

Wednesday  
12th December, 1956



# PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

(Part I- Questions and Answers )

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1956

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**PARLIAMENT SECRETARIAT  
NEW DELHI**

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**LOK SABHA DEBATES**  
( Part I—Questions and Answers )

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**LOK SABHA**

*Wednesday, 12th December 1956*

*The Lok Sabha met at  
Eleven of the Clock*

[MR. SPEAKER in the Chair].

**ORAL ANSWERS TO QUESTIONS**

**Relics of Tipu Sultan**

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Shri T. B. Vittal Rao:  
Shri Bhagwat Jha Azad:  
\*1074. { Shri D. C. Sharma:  
Shri Bishwa Nath Roy:  
Shri B. D. Pande:

Will the Minister of Education be pleased to state:

(a) whether it is a fact that Government are arranging to acquire the relics of Tipu Sultan from the United Kingdom; and

(b) if so, the details thereof?

**The Deputy Minister of Education**

(Dr. M. M. Das): (a) Yes, Sir.

- (b)
1. Personal clothing consisting of an embroidered coat, a pair of brocade trousers and a hat;
  2. A gold chronometer watch;
  3. A small portrait of the Sultan; and
  4. 18 sketches of contemporary Indian sitters.

**Shri T. B. Vittal Rao:** May I know whether these relics are in the possession of the United Kingdom or with any private party in England?

**Dr. M. M. Das:** These relics were the possessions of the Duke of Wellington.

**Shri T. B. Vittal Rao:** May I know how they were acquired by the Duke of Wellington?

**Dr. M. M. Das:** The answer to this question will take us back to the history of India of the late 18th century.

538 L.S.D.—1

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**Mr. Speaker:** We need not go back; we are concerned only with the present.

**Shri T. B. Vittal Rao:** How were they acquired?

**Mr. Speaker:** They are being brought back. The only point is whether it belonged to Tipu Sultan or not.

**Shri T. B. Vittal Rao:** We are just asking for information.

**Mr. Speaker:** The hon. Member wants ancient history—how the Duke of Wellington got them and so on.

**Shri T. B. Vittal Rao:** How were they taken away?

**Mr. Speaker:** I am not allowing that question.

**Shri T. S. A. Chettiar:** May I know whether the Government want to take them free or want to purchase them?

**Dr. M. M. Das:** It is neither purchase nor getting them free. We are exchanging them with a life-size portrait of General Wellesley who afterwards became the first Duke of Wellington and whose portrait is in the Madras Government House.

**Shri Krishnacharya Joshi:** May I know whether the relics will go to the Mysore State?

**Dr. M. M. Das:** That is a question which will be decided after we get back these relics.

**Settlement of Muslims from  
Pakistan**

+  
\*1075. { Shri Gidwani:  
Shri D. C. Sharma:  
Shri M. Islamuddin:

Will the Minister of Home Affairs be pleased to state:

(a) the number of Muslims from Pakistan who have applied for permanent settlement in India during 1956 so far;

(b) the number of such applicants from West Pakistan and East Pakistan separately; and

i



(c) the number of those whose applications have been granted?

**The Minister in the Ministry of Home Affairs (Shri Datar):** (a) 1,909 (till the 30th November).

(b) 1,870 from West Pakistan and 39 from East Pakistan.

(c) 11 from West Pakistan and 7 from East Pakistan.

**Shri Gidwani:** Is it a fact that some of the Pakistanis in India have been found to be involved in incidents of civil commotion and that the fact has been brought to the notice of the Pakistan Prime Minister by the Prime Minister of India in his reply of October 23rd to the former's letter dated October 11th?

**Shri Datar:** That is a question of a very general character.

**Shri Gidwani:** I want to know whether these Pakistanis come to India and create trouble here?

**Shri Datar:** It will not be proper to generalise.

**Shri Gidwani:** I mean some of them.

**Shri Datar:** A few might have done it.

**Shri Gidwani:** Is it not a fact that many Pakistanis have overstayed in India or they altogether refuse to return to Pakistan and, if so, what action has the Government taken in the matter?

**Shri Datar:** There are some such cases—on account of the lacuna in law—where after they are prosecuted and convicted, they come out and they refuse to go. Therefore, a subsequent agreement took place between India and Pakistan according to which attempts are made at higher levels to send those people out.

**Shri Gidwani:** Are the Government vigilant about their activities in India when they come here?

**Shri Datar:** Whenever their conduct is found to be suspicious, then a watch is kept.

**Shri T. B. Vittal Rao:** May I know if the Government are aware of the fact that nearly 4,000 Muslims employed in the coalmines in Bihar have been recently served with an order to quit India and, if so, what are the circumstances that led to it?

**Shri Datar:** I am not aware of that.

**Shri Bhagwat Jha Azad:** What are the circumstances and the conditions under which—in reference to the answer to part (c) of the question—they have been allowed to settle in India when we ourselves are crying for space for the refugees coming to our country?

**Shri Datar:** This question was considered, and an agreement took place that in certain cases where it is necessary to unify certain families,—for example, the husband being in one State and his wife in another, or there are dependants in India,—Such resettlements may be allowed on a certain restricted basis.

**Pandit K. C. Sharma:** What is the number of Muslims coming from Pakistan and attempting to make an illegal stay in India and who, after conviction and release, refuse to go from India?

**Shri Datar:** That is a very general question.

**Mr. Speaker:** The hon. Minister said that in spite of conviction, after release they refuse to go back. What is the number of such persons? That is what the hon. Member wants to know.

**Shri Datar:** The number may not be very large. It may be a few thousands, if I mistake not.

**Mr. Speaker:** A few thousands?

**Shri Datar:** Yes, a few thousands; not many. Thousands need not be considered as many.

**Mr. Speaker:** What is the estimate of "many" according to the hon. Minister?

**Shri Datar:** Naturally, some people are being sent out, though, on account of some lacuna, as I said, in the law, they could not be actually ejected out. What I was pointing out was this: after they serve out the sentence, they have to be sent out, and it was considered that it would not be proper to physically send them out either from India into Pakistan or from Pakistan into India. Now, we are taking steps to see that that number is gradually decreasing.

**Shri Biren Dutt:** May I know the number of persons coming without Pakistani passports to India and are refused to be registered in India?

**Shri Datar:** I cannot give all those figures off-hand.

## U.S.A. Assistance

\*1076. **Shri Krishnacharya Joshi:** Will the Minister of Finance be pleased to state:

(a) whether schemes for the utilization of U. S. economic assistance for the implementation of Second Five Year Plan have been finalised; and

(b) if so, the main features of the schemes?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) The U.S. Government allocates economic assistance to India on year to year basis. The assistance is utilized for the schemes included in the Five Year Plan. Projects for the utilisation of the likely assistance for the U.S. Fiscal Year 1957 (July 1956—June, 1957) have not yet been finalized.

(b) Does not arise.

**Shri Krishnacharya Joshi:** May I know the total amount of assistance?

**Shri T. T. Krishnamachari:** For which year?

**Shri Krishnacharya Joshi:** For the current year.

**Shri T. T. Krishnamachari:** For the current year, it is not settled. It might be of the order of 60 million.

**Shri A. M. Thomas:** Apart from the monetary help, given by the U.S. Government, may I enquire whether there is any negotiation going on for getting any aid with regard to farm produce?

**Shri T. T. Krishnamachari:** Yes. The agreement which we have entered into with the U.S. Government under what is termed P.L. 480 was in relation to the supply of wheat, cotton, rice tobacco and so on.

**Shri T. S. A. Chettiar:** Certain assistance is given by the private organisations like the Ford Foundation and the Rockefeller Institute, for universities. Are they included under this scheme of the U.S. aid?

**Shri T. T. Krishnamachari:** The assistance that we get from the Ford Foundation or the Rockefeller Foundation or any other body outside the Government of the United States is not included in the scheme of assistance.

## Ex-Servicemen's Employment

\*1077. { **Shri Jhulan Sinha:**  
**Pandit D. N. Tiwary:**

Will the Minister of Defence be pleased to state:

(a) how far it has been possible to provide gainful employment to ex-servicemen; and

(b) the total expenditure incurred during the last five years on the scheme?

**The Deputy Minister of Defence (Sardar Majithia):** (a) During the period January 1951 to 30th September 1956, it has been possible to provide gainful employment to 95,340, ex-servicemen as under :—

Employment in Government /private service	92,412
Settlement in land colonies	2,057
Vocational/Technical training Transport Co-operative Societies	781
	90
Total	95,340

(b) The information is being collected and will be laid on the Table of the House as soon as possible.

**Shri Jhulan Sinha:** Can the Government give any idea about the number of ex-servicemen still to be employed?

**Sardar Majithia:** I am afraid I have not got that figure, because quite a few servicemen have been sent away after their service in the Defence forces.

**श्री भक्त दर्शन :** क्या गवर्नमेंट ने इस बात पर विचार किया है कि रोजगार दिलाने के दफ्तर, एम्प्लायमेंट एक्सचेंज—जो कि पहले केन्द्रीय सरकार के अधीन थे अब वे राज्य सरकारों के पास चले गये हैं और यह हो सकता है कि इस कारण से भूतपूर्व सैनिकों को रोजगार दिलाने में कुछ ढील हो जाये ? क्या इसके बारे में राज्य सरकारों का ध्यान आकर्षित किया जा रहा है ?

**सरदार मजीठिया :** जी हाँ, उनका ध्यान इस ओर दिलाया गया है, और उनको इंस्ट्रक्शन (हिदायत) दी गयी है कि जहाँ तक भी हो

सके भूतपूर्व सैनिकों को तरजीह (प्राथमिकता) दी जाये।

**Shri Biren Dutt:** May I know whether any Government, particularly the Government of Tripura, has failed to introduce any scheme for the rehabilitation of ex-servicemen? Will Government enquire about this?

**Sardar Majithia:** Government will make enquiries.

#### Report of the Commissioner for Scheduled Castes

\*1078. **Shri Barman:** Will the Minister of Home Affairs be pleased to state the steps if any, taken for suggesting discussion of the Report of the Commissioner for Scheduled Castes and Tribes in State Legislatures as contained in para 7 at page 2 of the Report (Part 1) for the year 1955?

The Minister in the Ministry of Home Affairs (**Shri Datar**) The Government of India made a suggestion to this effect to the State Governments as long back as November, 1955. The requisite number of copies of the report of the Commissioner are also being supplied to the States for circulation amongst members of the State Legislatures.

**Shri Barman:** In reply the hon. Minister says that the suggestion was made to State Governments as long back as November, 1955. May I know the reactions of the State Governments?

**Shri Datar:** It is rather too early to expect reactions, because the report for 1955 was submitted to the President sometime in February or March this year and copies must have been received by them thereafter. On account of re-organisation, it is not clear whether they have taken any action till now.

**Shri Barman:** The last line of paragraph 7 says:

"It (such a discussion in the State Legislature) will also be an incentive for the State Governments to furnish as much material as they can for my Reports in order to indicate all the steps taken by them for the amelioration of the conditions of the Backward Classes/Tribes".

In view of the fact that the Centre is contributing so much money to the State Governments for this purpose, may I know what steps Government have taken to see that the various State

Governments furnish reports about their working to the Special Officer?

**Shri Datar:** The Central Government have requested the State Governments a number of times to give all the help to the Commissioner for Scheduled Castes and Scheduled Tribes. We have also requested them to send us progress reports from time to time.

**Shri Barman:** Now the Central Government have set up advisory bodies both for the Scheduled Castes and Scheduled Tribes. Will the Government take any steps to see that similar bodies are set up in the States?

**Shri Datar:** Government will consider this matter.

#### Overseas Scholarships Scheme

\*1079. **Shri Dabhi:** Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 854 on the 8th August, 1956 and state:

(a) whether Government have now finalised the fully-paid Overseas Scholarships Scheme; and

(b) if so, the details thereof?

**The Deputy Minister of Education (Dr. M. M. Das):** (a) Yes, Sir.

(b) A statement is laid on the Table of the House. [See Appendix IV, annexure No. 38].

**Shri Dabhi:** In the statement it is said:

"These scholarships carry with them no guarantee of subsequent employment of scholars on return to India after completion of their studies abroad. The selected scholars are, however, required to settle in India at least for 5 years following the completion of their studies/training abroad."

If they are not employed in India and if they are still required to study there, what will they do?

**Mr. Speaker:** They are not employed by the Government in India.

**Dr. M. M. Das:** The idea is that they may get employment elsewhere, so that the country may not be deprived of their services.

**Shri Dabhi:** May I know when and how the scholars will be selected?

**Dr. M. M. Das:** The scholars will be selected by the Union Public Service Commission. The Commission is expected to interview the candidates during the last week of this month.

**Shri T. S. A. Chettiar:** Our past experience has been that the scholars who have received training in foreign countries have not been utilised properly in this country. May I know what steps Government have taken to see that these people are being utilised after their very useful training in foreign countries?

**Dr. M. M. Das:** I am not prepared to accept the first part of what the hon. Member said.

**Mr. Speaker:** Does the hon. Minister mean that all persons who have returned from foreign countries have been given employment?

