visited Bombay more than he has ever done in his lifetime

Shri M L Dwivedi He is talking about the vested interests But the real labourers have benefited from Prohibition

Shri Jaipal Singh That is a matter of opinion

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[MR DEPUTY-SPEAKER in the Chair]

Let me assure hon Members of this House and people outside that vested interests of course, support Prohibition because they make more money thereby I am not disputing that But can my hon friends anywhere, here or outside, deny the fact that Prohibition not only in Bombay but everywhere else has been

failure? It has made honest men dishonest

The Minister of Finance (Shri Morarji Desai): I deny that

Shri Jaipal Singh: I am certainly not suggesting for a moment that in certain areas, in the textile areas, it has not been a great boon. But by and large in the country, it has been a failure. I can speak with authority so far as the tribal areas are concerned. Ministries after Ministries have experimented with it and they have had to withdraw Prohibition.

Shri Morarji Desai: May I say that it has succeeded most in the backward areas in Bombay State?

Some Hon. Members: No, no

Mr. Deputy-Speaker. Order, order. Because there are so many differences, there is greater need that we should discuss it calmly.

Shri Hynniewta (Autonomous District-Reserved—Sch Tribes): The statement cannot go unchallenged, Sir

Mr. Deputy-Speaker: It can be challenged in some other way

Shri Jaipal Singh: Our friends live in a fool's paradise. Let them be indebted to their imagination for their facts, if that suits them, let them satisfy their own vanity. But I am very clear in my mind, Sir, I am not for drunkenness. Hon. Members will remember a speech I made at the Constituent Assembly. There, I drew a distinction between drinking and drunkenness. People can be drunk with power. That is what happening today. What is happening today is, the present ruling party has been returned to power with a minority vote of 43 per cent, but look at the language they dole out to us. They say, they had an overwhelming majority. I think this had better go home to the ruling party because it is rather important in the present debate.

Mr. Deputy-Speaker: But drunkenness of either kinds would be objectionable

Shri Jaipal Singh: I am a votary of free drinking, not of drunkenness. I have had the pleasure of entertaining many of my friends on the other side.

Mr. Deputy-Speaker. Order, order. Such disclosures ought not to be made.

Shri Jaipal Singh: Mr. Deputy-Speaker, Sir, I have already stated that I draw a distinction between drinking and drunkenness. I think I would better drop the matter there. But I do hope my hon. friend and his colleagues will grow wiser as they grow older, and that is, that they are ruining honest men in the country by enforcing upon them things that are perhaps very nice, but for which the masses are not yet ready. I am all for temperance. Educate them. It may be a very good thing for people not to smoke. But do not tell me it is bad for me when I know it is good for me. There are far too many doers of good in this country.

We have heard a great deal about the Nagpur Resolution. My hon. friend Shri M. R. Masani spoke day before yesterday. He is elected by the Jharkhand party from Ranchi, East. Let me assure the Prime Minister that Shri Masani has been to those areas more than Shri Jawahar Lal Nehru has been there. Cheap jibes do not help in strengthening the argument on the other side.

Sir, I have an open mind. If you can convince me that cooperative farming is going to increase food production, I am prepared to go that way. But my hon. friend here from the Jharkhand area, Dr. Ram Subhag Singh pointed out 'Who are the people who are doing the talking?' People who water, plough, and sow in the sand, not people who have actual experience either of agriculture as such or of living among the peasantry.

[Shri Jaipal Singh]

Look at the Planning Commission. When we had a debate on the reappraisal of the Plan, I pointed out that it was not the Plan that has to be reappraised, but it was the planners who had to be reappraised. That is much more important. (An Hon. Member Hear, Hear) There is a body of men there. They call themselves agricultural experts. Sir, who is in charge of Agriculture, I would like to know. What is his experience? What is his experience, his actual experience, in regard to farming? I am prepared to listen, but all that I say is this: my friends on this side invoke the achievements of Russia and China and some other countries. I went there, but that was before they became Red. I am not a Chinaman. I don't want to be a Russian. They may certainly be achieving things, but what we have to bear in mind is this: we are Indians. When we framed the Constitution, we looked right round the world, trying to pick and choose. Can we say that our Constitution has been working as the democratic principles are working in other countries? Can we honestly say that? The Constitution has to work according to our genius. I would beg of the planners and the Ministers at the Centre and the States to remember this. Many things may look very nice on paper, but you have to get the people along with you.

What happened in Bihar? The Government of Bihar thought that consolidation of holdings was an excellent thing. They tried it out in my constituency. They had to withdraw it, as I pointed out the other day.

If my friends on the other side want to commit political suicide in the tribal areas, it is an insanity on their part. If they want, let them indulge in these things without proper thinking. I am not opposing them. All that I have to say is this: you must carry the people with you, be sure about it. You are dealing with certain human beings. If you can carry the people

with you, my opposition counts for nothing. Don't throw cheap jibes as though you are the only thinker in this world.

It is about time, I think—I hope I shall not be misunderstood—that we, all of us, people who are close disciples of Gandhi, and others who had no opportunity and privilege to get anywhere near him, had a review or a revision of Gandhian economics, or, call it Gandhian philosophy, if you like. In some directions we have already gone away from his example. For instance, he said: Nobody should get more than Rs 500. My friends there are having a very good time, with more than Rs 500. I am all for more and more. But what I want to say is that the time has now come when we have to be serious about it.

Take the question of excise. It is quite right that it was a token struggle against an imperialist power. But, surely, first the whole idea was that the poor man should get his salt at a cheaper rate. By removing your excise duties, what has happened? The prices have gone up by four or five times. In what way have you helped him? I could go on like that, but as I said, I do not want to wander about the realm of statistics.

I am disappointed, Sir, secondly, that my hon. friend has not streamlined the administration. I had hoped that, with his courage, he would have got rid of many Ministries that are a fraud on our imagination. One of them is the Ministry of Community Development. Sir, there again, my friends and others may say: "Yes, it is working beautifully." I would speak from my experience of my own area. I am talking of the indigenous people there. They had hoped that the British people had gone and that colonialism had vanished, but today we find that a new type of colonialism is there. A vast body of outside workers who do not know their language, who have no sympathy with the people, but for whom funds are provided by the Centre and the States, are

trying to do good to us. I travelled two years ago with the Chief Minister of Orissa to one of these projects. We went to a tribal area and he took me to a development block. I was interested to see what was being done. The idea of distraction was to give packs of very expensive imported cards to the villagers I will just leave it at that. I am very clear in my mind that development has to take place *suo moto*. Admittedly, there are areas where outsiders have to come in to assist the tribal people to go ahead, but they must not be strangers. There you have people in blocks, an extension service area and the like, who have no respect for the people there. They look down on them. They think that they have come there to lift them from some mire as it were. That is where our money is being wasted. It is not only that Ministry that I would like to be scrapped. There are many other Ministries. After all, there were five Executive Councillors when they ran the country before, and the country was then bigger than it is today. Make it ten, if you like. I have no objection. But to make it 50 is, to my mind, an astronomical way of doing things.

An Hon. Member: They are 54.

Shri Jaipal Singh: I am disappointed that the defence budget has been reduced. I dare say I shall be the only one voicing this type of opinion.

Shri M. L. Dwivedi: There have been others.

Shri Jaipal Singh: I am sorry that this service which is the one which has shown all along consistently signs of promise of Indian discipline, should in any way be handicapped. I do not say that the Ministry of Defence, therefore, should have no ceiling whatever. I feel that there could have been other ways of economy. I have already pointed out to the Minister, the present Minister, who seems to be a Minister of Defe-

nce, Minister of Foreign Affairs, sometimes even as Prime Minister—I do not quite know what he is—but, at any rate, I have pointed out to him and to his colleagues instances that have come to my own personal knowledge where there has been inexplicable extravagance: the Ministry of Defence holding on to requisitioned property which has been unoccupied by it for more than 10 years continuously, going on paying rent as they like. If the civilian population wants these properties to be derequisitioned, my hon friend the Minister for Defence says, he cannot spare anything.

Go to Kanpur—my hon friend from Kanpur will tell you—go anywhere you like, we do not grudge our Defence services having what they want. But this type of argument that let nothing go whether it is being used or not used, it is immaterial, is wrong. Sir, you were in Ranchi not long ago. If you had only gone towards the Mental Hospital.

(Laughter)

Mr. Deputy-Speaker: Do people go there voluntarily or are they led?

An Hon. Member: He is coming from there.

Shri Jaipal Singh: Sir, I was not thinking about your going there as an incumbent. I was thinking of the Kanke road at the end of which is the Mental Hospital. Sir, it is the biggest Mental hospital not only in India but in Asia. Sir, I have room in my constituency for all mental cases if you want to send them. What do you find there to the right, to the left. During the emergency of the last war several houses were requisitioned. Now, naturally, people want to go back to their houses. They are under the Ministry of Defence. But they are not derequisitioned. The Eastern Command has gone. The houses are no longer required. Yet, my hon friend, Shri Krishna Menon says No, no you never know when the emergency will be there. It would be easier for us to walk into them at any moment. Never mind, let

(Shri Jaigal Singh)

Lakhs and lakhs and lakhs be wasted in the meanwhile. This is what is happening. I speak from personal experience. There can be any amount of economy, not merely in lakhs but in crores if this matter had been properly gone into.

I have only two more points, Sir, because I know you are moved to be indulgent to me today. I think the biggest muddle in our thinking today is the firm belief that the public sector can, without pursuing commercial principles, vie with the private sector. You put up a beautiful factory like the Bharat Electronics. You have only to go there to discover for yourself that the Managing Director could be a free man not tied down to files—he must consult the hon. Minister here if he has to increase somebody's salary, if he has got to sack somebody or other, with the result that he is not a free producer—how it can work. I am giving you only one instance. I can give instances all round the country, because I have the privilege of doing a lot of travel with the Public Accounts Committee and otherwise also because of my own personal love of travel. I have gone round all these places and seen how there is wastage because of this public sector business.

What happened in the Indian Airlines Corporation? At the time of the specific enactment we were told that the airlines would be run on commercial principles. One of them is being certainly run on commercial principles. What about the other one? What happened at Sindri? You appoint a General Manager. He goes round the world to see the fertilizer factories. By the time he is back at his job, you remove him to somewhere else.

We have to run away from the fact that just because so and so is an Indian Civil Service man or something like that, therefore, he is going to be an expert in everything. We have to build up special cadres now. There has to be a commercial cadre—not because job-hunters and friends have

to be billeted somewhere or other. That is what is operating at the present moment.

Sir, I will end up with this question of production. Coming to agricultural production I would say that whoever could make two ears of corn or two blades of grass grow upon a spot where only one grew before would deserve better of mankind and would do more essential service to the country than the whole race of politicians put together, the whole race of plan-commissioners put together.

My last word is this. I was shocked the day before yesterday during Question Hour here when many hon. Members were trying to elicit some information from the Minister of Railways. This question was asked in the other House also. You were good enough to accommodate me. If our friends on that side are going to take up this kind of attitude, then we are going to get into the reverse gear. What is the particular point? Somebody makes a complaint about certain supplies to the Railways. The supplies, before they are made are inspected by the Railway personnel—the technical personnel. If they are not passed, they are not supplied. Anyway, because somebody asked a question—some red friend from there, and they are very fond of asking questions and they think that anybody who has a factory must be put into trouble—in the other House, immediately the Minister gets frightened. Quite right. I think he should take proper notice of anything put up by any Member of Parliament, red, blue or whatever he is. Immediately, what he does is he says I am making enquiries, police investigations. Quite right. Please do that. But, simultaneously, they have stopped supplies to this factory and 4,000 workers, Adivasi workers, have been thrown out of work for the last 3 months. I know it for a fact that this is not the fault of the firm, this is the fault of the Railway Board. I can prove it. Investigations are going on and still

I am most confident of this particular fact.

After the complaint was made, the Director General of Supplies and Disposal demanded that there should be a joint inspection. The joint inspection also okayed it. The original inspection also okayed it, the joint inspection of the DGS & D representative and the Railway Board also okayed it. In spite of that the Minister says here—he does not answer straight—that they are awaiting the police investigation. Why is investigation called for? To find out whose fault it is I ask my hon friend over there, if I make a complaint against them—which I can easily do whether it is right or wrong—are they going to suspend themselves? Are they going to suspend the Railway Board? Why do they not do that?

As I pointed out during Question Hour yesterday, have we made a complete volte face and run away from the Anglo-Indian system of jurisprudence where no one is guilty till he is proved to be guilty? Have we gone to the French side of saying that everybody is guilty till he proves himself otherwise? Is that the position?

I ask my friends to take full cognizance of the illustrations I have given. We all have to go ahead. There is no question of this party or that party.

The Prime Minister has said that he would like the cooperation of every party. But he has to be tested as to what he means by cooperation, because, as I said earlier, that the arrogance that has set in the minds of 45 per cent the ruling party is something that does not quite attract us. We are there all the time to assist and be with them. Personally, I approve of it. I think we have to get on together. I do not think that wisdom is one-sided. I think better wisdom might be on this side. It is not whether this is worse or that is better or that is worse or this is better. It is only when we put it to the test, when you are round the Table that

you can find what has to be done.

Mr Deputy-Speaker, Sir, I am personally not very interested in tackling the tax question. I congratulated my friend the other day after his Budget, I expressed my thanks to him that at least as far as I was concerned, he did not touch me and I thank him again.

Shri Thirumala Rao (Kakinada): Mr Deputy-Speaker, Sir, we have been listening to the speech of my hon. friend, Shri Asoka Mehta, with some relief as it came from the Deputy Leader or an important Member of the P S P which was in some refreshing contrast to the speech delivered by his leader yesterday. I am glad that my friend Shri Asoka Mehta has tried to educate this House. I congratulate him on his efforts. He has greatly succeeded in carrying this House through a maze of details and statistics which have to be verified. If one thing is certain it is not possible to compare the conditions obtaining in China which is under a dictatorship and the conditions obtaining in Western Europe which have had their industrial revolution a century ago. Still they prove useful in a limited sense for planning. The aim is to develop this under-developed country as rapidly as possible. The Budget presented by the hon Finance Minister has been described as showing realism and cautious economic statesmanship by some. The others have termed it as reactionary Budget which was prepared only to pamper the rich and the capitalist class in this country. There are encomiums on the one side and criticism on the other. I think the Finance Minister as an experienced Congressman who has had his roots in the freedom struggle of this country, as the first Finance Minister recruited from these ranks, has shown commendable realism and determination in presenting the Budget and facing the criticism that arises out of that Budget. I do not want to go into all the details of it. But the real distressing feature of our Budget is that our industrial production has fallen down by three per cent last

[Shri Thirumala Rao]

year and another 25 per cent in the current year. This is a matter of concern.

The strain on foreign resources is due to the phenomenal fall in our exports. It has to be looked at with a careful eye. Our export markets received a rude shock with the simultaneous demand on heavy machinery and consumer goods in this country and this has created a crisis in our foreign payments. We are aware that all the commodities like jute, cotton, oil, oil-seeds, cashew, manganese, mica and iron ore, spices, tea and coffee are all in private sector and so are manufactured goods like textiles. The Government of India has to earn foreign exchange, it has to depend mostly on the private sector and there is very little from the public sector from which they can earn foreign exchange. Therefore there should be whole-hearted co-operation between the two sectors for this and the export market has to be revived again and our foreign exchange position has to be retrieved. From that point of view, I think the Commerce Minister deserves some commendation at the heroic efforts he has been making in order to give all the incentives and help necessary for reviving foreign markets for our goods. Today we have heard that the gap in foreign earnings has fallen down by another Rs 25 crores and the total net deficit of our foreign holdings is about Rs 189 crores. With the assistance that has been generously offered from several countries like USA, Japan, Germany, United Kingdom and USSR we have been able to tide over the foreign resources crisis in the Second Plan. I do not want to deal more with it because there would not be enough time.

Now, it has been mentioned rightly that our food position is the base on which our Plan mainly rests. The price and wage structures mostly depend on the cost of living and the

price of essential commodities like food and cloth. The import of food is a continuing phenomenon. It is difficult to foresee when we will be self-sufficient in food. In 1958, we had to import 35 million tons of foodgrains and the cost of foodgrains imported from the beginning of the Second Plan up till now comes to about Rs 208 crores entailing a drain on our foreign exchange. It may be argued that PL 480 will help us in meeting a portion of the rupees to be spent on the development plans in the country. When the Second Plan was finalised, it was not foreseen that the agriculture production should be the main base demanding the first priority. It is agreed that four per cent increase in production is being steadily registered but the Plan targets are not to be realised at the end of the Second Plan. Unfavourable seasons last year had resulted in short-fall which has increased our need for further imports. It has always been the aim to attain self-sufficiency in food but I am sorry the target has proved elusive. In view of the mounting needs of the population, it was estimated in 1956, at the beginning of the plan that an additional production of ten million tons should be aimed at by the end of the Plan period, 1960-61. But in the meantime, there was a further appraisal of the situation and the Planning Commission has demanded of the States to provide another extra five million tons and asked them to enhance the target to 15 million tons during the Plan period. When the Foodgrains Enquiry Committee was appointed and when it went about and had a heart to heart talk with the State Governments, they were inclined to take them into confidence and point it to them that the Planning Commission's target of 15 million tons could not be reached by the end of the Second Plan and only ten million tons could be reached. According to the reports revealed by the Government of India in the Food Ministry, it now seems that they do not expect more than ten million tons by the end

of the Second Plan. There is no use planning like this, according to the wishes and not according to the realities of the situation

According to the figures given by the Food Minister, it has been estimated that the major irrigation projects would contribute to an additional three million tons and minor irrigation projects to about 1.9 million tons, fertilisers and manures 3.8 million tons, improved seeds, 3.4 million tons, land reclamation and development, .9 million tons and improved agricultural practices, 2.5 million tons. It is difficult to assess even roughly how far these detailed targets could be achieved. The low acreage that has come under the major irrigation schemes is something like an eye-opener. Planning for all the antecedents and auxiliary measures required to fully utilise the water made available under the major irrigation schemes have not been simultaneously mapped out. With regard to the seed farms, the progress made by the State Governments is very disappointing. I am constrained to say that the planners have given inadequate attention to the need of fertilisers every time there was demand for them from the agriculture Ministry.

I shall first deal with the major irrigation schemes statewide under the several heads mentioned by me and the total acreage brought under cultivation. By all the schemes in the various States, it was estimated that nearly 9 million acres would come under the plough. But the returns from all the States except from Punjab for the Bhakra-Nanga project, have been disappointing. In Andhra only 1.93 lakhs have come under irrigation for of the 19 completed projects. In Bihar only 2.41 lakhs have come under irrigation, in Bombay the figure is 1.07 lakhs, in Kerala 0.18, in Madhya Pradesh, 2.76 lakhs, in Madras 1.28 lakhs of acres, in Punjab 18.55; and in Rajasthan 11.49. Therefore, the money spent on these big projects is about Rs 600 to Rs 700 crores. It is said by experts that for every 100 acres of irrigation potential that is created under a five year period only

20 acres are brought under plough. When I look at the amount of money that is spent and the amount of actual land that is brought under cultivation, the proportion seems to me to be very alarming.

14 hrs

It was estimated that major irrigation would account for an additional three million tons. I do not know how much of foodgrains is produced on account of the new area that has been brought under cultivation.

With regard to fertilisers, this is a great disappointment and miscalculation on the part of the planners. Every part of the country is demanding fertilisers to increase food production. But it was given a go-by. A thorough investigation has to be made as to the bottle-necks in the way of increasing agricultural production and find out how far the Plan expenditure is contributing to the increase in production. It should also be thoroughly gone into as to the causes of low utilisation of the irrigation potential created.

