

Saturday, June 18 1977
Jyaistha 28, 1899 (Saka)

LOK SABHA DEBATES

(Series)

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**LOK SABHA SECRETARIAT
NEW DELHI**

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LOK SABHA DEBATES

I

LOK SABHA

Saturday, June 18, 1977/Jyaishta 28,
1899 (Saka)

The Lok Sabha met at Eleven of the
Clock

[MR. SPEAKER in the Chair]

PAPERS LAID ON THE TABLE

NOTIFICATIONS UNDER CENTRAL EXCISE RULES, 1944

THE MINISTER OF FINANCE AND
REVENUE AND BANKING (SHRI
H. M. PATEL): I beg to lay on the
Table a copy each of the following
Notifications (Hindi and English ver-
sions) issued under the Central Excise
Rules, 1944:

(1) G.S.R. 475 and 476 published
in Gazette of India dated the 2nd
April, 1977 together with an ex-
planatory memorandum.

(2) G. S. R. 251 (E) and 252 (E)
published in Gazette of India dated
the 25th May, 1977 together with
an explanatory memorandum.

(3) G.S.R. 265(E) published in
Gazette of India dated the 3rd June,
1977 together with an explanatory
memorandum.

[Placed in Library. See No. LT-
389/77.]

11:01 hrs.

RESIGNATION BY MEMBER

MR. SPEAKER: I have to inform
the House that I have received a
letter dated the 17th June, 1977 from
Shri Parkash Singh Badal, an elected
Member from Faridkot constituency
of Punjab, resigning his seat in Lok

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Sabha with effect from the 18th June,
1977. I have accepted his resigna-
tion with effect from today, the 18th
June, 1977.

11.02 hrs.

BUSINESS OF THE HOUSE

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS AND LABOUR
(SHRI RAVINDRA VARMA): With
your permission, Sir, I rise to announce
that Government Business in this
House during the week commencing
20th June, 1977, will consist of:—

1. General discussion on the
General Budget for 1977-78.

2. Consideration and passing of:—

(a) The Payment of Wages
(Amendment) Bill, 1977.

(b) The Yoga Undertakings
(Taking over of Management)
Bill, 1977.

After the conclusion of these items,
the House will take up the discussion
and voting of the Demands for Grants
of individual Ministries. I hope to
announce the order in which the
demands will be taken up on Tuesday,
the 21st June, 1977.

SHRI C. K. CHANDRAPPAN (Can-
nanore): There is going to be a
strike of the contract labour employed
by FCI in Neeleshwaram in Kerala
State. This is a problem of the con-
tract labour system itself. I would
suggest that this may be included
for a discussion during next week.

MR. SPEAKER: The Business
Advisory Committee will again meet
on Monday. This will also be con-
sidered there, but I do not know
whether they will accept it or not.

11.04 hrs.

NATIONAL HIGHWAYS (AMENDMENT) BILL*

THE PRIME MINISTER (SHRI MORARJI DESAI): I beg to move for leave to introduce a Bill to amend the National Highways Act, 1956.

MR. SPEAKER: The question is:

"That leave be granted to introduce a Bill to amend the National Highways Act, 1956".

The motion was adopted.

SHRI MORARJI DESAI: I introduce the Bill.

11:05 hrs.

RESOLUTION RE: CENTRAL ROAD FUND

THE PRIME MINISTER (SHRI MORARJI DESAI): I beg to move:

"This House hereby resolves that the Resolution on Road Development regarding the continuance of the Central Road Fund, as adopted by the Lok Sabha on the 30th March, 1976, be amended as follows:—

In para 6(d) of the Resolution,—

(a) in lines 4 and 5, between the words 'anti-social' and 'elements' the words 'and criminal' shall be inserted;

(b) in line 5, the words 'like dacoits, Naxalites' shall be deleted;

(c) in line 6, between the words 'tourism' and 'etc.' the words ', agricultural marketing areas links' shall be inserted;

(d) in line 6, before the word 'road/bridge' the words 'part con-

tribution to programme for setting up drivers', conductors' and cleaners' road side resting places and passengers wayside facilities on State road etc.' shall be inserted."

This is a very simple resolution, almost a formal one. When this resolution was passed in March 1976 these amendments had been moved but for want of adequate notice, they could not be accepted. The then Transport Minister promised the House that these will be taken up in the Rajya Sabha. In the Rajya Sabha these amendments were accepted and that is how the resolution was amended in the Rajya Sabha and it remains to be amended in the Lok Sabha. That is why I have brought forward this resolution and I hope the hon. Members will accept it.

MR. SPEAKER: The resolution is before the House.

SHRI C. K. CHANDRAPPAN (Cannanore): I thank the hon. Prime Minister for moving this resolution, and especially for deletion of words like 'dacoits' and 'Naxalites'. In the former resolution, Naxalites were treated like dacoits and that is being removed. I would only like to add one thing. It is good that he has removed this in the resolution but in regard to their release, they should be treated like any other political detenus. I hope the hon. Prime Minister will take steps so that they may be released soon.

MR. SPEAKER: I do not think a discussion is necessary over this. May I put the resolution to the vote of the House?

The question is:

"This House hereby resolves that the Resolution on Road Develop-

*Published in Gazette of India Extraordinary, Part II, section 2, dated 18-6-1977.

†Introduced with the recommendation of the Vice-President acting as President.

ment regarding the continuance of the Central Road Fund, as adopted by the Lok Sabha on the 30th March, 1976, be amended as follows:—

In para 6(d) of the Resolution,—

(a) in lines 4 and 5, between the words 'anti-social' and 'elements' the words 'and criminal' shall be inserted;

(b) in line 5, the words 'like dacoits, Naxalites' shall be deleted;

(c) in line 6, between the words 'tourism' and 'etc.' the words 'agricultural marketing areas links' shall be inserted;

(d) in line 6, before the word 'road/bridge' the words 'part contribution to programme for setting up drivers', conductors' and cleaners' road side resting places and passengers way side facilities on State roads etc.' shall be inserted."

The motion was adopted.

11.08 hrs.

STATUTORY RESOLUTION RE.
INCREASE IN EXPORT DUTY ON
TEA, COFFEE AND CERTAIN CATE-
GORIES OF CHROMITE ORE

THE MINISTER OF FINANCE AND
REVENUE AND BANKING (SHRI
H. M. PATEL): I beg to move:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7, of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following notifications of the Government of India in the Department of Revenue and Banking namely:—

(a) No. G.S.R. 171(E) dated the 9th April, 1977, levying an export duty on tea at the rate of Rs. 5 per kilogram under the new Heading No. 23 in the Second Schedule to the said Act,

(b) No. G.S.R. 193(E), dated the 26th April, 1977, increasing the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal, and

(c) No. G.S.R. 234(E), dated the 11th May, 1977, substituting a new Heading and entries for Heading No. 12 and the entries relating thereto in the second Schedule to the said Act, so as to provide for levy of export duty on certain categories of chromite ore and for increase in the rates of export duty on certain categories of chromite ore concentrates, from the date of each of the notifications aforesaid."

As the Hon'ble Members are aware, prices of tea have been rising from about January 1977. The price of leaf tea which was around Rs. 13.50 per kg. in January, 1977 at Calcutta auctions went up to Rs. 30 in April, 1977. The London prices of tea also showed sharp increases during this period. While the price of Northern Indian tea in London auctions was around 107 pence per kg. in December, 1976, the price in April, 1977 was around 234 pence per kg. This sharp increase in prices was attributable to strong demand for Indian tea in world markets. In addition, the worldwide shortage and high prices of coffee have also contributed to a sympathetic rise in the price of tea. With a view to hold the domestic price line, which was rising in sympathy with international prices, and keeping in view the margins available to the growers and exporters, Government decided to impose an export duty at the rate of Rs. 5 per kg. on tea with effect from 9th April, 1977. Simultaneously the excise rebate and drawback payments available on export of tea were also withdrawn.

The House will be glad to know that the objective of the Government to hold the internal prices of tea has been achieved to a significant extent by this measure. The price of leaf tea at the Calcutta auctions came

[Shri H. M. Patel]

down by the end of May, 1977 to around Rs. 19 per kg. thus showing a fall of about Rs. 10 per kg. While there may be several factors to which this fall can be attributed, it would be reasonable to conclude that the export duty was an important element. However, the prices are distinctly higher than those prevalent in the corresponding period of 1976. The movement of prices of tea is being kept under constant watch so that suitable corrective action can be taken as the price situation warrants.

The international prices of coffee have been on the increase since July, 1975 which necessitated the upward revision of export duty on coffee in February, 1976 and again in November, 1976. On 6th November, 1976 when the export duty was fixed at Rs. 1300 per quintal the prices of Uganda Robusta coffee were around £ 2100 per tonne at London. The rise in prices continued in international markets though with some fluctuations and in March, 1977, the prices of the same variety were around £3800 to £ 4000 per tonne at London and at the end of April, it was £ 3951 per tonne. It was, therefore, decided to increase the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal from 26th April, 1977.

The rates of export duties were fixed after ensuring that the growers and exporters of coffee would get a fair return on their investment.

I may also mention that the Government is fully alive to the fluctuating price situation. In the early part of May, 1977, it was noticed that there was a sharp decline in the London prices of Robusta coffee and the average prices fell to about £ 3100 per tonne. The export duty was accordingly reduced from Rs. 2200 per quintal to Rs. 1600 per quintal with effect from 18th May, 1977.

Till 11th May, 1977, chrome concentrates were subject to an export duty of Rs. 15 per tonne. As chromite

ore and concentrates are minerals of strategic importance, it is in the long term national interest to conserve them. Therefore, Government has decided on a policy of restricting exports of these minerals. Government also decided to impose export duties ranging from Rs. 200 per tonne to Rs. 50 per tonne depending on the quality of the chromite ore and concentrates. Apart from being a revenue raising measure, the imposition of export duty is expected to bring down the internal price of this mineral. Due consideration has been given to the present cost of production and current export prices before deciding on the rates of export duties. Chromite concentrates produced by beneficiation of low grade chromite ore (containing not more than 35 per cent Cr₂O₃ in the natural form has been exempted from the export levy in order to encourage export of this grade. I commend this Resolution for the acceptance of the House.

MR. SPEAKER: Resolution moved:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7, of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following notifications of the Government of India in the Department of Revenue and Banking namely:—

(a) No. G.S.R. 171(E), dated the 9th April, 1977, levying an export duty on tea at the rate of Rs. 5 per kilogram under the new Heading No. 23 in the Second Schedule to the said Act,

(b) No. G.S.R. 193(E), dated the 26th April, 1977, increasing the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal, and

(c) No. G.S.R. 234(E), dated the 11th May, 1977, substituting a new Heading and entries for Heading No. 12 and the entries relating thereto in the second Schedule to the said Act, so as

to provide for levy of export duty on certain categories of chromite ore and for increase in the rates of export duty on certain categories of chromite ore concentrates,

from the date of each of the notifications aforesaid."

SHRI C. K. CHANDRAPPAN (Cannanore): During the last session the hon. Minister brought forward a resolution seeking increase of the export duty of coffee. In this resolution they ask for another increase of the export duty. I think the Government should seriously consider this. In the policy of Government there is a sort of adhocism and whenever a price hike is there in international market, Government comes forward with duty-increases and whenever a downward trend is there they bring down export duty. The Coffee Board has suggested a method by which Government can scale down or bring up automatically whenever fluctuation takes place. That should be accepted. And more than that, the price fluctuation in coffee is due to natural failures. In Brazil nature failed and coffee crop failed; in Columbia there was serious flood. There was civil war in Angola. All these resulted in higher prices in international market as these were big coffee producing countries. Now I understand that the price is coming down in international market.

In this connection I would urge upon Government to accept the proposal of the Coffee Board and not resort to adhocism in regard to export duty. In all these matter you should try to help the small coffee growers.

In regard to Tea, I congratulate Mr. Patel for imposing at least Rs. 5 export duty on tea. But I understand there was a time in the recent past when not a single pie was imposed as duty on tea. As a result of that, certain large profits were amassed by certain export interests in the coun-

try. I know Mr. Patel is not responsible for it. But yet I would like to know why Government failed to impose duty at that time.

The price of tea in the internal market is going up steeply. Yesterday Mr. Mohan Dharia said that the imposition of Rs. 5 as export duty on tea will help to bring down tea price in internal market. I would urge upon the Minister that there is sufficient scope to increase the duty on tea. They should increase it a little more so that in the internal market more tea becomes available. I know Mr. Patel likes to take tea. But tea becomes bitter because it is costly.

I would like to know two things from the Minister. I want to know whether there was any foulplay on the part of anybody in not imposing duty before on tea and, whether, the Government would like to accept our suggestion to impose a little more duty. As the Finance Minister is trying to get more and more resources, he should accept it as it will help the country because the tea will become cheaper internally.

These are my two suggestions that I would like to make.

SHRI M. RAM GOPAL REDDY (Nizamabad): Mr. Speaker, Sir, the Government is getting a lot of money and it is just like a windfall and so, at least, a portion of that money must be passed on to the coffee growers. I want to know whether the Minister is going to think about that and may I know what are the chances to pay a portion of the profits to the coffee growers?