**Dr. M. M. Das:** Most of them have been employed. It may not be under the Government. They have got jobs under other private concerns, institutions etc.

#### "Onlooker"

\*1082. **Shri Sadhan Gupta:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the Journal "Onlooker", Published in Bombay, issues an insurance policy for Rs. 12,500 to every subscriber to the Journal who pays the annual subscription of 24 years; and

(b) if so, where policies are insured?

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** (a) According to information filed with the Department of Insurance, an insurance policy for Rs. 5,000/- is arranged for by the Journal "Onlooker" to every one of its subscribers paying at least one year's subscription. Government however has no official information available increasing the amount to Rs. 12,500/-.

(b) The policies are issued by the Alco Insurance Company Ltd. Bombay.

**Shri Sadhan Gupta:** May I know whether the Government is aware that the *Onlooker* regularly advertises in Radio Ceylon to the effect that every subscriber who pays the annual subscription of Rs. 24/- will get a free insurance policy for Rs. 12,500?

**Shri M. C. Shah:** We have no information.

**Shri Sadhan Gupta:** May I know how these policies are insured with a private insurance company, when life insurance business have been taken over by the Corporation?

**Shri M. C. Shah:** It is not life insurance policy; it is general insurance policy.

#### गजेदियरों का संशोधन

\*१०८३. { श्री भक्त बशंन :  
सरदार इकबाल सिंह :  
सरदार जकरपुरी :

क्या शिक्षा मंत्री ३१ अगस्त, १९५६ के तारांकित प्रश्न संख्या १५८८ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या गजेदियरों में संशोधन करने के बारे में नियुक्त विशेषज्ञ समिति की सिफारिशों पर इस बीच विचार कर लिया गया है; और

(ख) यदि हां, तो क्या समिति की सिफारिशों और कार्यवाही के सारांश तथा उन पर सरकार के निर्णय की एक प्रतिनिधि सभा-पटल पर रखी जायेगी?

शिक्षा उपमंत्री (डा० म० मो० दास) :

(क) जी, हां ।

(ख) विशेषज्ञ समिति की सिफारिशों को भारत सरकार ने स्वीकार कर लिया है तथा ३१ अगस्त, १९५६ के तारांकित प्रश्न संख्या १५८८ के भाग (ख) के उत्तर के सम्बन्ध में दिये गये आश्वासन की पूर्ति में सभा पटल से बदलने के लिये इसकी कार्यवाही की एक प्रति ता० २६ नवम्बर, १९५६ को संसदीय कार्यविभाग को भेज दी गई है ।

May I also read the English answer?

**Mr. Speaker:** Yes.

**Dr. M. M. Das:** (a) Yes, Sir.

(b) The recommendations of the Expert Committee have been accepted by the Government of India and a copy of the proceedings has already been furnished to the Department of Parliamentary Affairs on 29th November, 1956, to be placed on the Table of the House in compliance with the assurance given in reply to part (b) of the Starred Question No. 588, dated the 31st August, 1956.

श्री भक्त बर्शन क्या मैं जान सकता हूँ कि इस विशेषज्ञ समिति ने जो सिफारिशें की हैं उनको पूरा करने में कुल कितना खर्च लगेगा, और गवर्नमेंट को कब तक आशा है कि यह गजटियरों के संशोधन का काम पूरा हो जायगा।

**Dr. M. M. Das :** The statement that has been laid on the Table of the House contains all the information. The hon. Member had a question on 31st August, and in reply to that question, we have given all this information.

श्री भक्त बर्शन : क्या गवर्नमेंट के ध्यान में यह बात आई है कि बहुत सी राज्य सरकारें जैसे कि उत्तर प्रदेश की राज्य सरकार, इस बारे में पहले ही जिला समितियां बना चुकी हैं और एक कमेटी नियुक्त कर चुकी है तो क्या इस कमेटी की सिफारिश के बाद उनको इस काम से रोक दिया जायगा या उनमें संशोधन किया जायगा या कोई युनिफॉर्म प्लान (एक ही योजना) सारे देश के लिए बनाया जा रहा है ?

**Dr. M. M. Das :** So far as the Committee is concerned, they have recommended a uniform plan. If the State Governments want any Central help for this work, we will have to come into the picture.

**Shri B. D. Pande :** Is it a fact that in some of the districts the work of preparing the Gazetteers is being entrusted to clerks who do not know the things correctly. Competent editors are not being appointed.

**Dr. M. M. Das :** I may inform the hon. Member that so far as the Central Government is concerned, our responsibility is to write the National Gazetteers, that is, Gazetteers which will deal with different subjects in relation to the whole of India. So far as the District Gazetteers are concerned, they will be compiled by the State Governments and the responsibility lies on the State Governments.

श्री भक्त बर्शन : क्या मैं जान सकता हूँ कि राज्य सरकारों की इन गजटियरों को तैयार करने के लिए केंद्रीय सरकार कितनी सहायता देने का विचार कर रही है ?

**Dr. M. M. Das :** That information has been given before.

### Loan to Burma

\*1087. **Shrimati Tarkeshwari Sinha:** Will the Minister of Finance be pleased to state :

(a) whether it is a fact that Burma has not drawn any amount out of the twenty crores rupees loan granted to that country ; and

(b) if so, the reasons there for ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) Yes, Sir.

(b) The Government of Burma have not intimated any specific reasons for not utilising the loan.

**Shrimati Tarkeshwari Sinha :** May I know whether any amount of the loan has already been given to Burma out of this amount ?

**Mr. Speaker :** He said, no.

**Shri T. T. Krishnamachari :** No portion of that loan was utilised.

**Shrimati Tarkeshwari Sinha :** We are importing rice and other things from Burma. Yesterday in reply to a supplementary question, the hon. Minister said that repayment will be made on cash basis. May I know whether repayment for the rice to be imported will be made on cash basis or will be adjusted in some of the new loans ?

**Mr. Speaker :** No loan has been advanced.

**Shrimati Tarkeshwari Sinha :** That is why I am asking. What is the position ? Will the rice that is to be imported be paid in cash ?

**Mr. Speaker :** They do not want a loan ; they want cash. That is the position.

**Shri Heda :** Is it possible that since they are paid in cash for the rice that we import, they do not want any further loan ?

**Shri T. T. Krishnamachari :** I do not think that one is tied up with the other. The loan is totally independent of any commercial transaction that takes place between Burma and India.

**Shri Matthen :** The hon. Minister knows how much my poor State depends upon the export of prawns to Burma. What has he done about this ?

**Shri T. T. Krishnamachari :** I am aware that the export of prawns from Travancore-Cochin to Burma is an important item in the State's economy, I cannot see how that could be tied with a loan that we may give them.

### बोकरो का इस्पात संयंत्र

\*१०८८. { श्री विभूति मिश्र :  
श्री शिवनंजय्या :

क्य सोहा और इस्पात मंत्री यह बताने की कृपा करेंगे कि इस्पात संयंत्र की स्थापना का कार्य कब आरम्भ होगा ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** No target date has been fixed as there is no specific proposal before Government at present to set up any steel plants other than those to be located at Rourkela, Bhilai and Durgapur. The site at Bokaro is proposed to be developed as a possible location for another steel plant.

**श्री विभूति मिश्र :** मैं यह जानना चाहता हूँ कि केन्द्रीय सरकार ने बिहार सरकार को कौन से निर्देश दिये हैं कि कौन-कौन सी चीजें वहाँ डेवलप की जायें (का विकास किया जाय) जब कि यह बोकरो का स्टील प्लांट (इस्पात संयंत्र) वहाँ पर लगाया जायगा ?

**Shri T. T. Krishnamachari :** The matter is under investigation. We are trying to develop that site. I think the matter has been actively taken in hand. What other industries may come there is a matter which I cannot now deal with.

**Shri Bibhuti Mishra :** Will the Government kindly tell us the period within which the Bokaro plant could be established there ?

**Shri T. T. Krishnamachari :** Even that is rather difficult. But, I think any expansion beyond the present stage under which a new plant might be put up would probably be at Bokaro may, perhaps, at the beginning of the Third Five Year Plan.

### Drilling of Oil in Kangra

\*१०८९. **Shri Bansal :** Will the Minister of Natural Resources and Scientific Research be pleased to state :

(a) whether oil has been struck at any place in Kangra District as a result of the drilling operations that are being carried on there ; and

(b) if so, the estimated extent of its occurrence and the capacity of the oil-bearing strata ?

**The Deputy Minister of Education (Dr. K. L. Shrimall) :** (a) Drilling operations have not yet started in Kangra District

(b) Does not arise.

**राजमाता कमलेश्वरमति साह :** क्या मैं जान सकती हूँ कि कांगड़ा के भलावा और कौन-कौन से स्थान इस ड्रिलिंग ऑपरेशन के वास्ते चुने गये हैं ?

**डा० का० ला० श्रीमाली :** यह प्रश्न तो कांगड़ा के ही सम्बन्ध में है और उसका उत्तर मैंने दे दिया है, अब कांगड़ा के भलावा और कहां-कहां यह करना है इसके लिए मुझे नोटिस चाहिए ।

### World Bank

\*१०९०. **Shri S. C. Samanta :** Will the Minister of Finance be pleased to state :

(a) whether it is a fact that World Bank Experts recently visited Calcutta Port ; and

(b) whether it is a fact that they have recommended establishment of subsidiary port to be opened on the lower Hooghly below Calcutta, for which they can lend money ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :**

(a) Yes, Sir.

(b) The Bank Experts had merely recommended that it may be worthwhile to examine the feasibility of opening such a port. The question of a Bank Loan for it does not arise until the Government of India, after considering this recommendation, have taken a final decision, in this regard.

**Shri S. C. Samanta :** May I know whether Government have taken any steps regarding the point that they have mentioned to the Government ?

**Shri T. T. Krishnamachari :** I believe the concerned Ministry is exploring the matter further. I do not think we have reached any stage in which I can say that we have either decided to locate the auxiliary port there or we have rejected the whole idea.

**Shri S. C. Samanta :** May I know whether during the First Five Year Plan or the Second Five Year Plan this question was discussed and if not, may I know what was the reason ?

**Shri T. T. Krishnamachari :** I believe that the matter has been dealt with by the appropriate Ministry in a discussion that took place in the other House. I am not in a position to say whether it was discussed during the First Five Year Plan. The whole issue arose out of a casual reference made by a World Bank team that came to India in which a suggestion was thrown

that we may explore the possibility of an auxiliary port. I am not quite sure if the data that we have on hand has convinced the appropriate Ministry that the matter is worth while being pursued as an immediate objective.

**Shri S. C. Samanta :** May I know whether any such proposal came to the Finance Ministry from the Transport Ministry and the scheme was not taken up because of want of money?

**Shri T. T. Krishnamachari :** No worth while scheme is now being given up on the ground of want of money. I do not think that I have seen any files concerning a scheme of this nature coming from the Transport Ministry.

**Mr. Speaker :** Shri Gadilingana Gowd—absent.

**Shri T. B. Vittal Rao :** I request that this question may be answered. It is important.

**Mr. Speaker :** Later on.

**Shri T. B. Vittal Rao :** It may not be reached later.

**Mr. Speaker :** I can't help. Let it stand over. Next question.

#### Basic Land Tax on Jenmikarom Land, Kerala

\*1995. **Shri V. P. Nayar :** Will the Minister of Home Affairs be pleased to state .

(a) whether the Government of Kerala State under the President's Rule is taking steps to realise the 'alleged' due of Basic Land Tax on Jenmikarom lands,

(b) whether it is a fact that previous Governments had successively stayed such action pending land reforms, and

(c) the reasons, if any, for taking such steps now for recovery of dues calculated with retrospective effect?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) The basic land tax is being realised from jenmikarom lands under the Travancore-Cochin Land Act, 1955, which is in force in the Travancore Cochin Area of Kerala State. The payment of the tax is a statutory obligation.

(b) No.

(c) Does not arise.

**Shri V. P. Nayar :** Is it a fact that while collecting taxes on such lands Government are now using the coercive provisions of the Revenue Recovery Act

and attaching the movables of peasants when the prices of agricultural commodities, as admitted by Government, have been consistently falling for some years?

**Shri Datar :** I am not aware of the exact details, but in proper cases recourse has to be had to these processes.

**Shri V. P. Nayar :** May I know whether the previous Governments, the Governments of the Congress and the P.S.P., had stayed further action of realising this basic tax from these lands in view of certain representations and on being satisfied that they have a very legitimate case for not realising this basic land tax?

**Shri Datar :** May I point out that on the other hand after this Act was passed, by the Act itself it was made compulsory that this tax has to be paid on all the lands. Then subsequently the question arose whether any lands should be exempted at all. Some lands were exempted, but the exemption was taken back and it was decided that this tax should be collected on all lands.

**Shri V. P. Nayar :** May I know what was the total collection of basic land tax from Jenmikarom lands for the previous year?

**Shri Datar :** I have not got the figure with me.

**Shri A. M. Thomas :** The basic land tax is collected every year. How is it that arrears came to accrue, and to what extent has it accrued?

**Shri Datar :** I am not aware to what extent there are arrears, but may I point out that certain lands had been exempted but subsequently that was withdrawn and therefore the question of arrears might have arisen in some cases?