About fertilisers, I would like to make a suggestion. This year we have to import about 3.5 million tons of foodgrains. Along with foodgrains, will it not be possible for Government to arrange for import of fertilisers also under PL 480? They can very well negotiate with USA for permission to utilise the money that is being now spent on local development for import of fertilisers. A part of it can be utilised this year and with that additional production of foodgrains we can reduce the imports from outside. The money thus saved can again be invested for importing more fertilisers.

With regard to import of food also, I do not see any prospect of improving our production to meet the required demands. There are now 7½ crores of urban population who depend on the rural areas for production of food. Assuming that our imported foodgrains of 3.5 million tons are consumed by this population from the

[Shri Thirumala Rao]

urban areas that comes to 4.7 ounces per day. Computing 14 ounces of foodgrains per day as average consumption per capita, the rural population of 310 million have to supply food, after feeding themselves at the rate of 14 ounces per head per day, of about 9 ounces per day per head for the urban population. The shift of population is now again largely towards towns. We have also to utilise a certain amount of the cost of foodgrains, as I told you, towards improving the food production.

It is said that every rupee worth of fertiliser that is used on land will create an economic potential equal to 2½ times that amount by producing ancillary industries that are involved in the production of food and improvement of agriculture. That has also to be gone into, and a substantial amount of money has to be invested on both import of fertilisers and also manufacture of fertilisers.

The Food Minister has told the other House that Government are arranging for irrigation facilities and also for bringing into existence a number of fertilizer factories by the end of the Second Plan. The one factory about which we hear is the Bhakra Nangal Fertiliser Factory. The others do not seem to have made much progress, and it will be some time before they can be brought into existence.

The matter of controlling food prices has been given wide publicity. It has been said that the Government are entering into foodgrains trade by organising a State Trading Corporation. But the advance information that has been given and the propaganda that has been done on its behalf without the proper machinery and arrangement for bringing into operation this scheme quickly has created a sort of scare among the people. The middlemen started hoarding foodgrains and artificially raising the prices of foodgrains. Still it is not an easy matter to organise state trading in foodgrains. It cannot do it with the machi-

nery that at present exists. Instead of taking over the whole machinery of storing, buying and distribution, it is better if Government starts with the first phase and see how far it works. Instead of having several hundred crores of capital in their hands, for buying the foodgrains in the wholesale markets, storing them in proper sheds and then distributing them, the work of distribution must be allowed to be run by private hands. In that case a large number of people who are already having their employment in that line will not be thrown out of employment, and the scheme will not create any hardship to the ordinary people who live by retail trade.

With regard to taxes, Sir, I welcome the reduction in the military expenditure. It admits of more reduction, I believe, because, after all, military strategy has been changing, the pattern of defence forces in countries has been undergoing a radical change after the possession of secret and nuclear weapons by Russia and America, and also United Kingdom and other countries. The use of conventional arms and weapons has been largely reduced. Their importance has been altered. However much we may spend on our defence forces, we will not be able to have any parity or any comparison with the big nations, the big powers that control the destiny of the world. Viewed from that point of view, we have to note that any amount of defence expenditure is not going to give us a status equal to those big nations. The necessity of defence expenditure for us is to keep our neighbours in good behaviour and also to organise internal law and order, in case there is any rebellion or something of that sort.

Then, Sir, having known a bit of expenditure on the defence side, I feel that there is a lot of wasteful expenditure in that department which can be usefully investigated and plugged. That will give us a saving of some more money.

With regard to the tax on *khandsari*, that has to be examined more carefully. The pattern of our taxation is bound to change. As our imports are dwindling, our customs duties are bound to dwindle. To make up for the loss on customs duties, we will have to introduce excise duties, and the burden of internal resources has to be borne by the masses. Excise duties are inevitable. But *khandsari* is a cottage industry. I feel that for filling up, partially, the deficit in the Finance Minister's Budget, he can safely look to minimising the expenditure on civil side, on the administration side. He should leave the cottage industries alone. If there is any mechanisation in that industry, if machinery is used there, then you can include them. As long as it remains as a cottage industry it should not be touched.

On account of incoherent and unplanned development of sugar industry in this country *khandsari* has developed side by side with sugar industry in UP, Bihar and other places. The competition that is now feared by sugar factories from the *khandsari* industry has come on account of lack of proper organisation and planning on the part of Government. Now, it is for Government to see that the bigger industry will not swallow up the smaller industry. If there should be any planning for the location of the sugar factories hereafter, they should see that there is no competition between the *khandsari* industry and the sugar factories for meeting the requirements of sugarcane.

With regard to the tax on motor tyres and diesel oil, that also works hard on the middle-classes. For the sins of commission and omission of the railways which have got a budget of about Rs 700 crores, with an imposing array of officials in the Railway Board—their plans have all gone wrong and their estimates have fallen short—and for the losses which they sustained, it is not fair for the Finance Minister to come to their rescue and impose this burden on the poorer

people of the country. Road transport is going to develop in the private sector to such an extent to carry goods and passengers that it is not merely a service but a great industry. For in my district, for instance, with a population of 23 lakhs, there is only a stretch of 80 miles of railway. The rest is covered by road transport, and the people there depend upon roads for transport? You cannot penalize them by increasing the rate of diesel oil and motor tyres.

With regard to diesel engines, if we go and see in the several dry areas of the South, you will realize that large quantities of foodgrains are grown by utilizing the diesel engines. Diesel engine is used for well irrigation, sugarcane is grown by well irrigation. Foodgrains are grown by well irrigation. There is always a great demand for diesel engines from the Agriculture Departments of the State Governments, and there is no point in imposing this tax on the poor agriculturists who are helping you to produce more food. After all how much deficit has been met by imposing these taxes on the poor people who number 30 crores? What is the deficit you want to meet in a budget of Rs 800 crores? You can easily scrap this revenue of about Rs 30 crores through the imposition of these taxes out of a total deficit of Rs 80 crores, by exercising greater vigilance on the expenditure in defence and in the administrative field. Only then you will be earning the gratitude of the people.

Shri Jamal Khwaja (Aligarh) Mr Deputy-Speaker, Sir, as I am a student of social philosophy and human nature rather than of public finance and fiscal policies I feel that the best way in which I can contribute to the proceedings of this distinguished House is to dwell on the philosophical and ideological aspects of the budget rather than on the details of the taxation structure or on the various policies that have been formulated and on the taxes levied.

[Shri Jamal Khawaja]

The ideological aspect, as everyone would readily grant, is very important. We who belong to this side of the House frequently hear from the Communists and the Socialists, from these parties, that the Government suffers from a lack of ideological clarity and cohesion and that we are confused as to what the basic policy or the fundamental policy and the basic approach are or should be. I think that this is not correct. The Congress party and the Government follow a specific ideology and approach but it is not a rigid approach or a text-book approach. Although it is said by us that we are following the socialistic pattern of society and socialism yet I honestly feel that it is not just socialism or just any "ism". If any word is needed to coin that 'ism', I would like to coin a new word and call it 'balancism'. That is how I feel. It is a very unconventional word, but I think one should not be averse to coining new words. Of course, the more popular expression is mixed economy or whatever you might like to call it. However I think the word 'balancism' spotlights the character and the nature of the basic feature, the ideology and the philosophy which we follow.

It is a pity that we do not understand and grasp the dynamics of thinking and how the various concepts in all fields of human knowledge have been developed. There was a time in the 19th century when there was a dichotomy between matter and energy. These were the two basic concepts of physical science. Yet, as science developed this dichotomy was overcome and we saw the fusion of these two concepts. Matter was reducible to energy and energy was reducible to matter. Similarly, I maintain that in this atomic age, in this modern age, the dichotomy and the contradiction between rigid socialism on the one hand and rigid capitalism on the other hand have disappeared. It is in evi-

dence in all dynamic thinking. But all rigid and closed minds suppose that there are these two "isms" and that they can be applied to the concrete facts of society, for economic development, etc., in an exclusive way.

It is well known that the capitalism of America, for example, is not the classical capitalism. It is neo-capitalism. If you see the private sector and the public sector, it is a fact that in America a far greater percentage of production is in the public sector than is the case in a country like ours where we definitely adhere to the socialist pattern of society. So things have changed. The Prime Minister repeatedly, and everywhere, he goes not only as the Prime Minister but as the great ideological leader, propounds this and lays emphasis on this. But it is a matter of regret that our young men and our thinkers do not appreciate and cannot appreciate the significance of what he asserts or what all thinking men, apart from the Marxian intelligentsia, are thinking. I refer to the German sociologists like Karl Mannheim and Max Weber and others who were the intellectual heirs to Marxian philosophy. We do not know how the sociological theory has developed in Germany. So, I wish to point out that emphasis on the mixed economy and the fusion of these two things have come to say in the modern world.

The basic question which is confronting thinking men and the 'theoreticians' today is the question of the balance of power, the question of power, the diffusion of power in an optimum way. If power is concentrated either in the hands of the State or the individual, it leads to certain difficulties. The Communists may not be aware of it or others who are doctrinaire socialists may not be aware of it, but these things are engaging the attention of serious philosophers, all social philosophers and sociologists. If the State becomes omnipotent and powerful, then there is danger. On

the other hand, if the individual, whether he be the capitalist or the industrialist, becomes too powerful, then also there is danger. If the State becomes too powerful, there is the danger of individual liberty being challenged. If the entrepreneur, the big businessmen, the industrialist, gets too powerful, there is the danger of social discipline being destroyed. It might lead to chaos. So, the crux of the problem today, in this age, is not whether there should be capitalism or socialism or private sector or public sector, but how power should be diffused in an optimum way, because, here also there is difficulty. If there is too much diffusion of power, then there is no possibility of controlling and moulding the economic processes of the country. If everybody works in his own way and builds his own little house, there is no possibility of moulding things, changing things according to a specific ideal. On the other hand, if power is too much concentrated, there is the other danger which I have referred to. So, it is wrong to say that the Government has no clear-cut policy, that they are divided in the Cabinet, that one member of the Cabinet pulls in one way and the other in the opposite way, that there is tussle between the public sector and the private sector.

In all honesty I feel that the Government is following a consistent policy and that is the policy of balance, or I may call it economic dualism or parallelism. I feel that there is no question of any conflict between the private sector and the public sector. They are to my way of thinking, the two eyes of our country, of the bride of India, if any eye is destroyed or damaged, the beauty of the bride would suffer. If we do not think in this way and if we speak, as one of the Members said yesterday, as if there is a cold war, I feel that is a very mistaken attitude.

Reference was made to the fact that we are going too slow in regard to

certain matters, we have not been able to nationalise banks, etc. On the other hand, there are people who say that we are going too fast. One hears all sorts of things. The very fact that both these criticisms are made against Government shows that the Government is following the policy of the golden mean. This is the best proof that the Government is following a middle-path. In this connection, I would like to point out that it has been established beyond doubt that in the modern age, it is not ownership of an industry, the means of production or the banks which counts. It is the power to control and regulate which is the real thing. If Government is in a position to regulate and control the activities of the banks or other institutions, however large they might be, mere ownership becomes insignificant and superfluous.

Here I may draw an analogy between the so-called modern form of imperialism as compared to the old form of imperialism which was called colonialism. It has been amply shown that political domination over a country is not necessary, provided the economy of the country can be controlled. Similarly, nationalisation of banks or of any other institutions for the sake of nationalisation is useless. The real thing is whether the Government has effective and full control. If the control is there, Government can safeguard the national interests and there will be no question of anyone overwhelming anybody else. I do not believe in any sector overwhelming any other sector, let there be true co-operation between the two. That would be in the best interests of the country.

After this ideological exposition, I would like to make an analysis of the basic policy approach which, to my mind, the Government is following. I would define the basic policy approach of the Government as multi-dimensional as opposed to the mono-dimensional approach. The multi-dimensional approach, as I define it, takes

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into account the totality of the dimensions of progress, where progress in all dimensions is sought in a constant way. On the other hand, the mono-dimensional approach means exclusive concentration upon certain features to the exclusion of the others. Here again, I may give an analogy in the sphere of psychology. We have the whole method and the part method. The whole method consists of learning material as a whole and the part method consists of concentrating selected parts. Now it has been proved beyond doubt that the whole method is superior to the part method in the long run.

I hold that in political economy, in politics in general, the multi-dimensional approach is likewise superior to the mono-dimensional approach. Here also, there will be no clear-cut distinction, it is a question of emphasis. While we have been following the multi-dimensional approach, Russia and China have followed in many respects the mono-dimensional approach. They have selected certain targets or certain immediate ends and they have made an all-out effort to reach those ends, whether it is food production or heavy industry, and that has produced results no doubt. But I feel that basically our approach is superior to theirs, although in view of the tempo of the age and a number of other factors, there is ample room, according to my way of thinking, for following the mono-dimensional approach in a number of things, especially, for example, in increasing food production. I need not labour on this point, it is so axiomatic. While the general multi-dimensional approach that we have been following is correct, in these matters much more results would have come if the mono-dimensional approach had been followed and concentrated efforts had been made in these directions.

Another such field is the field of training of co-operative personnel. Here also, a very intense concentrated

drive is necessary. Equally important are the spheres of administration and judiciary. The report of the Law Commission has just been published and it has highlighted the arrears in the judiciary and the other difficulties and complexities of the situation. So, here also a mono-dimensional approach to lessen the number of arrears and to reduce the administrative delays at all costs would have yielded better results.

This brings me to the heart of my speech.

Mr Deputy-Speaker: The heart has come very late.

Shri Jamal Khwaja: In a sense, the heart a ways beats.

Mr Deputy-Speaker: But not at the end; the heart should beat from the beginning and not at the end.

Shri Jamal Khwaja: It has been beating from the beginning, but now it might beat a bit faster.

That point which I want to emphasise is that we are all very anxious and eager for the rapid industrialisation of country. It reflects the tempo of the age, the atomic age. So, there are very great stresses on developmental and productive expenditure and we feel shy towards any increase in non-productive expenditure. Certainly this is correct and it should be so; yet, we should not forget the basic fact that the welfare State logically pre-supposes the police State. There cannot be a welfare State, and the functions of a welfare State cannot be performed effectively if it is not supported by a strong police state, where the functions of the police State are adequately performed—I mean general law and order, sound administration, sound judiciary and so on. And this is my reasoned conviction that in our eagerness and in our zeal for the quick development these aspects have been

ignored. I do not blame the Government, I do not criticise the Government. Large sums of money are being spent on these productive enterprises and, therefore, it is inevitable

Here every now and then there is a cry in this House against the mounting civil expenditure. There is a cry for economy. But I want to submit that this is a very important matter. Economy at the expense of efficiency will not do. Economy is certainly necessary, but efficiency is also necessary. And if we in this House grudge this expenditure every now and then, the Government will not be in a position to perform the police function which constitutes the base and without which no welfare State can function properly and no development can take place.

Though there are a number of things to which I wanted to refer, for want of time I shall conclude. I wanted to speak about the totality of the situation as it prevails in the country today. As far as the economic situation goes it has already been brought out by a number of speakers, but best of all, I think, by the Economic Survey. I feel I must congratulate the Minister and the Ministry, but most of all those officials who have contributed to the preparation of that economic survey. It is a noble document, impartial, fair and objective. And I can say that a government which is capable of bringing out such an impartial and objective document is a responsible government and so I have full faith and confidence in its ability to deliver the goods and to lead the country forward.

I shall conclude by saying that the other aspect of the total situation to which I wanted to draw the attention of the House was the spiritual situation. I do not use the word "spiritual" in the sense in which we use it, I use it in the sense of *Geistige situation der Zeit*, the famous book written by the famous German philosopher Karl Jasper just before the Nazis came to power. But there is no time for me

to go into the spiritual situation. Therefore, I shall content myself with the simple remark where we have declined is the spiritual, the subjective, the imponderable aspect. Quantitatively we have improved, there is no doubt, barring the shortfall in agricultural production or the slowing down of the rate of production in the last two years in the industrial field. But, as I have said, we will overcome all these difficulties. I need not go into the analysis. But, as far as the spiritual situation goes, there we have declined. I refer to the qualitative decline in our standards in all spheres of life, whether it be judiciary, whether it be public life, whether it be our educational institutions, whatever they might be. Again, it is useless to complain or criticise the Government. There is a thing like socio-economic causation and sociological determination, and no matter who the personnel of the Government might be, no matter who do form the government, the operation of these objective laws, these social laws would have their effect.

Therefore, I do not wish to criticise or condemn the Government. But I would certainly like to draw the attention of the House and of the country to this important thing. I would say that the only solution for arresting this decline lies in the sphere of education. Therefore, while we should not grudge any additional expenditure that might accrue as a result of maintaining a sound and efficient administration, so should we not grudge any additional expenditure that might be necessary for raising the educational standards.

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

Shri Jamal Khwaja: I will finish within half a minute.

The most significantly arresting feature of this spiritual development is the spirit of commercialism which prevails in our low-paid Government

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employees. As far as the officers and others go, I have no complaint to make. I have no statistics to give but anyone can go and see for himself the spirit of commercialism which prevails in the offices, and nothing can be done unless you put a brake to it. You may call it bribery. That corrodes and poisons the atmosphere with the result that moral capital is not forthcoming for the implementation of the Plan. That has to be stopped and moral capital has to come, where lies the remedy for this.

Apart from the improvement in the standards of education, there is another factor, and that is the human touch at all levels and the formulation of a code of conduct, not only for the officers but also for all public men and politicians. There should be a gentleman's agreement by all political parties that that code of conduct would be followed and the ruling party should take the initiative and lead in this matter.

Mr. Deputy-Speaker: I now call on Shri Thanu Pillai. Then I will call Shri Shibbanlal Saksena. As our friend has said, we ought to conform to some code of conduct here also. If the hon. Members from this side also desire to take so long as the Opposition Members, then there would be very little chance of exhausting the list of Members that has been supplied to me. Therefore, whoever might be on his legs, at least on the second bell he has to sit down. I allowed the previous speaker to conclude his sentence. But then he took up a new subject. Sometimes "in conclusion" comes 3 or 4 times. That creates certain difficulties. So, I request all hon. Members to see that when the first bell is rung they ought to come to the finishing touches and conclude when the bell is rung a second time.

Shri Thanu Pillai (Tirunelveli): The budget proposals have given a lot

of concessions to the big business at the cost of small investors and consumers. Concession is granted on many taxation proposals of the previous years under the guise of simplification. If a company had to pay a tax, the shareholder was previously getting a rebate from out of the grossed amount. Now this small shareholder is not getting the benefit of refund but the company is getting the benefit of a lower taxation.

Then again, coming to the wealth tax on companies, on paragraph 70 it is stated

"This rate will secure the same revenue as its at present derived from the taxes on the wealth and profits of companies and I propose, therefore, to abolish the Wealth Tax on companies and the Excess Dividends Tax."

It has been argued that it is compensated and though a concession is granted the money is collected otherwise. If somebody is benefited, somebody is paying more. Who is the person? Then, this wealth tax, if it is included in this super-tax and the company tax, where was the necessity for increasing the rate of taxation of individual wealth from $\frac{1}{2}$ per cent to 1 per cent, 1 per cent. to $1\frac{1}{2}$ per cent and from $1\frac{1}{2}$ per cent to 2 per cent? If company tax relief was intended to give relief from double taxation possibilities, let us take courage and say that we have revalued our approach to the economic problem and structure of taxation and we are giving this. It has not been explicitly said as to why these concessions are being granted. Let us see what the previous Finance Minister said when he levied this tax. He said.

"The net effect of the proposal to increase the income-tax on Companies will, therefore, not be very significant. It will to some extent help us to check tax evasion."