SHRI H. M. PATEL: Mr. Speaker, Sir, so far as Mr. Chandrappan's comments are concerned, I would like to say that in the case of coffee, the price rise in the international market was influenced by the fact that the crops in Brazil failed so widely that it will take some time before the Brazilian coffee once

[Shri H. M. Patel]

again comes into the market. The process has to be started from the beginning.

Therefore, I think the possibilities are that the price of coffee in the international market will remain high. It is true that there will be fluctuations and we should watch those fluctuations to see that we bring down the duty or raise it as the situation may require.

We shall certainly bear in mind his suggestion that we should consider the Coffee Board's proposition. We shall look at it again and I have no objection to do, so because Coffee Board is a Board which has the interests of the growers as well as the exporters at heart, and it controls the entire process. So far as the point put forth by Shri Reddy is concerned, we do fix the price of export duty in such a way that a portion of the price-rise does go to the growers, that means, in this case the Coffee Board. In so far as tea is concerned, I cannot really say why it was that the duty was not imposed earlier. I am sorry it needs an investigation which, I have not made. But, as soon as we felt it
..... (Interruptions)

SHRI C. K. CHANDRAPPA: Will you at least go through it?

SHRI H. M. PATEL: If you so desire, I will go into it certainly. As soon as we feel that the time has really come and we shall be watching the situation and continuously—this will in fact assist us in keeping the internal prices under control for increasing the duty still further or reducing it, we shall certainly take appropriate action.

MR. SPEAKER: The question is:

"That in pursuance of sub-section (2) of section 8, read with sub-section (2) of section 7, of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following notifications of the Government of India in the Department of Revenue and Banking namely:—

(a) No. G.S.R. 171(E), dated the 9th April, 1977, levying an export duty on tea at the rate of Rs. 5 per kilogram under the new Heading No. 23 in the Second Schedule to the said Act,

(b) No. G.S.R. 193(E), dated the 26th April, 1977, increasing the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal, and

(c) No. G.S.R. 234(E), dated the 11th May, 1977, substituting a new Heading and entries for Heading No. 12 and the entries relating thereto in the second Schedule to the said Act, so as to provide for levy of export duty on certain categories of chromite ore and for increase in the rates of export duty on certain categories of chromite ore concentrates,

from the date of each of the notifications aforesaid."

The motion was adopted.

11.25 hrs.

ADDITIONAL EMOLUMENTS
(COMPULSORY DEPOSIT) AM-
ENDMENT, BILL

THE MINISTER OF FINANCE
AND REVENUE AND BANKING
(SHRI H. M. PATEL): Sir, I move*
that the Bill to further amend the

*Moved with the recommendation of the Vice-President acting as President.

Additional Emoluments (Compulsory Deposit) Act, 1974 be taken for consideration.

As the House is aware, the above Act, as amended by the Additional Emoluments (Compulsory Deposit) Amendment Act, 1976 provided for the compulsory deposit of half the additional dearness allowance till 6th July, 1977. After this Government took office, various representations had been made by trade unions and employees' associations suggesting that impounding of additional dearness allowance should be discontinued forthwith. We had carefully considered these suggestions with a view to removing the hardship faced by workers and employees, particularly in the lower income group. In order that the take-home pay of employees is increased and correspondingly also to increase their purchasing power, it was decided by this Government that impounding of half the additional dearness allowance should be discontinued immediately. As the House was not in Session, an Ordinance was promulgated by the Vice-President acting as President, on 9th May, 1977 amending the above Act so that compulsory deposit would no longer be necessary from 6th May, 1977. The Additional Emoluments (Compulsory Deposit) Amendment Bill, 1977 now before this House for consideration seeks to replace this Ordinance. I wish to draw the attention of the House to clause 2 of the Bill which seeks to amend section 6 of the Act so as to provide that the period of compulsory deposit of additional dearness allowance will be only for two years and ten months, instead of three years, from the appointed day. Consequently, the period of compulsory deposit of additional dearness allowance would be only till 6th May, 1977.

As the House is aware, compulsory deposits made under the Act are to be repaid in five equal annual instalments. Thus, in terms of section 9 of the Act, the aggregate amount credited to the additional dearness allowance deposit account by an em-

ployee for the period ended on 30th June, 1976 is to be repaid in cash in five equal annual instalments, the first instalment commencing from 6th July, 1976. Accordingly, repayment of the first instalment was made last year, in cash. On 6th July, 1977, repayment of the second instalment would be due in cash. It is estimated that this repayment will be to the extent of Rs. 326 crores approximately (Rs. 220 crores towards principal and Rs. 106 crores towards interest). Since there will be no compulsory deposit of additional dearness allowance from 6th May, 1977, it was apprehended that payment in cash, of the second instalment of additional dearness allowance deposits, to the extent of Rs. 326 crores in this financial year, in addition to non-impounding, will cause a big spurt in money supply. Considering the nexus between undue increase in money supply and inflation, any large increase in money supply will cause distortions in the economy, which would affect adversely the low income group employees most of all. It is also clear that repayment in cash to the extent of Rs. 326 crores superimposed on the discontinuation of the CDS scheme will result in a large addition to the stream of spending, which, in the present delicate state of the economy, cannot but accentuate the inflationary pressures.

In view of the above considerations, it was decided by the Government that repayment of the second instalment of additional dearness allowance deposits, along with interest, due on 6th July, 1977 should not be made in cash but instead should be credited to the provident fund account of the employee. The Ordinance issued by the Vice-President acting as President on 9th May, 1977 accordingly provided for such an arrangement. Clause 3 of the Bill which seeks to replace the Ordinance also makes it clear that repayment of the second instalment of additional dearness allowance deposits due on 6th July, 1977 to employees who subscribe to any provident fund will

[Shri H. M. Patel]

be credited to their provident fund accounts. This clause also provides that employers are not required to make any matching contribution against such credits in the provident fund accounts. This is because in the contributory provident fund schemes, the employers are already paying their statutory contributions.

I wish to bring to the notice of the House that the above arrangement for crediting repayment to provident fund accounts applies only to repayment of the second instalment of additional dearness allowance deposits due on 6th July, 1977. Repayment of the third instalment of additional wages deposits due on 6th July, 1978 will continue to be made in cash, as in previous years. I also wish to draw the attention of the House to the fact that in so far as additional dearness allowance deposits made for the period from 1st July, 1976 are concerned, the Act already provides in section 9 that repayments due in respect of such deposits will be only by credit to provident fund account of the employee, at the appropriate time. Though credit to the provident fund account in the above manner will be in the nature of a compulsory saving, the House is aware that regulations applicable to the provident funds also permit need-based withdrawals by the employees. Further, if there are any employees who do not subscribe to any provident fund, repayment of the second instalment of additional dearness allowance deposits due in this year will be made in cash. There is a general misconception that when repayments are credited to provident fund accounts, employees will stand to lose because of the low rate of interest. While it is no doubt true that amounts kept in the Additional Dearness Allowance Deposits Account carry 12½ per cent interest rate annually, a comparison of this rate of interest with the rate of interest applicable to provident fund accounts is not proper because amounts kept in such deposits are to be repaid in five equal annual instal-

ments and cannot be kept in the compulsory deposit account indefinitely, at the discretion of the Government. The rate of interest applicable to provident fund accounts ranges today from 7 per cent to 8 per cent, annually. A fixed deposit with a bank for the period ranging from three to five years will now fetch only 8 per cent interest per annum. Even the maximum interest that a bank deposit exceeding five years now fetches is only 10 per cent annually. The interest admissible, is simple interest, as no interest on interest accrued yearly is admissible. As against this, interest on provident fund ranges from 7 per cent to 8 per cent per annum, and interest on interest is also admissible, since interest accrued on provident fund deposits is added to the principle every year. Need-based withdrawals are also permissible, whereas in a long term bank deposit no withdrawal is possible except or loss of interest. It is hence apparent that the rate of interest applicable to repayments credited to provident fund accounts of employees does not compare unfavourably with the rate of interest admissible on long term bank deposits.

Some sections of employees and trade unions had represented to Government seeking reconsideration of the decision to credit repayment of the second instalment of additional dearness allowance deposits to the provident fund accounts of employees. This Government is fully conscious of aspirations of the employees and workers. We will be second to none in upholding the legitimate rights of employees and workers and in redressing their grievances. But the fact needs to be noted that due to the extravagance of the previous Government, money supply with the public recorded an increase in the last financial year by as much as 17.1 per cent. On top of this, if repayment to the extent of Rs. 326 crores is made in cash in July this year, in addition to non-impounding of Rs. 500 crores, the economic consequence can only be an intolerable increase in the level of money supply, followed pre-

dictably by an increase in the general price level. This Government cannot abdicate its responsibility to maintain a reasonable stability in the price level. Therefore, though the government appreciates the motivations underlying the representations made by employees and trade unions, it is not possible to make any change in the decision already announced by Government to credit repayment of the second instalment of additional dearness allowance deposits to provident fund accounts of employees. To have recourse to any other course of action will only accentuate inflationary pressures in the economy and this will not prove beneficial either to the economy or to employees themselves. In view of these economic realities, I seek the co-operation of all sections of the House, especially of the trade union leaders present here, in implementing the Government's decision in the matter.

MR. SPEAKER: Motion moved:

"That the Bill further to amend the Additional Emoluments (Compulsory Deposit) Act, 1974, be taken into consideration."

SHRI S. R. DAMANI (Sholapur): Mr. Speaker, Sir, I rise to oppose the Bill. Sir, when this Bill was introduced previously in July 1974 with the same aims and objectives, at that time, there was a steep rise in prices in the world and in our country the prices had gone up by 33 per cent. In order to curb the rise in prices and also to bring down the prices, the Congress Government took a package of measures at that time including the deposit of additional DA for a period of three years. At that time our friends who are sitting on the Treasury Benches today and who advance arguments in favour of this scheme, were bitterly opposed to that. Shri Madhu Limaye is not present here. He wanted the Attorney General to be called to give his opinion in the House. You can see the records. Fundamental rights and constitutional provisions were quoted. At that time our government explain-

ed that this was introduced in the interest of public. Because of the measures adopted at that time, prices were stabilised and in fact prices started going down and ours was the only country which was successful, though other developing countries in the grip of inflation were also taking some steps. They cannot halt the rise in prices in other developing countries. But the Congress Government checked the rise in prices. The Congress Government gave a promise that this amount would be repaid in five annual instalments. When the first instalment fell due in 1976, they paid the first instalment in cash. They would have paid this instalment also if it were in their power. But what has the Janata Government done? How cleverly they say in their manifesto that they were going to abolish compulsory deposit. Now you say that the money will not be paid in cash but paid into the provident fund account of the employees.

THE MINISTER OF STEEL AND MINES (SHRI BIJU PATNAIK): If I deposit an amount in your account, is it not payment?

SHRI S. R. DAMANI: Is it payment? Do you get money? It is the small wage earners who are going to be affected and they were expecting that they would get cash which the government had promised to pay, they sacrificed this amount for some particular period, they thought that the money would be repaid and then they would be able to use it to meet their needs. Those persons were earning 500, 600 or 700 per month. They now require money for several purposes: repairing the house, marriage of children and other needs. All of a sudden you say that the money will not be repaid but will be deposited in the provident fund account. I take it that it is a breach of trust by the Janata Party because it said clearly in its manifesto that it would do away with compulsory deposits. Now they are giving a go-by to their promise and transferring the money to the provident fund.

SHRI BIJU PATNAIK: Since the hon. Member has chosen to stray from the point, saying that it is the first breach of trust by Janata Part, I would like to point out that Janata Party has not announced its decision about the repayment of the compulsory deposit in its manifesto. So, it is not a breach of trust by Janata Party.

SHRI S. R. DAMANI: I would like to know from hon. Finance Minister what action he has taken to check the rise in prices. When you were sitting on this side you were criticising the then Government. It is very easy to criticise but it is very difficult to implement and show the results. During the last three months prices have gone up by ten per cent. I am only asking what steps you have taken to arrest the rise in prices. Prices of cotton, edible oil and pulses are going up. If you have made any effort to import these items their prices could have come down. You are very lucky. You have inherited a huge stock of foodgrains from us. You have also inherited foreign exchange reserves of more than Rs. 3000 crores. Why have you not utilised these reserves in importing such items? If you had taken action properly, the prices would not have gone up. Therefore, I say that the Janata Party has failed in fulfilling the promises it made to the public in its manifesto. Sir, with these words, I oppose the Bill.

SHRI G. M. BANATWALLA (Ponnani): Mr. Speaker, Sir, the amendment bill introduced by the hon. Minister is most disappointing. Without mincing words, I must say that the entire attitude of the Government is a fraud upon the labourers. In fact the compulsory deposit scheme was due to expire on the 6th of July. The scrapping of the scheme on 6th May is indeed welcome. But the only relief given to the labour class was for a period of two months.

While extending two months' relief to the labourers, the government has deemed it fit to deprive them of the

great benefits that they were to enjoy under the parent Act. While only two months' contribution was waived, it is most disappointing that the second instalment of the compulsory deposit to be paid to them has been withheld by this government. Therefore, it is a fraud committed by the government upon the people. Under the parent Act, they made the contributions on the clear understanding that they would receive the second instalment in due time. It is not a fair thing for the government to take advantage of the helpless position of the contributors. By such manoeuvres, the government will lose its credibility and cut a very poor figure.