**Shri V. P. Nayar :** May I know whether in the Travancore area of Kerala State there are any other classes of land in which Government can realise the basic tax and some tax like the Jenmikarom which is also equal to basic tax?

**Shri Datar :** I would invite the attention of the hon. Member to the provisions of the Act itself where power was reserved for exempting certain kinds of lands. Which kinds of these lands are there I am not aware at present.

#### Army Ordnance School, Jubbulpur

\*1997. **Shri Gidwani :** Will the Minister of Defence be pleased to state :

(a) whether it is a fact that certain Army personnel from Army Ordnance School, Jubbulpur are to be tried for

misappropriation of public funds e.g. military cash and stores ;

(b) if so, their number and ranks ; and

(c) the total amount involved ?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) Yes.

(b) 12—One Colonel, four Captains, one Subedar, one Jemadar and five N.C.Os. Besides these, there are four officials of the Audit Department.

(c) Rs. 1,48,615/3/-.

**Shri Gidwani :** When were the investigations started, and when were they completed ?

**Sardar Majithia :** In 1954 and 1956 respectively.

**Shri Gidwani :** What are the charges against them ?

**Sardar Majithia :** Misappropriation and ication of accounts.

**Shri Gidwani :** May I know whether the trial proceedings have been started, and if so when ?

**Sardar Majithia :** A special Judge has been appointed in Jubbulpur to look after this case and the trial has already started.

**Shri B. D. Pande :** Is it a civil prosecution or a military court martial ?

**Sardar Majithia :** As I said, a special Judge has been appointed. Therefore, it is a civil one.

#### Scheduled Castes Welfare Works

\*1999. **Shri L. Eacharan :** Will the Minister of Home Affairs be pleased to state :

(a) whether any allotment of money or a portion thereof which was meant for Scheduled Castes Welfare Works in Malabar lapsed during 1955-56 ; and

(b) if so, the reasons therefor ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** A statement is laid on the Table of the House. [See Appendix IV, annexure No. 39].

**Shri I. Eacharan :** In the statement it is said that the reason for savings on the item "provisions for drinking water facilities under the scheme for removal of untouchability" was late receipt of the scheme from the State Government and the non-availability of suitable contractors.

May I know what is the procedure adopted by the Government to provide these facilities to Harijans ?

**Shri Datar :** The agency was the State Government of Madras because Malabar was under the Madras Government, but in some cases we use the services of private agencies as well.

**Shri Damodara Menon :** In the statement non-availability of suitable contractors is given as a reason. I want to know how the Government spends this money for the construction of wells. Are they employing contractors for this, or are the individuals concerned, I mean the Scheduled Caste people, who are in need of wells allowed to utilise the money ? I want to know the actual method.

**Shri Datar :** Unfortunately a very small amount out of Rs. 57,000 was spent by them. I am very sorry that this amount could not be spent because contractors were not available. The contractors were the private contractors whose services the State Government would have liked to utilise.

**Shri Kamath :** Have reports reached Government that in spite of Central legislation providing for the implementation of the constitutional provision with regard to the removal of untouchability, the administrative machinery in Malabar where untouchability used to be most rampant is rather indifferent to the removal of this evil ?

**Shri Datar :** It should not be considered that the Madras Government was negligent in this matter. What must have happened must be the non-availability of suitable contractors. It has been stated in the statement itself.

**Shri A. M. Thomas :** Is it not rather regrettable that the money to be spent for the supply of drinking water, should lapse on account of the non-availability of contractors ? Has not the Government considered the feasibility of entrusting the work either to the interested parties or to carry on the work departmentally ?

**Shri Datar :** I am hoping that the new Government of Kerala would take particular care in this respect.

**Shri Dhusiya :** May I know whether about the lapse of the money the State Government wrote to the Central Government that suitable contractors were not available, and if so, what action the Central Government took ?

**Shri Datar :** What action can the Central Government take ?



**Shri Dhusiya :** I want to know whether the State Government has written or not ?

**Shri Datar :** This is the information which we have got from the State Government itself.

**Mr. Speaker :** Next question.

**Shri Dhusiya :** I want to know.....

**Mr. Speaker :** Has the Central Government to supply contractors from here ?

**Shri Dhusiya :** One question.

**Mr. Speaker :** No more questions.

### ग्रामीण संस्थाओं

\*११०५. श्री झू० चं० सोधिया : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) ग्रामीण संस्थाओं को केन्द्रीय अनुदान कब तक मिलता रहेगा; और

(ख) इन संस्थाओं की परीक्षाओं का संचालन किस प्रकार होगा ?

शिक्षा उपमंत्री (डा० का० ला० श्रीमाली)  
(क) द्वितीय योजना अवधि के लिये ।

(ख) अन्तिम परीक्षा, ग्रामीण उच्च शिक्षा की राष्ट्रीय परिषद् द्वारा संचालित होगी ।

श्री झू० चं० सोधिया : यह जो अनुदान दिया जा रहा है, वह पांच साल के लिए है या हर साल इतना मिलता जाएगा ?

डा० का० ला० श्रीमाली : जो सहायता मिलेगी वह हर साल दी जाएगी ।

श्री भक्त वर्शन : अलग-अलग राज्यों में जो विद्यालय ग्रामीण क्षेत्रों में स्थापित किए जा रहे हैं, उनमें सामंजस्य स्थापित करने के लिए, अर्थात् को-आर्डिनेशन करने के लिए क्या कई केन्द्रीय संस्था बनाई जा रही है ?

डा० का० ला० श्रीमाली : जी हाँ, नेशनल कॉन्सिल आफ रूरल एजुकेशन ।

**Shri Raghavaiah :** May I know whether there are any rural institutes in Andhra Pradesh for which grants have also been given ?

**Dr. K. L. Shrimali :** As far as I know, none in Andhra.

**Shri Raghavaiah :** May I know the reason why there was no proposal to give any grants to the rural institutes in Andhra Pradesh or any incentive given or possibilities devised for starting such institutes in Andhra Pradesh ?

**Mr. Speaker :** The hon. Member must do so and ask for the grants. The provincial Government establishes the institutes and asks for grants from the Centre.

**Shri Raghavaiah :** The Government must have instructed them to establish such institutes.

**Mr. Speaker :** There is no unitary Government in this country.

**Dr. K. L. Shrimali :** With regard to rural higher educational institutions, the committee went round and surveyed all most all the institutions which were recommended by the State Governments. As far as I remember, the Andhra Government at that time did not recommend any such institution.

**Mr. Speaker :** There are 250 Members in the Andhra Legislative Assembly.

**Shri Raghavaiah :** My point is whether the Government of India have got a policy to see that these rural institutions are established in the different States and for which the Government of India can give grants and further this idea of starting these institutes for the development of the rural folk.

**Dr. K. L. Shrimali :** It is a very limited experiment which the Government of India has undertaken. They have decided to upgrade ten institutions into rural higher educational institutes. If the scheme progresses it is possible more may be added, but at present there is no proposal to add more to this scheme.

**Shri Raghavaiah :** May I know.....

**Mr. Speaker :** There is no good pursuing this. The hon. Member must induce his own Government to take up this matter and he will get contributions from the Centre. How can the Centre do all these things ?

### Settlement in Andaman Islands

\*११०८. **Shri Krishnacharya Joshi :** Will the Minister of Home Affairs be pleased to state : ]

(a) the number of families which have been settled in Andaman Islands upto the 30th November, 1956 from the various States in India ; ]

(b) whether any special priority is given to the families migrated from East Pakistan for settling them in Andmans ; and

(c) whether any financial aid is given to such families by the Government of India ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a)

(i) Displaced persons from East Pakistan	1282 families
(ii) Travancore-Cochin (now Kerala)	114 families
(iii) Madras	4 families
(iv) Evacuees from Burma	5 families
<b>Total</b>	<b>1405 families</b>

(b) Yes.

(c) Each settler family is entitled to a recoverable loan of Rs. 1,730/- so as to enable it to meet the expenditure on house building, purchase of bullocks, utensils seed and manure ; and to an *ex-gratia* grant of Rs. 1,050/- for maintenance till the first crop is harvested and for meeting the cost of passage from the mainland to Andamans.

**Shri Krishnacharya Joshi :** May I know the percentage of families that have migrated from Pakistan and have been sent there ?

**Shri Datar :** Percentage with reference to what ?

**Shri Krishnacharya Joshi :** With reference to the number of other families.

**Shri Datar :** As I have stated, this was meant mainly for the refugees from East Pakistan. Then, it was stated that there should be provision for migration from other States as well. So, a small percentage of these settlers are from the rest of India.

**Shri Matthen :** Does the Minister confirm the verdict of visitors to the Andamans that the settlers from Travancore-Cochin are farming better and developing their lands better than the other settlers ? If so, what is his reaction to the proposal of Shri P. S. Rau, the former Adviser to set apart two islands for more settlers from that State ?

**Shri Datar :** So far as the settlers from Travancore-Cochin are concerned, they have been doing very well, but their number is not as large as the hon. Member would like us to have in this respect. In fact provision had been made for 220 families but only 114 families have gone.

#### छावनी बोर्ड

\*११११. श्री भक्त बर्षन : क्या प्रति-रक्षा मंत्री १७ अगस्त, १९५६ के तारांकित

प्रदन संख्या ११६५ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) उन १२ छावनी बोर्डों में से किन-किन की तदर्थ समितियों की सिफारिशों पर इस बीच विचार कर लिया गया है ;

(ख) क्या उन तदर्थ समितियों की सिफारिशों और उनके बारे में सरकार द्वारा किये गये निर्णयों की प्रतियाँ पटल पर रखी जायेंगी; और

(ग) शेष छावनी बोर्डों की तदर्थ समितियों की सिफारिशों के बारे में कब तक अन्तिम निर्णय होने की आशा है ?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) Nasirabad, Pachmarhi and Lucknow Cantonments.

(b) Brief statements, showing the recommendations of *ad hoc* Committee and the decisions taken in respect of the Cantonments mentioned above, are placed on the Table of the Lok Sabha. [See Appendix IV, annexure No. 40].

(c) The recommendations of the *ad hoc* Committee, in respect of the remaining 9 Cantonments are receiving active consideration in consultation with local military authorities, and final decision will be taken as early as possible.

श्री भक्त बर्षन : क्या यह सत्य नहीं है कि पिछले दो-ढाई वर्षों से इन सुझावों पर विचार हो रहा है और यदि यह सत्य है तो वे कौन सी खास अड़चनें हैं जिनकी वजह से इतनी देरी हो रही है ?

**Sardar Majithia :** The hon. Member will see that out of 33 cases, 24 cases have already been decided. There are only 9 cases left. And it is not such a very long time that has been taken, particularly in view of the complications, in particular with reference to the financial position of the cantonment boards and the grants-in-aid which naturally will arise in case the recommendations are agreed to.

श्री भक्त बर्षन : क्या मैं जान सकता हूँ कि वर्तमान पार्लियामेंट का जीवन समाप्त होने से पहले इनके बारे में कोई निर्णय हो जाएगा ?

**Sardar Majithia :** I cannot commit myself on that point. But, as I said, we are doing our best to expedite the decisions as much as possible.

**Shri Heda :** The Secunderabad cantonment is, I think, the most important cantonment in the south. May I know what the recommendations in regard to this cantonment were, and by what time they will be implemented ?

**Sardar Majithia :** I have not got any information about Secunderabad at the moment, but I shall check up.

I should like, however, to add that we are trying to meet the recommendations of the *ad hoc* committee, as far as it is possible for us to meet them. It is only in cases of very special difficulties, that is, when we feel that we have to make more grants-in-aid that we are a bit hesitant to accept their recommendations.

राजस्थान की सीमा से चोरी छिपे माल का लाना-लेजाना

\*१११२. { डा० राम सुभग सिंह :  
श्री ए० ला० बाबुपाल :

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि राजस्थान के रामगढ़, नचना, जैसलमेर, मनवा, गण्डर रोड, बिमुन्दरा, अनूपगढ़, नागौर, पोकरन, आदि स्थान कपड़ा, चीनी, बीड़ी, मवेशी आदि चोरी छिपे पाकिस्तान ले जाने के मुख्य केन्द्र बन गये हैं ;

(ख) क्या यह भी सच है कि इन स्थानों से प्रतिवर्ष करोड़ों रुपयों का माल चोरी-छिपे पाकिस्तान भेजा जाता है; और

(ग) यदि हाँ, तो इस चोरी को रोकने के लिये सरकार द्वारा क्या कार्यवाही की जा रही है?

**The Minister of Revenue and Defence Expenditure (Shri A. C. Guha) :** (a) and (b). It is obviously not possible to form any accurate estimate of the volume of smuggling. Nor can it be said with any degree of certainty as to what are the principal centres for such activity. The towns and villages mentioned in part (a) of the question are usually 20-50 miles away from the Pakistan border and a large proportion of

items like textiles, sugar, biris and cattle handled by the trade in these centres must be presumed to be for catering to the needs of local population. While it is possible that some quantities of such goods are also smuggled across the border to and from Pakistan, according to information available to Government, the extent of such traffic does not at the most, exceed a few lakhs of rupees in value.