That is, in the new taxation proposals which were then evolved of levying a company tax and increased Corporation tax on companies giving relief to the individual, it was argued by the then Finance Minister that it will help to check evasion of tax. On wealth tax on companies also, he said:

"In the case of Companies, there will be no tax on assets up to a value of Rs 5 lakhs; on values beyond that the rate will be $\frac{1}{2}$ per cent. The Wealth Tax is intended primarily as a measure of personal taxation but in the peculiar economic structure of India I consider it advisable not to exclude Companies from the purview of this tax. However, the rate of tax has to be low. That is why I have proposed a flat rate of only $\frac{1}{2}$ per cent. on assets above the exemption limit I have just mentioned."

This also he said that there is check on tax evasion. If the policy of comprehensive taxation proposals of Wealth tax, Expenditure tax, Gifts tax, Estate duty, including Income-tax excess dividends were intended for checking certain tendencies in the people, have the conditions changed or has our thinking changed? Let us be clear in our mind. Let us have a bold and courageous approach to it. If the taxation proposals, the Wealth tax and other taxes have been wrong, if we have gone on a wrong path, let us retrace our steps and come back boldly and not say, there has been some fiction in calculation. In several places in the explanatory memorandum it is said, legal fiction is being removed and therefore these concessions are given. Let us not think fictitiously in these matters; let us be realistic. I have no objection to giving concessions. But the reason for giving the concessions should be very clear.

Let us consider the effect of this taxation, on the psychology of the public. Indirect taxation, we never grudge. In a socialistic pattern of society, where direct taxation is bound to dwindle when the accumulation of wealth dwindles, indirect tax-

ation has to be resorted to. Here, when companies are given concessions and they enjoy preference, this indirect taxation on commodities which are used mainly by the poor people—not rich people—does not create a good psychology. I am afraid it creates a bad psychology that the proposals are to help big business and not to give any aid to the consumer or the small investor. Tax on excess dividends has been abolished. If there had been a check on excess dividends, there would not be incentive for more and more profits and the consumer may sometimes get commodities at a lesser price. It is very difficult because there are other ways of selling at higher prices and still suppressing the profits. But, there is a slight likelihood of the prices not shooting up. This free lance dividend for these companies, I am afraid, will have a bad effect on the market value of commodities. It may not affect the people who are drawing big salaries and people employed in the public sector or the private sector or the organised sector, getting Rs. 5 or 10 for every threat. It may not affect them. But, the middle classes, the poor lower middle classes, and the self-employed people are definitely hit. Khandasari, sugar or diesel oil—these are things which the poor people take and they are affected by these taxes. Even regarding other proposals like edible oils and art silk sari, people who cannot go in for silk saris, go in for art silk saris. It is necessarily the poor people who go in for this. We have levied a tax on poor people even on cigarettes. It is not the luxury of a rich man. Even poor people smoke cigarettes. It is the only luxury left for the poor people: cigarette and bidi. That also is taxed.

An Hon. Member: Not bidis.

Shri Thanu Pillai: My hon. friend is not a smoker and he does not know. On all these taxes, do we have any check?

The Finance Minister, in his speech, said about price stability and vigilant

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watch on costs for exports and other purposes. There should be price stability. Is there going to be price stability for the consumer? We are forced to pay higher prices for every commodity, for foodgrains etc. When we ask questions, the hon. Minister says that the increase is not very high. The control price of procurement of paddy was Rs 30 per kotta previously. It has come to Rs 50 now. Still the Government thinks that the price is not very high, the producer must get it. These are incentives for production and trade, but no incentives for the consumer and the other people who are in the low income group.

We do not have a price wage policy. We are afraid of fixing prices on the price that production will go down. But, as I said before, people who shout and fight get more money, but not the other people. How are they going to exist in this country? Have we got a price wage policy? We have been shouting here to fix a wage equated with the price of foodgrains. Unless you come to a decision, unless the Government is prepared to take courage and say, this is the norm which I fix as price of foodgrains, nothing will happen in this country. Every Plan that is coming up will be upset because foodgrains price upsets every other price. That has been the practice. We are not economic pundits. In the home economy, every housewife, every man who foots the bill knows that if foodgrains prices go up, the price of every other commodity goes up.

Rightly, it is, that the Government's approach is directed towards the agricultural economy. But, in what fashion? Are we going in the right direction, that is my question. If these taxation proposals are taken into consideration, we give big concessions to big business and we pass the Nagpur Resolution and tell the small agriculturist that there is going to be ceiling. We have not said what is the extent of acreage. Even a five acre holding agriculturist feels that his five acres will be taken away from him. Why not say clearly what is our ceiling

limit? One State Government says, it is Rs 3,600. Another Government says, Rs 5,000. Therefore, it has upset the mind of many agriculturists who were producing a large quantity of foodgrains at a very high level of production. The Average production in India, I understand, is 900 pounds per acre. In my part, the norm for paddy is 3,600 pounds per acre. If you chill the enthusiasm by undecided policies and pronouncements off and on, production is bound to go down, not go up. What is the approach to the land problem? Do you want to increase production or do you want to use this for any other purpose, other than for increase of production? Let us there also be clear and forthright. If co-operative farming should be resorted to, let us not be apologetic about it. I have spoken before on this subject and I have said, there should be only compulsory service co-operatives, because the individual is not interested in seeing himself as a partner of a big farm, but he is interested in seeing himself a proprietor of a small piece of land to be inherited by his children. That being the psychology and mentality of the people, now let us not frighten and threaten these people who are producing more than 3,000 or 4,000 lbs of foodgrains per acre as the norm in their small plots of one or two acres by saying that we will take away their land, and that they will become members of the co-operatives. If it is a service co-operative, then there is no quarrel. Why this heat and argument everywhere, inside the House and outside? I would like to say that it is all due to a wrong thinking and a wrong approach.

An Hon. Member: By whom?

Sri Thanu Pillai: By those who are interested.

Mr. Deputy-Speaker: By all those who assemble here and deliberate.

Sri Thanu Pillai: The real fact is that when the ceiling was announc-

ed, people thought that ceiling was going to be too small and they wanted to fight against it. When they wanted to fight against ceiling, we gave them a handle to fight against co-operation. It is not co-operation, service co-operatives, as such which will affect the people, because our Prime Minister has said that there is going to be no compulsion, it is voluntary. If it is voluntary, there can be no quarrel about it. Then, why this quarrel from the Bangalore convention and all that? What is happening? Very intelligent people, very respectable leaders are taking that front and going about saying "that we are going on the totalitarian way, therefore it should be arrested here and now." Are we going that way?

It is a matter not to be lightly brushed aside by saying that we will decide this way or that. It has to be faced squarely and answered not with unreasonable passion, but with argument, convincing the people, because their arguments have got a hold on the people, and the people are having such respect and regard for those leaders, and our leaders also cannot simply say that they brush aside that opinion.

The ceiling part of it, as I said, if it is to be liberal, will be acceptable. If it is going to be small, let us see whether the ceiling on agricultural land alone is reasonable, fair and just, when you do not have a ceiling on other forms of wealth in this country.

An hon. Member speaking yesterday said that somebody had declared Rs 160 crores as his wealth whereas his real wealth amounts to about Rs 50 crores and something more. If that is the kind of society that we have, why should I say that this landlord who is having 20, 30 or 50 acres should be controlled, but these rich people will be left alone?

Have we come to the conclusion that land as property should not be accepted in this country? Whatever may be the idea, let us be clear and frank

Acharya Kripalani spoke about faith, but he stopped with faith alone. Faith alone does not constitute truth. Gandhiji taught us faith and fearlessness. Our Prime Minister has very often dilated on it and said that truth is faith and fearlessness, but I am afraid that fear has completely possessed our Government as I can see from the many surrenders to the many threats of strike. I would only appeal to the Government not to be possessed of this fear. All that we decide let us decide fearlessly, in faith and fearlessness which are the two rails of truth. I hope our Government and our leaders will be capable of rising to the occasion and speaking out, and if co-operatives must come, let us not be apologetic. Let us say that compulsory co-operatives must come, let us face it. If by that compulsory approach people go against us, we must accept it. That is democracy. Hon. friends said that we will lose the support of the people. We are not afraid. If the consequences of some approach and some actions of the Government will lead the people to go against it, why should the Government feel shy of it? When we evolve a theory, when we develop an approach, we have to take the consequence into consideration and come to our conclusions.

I am only sorry that our leader is not here, and it distresses any admirer of our leader that some view on regimented thinking is reported to have been expressed by him, and if that is true—it has been modified, I do not know—I must say that our very existence depended upon individual liberty, freedom of thought and freedom of action and speech. If there is going to be a crisis for that freedom of thought, I am sure nothing will stop the degeneration of this country. With all our differences with other parties and ideologies and other groups and politics, we are confident of our success because of that one cardinal principle which the Father of the Nation taught, and his successor has been telling us time and again

[Shri Thanu Pillai]

that what we want is unity in diversity and not uniformity. If that approach is going to be given the go-by, we are very doubtful as to what the consequences will be. I hope the Government and its leader would take into consideration the feelings of the people from all angles. After all, the individual human being lives, in our country at least, not by bread and filling the stomach, we live for very great principles and high ethical values. Of course, very often they are forgotten by the people when they do not get food. In our part of the country we have a saying in Kural

*"Sevikkunai u illadapozhuthu sirithu
vayitrukku eeyappadam"*

The translation is that when we do not hear something good, we will think of our food.

Shri S. L. Saksena (Maharajganj) How strongly I feel about the excise duties proposed in this Budget is obvious from the fact that I have come to oppose them on this the tenth day of my fast.

Mr. Deputy-Speaker: Yes, the hon. Member can sit down and speak if he feels weak.

Shri S. L. Saksena. During my membership of Parliament I have seen many budgets presented and debated upon in this House. But I think none was so thoroughly capitalistic as this one. The Congress proclaims that it is building in India a socialistic pattern of society, but in the whole speech of the Finance Minister, the word "socialism" has been scrupulously avoided. I wonder if such an important member of the Cabinet is so deadly opposed to the very word "socialism" that he abhors it.

But leaving socialism apart, I would judge the Budget from the fundamentals of the faith which the Finance Minister professes, his faith in the teachings of Mahatma Gandhi. I say

this Budget is a cruel mockery of Gandhi's teachings; it is the most un-Gandhian Budget that I could ever imagine. I also claim to be a humble follower of Mahatma Gandhi in my own humble way. I think cottage industries and small-scale village industries were dearest to the heart of Mahatma Gandhi, but I find in this Budget that the most important cottage industries like the *khandasari* sugar industry and the oil pressing cottage industry have been heavily taxed and both of them will not survive the heavy imposition which is being levied upon them.

Similarly other items of indirect taxation are taxes on the poorest class of people. The tax on diesel oil is the most objectionable of these. Duty on birds which is the poor man's recreation is another tax on the poorest of the poor. Tax on motor vehicle tyres and diesel oil will make road transport more costly and deprive poor villages of cheap transport.

Ghee, of course, has vanished from the market, but the vegetable oil which is now being used for cooking purposes by the poor and the middle classes, has been taxed and they will be hard hit by these taxes. Even the tax on tea has been raised and therefore I say the imposition of Rs. 20 crores by way of excise duties is on the poorest of the poor.

The special feature of this Budget presented by one who claims to be a disciple of Mahatma Gandhi is that no relief has been given in taxation to the poor and middle classes who are the hardest hit. The only relief given is by the abolition of the wealth tax on the wealthiest classes. The income-tax on persons earning Rs. 3,000 a year has not been removed.

There is a deficit of Rs. 81.67 crores in the Budget. All the new taxes proposed will yield only Rs. 23.35 crores and a deficit on

revenue account of Rs 58.3 crores will still remain and the over-all budgetary deficit will still be Rs 222 crores. This deficit should have been covered by judicious taxes on the wealthier classes and by reducing expenditure on civil administration which has risen to the monstrous total of Rs 223 crores from Rs 35.5 crores in 1948-49, that is, it has become six times in a decade and, risen by 500 per cent, whereas our total budget including the defence budget has only become double, or risen by 100 per cent only. It should be remembered that this sum of Rs 223 crores does not include the establishment expenses of the defence budget. So, deducting the expenditure on defence out of our total expenditure of Rs 839.50 crores, the total expenditure left is Rs 596.50 crores. Thus, in our present budget out of a total civil expenditure of Rs 596.50 crores, the expenditure on civil administration is Rs 222.73 crores. This works out to 37.34 per cent. I was the secretary of the Harijan Sewak Sangha in Kanpur in 1934. Mahatma Gandhi had then laid down that in our budgets, the expenditure on administration must never exceed 10 per cent, and in an ideal budget it should be confined only to 5 per cent. And here in the Budget of the Central Government which is run by the Congress Party which is returned in the elections by proclaiming from the house-tops that it is the party of Mahatma Gandhi and will build the India of his dreams, the expenditure on civil administration has mounted up to 37.34 per cent of the total civil budget.

15 hrs.

If you examine the budget of the People's Republic of China, the size of whose first plan was four times larger than that of our Second Plan, you will find that the expenditure on civil administration there does not exceed 10 per cent. That is one of the reasons why China's rate of progress is about four times more rapid than ours.

I had thought that now that a staunch disciple of Mahatma Gandhi was the Finance Minister, he would try to reduce the expenditure on civil administration to Gandhian proportions. But I find that his Ministry is the worst offender in this respect, and it has a staff of 112,000 persons on its rolls. In fact the expenditure on civil administration in the last two years also has risen by Rs 91 crores. Instead of imposing these taxes on poor people's sugar, mustard oil, tea, various vegetable oils, diesel oil and motor tyres, the Finance Minister should have cut down Rs 20 crores out of the expenditure on civil administration. In fact, the entire deficit in the Budget can be wiped out if the expenditure on civil administration is cut down to Gandhian proportions, and suitable taxes are imposed on the wealthier classes.

I therefore, pray to the Finance Minister on bended knees that these taxes on the poorest of the poor should be dropped. These taxes are of the same nature as the tax on salt. Khandasari sugar is the poor man's sugar and a tax upon it is just like a tax upon his salt. So is the tax on mustard oil, and I vehemently oppose all these taxes, and I hope this Congress Party which has been voted to power to follow Gandhiji's teachings in running the administration, and which is wedded to the ideal of building a socialist society in the country, will see that these taxes on the poorest of the poor are dropped from the Budget. I have been so shocked by these taxes that I have undertaken a fast along with two other colleagues of mine in Lucknow to protest against these new taxes on the poorest of the poor. It is because I feel so strongly on the matter that I have said all this.

Before I examine the result of the duty on khandasari, I shall refer to the important subjects. The U.S.-Pakistan pact is something which is very disturbing. The way in which

[Shri S. L. Saksena]

the Prime Minister disposed of that pact in this House is not reassuring I think our Government must lodge a strong protest with the United States of America that we consider their action as an unfriendly act

About co-operative farming, I have to say that it is really a welcome idea I support it wholeheartedly This is the first step on the way to attain socialism Until we revolutionise our agriculture and increase our food production at least five times, we cannot find money needed for really gigantic plan like those of China I disagree with those who say that co-operative farming is impractical If an earnest attempt is made, it can be made successful And the attempt will bring to the surface all the corruption that prevails today among the Government servants in the country who may be called upon to give effect to this proposition I congratulate the Prime Minister on the crusade that he is carrying on in favour of co-operative farming

I shall proceed now to examine the nature of tax on the khandasari sugar industry I had thought that the Food Minister would protest against this duty on khandasari but I find that he is the most enthusiastic supporter of this duty

In his address at the inauguration of the 26th Annual General meeting of the Indian Sugar Mills Association, he has observed that 'the Government have regulated forward trading in gur which was exercising a bullish effect on its prices The UP Government had already promulgated an order for licensing khandasari units Duty was also proposed to be imposed on khandasari All these measures would help to maintain the production of sugar and arrest the bullish trends' Shri A P Jain thinks that khandasari sugar being the poor man's sugar is no sugar at all, and only white sugar is sugar He has also told the delegation of khandasari

producers that the duty on it has been imposed to save the vacuum pan sugar industry, as the khandasari sugar industry was diverting cane from the big factories to the khandasari units All this shows that he has completely dittoed what the president of the Indian Sugar Mills Association had said In fact, his Food Ministry seems to have become another department of the Indian Sugar Mills Association The President of the Association has said in his address to the meeting of the Indian Sugar Mills Association a couple of days back that but for the loss of cane from reserved areas to khandasari, the 1957-58 figure of white sugar production would have been equal, if not in excess of the production in the crushing season of 1956-57 He said that this khandasari offered a substitute to white sugar, and in a year of surplus production, it could seriously affect the prices obtaining in the home market I have said that the white sugar industry is not opposed to the expansion of khandasari, provided it leaves cane in the factory areas alone', said the president of the Indian Sugar Mills Association

Thus to save the mighty white sugar industry, which is the second largest industry of the country after the textile industry this heavy excise duty has been proposed on such a petty cottage and small-scale industry like the khandasari sugar industry Vacuum pan industry has now nearly 200 factories in the whole of the country with a production of about 2 million tons annually There are three to four thousand small units of various sizes of khandasari sugar industry in the whole of India, particularly in UP Bihar, Bhopal, Madhya Pradesh Bombay, Rajasthan and Punjab So, this mighty industry cannot compete with this small-scale industry in spite of the protection from foreign competition given to it for the last thirty years Does it not speak heavily against the utter inefficiency of this mighty sugar industry that it cannot compete with

the khandasari sugar industry to say nothing about foreign sugar? In fact, the cat is out of the bag, in the speech of the president of the Indian Sugar Mills Association, when he says that the khandasari sugar offers a substitute for white sugar and in a year of surplus production could seriously affect the prices obtainable in the home market. The real reason for this hue and cry by the manufacturers against khandasari sugar is not the diversion of cane to it in reserved areas, but the fear that if the industry develops, it will become a serious competitor to the white sugar industry. It will then not be able to fleece the consumer as it does now even in the years of surplus production. I hope the House has not forgotten the sugar racket in July—August 1949 when sugar was sold at Rs 2 per seer in the common market.

The khandasari industry is the oldest sugar industry in the world. Sugar is produced in India from times immemorial by this method. Khandasari sugar contains essential vitamins and is far more nutritious than white sugar. The khandasari sugar contains proteins and other mineral salts which white sugar does not. In fact, Mahatma Gandhi had called white sugar as poison, but here we see this disciple of Mahatma Gandhi sacrificing the cottage and small-scale industry of khandasari sugar at the altar of the white sugar industry. I say, let the white sugar industry go to hell if it is not efficient enough to compete with such a small-scale industry as the khandasari sugar industry. It has no right to exist if after thirty years of protection it cannot compete, not in the world market, but even with the khandasari industry.

Let us examine the increase in efficiency that the white sugar industry has attained during the last twenty years. I have not the time to quote all the figures, but if you examine the figures you will find that

the quantity of cane and the yield per acre has gone down, mill extraction and boiling house and overall recoveries have not improved, and fuel consumption and consumption of stores have gone up. What is the incentive for the sugar factories to increase their efficiency? They have no competition to face, either internal or external. The present hue and cry of the sugar mill owners against the khandasari sugar industry is the result of the fear that the expansion of the khandasari sugar industry will force internal competition upon them.

The present expansion of the khandasari industry is the result of efforts made by the Government themselves. Shri R. C. Srivastava, the Director of the Imperial Institute of Sugar Technology in Kanpur wrote as far back as 1935

“The khandasari industry is of still greater importance in relation to the agricultural system, particularly of the United Provinces, and possibly, in the near future, of the Punjab. The khandasaris, being small-scale concerns, are able to operate in the large areas in the interior where lack of communication or scattered cultivation make the establishment of central factories impossible at present. If the khandasari industry were to disappear, cane cultivation will become greatly restricted and the installation of central factories later on will be much more difficult.”