The argument advanced by the government is that the repayment of the second instalment will lead to inflationary pressures. I must submit with due respect that the philosophy of the Janata Party is anti-labour. It must be very disappointing that the payment of justified wages should be considered as objectionable from the economic point of view. Let it be clearly understood that the sweat of labour should be paid before it is dried. Here not only was the sweat of labour getting dried but even the blood of labour was getting dried up and the government has deprived the labourers of their legitimate dues. A very fantastic argument has been advanced by the hon. Finance Minister. He says, it is because of the extravagance of the previous government that the release of the second instalment of CD will have inflationary pressures. It is rather unfortunate that our labourers should be made to suffer for the so-called extravagance of the previous government. The hon. Minister ought to have seen that such a policy ought not to have been adopted. On the country, he could have thought of some other anti-inflationary measures. Really speaking, the argument that the repayment of the second instalment of CD will lead to inflationary pressures reveals the bankruptcy of this government with respect to ideas about instruments and weapons for the control of inflation. This bankruptcy leads them to the strategy of even depriv-

ing the labour of its legitimate dues. There is great resentment among the labour class which must be seen clearly and the necessary re-thinking should be there as far as this Bill is concerned. It is a pity and most unfortunate that while the labour class is being deprived of the purchasing power which they would have acquired as a result of the repayment of the second instalment, the other affluent sections may go on a spending spree as they like. A proper balance ought to have been struck and at least the labour class ought not to have been punished because of the bankruptcy of this government to control inflationary pressures through legitimate methods so-called extravagance of the previous Government.

With these words I most strongly oppose this Bill and appeal to the government to do some re-thinking so that the credibility of the government may be restored.

SHRI DINEN RHATTACHARYYA (Serampore): Sir, I am sorry that I have also to oppose the Bill. In the first part the Bill provides for the discontinuance of the deduction from the dearness allowance. That part was welcomed by the workers throughout, but along with that measure the Government should have at that time declared at what time or what date they are going to pay back or refund the second instalment of this deposited amount which is due on 6th July, 1977. It is not the money of the Government, it is the wages of the workers and the employees which was impounded by the previous government as a measure of checking the inflation. The same theory is repeated here. Sir, the previous Congress government took the credit that they checked inflation by impounding D. A. of working people. But how they checked it . . . is evident from the reality that the prices went up like anything. The rising prices was not stopped and even today the Finance Minister of this new government is announcing that this measure has been adopted to check the inflation. The same story will be repeated in future and this Finance Minister will

again come back with the same measure which will affect the interest of the workers and the poor men.

So I may ask what are the other measures that have been adopted by the Finance Minister to check the inflation, to bring down the prices. Nothing has been evident from either his Budget speech or from any other measure. Inflation can be checked only if steps are taken to raise the production. Hundreds of factories are still closed. The production capacity is not fully utilised and black money of crores of rupees is now floating in the country like anything. No step has been taken as yet to impound that black money. And if these measures are not taken inflation can never be checked, prices can never come down and this will be a hoax to deprive the workers of the money which they were entitled to get on 6th of July as per the original Act.

I remember Mr. Fernandes who is a Cabinet Minister now was convenor of a convention held in Delhi when the original Act was to be passed by the Congress Government. All the trade unions including the BMS, CITU, HMP and other Central trade unions and federations strongly opposed this measure, and I know they will oppose it now also. I will request Mr. Fernandes who is now in the Cabinet, who is now in the leadership of the Government to come forward and make a statement as to why this measure has been taken which will affect the poor stratum of the workers. So, I do not know how they will explain this position to the employees.

The workers expected that they would get back the impounded D. A. It is good that no longer will their dearness allowance be deducted; but what about the amount that has accrued, not the total but only 2nd instalment amounting only to Rs. 326 crores? If this money goes to the pockets of the ordinary poor workers, I am sure it will not have any adverse effect on our economy. On the other hand, it

[Shri D. Bhattacharyya]

will increase to a certain extent the purchasing power of the workers, as well as give them relief from their indebtedness. It must be remembered that the theory is always propounded by the government, viz. that if the workers get more wages, there will be inflation and that the value of money will come down and the value of commodities will go up. This is a wrong theory. Only if proper steps are taken to see that production goes up and supply position is proper and steady, can inflation be checked, and prices controlled. But no such step has been taken as yet. So, the prices are going up. You have not paid any single farthing to the workers due as 2nd instalment. Then why are the prices going up? A clarification should be given in the House as to why the prices not only of cotton, but of all the essential commodities are going up. Government has decided not to return back this impounded dearness allowance. As a result of this, workers will be frustrated and it will be a breeding ground for agitation not only in one part of, but throughout the country, for the refund of this money. Some body was telling—and the Minister himself was also telling—that the workers will lose nothing, by way of interest on the impounded money. Ept now the amount will be deposited in the provident fund account. The interest for provident fund accounts is between 7 per cent and 8 per cent. Through jugglery of figures and words, Mr. Patel has explained that the workers will not lose. It is a fantastic theory. The first part is all right, viz. that no more deduction will be there; but what about the second part regarding the refund of the money in cash? He is saying that it will be deposited in the provident fund account. The provident fund accounts are in a mess. Crores of rupees have been swallowed by the big industrialists. No step was taken by the Congress government; nor has any measure been suggested here as to what action will this government take

against those who have swallowed the P.F. money of crores of workers. So, it is nothing but a hoax to say that people will not be deprived of their money and that their money will be safely deposited in the provident fund account causing no loss to them.

12 hrs.

When the original Act was passed, it was clearly provided that each individual worker or employee will have a separate account of his own. I am sure that no such arrangement has yet been made. The Provident Fund Commissioner, or the Zonal Commissioner was the competent authority who was charged with the responsibility of managing these accounts. But no such individual accounts have been opened so far. I am also sure that many of the big employers have not yet paid the money which they deducted from the wages of individual workers, as C.D. money.

These things should have been looked into by the Government. But they have done nothing. All of a sudden they have brought this Bill, and the only reason given is that they want to check the inflation by denying the workers of their impounded C.D. money, which the workers hoped that they will get at least their legal dues after the formation of the new Government in Delhi. It was the expectation of the workers in general that the bogus theory that if the workers get more money, the prices will go up and inflation will be there, will not be repeated by the new Government. So, I would request that the matter should be reconsidered and the Bill be withdrawn and the due money repaid. With these words, I strongly oppose this Bill.

SHRI K. A. RAJAN (Trichur): Mr. Speaker, Sir, I stand to oppose this Bill. I feel that I have got a strong moral ground to oppose this Bill, because my party has been consistently opposing this enactment from the very beginning. In 1974 when the original Bill was brought and in 1976 when an

amendment was introduced and now when this amendment is being brought, my party has been taking a consistent stand against it, and that too on very strong moral grounds.

I would not like to go into the whole history of this legislation. I will only refer to the reaction of the workers. The hon. Minister and other Ministers have been repeating that the previous Government for the last thirty years have done so many wrong things. At least, let the present Government not repeat those wrong things.

This is an immoral thing. There is absolutely no justification for bringing in this amendment. All the workers, whether belonging to the INTUC, AITUC, CITU or HMS, whether working in the public sector or the private sector, they have passed resolutions in their unions and appealed to the present Government not to proceed with this amendment. If the Janata Government have, as they profess to, sympathy for the working class and the down-trodden, they should not come forward with this amendment. I am saying this on two grounds. Firstly, the philosophy underlying this amendment, the principle or ideology which has been propounded by this amendment, is a dangerous one, and I can say from my experience that it has fallen flat. Containing inflation by impounding workers' wages is a wrong theory which is accepted only by rotten capitalist countries. There are countries where there is no inflation of any sort because their economies are oriented to the working class. The previous Government had done a wrong thing, saying that it was to bring down prices, but prices have never come down by this. Shri Dinen Bhattacharyya had made a speech last time in which he had said that whoever be the Minister, he would be asking for the renewal of this Act. Unfortunately, that is what is happening. I say, don't do the thing that you yourself condemned. It has no moral or political right to exist. So, I would like to urge that this should not be

pressed in the larger interests of hundreds and thousands of workers in the private and public sector industries.

What are the real facts regarding the price rise? When the hon. Finance Minister has admitted that there was an increase of 12.5 per cent in the wholesale price index, but what is the impact on retail prices? Normally the retail price is more than the wholesale price by about 25 per cent. So, you can imagine its effect on the workers. Unfortunately, the price rise is not being duly reflected in the cost of living index of workers. I am glad that the hon. Minister of Labour has agreed to convene a conference to rectify the mistakes that have been committed in the compilation of the price index. I am grateful to him. But I say that in the present conditions the price rise is going to impose more burden on the working class which has contributed to the country by increasing production and productivity, and which is the only class which works for the national interests. So, I humbly request the Janata Government, consisting of eminent and veteran trade union leaders, not to proceed with this.

SHRI SONU SINGH PATIL (Erandol): I would not have spoken,

MR. SPEAKER: The Minister would have replied on your behalf, but you have to support it anyway!

SHRI SONU SINGH PATIL: I am supporting this measure broadly on two grounds. Firstly, it does not interfere with the rights of the workers in any way. The Bill only seeks to postpone repayment of the C.D. amount by two years and ten months.

Loking at the problem of the workers, I am very much surprised that Mr. Damani is championing the cause of the workers. If he is a bit liberal to the workers, they will be only happy, but he is pleading their cause because of ulterior motives. I

[Shri Sonu Singh Patil]

feel that he is only shedding crocodile tears.

As I said, the Bill does not in any way hamper the rights of the workers; It only gives a short of shield or cover for our economy, because if all the amounts are to be returned, they will be something to the tune of Rs. 1500 crores.

SHRI DINEN BHATTACHARYYA: That is the total.

SHRI SONU SINGH PATIL: That is a big amount.

This country has got organised labour only to the extent of 7 to 10 per cent. What about the multitude of workers who are outside the pale of organised labour? Are we not to look after them? Are we only to look after the organised sector of workers, so that all the benefits of legislation are passed on only to them? The time has come when we will have to think very seriously about the unorganised sector of labour. A Railway worker gets on an average Rs. 6000/- annually, a public sector worker gets Rs. 9000/- annually but a worker in the field or in the rural areas gets not more than Rs. 500 or Rs. 600 in a year.

Mr. Damani has gone to the extent of saying that it is against the Janata Party's manifesto. I have got a copy of the Janata Party manifesto. On page 15 of it, wage and price policy has been laid down and there is no mention of the return of the CDS amounts. The Janata Government is quite vigilant to see that the workers' rights are not in any way hampered or impaired. In this case, what they have done is only to postpone the payment of it. The hon. Finance Minister has already mentioned that there is no loss even on account of interest. Under the circumstances, it is but natural that all sections of the House must have a larger sympathy for the

larger class of workers, who are unorganised. If they organise themselves and go on strike, the country's agricultural production will suffer to a very large extent. Under the circumstances, my humble submission is that the Bill is innocent. The view taken is narrow, sectarian and, to say the least, parochial. The working class leaders should also take a liberal attitude as far as the country's economy goes. The rising prices are a legacy of the earlier Congress Government which has forced us to take this separate step. Now a clear picture has been given in the Budget documents as to how the prices can be stabilised. I think, if the House takes larger view of the matter, there is nothing to oppose this Bill. I support the Bill.

PROF. P. G. MAVALANKAR (Gandhinagar): Mr. Speaker, Sir, I must say at the outset, that I feel very uneasy and even disturbed at the fact that within three months of the emergence of the Janata Government with whose many policies on political, economic and social matters I am broadly in agreement—it should have brought forward this particular legislation asking the wage earners to keep quiet and sacrifice and not asking the other sections of the population to do likewise. Sir, I ask this in all sincerity of my friends of the Janata Party and the Janata Government: when they were in opposition, on this side each one of them opposed this particular idea of the then Government about compulsory deposit and we had said—and I think, we did that rightly—that it was anti-labour and anti-people; now if some of them come to power, how it will become pro-people and pro-labour? If there was any definite change in the policy, I would have supported it. Of course, I do not support what my friend, Mr. Damani, has said. If he is opposing now, why did he support then? He had supported then the whole idea of package deal brought forward by the then Finance Ministers, Shri Y. B. Chavan and Shri C. Subramaniam.

I find that the Government have been caught into the contradictions of the situation, the contradictions of their composition and the contradictions created by hard economic realities. I wish the hon. Finance Minister who is an expert on financial matters had told us in some detail as to what is the extravagance of the previous Government in this particular regard. About the extravagance of the previous Government in disturbing the Constitution and all that, I am aware of that. I agree with him that the previous Government was not only extravagant—that is a very modest word—but was also immoral in terms of extravagance in the matter of distorting the Constitution and the Rule of Law, and doing all of it illegally, immorally and what not! But with regard to this particular Bill he only said, extravagance of the previous Government. In regard to what, I want to know. He should explain to us in some detail in his reply. At least, to that extent, my anger would soften. I do not know whether he will be able to satisfy us.

I come from Ahmedabad, one of the most important cities with textile and other labour, the working classes. We naturally expected, and we naturally told our constituents not only in Ahmedabad but all over the country that the new Government will be pro-labour, pro-people and pro-low income group and that it would take steps with a view to seeing that their conditions are ameliorated. Now, I find, on account of the previous Government's extravagance, not spelt out in any detail the Finance Minister says that he cannot release and amount of Rs. 326 crores to the people and that it will go into their deposits of the provident fund.