(c) A statement showing some of the main steps taken by Government to check such smuggling is placed on the Table of the Lok Sabha. [See Appendix IV, annexure No. 41].

**Dr. Ram Subhag Singh :** The Minister has stated that it is not possible to give correct information regarding parts (a) and (b) of the question, but he said that the amount involved may be a few lakhs of rupees. May I know whether it is a few lakhs *per annum*, or per month or per day ?

**Shri A. C. Guha :** A few lakhs *per annum*, not per day.

**Shri Kamath :** Has the attention of the Minister been drawn to certain reports that appeared in the Rajasthan press, particularly, to the effect that some of these persons carrying on this contraband but profitable trade are or used to be hand-in-glove with some persons in power in Rajasthan and that was why they could not be arrested ?

**Shri A. C. Guha :** I have not seen those Rajasthan paper reports. But if the hon. Member has got any specific information, he can pass it on to us, and we shall surely welcome it.

**Shri Kaaliwal :** May I know whether Government could give us any figures to show whether in connection with smuggling, any arrests had taken place during the last three years ?

**Shri A. C. Guha :** Some persons must have been arrested, when the articles were seized. When the articles were seized, they must have been seized from some persons, and so, they must have been arrested along with the seizure of the articles.

**Shri Heda :** There is no question of 'must have been' ; exact information is required.

केन्द्रीय सरकार का हिन्दी में पत्र-व्यवहार

\*१११८. श्री लू० बं० सोबिया : क्या गृह-कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) मंत्रालय के १९५५-५६ के वार्षिक प्रतिवेदन के पृष्ठ ४८ पर किये गये एक उल्लेख

के अनुसार क्या केन्द्रीय सरकार ने उन राज्यों के साथ, जिन्होंने हिन्दी को अपनी सरकारी भाषा के रूप में अपनाया है, अपने पत्र-व्यवहार में अंग्रेजी के साथ-साथ हिन्दी को भी अपना लिया है;

(ख) यदि हां, तो उन राज्यों के नाम क्या हैं और इसे कब से अपनाया गया है;

(ग) यदि नहीं, तो इसके क्या कारण हैं; और

(घ) इनके कब से अपनाये जाने की सम्भावना है ?

**गृह मंत्रालय में मंत्री (श्री दातार):**  
(क), (ग) तथा (घ): राज्य सरकारों के साथ, जिन्होंने हिन्दी को सरकारी भाषा के रूप में अपना लिया है, पत्र-व्यवहार अंग्रेजी में होता है किन्तु सुविधानुसार उन पत्रों के साथ उनका हिन्दी अनुवाद भी भेजा जाता है।

(ख) बिहार, उत्तर प्रदेश, राजस्थान तथा भूतपूर्व मध्य प्रदेश, मध्य भारत तथा विन्ध्य प्रदेश।

**श्री लू० चं० सोषिया:** यह अनुवाद का भेजना कब तक जारी रहेगा ?

**श्री दातार:** जब तक प्रेजिडेंट साहब का सकार्यन्तर अमल में रहेगा।

**श्री भक्त बर्शन:** क्या मैं जान सकता हूँ कि किन्हीं राज्य सरकारों ने यह भी मांग की है कि उनके साथ केवल हिन्दी माध्यम के द्वारा ही पत्रव्यवहार किया जाए ?

**श्री दातार:** अंग्रेजी में पत्रव्यवहार होता है और उसके साथ हिन्दी अनुवाद भी रहता है।

**अध्यक्ष महोदय:** वह पृथक्ता चाहते हैं कि क्या हिन्दी में ही केवल पत्र-व्यवहार करने के लिए किसी राज्य सरकार ने कहा है ?

**श्री दातार:** दोनों होनी चाहियें।

#### Income Tax Investigation Commission

\*1119. **Shri Krishnacharya Joahi:** Will the Minister of Finance be pleased to state:

(a) whether the life of the Income Tax Investigation Commission will be extended beyond the 31st December, 1956; and

(b) if so, the period thereof ?

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** (a) The matter is under consideration of the Government of India.

(b) Does not arise.

#### Foreign Exchange Reserves

+  
\*1120. { **Shrimati Tarkeshwari Sinha:**  
**Shri D. C. Sharma:**

Will the Minister of Finance be pleased to state:

(a) the present position of the foreign exchange reserves as on the 1st of December, 1956; and

(b) how it compares with the position on the 1st December, 1955 ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) At the end of October, 1956, the last month for which figures are available, India's net foreign exchange reserves stood at Rs. 688.65 crores. However, at the end of November, 1956, the sterling balances, which constitute the major portion of these reserves, amounted to Rs. 536.53 crores.

(b) At the end of November, 1955, the net foreign exchange reserves stood at Rs. 767.64 crores, the sterling balances standing at 719.69 crores.

**Shrimati Tarkeshwari Sinha:** From the reply of the hon. Minister, it seems that our foreign exchange position has dwindled and there has been lot of withdrawals from the foreign exchange resources recently. What specific steps have Government taken to see that our foreign exchange position improves ?

**Shri T. T. Krishnamachari:** The foreign exchange reserves have certainly come down, and steps are being taken to remedy the situation as has been mentioned on previous occasions, namely, putting a check on imports that are not necessary for the Plan and seeing if we cannot augment our exports.

**Shrimati Tarkeshwari Sinha:** In view of the fact that there has been a sharp decline in the gold and dollar reserves of the sterling area, how far has it affected our sterling reserves because the sterling reserves are our greater foreign exchange assets ?

**Shri T. T. Krishnamachari :** I believe there is a question coming up later.

**Mr. Speaker :** I think there is a separate Short Notice Question coming up.

**Shri T. T. Krishnamachari :** In any event, whatever the position of the sterling area, to that extent it is also reflected in the stability of our sterling reserves.

**Shrimati Tarkeshwari Sinha :** May I know whether it is a fact that the Government have approached the International Monetary Fund for the purchase of currency from them, and if so, with what results ?

**Shri T. T. Krishnamachari :** These are things which a Government which has to plan to implement does from time to time. I am not in a position to say now that I have made any approach, because I have not. But it is one of the things that we always keep in mind, that we can draw upon the IMF for certain assistance in times of emergency.

**Shri Sadhan Gupta :** May I know what reserves are next in importance to sterling reserves in our foreign exchange reserves ? If they are dollar reserves, what is the amount of those reserves ?

**Shri T. T. Krishnamachari :** So far as official reserves are concerned, they are all in sterling.

**Shri K. P. Tripathi :** What has been the repatriation of capital from this country by way of sale of foreign concerns, and dividends, in the last year, and how has it affected the sterling reserves ?

**Shri T. T. Krishnamachari :** I am not able to give a precise figure, but it is well under what we expect the normal repatriation to be—Rs. 12 crores a year.

**Shri K. C. Sodhia :** What is the minimum of the sterling reserves below which we cannot go ?

**Shri T. T. Krishnamachari :** The hon. Member would be aware that we amended the Reserve Bank Act sometime ago and this House decreed that the minimum should be Rs. 400 crores.

#### **Buddhist Temple in Kirghizia**

\*1121. **Dr. Ram Subhag Singh :** Will the Minister of Education be pleased to state.

(a) whether Government are aware that ruins of a Buddhist temple of the 7th Century have been unearthed in AK-Beshim in the Chu Valley of Kirghizia (U.S.S.R.);

(b) if so, whether Government have sought any information regarding those ruins from the archaeological department of the U.S.S.R.; and

(c) if so, the information that has been received ?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) Government have no information beyond what has appeared in press reports about the discovery.

(b) and (c). An enquiry has been made and a reply is awaited.

**Dr. Ram Subhag Singh :** May I know whether there is any intention on the part of Government to send any officer of the Archaeological Department to find out details of the ruins ?

**Dr. M. M. Das :** It depends upon the information that we receive from the Soviet Government.

#### **Rocket Satellite**

\*1081. **Dr. Ram Subhag Singh :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether India has agreed to co-operate with the Smithsonian Institute of America in carrying out the plan to send up a rocket satellite and follow its movements afterwards;

(b) if so, what arrangements will have to be made in India to carry out this plan; and

(c) whether any work has been undertaken in this regard ?

**The Deputy Minister of Education (Dr. K. L. Shrimali) :** (a) to (c). A statement giving the required information is laid on the Table of the House. [See Appendix IV, annexure No. 42].

**Mr. Speaker :** The question list is over. Those hon. Members who were absent when their questions were called, may now put those questions. None of those Members is present.

**Shri T. B. Vittal Rao :** May I request that question No. 1094 be answered ?

**Mr. Speaker :** Yes.

#### **Price of Naharkatiya Oil**

\*1094. **Shri Gadilingana Gowd :** Will the Minister of Natural Resources and Scientific Research be pleased to state :

(a) whether Government of India will accept the internationally quoted crude oil price for the refinery at Naharkatiya (Assam) which will be controlled completely by Government; and

(b) if so, the reasons therefor ?

**The Deputy Minister of Education (Dr. K. L. Shrimali) :** (a) and (b). The price at which Assam crude oil will be supplied to the new refinery is the subject of negotiations between the Assam Oil Company and the Government. The internationally quoted crude oil price cannot be taken as the sole determining factor in fixing the price of Assam crude oil. But as long as Indian refineries continue to import foreign crude oil, the international price will have a bearing on the price of indigenous crude oil.

**Shri T. B. Vittal Rao :** May I know whether the crude oil that is being refined at Digboi is being supplied at the international price or the present cost of production?

**Dr. K. L. Shrimali :** According to the estimate given by the Assam Oil Company, the cost of production of crude oil, exclusive of royalties, is about Rs. 29 per ton.

**Mr. Speaker :** As regards question No. 1101 standing in the name of Shri H. G. Vaishnav, Shri Telkikar has got the authority to put the question.

#### Hyderabad Securities

\*1101. **Shri Telkikar (on behalf of Shri H. G. Vaishnav) :** Will the Minister of Finance be pleased to state :

(a) in view of the declaration that the Hyderabad Government securities constitute a debt of the Union from the 1st November, 1956, why the transformation of these securities into those of the Union has been held up so far;

(b) the reasons why the State Bank of Hyderabad which is now a counterpart of the Reserve Bank of India has suspended the support which it used to give hitherto to these Hyderabad Securities which are now a debt of Union; and

(c) whether the rules regarding the Government securities being recognised for the purpose of Provident Fund, Railway and Court Deposits and for such other purposes are made applicable to Hyderabad securities also?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :**

(a) The securities of the former Hyderabad Government will be replaced by the securities of the Government of India when they are tendered for renewal, replacement, conversion etc. Meanwhile the old securities continue to be operative.

(b) Government have no information about the practice of the State Bank of Hyderabad. So far as the Reserve Bank is concerned, it will continue to follow in

regard to these securities whatever policy it considers appropriate for all other Central securities.

(c) The securities of the former Hyderabad State are now at par for all purposes with the securities of the Government of India.

**Shri Telkikar :** May I know whether instructions are issued to that effect to the Reserve Bank of India?

**Shri T. T. Krishnamachari :** Yes, Sir; what I have stated is covered by government orders.

#### Electoral Rolls

**Shri Kamath :** May I earnestly request you to direct that question No. 1107 may be answered in the public interest?

**Mr. Speaker :** Yes.

**The Minister of Legal Affairs and Civil Aviation (Shri Pataskar) :** The question was in Hindi. Shall I answer it in Hindi or English?

**Shri Kamath :** Either in English or in Hindi.

**Mr. Speaker :** In English.

\*११०७. श्री प० सा० बास्पाळ: क्या बिचि मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या विस्थापित व्यक्ति आगामी सामान्य निर्वाचन में मतदान कर सकेंगे ;

(ख) यदि हां, तो क्या निर्वाचन आयोग ने उनके नामों सहित निर्वाचक नामावलियां तैयार करा ली हैं ;

(ग) राजस्थान के गंगानगर जिले में कुल कितने विस्थापित व्यक्ति हैं और उनमें से अनुसूचित जातियों के मतदाता कितने हैं ; और

(घ) क्या यह सच है कि गंगानगर में जो विस्थापित व्यक्ति आये हैं उनमें से अधिकांश अनुसूचित जातियों के हैं और वहां के पहले के निवासियों में भी अनुसूचित जातियों के व्यक्तियों की काफी बड़ी संख्या होते हुये भी अनुसूचित जातियों के लिये स्थान सुरक्षित नहीं किये गये हैं ?

**Shri Pataskar :** (a) Yes, Sir, the displaced persons can vote, provided they have registered themselves in time as citizens of India and have been enrolled as voters.

(b) The registering authorities are taking the necessary action under Section 24 of the Representation of the People Act, 1950. This section as recently amended by Parliament facilitates registration as voters upto the 16th December, 1956.

(c) and (d). I have no information.

**Shri Kamath :** Is it a fact that the Delimitation Order will not be published till the end of this month, and, if so, will copies of the electoral rolls of those constituencies be available only after the publication of the Delimitation Order? And if so, will it upset the time table of the general election?