He has further observed

“Although work on the improvement of the Indian process has been carried on for years by several workers, it has not been conducted on scientific lines and no substantial progress has, therefore, been made. The principles involved in this process are just as much the principles of chemical engineering as in any other major industry of a similar nature and

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the methods of research should, therefore, have been analogous. The first and the most essential recommendation that has to be made is that a research station for the scientific study of the Indian process should be provided in the western part of U.P., where the khandasari industry has long been established. Without an institution of this type, in which sustained work can be done for at least four or five years, it will not be possible to obtain the technical data necessary for improving the plant and process on scientific lines."

As a result of the recommendations, a research institution was installed in Bilari in Moradabad district, and the Imperial Council of Agricultural Research gave a special grant for the running of this institution which has been working there since 1930 which has now been shifted to Lucknow. In fact, the Tariff Board's report in 1931 had pointed out that the cost of production of sugar by the khandasari process was not high, overhead charges are low and the cost of supervision is negligible, this to a considerable extent makes good the loss incurred by the low extraction. The capital cost is estimated at 6.79 annas per maund of cane crushed as against Re 1 per maund in central factories and big pan vacuum industries. These figures relate to 1931.

Now after 30 years of research and development and after spending crores of rupees on the research establishments the khandasari industry has grown into a stature that can compete with the present most inefficient vacuum pan sugar industry, and because this industry has now developed to that extent, it arouses the wrath of sugar mill magnates and they have pounced upon it like a hawk on its prey. And I am surprised after reading the whole speech of Shri A. P. Jam, Food Minister, which he delivered before the meeting of

the Indian Sugar Mills Association a couple of days back that this only concern is to save the white sugar industry, and for this he is determined to kill the khandasari industry. And in Shri Morari Desai, the disciple of Mahatma Gandhi, he has found a very obliging friend.

What is the expert opinion about the khandasari industry? This will be obvious from a perusal of the reports of the Tariff Boards on Sugar in 1931, 1938, 1947 and 1950. All these Tariff Boards have with one voice recommended that this khandasari industry must be helped to develop. On page 51 of the Tariff Report of 1931, the Board observes:

"Khandasari factories are easily and quickly established and for many years to come, must form an important outlet for cane in those parts of the country which are not as yet sufficiently developed to admit of the construction of central factories. It appears, therefore, that an effort must be made to support the khandasari system both as holding an important position in the agricultural system of the United Provinces and as constituting an outlet for surplus cane which may be produced in the next few years."

The Tariff Board in their Report in 1938 have observed on page 93, paragraph 115, as follows:

"The previous Tariff Board considered this branch of the industry as necessary as providing an outlet for cane in areas where sugarcane cultivation is scattered and where for lack of communications, central sugar factories cannot be established. For this reason and because khandasari sugar had an important position in the agricultural system of the United Provinces, the suggestion was put forward that an effort should be made to support the industry. Research work on the

improvement of the process of manufacture has been undertaken both by the Agricultural Departments of provincial governments and by the Institute of Sugar Technology. Khan Bahadur S. M. Hadi had, as a result of many years' experiments in Bhopal, devised a bel which is considered by him to be more efficient than the existing Rohilkhand bel."

Mr. Deputy-Speaker: The hon. Member's time is up.

Shri S. L. Saksena: I would request for ten minutes more.

Mr. Deputy-Speaker: He has read out material within 15 minutes which could have been spoken only in half an hour. Also nobody is able to follow him.

Shri S. L. Saksena: "The Sugar Committee of the Imperial Council of Agricultural Research decided in 1930 to finance a set of experiments for comparing the two systems. Experiments were undertaken at Bilari in Dist. Moradabad under the direction of the Sugar Technologist and as a result of his experiments, an improved type of bel was devised. Experiments were also undertaken in 1932-33 at Shahjahanpur which showed that the Hadi bel was more efficient than the Rohilkhand bel if worked under strict control by trained labour but that both sets were inefficient in regard to fuel consumption and furnace temperature. An improved furnace devised for it gives a higher fuel efficiency and so reduces the cost of manufacture. It is proposed to test this bel at the new research station for open pan manufacture started at Bilari in 1936-37."

That a cottage industry which is so widespread should now be proposed to be killed by this heavy duty is something which can only appeal to the Finance Minister and not to any other Member of this House or to any other sane person.

On page 6 of the Sugar Tariff Board Report of 1947 is given the evidence of Shri Mohd. Jilani, President of the Khandasari Manufacturers' Association. He has said that "if Government had given half as much attention to the khandasari industry as had been given to the sugar factories there could have been much progress in khandasari as well." The Tariff Board on the Sugar Industry have, under the chairmanship of one of our most distinguished personalities, Shri G. L. Mehta, ex-Ambassador to the U.S.A., said in their report in 1950 about the khandasari industry:

"It has been maintained that encouragement should be given to this village industry which holds a position somewhat analogous to the handloom weaving industry. It has also been argued that since the present production of factory sugar does not meet the total demand in the country, khandasari sugar may be able to supplement factory sugar especially in times of scarcity. Besides a large number of cultivators and middlemen especially in U.P. derive their maintenance from this industry in certain rural areas which are far remote from factories and whose surplus cane finds an outlet in this industry. It is possible that in such places the establishment of khandasari units on a co-operative basis could be successful. But the imposition of an excise duty of As 8 per cwt at present on a village industry of this character is hardly justified. We recommend that in order to give encouragement to this village industry, khandasari sugar should be exempted from payment of excise duty and that such technical assistance as is necessary should be given to encourage its production in efficient units and on economic lines."

It is thus clear that the new process which is a distinct improvement on the older method of manufacturing khandasari sugar has been evolved.

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as a result of 30 years' research by Government institutions. All expert opinion of all these various Tariff Reports is in favour of development of this cottage industry, for which Government itself has spent lakhs of Rupees in the last 30 years. Now that it has become able to compete with white sugar manufactured by the big factories, it is proposed to strangle it. I ask this House if sugar can be manufactured by the improved process of khandsari industry in the villages and gives a price for cane to the cultivators which is higher than that given by the factories today and can produce a fine and more nutritious quality of sugar as well as rich molasses, why should not this industry be supported in preference to the white sugar industry? Instead of spending huge sums of money and foreign exchange in importing machinery for big plants, should not this House consider that that money should be spent on development of this small scale cottage industry which will also solve the problem of unemployment to some extent?

Support to the khandsari industry would mean many advantages. The equipments of the plants used in this industry are solely manufactured inside the country and need not be imported from foreign countries. So by encouraging this industry to supplement sugar produced by the white sugar factories to meet the country's consumption requirements we need not spend crores of rupees in importing heavy machinery from foreign countries and waste foreign exchange, in these days of extreme stringency and lack of foreign exchange. All the 200 mills in India which produce 20 lakh tons of sugar, employ only 1½ lakh persons including technicians, skilled and unskilled labour but the 3,000 small units of the khandsari industry in UP alone of various kinds, which between them produced 1.75 lakh tons of sugar last year in the season 1957-58, employ 3 lakh persons including technicians, skilled

and unskilled labour etc. So its employment potential is 23 times that of the white sugar industry—per maund of sugar. I have been surprised at the assertion of the Finance Minister in the other House where he has said that the difference in the margin of profit between khandsari sugar and white sugar is Rs 13 per maund in favour of khandsari and by taking away Rs 5 he is leaving Rs 8 margin. This is not a correct statement. I have been associated with this industry for the last 30 years and I can say that this is wrong.

What is the real cost of production? There are four methods of making khandsari sugar. One is the old desi method in which no power is used.

Mr. Deputy-Speaker: If he is going to describe all the methods also, it will take a lot of time.

Shri S L Saksena: I will just refer to them. Only 5 per cent of the total production of khandsari sugar is now produced by the first method. More than 50 per cent of the sugar produced by the khandsari process is by the second method. About 30 per cent is produced by the third process and about 15 per cent by the fourth process. The first method is the old indigenous and requires an investment of Rs 2,000, the second requires an investment of Rs 5,000, the third an investment of Rs 40,000 and the fourth an investment of one lakh of rupees. In the first there is no power used, in the second bullock power is used for the crushing of cane and electric power for driving centrifugals, in the third and fourth methods power is used to crush cane and to drive centrifugals but in the third method, no lime or sulphur is used and in the fourth method purification of juice is done with sulphur or lime. The cost of production under these four processes comes to Rs 28-10 for the first process, Rs. 27-6 for the second, Rs 28-10 for the third process and

Rs 28-2 for the fourth The price of sugar at present is Rs 30 for the first quality, Rs 29 for the second Rs 30-8 for the third and Rs 32 for the fourth

Mr. Deputy-Speaker: I shall have to come to the rescue of the hon Member now He is not taking care of his health I myself feel concerned about it Therefore I shall have to stop him

Shri Bhakt Darshan (Garhwal) Though he is on fast, he is going fast

Shri S L. Saksena: I would request for two minutes more

The margin of profit on *khandari* is on the average about Rs 2-4 per maund, and the excise duty proposed will kill this industry which deserves to be supported I hope the hon Finance Minister will see that this duty is removed

I would now try to say something about the white sugar industry This industry has got 200 units

Mr Deputy-Speaker If a new industry is begun now, he may not find time to refer to it

Shri S L. Saksena The reasons for the present difficulties of the white sugar industry lie in its own selfishness If the Government wants to help this industry, it has to set up a marketing board to purchase the sugar produced in all the factories and to sell it at a uniform rate in the country At present sugar sells in Madras at Rs 42 per maund in Bombay at Rs 41 per maund and in UP at Rs 37 per maund This differentiation is not proper The advantage of Rs 4 per maund of sugar reaped by these factories in the South is most unfair and should not be given to them The marketing board should take over purchase and distribution of sugar In that way, the sugar cane growers and labourers can get proper wages and

the industry can develop properly, and export can also be furthered

Mr. Deputy-Speaker: Now it should be all Mr Siva Raj

Shri Siva Raj (Chingleput—Reserv- ed—Sch Castes) Mr Deputy-Speaker, Sir, the Budget used to be an interesting and exciting one, of surprises pleasant to some and, of course, unpleasant to many But the Budget now has become a painful formality, as it strikes me, for the Finance Minister and a dull and dreamy affair for us It is bound to be so, for the Budget is framed round the Plan and has consequently fallen into a pattern which can be, if at all changed only a little from time to time The normal feature of the Budget in these days however, is a complete dependence upon foreign assistance, loans, an increase in the rates of taxation, direct and indirect and deficit financing

Sir, the days of financial wizards are, I think, past And, if there are any such in this House, I leave it to them to probe into the Budget and its intricacies and to make suggestions or comments—maybe constructive or otherwise—for the benefit of this House I will only content myself with making this observation that so far as I can see the Finance Minister has proved himself to be a practical idealist keeping his feet fairly firm on the ground especially when I see that he is a Member of the Union Government of which the chief is Mr Jawaharlal Nehru, and which Government of late, I find, is feverish carry the simile further, it has got a tendency to fly into space after the second flight, and, perhaps if I may in manner of Sputniks and Luniks, in its approach towards the tackling of the many problems with which it is faced

I know the difficulty of finding the resources for implementing the ever-increasing Plan with ever-decreasing resources It is indeed a mighty task for any Government, the Congress

{[Shri Siva Raj]}

Government or the Communist Government or any other Government. Nevertheless, it has to meet such a difficulty and it can be met by a practical approach to the solution of the problems.

Reference has already been made as to how certain internal resources can be adjusted towards this implementation of the Plan. For instance, my hon. friend, Shri Jajpal Singh, in fact, referred to the two things which I had in mind. One was the imposition of the salt duty again, and the other was the scrapping of prohibition, which, undoubtedly will increase the *scope and extent of our internal resources*. I need not labour these points.

Secondly, I find that so far as internal resources are concerned much depends on how those internal resources that are available are being administered. In this respect, I must draw the attention of the Finance Minister and in fact, of the Ministers of other Ministries to the fact that many of the senior officers such as the Secretaries to Government and other departmental heads find it extremely difficult in these days to come to definite and quick decisions for fear that they might get upset or they might be upset by the Ministers at the top for some reasons of their own. It is a fact that most of these officers are suffering from a lack of firm decision. They are indeed complaining—such as I have seen—that they cannot take a decision. Consequently there is delay, a kind of doubt in the framing and execution of schemes. That is a matter which this Government ought to bear in mind and I hope the hon. Minister will take this into consideration.

On the other hand, I find of late that the employees of Government are not even plan-minded. They do not bring into their daily work the kind of enthusiasm one will expect of people

who are doing the work of the Plan. There is a cry that there is lack of employment, a lot of unemployment; but such employment as there is, I find, is not in the service of the country at all. It is employment almost amounting to Government giving doles because I find a number of these employees do not do their work properly. That is a matter which has to be rectified.

The third thing in connection with the utilisation of our internal resources will be the scrutiny and the care with which the framing and execution of the schemes ought to be looked into. With a little experience as a *Member of the Public Accounts Committee*, I find that almost in every case of a big project there has been over-budgeting and also in the placing of orders for machinery and spare parts there is always needless waste. Some of these can never be resold or utilised in other projects. Things like these are going on due to lack of scrutiny and exposing the sort of callousness there is on the part of those who are in charge of the execution of these projects, with regard to the utilisation of funds. In any case, it is time that some machinery or other is instituted to check this growth of indifference of both public servants and others towards utilising the government funds.

Another matter in which I have always been interested and I have been making observations on is the imbalance that now exists between the industrial development of the country and its development in the agricultural sector. I find the attitude of the Union Government is one which does not help the vast masses of people in the rural areas. I see the Union Government is like a siving column in advance leaving the country behind in suffering and starvation. I feel that the Government should, in the near future, see that the development of the rural parts is being done side by side with industrial development.

The remedy suggested now is—I do not know what Resolution they call it; let them call it the Nagpur Resolution—land ceiling and cooperative farming. I really doubt its value very much, because we, at any rate, the people whom I seek to represent through the Republican Party in this House and elsewhere, do not come anywhere near this cooperative farming—and most of them are landless labourers. I do not know how far this land ceiling and cooperative farming will come to the help of the people I represent. But, I can tell you one thing that we can support a scheme like that provided the Government agrees and starts at the same time what we call agricultural settlements for these landless labourers.

For a number of years, we of the Republican Party did not believe in any kind ofism like communism or socialism or anything of the kind, the meaning of which we do not understand, the feeling of which we do not know. We always felt that in order to help the landless labourers, there ought to be agricultural settlements in places where there are lot of wastelands which could be made cultivable. We have heard that an individual selfless worker, on behalf of the poor has been able to collect a good number of acres—Mr. Vinobha Bhave—of such lands. If that is possible for an individual, I am perfectly certain that it ought to be possible for this Government

There is another thing in which our Party is interested and which we have put forward as one of our planks and that is our faith in the parliamentary system of Government, particularly in the two party system, if possible, the working of parliamentary democracy for the benefit of all. We have been for some time past closely watching the progress of parliamentary democracy in this country. I am sorry to have to say this, without meaning any disrespect to the Chair or to the House, in regard to the procedure that it follows. So far as this House is concerned, there is a kind of regimentation

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tion which we call parliamentary procedure, say, for instance, with regard to the time limits or with regard to the order of calling the speakers. A number of people get up one after another and speak in different languages which a succeeding speaker probably never understands. I find that it is only recitation and no debate. That is the sort of parliamentary democracy, which, I am sorry to have to point out, is being observed here.

Mr. Deputy-Speaker: I could not follow the hon. Member exactly. I do not know what he means by that. I suspect that he had certain complaints against the Chair and he has now said about some regimentation and the giving of turns to speakers and the time-limit on speeches and so on. That would certainly be some reflection against the Chair. I could connect it with the note of his Party that I received only half an hour earlier and that is also couched in the same language.

Shri Siva Raj: I am very sorry if I have given you that impression. I merely wanted to suggest that a system which could put a time-limit on the speakers does not result in a real debate. That is what I meant. There is no complaint against the Chair or against anybody. It is artificial and that is why I call it regimentation.

Now, outside the House what is the sort of democracy that we have developed. I do not understand it. I thought at one time the Congress and the Communists were running in parallel and opposite directions. I find that they run in the same direction today...

Mr. Deputy-Speaker: Still parallel.

Shri Siva Raj: Let me complete my idea almost converging to a point. My fear is that the innocent and illiterate and unsuspecting masses of India will be left where they are and

{(Shri Siva Ra)}

these two parties between them will have their own way. I do not see any difference between one party and the other so far as its high command or its method of Government is concerned. My fear is that people will be left where they are and I am not certain what is going to happen to the future of the country. But I can advise the Government in power and the Congress Party and remind them of the old English phrase: "Beware of the Greeks when they bring gifts". When my friends the Communists offer to co-operate with you, beware

We are all talking about the socialist pattern of society. It has become a fashion to do so and to talk about the socialist pattern of society and to quote Mahatma Gandhi's words particularly about equal justice and equal opportunities to all. I see various projects like the community projects, national extension schemes, the block development schemes and many other social welfare schemes and I find that all the people do not get the benefits of those schemes because unfortunately the people who conduct these various welfare institutions as they call them, are people—personally speaking, I can say—who have not got their heart in the job and even if they do their heart extends only to certain sections of the population. I know—I hope I am not wrong—perfectly that my friend over there also agrees with it that the real people for whom these schemes are intended do not get the benefit at all and the whole thing is due to the fact that whatever the system of Government you may have, whatever be the benevolent nature of the scheme you have, the people that handle those schemes are people who, I think, are not yet trained socially to execute them or to do justice. We are talking of a socialist pattern of society. What is our society? Mainly speaking, a major portion of our society is Hindu society. I read somewhere in a book on anthropology by Dr. Srinivas which pointed out that for centuries the Brahminisation of the

society has been going on—he calls it Sanscritisation—resulting in a number of castes. It has been going on century after century resulting in a sort of graded inequality between different sections. So, do you expect the wolves to look after the welfare of the lambs? It is those people that now run this show. It does not matter whether it is Congress or Communists. Who are leaders of the Congress or of the Communists? They are all drawn from the same class in whatever robes they may appear. It does not matter if it is this party or that party. That is my fear with regard to the ultimate results. My only request will be, if they do not misunderstand, to all those people who are interested in the equal distribution of wealth and the welfare of the people, and my first request to them will be "De-brahminise the society and then talk of the socialist pattern of society"

Shrimati Ila Palchoudhuri (Nabadwip): Mr. Deputy-Speaker, I support this Budget wholeheartedly because after all there are few alternatives left to a Finance Minister when he has to have an income and balance it with the expenditure and yet carry on the development. There are some things which he must do. He has taken some steps which he has to and I realise that but at the same time, being in intimate contact with the people I have something which I would like to bring to his notice and see if they could be redressed. There are some points that I would like to stress. The Budget this time at least has been presented to us in a way that laymen like me can understand it a little better because the different Ministries have been presented separately and I think it has been a great help to many people. On top of that, the Finance Minister in his Budget speech has said certain things. There are two things that rather confuse us. The Finance Minister is of opinion that we have passed the difficult times, and the difficult phase is more or less over.

We are very happy to hear it. But the Economic Survey, however, tries to point out to the continuing difficulties to be overcome. It is also as it should be. But the two things are a little contradictory. The system of deficit financing is also to be there when we want to go on developing but by the end of the Five Year Plan period the limit of Rs 1,200 crores will perhaps be exceeded. Since we are confident that our production will go up, I do not think there is much cause for alarm in that. On the food front, I have to bring certain things to his notice

The Government has had a lot to do towards easing the situation, but, Sir, it has not eased the situation. I would only say that the Government has to carry the people with them so that the food front can be properly tackled

It is said now-a-days that wherever the Government steps in the prices seem to spiral up. In the case of food the prices have spiralled up. In my State the fair-price shops are not adequately supplied. People are not able to get what they want. People have to wait in queues for two to three hours or more. All sorts of difficulties are there. The price of food has certainly not come down to the level that the common man can pay and get it at the time he wants. As I said, the feeling nowadays in the country is that wherever the Government comes in, the prices go up, whether it be food or anything else. The Government has come into question of family planning, and the population has gone up. Whatever that may be, I would certainly bring to the notice of the hon. Minister that the food situation must be really tackled.