I ask; why tax or burden or punish the wage earners all the time? Whenever the question of rising prices comes, whenever the question of inflation comes, whenever the question of tackling the economic situation comes,

instead of taking an overall view and trying to tax, punish and burden more the affluent sections of the people who are few in number, but who in terms of impact have a greater role in disturbing and damaging the economy, they are let off not completely, but are left comparatively untouched, and a large number of wage earners are touched in the name of economic solutions, anti-inflationary treatments, etc. That is why I did not support it three years back, and I do not see any reason why I should support it simply because there is a change of Government. My logic does not change with the change of the Government! My logic remains based on the merits of the case. It is a question of attitude as to whether the Government takes an attitude of punishing, taxing and burdening the low income group, leaving comparatively free the higher income group or they give justice to the wage earning class of people.

About the rate of interest, the hon. Finance Minister read out something which I at least, could not follow when he tried to justify that the interest rates are such that they will not adversely affect the labour class. I hope, he will explain to us, without reading the brief. I think, what he read out was a brief prepared by the officials. The officials are always clever in preparing briefs in such a way that the same statistics can be used for or against! We do not know how the labour and wage earning class is at an advantage or gets any benefit by this. My impression is that under the Compulsory Deposit Scheme, the wage earner would have got 12-1/2 per cent interest. But now he will be given 7-1/2 per cent interest.

Moreover, now it is being transferred to the Provident Fund Account. Well, if it is with the same interest, i.e. 12-1/2 per cent then, of course, I am glad to that extent. But, my impression is, according to what the Finance Minister said, that it is not, because he could not say correctly,

[Prof. P. G. Mavalankar]

quickly and briefly: he used long arguments using all statistics to tell the House that after all the workers are not going to be in difficulty. I am told, in terms of interest, there will be a loss. If so, I want to suggest by saying that this does not really reflect the pro-labour attitude of the Janata Party, pro-people attitude of the Janata Party. In many other respects, it may be there, but in this particular matter, I feel that the informal promise given to the people at the time of the last Lok Sabha elections that their interest will be looked after that promise has not been fulfilled.

I am quite sure that in our open society that we have happily got, there will be agitations. I do not see how we can blame the labour if they agitate against this kind of a thing. If they do it, then we will have to say that their agitation is justified, both on moral ground and on economic ground. I feel therefore, sure that the Janata Party, and more particularly the Finance Minister might have some second thought on this, if not at this stage perhaps later to see that the impression, wittingly or unwittingly, sought to be created by this particular Bill that the attitude of the Government is somewhat anti-labour and anti-employees will be reduced to that extent.

With these words, I have done.

SHRI SHAMBHU NATH CHATURVEDI (Agra): Mr. Speaker, Sir, the Finance Minister has given a very elaborate explanation and reasons why further instalments of refund are being withheld and transferred to the Provident Fund Account. The real hardship was caused to the labour class and the employees when the compulsory deposit scheme was enforced; and the dearness allowance impounded.

Those people who were responsible for creating this hardships for the la-

bour, for the employees—at the time when the prices were rising—now come forward to say that transfer of impounded amounts to Provident Fund Account is a very hard measure.

The question is whether the transfer of this money which had been deducted in the past to the Provident Fund Account instead of being paid in cash would cause any great hardship to the employees, and secondly, whether it would be in the national interest to refund that amount in cash. As the Finance Minister had very clearly said in his speech, it would not be so, it would only reinforce inflationary tendencies. Not only the national interest but the labour class will also suffer as inflation would cut into their pockets also. If we allow 326 crores to go in the hands of the public, then we will certainly add to those tendencies which we want to check, that is, inflation and high prices. There is, therefore, ample justification for transferring it to the provident fund account. It appears that during the emergency, there were no child birth and marriages and other things when the cuts were there. Then it is preached as an argument against deposit in Provident Fund. But as we all know, at the time of marriage or other ceremonies necessary amounts can be drawn from the provident fund account without any difficulty.

As regards interest on this amount, probably it will not come to 12 per cent. But I think the Finance Minister said that it would fetch 12-1/2 per cent simple interest elsewhere. In Provident Fund Account, it will be compounded. There will, therefore, not be much of a difference; it may not come actually to 12-1/2 per cent but it will come nearly to that. That is why, I do not understand how this is going to cause that great hardship about which so many speakers have spoken. This is the amount which has already been impounded and this amount will now be deposited in their

accounts. No hardship is now being caused because further deductions on account of CDS have been stopped. The Janata Party has fulfilled the promise that it had made in their manifesto. For this reason, I support this Bill.

SHRI VASANT SATHE (Akola):
Sir, I rise to oppose this Bill because I feel that it is one of the acts of breach of faith committed by the Janata Party on the working class particularly. In speeches after speeches before the elections, the great leaders of the Janata Party, particularly the well known labour leaders, had been telling the working class in urban areas like Bombay, Calcutta, Delhi, Ahmedabad, Madras and other places that among the most invidious things which were done by the Congress Government were introduction of Compulsory Deposit Scheme and also reduction of the bonus, and they added that the first thing that the Janata Government would do would be to restore the bonus and refund the CDS money. Now the argument used by the Finance Minister for not refunding it now and postponing it is, to say the least, an argument which can be a permanent argument, which can be perpetuated for ever, because, all that you can say is: "What are we doing? We are not deducting further, and whatever had been taken away from you, we are just keeping with us in your own interest and in the national interest". But then what has happened to your promise? The argument of inflation is being advanced. I was surprised to hear Mr. Sonu Singh Patil propounding the old theory of putting the urban labour against the rural labour and saying this. How much is the rural labour getting? It is Rs. 500 per annum. And how much does the urban labour get? Rs. 6,000 in a sector like Railways and Rs. 9,000 in public sector undertakings. Therefore, what is your argument? What is the logic? Reduce this Rs. 6,000 to satisfy the rural labour so that you can do justice—

and also to check inflation! That is where this argument would lead to. Is the Minister of Railways agreeable to this sort of argument?

This logic that inflation is caused because you put more money into the pockets of the poor is the most fallacious argument that can ever be advanced because the opposite of that would be: starve the poor to check inflation. Whenever we raised the point that proper prices should be given for the agricultural produce so that the small farmer might get a better wage or might be able to pay a better wage to the agricultural labour and this sort of argument about inflation being caused was given, even by the earlier Government, I had always opposed this, and I oppose this sort of policy even now. Whenever we say that more money should be put into the hands of agricultural class, the poor agricultural class, so that they can earn a higher wage or pay a higher wage to the agricultural labour, in the name of pragmatism, we are told that this will cause inflation because more money will go to the people. Less goods are there and therefore there will be more pressure on these consumer goods. So the idea is not to produce more consumer goods by encouraging agro-industries or agricultural labour by giving them other employment for producing goods or encouraging industrial labour, but the idea is to withdraw the purchasing power of the people so that they will not be able to purchase even the necessities of life. That is why this whole idea of not paying the worker or refunding him his due, when said in the name of inflation, is, to say the least, fallacious. If this is the policy that this Government also is going to pursue, then there is no difference between the previous Government which you had criticised and your Government. I know you are a slave of the system—the system which allows a few to become rich at the cost of the many. That is the sort of philosophy which is behind it and, in spite of the few socialists that may be there in the Government, the real philoso-

[Shri Vasant Sathe]

phy of your Government also will be the philosophy of exploitation by the capitalists. As long as that philosophy is there, whatever you may do, you will not be able to usher in an egalitarian or just society. Therefore refusal of the refund of the CDS amount which was a commitment of the previous parliament by law is not only a going back on the legal commitment but also the moral commitment of Parliament by the Janata Party. So, legally, the Janata Government is in the wrong and morally also they are guilty of a breach of faith. That is why I oppose this and I am sure any reasonable, conscientious man on either side of the House will never support such an action on the part of the Government.

श्री विजय कुमार मल्होत्रा (दक्षिणी दिल्ली) : अध्यक्ष महोदय जहां तक कम्पलसरी डिपॉजिट के रुपये को रिफंड करने का सवाल है, मैं समझता हूँ कि सरकारी कर्मचारियों और जनत में जहर इस बात की आशा थी कि जनता पार्टी की गवर्नमेंट बनने के बाद यह रुपया उन को वापस मिल जायेगा। मैं समझता हूँ कि अगर यह हो जाता, तो बहुत अच्छा होता। मैं चाहूँगा कि फिनांस मिनिस्टर साहब अभी भी यह देखें कि जब हाजान सुधर जायें, तो उस के एक मिनट बाद भी इस रुपये को न रखा जाय और जिनकी जन्दी हो सके, लोगों को यह रुपया वापस कर दिया जाय।

मेरी राय में इन्ट्रेस्ट की बात भी काफी महत्वपूर्ण है। पहले लोगों को 12, 12-1 2 परसेंट सूद मिलता था। अगर यह इम्प्रेशन हो जाय कि इस बारे में हालत पहले से भी खराब हो गई है, तो मेरे व्याल में यह बहुत अनर्चित बात है। अगर फिन स मिनिस्टर साहब यह कंटागारिकल स्टेटमेंट कर दें कि लोगों को इन्ट्रेस्ट के मामले में कोई नुकसान

नहीं होगा, और जो इन्ट्रेस्ट उन को पहले मिलता था, अभी भी वही मिलेगा तो मैं समझता हूँ कि उस से पोजीशन काफी साफ़ हो जायेगी। एक तो प्राविडेंट फंड में वह रुपया डालने से इन्ट्रेस्ट कम हो जाने का खयाल है, और दूसरे अगर कम्पाउंड इन्ट्रेस्ट की बात कही जाय, तो यह इम्प्रेशन निकलता है कि गवर्नमेंट ने पता नहीं कितने साल तक के लिए यह रुपया कम्पाउंड कर लिया है। अगर इस बारे में एक कंटागारिकल स्टेटमेंट दे दिया जाय, तो इस बारे में सरकारी कर्मचारियों में जो आशंका है, वह खत्म हो जायेगी।

फिनांस मिनिस्टर साहब यह भी देखें कि जिन बातों के लिए यह रुपया प्राविडेंट फंड में निकाला जा सकता है, क्या उन के स्कोप को बढ़ाया जा सकता है। मामूली सरकारी कर्मचारी को बाजार में 20, 25 और 30 परसेंट इन्ट्रेस्ट पर रुपया लेना पड़ता है। उस का अपना रुपया यहाँ पर जमा है, उसे वह निकाल नहीं सकता तो यह उस के लिए काफी तकलीफ की बात है। उस समय या तो कोई लोन एमे मामलों में उसे देने का या प्राविडेंट फंड से रुपया आसानी से निकलवाने का कोई रास्ता उस के लिए होना चाहिए। इस बात की वित्त मंत्री महोदय देखें। इनकम टैक्स पेयर्स के लिए तो आगे भी 2 साल के लिए सी डी एम लागू कर दिया, अब केवल बहुत छोटे कर्मचारी रह गए। तो मैं समझता हूँ वित्त मंत्री जी उन के लिए इन तीन चीजों का ध्यान रखें, एक तो जल्दी से जल्दी उन का रुपया वापस हो जाय, दूसरे जब तक वह उन को वापस करने की पोजीशन में नहीं है तब तक उन के इन्ट्रेस्ट की बात और जब वह अपना रुपया प्राविडेंट फंड से निकालना चाहें तो निकलवा सकें, इन तीन चीजों के बारे में वे ध्यान रखें, मुझे इस बारे में इतना ही कहना है।

MR. SPEAKER: We have allotted two hours for this Bill; we have already spent one and a half hours on this. I don't mind one or two more speakers. Thereafter the Minister will be called.

SHRI SAUGATA ROY (Barrack-pore): Mr. Speaker, Sir, I rise to oppose this Bill and support the amendments that have been brought forward by Shri K. A. Rajan and Shri vayalar Ravi, but I shall not use any harsh words against the present Government. They have come to power recently and they are still euphoric about their victory and harsh words will possibly fall flat on them. I am only sorry that the contradictions are showing up so early. This Bill is a result of the contradictions inherent in a Government with populist slogans and an extremely archaic conservative economic philosophy. That is why, this Bill has been brought forward. If I may remind you, Sir, Shri Subramaniam was the Finance Minister in the last Parliament when the original Compulsory Deposit Scheme was brought in 1974. When it was to be renewed in 1976, the then Finance Minister made a solemn pledge on the floor of this House that the five instalments due to the workers will be paid and accordingly, the first instalment was paid in 1976. The next instalment was due to be paid in 1977. In bringing forward this Bill, this Government is committing a breach of trust and is breaking the promise given by the previous Government which is very reprehensible and has to be condemned.

I also want to say that by putting the money of the workers into the provident fund, this Government is vitiating the very purpose of the provident fund. The essence of the provident fund is that this has to be contributory, but this amendment exempts the employers from paying any money to the provident fund while the workers have to put their money in the provident fund I shall not use the election rhetoric used by the leaders of the Janata Party, but

their words are still ringing in our ears. They said that Mrs. Indira Gandhi had put all the money of the workers in the Indira fund. They said this to the workers. May I calmly ask Shri Patel, whether the Indira fund has been converted into a Patel fund or Morarji fund. I do not know.

Further, the interest on these deposits has been reduced by five per cent to the detriment of the workers. Can't the workers say now: Before the elections, you had come to us saying that the Congress Government was bad; now give back our money, our dearness allowance. This Government will have no answer to such questions.