**Shri Pataskar :** So far as my information goes, we expect that the Delimitation Orders would be published very early.

**Shri Kamath :** What date?

**Shrimati Renu Chakravarty :** May I know whether any arrangements have been made as have been made in West Bengal to get the displaced persons made citizens by efforts on the part of Government and the Election Commission prior to their being enrolled on the electoral rolls?

**Shri Pataskar :** I presume the arrangements must be the same, whether they are in West Bengal or elsewhere.

#### SHORT NOTICE QUESTIONS AND ANSWERS

##### Rourkela Steel Plant

S. N. Q. No. 4 { **Shri M. S. Gurupadaswamy :**  
**Shri Bogawat :**

Will the Minister of Iron and Steel be pleased to state :

(a) whether it is a fact that German participation in the Rourkela Steel Plant was terminated on the ground that their interest and price quotations had been very high;

(b) whether these matters were not examined by the Government of India at the time of entering into an agreement with the German Combine of Krupp-Demag; and

(c) whether any compensation or damage will be paid by Government to the German firm for early termination of the contract?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) to (c). A statement is laid on the Table of the House.

But if the intention of the Chair is that I should read the whole statement, I will do so.

**Mr. Speaker :** Is it a long statement?

**Shri T. T. Krishnamachari :** One page, Sir.

**Mr. Speaker :** It may be read.

**Shri T. T. Krishnamachari :** (a) and (b). German participation in the share capital of the Rourkela Steel Plant has not been dispensed with on the ground that the prices quoted were very high. On the other hand, the prices have been certified to be reasonable by the Government's independent Consultants.

The agreement entered into with Krupp-Demag in 1953 was for technical services and for participation in capital. Investments by the two firms—Krupp and Demag—in the capital of the Rourkela plant was to be related to the volume of orders placed on the two firms but not to exceed the equivalent of about Rs. 9.5 crores.

The two firms have the option to re-sell their shares to the Government at a premium of 20 per cent by August 1963. Any dividends received by the two firms would, of course, have been deducted from this premium. Even when the agreement was entered into, it was realised that some element would be added to the cost of the supplies to make up the difference between this premium and the return which the firms could have expected, if they had invested this money in Germany. The internal borrowing rate in Germany in 1953 was lower than it is today and an addition to the price for the reason stated need not have been onerous at that time. But internal borrowing rates have risen sharply since then to about 8 per cent. now. In effect, therefore, acceptance of German investment would have meant a high interest rate. Government did not consider it worthwhile to accept a comparatively small investment of Rs. 9 crores at this rate of interest. They preferred instead to secure a reduction in price. The Agreement with the German firms was accordingly modified by mutual consent.

(c) The agreement with the two German firms has been modified by mutual consent only on this clause relating to investment. The question of compensation or damage does not, therefore, arise.

**Shri M. S. Gurupadaswamy :** The present so-called nationalisation of the Rourkela Plant has been brought about according to some of us, by official blundering rather than by choice. The deal with the German firm.....

**Mr. Speaker :** What is the question?

**Shri M. S. Gurupadaswamy :** I am putting the question.

**Mr. Speaker :** All this preamble is unnecessary.

**Shri M. S. Gurupadaswamy :** I am saying that the deal with the firm was concluded in rather suspicious circumstances.....

**Mr. Speaker :** All this will go out. I am repeatedly advising hon. Members not to start questions with their own inferences. They may put a question straight and elicit an answer. If they are not able to do it, I will call another hon. Member to do so.

**Shri M. S. Gurupadaswamy :** My question is whether the Minister will set up an enquiry, departmental or otherwise, to look into the whole matter and report to Parliament whether the deal which was concluded between the Government of India and the firm was done in circumstances which are dubious.

**Shri T. T. Krishnamachari :** I will tell the hon. Member that if an enquiry is to be held, the enquiry has to be held against me because I have been responsible for the whole matter. I am quite convinced in my mind that what we have done is in the best interests of the country today and the agreement that we entered into in 1953 was also in the best interests of the country at that time.

**Shrimati Tarkeshwari Sinha :** May I know whether any investment was made in Rourkela Plant by the German investors prior to this agreement terminating the clause relating to investment, and, if so, what is the position with regard to that investment which is already done?

**Shri T. T. Krishnamachari :** The investment was a token investment in the share capital and, therefore, it has to be refunded. Investment will arise only when purchases are made and a portion of these purchases should be put in the capital structure. The question of purchase agreement has been ended and we have absolved them of that necessity to invest in the capital of the Company because we found that the terms on which we could negotiate are more advantageous to this country.

**Shri Bansal :** From the reply of the hon. Minister I could not follow as to what the withdrawal of participation in capital has to do with the rate of interest prevailing in Germany. Will he please clarify that point?

**Shri T. T. Krishnamachari :** My hon. friend is an expert on these matters. I thought that my statement was specific enough. The agreement

was made at the time when certain conditions prevailed in Germany and we felt that if the rate of interest operating at that time is added on, naturally, to the investment, we will be in a position of advantage. We thought that the total interest we will pay on the basis of the agreement to repatriate capital over a period of years would work out somewhere about 6 or 7 per cent. But, on working out with the present rate of interest, even with the advantage that we now get by terminating the agreement, it worked out to be somewhere between 12 to 13 per cent. It is something inherently connected with the interest rate obtaining in the country of the investor. If my hon. friend is not able to understand that, I cannot help.

**Shri Bansal :** I do not remember that there was a clause in the agreement to the effect that the Government of India would pay the rate of interest prevalent in Germany for the shares which Krupp-Demag would be investing in the Rourkela Plant. If I am wrong the hon. Minister may correct me.

**Shri T. T. Krishnamachari :** As a matter of fact, the interest rate comes in the calculation of it. I do not suppose the agreement contains any such rates. I am sorry to say I have not kept my hon. friend informed from time to time about the working of this particular scheme and how we propose to alter it.

**Shrimati Tarkeshwari Sinha :** The hon. Minister said that there was hardly any investment because the investment was coming in the shape of import of machinery and other things. In view of the fact that the target of the Rourkela Plant has to be reached according to schedule, how will Government be in a position to import the machinery etc. required for the Rourkela Plant and which are the countries from which Government expect that they would be able to get their machinery for the Plant?

**Shri T. T. Krishnamachari :** It is an elementary thing. All the machinery for this Plant will come from Germany.

**Shri Heda :** The hon. Minister stated that the price quoted was quite fair against the general report that it was not so. May I know what was the price quoted and whether it was quite fair in comparison with the prevalent prices in India or in West Germany?

**Shri T. T. Krishnamachari :** It is rather complicated. Actually there is no question of price quoted. The terms of the agreement were to be on the basis of certain factors, factors that existed in



Germany at that time. Naturally, circumstances changed and the agreement was operating against us. And that is why, I said, we have changed the agreement. As a matter of fact, I think, I have placed practically all the information at the disposal of hon. Members. If any more information is wanted, I shall certainly give it.

**Shri M. S. Gurupadaswamy :** We learn that technical assistance will continue to be offered by the German firm even hereafter. May I know what is the cost of this technical assistance and whether there is any change in this cost?

**Shri T. T. Krishnamachari :** I am sorry I have not got all the figures in my hand and it will take some time to go through the words before me. But so far as the question of technical assistance is concerned, the agreement has been placed on the Table of the House and those figures will apply.

#### \*PAPERS LAID ON THE TABLE

**Mr. Speaker :** As the hon. Prime Minister has to go away somewhere, let him lay the papers to be laid by him on the Table. Thereafter I will take up the other Short Notice Questions.

#### SHORT NOTICE QUESTIONS AND ANSWERS

##### Gold and Dollar Reserves

**S. N.Q. No. 5. Shri Sadhan Gupta:** Will the Minister of Finance be pleased to state :

(a) whether there has been a drop in the gold and dollar reserves of the Sterling area during November, 1956;

(b) if so, the extent of drop;

(c) whether the drop poses a threat to the stability of the value of pound sterling; and

(d) if so, the steps taken to preserve the value of our currency in case of decline in value of sterling?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :** (a) Yes, Sir.

(b) \$ 279 million.

(c) and (d). A continued drain on the gold and dollar reserves of the sterling area cannot obviously be permitted for any length of time consistent with the maintenance of the stability of sterling. As the

hon. Member is perhaps aware the Chancellor of the Exchequer of the United Kingdom has recently taken several measures to strengthen these reserves. The par value of the the Indian rupee has been expressed in terms of gold since 1947 and the value of the rupee is not necessarily connected with the future value of sterling if there should be any change.

**Shri Sadhan Gupta :** May I know whether India's excess dollar earnings are also pooled in England, and if so, whether any steps will be taken to separate India's dollar earnings or rather to keep India's dollar earnings separate at her control in order that the difficulties which the U. K. may face in stabilising their currency may not affect us?

**Shri T. T. Krishnamachari :** So far as the procedure now followed goes, though we have an indication of what India earns by way of dollars or draws from the central pool by way of dollars, it is all merged in the pool. There is no separate account either in favour of India or against India in regard to any dollar drawings. So far as the future is concerned, that is a matter which has to be dealt with as and when an occasion arises.

**Shri Sadhan Gupta :** My question was whether steps would be taken to separate the account of India's dollar resources.

**Shri T. T. Krishnamachari :** It is an integral part of our agreement that there is no separate account. There is a central pool, and all the members of the sterling area draw thereon according to their needs. Of course, there is a general convention that nobody does anything without the other knowing about it, so that an unprepared downward drain would not occur. Otherwise, the essence of the idea itself is that nobody has a separate account.

**Shrimati Tarkeshwari Sinha :** Reports are being heard that the United Kingdom will take steps to see that they reduce the strain on dollar and gold reserves. May I know whether Government, in view of this fact, is in a position to say whether there will be any restriction on our continuous withdrawal of sterling, and if so, how are we going to meet our requirements of foreign exchange reserve?

**Shri T. T. Krishnamachari :** The assumption itself is completely wrong that certain steps are taken to stabilise sterling. As things are today, these steps seem to be satisfactory, and there is no chance of our being asked not to draw from the sterling area at all so long as we are members of the sterling bloc.

\*See Part II Debates, dated 12th December, 1956.

**Shri Heda :** What portion of the fall of our sterling reserve is due to our deliberate policy?

**Shri T. T. Krishnamachari :** I do not know if there is any deliberation in the matter of policy. What is the policy that my hon. friend refers to I am unaware.

**Shrimati Renu Chakravartty :** What is the reason for this sudden fall when there is a convention established that nobody draws upon it in such a way that the whole pool is jeopardised? May I know whether this convention has been stuck to?

**Shri T. T. Krishnamachari :** If my hon. friend would like to have this information, until about October or rather beginning of November, the sterling area has been breaking even on their earnings and drawings. The downward drain of \$ 279 million dollars has occurred very largely last month. The reason for it is primarily because of the closure of sterling and certain pressure so far as the sterling area, particularly the U. K., is concerned, which has to draw most of its supplies from the dollar area.

**Shri Sadhan Gupta :** In view of the change of circumstances since the agreement was reached about pooling the dollar resources, and particularly in view of the drainage to currency in the U. K., which is inherent in adventurist action, is any step going to be taken to modify the agreement so that our dollar resources can be kept separate?

**Shri T. T. Krishnamachari :** The basic assumption behind that question is my hon. friend's reading of the situation, with which I do not agree.

#### Indian Votes in Goa

**S. N.Q. No. 6 Shri Kamath :** Will the Minister of Law be pleased to state :

a) What steps have been taken to enrol Indian Nationals imprisoned in Goa as voters on the electoral roll of a Legislative Assembly or Parliamentary Constituency of the Indian Union; and

(b) what steps have been or are being taken to enable such Indian nationals to fill their nomination forms for contesting elections to seats in Parliament and the Legislatures?

**The Minister of Legal Affairs and Civil Aviation (Shri Pataskar) :** (a) Under our election law as it stands—vide section 20(2) of the Representation of the People Act 1950—any person's detention in prison at a particular place is not to be treated as ordinary residence at that place for purposes of registration and he

will continue to be registered in the constituency in which he was residing before. A list of the Indian nationals imprisoned in Goa, together with their house addresses so far known, has been sent to the Chief Electoral Officers of the States concerned with a view to ensuring that their names are included in the appropriate electoral rolls. Government consider that no other steps are necessary to enrol Goa prisoners as voters.

(b) Attention is invited to clause 4 of the Representation of the People (Miscellaneous Provisions) Bill introduced in this House on the 10th December.

**Shri Kamath :** Is the Minister of Law in a position to assure the House that all those Indian nationals who were on the electoral roll before they became prisoners of Portuguese imperialism have been already *ipso facto* brought on the roll of some constituency or other?

**Shri Pataskar :** I have already stated that we have got a list, so far as we can have it of those persons imprisoned in Goa, and that list has been sent with their original addresses to the electoral officers concerned. I think there would be no difficulty.

**Shri Kamath :** Arising out of the answer to Part (b) of the question, have the Government consulted the Portuguese authorities in Goa, through the Egyptian Embassy or otherwise, as to whether they have any objection to the prisoners in their custody filling up or signing the nomination forms for the ensuing elections?