In this connection I would like to point out to him that rice for the tea garden areas has to be supplied as quickly as possible and as adequately as is possible, because if it is not there, it will entail labour trouble. Government has made rules that we must supply food to the labour. But

food is not available, and there has to be long correspondence before rice and wheat is made available for the tea garden districts.

Sir, there have been imposts that have affected the common man. Many hon. Members have already stressed that point. I can only say that although this has to be done, things that affect the very poor man and the common man should really be considered. In that category falls both mustard oil and diesel oil. Although the Finance Minister himself has told us that in respect of diesel oil it will mean only 0.34 nP, when it actually comes to the trucks and buses that ply on the road, the fare will be put up. Then it will not be 0.34 nP but it will mean practically an increase of 5 nP to 6 nP per truck mile. Then the common man will feel the impact.

In respect of mustard oil also, I think it is a very sad thing to have done, because that is one of the few things with which a poor man has to cook his food. The price of foodgrains is already high, and now the medium to cook is also going to be high. Apart from that, mustard oil has got essential food values. It is the only kind of cosmetic for the poor man's wife, because by applying mustard oil it keeps her skin in good condition. It also gives some immunity from diseases. I think the question of mustard oil must be considered and there should not be any duty, if possible, or at least the duty must be reduced.

From food, Sir, let us come to drink. I am referring to Ganga, the drinking water supply to Calcutta. The history of India will show that the people of Calcutta do not get good water to drink because the water that is available is not drinkable or potable. It is very saline. The Ganga Barrage is an absolute necessity, and I hope it will be considered by the Ministry, so that it can come into being as soon as possible. The Railway Ministry has said that it is the salinity of water that hampers the functioning of the railways there because the engines are

[Srimati In Palchoudhury.]

always spoiled due to the great salinity prevalent in the water. Therefore, I hope that this project will have due priority and within the Second Five Year Plan period the Ganga Barrage will come into being

Then about the port in Calcutta, and the second shipbuilding yard in Geonkhali. It has the first preference even from the point of view of the opinion of experts. The little saving that is sought to be effected—Rs. 1.7 crores—if it is built in Cochin, will be amply met by the various advantages that the port of Geonkhali will have because it has everything near it. It has got forests, wood, steel and everything else. With these advantages it can make up for the extra cost, and you will have to incur additional expenditure if things are to be taken to Cochin to build ships. Therefore, I hope Geonkhali will always retain its priority and have its claim for the next shipbuilding yard

We are very happy to know that at Haldi the next port has been considered, because another port near Calcutta is an absolute necessity as Calcutta Port is gradually dying out. It is the lifeline not only of Bengal but it is the lifeline of India, and it must be kept alive

Here I would like to bring to the notice of the hon. Minister that the Commercial Intelligence Wing of the Central Government is sought to be transferred from Calcutta to Delhi. They are doing very good work. They are mainly connected with customs duties in ports. I hope they will yet remain in Calcutta and carry on their work, because if they are transferred from Calcutta much of their usefulness will be lost. They have already sent a memorandum. I hope the Minister concerned will surely look into it

About coastal trade I have only to say that when we think of another

thing of smaller ships for coastal trade, because that is something that is essential. I cannot go into the details about it, but small ships of 500 tons are a necessity for India. I think that must be looked into.

When we think of any Budget we have to carry the common man with us. There are only few amenities that he gets, and it is through those amenities that we can carry the common man with us. The few amenities that he gets at the moment are: he gets communication, his letters are carried, there are railways and roads, he gets a few health services and some education. If on all these things there are imposts and taxes that he cannot bear, then I think you cannot carry the common man with you.

I have to make a plea in regard to the central sales tax on a cottage industry. It is a cottage industry of the workers of Krishnanagar. They make mud dolls. It is a house to house industry. They are very artistic and they have been acclaimed everywhere and in the exhibitions where they have exhibited them. There is a central sales tax on them if they export them even from Bengal. They are so poor that they did not even know that this tax has been imposed. In some cases this tax has been collected from them with retrospective effect, with the result that the industry has completely closed down. This has entailed hardship to hundreds of workers who actually depend on this industry for their livelihood

About the refugees, Sir, I have only two points to make. There has not yet been mitigated, with whatever the Central Government thought of doing as speedily as could have been done. The Rehabilitation Finance Administration Act is sought to be amended. In that amendment it is sought to provide that you can arrest the people who have not been able to pay. But by arresting people you cannot get the money, because they are not able to

pay. I do not know what you can do about people who can pay, but if you arrest people who cannot pay the money their livelihood will depend on the State again. You will put them in jails and feed them. How will you decrease the burden on the State? Therefore, what I would plead is, if they have not been able to pay or return the money that they have taken as loans for small trade and other things, a little more money may be given to them so that they may be able to pull themselves out and really rehabilitate themselves.

In fact, the Rehabilitation Ministry has given us a note. I can only point out one instance from that. They have said that industrialists all over the country have been given money by the Ministry to employ refugees, and they were expected to employ 5,000 refugees. I think they have not even employed 1,000 persons. Some of the industries could not function because steel and other things could not be had. There were these difficulties, but, of course, there was fault on the part of the industrialists themselves. The result is that the refugees have suffered. Sir, the East Bengal refugees are second to none in the matter of work. They are willing to do hard work. They have lost a lot and sacrificed a lot. They deserve every sympathy from India and from the Union Government and I hope they will get it.

I will not touch some of the points which I wanted to bring forward. I can only say that I also feel strongly on the question of transfer of territory to Pakistan. If the question is to be re-opened again, to be looked into, I hope it will await a better time, a riper time and a more congenial time, so that the whole thing can be reviewed with the interests of India at heart, with the enlightened self-interest of India at heart and so that the people who feel intensely about it and who have been for a second time made refugees may not be hit again. There is no quarrel about what our Prime Minister has done.

But I think the whole position can be reviewed at a proper time. I hope it will get that reviewing from the Prime Ministers—both the Prime Ministers—in question at a proper time.

There is only one more thing that I would like to bring to the notice of the hon. Minister and that is about the way in which the balancing of the budget is to be done. Of course, it is not for me to tell a very honourable Minister like him what to do. Of course economy has to be effected. They have tried to effect economy in one or two cases, an economy to the tune of Rs 2 crores or something has been made. As said by the hon. Prime Minister in the House the other day, there is a probe also going to be effected into the various High Commissions and so forth by which an economy of £ 40,000 is expected. Things like that could be done so that the budget could be balanced and undue imposts would not be levied and the people carried with us. It is quite true that if we want to say that the Plan is good and the budget is good, we do not need to have to keep on saying it. It is like the man who sells *attar*. *Attar* perfumes the air by itself. Similarly, people will know that the Plan is good and the budget is good. If the amenities are given to them and if they know that the Government is doing good and that the country is going forward there would be no need to publicise it. If the common man gets a few things at least that he wants, he will feel that the *attar* that is being sold to him is good.

Mr. Deputy-Speaker: Shri Subbiah Ambalam. If he does not keep to his seat, I might call some other hon. Member. Perhaps he did not expect it so early.

Shri Subbiah Ambalam (Ramanathapuram). Mr. Deputy-Speaker, Sir, the budget speech and the *Economic Survey* that has been given to us clearly indicate two striking phenomena that are felt by us in the economy of our country. They are:

[Shri Subbiah Ambalam]

mainly the insufficiency in food production and the strain in our foreign and external resources I shall first of all confine my remarks to food production

We have been aiming at the achievement of self-sufficiency in the matter of food production. We know fully well that our economy wholly depends upon food production and the attainment of self-sufficiency in food production. We know fully well for the past ten years that we have been importing foodgrains from other countries to the tune of about Rs 500 crores and still, in spite of having spent crores of rupees in constructing very huge dams and reclaiming millions of acres and in spite of intense drive for cultivation in the National Extension and Community Block areas we are facing this shortage in food. Year after year we are importing foodgrains, both rice and wheat for hundreds of crores of rupees. Ever last year for the half year ending 1958-59, we have imported foodgrains to the tune of about Rs 53 crores. In the year 1956-57 we have imported foodgrains to the value of Rs 101 crores. In the year 1957-58, the value of the foodgrains imported was Rs 153 crores. This shows the magnitude of our problem and how we are not in a position to balance our requirements in the matter of production of foodstuffs.

This shortage in food is mainly due to lack of adequate steps to improve food production and also our lack of efficiency to create a good climate for increased food production among the agriculturists. But we have been taking measures which in a way cause some apprehension in the field of food production. Now we are talking about ceiling on land, starting of service co-operative etc. Starting of service co-operatives in a way will certainly improve our food production but I have my own doubts whether ceiling on land will improve our food production. But we say that somehow we are bound to carry out and legislate ceiling on land before the end of the year.

So far as ceiling is concerned, I may mention that in the South we have our own doubts. The main purpose of imposing ceiling on land is to provide more employment and to give permanent cultivating rights and not to disturb or to evict the cultivating peasants. So far as Madras is concerned there are a number of laws enacted by the State Government. For example, there is the Protection of Cultivating Tenants Act which has said that no cultivating tenant should be evicted and that the share of crops to be divided between the cultivating tenant and the landowner has been fixed. This has been *working very satisfactorily and the yield per acre in the Madras State, I suppose, is the highest when compared to the average production per acre in the whole of India.* Therefore, in such a situation, it is very dangerous. In a condition when we are every year, importing foodgrains and when our aim is to improve the acreage yield and at the same time, bring new lands under cultivation it is very dangerous to start on an experiment like this such as fixing ceiling on land but ceiling on land will not solve the problem of unemployment. We know that even now more people are engaged in agriculture much more than agriculture actually requires. Therefore, the other solution for this unemployment problem is to start more of new industries, smaller industries in the rural areas.

Now we see that the problem of unemployment is on the increase, and we are not able to find a proper solution by giving even genuine employment to the millions of people who are left unemployed. The only solution is to start smaller industries and industrial estates in rural areas. It will in a way not only give employment to the unemployed millions but at the same time, prevent slums and congestion in big towns.

I have known many instances where big factories and mills and other industrial units are given licences for

being started in big cities and towns and which are surrounded on all sides by very good lands, which are costly, cultivable lands, and which are reclaimed for the purpose of constructing mills, especially in and around the cities. If the Government were to take up a very good policy which is necessary in the interests of the country and in the interests of increasing food production, I think that the Government should be very careful in giving licences to such mills to be started in big towns because the mills take away the best cultivable lands in those areas.

I want to say one more thing about ceiling. The Nagpur Resolution says that ceiling on land should be imposed. But this has not been unanimously adopted by our government and the Planning Commission. There is a sign that they are going to exempt mechanised, modern farms. Why should these farms be exempted from the ceiling? I am not able to understand that. Moreover, our policy is that there should be a ceiling on all wealth, whether it is wealth on land, whether it is wealth in urban property or in the form of business. There should be a ceiling. There should be no discrimination between wealth which is in the form of land and wealth which is in the form of urban property or industries. There should be no such discrimination in the matter of fixing a ceiling on wealth.

10 hrs.

I now come to the problem relating to foreign exchange resources. We know fully well that ours is a developing economy. When we are implementing our Five-year Plan and constructing big dams and big industrial units, we require foreign exchange. For earning foreign exchange, we must also conserve our internal consumption and at the same time promote export. In the matter of export, there are one or two items which are very good foreign exchange earners. The Government should pay more attention in regard to export of

these commodities, at the same time, without causing more of unemployment.

I would like to mention something about the handloom industry. We know that there are about 2½ million looms in India out of which more than 5 lakhs are in the Madras State. Two to three million people are employed in this industry. This is one of the most important industries that we have, which gives employment to a large section of the people in the South. The people who are engaged in this industry mostly depend on export of these handloom fabrics outside India. Now, we understand that our export markets where we export these handloom fabrics usually are being affected. I would request the Government not only to take measures to retain the traditional markets, but to continue the export drive. We should maintain exports with these traditional markets, and, at the same time, we should explore the possibilities of exporting all our handloom fabrics to other countries such as Europe and America. Only about 30 per cent of the weavers have come under the co-operative sector and a large body of them are left outside the co-operative sector. These people who are left outside face difficulties in the matter of supply of chemical dyes and other things. I would request Government to extend facilities to these handloom weavers who are left outside the co-operative sector so that their needs may also be looked after by the Government and they are not put to any unnecessary difficulties.

I would like to refer to one other important matter, namely, export of hides and skins. Export of this item earns more than Rs. 30 crores of foreign exchange. Government have been allowing, as a matter of policy, export of raw hides and skins which really affects our economy, which really cuts short our earnings of foreign exchange. If the Government are wise enough to adopt a policy of preventing export of raw hides and skins, our earnings of foreign exchange in these items would be

(Shri Subbiah Ambalam)

doubled. We know fully well that we have a special quality of hides and skins in India. In no other country are we able to find raw hides and skins of this type. This is peculiar to our country, suited to our climate and conditions here. Our hides and skins are very much liked by the foreign countries. We must take advantage of this demand and see that raw hides are not exported.

I would even suggest this. Since our Government needs money for the implementation of our programmes, I would suggest a small levy on the export of raw hides and tanned hides and this money could very well be utilised by the Government in the matter of starting industries engaged in manufacturing leather goods which will have a greater demand in other countries. Our export, not only in quantity, but in quality also, will increase our foreign exchange earnings and it will easily go up to 50 to 60 crores a year.

I would like to say something about the matter relating to Wealth Tax. The Finance Minister has been good enough to exempt companies from the imposition of Wealth Tax. But I am unable to understand what was the necessity to increase the levy from half a per cent to one per cent on individuals and Joint Hindu Families. We are unable to know the reason. More money could well be had by imposing this half per cent or by reducing half per cent to one-fourth per cent on the wealth of companies. That would have been a very wise policy.

I now come to the proposed levy on non-essential vegetable oils. There was some distinction which was made in respect of the small mills expelling vegetable oils. Now, no such distinction is shown between smaller and the bigger expeller units. This will hit hard on the small manufacturing units. I would request the hon. Finance Minister to consider this aspect. These are small cottage industries

where people can afford to invest Rs. 5,000 to Rs. 10,000 and if such a levy is imposed on them they will not be in a position to compete with the big mill-owners who are dealing in crores of rupees in this oil business.

The previous speaker has been mentioning about the refugees from East Bengal. We are also facing a similar situation in the south. Some of the people from the South, especially from the Madras State, have been working as wage labourers in Ceylon, Malaya and other places. They are finding their position very difficult there. They are being repatriated to India. People from Madras who had gone there ten or fifteen years before are being sent away to India. It is a problem for these people who are uprooted from overseas countries to find a decent living in the South. The Madras Government, after realising the difficulties, appointed a special officer to make a report after studying the conditions. The Central Government have not implemented certain recommendations made in the report, in the matter of starting certain industries and in providing gainful employment to such of those people who have been repatriated from Ceylon and Malaya and other places.

Shri Oza (Zalawad): Mr. Deputy-Speaker, Sir, I must frankly admit that I have neither bouquets to offer to the Finance Minister nor any brickbats to fling at him. It is not that I say this in an attitude of sullenness or indifference, but broadly speaking, this is a budget about which we can take a certain amount of satisfaction at the most. We have been supplied with copies of the Economic Survey of 1958-59. If we can sum up in a sentence about the position relating to 1958-59, I would humbly submit that it brings out boldly what preponderating role agriculture plays in our economy. Because of the bad monsoon throughout the country our agricultural production went down and because that

went down, the income of the agriculturists went down and because of that in my humble opinion, the textile industry comes into trouble. We are informed in the Economic Survey that the textile industry contributes nearly 38 per cent. of our industrial production and that makes a sad reflection on our total industrial production, which also went down. Broadly speaking, the nation has placed a tall order of implementation of the second Five Year Plan on the Government; I do not think we can refuse to foot the bill.

To my mind, the second Five Year Plan is the corner-stone on which we can build the future edifice of prosperity in this country. As I said in the beginning this Economic Survey tells us that agriculture is the main factor which contributes to the gross national product of this country. Unless we shift the whole thing from agriculture to the industrial sector, this thing will continue to happen. I think the second Plan is the right step in the right direction. We have placed the utmost emphasis on laying on a solid foundation of the heavy industries, steel mills, fertilisers, cement, heavy chemicals, etc. Unless we are broad-based, I do not think we will be able to make any progress in the direction of industrialisation. I think we should look at the budget from this point of view.

I feel happy that though the year 1958-59 was not a satisfactory one from that point of view, because of the adequate provisions made in the forthcoming year 1959-60, we will be able to move forward. Though the economy has not moved sufficiently forward during the current financial year, which is to expire by the end of this month, I am sure that nature being propitious, we will be able to go forward and fulfil the targets laid down in the Plan for the fourth year.

That again brings us to what the Finance Minister aptly said in his speech

“I have got continuously in my mind the main considerations

necessary for the successful implementation of the Plan. If I may repeat them, these are the maximum mobilisation of resources by taxation and borrowing, firm control over the growth of non-developmental expenditure and minimum recourse to borrowing from the central bank for the finance required for development.”

Taking the first point, mobilisation of resources by taxation, I am happy that the Finance Minister has not flinched from his duty. As I said, having placed a tall order, Government has to fulfil this Plan by expanding the resources by all methods, direct, indirect, small savings, etc. We cannot refuse to face the consequences. Some Members said that the Finance Minister did not give this relief or that relief. I humbly disagree with them. We have got to mobilise our resources if we want to fulfil the Plan successfully, we cannot escape from it.

As rightly pointed by one Member, in a backward economy, we have no go but to tax the commodities as much as we can. Because ours is a poor country mainly relying upon agriculture, the consumption standards are very low; saving is very low and so, investment is very low and it is not possible to mobilise the resources through direct taxation only. We have reached almost a saturation point in direct taxation; so, we have to rely more and more on commodity taxation. It is true theoretically and academically that this indirect way of taxation hits the poor and the rich equally, but there is no escape from it. Every now and then, our communist friends also revert to the same attack that Government is taxing commodities to the utmost. I was going through a book by Prof. Holzman of Harvard University, a beautiful treatise on Soviet taxation. He has said that though the Marxist theorist condemns indirect taxes on commodities as regressive, they have also to rely upon commodity taxation, because they have no other go. There was a limit beyond which direct taxation

[Shri Oza]

cannot yield any results, and so, they had to rely on commodity taxation. Hon. Members will be surprised to learn to what extent they have taxed commodities. He has selected a series of assessing the tax burden and he says:

"Whichever the series selected, the level of taxation is discovered to be extraordinarily high. The tax burden increased steadily and rapidly from 1926 to 1936, roughly doubling over the ten-year period. In 1936, the household paid back to the state in the form of taxes 60 per cent. of its total money income."

Shri Tangamani (Madurai): That was 20 years back.

Shri Oza: I am going ahead also. He says:

"The burden declined during the relatively good years, 1937 and 1938, but increased again in 1939 and 1940 as the Soviets mobilized for war. In 1948, the burden is estimated to have been almost 69 per cent. The substantial concessions to the consumers embodied in the price cuts from 1949—1953 are reflected in the drop to 57 per cent. again by the latter year. Many difficulties, both methodological and statistical, were encountered in making these estimates; these are discussed only briefly in the text, but in great detail in an appendix."

Compared to this, the average low income group family has to pay in India hardly 1½ per cent., whereas the a Soviet working class has to pay 69 per cent. of the household income by way of taxes, direct or indirect. So what is sauce for them is sauce for us also. They cannot say that we should not tax commodities, when they are doing the same in their part of the country, because every now and then they say that; they are doing it in their motherland or their fatherland

perhaps. They have been deriving inspiration only from that quarter. I do not grudge them that method of taxation, because there is no other source for them.