I want to place on record that this Government is falling a prey to the philosophy which says that any money paid to the organised working class helps in fostering inflation, helps in developing inflation. There cannot be any more fallacious theory than this because the best way to stop inflation and counter inflation is to increase production and who will increase production in this country? It is only the working class which by the sweat of their brow will produce everything that can be produced in this country. It is only through their efforts that inflation can be contained. Now, this Government, in the name of checking money supply, wants to pick the pocket of the workers.

This is just the beginning. This is the beginning of the slide back which began when Mr. Madhu Dandavate was silent when his partymen demanded bonus for railway men. I am very happy that I do not see any of the fire-eating trade union leaders of the treasury benches there. I am thankful to those who, while supporting the Janata Party, opposed the Bill. As a trade union worker, as one representing a constituency where jute workers form the maximum number, those who suffered the maximum during the last two years, those who lost their jobs, I can say that

[Shri Saugata Ray]

the workers pinned high hopes on this Janata Government that the Indira fund will be refunded to them. But this government has decided to commit a breach of trust. I can only say this. The Labour Minister is also here. There will be a spate of strikes. Already there is a spate of strikes in the country. Industrial relations are deteriorating day by day and the Labour Ministry is remaining a silent spectator to all this. After the passing of this Bill, the spate of strikes will increase and the production which has shown a sign of recovery in the last two years will again go down.

I do not know whether it is any good appealing to the conscience of the government. It is so euphoric on its recent victory. I can only say, read the writing on the wall. Do not neglect the industrial workers. Do not neglect the organized working class. Do not try to find out contradictions between the organized working class and the unorganized working class. If you want to cut the pocket, cut the pockets of big capitalists. If you want to cut the pocket, control the holders of black money. If you want to check inflation, increase production. If you want to bring down the prices, then evolve a better distribution system, evolve a comprehensive distribution system. This is not the way to check inflation. What is in fact happening? This government is saying that from now on there will be no further cuts in the dearness allowance. But what is happening? Prices are going up every day and the price index will go up by a few points. It is the old vicious circle of wages chasing the prices and prices chasing the wages. This government has not evolved any policy at all to break this vicious circle. My friend, Shri Madhu Limaye from the Treasury Benches has commented in the papers that the Janata Budget is a Congress Budget with the Janata cosmetics. I may say that the cosmetics will soon wear off

and you will realise that in the name of economic realism and pragmatism, all your fire-eating will go and then you will come to brass tacks and you will then have a better sense.

I again appeal to the conscience of the Janata Party to withdraw this Bill which is anti-worker, which is anti-labour and which is against the promises given by the Janata Party and which is against the solemn contract made by the Parliament with the working classes in this country.

श्री बाई० पी० शास्त्री (रीवा) :
माननीय अध्यक्ष महोदय, मुझे दुख के साथ कहना पड़ता है कि जनता पार्टी की सरकार ने यह विधेयक प्रस्तुत किया। जहाँ तक हम देश में श्रमिकों अथवा कर्मचारियों का सम्बन्ध है, उनकी स्थिति अत्यंत दयनीय है। स्वयं हमारी सरकार मानती है कि पिछले दिनों कीमतें बढ़ती रही हैं और हमारे देश की श्रमजीवी जनता की क्य-शक्ति में ह्रास हुआ है। आज अगर हम यह विधेयक प्रस्तुत कर रहे हैं कि जो उनका महंगाई भत्ता पहले की सरकार ने अनिवार्य जमा योजना में जमा कर लिया था और जो उन्हें अब प्राप्त होना चाहिए था 6 जुलाई को उसे अब भविष्य निधि में जमा कर दिया जाये तो मैं समझता हूँ यह श्रमजीवियों के साथ अन्याय है। आज हम देश के श्रमजीवी इस विधेयक को जानकर बड़े दुःखी होंगे, उनकी आशाओं पर तो पानी फिर जायेगा। मैं आपके द्वारा शासन से अनुरोध करूँगा कि अभी भी इस विधेयक को वापिस ले लिया जाये क्योंकि जो आशाएँ श्रमजीवियों को जनता पार्टी और जनता सरकार से थीं उन आशाओं पर यह विधेयक तुपारापात करता है।

जहाँ तक इस तर्क की बात है कि मुद्रा-स्फूर्ति को रोकने के लिए यह आवश्यक है, मैं समझता हूँ अर्थ-शास्त्रियों का यह मत है और इस तर्क से श्रमजीवियों को शांत

नहीं किया जा सकता और न उनकी आवश्यकताओं की पूर्ति की जा सकती है। आज जो आदमी रोड़ी रोटी के लिए मोहताज है उससे कहा जाये कि अगर तुम्हें मजदूरी मिलेगी तो मुद्रास्फीति बढ़ेगी जबकि मुद्रास्फीति बढ़ने के और भी कारण हैं तो पहले उन कारणों को दूर करने की आवश्यकता है। हमारे देश में जो समानान्तर काले धन की अर्थव्यवस्था चल रही है उसको समाप्त करने की जरूरत है। उसे अगर हम समाप्त करेंगे तो सही मायनों में हम देश की अर्थव्यवस्था को एक अच्छे स्तर पर ला सकेंगे। इससे मजबूत हमारे देश में एक सुधार आयेगा श्रमजीवियों के लिये भी और देश के दूसरे वर्गों के लिये भी हमें चाहिये कि हम एक ऐसी अर्थव्यवस्था लाने का प्रयास करें जिस में भ्रष्टाचार की गुंजाइश न हो। यह हमारे मजदूरों की पसीने की कमाई है, उस को इस तरह से आधात पहुंचायेगे तो इस का अच्छा परिणाम देश में निकलने वाला नहीं है।

अभी हाल में देश की जनता ने विधान सभाओं के चुनावों में हमारे प्रति जो विश्वास प्रकट किया है, उस का देखते हुए इस तरह का विधेयक इस तरह का संशोधन प्रस्तुत नहीं करना चाहिए। अभी भी इस देश में बहुत से ऐसे क्षेत्र हैं जहां हम अपनी दृष्टि ले जा सकते हैं, जहां हम मुद्रास्फीति को घटाने के लिए कुछ प्रभावकारी कदम उठा सकते हैं। इस काम के लिए यह आवश्यक नहीं है कि हम श्रमजीवियों की कमाई को उन के भविष्य निधि के खाते में जमा करें अथवा उन को उस के लाभ से वंचित करें। यह मजदूरों की अतिरिक्त कमाई नहीं है, यह उन की बास्तविक मजदूरी है। चूंकि हम उन को अधिक मजदूरी नहीं दे पा रहे थे, महंगाई बढ़ जाने के कारण उन की असली मजदूरी में कमी आ रही थी, उस को कुछ अंश तक पूरा करने के लिए हम ने इसे महंगाई

भत्ते के रूप में दिया था। जिस समय इस को अनिवार्य रूप से जमा किया गया था, उस समय भी सरकार ने उन के साथ बहुत बड़ा अन्याय किया था। हम ने उस समय भी इसका विरोध किया था। उस समय भी मजदूरों ने हिम्मत करके, हालांकि उस समय आपातस्थिति थी, विरोध किया था, चाहे उस का उन्हें कुछ भी परिणाम भुगतना पड़ा हो। लेकिन आज जब जनता पार्टी स्वयं सत्ता में विराजमान है तो हम किस मुंह से इस का समर्थन कर सकते हैं। कांग्रेस की ओर में जो आज इस का विरोध हो रहा है—यह मेरी समझ में नहीं आता है। उन का विरोध तो अवसरवादिता है, यह उनके हृदय की बात नहीं है। लेकिन हम लोग जो श्रमजीवियों के बीच में काम करते रहे हैं, जिन्होंने उन के हितों के लिए संघर्ष किया है, हमारे लिए एक बहुत बड़ी कठिनाई उर्फ थत हो गई है। यह महंगाई भत्ता जो उन को उसी समय मिल जाना चाहिए था, उस समय जमा कर के उन की त्रय-शक्ति को घटाया गया, लेकिन आज भी हम उन की त्रय-शक्ति को आधात पहुंचा रहे हैं। ये सम्पन्न लोग नहीं हैं जो अपना पैसा भविष्य निधि में जमा करा सकें। भविष्य निधि में जो पैसा नियम के अनुसार जमा होता है, वह तो हर महीने होता ही है और एम्पलायर भी उसमें अपना अंश जमा कराता है, लेकिन यह तो एक अलग चीज है, इसको जमा करके हम एक नई बात पैदा कर रहे हैं, मजदूरों की आय में एक नई कटौती करने जा रहे हैं, यह सर्वथा असंगत है, अन्यायपूर्ण है। मैं वित्त मंत्री जी से निवेदन करूंगा कि वे इस रकम को, इस मजदूरी को भविष्य निधि में जमा न करें। बल्कि इस की पूर्ति के लिए अभी भी कुछ ऐसे क्षेत्र हैं जिन से आप धन प्राप्त कर सकते हैं। ऐसे बहुत से सम्पन्न लोग हैं, जिन की आज भी बहुत बड़ी

[श्री बाई० पी० शास्त्री]

ग्रामदनी है, जो आज भी बहुत ज्यादा मुनाफ़ा कमाते हैं, चाहे वे शक्कर मिलों के मालिक हों, सीमेंट के कारखानों के मालिक हों या दूसरे बड़े कारखानों के मालिक हों, ऐसे बड़े बड़े अधिकारी हैं जिन्होंने काफी काला धन जमा किया हुआ है, इन लोगों के धन को आप कम्पलसरी डिपॉजिट या प्राविडेंट फण्ड में जमा कीजिए या किमी और खाते में जहा भी आप चाहें जमा कीजिए। मुद्रास्फीति को रोकने का यह तरीका नहीं है कि मजदूरों की मजदूरी में कटौती की जाय या उस के हाथ से छीन कर प्राविडेंट फण्ड में जमा किया जाय और उस की ऋण शक्ति को घटाया जाय। इस तरह से देश की स्थिति बिगड़ेगी और जनता पार्टी की सरकार के लिए यह उचित नहीं होगा। विधान सभाओं में इतना बड़ा बहुमत पाने के बाद भी हम इतना जल्दी यह कदम उठाते हैं तो मैं समझता हूँ कि इससे देश में निराशा का वातावरण पैदा होगा।

य

इन्हीं शब्दों के साथ मैं अपने वित्त मंत्री महोदय से यह निवेदन करूंगा कि वे इस विधेयक को वापस लें लें।

SHRI B. K. NAIR (Mavelikara):
The scheme of compulsory deposit has always been very unpopular with the workers whether it is INTUC or any other trade union. This scheme has very persistently been opposed by the workers. There is an element of compulsion also. Two promises were held to make the scheme attractive. One was the comparatively high rate of interest and the other was that the amount will be returned after a definite period. These were the two attractions offered.

Now the Janta Government says that it should be transferred to the

Provident Fund. Here I would like to say that they are committing a breach of trust of the people. I am not going into the moral aspect. They say that they are going to set right the wrongs committed by the previous Government. It is a challenge to their own conscience. The country is watching what the Government is going to do about controlling inflation. The Janta Government has set the smugglers free. The prices have now started going up. The only concrete thing they have been doing is to issue weekly sermons at the highest level. Ministers have appealed to industry and trade not to increase prices. In spite of this the price increases have been there. These price increases have caused great deal of resentment among the workers. The workers are naturally indignant; they are getting more and more into debts because of the rising prices. It is no consolation to say that the amount will be put in their provident funds when they go on increasing their debts. What I suggest is that this amount should be returned to them.

Here I have one concrete suggestion to make. The Janta Government feels that they have the support of the vast majority of workers and the common people. I suggest that the choice may be left to the workers. If they feel that it is to their advantage to credit it to the P. F., let them have their choice. If they feel that it is better to get it back, let them have it back. Let the choice be left to individual workmen to do what they like.

I want to suggest that there should be an amendment to the Bill saying that it should be left to them and they can make their choice purely in a voluntary way. The necessary amendment should be brought forward to make it entirely voluntary and the choice should be left to the individual workers concerned, whether to transfer it to the provident fund or to withdraw it as and when they like. This amendment should be made in this

Bill. The workers should be completely free to make their choice.

SHRI TRIDIB CHAUDHURI (Bengaluru): Sir, I only want to add my voice to the opposition to that part of the Bill which provides for impounding the two years and ten months impounded increase of Dearness Allowance to the Provident Fund. I find no moral justification, no practical justification for this measure; the workers will also lose by way of interest.

So, I want to express my strong opposition to this Bill.

SHRI H. M. PATEL: Mr. Speaker, Sir, I have been somewhat surprised at the arguments advanced for opposing this Bill. They have ranged over a wide area some going to the length of accusing this Government of breach of faith and fraud on the electorate.

First of all, I would like to take this question of fraud on the electorate. The hon. Member talked of 'fraud' which does not sound well in the mouths of those who were voicing it to-day. In which year was this particular proposition 'Compulsory Deposit Scheme' brought in and for what purpose? (*Interruptions*)

MR. SPEAKER: The hon. Member had his say. Let him now listen to the hon. Minister.

SHRI H. M. PATEL: Mr. Speaker, Sir, I thought at least the normal courtesy would demand that the hon. Member listen to the argument. He had his say. I kept absolutely quiet without any interjection whatsoever. If you just choose to say certain things to yourself, then I am compelled to reply. That is, all I said that when you brought in this in 1974, for what purpose did you bring that in? You brought it in precisely for the purpose and the reason for which, I am saying that this is now necessary, namely, to contain inflationary pressures, to prevent the prices from rising any further.