**Shri Pataskar :** I do not know how that could be done. The hon. Member is aware that perhaps we could not do it.

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) :** May I, with your permission, say a few words on this, question? As the hon. Member will see, we have done everything to remove any difficulty on our side. We cannot remove the difficulties on the Portuguese side. But, as far I know, in the past there have been no particular difficulties in any paper being signed there: that is, the relatives of the persons concerned have not informed me that they found any difficulty. We hope there will be no such difficulty.

**Shri Kamath :** Is the Minister of Legal Affairs or the Prime Minister in a position to assure the House that the returning officers for the coming elections will be advised or instructed by the Government or by the Election Commission to

be liberal in the matter of examining the validity of the nomination forms so that may not raise any technical hurdles in the matter?

**Shri Jawaharlal Nehru :** The Election Commissioner knows very well all the steps we are taking to remove these obstacles from the way. He is aware of that fact. I am quite sure that he or his officers will not come in the way. But, it is for them to decide whether something is according to the rules or not; we cannot give them instructions.

#### Revaluation of Gold

**S. N Q.No. 7. Shrimati Tarkeshwari Sinha:** Will the Minister of Finance be pleased to state :

(a) whether it is a fact that there has been a revaluation of the gold held in our currency reserve; and

(b) if so, the reasons thereof?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) Yes. The gold held in the Issue Department of the Reserve Bank of India which had been previously valued a Rs. 21/3/10 per tola has been revalued @ Rs. 62/8/- per tola with effect from October 6, 1956.

(b) As was explained in this House, when the Reserve Bank of India (Amendment) Bill 1956 was taken up for consideration, the revaluation has been made with a view to bringing out the proper value of our gold reserves in terms of the parity for the Indian rupee agreed to by the International Monetary Fund.

**Shrimati Tarkeshwari Sinha :** May I know whether the International Monetary Fund agreed to this revaluation of the gold on the basis of the world price of gold or on the demand of the Government of India on a particular price of gold?

**Shri T. T. Krishnamachari :** There is no need to ask the International Monetary Fund to agree to this. The price agreed to between us and the International Monetary Fund on the basis of gold value of the rupee was Rs. 62-8-0 per tola.

**Mr. Speaker :** She wants to know how it was arrived at.

**Shri T. T. Krishnamachari :** That is the price. The parity is 018 and odd gram and that works out to Rs. 62/8/- per tola. We have been carrying on with the old price and there is a certain amount of history behind it. We did not feel it

necessary to revalue the gold in 1947. The whole question was brought before the House; it became part of the Act which this House has passed and in pursuance of that Act, we have taken this step. It has now been brought to a level which is in accord with the world price of gold.

**Shrimati Tarkeshwari Sinha :** What was the earlier value of the gold holdings of the Reserve Bank of India and what is the value of gold as it stands at present, after the revaluation?

**Shri T. T. Krishnamachari :** The original valuation was Rs. 40,01,70,000. The present valuation is Rs. 117,76,03,000.

**Shrimati Tarkeshwari Sinha :** May I know what specific benefit does the Government expect to have by this revaluation of gold and what will be its effect on our foreign exchange position?

**Shri T. T. Krishnamachari :** So far as benefit is concerned, my hon. friend must know that if she has an old heirloom given to her by her grandmother and if she gets it revalued by a jeweller and he says that its value has appreciated from Rs. 1,000 to Rs. 10,000 she feels she is stronger so far as her financial position is concerned. That is exactly my feeling today : that I have got gold worth about Rs. 117 crores instead of Rs. 40 crores.

#### WRITTEN ANSWERS TO QUESTION Income Tax Act

\*1080. **Shri Ram Krishan :** Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 315 on the 26th July, 1956 and state :

(a) whether Government have since appointed a special committee to go into the working of the Income-Tax Act and codify it in order to make it simpler; and

(b) if so, the names of the members of the Committee?

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah) :** (a) Government requested the Law Commission to take up the work of redrafting the Act in the form of an intelligible code. The Law Commission have agreed to do so and have started the work.

(b) Does not arise.

#### Educational Facilities in Scheduled Areas

\*1084. **Shri Beekha Bhal :** Will the Minister of Education be pleased to state :

(a) whether his Ministry has prepared a special schemes for providing

educational facilities in scheduled areas of various States in collaboration with the State Governments or the Ministry of Home Affairs ;

(b) if the answer to part (a) be in the affirmative, the broad features of such schemes; and

(c) if not, whether Government have asked the State Governments for their educational requirements ?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) to (c). A statement is placed on the Table of the House [See Appendix IV, annexure No. 43].

#### Radio-Astronomical Research

\*1085. **Shri Keshavsiengar :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether Government have a plan for developing Radio-astronomical research;

(b) whether it is proposed to send persons to Holland to study this subject; and

(c) if so, when and how many and who are they ?

**The Deputy Minister of Education (Dr. K. L. Sarinalli) :** (a) Yes, Sir.

(b) There is no such proposal at present.

(c) Does not arise.

#### Oil Survey

\*1086. **Shri R. P. Garg :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether any new surveys for oil in the country on a more comprehensive plan have been negotiated with Canada; and

(b) if so the details thereof ?

**The Deputy Minister of Education (Dr. K. L. Sarinalli) :** (a) No, Sir.

(b) Does not arise.

#### Central Road Research Institute

\*1091. **Shri B. K. Das :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) what liaison is kept between the Road Wing and the Central Road Research Institute at Okhla, Delhi;

(b) who co-ordinates the activities of the different Road Research Institutes or Laboratories; and

(c) whether States have to pay something to the Central Road Research Institute to receive its advice or to carry on some tests ?

**The Deputy Minister of Education (Dr. K. L. Sarinalli) :** (a) to (c). A statement giving the required information is laid on the Table of the House [See Appendix IV, annexure No. 44].

#### Cultural Agreement Between India and Japan

\*1092. { **Shri Shivananjappa :**  
**Shri D. C. Sharma :**  
**Sardar Iqbal Singh :**  
**Sardar Akarpuri :**

Will be Minister of Education be pleased to state:

(a) whether it is a fact that a Cultural Agreement has been entered into between the Governments of Japan and India;

(b) if so, the main features thereof; and

(c) the number of countries with which India has entered into such agreements ?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) Yes, Sir.

(b) The Cultural Agreement provides for exchange of University teachers and members of scientific and cultural institutions, assistance and facilities to students for study in each other's territories, establishment of cultural institutes in each other's territory, facility for the mutual training of Government employees in scientific, technical and industrial institutions etc.

(c) Five countries.

#### Rehabilitation of Ex-servicemen

\*1093. { **Sardar Iqbal Singh :**  
**Sardar Akarpuri :**

Will the Minister of Defence be pleased to state :

(a) whether any scheme has been taken up by Government to rehabilitate the ex-servicemen of Punjab State; and

(b) the number of ex-servicemen benefited by it ?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) No special scheme has been formulated by the Government exclusively for the rehabilitation of ex-servicemen of the Punjab. They are resettled under the general resettlement

schemes for ex-servicemen, the details of which have been given at pages 30 to 33 of the pamphlet "Brief Statement of Activities of the Ministry of Defence during 1955-56", which has already been circulated to Members of Parliament.

(b) 8375 ex-servicemen belonging to that area have been benefited during the period January 1951 to 30th September 1956 under these schemes.

#### Forest Department of Kerala State

\*1096. { Shri A. K. Gopalan :  
Shri Vallatharas :

Will the Minister of Home Affairs be pleased to refer to the reply given to Unstarred Question No. 2369 on the 25th May, 1956 and state the stage at which the investigation into charges of corruption and irregularities in the Forest Department of the former Travancore-Cochin State Government stands at present ?

The Minister in the Ministry of Home Affairs (Shri Datar) : It is presumed that the Hon'ble Members are referring to the investigation against the Chief Conservator of Forests of the former Travancore-Cochin State. In this case a public enquiry was ordered on 9th November, 1956 and the matter is *in progress*.

#### Central School of Printing

\*1098. Shri M. Islamuddin : Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 1621 on 31st August, 1956 and state :

(a) whether the scheme for the establishment of a Central School of Printing has since been prepared by the Expert Committee ; and

(b) if so, the details thereof ?

The Deputy Minister of Education (Dr. M. M. Das) : (a) Not yet, Sir.

(b) Does not arise.

#### Cantonment Board Employees' Provident Fund

\*1100. Dr. Satyawadi : Will the Minister of Defence be pleased to state :

(a) whether it is a fact that Cantonment Board employees contribute towards the Provident Fund at the rate of one anna per rupee and the Cantonment Boards only six pies per rupee ;

(b) if so, the reason therefor ;

(c) whether any representations have been received by Government to fix the contribution at the rate of 8-1/3 per cent. both by the employees and the Boards ; and

(d) if so, the reaction of Government thereon ?

The Deputy Minister of Defence (Sardar Majithia) : (a) Yes.

(b) According to the provisions of the Cantonment Fund Servants Rules, 1937.

(c) Yes.

(d) The Cantonment Fund Servants are entitled to bonus, which is neither admissible to municipal employees in any State nor to the employees paid from Defence Services Estimates and as such the proposal of the Cantonment Fund Employees Association for enhanced contributions to the Provident Fund have not been found acceptable to Government. It was, however, suggested to the Association that the Government would be willing to consider the question of enhancement of contributions to Provident Fund, in lieu of bonus at present admissible.

#### Development Works in Manipur

\*1102. Shri Rishang Keishong : Will the Minister of Home Affairs be pleased to state :

(a) the amount sanctioned for the development of the tribal areas of Manipur during 1956-57 ;

(b) the important programmes of development works undertaken in the current year ;

(c) the amount spent by Government so far ; and

(d) the steps taken to prevent lapse of the development grants in the current year ?

The Minister in the Ministry of Home Affairs (Shri Datar) : (a) Rs. 14.75 lakhs.

(b) A statement showing the programme for 1956-57 and the amount sanctioned in respect of each scheme is laid on the Table of the House [See Appendix IV, annexure No. 45]. It is not known which of these schemes have been undertaken already. The programme itself is likely to be modified in the light of certain investigations the Manipur Administration are making. Further information will be laid on the Table of the House in due course.

(c) and (d). The information is being collected from the Manipur Administration and will be laid on the Table of the House in due course.

#### Commercial Banks

\*1103. Shri Tulsidas : Will the Minister of Finance be pleased to state :

(a) the figures relating to total deposits and advances by the commercial Banks during the fiscal year 1956 so far ;

(b) whether an expansion in the Banks' advances has been recorded as compared to corresponding period of 1955 ;

(c) if so, to what extent and the reasons for the same ; and

(d) the measures Government propose to adopt to restrict Banks' credit in certain specific channels ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) to (c). A statement is laid on the Table of the House. [See Appendix IV, annexure No. 46].

(d) It is not possible to indicate in advance what steps Government might find it necessary to take. The position is being closely watched.

#### Inter-University Youth Festival

\*1104. **Shri Veeraswamy:** Will the Minister of Education be pleased to lay a statement on the Table showing :

(a) the duration of the Inter-University Youth Festival held in Delhi during October 1956 ;

(b) whether the proceedings were conducted in English or Hindi alone, or in both ;

(c) whether the regional languages were also used in the programmes ;

(d) the details of the arrangements made for the boarding and lodging of the participants ; and

(e) whether the participating Universities had also contributed towards the expenses incurred on the Festival ?

**The Deputy Minister of Education (Dr. M. M. Das):** (a) to (e). A statement is placed on the Table of the House [See Appendix IV, annexure No. 47].

#### दिल्ली के स्कूल

\*११०६. श्री नवल प्रभाकर : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) दिल्ली में इस समय ऐसे कितने स्कूल हैं जो तम्बुओं में चल रहे हैं ; और

(ख) इनमें माध्यमिक स्कूल कितने हैं ?

शिक्षा उपमंत्री (श० न० मो० दास) :  
(क) १८५.

(ख) ५२.

#### National College of Physical Education

\*1109. { **Shri Ram Krishan :**  
**Sardar Iqbal Singh :**  
**Sardar Akarpuri :**

Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 1833 on the 30th April, 1956 and state :

(a) whether the scheme for the setting up of National College of Physical Education has since been finalised ; and

(b) if so, the details of the scheme ?

**The Deputy Minister of Education (Dr. M. M. Das):** (a) Yes, Sir.

(b) A statement is laid on the Table of the House. [See Appendix IV, annexure No. 48].

#### Indian Navy

\*1110. **Shri D. C. Sharma:** Will the Minister of Defence be pleased to state the steps that have been taken to improve the Indian Navy during 1956 so far ?

**The Deputy Minister of Defence (Sardar Majithia):** Four minesweepers have been acquired from the U.K. during 1956. A survey vessel has been ordered to be built in India and orders for a mooring vessel, also to be built in India, will be placed shortly.

Measures have also been taken to improve the efficiency of existing ships by refit and installation of more modern equipment.

New equipment has also been acquired for the use of instructional establishments.

The training of personnel in India has also received attention. Officers and ratings are now being sent abroad only for certain specialised courses of training for which it has not so far been possible to provide necessary facilities in this country.