Shri Morarji Desai: They always believe in father and not mother.

Mr. Deputy-Speaker: Why should there be divorce between father and mother?

Shri Oza: Acharya Kripalani also complained about higher prices, inflation etc. It is true that prices have gone up and there is inflation. But, as I said in the beginning, it was particularly because nature was not propitious as it ought to have been. Let us hope that this year there are very good prospects of agricultural production. In this connection, I would read a portion of an article written by no less a person than Shri Asoka Mehta, his respected colleague. He has said very correctly:

"Let it once again be reiterated that if an underdeveloped country is to develop successfully, it is necessary for that country to make a large initial effort to increase output and to do so very early in the development attempt.

If the initial or early attempt does not reach a critical minimum, then it is likely that the country will revert back to its former under-developed state.

If such effort is to mean building up of steel mills and power plants, expansion of transport etc. not only considerable tax efforts would be needed, but as these basic industries do not yield immediate consumption satisfaction, there would be no parallel gains with the stepped up savings. Likewise, the employment provided by the investments would be limited because of the capital intensive character of the early stages of development."

Then he says

"Higher taxes, increased prices and limited employment opportunities thus pave the way for rapid development in future. Pre-occupation with taxes, prices and employment might provide immediate relief but by aggravation of difficulties in the future."

When we are planning for a bright future, I do not think we should swerve from the path which we have adopted. It may mean some strain on us but we have got to request the people to take it smilingly and go ahead in the great task and journey that lie before us.

This brings me to the third aspect and that is the form of control over the growth of non-development expenditure. So many hon. Members have laid stress on it and I am also sure that the present Finance Minister will bring to bear the impact of his personality and he will check all the non-development expenditures that are seen in the budget.

But while we are on this non-development side of the budget I am constrained to observe that we have got to think seriously about our services. The other day one hon. Member pleaded that we should give interim relief of Rs 5 to the Central Government employees. Then the problem was very well thrashed out and the hon. Finance Minister has given a proper reply to it.

Shri Tangamani: Do you oppose it?

Shri Osa: I neither oppose it nor support it. Let us wait for the report of the Pay Commission, because we do not know what repercussions these things will have on the States, local bodies and various municipalities. Therefore, let this problem be scientifically thrashed out.

But what I wanted to suggest was that there is a feeling that after the new Constitution was adopted, the services by and large—I do not say all

of them, for there are many officers at the higher levels and at the lower levels who are playing their role very nobly and in the interests of the country—are not playing their role well and we cannot say that by and large we are satisfied with what we are seeing, so far as the services are concerned. That is the position after 1950, after we adopted the new Constitution. Previously, the fear element was there in the services. Of course, we do not want to regulate the services purely through the fear element, as it was happening before. But we have got to create discipline from within. Now what is happening? There is no fear element. At the same time, discipline is not generated from within. So we see *insubordination and indiscipline*, the output is very low and there is also corruption. Therefore, I would suggest to the Government that we should go thoroughly into this question, appoint a commission if necessary, or make one additional reference to the present Pay Commission, and find out the real reasons behind it. If necessary, even the Constitution may be amended so that we can exercise some control over them. Because, the position today is that neither can we inspire the services nor can we control them. Therefore, all the parties may put their heads together to find out a solution, because they have always been complaining that there is corruption, inefficiency and all these things. I do not want to take away the legitimate rights of the services. At the same time, we cannot ignore the hard realities, the hard facts. We have to keep our eyes open. Therefore, I suggest that we must seriously think about this thing. Unless we do this, I do not think we will be able to take the work which we propose to take from the services.

One more point. The other day, replying to a question, the hon. Minister of Steel, Mines and Fuel said like this. The question was about the guest house in Rourkela. It was asked, is it true that, in order to equip

[Shri Oza]

the guest house at Rourkela with the most modern and latest type of electric and sanitary fittings, we have budgeted for Rs. 1 lakh or something more. It was said that Rs. 7½ lakhs for a guest house is a modest amount. I do not think this is a proper approach to the problem. After all, we must make the people realise, that whatever we collect is properly used. People will give most willingly and smilingly if they have the sense that what is taken from them is properly utilised in the nation's interest. If the feeling goes round, particularly in the type of democracy that we have adopted, that the money that is collected through the blood and tears of the people, for development—I say that even more money may be collected through taxation—is wasted, is not properly utilised or there is lavishness about it, the people will grudge. There is lack of enthusiasm and a negative attitude is generated and out of it contempt also, in democracy. We want the willing co-operation of the people not only in giving sacrifices, but also for the work of reconstruction. Therefore, I think, Rs. 7½ lakhs for guest house in Rourkela is too high—how many people utilise it, for what time, I do not know—for the latest type of sanitary fittings and electric fittings—I think that was not a fair thing that the hon. Minister said.

I have to make certain points; at the time of demands for grants, I will utilise that time

Dr. Krishnaswami (Chungleput): Mr. Deputy-Speaker, I am thankful to you for having caught your eye. I believe that the Finance Minister deserves a great deal of more sympathy than he has received today. No Finance Minister starts with a clean slate. He succeeds to an inheritance and all inheritances are full of assets and liabilities. In this case, the liabilities are not inconsiderable. Besides, there is that formidable and forbidding body the Planning Commission

which, sometimes, is eager to lend a helping hand but which always is prepared to play the role of a super-government. Considering all these factors, one must admit that the Financial Statement prepared by my friend is a document of great clarity and intellectual honesty. One may disagree with his estimate of things. One may quarrel with the policies that he has adumbrated. But, no one can deny that he has applied his mind to his task with great conscientious ability

I do not want to deal with the various taxation measures in detail. I shall deal with them on a subsequent occasion. But, I ask myself, as several hon. Members have been asking themselves, this question. What are the major issues that are posed by this Budget? We have been having continuous discussion on this matter for over 4 days. But, I have always felt that it is best that we should try to analyse the issues not by perusing the speech, but by perusing the Financial Statement. All of us have been talking of the Budget as presented. But, in one sense, the two important documents to be considered at this stage are the Economic Survey and the Economic Classification to which hardly any reference has been made. The first provides a background and a perspective to the Budget. It is a thousand pities that my friend did not have the Economic Survey circulated about 3 or 4 days before the Budget was presented. It would have been of infinite advantage to us to have listened to his Budget proposals with a knowledge of the background that we have. As for the Economic Classification, it is an attempt to cut through the thicket of accounting entries, and balancing entries that a Financial Statement, as an accounting statement, is bound to include. Indeed, on this matter India is one of the few countries which provides an economic survey and an economic classification giving an economic analysis and an assessment. The economic classifica-

tion rearranges in economically meaningful terms such things as the amount of consumption expenditure of Government, and what the impact of departmental commercial undertakings has been on Government finances, what has been the net capital formation and what, for instance, is the real deficit which we have to cover.

I shall consider briefly some of the figures in this valuable document. It has been pointed out that so far as consumption expenditure is concerned, our wages and salaries in 1957-58 were Rs. 185.4 crores; in 1958-59 Rs. 206.4 crores, in 1959-60 Rs. 237 crores. It roughly works out at a 25 per cent. increase in wages and salaries during the past two years. How much of this is due to the increments that we have given I do not propose to determine at this stage, but from a rough analysis it appears it would be about 12 per cent. or thereabouts. The increase of 13 per cent requires to be explained. Probably, in future, when we recruit employees, we should recruit less and pay more, and that is a matter which will have to be considered not only by the Finance Minister, but also by the Home Minister, the residual legatee of the civil services in this country.

The other point which I should like to bring to the notice of my friends is this. Are we doing all we can to reduce consumption expenditure? These figures give an eloquent tale of what is happening in our country. Interest payments have gone up sharply, and quite apart from anything, we have a liability to meet, which implies that we have to find the resources. This is my conclusion, and it is not a very heartening conclusion to the Finance Minister or the Government, that the civil administration is today eating into our resources. In the final account supplied in this valuable document one finds that deficit on all transactions in commodities and services works out at Rs. 335 crores.

We have to take into account some of the other figures which have been presented in this very valuable document. Looking into this matter I find

that there are certain competent statistics which are presented here on page 11, and I would like the House particularly to note the high degree of intellectual honesty with which these figures have been presented. In fact, it was a great surprise to me that Members, hon. colleagues of mine, should have gone to China, Russia and other countries when there are valuable statistics here which can be utilised to great purpose and to great advantage.

On page 11 it is pointed out that the financial assistance for net capital formation in 1957-58 works out at Rs. 475 crores; in 1958-59 at Rs. 587 crores, and in 1959-60 at Rs. 536 crores. If it were only financial assistance made out of our resources, our hard savings, then there would be no cause for anxiety, for, as every one knows, in 1958-59, out of Rs. 587 crores, we had about Rs. 250 crores of deficit spending, and nearly Rs. 300 crores of foreign aid. So, the net amount that came from our resources worked out to hardly more than about Rs. 27 or Rs. 35 crores. As far Rs. 536 crores for the current year, we have been told by the Finance Minister that he has already budgeted for about Rs. 222 crores of deficit spending by the issuance of treasury bills and the remainder of about Rs. 320 crores or so is to be met by foreign aid. We are most thankful to the countries that have given us aid and assistance, but we ought to realise that this is a serious situation which has to be taken into account.

Let me proceed to deal with the final and the last item, before I elucidate the general argument which is really somewhat interesting. One finds on page 11 that the net capital formation out of the budgetary resources of the Central Government works out to the following; in 1957-58 it was Rs. 767 crores; in 1958-59 it was Rs. 866 crores, and in 1959-60 it is Rs. 841 crores. What do these figures reveal? What is the conclusion that one can draw from these figures? It looks as though the momentum of public expenditure

[Dr. Krishnaswami] has slowed down; it looks as though the effect is that the tempo of development is not gathering momentum. Why is it not gathering momentum? It is this that leads us to ask the basic question, 'What are the major issues posed by this Budget? Whither are we drifting? And is it not necessary now to take stock of what is happening?'

It has been one of the excruciating experiences, I suppose, of successive Finance Ministers to listen to suggestions of increased expenditure in this House

Shri Tangamani: Successive Finance Ministers have been going away

Dr. Krishnaswami: Successive Finance Ministers have gone away, just as successive Members of Parliament have gone away. Each dog has its day, and I suppose it applies to Members of Parliament as well as to those on the Treasury Benches

Shri Tangamani: In one session, we had three Finance Ministers

Dr. Krishnaswami: Successive Members who have occupied the Treasury Benches have been telling us that they are willing to listen to constructive suggestions. It has been an excruciating experience for many of those who have occupied the Treasury Benches to listen to suggestions that there should be increased expenditure but when it comes to footing the bill, there are anxious searchings and anxious inquiries made as to whether they should really foot the bill. The time has arrived when we should understand what we are doing. Either, we want to incur of expenditure and are

willing to foot the bill or let us admit that we are not willing to have so much of expenditure and that we cannot foot the bill

It is perfectly true that hon. Members on the other side have made a point about the high rate of taxes. I am one of those who feel that the marginal rates of taxation have been particularly high in direct taxes and also in the case of certain commodities on which we have levied indirect taxes. But the point, however, is that we have to realise that some adjustments in our tax structure would have to be made. Surely, we have not reached the end of our tether in devising tax expedients or in devising ways and means of getting in more and more resources into the coffers. Deficit spending is not dangerous, said my hon. friend Shri Asoka Mehta this morning, but he forgot to suggest two corollaries which follow from that principle that he propounded. The first maxim is that deficit spending should be concentrated on projects which are quick-yielding and the second maxim is that the income which is injected into the community stream, or at least a portion of it, should find its way back into the treasury coffers

I want to proceed to a more detailed analysis of what has transpired. Our national income, even at constant prices, has increased by 25 per cent over what it was in 1952. Even making allowances for ten per cent of these increases being absorbed by the increase in population, it still remains that there is a 15 per cent increase in our national income since 1952. Taking the estimate of Rs. 10,000 crores as the national income in 1952, one finds that we have a Rs. 15,00 crores increase today over what it was in 1952-53. It is found that in the shape of direct taxes, we collected Rs. 80 crores more, and in the shape of indirect taxes, we collected Rs. 310 crores. It is hardly more than one-fifth or thereabouts. It is said that

this is not enough. But we have to realise that the margin rates of direct taxation are high, in some respects so high that they affect incentives and have started yielding diminishing returns. In the field of indirect taxes also, our policy of selecting only a few commodities and year after year increasing imposts on them has led to a very strange result. Indeed, the Finance Minister in an eloquent passage in his budget speech pointed out that there was a decline in revenues from indirect taxation and that was due to many factors, the most important of which he instanced was the import controls that had been imposed. But surely some allowance ought to be made for the very high marginal rates of taxation which we have imposed on a few commodities

There is no doubt on the part of some of my hon friends—and on the part of many—that we should not rely on indirect taxes. Undoubtedly, if we had been a mature country, industrially developed, with large numbers of people who could be bled painlessly, we could have a broad-based system of complete direct taxation with little indirect taxation. But the situation today is that we have to pull ourselves up by our bootstraps, if we wish to invest and if we wish to progress. This is the point that has to be stressed.

In this connection, I should like to bring to the notice of my hon friends a certain aspect of the matter which has probably escaped their attention. The national income statistics, which are considered to be fairly reliable, have indicated that the per capita income in our country is around Rs 282 per annum. Any family earning more than Rs 1,500 must be considered to be above the average. Anyone earning twice this amount is, therefore, relatively better off. It is inconceivable that we can have a system of direct taxation which can affect these people within this region. That is possibly the justification for having excise duties spread over as large a number of commodities as possible and

having excise duties at relatively very small rates. Indeed, my hon. friend who preceded me, anticipated a portion of my argument by quoting from Soviet history. In the Soviet economy also, it was felt that a turnover tax would certainly have a very powerful effect in bringing resources into the coffers. The Soviets also believed in deficit spending, but they were also excellent collectors, in the matter of getting a portion of the deficit income they created into their coffers. We here, at least some of my hon friends on this side, have been eloquent advocates of deficit spending, but very poor apologists of increased amount of taxation by some of these resources. I therefore want to analyse his argument from a more academic—and shall I say also?—from a more practical point of view. What is it that we are doing? It is a strange policy that we are following, and I do want to mention this to the Finance Minister. Instead of our excise duties in many cases touching as many sections of people as possible and being only small, because the higher the excise duty the more are the other complications that follow, instead of that, we have now a very illogical pattern of indirect taxation. We are levying excise duties on commodities on which the Government pays a lot. Government contracts for steel and cement are considered to be very large. Yet the excise duties on steel and cement are paid precisely more by the Government treasury than by the large majority of people who are considered to be the private sector. Even those who are anxious to tax the private sector would do well to sit back and reflect on the manner in which we are levying this method of taxation.

Now I want only to bring another small figure to the notice of my hon friends. It has been pointed out that since 1952-53, there has been an increase in the gross value of industrial production of about Rs 1,600 crores. The net value is about 800 crores. It has seemed to me a matter of elementary common sense that if you could only think of re-adjusting our

[Dr. Krishnaswami]

excise duties and taxation so as to make it more broad-based, we would be able to net in more resources and thus fill in the gap which is very serious. What have we done? My hon. friend the hon. Finance Minister is a very persuasive advocate. I listened to him last evening replying to the debate in another place which I am prevented from naming according to the rules of this House. Speaking in that place with considerable animation my hon. friend pointed out that if he had imposed a high duty on diesel oil it was with a view to save foreign exchange. May I ask him whether that is the whole story of the matter? I do not think so. I feel that there are certain implications which have to be gone into. What are the total imports of diesel oil in value? How much foreign exchange is spent on diesel? As a result of the new impost which is very high—everybody acknowledges it from all sides of this House—how much does he hope to save as a result of this increase in duty? May I also add that the same line of reasoning that he has adopted for diesel oil would lead also to his economising on Kerosene which is also to be imported? Kerosene also costs a lot of foreign exchange and if we wish to save foreign exchange, what of kerosene? We have to import it at any cost because social and political conditions prevent anybody from saying that kerosene should not come in. With great deference to my friend the Finance Minister, may I point out that the foreign exchange argument is a rationalisation of what he intended to do and does not carry conviction to me?

Shri Tangamani: It is no argument at all

Dr. Krishnaswami: Well, we can be a bit courteous. There is a possibility that some arguments will occur which we have not taken note of

But I should like also to pursue this matter a bit further. I am not talking from the point of view of road transport operators. I am not talking from the point of view of any sectional interests. But have you ever come across an excise duty which is 40 per cent *ad valorem*?—that is the duty on tyres. It is something which has never been levied and it should not have been levied. In fact I was surprised that we allow the tax to mount up so steadily because the running costs would be much higher and looking into all the documents that have been presented to many Members of Parliament—and we also receive many representations from different interests—I venture to think that from the point of the community it is extremely unfair to have such high taxes on these commodities. I am not going into the argument about the diesel oil being useful for agriculture once this basic argument is knocked out that it is for saving the foreign exchange. I do not think there could be any more justification for any increase in duty on diesel oil—high speed or low speed diesel oil.

I shall only consider a very brief argument of some importance. All of us are very anxious to help the Finance Minister. I have indicated certain steps which might be taken to get more resources into our coffers. But I do wish to give this warning that if we are not wise in collecting the resources we will have a phenomenal increase in prices with all its disadvantages. It is amazing that our political acumen which shines best—when we examine the impact of an excise duty on khandasari sugar or diesel—should desert us altogether, when we consider the question of price rising indiscriminately. During the past two years, independent of taxation system, our prices have been rising phenomenally. Just because the price rises are unplanned and because people have to pay in little bits more and more we cannot ignore the fact of rises in prices which have been quite considerable over the past

two years. Besides the benefit that accrues from such a price rise does not accrue to the Treasury but to other sections

I therefore feel that sometimes our utterances, our impulse to think loud and talk long, have done more harm to the community than is realised

Mr. Deputy-Speaker: Therefore, we should be brief now.

Dr. Krishnaswami: Never before during our history did we ever have such a bumper crop. Thanks to the efforts of the Food Ministry and the harvest, we achieved the record crop of 70 million tons. Yet, what is it that has occurred? The golden opportunity of building up buffer-stocks, has been allowed to slip. Believing that the better is the enemy of the good, we thought State trading as the enemy of buffer-stocks, with the result that we have neither State trading nor buffer-stocks.

It will take a long while before the foodgrains position is brought under control, and the responsibility for the muddle that we have landed ourselves in is entirely due to the premature loud thinking that we indulged from platforms. Therefore, I have only this much to say, that there are other and important problems pertaining to foreign exchange and export promotion. These I will not consider now. But I do want my hon. friend the Finance Minister to re-think his ideas of excise duties, to re-think also on the removal of prohibition and re-imposition of salt tax. On this matter the Finance Minister belongs to old morality. But when times have altered, old morality ceases to have virtue. In the present juncture when it is virtuous to collect as much money as possible from different sources our old morality should not stand in the way of collecting money even if it involves scrapping of prohibition.

Shri Kamalnayan Bajaj (Wardha): Mr. Deputy-Speaker, Sir, it is my pleasant duty to heartily congratulate the Finance Minister for presenting a straightforward, businesslike and a

commonsense approach' Budget. His analysis of the economic situation in the country is most realistic, and has created a climate of security and confidence. To the extent, Sir, he has tried to simplify and make the presentation of the Budget methodical, it will make the administrative machinery more efficient, and it is my feeling that even the inspection and control of the expenditure will be easier and much better.