Mr. Damani, the spokesman on your side, began by spelling out precisely these reasons that the prices were going up and, in order to control them, this was one of the measures. I agree that he said that it was part of a package. There were a number of other measures. But this was one of the most important measures brought in for the purpose of containing inflationary pressure. Therefore, when I say now that for this very same reason, that because prices are rising, the prices are showing a tendency to rise, we are attempting to contain them and we are attempting to contain this inflationary pressure, it ought to be your duty, as much as ours, to join hands in seeing to it that inflationary pressures are now allowed a free run. Do you or do you not agree that when the workers insisted that we should withdraw the compulsory deposit scheme, we withdrew it? That means that we have not impounded the amount which would have become due for impounding. A very substantial sum of money 500 crores is now going to be in circulation. On top of that would come this second instalment which amounts to Rs. 326 crores. At a time like this, would it not be everybody's duty to see that not more money is pumped in than is absolutely necessary? What are we asking? We are saying that the money due may be put into the Provident Fund accounts of the workers. The money will of course belong to the workers. The money is in effect paid to the workers when we put it into their provident fund account. That means the worker is entitled to draw from his provident fund account if he needs money for any valid reasons. The reasons for which one can withdraw from the provident fund are great many and they are liberal reasons. Therefore, it is not as if when the money is put in the provident fund, it will not be available to the workers should they require it in any kind of a serious situation from their point of view.

[Shri H. M. Patel]

13.00 hrs.

It seems to me that rather than use such avoidable expressions like 'fraud', 'breach of faith' you should have put forward arguments to controvert this contention of mine. In what way is this argument—which I am urging—incorrect? It is an absolutely valid argument and not one person has controverted that position. One Member said that we could think of other ways. I am willing to consider any effective suggestion. What are the other ways? When it was said that the rich have been left out, I would like to say that that was not correct. Those who are paying income-tax are being required to continue with the CDS. They are not being left out. So, we are being perfectly fair reasonable and consistent in our line of action and argument, and we feel that this Bill should be supported by everybody in this House. It is in the interest of everybody that prices do not rise.

SHRI VASANT SATHE: Then why did you make a public issue of it?

SHRI H. M. PATEL: I do not understand Mr. Sathe's point. There is nothing in the Janata Party manifesto about this matter. *(Interruptions)*

SHRI K. P. UNNIKRISHNAN (Bāgara): You ask Pro. Dandavate who is just sitting behind you.

SHRI H. M. PATEL: I am not going to enter into that controversy. I can controvert all your points but I do not think that they are relevant to this particular issue.

SHRI K. P. UNNIKRISHNAN: How do you say that?

SHRI H. M. PATEL: It is always possible for you to disagree. There is no reason for you to accept everything that I say. But I would again urge that we are not wanting to withhold this money from the workers for ever.

At this juncture, it will cause a great deal of harm to the economy. It will raise prices and if the prices rise it is the workers who are going to be affected equally with every body else.

SHRI DINEN BHATTACHARYA: When the parent Act was introduced, the same argument was given by them. My suggestion to you would be not to put the old wine in a new bottle.

SHRI H. M. PATEL: When for a particular problem a solution, which has once been tried successfully even if it be by the Congress Government, it is not incorrect in the present circumstances for us to accept it, I do not see any reason why that solution should not be accepted. I do maintain that when prices etc. are in a certain situation, when there is a great deal of money in circulation... *(Interruptions)*

SHRI L. K. DOLEY (Lakhimpur): In regard to C. D. S. are you not going to fulfil the promise given before the election?

(Interruptions)

MR. SPEAKER: You ask the question. Let him answer.

SHRI H. M. PATEL: Mr. Mavalankar referred to my use of the term extravagance of the previous Government and said that. I only read out whatever I was briefed to say... *(Interruptions)* Let me tell you with reference to the extravagance to which Mr. Mavalankar referred that whatever it may be, the economy was managed in such a way that there was pumped into the economy money supply which increased by 17 per cent. That was the situation which obtained, when we came on the scene. At that stage it was important for us to see that no more money is pumped again into circulation than is unavoidable. That is the justification for this proposal. I do see also that when they brought it in, they said this was the reason. Therefore, I was telling you that it did not lie in their mouth to contro-

vert this particular argument of mine. They claim now to be very honest. They claim never to do anything irregular. Their conscience is very clear... (Interruption) When the C.D.S. was brought in, in 1974 you said that it would be for two years and and when the year 1976 came, you extended it by one year.

SHRI M. KALYANASUNDARAM (Tiruchirapali): Mr. Patel, you are extending it indefinitely.

SHRI H. M. PATEL: Where is the indefiniteness? I do not see why I should enter into controversy. When I say that I do not wish to enter into controversy, I mean merely that I had explained the only relevant consideration that should weigh with the people when they considered this Bill. I have answered all the points but if you wish to bring in irrelevant... (Interruptions)

SHRI K. A. RAJAN: As it is, the C.D.S. is having a rate of interest of 12.5 per cent. While it is being adjusted to Provident Fund Account, as per the Provident Fund Statute you can only declare 7.5 per cent or so interest this year. So, there is the difference of 5 per cent interest which the employees would be losing.

SHRI H. M. PATEL: I was only saying that so far as the general arguments about workers and others are concerned, their conscience is now pricking them so much. Mr. Sathe who could acquiesce in 1974 when this Bill was brought in and again when it was extended, I should have resigned from his party. Mr. Sathe you have got courage to speak now... (Interruptions), Mr. Sathe talks of breach of faith today. He acquiesced in plenty of breach of faith, all the time, continuously. Mr. Speaker, does it lie in the mouth of these gentlemen to say all these things? Now he talks. His mouth was shut... (Interruptions)

MR. SPEAKER: Will you answer the point raised about the interest?

SHRI H. M. PATEL: I was trying to explain that point about the rate of interest. 12.5 per cent was the rate of interest that they were receiving on compulsory deposits. When the money is put into the provident fund account, they undoubtedly lose on the interest. But the loss is not as much as it appears. I tried to point out to that the loss of interest was partly compensated by the fact that workers could withdraw from the provident fund money at any time.

SHRI DINEN BHATTACHARYYA: No, no. That is not a fact. I request you to go through the Provident Fund Act. It is difficult for any contributor to get any money whenever he requires.

SHRI H. M. PATEL: He can get it.

SHRI VASANT SATHE: You do not know even that; ask your Labour Minister, it is not so easy to withdraw money from the provident fund.

SHRI H. M. PATEL: You say it is not permissible.

SHRI VASANT SATHE: I say it is not easy.

श्रीमती चन्द्रावती (भिवानी) । मान
ए पायंट फंड आर्डर । जवान, यह कम्पलसरी
डिपॉजिट कीम नब खत्म हो जायेगी, नब,
जिन लोगों ने कम्पलसरी लूट ली है, उन
की एनक्वायरी होने के बाद वह पैसा
खजान में जमा हो जायेगा ।

MR. SPEAKER: There is no point of order. Mr. Patel, I think you have explained it already. If there are any points raised, you can reply to them when they are raised on clauses. I shall now put the motion to the vote of the House... (Interruptions). The question is:

"That the bill further to amend the Additional Emoluments (Compulsory Deposit) Act, 1974 be taken into consideration."

The Lok Sabha divided:

Division No. 1.

13.21 hrs.

AYES

Bhanwar, Shri Bhagirath
Bharat Bhusan, Shri
Birendra Prasad, Shri
Brahm Perkash, Chaudhury
Chakravarty, Prof. Dilip
Chandra Shekhar Singh, Shri
Chaudhary, Shri Rudra Sen
Chavda, Shri K. S.
Choudhari, Shri Ishwar
Dandavate, Prof. Madhu
*Dave, Shri Anant
Dhillon, Shri Iqbal Singh
Fernandes, Shri George
Guha, Shri Samar
Jain, Shri Kalyan
Jain, Shri Nirmal Chandra
Joshi, Dr. Murli Manohar
Karpoori Thakur, Shri
Khan, Shri Mahmud Ali
Mahi Lal, Shri
Malhotra, Shri Vijay Kumar
Mankar, Shri Laxman Rao
Manohar Lal, Shri
Meerza, Shri Kazim Ali
Mehta, Shri Prasannbhai
Mhalgi, Shri R. K.
Mishra, Shri Janeshwar
Nahata, Shri Amrit
Pandey, Shri Ambika Prasad
Paraste, Shri Dalpat Singh
Patel, Shri Dharmasinhbhai
Pipil, Shri Mohan Lal
Raj Keshar Singh, Shri
Ram Dhan, Shri
Ravindra Pratap Singh, Shri
Saini, Shri Manohar Lal
Sarkar, Shri Sakti Kumar
Sharma, Shri Bhagwat Dayal
Sharma, Shri Rajendra Kumar
Shastri, Shri Y. P.
Sheo Narain, Shri
Sheo Sampat, Shri
Sher Singh Prof.

Singh, Dr. B. N.
Sinha, Shri Satyendra Narayan
Surendra Bikram, Shri
Swamy, Dr. Subramaniam
Tiwari, Shri Brij Bhushan
Ugrasen, Shri
Vajpayee, Shri Atal Bihari
Varma, Shri Ravindra
Verma, Shri Chandradeo Prasad
Verma, Shri Hargovind
Verma, Shri Sukhdeo Prasad
Yadav, Shri Jagdambi Prasad
Yadav, Shri Narsingh
Yadava, Shri Roop Nath Singh
Yuvraj, Shri

NOES

Abdul Lateef, Shri
Ahmed Hussain, Shri
Ahsan Jafri, Shri
Ajagesan, Shri O. V.
Banatwalla, Shri G. M.
Basappa, Shri Kondajji
Bhakta, Shri Manoranjan
Bhattacharya, Shri Dinen
Chandrappan, Shri C. K.
Chaudhuri, Shri Tridib
Chavan, Shri Yeshwantrao
Choudhury, Shrimati Rashida Haque
Dahi, Shri Ajitsinh
Damani, Shri S. R.
Dasappa, Shri Tulsidas
Deo, Shri V. Kishore Chandra S.
Doley, Shri L. K.
Faleiro, Shri Eduardo
Gomango, Shri Giridhar
Gopal, Shri K.
Goswami, Shrimati Bibha Ghosh
Haren Bhumij, Shri
Kadam, Shri B. P.
Kalyanasundaram, Shri M.
Kamakshaiyah, Shri D.
Kodiyan, Shri P. K.
Kolur, Shri Rajshekhar
Krishnappa, Shri M. V.
Lakshminarayanan, Shri M. R.
Mavalankar, Prof. P. G.
Mukherjee, Shri Samar
Murugaiyan, Shri S. G.
Naidu, Shri P. Rajagopal
Patel, Shri Ahmed M.
Patil, Shri Vijaykumar
Pradhani, Shri K.
Rajan, Shri K. A.
Rao, Shrimati B. Radhabai Ananda
Rao, Shri Jagannath

*He voted by mistake from a wrong seat and later informed the Speaker accordingly.

Rao, Shri M. Satyanarayan
 Rathawa, Shri Amarsinh
 Reddi, Shri G. S.
 Reddy, Shri G. Narsimha
 Reddy, Shri K. Brahmananda
 Reddy, Shri M. Ram Gopal
 Sahe, Shri Vasant
 Seyid Muhammed, Dr. V. A.
 Stephen, Shri C. M.
 Subramaniam Shri C.
 Suryanarayana, Shri K.
 Tulsiram, Shri V.
 Unnikrishnan, Shri K. P.

MR. SPEAKER: The result* of the division is:

Ayes: 58 Noes: 52

The motion was adopted.

THE MINISTER OF EXTERNAL AFFAIRS (SHRI ATAL BIHARI VAJ-PAYEE): Mr. Speaker, Sir, you should have explained the procedure of voting. There are new members.

MR. SPEAKER: If anything has gone wrong, even now you can correct it. Those who have not recorded their votes properly may now kindly get it corrected. We will proceed with the work. I hope the correction chits have been collected. The result has been announced already. The corrections will go into the records. Later on I will announce it if necessary. We will take up the clauses.

SHRI SAMAR GUHA (Contai): Through you, I want to make an appeal to the Minister to keep the other stages of the Bill pending. Certain sensitive issues have been raised. Let there be some more consultations so that the matter can be thrashed out amicably to the satisfaction of all concerned. I make an appeal to the minister to keep it pending.

MR. SPEAKER: The suggestion is coming from a member of his own party. If the minister wants to consider the suggestion, I have objection.

SHRI H. M. PATEL: We want to go ahead.

MR. SPEAKER: All right; we will take up the clauses. May I put clause 2 to vote? There is no amendment to clause 2.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3—(Amendment of section 9).

SHRI K. A. RAJAN: I am moving amendment No. 1.