#### Abolition of Castes

\*1113. **Shri Gadlingana Gowd:** Will the Minister of Home Affairs be pleased to state :

(a) whether it is a fact that the Government of India is actively considering the question of abolition of references to caste distinctions in names in official and judicial proceedings ;

(b) whether the Union Government have issued a circular to the State Governments in this connection ; and

(c) if so, when a decision about this will be taken ?

**The Minister in the Ministry of Home Affairs (Shri Datar)** : (a) to (c). The State Governments have been addressed on the subject. The matter will be further considered on receipt of their replies.

**Cricket Coaching School**

\*1114. **Shri M. Islamuddin** : Will the Minister of Education be pleased to refer to the reply given to Unstarred Question No. 1056 on the 27th August, 1956 and state whether the venue of the approved Cricket Coaching School has since been fixed ?

**The Deputy Minister of Education (Dr. M. M. Das)** : Yes, Sir.

**Assam Relief Measures**

\*1115. **Shri Rishang Keishhing** : Will the Minister of Defence be pleased to state :

(a) whether it is a fact that a sum of about Rs. 5,00,000 out of the sanctioned amount of Rs. 60,00,000 for the War-affected people of the Assam Relief Measures areas of Manipur was set apart with a view to reconsider the cases of and pay to the genuine sufferers whose cases were left out at the time of enquiry ;

(b) if so, how many such genuine cases have been accepted out of the representations made to the Chief Commissioner and to the Government of India and the amount that has been paid ; and

(c) if no cases of genuine sufferers left out at the time of enquiry have been accepted, in what way amount of five lakhs is going to be utilised ?

**The Deputy Minister of Defence (Sardar Majithia)** : (a) No, Sir. A sum of about rupees five lakhs was set apart to meet doubtful claims and other unforeseen contingencies.

(b) The doubtful claims numbered over 2000. Enquiries revealed that these claims pertained to villages not included in the A. R. M. areas. So the question of enquiring into the genuineness of those claims did not arise.

(c) Any amount left out of the sum of Rs. 60 lakhs after meeting all genuine claims relating to A.R.M. areas, is intended to be surrendered to the Defence services Estimates.

**Investment by Life Insurance Companies/Corporation**

\*1117. **Shri Tulidas** : Will the Minister of Finance be pleased to lay a statement on the Table showing :

(a) the total investments by the Life Insurance Companies in Govern-

ment securities, shares, loans, stocks etc. as on the 19th January, 1956 ;

(b) the additional investment in respect of the same—made by the Life Insurance Corporation upto the 31st October, 1956 ;

(c) the total investment of funds by the Corporation in the Government and semi-Government bodies upto the 31st October, 1956 ; and

(d) the total investment of funds in the industries in the private sector upto the 31st October, 1956 ?

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah)** : (a) to (d). The information is being collected and will be placed on the Table of the House.

**Commonwealth Universities Vice-Chancellors' Conference**

\*1122. **Shri Gadilingana Gowd** : Will the Minister of Education be pleased to state :

(a) when the next Conference of the Commonwealth Universities' Vice-Chancellors will be held ;

(b) the place of the meeting ; and

(c) whether India will also participate in the Conference ?

**The Deputy Minister of Education (Dr. M. M. Das)** : (a) and (b). The next Conference of the Commonwealth Universities' Vice-Chancellors will be held from the 30th December, 1956 to the 3rd January, 1957, in Lahore (Pakistan).

(c) Yes, Sir. The Universities of India will be represented by Dr. A. L. Madhwar, the Vice-Chancellor of Madras University and Dr. G. S. Mahajani, the Vice-Chancellor of Delhi University.

**Republic Day Celebrations**

\*1123. **Shri M. Islamuddin** : Will the Minister of Defence be pleased to refer to the reply given to Starred Question No. 1166 on the 4th April, 1956 and state whether the accounts for the Republic Day Celebrations, 1956 have since been finalised ?

**The Deputy Minister of Defence (Sardar Majithia)** : The total expenditure on the Republic Day Celebrations 1956 is now known and it is about Rs. 5.75 lakhs.

**Colombo Plan Bureau**

\*1124. { **Sardar Iqbal Singh :**  
**Sardar Akarpuri :**

Will the Minister of Finance be pleased to lay a statement on the Table showing :

(a) the names of experts provided so far by the Colombo Plan Bureau for Technical Co-operation in India ; and

(b) the fields of activities of such experts ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :** (a) and (b). A statement giving the required information is laid on the Table. [See Appendix IV, annexure No. 49].

**Planning and Statistical Units in States**

**854. Shri Ram Krishan :** Will the Minister of Education be pleased to state :

(a) Whether the State Governments have set up Planning and Statistical Units in order to have proper co-ordination between the Centre and the State Governments for the implementation of Educational schemes during the Second Five Year Plan ; and

(b) if so, the names of the States which have set up such bodies so far ?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) and (b). The following States have set up Planning and Statistical Units for the purpose :

- (1) Assam.
- (2) Bihar.
- (3) Kerala.
- (4) Madhya Pradesh.
- (5) Mysore.
- (6) Orissa.
- (7) Punjab.
- (8) Rajasthan.
- (9) Uttar Pradesh.
- (10) West Bengal.
- (11) Delhi.

Other States/Administrations have the proposal under consideration.

**Bank of Patiala**

**855. { Shri Ram Krishan :**  
**Sardar Iqbal Singh :**  
**Sardar Akarpuri :**

Will the Minister of Finance be pleased to state :

(a) whether it is a fact that Government have deferred decision

regarding integration of the Bank of Patiala with the State Bank of India ; and

(b) if so, the reasons thereof ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :** (a) and (b). After consultation with the Reserve Bank of India and the State Government, the Government of India came to the view that the present arrangement of the Bank being controlled by the State Government need not be changed.

**Electronic, Radio and Radar Equipment**

**856. Shri Ram Krishan :** Will the Minister of Defence be pleased to state :

(a) whether it is a fact that the scheme for the production of electronic radio and radar equipment has been finalised ; and

(b) if so, the main features thereof ?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) Yes.

(b) Bharat Electronics Ltd. was set up in 1954 to produce electronic, radio and radar equipment, radio tubes and certain components. The company went into production in December, 1955.

A general assessment of the requirements of country on a five year basis has already been carried out. This has been made the basis of the production programme of the company.

The production programme for the years 1956-57 and 1957-58 has been finalised. It includes various equipments such as communication receivers, transmitters etc. It also includes the manufacture of certain specific equipments required by Defence Services. The value of the total output for the two years is estimated at Rs. 2 crores.

Depending on the requirements of the indentors and the production capacity of the company, the value of the total output will be progressively increased.

**Population Figures**

**857. Shri M. L. Agrawal :** Will the Minister of Home Affairs be pleased to state :

(a) whether the latest population figures in respect of Scheduled Castes and Scheduled Tribes in U. P. have been estimated in accordance with section 5 of the Scheduled Castes and Scheduled Tribes Orders (Amendment) Act 1956 ;



(b) if so, a statement showing the following information district-wise of U.P. be laid on the Table :

(i) total population ;

(ii) total Scheduled Castes and Scheduled Tribes population before and after the passing of the above Act ;

(c) if not when the new figures regarding Scheduled Castes and Scheduled Tribes would be notified ;

(d) whether rules regarding the estimation of such figures have been framed : and

(e) if so, a copy of the same be laid on the Table ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) There are no Scheduled Tribes in Uttar Pradesh. The population figures in respect of Scheduled Castes of Uttar Pradesh have been estimated in accordance with Section 5 of the Scheduled Castes and Scheduled Tribes Order Amendment Act, 1956.

(b) A statement giving the information in respect of Scheduled Castes is laid on the Table of the House. [See Appendix IV, annexure No. 50].

(c) The population of Scheduled Castes in Uttar Pradesh according to the Scheduled Castes and Scheduled Tribes Orders (Amendment) Act, 1956 has already been notified in Part I, Section I of the Gazette of India Extraordinary, dated the 24th October, 1956.

(d) and (e). The rules in this behalf have been published in Part I Section I of the Gazette of India Extraordinary on the 23rd October, 1956.

#### Confirmation of Assistants

**858. Shri N. B. Chowdhury :** will the Minister of Home Affairs be pleased to state :

(a) whether it is a fact that only 25 per cent. quota has been reserved for filling up permanent posts of Assistants from the existing temporary Assistants while 75 per cent. permanent posts are being filled up directly through the U.P.S.C. ;

(b) whether it is a fact that a representation was sent to the Home Minister to increase the existing quota of 25 per cent. to 75 per cent. for a period of 5 years at least ;

(c) if so, what action has been taken by Government so far to confirm the existing temporary Assistants ; and

(d) by what date Government propose to confirm these temporary Assistants ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) Yes.

(b) Yes.

(c) and (d). The matter is under consideration.

#### Bridle Paths

**859. Shri Rishang Keishing :** Will the Minister of Home Affairs be pleased to state :

(a) whether it is a fact that a sum of Rs. 50/- per mile is paid for maintenance of the bridle path in the hill areas of Manipur ;

(b) whether Government are aware that a bridle path which was made a jeepable one during war time connects the village of Pheengret (Chesami) with Ukhrul ;

(c) whether it is a fact that in spite of the usual and satisfactory maintenance of the bridle path every year, the villagers have never been paid the amount of Rs. 50/- p. m. ;

(d) whether it is a fact that repeated representations of the villagers for payment of the amount have not borne fruit ; and

(e) if so, the reasons therefor ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) to (e). The information is being collected and will be laid on the Table of the House in due course.

#### Purchase of Fire Engine for Manipur

**860. Shri Rishang Keishing :** Will the Minister of Home Affairs be pleased to refer to the reply given to unstarred Question No. 2460 on the 29th May, 1956 and supplementary statement No. IX laid on the Table by the Minister of Parliamentary Affairs in pursuance thereof and state the cost of the fire engine now sanctioned by the Government of India for Manipur ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** The Government of India have sanctioned a sum of Rs. 71,500/- for the purchase of the following equipment for Manipur :

(i) One Fire Engine.

(ii) Two Trailer Pumps.

(iii) One Towing Vehicle and Ancillary equipment.

**Salt Wells**

**861. Shri Rishang Keishang :** Will the Minister of Home Affairs be pleased to state :

(a) whether it is a fact that the tribal people particularly those living in the Ukhrul areas manufacture salt from the salt wells available in their areas ;

(b) whether it is a fact that the villagers pay Rs. 25 for each salt well to the State Government as tax ;

(c) how many such salt wells are available in Manipur ;

(d) the net revenue realised from them ; and

(e) the steps Government have taken to help the villagers for the upkeep of the wells, as well as in increasing their output ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) Yes.

(b) No.

(c) Nineteen.

(d) Only four leased out in 1956-57 fetched a revenue of Rs. 2,590/-.

(e) No special step has been taken for the upkeep of the valley wells except those leased out.

**भायकर**

६६२. श्री ह० रा० नबानी: क्या वित्त मंत्री यह बताने की कृपा करेंगे कि १९५४-५५ और १९५५-५६ में राजस्थान राज्य से आय-कर के रूप में कितनी राशि वसूल की गयी और कितनी राशि वसूल करना बाकी है ?

वित्त तथा लोहा और इस्पात मंत्री (श्री लि० त० कृष्णामाचारी) : १९५४-५५ और १९५५-५६ में राजस्थान राज्य से भायकर के रूप में जो रकम वसूल की गयी वह इस प्रकार है:—

१९५४-५५ ११२.१० लाख रुपये

१९५५-५६ १११.६७ लाख रुपये

१-१०-१९५६ तक ६७.२३ लाख रुपये की रकम वसूल होनी बाकी थी ।

**Population Survey in Mysore**

**863. Shri Gidwani :** Will the Minister of Home Affairs be pleased to state :

(a) whether Dr. C. Chandrashekar, who recently conducted a population survey

in Mysore State, has submitted his report; and

(b) if so, what is the nature of the report ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) Yes, on behalf of the United Nations to whom he has submitted his report. The report as approved by the United Nations is expected to be received in India by March 1957.

(b) The contents of the report are not yet known.

**Minerals in Punjab**

**864. Shri D. C. Sharma :** Will the Minister of Natural Resources and Scientific Research be pleased to lay on the Table a statement showing the following details of minerals found in Punjab during 1955-56.

(i) name of the mineral ;

(ii) estimated quantity available ; and

(iii) quantity extracted ?

**The Deputy Minister of Education (Dr. K. L. Shrimall) :** No new mineral deposit has been discovered in the Punjab during 1955-56.

A statement giving the available information in respect of the minerals found in the Punjab is however laid on the Table of the House. [See Appendix IV, annexure No. 51].

**Accidents in Delhi**

**865. Shri D. C. Sharma :** Will the Minister of Home Affairs be pleased to state :

(a) the number of motor accidents in Delhi from the 1st July to the 30th November, 1956 ;

(b) the main causes of these accidents ;

(c) the number of people who died due to these accidents; and

(d) the steps taken to check them ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) 479.

(b) (i) Rash and negligent driving.

(ii) Non-compliance with traffic rules by motorists and cyclists.

(iii) Use of dazzling lights by the motorists.

(iv) Lack of Road sense among the pedestrians.