I am also very pleased and I would like to congratulate the Finance Minister for having reduced the defence expenditure. I believe that even with our strained relations with Pakistan—it was rather cautiously that he should have approached the question—the Finance Minister has acted very boldly and reduced the defence expenditure. If Pakistan were to take a lesson from this, I believe it would be possible at a future date when both the countries can negotiate with each other, and even though they may not agree on other issues if they can be made to agree on the defence expenditure of both the countries, it will be a great saving for both the countries. Thereby the moral set by the Finance Minister will go a long way in creating a suitable climate both in India and Pakistan, and if Pakistan will also take the lead it will be a great gesture for the rest of the world.

16.54 hrs.

[SHRI C R PATABHI RAMAN in the Chair]

It is encouraging, Sir, that in the present Budget the income-tax, super-tax, the wealth tax, the family of all these taxes, have been re-arranged in a manner so as to simply and make it more effective. The dividend tax and wealth tax on companies have been abolished. As a matter of fact, we should not say that they have been abolished, but they have been really merged with other taxes, so that according to the assurance of the Finance Minister the revenue from these taxes will not be less if all the taxes are taken together, and the income from the revenue of companies

[Shri Kamalnayan Bajaj]

and the individuals, if pooled together no loss or income will accrue to the treasury. With this confidence, when the budget was presented, the market went up. But after the experts analyzed the implication on a detailed examination of the tax structure, it was found, or at least they believed, that there is more incidence of the taxes on individuals and the companies, and the market, because of that fact, went down again. But later on it is the investors who had pushed the market back again purely because of the belief in the words of the Finance Minister.

I think the House has not done full justice. As the hon. Member who preceded me and who gave a great compliment for the honest and the conscientious presentation of the Budget by the Finance Minister; I fully associate myself with those sentiments

More than that, it is the commercial market which has given a tribute, a silent tribute, to the Finance Minister. They believed and they say that in spite of the fact that the incidence of the taxes might be more as the experts say, even then, the assurance of the Finance Minister that the taxes are not meant to take any more revenue out of the changes made in the tax structure was good and the investors are completely confident about them. They say that the Finance Minister will stick to what he said and that if our experts will point out to him the difficulties the changes will be suitably made. This tribute, I feel, is a very great tribute to the Finance Minister, and I fully associate myself wholeheartedly with that

I would like, at the same time, to bring to the notice of the Finance Minister certain hardships which are found and I am sure that, as he has already assured elsewhere, whatever is the incidence of the taxes, if it is more or if the hardship is unnecessarily imposed, he will look into the matter.

The dividend tax has been abolished. But I fail to understand that when the dividend tax has been abolished, why the tax on the bonus issues has been retained. When the tax on the bonus issues was levied, the then Finance Minister had stated that the tax on the bonus share was levied only to prevent avoidance of dividend tax. But when the dividend tax itself is no longer there, there does not seem to be any justification for the continuance of the bonus tax, much less the extension or the coverage of the bonus issue out of the premium collected from the shareholders.

I would like to make it more clear that so far as the bonus tax was there, it was only out of the profits when the issues were made, but now it has been extended even to the premium of the shares if they were collected from the shareholders, and the bonus tax will be applicable to them from the year 1960-61. That, I think is, very unfair.

Another thing is the additional depreciation allowance which has been allowed to lapse from the current year. Up to 1953, all the depreciation allowances, put together, were about 30 per cent. in total. After 1953, it was reduced to 25 per cent. But now, after the year 1958, it will be only 15 per cent. All of a sudden, the reduction of 10 per cent is a very great reduction especially for such companies who have gone into a heavy investment of a capital nature on very high borrowings from finance corporations or financial institutions of different kinds. When you apply to the financial bodies, you have to submit a statement showing the method of repayment, the instalments etc, and the borrowing that you desire to have. They also take note of the depreciation allowances of the different categories that will be available to the companies and they know that it will be possible for such and such company to pay those instalments. But all of a sudden there is a 10 per cent reduction in the allowance, so that those companies which have done very heavy borrowings will find it very difficult to pay those instalments immediately.

17 hrs.

I must make it clear that as far as the depreciation allowances are concerned, in the long run, it does not make any appreciable difference either to the Government or to the company. But if the depreciation allowance is reduced, the availability of funds for repayment of the loans otherwise is reduced to the very minimum and there will be great hardships. Of course, the Finance Minister can argue that he has not interfered with the additional depreciation, because it was only meant up to 1958. Only, he has not allowed it to continue thereafter. But my pleading is that the termination of the depreciation allowance in 1958 is too technical. All the calculations have been made by the financial bodies and the companies always taking into account that this will be continued as it has been done in the past, at least for the Plan period. People cannot plan year by year; they must have at least 5 years for planning. So, this should continue at least till 1962. I suggest to the Finance Minister that it is not going to result in any loss of revenue to the Government in the long run and it will create great facilities, especially to companies which have undertaken very heavy capital commitment Industries like chemicals, cement, sugar, etc. where the process is continuous and some of the textile mills also will be put to great hardship by not renewing of this additional depreciation allowance.

There is another suggestion. As far as the expenditure tax is concerned, it was only levied last year and the exemptions were rather few. Even if those exemptions are sought to be removed, I have no grudge. My only pleading is that the taxation structure, specially that which is applicable to individuals, should not be changed materially from year to year; there should be consistency in the taxation structure at least for a period. I agree that in a country like ours, where we have a growing economy and the development is going on, we

cannot have a very long-range policy of the tax structure. But at least for the Plan period of five years, there should not be material changes. When the Finance Minister said that he did not mean to increase the incidence of taxes, but he wanted to tighten the belt and at least curtail civil expenditure and plug the loopholes, I think it has encouraged and created a suitable climate all round. But it was only to some extent.

So far as the expenditure tax is concerned, if the wife and husband were assesseees in the income-tax separately and if the allowances were Rs. 30,000, if they are clubbed together for the same amount, it is a very great hardship. If it is the policy of the Government to reduce it, there should have been stages for reduction, or time should have been allowed so that the people can psychologically adjust. Probably the people hit mostly would be Maharajas and other such people. I know the sentiments of this House. Usually for the rich people there are no sympathies. But my only argument is . . .

Shri Nagi Beddy (Anantpur): We have all the sympathies and therefore the concession.

Shri Kamalnayan Bajaj: Thank you very much for the kind words.

My only argument is that whatever the system of taxation on individuals that the House may ultimately approve, it must be there for at least a five years period and immediately there should not be such hardship created so that individuals may not find it very difficult to materially and practically adjust themselves to the new tax proposals and so on.

Then, in the expenditure tax another change which has been made is this. Suppose a person has an old house, his own residential house, and he wants to repair it and the cost of repairs comes to about Rs. 10,000, even the amount which will be spent for the repair of the house will be covered by the expenditure tax. Not only that but because of the repairs the valuation of the house enhances

[Shri Kamalnayan Bajaj]

by Rs. 5,000 only, then that increased value of the house will be taxed again under the wealth-tax. Such anomalies should not be there. If an old house is there and if it is repaired, the amount spent on the repair of the house should not be taxed.

Shri Morarji Desai: On a point of clarification. As far as I remember—I am not positive about it—it is the maintenance which is taxed, not the repairs—maintenance including keeping of servants and also care-takers which were exempted from expenditure tax, they will not be exempted. But the actual repairs of the house will be there. If the house is being repaired, there is no question of enhancing of value of the house. But if the value of the house is substantially increased, then the expenditure tax and the wealth tax have got to come in.

Shri Kamalnayan Bajaj: I am grateful for the explanation which the Finance Minister has given. As far as the servants and other things are concerned, if they are taken for expenditure tax, I have no grudge. If there is increased valuation because of repairs, if that is also taxed under the Wealth Tax, I have no grudge

against it. As the Finance Minister has explained, if it does not cover normal repairs, I have nothing very much to say on that account.

Mr. Chairman: The hon. Member must conclude.

Shri Kamalnayan Bajaj: I will finish in one minute.

As far as inter-locking of the investment in companies are concerned, I have prepared a small statement and, with your permission, I would like to lay it on the Table for taking into the records—whatever that you would allow.

In the finance corporations and finance bodies like ICICI mostly the shareholders are the banks, and the banks' shares are held by many companies and the companies' shares are with the individuals. The profits made by the finance corporations will go through at least three different stages, three different corporations.

The following is the statement showing net amount left with a company shareholder where shares in company "A" are held through two companies at existing rates of tax and at proposed rates.

		Dividend Divided by the Company 'A' Rs 100/-					
		At existing Rates			At proposed Rates		
	Gross income	Tax @ 5 1/2 %	Net income left or distributed as dividend	Gross income	Tax @ 4 1/2 %	Net income left and distributed as dividend	
Com "B" received net	Rs 100	14 6	75	100	35	65	
Com "C" received net	Rs 71	10 3	60	55	25	30	
Dividend received by Com "D"	Rs 0	0	36	30	13 5	16 5	

I am only asking this that the tax which has been collected from the company on a certain income, at least exemption should have been there in the second or third company. Otherwise it becomes double or treble taxation. I think the Finance Minister will look into the details of this state-

ment and will do the needful to justify at least the reasonableness and fairness of the tax structure.

Shri Morarka (Jhunjhunu): Mr. Chairman, from the speeches made here, it is evident that many hon. Members are not satisfied with the

policy of deficit financing followed by the Government. While I agree that deficit financing can be carried on only in certain conditions and up to a certain extent, I do not think that deficit financing by itself is good or bad. Before I say anything more, I wish to make one clarification and that is because of the confusion in the minds of some people who think that deficit financing and inflation are synonymous I beg to submit that while deficit financing is a technique, inflation is a malady. If deficit financing is carried on recklessly and without proper checks, it may degenerate into a situation called inflation. There is a basic difference between the two. In deficit financing you issue more currency, but you always create assets. These assets may be such that they do not generate production immediately, but yet, they are assets of value and they always are there to back the currency. In inflation, currency is issued sometimes for unproductive purposes such as financing war, etc., and that goes on increasing the prices, not because the needs of the people increase, but because the people lose confidence in the currency. A situation is created when the currency starts changing goods and people convert their currency into anything that they can get hold of even though they may never need that particular article.

I have said just now that the deficit financing which we have carried on has created assets of tangible value. May I give some figures in support of my argument? During the First Five Year Plan, the extent of deficit financing was Rs 421 crores. As against this, the net capital formation during that period was Rs 1,178 crores from the budgetary resources of the Central Government alone. During the Second Five Year Plan, up to the end of the fourth year of the plan, we would have had Rs 1,200 crores of deficit financing. As against this, we would have created assets of the net

capital formation would be to the extent of Rs 2,835 crores. I agree that the original target of Rs 1,200 crores in the Plan is now likely to be exceeded and in the final year it may reach Rs 1,400 crores. That by itself, as I said earlier, is neither good nor bad. You must see whether you see the red lights or danger signals against any more deficit financing. And if you examine that position, what do you find? The main test, and indeed the most important test, that you can apply in this connection is the test of price level. Has the price level increased because of deficit financing? If you apply this test, I beg to submit that there is an increase in the price of foodgrains, but is the increase in price in foodgrains due to the increased amount of deficit financing? I submit no, and my reason is this, that any rise in the price level due to inflationary conditions must have four characteristics: firstly, the price rise must be general, secondly, it must be more or less uniform, thirdly, it must be more or less everywhere, that is throughout the country, not more in one State and less in another State, and finally it must be continuous as the quantity of money increases.

If you apply these tests, what do you find? Neither has the rise in the price level been uniform, nor general, much less continuous. The only rise we find is in the price level of foodgrains, and there also, in April 1958 it was 105, in July 1958 it went up to 118, but in December 1958 it came down to 113, though the quantity of money issued under deficit financing has continuously increased. There is no rise in the price of manufactured goods at all. Throughout this period the price level has remained at 108. Not only this, we find that some of the industries have started producing less. Production has decreased and why because the consumer demand has slackened. I would quote one sentence from page 3 of the *Economic Survey*. It says

“ the decline in the output of cloth, vanaspathi and electric

[Shri Morarka]

lumps reflects a slackening of consumer demand for these commodities."

This is certainly not an indication of any inflationary pressure in the country.

Apply another test if you like, and that is the test of employment. It is the general complaint that unemployment in the country is increasing, employment is going down. If that is so, and I have no doubt that that is so, then, according to the well-accepted theory of Lord Keynes, you must invest additional funds. He has established a direct relationship between investment and employment.

Then the third test which I wish to apply here is the test of money supply with the people. Now, at the end of the financial year 1956-57, the public had Rs. 2,312 crores. Twelve months thereafter they had Rs. 2,387 crores, and the latest figure available for 26th December, 1958 shows that the figure has gone down to Rs. 2,349 crores. This is about Rs. 30 crores less than what it was in March 1958. I do not want to make a big point out of it, because money supply fluctuates, but still the point remains that our policy of deficit financing is not generating those inflationary forces of which we must be so afraid.

It is true that in the original Plan our target was Rs. 1,200 crores, but then at that time we also planned to draw only Rs. 200 crores from our Sterling balances. Now we have drawn from our Sterling balances already Rs. 400 crores. So, if you take that into consideration, there is full justification for us to go up to Rs. 1,400 crores.

Any person who borrows or lends money in the market can easily say and can feel the rigidity of interest rates, and from that one can easily judge that there is no free supply or superfluous supply of funds in the

money market. A rigidity of interest rates is an indication of that.

Before I leave this point, I think if there is one score on which the Government deserves unqualified congratulations, it is on this, that they have created conditions wherein they have so safeguarded the economy of the country that they have been able to give this additional dose of deficit financing without allowing any inflationary forces to be created.

As I said, deficit financing is a delicate technique, and it has dangerous temptations, but our Finance Ministry, and particularly the Department of Economic Affairs, have so managed this thing, that they deserve congratulations from all sections of this House. It is a reasonable desire and an understandable anxiety on the part of the Finance Minister to balance his budget, and that can be done either by increasing the revenues or by reducing the expenses. Unfortunately, it is our experience that in the past all attempts have been made only to increase the revenue, and very few, if any, steps have been taken in the other direction. It is my feeling, and I am sure many hon. Members of this House share this feeling with me, that if our administration is properly toned up and our position is properly consolidated, our revenues can be augmented even at the present level of taxation, and even at the present level of income. Similarly, in expenditure, if it is properly scrutinised and properly husbanded, I have no doubt that at a lot of economy can be made.

My first suggestion is that particularly the Income-tax Department or our revenue-collecting department must be reformed and made more efficient. Only yesterday, Acharya Kripalani said in this House that more than 83,000 appeals were pending. I know that, it was stated in answer to my question, about 10,000 appeals were pending with the Assistant Commissioner for more than two years;

some of them are pending for more than five years. Apart from anything else, this type of inordinate delays causes such a lot of avoidable harassment and impairs the relationship between the tax-payer and the tax-collector.

Then, look at the customs. Every day, we hear of lakhs of rupees worth of currency notes being smuggled out of this country and a huge quantity of gold smuggled into the country. It may sound a little strange, but I am told by a friend of mine that there is a particular article which if you import at the Bombay port, you have to pay a duty of 30 per cent, but if you import the same article at the Calcutta port, the duty is only ten per cent. Is it not absurd? But it is there.

Shri Rane (Buldana): What is that article?

Shri Morarka: It is brass tubes.

The rough-and-ready method followed by the excise inspectors in the matter of tobacco excise leaves much to be desired.

Coming to the expenditure side, I feel that there is great scope for economy, and when I say there is scope for economy, I feel that that scope is there in every sector, particularly, in these autonomous corporations.

Before I come to the few instances of wasteful expenditure, I would draw the attention of the Finance Minister to the cost of collecting taxes. In 1945-49 it was Rs. 7.37 crores; in 1957-58 it went up to Rs. 16.55 crores, that is, more than double, though our revenue had not doubled. But, for the budget year, our revenues have come down by Rs. 40 crores to Rs. 531.45 crores, but the cost has actually gone up to Rs. 21.43 crores. In terms of percentages, what was 2.3 per cent before has now gone up to about 4 per cent. Perhaps, it would be interesting to know that in England,

the percentage is 1.34. I give this figure because our Board of Revenue is very enamoured of comparative figures for England.

This year, I find that our UNO expenditure has increased from Rs. 67 lakhs to Rs. 141 lakhs, and over and above this, there is a provision for Rs. 24 lakhs for a special fund called the UN special projects fund. I do not know; perhaps we are under obligations to contribute to all these funds, but certainly these are becoming a little unbearable burden for a country like ours.

I said a little earlier that there was scope for economy and better utilisation of our resources. In support of this proposition, I can only give a few examples. The House very well knows about the extravagance in our steel plants, the wasteful expenditure at the Hindustan Shipyards, and the meaningless outlay on the military academy at Khadakvasla. In these cases, I have a feeling that the spending was unwise and injudicious.

Now, take another example, and this I find in the budget papers circulated this year. The Hindustan Steel (Private) Ltd. was given a loan of Rs. 20.5 crores from the Government. Government had charged an interest of Rs. 94 lakhs. Now, the Hindustan Steel (Private) Ltd. could not utilise this loan. So, they placed this fund with other private banks and earned an impressive sum of Rs. 13 lakhs! On Rs. 20.5 crores, they paid an interest of Rs. 94 lakhs and earned an interest of Rs. 13 lakhs. Good business, Sir! Who earns and who loses in these transactions, I do not know. But after all this is all a demand on the public exchequer, and the money goes from the Consolidated Fund in the form of a loan, share capital or subsidy.

Then take another example. I would read in the language of the Auditor General in his Report on the Defence

(Shri Morarka)

Services, 1958. In paragraph 9, he says:

"740 chassis valued at Rs. 2 crores were acquired between 1953-55, but contracts for the body building had been concluded only during 1956-57. A further lot of 650 chassis valued at Rs. 98 lakhs, and obtained prior to 1948, still await body building "

Chassis acquired in 1948 still awaited body building, but in 1953-54, another order was placed for Rs. 2 crores and the order for body building was given in 1956-57. The recurring expenditure on storage and maintenance of this idle equipment must be considerable, not to mention the loss on account of their deterioration in storage mostly in the open

You know where chassis are stored I am told they are stored somewhere near Poona where the rainfall is very heavy, and what must have remained after 11 years of those chassis worth Rs. 98 lakhs, God only knows

It is not our suggestion that enough money should not be given to defence. The security of the country is more important than anything else. But then is this the way of utilising public funds? Have we not got some sense of responsibility in this matter? Should we close our eyes completely in the name of defence? I think these are the matters which must attract the attention of Government, seriously

The other day I asked a question in the House and the hon. Minister of Steel, Mines and Fuel was answering it. From two firms alone, we have to realise a sum of about Rs. 18 crores. The Minister assured that there was no difficulty in collecting it. Yet some portion of it is not collected from 1949. I do not know what would have happened if there were some difficulties

Shri Harish Chandra Mathur: What have we lost by way of interest on it?

Shri Morarka: Government loses Rs. 40,000 per day by way of interest on it.

Now, I come to another point. Deliberately or accidentally, I do not know, even the present budget has the imprint of that foreign professor who again obliged us recently by an en route visit—Prof. Kaldor. I say this because it was his wish that the exemptions in expenditure tax should be curtailed, that personal wealth tax should be increased and the corporation tax should be modified in this fashion and extra depreciation allowance should be abolished.

Now, we had our own Taxation Inquiry Commission and Shri C D Deshmukh had said that the Report of the Commission would be treated as the Bible and every now and then we would open it and see what action should be taken about it. After Prof. Kaldor came on the scene, his charming personality has been found so dynamic that we completely gave a go-by to that Report and we now turn to the pages of the report submitted by Prof. Kaldor, which took less than about 15 days to prepare

Now, I want to make a general criticism about the budget. The hon. Finance Minister has said that the revenue deficit for the budget year is Rs. 81.67 crores. With respect to him, I would like to differ from him and say that the revenue deficit is Rs. 106.67 crores. He has taken a credit of Rs. 25 crores from the past reserves, Rs. 10 crores from the Reserve Bank, Rs. 10 crores from the profit on coinage and Rs. 5 crores from the custodial charges under the Defence Ministry. These items are not revenue items and are not met from the current revenue but from the past reserves, which are much bigger and if you want to wipe out the whole of it possibly you could have done so. So, your actual deficit is Rs. 106.67 crores

Shri Nanshir Bharrakha: Where are the reserves to come from if not from revenue?