*The following Members also recorded their votes:

AYES: Shri Sikandar Bakht, Shri Raj Narain, Shri H. M. Patel, Shri Biju Patnaik, Shri Sonu Singh Pati, Shri Ganga Bhakt Singh, Shri Lalji Bhai, Shri Daulat Ram Saran, Shri Chand Ram, Shri Nawab Singh Chauhan, Shri Yadendra Dutt, Shri Ratansinh Rajda, Shri Bashir Ahmad, Shri Purna Sinha, Shri Ramapati Singh, Shri S. S. Das, Shri Girijanandan Singh, Shri Ram Sewak Hazari, Shri Ramjiwan Singh, Dr. Ramji Singh, Shri Ram Naresh Yadav, Shri Tej Pratap Singh, Dr. Pratap Chandra Chunder, Shri P. Ramachandran, Km. Maniben Vallabhai Patel, Shrimati Renuka Devi Barkataki, Shri N. P. Nathwani, Shri Ram Deo Singh, Shri M. P. Tripathi, Dr. Vasant Kumar Pandit, Shri Kishore Lal, Smt. Chandravati, Shri Durga Chand, Shri K. L. Mahala, Shri Heera Bhai, Shri S. S. Soman, Shri Zulfiqurulla, Shri Mangal Deo, Shri Nanaji Deshmukh, Shri R. D. Ram, Shri K. H. Jain, Shri R. N. Rakesh, Shri Ram Charan, Shri J. P. Kureel, Shri Ram Prasad Deshmukh, Shri Ram Kinkar, Shri Charan Narzary, Shri Ranjit Singh.

NOES: Shri Annasaheb Magar, Shri A. Sunna Sahib, Shri A. R. Badri Narayan, Shri K. T. Kosalram, Shri K. Ramamurthy, Shri V. M. Sudheeran, Shri T. S. Shrangare, Shri Saugata Roy, Shri Hitendra Desai, Shri P. V. Narasimha Rao, Shri V. Vijaya Bhaskara Reddy, Shri Chitubhai Gamit, Shri B. K. Nair, Shri B. Devarajan, Shri K. S. Narayana, Shri K. Kunhambu, Shri K. B. Chettri, Shri Janardhana Poojary, Shri R. Venkataraman, Shri P. A. Sangma.

MR. SPEAKER: I find Mr. Vayalar Ravi is not present.

SHRI K. A. RAJAN: I beg to move:

Page 2,—

for lines 1 to 16 substitute—

'(b) for sub-sections (3) and (4) of the principal Act, the following shall be substituted, namely:—

“(3) The aggregate amount credited to Additional Dearness Allowance Deposit Account by or in relation to an employee for the period ending 30th day of June 1976 and the period commencing on the 1st day of July 1976 and ending on the 5th day of July 1977, shall be repaid in cash together with interest due on the whole.

Provided that where any employee desires to do so, the amount may be credited to the provident fund account of the employee:” (1)

First of all, I am sorry to say that even a suggestion put forward by one of the most popular members of the Janata Front to shelve this particular amendment has not been accepted by the hon. Minister. There are certain problems regarding certain fundamental questions which the hon. Minister posed. I want to ask: what is the suggestion just to cross over this difficulty? That is a very fundamental thing which I have already stated. He would have just put the burden on those people who can afford. That is the basic approach to this problem and the only difference is on that.

The other question is, still there is an ambiguity regarding this interest. You know the Provident Fund is under a statute. A worker is entitled to interest year by year. So, for 1973-74, 1974-75, 1975-76 and even for 1976-77 the interest rate as I understand, comes to 6 point something per cent. Now,

as per the promise, a worker entitled to an interest on his deposits of 12.5 per cent. My submission to the hon. Minister is: why should you penalise the worker by reducing the interest rate? Now he is only getting 6.5 per cent. Why should he lose? On what ground he should lose? What is the crime he has committed to lose this thing? My submission is that the hon. Minister may clarify the position.

SHRI H. M. PATEL: Mr. Speaker, Sir, I was explaining the point about these different interest rates and at that time I was trying to explain that in the provident fund, though the interest rate was less, there were certain compensatory factors. And even so, having regard to the strong feeling in the House that so far as the interest rate is concerned the workers should not lose, I am quite prepared to consider revising it, and treating this amount in a special way, raising the interest rate to whatever was being given on the Compulsory Deposit. This is something which I am quite prepared to accept. And I think there was also a totally wrong feeling that we intended to keep this money in the provident fund indefinitely. There was no such intension. When the economic situation improve, we could discuss this matter and consider (*Interruptions*) with the trade unions (*Interruptions*), when the economic situation improves, we would be prepared to discuss this matter with the trade unions and see that an agreement satisfactory to them is arrived at. (*Interruptions*).

MR. SPEAKER: Clause 3. Order. order. Please sit down now. I will now put the amendment of Mr. Rajan to the vote of the House. Before I call the division, I hope hon. Members have learnt the art of pressing the button. Each member has to press the push switch and then operate one of the buttons according to his choice “Aye” or “No”. The push botton and the push switch must be kept pressed simultaneously until the gong sounds for the second time after ten seconds.

The passage of time of ten seconds is indicated by the rhythmic lighting of the red bulbs. They will have to do it carefully this time. Last time there was some confusion. I hope there will not be the same confusion this time. On the opposition side, they are experienced members and they pressed it well. I am now going to put the amendment for division.

The question is:

Page 2.—

for lines 1 to 16 substitute—

'(b) for sub-sections (3) and (4) of the principal Act, the following shall be substituted, namely:—

“(3) The aggregate amount credited to the Additional Dearness Allowance Deposit Account by or in relation to an employee for the period ending 30th day of June 1976 and the period commencing on the 1st day of July 1976 and ending on the 5th day of July 1977, shall be repaid in cash together with interest due on the whole.

Provided that where any employee desires to do so the amount may be credited to the provident fund account of the employee:” (1)

The Lok Sabha Divided:

Division No. 2]

13.38 hrs.

AYES

Abdul Lateef, Shri
Ahmed Hussain, Shri
Ahsan Jafri, Shri
Alagesan, Shri O. V.
Badri Narayan, Shri A. R.
Banatwalla, Shri G. M.
Basappa, Shri Kondajji
Basu, Shri Dhirendranath
Bhakta Shri Manoranjan
Bhattacharya, Shri Dinan
Chandrappan, Shri C. K.

Chaudhuri, Shri Tridib
Chavan, Shri Yeshwantrao
Chettri, Shri K. B.
Choudhari, Shri K. B.
Choudhury, Shrimati Rashida Haque
Damani, Shri S. R.
Dasappa, Shri Tulsidas
Deo, Shri V. Kishore Chandra S.
Desai, Shri Hitendra
Faleiro, Shri Eduardo
Gamit, Shri Chhitubhai
Gomango, Shri Giridhar
Gopal, Shri K.
Goswami, Shrimati Bibha Ghosh
Haren Bhumij, Shri
*Hazari, Shri Ram Sewak
Jeyalakshmi, Shrimati V.
Kadam, Shri B. P.
Kalyanasundaram, Shri M.
Kodiyan, Shri P. K.
Kolur, Shri Rajshekhar
Kosalram, Shri K. T.
Krishnappa, Shri M. V.
Lakshminarayanan, Shri M. R.
Magar, Shri Annasaheb
Mavalankar, Prof. P. G.
Mukherjee, Shri Samar
Murugaiyan, Shri S. G.
Naidu, Shri P. Rajagopal
Nair, Shri B. K.
Narayana, Shri K. S.
Patel, Shri Ahmed M.
Patil, Shri Vijaykumar
Poojary, Shri Janardhana
Pradhani, Shri K.
Rajan, Shri K. A.
Ramamurthy, Shri K.
Ramaswamy, Shri K. S.
Rao, Shrimati B. Radhabai Ananda
Rao, Shri M. Satyanarayan
Rao, Shri P. V. Narasimha
Rathawa, Shri Amarsinh
Reddi, Shri G. S.
Reddy, Shri G. Narsimha
Reddy, Shri K. Brahmananda
Reddy, Shri K. Obul
Reddy, Shri K. Vijaya Bhaskara
Reddy, Shri M. Ram Gopal
Roy, Shri Saugata
Saha, Shri Gadadhar
Sangma, Shri P. A.
Sathe, Shri Vasant
Seyid Muhammed, Dr. V. A.

*Wrongly voted for AYES.

Stephen, Shri C. M.
Subramaniam, Shri C.
Sudheeran, Shri V. M.
Suryanarayana, Shri K.
Thorat, Shri Bhausahab
Turkey, Shri Pius
Tulsiram, Shri V.
Unnikrishnan, Shri K. P.
Venkataraman, Shri R.

NOES

Barkataki, Shrimati Renuka Devi
Barnala, Shri Surjit Singh
Bashir Ahmad, Shri
Bhanwar, Shri Bhagirath
Bharat Bhushan, Shri
Birendra Prasad, Shri
Brahm Perakash, Chaudhury
Chakravarty, Prof. Dilip
Chand Ram, Shri
Chandra Shekhar Singh, Shri
Chandravati, Shrimati
Chaturvedi, Shri Shambhu Nath
Chaudhary, Shri Rudra Sen
Chauhan, Shri Nawab Singh
Chavda, Shri K. S.
Choudhary, Shri Ishwar
Chowhan, Shri Bharat Singh
Chunder, Dr. Pratap Chandra
Dabhi, Shri Ajitsinh
Dandavate, Prof. Madhu
Das, Shri S. S.
Dave, Shri Anant
Desai, Shri Morarji
Deshmukh, Shri Ram Prasad
Dhillon, Shri Iqbal Singh
Fernandes, Shri George
Ganga Bhakt Singh, Shri
Girjanandan Singh, Shri
Guha, Shri Samar

Heera Bhai, Shri
Jain, Shri Kalyan
Jain, Shri Nirmal Chandra
Joshi, Dr. Murli Manohar
Karpoori Thakur, Shri
Khan, Shri Mahmud Ali
Kureel, Shri Jwala Prasad
Lalji Bhai, Shri
Limaye, Shri Madhu
Lyngdoh, Shri Hopingstone
Mahala, Shri K. L.
Mahi Lal, Shri
Malhotra, Shri Vijay Kumar
Manga] Deo, Shri
Mankar, Shri Laxman Rao
Manohar Lal, Shri
Meerza, Shri Kazim Ali
Mehta, Shri Prasannbhai
Mhalgi, Shri R. K.
Miri, Shri Govindram
Mishra, Shri Janeshwar
Munda, Shri Karia
Nahata, Shri Amrit
Nathwani, Shri Narendra P.
Pandey, Shri Ambika Prasad
Pandit, Dr. Vasant Kumar
Paraste, Shri Dalpat Singh
Patel, Shri Dharmasinhbhai
Patel, Shri H. M.
Patel, Km. Maniben Vallabhbhai
Patil, Shri Sonu Singh
Patwary, Shri H. L.
Phirangi Prasad, Shri
Pipil, Shri Mohan Lal
Rai, Shri Gauri Shankar
Raj Keshar Singh, Shri
Raj Narain, Shri
Rajda, Shri Ratansinh
Rakesh, Shri R. N.
Ram, Shri Ramdeni
Ram Charan, Shri
Ram Dhan, Shri
Ramachandran, Shri P.
Ram Deo Singh, Shri
Ramapati Singh, Shri
Ramji Singh, Dr.
Ramjiwan Singh, Shri
Ravindra Pratap Singh, Shri
Saini, Shri Manohar Lal
Saran, Shri Daulat Ram
Sarkar, Shri Sakti Kumar
Sharma, Shri Bhagwat Dayal
Sharma, Shri Rajendra Kumar
Shastri, Shri Y. P.
Sheo Narain, Shri
Sheo Sampat, Shri

**ments (Compulsory
Deposit) Amdt. Bill**

Sher Singh, Prof.
Sikander Bakht, Shri
Singh, Dr. B. N.
Sinha, Shri Purna
Sinha, Shri Satyendra Narayan
Somani, Shri S. S.
Surendra Bikram, Shri
Swamy, Dr. Subramaniam
Talwandi, Shri Jagdev Singh
Tej Pratap Singh, Shri
Tiwari, Shri Brij Bhushan
Tohra, Shri G. S.
Ugrasen, Shri
Vajpayee, Shri Atal Bihari
Varma, Shri Ravindra
Verma, Shri Chandradeo Prasad
Verma, Shri Hargovind
Verma, Shri Mritunjay Prasad
Verma, Shri Sukhdeo Prasad
Yadav, Shri Jagdambi Prasad
Yadav, Shri Narsingh
Yadav, Shri Ram Naresh
Yadava, Shri Roop Nath Singh
Yadvender, Shri
Yuvraj, Shri
Zulfikarulla, Shri

MR. SPEAKER: The result* of the divisions: Ayes 73; Noes 111.

The motion was negatived

MR. SPEAKER: Since there are no other amendments, I will put all the clauses together.

The question is:

"That clauses 3, 4 and 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted

Clauses 3, 4 and 1, the Enacting Formula and the Title were added to the Bill.

SHRI H. M. PATEL: I beg to move:

"That the Bill be passed"

MR. SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.w

3:38 hrs.

PRESIDENTIAL AND VICE-PRESIDENTIAL ELECTIONS (AMENDMENT) BILL

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI SHANTI BHUSHAN): I beg to move:

"That the Bill further amend the Presidential and Vice-Presidential Election Act, 1952, be taken into consideration."