Shri Morarka: Reserves are not formed in this year; they are formed in the past several years. But you cannot say that they are current revenue.... (Interruptions). I listened to my hon. friend very carefully and I do not dispute his argument. He has said: have no taxes but utilise all the reserves. Have it that way by all means. My point is quite different. I say that so far as the current deficit is concerned, it is Rs. 106 crores and not Rs 81 crores

Mr. Chairman: There will be two columns: revenue and expenditure. Where is it to come? .. (Interruptions)

Shri Morarji Desai: May I say that the deficit now cannot be called Rs. 106 crores because that has been taken into account in the revenues. You may say that that is not properly done but that is a different matter. It does not become a larger deficit

Shri Morarka: I leave it at that because I have got two or three points. The customs revenue last time was anticipated at Rs. 170 crores but it is actually Rs 136 crores—a mistake of 20 per cent. What are the new things that have happened during this period which did not enable our revenue officers to budget it at Rs. 136 crores? The difficulties of the import trade were there. The pattern of import trade was changing; the desire to increase the export was there and the reduction of the export duty on many things was anticipated. Even then they say that only during the year exigencies were created and, therefore, we lost this revenue. Then the income from the Wealth Tax, Expenditure Tax and Gift Tax was estimated at Rs. 17.5 crores against the actuals of Rs. 12.20 crores—again a mistake of about 30 per cent.

Now, the hon. Finance Minister has said in his speech that steps are being

taken to intensify the small saving campaign. One of the steps mentioned by the Minister was that he would allow the withdrawal from the postal savings banks by cheques. I have no doubt that this system would become popular and would show some results. But sometime back, I had put a question in the House asking for the number of postal savings accounts that are dead or defunct and I was told that the number of such accounts was 38,73,681 and the total amount involved was about Rs. 8 crores. I was further told that every year they declare about three lakhs of such accounts as defunct. If you take the average, it comes to about Rs. 21 per account. There is no attempt, no method and no means to find out the relatives of the account holder and give them this paltry sum of Rs. 21. The least that our Government could do is to provide a column in the account opening form where the account holder can mention the names of his relatives so that in the unfortunate exigency of his death or lunacy and so on, the money could be given to his nearest relative.

Shri Morarji Desai: Is it the duty of the Government to find out the relatives or is it the duty of the relatives to claim and get the money?

Shri Morarka: As the Finance Minister knows, you are dealing with a particular type of people who are ignorant, illiterate and poor. What would the Government lose.

Shri Morarji Desai: We would lose Rs 38 lakhs more for finding them out (Interruptions).

Shri Morarka: Anyway I will come to my next argument. I will take only two minutes more.

Mr. Chairman: He has already taken five minutes more.

Shri Morarka: Much has been said in this House about our foreign loans. Particularly, one party has been criticising our taking loans in season and out of season. I want to give the facts and figures about this.

[Shri Morarka]

Up to November 1958, the total loans received from foreign countries—loans, grants or assistance, whatever you may call them—is Rs. 1,232.47 crores. Out of this, Rs. 628.04 crores have come from America alone—almost 50 per cent. If you take into account the assistance from the International Bank of Reconstruction and Development, this percentage will increase from 50 to 70. The help received from Russia is only 10 per cent. 90 per cent. of our funds have come from countries other than Communists. We need this foreign exchange. We need these foreign loans. It is no use talking in terms of theory. They must point out alternative sources at better terms. After all, these are hard facts of life. It is no use becoming mere theorists and just blaming the people who are giving help to us. And, mind you, we have got this help from them in spite of the well-advertised feelings of this party that our economy is about to collapse under the pressure of inflation. How much harder is the cause of a borrower to borrow money from a creditor when at the same time others say that he is about to become an insolvent?

Shri Morarji Desai: That shows the vitality of the borrower.

Shri Morarka: That is true; I entirely and respectfully agree.

Now, Sir, a word about the corporation tax. Sir, much has been said about it, and if I have your indulgence for some time I will make that point.

Mr. Chairman: You cannot add to what Shri Kamalnayan Bajaj has said.

Shri Morarka: I am going to say something very much different.

Mr. Chairman: I am sorry. You should have divided your time accordingly. You have already exceeded your time.

Shri Morarka: Sir, I submit to your ruling.

Shri Nagi Reddy: Mr. Chairman, Sir, I have been closely following the great tributes that are being paid to the Finance Minister from all corners of the House, from Shri Masani to Shri Morarka and from Dr. Krishnaswami to Shri Bajaj, and I have followed with great interest the great tributes that are being paid to the Finance Minister and his Budget by all the monopoly capitalist Press in the country. They have told us very plainly that this is the first time that the country has received the best Budget so far in independent India.

I am not surprised, Sir, at the great tributes that are being paid, because we are living in a state of unity in diversity. Naturally, from the very composition of the ruling Party, as has been explained by one of the Members from the other side, it is very clear that the diversity in talk and the diversity in action brings together the unity that is now to be seen within the Congress Party.

The Finance Minister, quite naturally, should be happy for one simple reason, and that is, he has burst the great rocket of socialism that was shot up into the sky at Nagpur by bringing it back to the earth and smashing it to smithereens. Therefore, socialism in talk and monopoly capitalism in action is the basis of the present Budget. Even last year, in my speech, I have told them that it is always the case, that whenever people are going to be taxed in hundreds of crores, the Finance Ministry comes forward with the tinkering of taxation on the direct taxes, (which of course gives too many loopholes for even the camel to pass) and naturally there is not much contribution to internal resources to be found from the millionaires. The result of all this has been a kind of crisis. I had warned the Finance Minister last time that he was taking charge of the economy of the country at the time of internal resources crisis, at the time of foreign exchange crisis, at the time of a kind of crisis on a world scale in the capitalist world, that it was going to hit us

and hit us very hard. I was told at that time by him that a developing economy need not in any way be afraid of a recession.

Let us take the production in our country. What have we heard about it? We know of course what has been our agricultural production. So far as food is concerned, we are deficit. Therefore, the prices are rising. Even with the hundreds of crores of rupees from America—the great America that has given us help of Rs 600 crores—which has given mostly in what is known as foodgrains.

Shri Morarji Desai: More than that. Otherwise also.

Shri Nagi Reddy: If we analyse it much more, probably in fertilizers also.

Shri Morarji Desai: No.

Shri Nagi Reddy: Probably in tractors, but so far as the public sector industrialization is concerned, we have not received.

An Hon. Member: Wrong.

Shri Nagi Reddy: It is there in facts and figures, and we need not contest it. What has happened to our production? There is a production crisis in the country, and that is because of two reasons. One reason is that the exports are less, and there is the second reason which is a much more serious reason, and it is because the consuming capacity of the people is reduced and is going down day after day and year after year.

Take, for example, cloth. We want more production. The slogan that was given in the five year plans by the ruling party was "produce more; the greater the production the greater will be the wealth of the country". We did produce and we produced enough of cloth. There is a glut in the market and, therefore, partially or completely the mills are closing down. We did produce cement and already this *Economic Survey* tells us that

offtake has been not as much as we expected. Therefore, there is glut in cement. We did produce more jute and what was the result? The agriculturists suffered due to recession. Therefore, an economy which talks only of greater production and which does not think in terms of greater consumption and the capacity to produce, that consumptive capacity in the people, is going to doom the further development of the country. Therefore, it is that the rate of industrial production in our country from year to year is reducing.

If we do not take this simple economic factor into consideration, however much the figures show otherwise, it would be difficult to go ahead. Many figures might be gone into as given in the *Economic Survey*, and there is no doubt about it. The *Economic Survey* has given us certain good facts. But what is the actual conclusion that we draw from it? From out of the conclusions, what steps do we expect to take? I would say that the Finance Minister is completely roving in darkness, and that is to be expected, because you cannot expect anything else from him. He unfortunately became the Minister of Finance instead of becoming the Minister of Home Affairs. This is a small feature of the economic process which must be understood.

Shri Birendra Bahadur Singhji (Raipur): On a point of order, Sir. The hon. Member just now referred to the Minister. Is that correct parliamentary parlance?

Mr. Chairman: It is his surmise. Perhaps he hoped he would become a Home Minister. He was disappointed.

Shri Nagi Reddy: Then there is the question of our foreign trade and foreign aid. Let me not say from my own mouth, because the Communists' words, even if they are true, are not sometimes palatable. Let me, therefore, quote from *Commerce Annual Number*, December, 1955 in which quite a number of articles are written

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by men of eminence including the Secretary to Government in the Ministry of Commerce and Industry, Shri S. Ranganathan, I.C.S. I will read one sentence from it:

"The decline in commodity prices which commenced early in the year was later actuated by the recession in economic activity which began in the U.S.A in the fall of 1957. Thus, a large part of aid received by the under-developed countries was, in effect, practically nullified by both a turn in the terms of trade and by an absolute loss in export earnings through a fall in the quantum of exports of those countries."

Living in a capitalist economy, surrounded by capitalist countries, tagged by ourselves to the capitalist trade, we cannot expect anything more. So, the economic recession, which is the phenomenon of the capitalist economy naturally hits us. We ought to have taken note of this and ought to have tried to tune our trade to different spheres earlier. So, a little of forethought is necessary. It is not that we could not see it earlier. The Finance Ministry was being warned every year, but they did not take note of it, with the result that whatever little aid we have received has been nullified because of our failure to export to the very countries that gave us that little aid.

The very same people who have been responsible for the foreign exchange crisis have now come forward to tell us that we should plan small. There is already a cry, a great demand, in the country that we should have a small plan. The crisis to which the Government have led the country in the second Plan is leading us directly to the conclusions which either Mr. Masani or other big capitalist groups in the country are fighting for today. We have been led by the nose, I should say. This is what they say:

"Those strategically vital areas whose march towards prosperity has suffered an appreciable set-

back—India being the most important example—are now enjoined by the I.M.F. and the financial leaders of the West to live within their means, to cut back commitments and to use the diminished proceeds of their precious exports for an increase in the gold reserves."

"A more unfortunate counsel could hardly be possible" is the comment of Balogh in the *Commerce*.

Who is responsible for all this? I should charge the Finance Ministry for the stage to which it has brought the country today. This difficult stage has been mostly the result of the financial policies that have been enunciated by our Government. Even though the talk has been big, action has been small.

Every year we have been told that internal resources have been small and we must increase them. What is the way? I would like to show to Government one feature which is causing anxiety, (which should not cause anxiety so far as I am concerned, because in the very nature of things, under this society, it cannot be otherwise). For example, in 1948-49, according to the explanatory memorandum, Annexure II, page 87, the revenue from income-tax, including the corporation tax, has been Rs. 139 crores; let us say, Rs. 140 crores. In 1958-59, it is estimated to be Rs. 142 crores. After ten years of rule, the revenue from direct taxation, i.e. income-tax, is now Rs. 142 crores. We have been told that certain sections of the richer classes are growing richer every year and monopoly also is increasing its grip over the industries. Then what has happened? How is it that there has been practically no increase in the collection of income-tax at all? Some explanation must be given to the House. Either we have not developed and, therefore, there cannot be any greater increase in the income-tax collections or we have developed and evasion has been increasing and corruption within the income-tax

department has been increasing. There must be some reason, and we must be able to find out the reason for it. We must apply our mind and try to find out the real reason as to why even after so many years of planning—we are now on the eighth year of planning—there is no increase in the collection of income-tax. Our increase in direct taxation has been practically nil.

On the other hand, what is the position in the matter of excise duty? The position in the case of excise duty is something astonishing. The increase has been so fast that it is something like three times that we had before. It is going to increase still more. We are told that in the Soviet Union indirect taxation is so heavy that it is heavier than here. Well, let me say very plainly that I have not delved into the Soviet economy as closely as probably the other hon. Member has done. But I can say one thing, and it is clear to me. Whatever is produced in the Soviet Union is consumed by the Soviet people. Therefore, there has not been any recession or economic crisis there. There the purchasing power of the people has been increasing year after year. Therefore, we find the material, scientific and intellectual growth in the Soviet Union in all aspects of its life. Therefore, let us not compare ourselves with somebody else. Let us see how much we follow the precepts that we have been talking about. On the basis of that, if we see very carefully, we find we are talking of socialism, socialist economy, developmental economy, tightening of belts and so on and so forth. Who is tightening his belt? One thing is clear. The common man has tightened his belt much more than anyone else has done.

The monopolists have been reaping the profits, and they call themselves private industrialists and private trade. At the same time, private industry also is being developed with public money. But the profits are private. There is no doubt about it. Let us take the steel industry. We invest

money, we give loans to an extent of Rs 20 crores without interest, we give guarantee for Rs 25 crores for the international loans and we do not take the funds that have accrued to us even to the extent of Rs 15 crores. The only thing that we do not do is that we do not take the profits from them. The profits are theirs. Therefore, it becomes private trade or private industry.

Let us see the Audit Report that has been presented to us. In this there is a funny incident, about which questions were also asked in this House. Talking about the steel equalisation fund this Audit Report says at page 40

“The balance at the credit of this Fund had stood at about Rs 17 crores on the 1st April, 1957. It had gone down to Rs 3.78 crores on 31st March, 1958. The shortfall in the balance is attributable mainly to the delayed recovery from the main producers of steel. The delay in recoveries gives the steel producers the financial benefit in the use of funds without incurring interest liability.”

We give them loans without interest liability. We give them guarantee without ourselves getting any material benefit out of it. We show them the markets and give them the prices that they ask for without getting any material benefit, so far as we are concerned. Of course, it is called private trade or private industry.

If the public funds are used in the manner in which the Government is using them at present, it is very clear that instead of the public sector it is the private sector that is going to be developed at a faster rate. It has happened all these years and, naturally, the Second Plan is in a crisis.

In the end, before coming to smaller things about which I shall finish in two or three minutes, I will have to speak about what is known as

[Shri Nagi Reddy]

foreign equity capital. In the last Budget speech, when I talked about this, I was told that there is no difference between foreign equity capital investing itself in India and foreign aid or foreign loan. It is a funny argument that I heard. I am not able to swallow that argument so far.

Shri Morarji Desai: Who said that?

Shri Nagi Reddy: You said it.

Shri Morarji Desai: I did not say.

Shri Nagi Reddy: Your Deputy told us; there was an argument in the House. When I cross-questioned in this House, my cross-question was answered from the other side. You may go through the debates. I am not at all worried about it.

Shri Morarji Desai: I did not say

Shri Nagi Reddy: If you have not said it, I am glad. All the same, I would like to remind the House that foreign private capital is a very dangerous thing in any country. There has been a demand being raised by the monopolists in this country that foreign private capital should be allowed even into the oil industry. We have already allowed them. There is no doubt. After Independence, we have allowed foreign private capital to come and invest in the country in our refineries. We are doing it also in the new oil company that we have established. We know the Middle East politics, how dangerous it is. Today's socialism is so vague that one of our greatest socialists of the age, of our country, that is, Birla's paper, *Eastern Economist*, has given us in the smallest sentence possible a definition of socialism. I would like the Finance Minister to hear and probably tell me whether it is true or not. I am not able to swallow it. It says

"The fifty-fifty agreement—with the foreign firm—is both fair and compatible with the socialist pat-

tern of society and should be adopted at once."

Fifty-fifty; beautiful. I do not know what socialism it is.

Shri Morarji Desai: We are sitting at one end; you are sitting at the other end.

Shri Nagi Reddy: I would like to remind the House of a passage in the *Bunch of Letters* which I was going through a few days back which the then Pandit Nehru, now the Prime Minister Nehru had written to one of his friends. Fortunately, he had touched on foreign private capital. Here it is:

"Prof Shah seems to imagine that some people in India do not realise that the control of key industries is in the hands of foreign exploiters. He blames our leaders as if they are consenting parties to this. This is really extraordinary. Every Indian deplores; the growth of foreign vested interests in our industry and continuous efforts have been made to check these

"To talk of our leaders committing the crime of Moghul Emperors—please note—to talk of our leaders committing the crime of Moghul Emperors and allowing foreign trade to pass into the hands of European adventurers is amazing."

Shri Naushir Bharucha (East Khadesh). What is the date?

Shri Nagi Reddy. 1939 or 1940; whatever it is.

An Hon. Member: Twenty years old.

Shri Nagi Reddy: That means, every month, every day, theory of economics changes. I have no idea of that at all. If a socialist pattern of society is to be taken as foreign private investment of capital to be

increased in each country, a most astounding theory to enunciate, let us be plain what we are going to tell the people. In this way, I would only warn the Government that you are dragging the country into the mire of capitalist crisis, dragging the country into what I would call stalemate in economy, you are dragging the country into what I would say food crisis and production crisis in the country and all this is going to lead to greater unemployment and therefore to greater troubles in our country. I would only request the Government to see this. At this rate I do not know whether the common man of the country would be able to give that cooperation which the Government is asking for day after day. The help that they are asking for from the millionaire is very probably easy and very possible. But, from the common man, it is very difficult. To ask one who has tightened his belt as much as is possible, to tighten it still more is only to divide him into two to cut him off into different portions, which is not possible.

I would only request the Government to completely change the pattern of this Budget, to completely change its attitude towards the development of the country, and also to completely change its mind so that at least from now on we can proceed towards progress.

18 hrs

Shri Morarji Desai: May I say one thing?

Mr. Chairman: Before the House adjourns, we have to settle one or two matters.

Even if we start work at 12 O'Clock, soon after the Question Hour, tomorrow, the 20 hours will elapse at 3-20. How long will the Finance Minister take?

Shri Morarji Desai: I will require about more than an hour. And then the Vote on Account and the Ap-

propriation Bill will have to be passed here so that it is passed in the other House on the 18th when it closes.

Mr. Chairman: I find there is also this motion on the Law Commission's Report at 4 O'Clock tomorrow.

Shri Morarji Desai: That will have to be postponed to another day.

Mr. Chairman: I am afraid the Minister of Parliamentary Affairs is not here. It looks as though it may have to be postponed.

Shri Rane: I was just talking about the same thing.

The Deputy Minister of Law (Shri Hajarnavis): I am agreeable to the postponement.

Mr. Chairman: I think the sense of the House is that it should be postponed.

Shri Vasudevan Nair (Thruvella): No, Sir. We will be prepared to sit late.

Mr. Chairman: The House is already sitting till 6 O'Clock, but the real point is this, that the Appropriation Bill has to be passed, and the Hon. Finance Minister will take about an hour in reply.

Shri Tangamani: We have been told by the Speaker that each week we will have a motion for two hours, and this week this Law Commission's Report has been allotted. How are we concerned with the other work? The other work can go on till Friday.

Shri Morarji Desai: May I say that this cannot be postponed, whatever may be the other work. The Law Commission's Report can be postponed, but this cannot be postponed, because the Vote on Account has got to be passed in both the Houses.

Shri Tangamani: By tomorrow itself?

Shri Morarji Desai: No, but the Rajya Sabha does not sit after the 13th, and therefore that has got to be taken up there on the 13th, and before 5 O'Clock tomorrow it must be finished here, and then it can be sent there. Therefore, it is essential that this must be finished tomorrow.

Mr. Chairman: So, I take it that the motion will be postponed to another convenient day.

The hon. Finance Minister will take about an hour tomorrow?

Shri Morarji Desai: More than an hour.

18.04 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the 12th March, 1959/Phalgun 21, 1959 (Saka).