[MR. DEPUTY-SPEAKER in the Chair]

This is non-controversial Bill. If I may recall briefly the background, the Constitution originally provided that if there was a dispute in regard to the validity of the Presidential or Vice-Presidential election, it has to be decided by the Supreme Court, because article 71 mentioned the Supreme Court as the authority to decide the disputes about the election of the President or Vice-President. Thereafter, the Constitution was amended in 1975 by the previous Government, and by the Constitution (Thirty-ninth Amendment) Act, 1975 the provisions of article 71, which required the Supreme Court to decide those disputes, was altered, amended, and this power was given to Parliament to specify the authority which would have the right to decide disputed questions relating to the election of the President and Vice-President. Thereafter, in February, 1977 an Ordinance was issued by the previous government, providing for an authority consisting of nine members, three representatives each of Lok Sabha and Rajya Sabha and three persons to be nominated by the Speaker. The present Government allowed that Ordinance to lapse, because it was of the view that there was no justification to replace the power of the Supreme Court by a committee consisting

*The following Members also re-corded their votes:

-AYES: Sarvshri A. Sunna Sahit, T. S. Shrangara and B. Devarajan;
NOES: Sarvshri Basant Singh Khalsa, Madhav Prasad Tripathi, K. N. Dasgupta, Kachrual Hemraj Jain, Ram and Ram Sewak Hazari.

[Shri Shanti Bhushan]

of 9 members, namely, three representatives each of both Houses and three nominees of the Speaker.

This Bill has been moved broadly for the purpose of restoring the jurisdiction of the Supreme Court to decide this dispute. The provisions are of a very simple character, the object is of a non-controversial nature, and all that is being done is that Part III of the Presidential and Vice-Presidential Elections Act, 1952, is being replaced by a new Part III in which Parliament would be designating again the Supreme Court as the authority to decide any dispute about the validity of an election of the President or the Vice-President. As the House would recall, earlier in the case of the Prime Minister and the Speaker also, the same kind of proposal had been made. The decision of the Supreme Court would be final.

With these words, I commend the Bill for the consideration of the House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Presidential and Vice-Presidential Elections Act, 1952, be taken into consideration".

DR. V. A. SEYID MUHAMMED (Calicut): I support the Bill. I think it was in connection with the Forty-third Constitution Amendment Bill that the Leader of the Opposition made the position of our party very clear, that we would support this. This was a clause in that amendment. Now it has come as a Bill.

While supporting the Bill, I want to make a certain position absolutely clear. When the Thirty-ninth Amendment was brought before the House, it was not the intention to deprive the Supreme Court of its authority and jurisdiction. I want to emphasize with all the force at my command

that we are behind none in our respect, regard and support for the independence of the judiciary, the integrity and dignity of the judiciary in this country, particularly of the highest court of this land. Any propaganda to the contrary we deny to be true.

The only reason or the main reason for us at that time to introduce the Thirty-ninth Amendment transferring the jurisdiction of the Supreme Court to a tribunal was this. Examining the various constitutions and constitutional practices and conventions in most of the democratic countries in the world, we came to the conclusion on facts that by and large the disputes about election of the representatives to the various legislatures as well as the heads of States were in majority of cases determined by a tribunal of the concerned legislature or by an agency appointed or nominated by the concerned legislature. It is because of our anxiety to conform to the practice of the majority of the democratic nations that we brought the Thirty-ninth amendment. Any propaganda, any assertion to the contrary that it was done with an intention deliberately to deprive the Supreme Court of its jurisdiction, has no foundation whatsoever. and I stress that point with all the emphasis here.

Having said that, I again say that I support the Bill. There is only one minor point on which I want a clarification from the hon. Minister. Clause 13(a) reads:

"candidate" means a person who has been or claims to have been duly nominated as a candidate at an election;

May I invite your attention to the corresponding provision in the 1952 Act?

"Section 13. In this Part, unless the context otherwise requires—

(a) "candidate" means a person who has been or claims to have been duly nominated as a candidate

at an election, and any such person shall be deemed to have been a candidate as from the time when, with the election in prospect, he began to hold himself out as a prospective candidate."

Now, in the proposed Bill, the words starting from 'and any such' upto the last word 'candidate' are sought to be omitted. As is well known and as you are aware too, these omitted words were included to cover situations regarding mal-practices and corrupt practices in the election. You may recall and the Members of the hon. House will recall that in Mrs. Indira Gandhi's election the present Law Minister made a point and succeeded in the Allahabad High Court about holding out as a candidate. I also recall that in the Supreme Court he expounded that doctrine of holding out and the necessity of such a doctrine being accepted in the interest of, what he called, fair electoral practices. I do not want to raise a controversy on this matter. I want only a clarification from the Minister why he has now dropped the doctrine of holding out which he thought, at one time, was necessary. He made a point and succeeded in the High Court and proclaimed to the whole world that a certain corrupt practice had been committed. He further elaborated the point in the Supreme Court that such a doctrine of holding out was necessary in the interest of, what he called, fair electoral practices. I certainly will not oppose this clause nor will I bring an amendment for the amendment of the clause, but I feel justified in requesting the hon. Law Minister to give a clarification why within such a short period, he thinks proper and desirable to use the words in the Statement of Objects and Reasons of the proposed Bill 'that it is not only appropriate but also desirable'.

With that request, I support the Bill.

SHRI SAMAR MUKHERJEE (Howrah): Mr. Deputy-Speaker, Sir, I only stand to welcome this measure and record my support. I am not going into the arguments. This

measure is undoing the wrongs committed by the Congress Government. The tendency of totalitarianism is, one by one, being fought by these measures. That is why I welcome this measure.

The arguments given by my hon. friend, the Congress Member, is that they have not the slightest desire to curb the right of judiciary. Nobody will believe it. It has been demonstrated by the massive vote of the people. Still my appeal to them is that they try to understand the reality. Nobody will take them by their words.

This is a welcome move and, on behalf of my party, I support it.

MR. DEPUTY-SPEAKER: Is there anybody who wants to oppose this Bill? I find nobody wants to speak. The hon. Minister.

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI SHANTI BHUSHAN): Mr. Deputy-Speaker, Sir, I am very happy to hear from the hon. Member, Dr. Seyid Muhammed, that he supports the Bill. I am even happier to hear him say that he had no desire or his party had no desire, when they enacted or brought forward the 39th Constitution Amendment, to erode the authority of the Supreme Court. I am very happy to hear that. But I find it almost impossible to accept the assertion contained in that statement.

If I may just request the hon. Members of this House, through you, Sir, to take their mind to the provisions contained in the 39th Constitution Amendment, one of the provisions introduced by the 39th Amendment was that in spite of the High Court having set aside the election of Mrs. Gandhi on a finding that the charges of corrupt practices had been established, the very 39th Constitution Amendment said that the election shall be deemed to be valid and that no court shall have the power to declare that election to be invalid.

[Shri Shanti Bhushan]

The Supreme Court was confronted with the 39th Constitution Amendment and it was solemnly argued before the Supreme Court that the 39th Constitution Amendment came in the way of the Supreme Court to go into the merits of the questions arising in the election petition and to go into the charges of corrupt practices and to come to the conclusion that the High Court judgment was right and to maintain the judgment of the High Court which had set aside the election of the then Prime Minister. It was solemnly argued that this was the object and purpose of the 39th Constitution Amendment. I am happy to say, however, that the Supreme Court did not see its way in upholding that part of the 39th Constitution Amendment. The Supreme Court, by a unanimous judgment, came to a conclusion that such a constitutional amendment which intended to take away the power of even the highest court in the land, namely, the Supreme Court, to pronounce upon the validity of an election or otherwise, could not be enacted even by a two-thirds majority of the Members of Parliament because it interfered with what were the basic features of the Constitution, namely, the rule of law, the purity of democratic process, etc. I am very happy to say that that part of the 39th Constitution Amendment was struck down.

So far as this particular part of the 39th Constitution Amendment is concerned, I again find it extremely difficult to subscribe to the view that the idea was not to take away the power of the Supreme Court. After all, if I may just refer to the relevant provision of the 39th Constitution Amendment, it is clearly stated in clause 2:

"...all doubts and disputes arising out of or in connection with the election of the President or the Vice-President shall be enquired into and decided by such authority

or body and in each manner as may be provided for by this law or any other law referred to in clause 1."

While the provision in the Constitution earlier gave this power to the Supreme Court, the power of the Supreme Court was sought to be taken away and to be substituted by the power of another authority or body to be set up by the Parliament.

Then, clause 3 provided:

"The decision of such authority or body shall not be called in question in any court."

Even the power of the Supreme Court under Article 136 of the Constitution to grant a special leave for appeal to the Supreme Court and thereafter to see as to whether the decision is in accordance with the law or not was taken away, because it was declared by this Constitutional provision that the decision of the authority shall be final. Dr. Seyid Muhammad had attempted to say, "well, this is in accordance with the practice and this was the proper thing which was attempted to be done." In that connection, I would like to draw the attention of the Members of this House to a passage which is there in "Erskine May's Parliamentary Practice" to which I have referred on an earlier occasion also. But, with your permission, Mr. Deputy-Speaker, May I read out that passage once again?

SHRI M. SATYANARAYAN RAO (Karimnagar): When we are supporting it, he has clearly made it....

SHRI SHANTI BHUSHAN: That is right. But certain points have been raised and therefore it is my duty to clarify them. I am reading from page 29. It says:

"Before the year 1770, controverted elections were tried and determined by the whole House of Commons, as mere party questions, upon which the strength of contending factions might be tested.

In order to prevent so notorious a perversion of justice, the House consented to submit the exercise of its privilege to a tribunal constituted by law, which, though composed of its own Members, should be appointed so as to secure impartiality and the administration of justice according to the laws of the land and under the sanction of oaths. The principle of the Grenville Act, and of others which were passed at different times since 1770, was the selection by lot of committees for the trial of election petitions. Partiality and incompetence were, however, generally complained of in the constitution of committees appointed in this manner, and, in 1839, an Act was passed establishing a new system, upon different principles, increasing the responsibility of individual Members, and leaving but little to the operation of chance. This principle was maintained, with partial alterations of the means by which it was carried out, until 1868, when the jurisdiction of the House in the trial of controverted elections was transferred by statute to the courts of law."

So, we had the benefit of the experience in England prior to 1868, and undoubtedly at that time, the House of the Committee of the House had the power to decide upon the validity of this dispute in regard to the validity of election. But it was realised that the British practice was not fair and therefore, it was not a proper way of resolving the dispute to the satisfaction of the people; and they about a century back decided that the power must be transferred to the court.

When we became independent, we established our Constitution. We realised that this was the proper thing to do and it was the proper and impartial court, an independent court which would be the proper forum and which will create confidence in the general public to decide these very important disputes on which the

functioning of democracy rests. And that was the reason the power had been given to the Supreme Court and the High Court. But this was attempted to be taken away. Now, it is not for me to say as to why this was attempted to be taken away. But, as I said, I do not find it possible to subscribe to the proposition that the intention was not to take away the power of these independent courts, namely, the Supreme Court and the High Court.

Now, so far as other points raised by the hon. Member Dr. Seyid Muhammad in regard to 'holding out' are concerned, he had been kind enough to refer to what I argued in the Supreme Court when I stressed as to the importance of 'holding out' with considerable emphasis. I am happy that at least now he has started subscribing to that proposition. But, may I assure him that this omission in regard to 'holding out' is not from the point of view which probably he has in mind as if we had lost faith in those things which we used to say then.

The real reason is when they abolished the system of 'holding out' in 1975 by amending the Representation of People Act, the Congress Party then somehow thought that the system of 'holding out' should not exist and therefore in the definition of 'candidates', the principle of 'holding out' should be eliminated. Well, this was the position in which we found ourselves at this stage. Now, we wanted to make this particular Act a most non-controversial Act so that no controversy may arise between the Ruling Party today and the Opposition Party of to day. Having known that they subscribe to the proposition of opposing the principle of 'holding out', we thought that we would be introducing a principle again by drafting a Bill in such a manner as again to try to restore the principle of 'holding out'.

[Shri Shanti Bhushan]

14 hrs.

But may I assure the hon. Member that we are quite seized of those matters. In fact, we have a programme of making electoral reforms not merely in this direction but in other directions also, and at that time when we bring a Bill for comprehensive electoral reforms, we shall certainly consider this aspect of the matter to which I personally attach considerable importance still, namely, that corrupt practices are not only those which are committed after the nomination of the person but also those that are committed by a person who is going to be a candidate, even before he has formally become a candidate by the filing of a nomination paper. All these are corrupt practices which should be taken into consideration and attempt should be made to eliminate them by accepting the principle of 'holding out'. We thought that we would consider that while bringing a comprehensive measure after discussion with the friends on the other side also. Of course, this Bill was important and had to be brought straightaway, immediately, without any risk of raising any controversy. That is why, this Bill has been brought in a non-controversial form. But when we consider the electoral reforms in a comprehensive way, certainly this matter, to which I would be very happy to refer and on which I would like to solicit the

cooperation of the present Opposition also, would be considered.

MR. DEPUTY-SPEAKER: The question is:

"That the Bill further to amend the Presidential and Vice-Presidential Elections Act, 1952, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER: Now, we take up clause-by-clause consideration. There are no amendments.

The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

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

SHRI SHANTI BHUSHAN: I beg to move:

"That the Bill be passed."

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.

MR. DEPUTY-SPEAKER: The House stands adjourned till 11.00 a.m. on Monday, the 20th June, 1977.

14.03 hrs.

The Lok Sabha then adjourned till Eleven of the Clock of Monday, June 20, 1977/Jyaistha 30, 1899 (Saka).