(v) Obstruction to pedestrians due to unauthorised stalls on pavements.

(c) 40

(d) A statement is laid down on the Table of the House. [See Appendix IV, annexure No. 52].

#### Affiliated Colleges

**866. Shri D. C. Sharma :** Will the Minister of Education be pleased to state the steps taken by his Ministry for giving financial help to the affiliated colleges ;

(i) through the University Grants Commission ; and

(ii) directly by the Ministry, during the current year ?

**The Deputy Minister of Education (Dr. M. M. Das) :** A statement is laid on the Table of the Lok Sabha. [See Appendix IV, annexure No. 53].

#### Discharge of Service Personnel

**867. Shri D. C. Sharma :** Will the Minister of Defence be pleased to state :

(a) the number of service personnel discharged after eight to ten years of service on the ground 'services no longer required' during the last three years ; and

(b) the categories of J.C.Os., Warrant Officers, other Ranks and Non Combatants (Enrolled) etc. to which they belong ?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) and (b). It will not be in the public interest to disclose this information.

#### General Education Courses Committee

**868. { Shri D. C. Sharma :  
Shri K. C. Sodhia :**

Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 1456 on the 27th August, 1956 and state :

(a) whether the recommendations of the Committee for General Education Courses have since been examined ; and

(b) if so, the number of recommendations which have been accepted ?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) and (b) : The recommendations of the Committee for General Education Courses are being examined by the Universities.

#### Annual Tax on Total Wealth

**869. Shri D. C. Sharma :** Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 1297 on the 22nd August, 1956 and state :

(a) whether the proposal regarding the levy of annual tax on total wealth has since been finalised ; and

(b) if so, the details thereof ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachar) :** (a) No Sir. This is one of the proposals suggested for the consideration of Government and is under examination in the same manner as other similar proposals are examined.

(b) Does not arise.

#### Bharat Sewak Samaj Camps

**870. { Sardar Iqbal Singh :  
Sardar Akarpuri :  
Shri D. C. Sharma :**

Will the Minister of Education be pleased to state :

(a) the total number of camps held so far in the State of Punjab with Central aid under the auspices of Bharat Sewak Samaj, District-wise ;

(b) the total number of persons who attended the camps, camp-wise ;

(c) the total amount of expenditure incurred ; and

(d) the nature of work completed, camp-wise ?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) to (d). A statement giving the requisite information is laid on the Table of the House. [Placed in Library. See No. S-588/56].

#### Assessment of Voters

**871. { Shri Krishnamacharya Joshi :  
Sardar Iqbal Singh :  
Sardar Akarpuri :**

Will the Minister of Law be pleased to state :

(a) the total number of persons enrolled as voters for the ensuing general elections, State-wise ; and

(b) the total number of Indian voters residing in foreign countries ?

**The Minister of Legal Affairs and Civil Aviation (Shri Pataskar) :** (a) The information is being collected and will be laid on the Table of the House, when available.

(b) It is regretted that the information asked for is not available.

**Gushtika-Kand Drug**

872. { **Dr. Ram Subhag Singh :**  
**Shri Shivnanjappa :**  
**Shri Gidwani :**

Will the Minister of **Natural Resources and Scientific Research** be pleased to state :

(a) whether it is a fact that a drug namely, Gushtika-Kand whose use is said to dispense with food for months has been discovered ;

(b) if so, whether Government have examined its properties ; and

(c) the results thereof ?

**The Deputy Minister of Education (Dr. K. L. Shrimall) :** (a) to (c). An Ayurvedic Pandit supplied a specimen of the Gushtika-Kund root to the Central Food Technological Research Institute, Mysore. On testing the Institute found it like any other root. It has a large percentage of starch and low amount of protein and people can live on it for some time but there is no evidence to show that it can help to dispense with food. It is not a drug.

A sample of the root has also been sent to the Nutrition Research Laboratories, Coonoor, for a report which is awaited.

**Match-Stick**

873. **Shri Jhulan Sinha :** Will the Minister of **Natural Resources and Scientific Research** be pleased to state :

(a) whether his attention has been drawn to a news item published in the Hindi Daily "Aaj" of Banaras dated the 24th September, 1956 to the effect that in China, a type of match-stick has been evolved which can be lighted and kept burning even amidst rain and wind ; and

(b) if so, whether the scientific laboratories in India have studied the process and done something to produce the same here ?

**The Deputy Minister of Education (Dr. K. L. Shrimall) :** (a) and (b). The Government is aware of the news item published in the Hindi Daily "Aaj" dated the 24th September, 1956. The reference seems to be to damp-proof matches which are not spoiled in the rainy weather and are readily lighted even in strong wind.

Such matches are reported to be manufactured in India too involving the use of a coating of shellac or linseed oil with potassium dichromate. No research is being done in this connection in any of the National Laboratories in India.

**Index Numbers**

874. **Shri V. P. Nayar :** Will the Minister of **Finance** be pleased to state whether the Government of India have made an estimate of the rise in the index of wages and profits corresponding to the estimated rise in the index of Industrial production to 194 from 130 in 1955 (keeping 1951=100) (*Vide* pp. 416 of the Second Plan)?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :** No, sir. No such index has been calculated because the relative movements of wages and profits depend on a variety of factors which it is not possible to assess in advance.

**Delhi Police**

875. **Dr. Satyawadi :** Will the Minister of **Home Affairs** be pleased to state :

(a) whether it is a fact that Government have sanctioned the benefits of special pay towards pension to the Police Officers who retired from Delhi State Police after the 29th September, 1954; and

(b) if so, the reasons why the officers who retired prior to that date been deprived of this benefit ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) Yes.

(b) Sanction to the counting of special pay towards pension was issued on the 29th September, 1954. Under rule 58 of the General Financial Rules, such financial sanctions are not given retrospective effect and therefore, the benefit of special pay for pension could not be extended to the officers who retired prior to the 29th September, 1954.

**Delhi Police**

876. **Dr. Satyawadi :** Will the Minister of **Home Affairs** be pleased to state :

(a) whether it is a fact that the non-gazetted police officers of the former Delhi State Government of and above the rank of Assistant Sub-Inspector are borne on Punjab Cadre or Delhi Punjab Joint-Cadre;

(b) if they are borne on Delhi Punjab Joint Cadre, whether there is any line of demarcation between the service conditions of those who are on the Delhi State Strength and those of Punjab Provincial Strength ;

(c) whether the Central Government have framed rules and regulations to regulate the service conditions of Police Personnel serving in Delhi State apart from the rules and regulations which the Punjab Government have framed ; and

(d) what would be the position if the service conditions of the Police employees are regulated by rules and orders framed by the Punjab Government ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) Yes, on the Delhi-Punjab Joint Cadre.

(b) No.

(c) No, except in respect of leave.

(d) The officers concerned will be governed by the Punjab Revised Rules instead of the Revised Leave Rules issued by the Central Government, and

(i) their earned leave will accumulate upto 120 days as against 180 days provided in the Government of India rules,

(ii) they will be entitled to 20 days casual leave against the present 15 days, and

(iii) they will be entitled to 180 days commuted leave during their entire service against 240 days allowed by the Government of India rules.

#### **Tribal Advisory Board in Manipur**

**877. Shri Rishang Keishing :** Will the Minister of Home Affairs be pleased to state :

(a) whether the Government of Manipur constituted a Tribal Advisory Board in 1954-55 ;

(b) if so, how many times the Board met in 1954-55 ;

(c) what are their recommendations ;

(d) how far the recommendations of the Board were carried out ; and

(e) the grounds for not carrying out the remaining recommendations of the Tribal Advisory Board ?

**The Minister in the Ministry of Home Affairs (Shri Datar) :** (a) A Tribal Advisory Board was constituted in Manipur in June, 1955.

(b) to (c). The information is being collected and will be laid on the Table of the House in due course.

#### **Tobacco in Tribal Areas**

**878. Shri Sanganna :** Will the Minister of Finance be pleased to state :

(a) whether it is a fact that Government contemplate to revise the present tobacco tax policy in the tribal areas of the country ;

(b) whether growth of tobacco is encouraged by the present policy of Government in tribal areas ; and

(c) if so, the out-turn for the last three years of the areas in each State ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :** (a) There is no separate policy as such in respect of tobacco tax for tribal areas. However, the Collectors of Central Excise have been authorised under certain conditions, to give some exemptions to some sparsely populated areas e.g., hilly, desert and jungle areas and where tobacco is grown predominantly for local consumption. We think the benefit if this exemption will mostly go to tribal people. This concession is purely on a provisional basis and is kept under continuous review. But there is no proposal just at present to change this policy.

(b) The policy of granting exemption to hilly, desert and jungle areas might encourage to some extent the growth of tobacco.

(c) As the Department does not make any special provision for tribal areas, the information asked for is not available.

#### **Income Tax Concession to Co-operative Societies**

**879. Thakur Jugal Kishore Sinha :** Will the Minister of Finance be pleased to state :

(a) the details of the tax concession granted to co-operative societies with special reference to the exemption from income-tax ; and

(b) the impact of such concession with reference to the development of co-operative organisations, loss of revenue and the misuse of such concession in 1955-56 in each State ?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari) :** (a) The details of the tax concessions, if any, granted to co-operative societies under the tax laws of the various States are not available with this Ministry. Certain tax concessions are enjoyed by co-operative societies under the Income-tax Act and these are the following :

(1) The profits from business of a co-operative society are exempt from tax. Dividends received by members from a co-operative society are also exempt in their hands.

(2) Interest on securities and income from property are exempt from tax in the case of all co-operative societies with incomes below Rs 20,000, provided that societies are not housing societies,

urban consumers' societies or transport societies.

(3) Income of a society from its investments with other co-operative societies is exempt from tax.

(4) Income of a society from letting out godowns and warehouses is exempt from tax.

(5) In the case of a housing society, the income from the property is taxed only in the hands of the member-tenants though the society itself is the legal owner of the property.

(b) Except the concession referred to at item (1) above which has been in existence since 1925, the rest of the concessions in items (2) to (5) were introduced through the Finance Act, 1955. Only one full year (1955-56) has passed since these have been effectively in operation, and it is not possible to make an appraisal of their impact on the development of co-operative organisations in the country so soon. The period is also too short for attempting an estimate of the loss of revenue likely to result from the extended concessions. The taxation Enquiry Commission (pursuant to Whose recommendations the concessions were extended in 1955) themselves have suggested that a review should be made at the end of ten years from the time the concessions recommended by them commence to be implemented. No instances of misuse of the concessions have so far been brought to the notice of Government.

#### Lower Division Clerks of Air Force Headquarters

880 { Shri B. C. Das:  
Shri Tushar Chatterjee:

Will the Minister of Defence be pleased to state:

(a) whether it is a fact that while the Lower division Clerks in the Central Secretariat who have joined service before January, 1948 are exempted from the test for promotion and are given promotion on the basis of seniority-c-m-merit, similar clerks in the Air Force Headquarters are not given that benefit;

(b) if so, why;

(c) whether the Lower Division Clerks of Air Force Headquarters will be included in the Reorganisation Scheme of the Central Secretariat; and

(b) if so, when?

**The Deputy Minister of Defence Sardar Majithia :** (a) to (d) It is not a fact that all persons who joined

the Central Secretariat before January 1948 are, as a class, exempt from taking the test for promotion as UDC.

With the introduction of the Central Secretariat Clerical Service in 1954 the post of UDC was declared a selection post. It was recently decided that selection should be on an all Secretariat basis and should be made on the basis of an UPSC examination which should be taken by everyone not already selected for the post of UDC. Prior to this decision it so happened that promotion in the offices participating in the Central Secretariat Clerical service had been made on a Ministry-wise basis and had already reached the seniority level of December 1947 in the LDC grade.

A proposal to merge all classes of the civilian establishment of the Armed forces Headquarters with that of the Central Secretariat Service is under consideration of Government. In view of this proposal, standard rules for determining merit and suitability for promotion are generally followed also for the Armed Forces Headquarters. A decision was therefore taken in respect of the Armed Forces Headquarters that the post of UDC will be filled on the basis of an examination. In the case of the AFHQ the seniority level for promotion to UDC already reached is about the end of 1943. The question of holding the examination for promotion to UDC in the AFHQ is at present being re-examined by Government.

#### Central Excise Inspectors

881. **Shri Viswanatha Reddy :** Will the Minister of Finance be pleased to state :

(a) whether it is a fact that a large number of Central Excise Inspectors in Hyderabad Collectorate have not received their routine increments since 1952; and

(b) if so, the reasons therefor?

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** (a) Only six officers out of a total strength of Inspectors in that Collectorate of slightly over 800, have not got the routine increments.

(b) In 3 cases, the delay was mainly due to the disciplinary cases pending against them during this period. The disciplinary cases have since been finalised and steps are being taken to fix their pay in the revised scale of pay of Inspector and draw their increments.

In the other three cases, the approval of the Audit Authorities regarding fixation of pay in the revised scale of pay of Inspector is awaited. They are being reminded.

#### Multi-purpose Schools in Bihar and Orissa

**882. Shri Deogam :** Will the Minister of Education be pleased to state:

(a) the names of places in the States of Bihar and Orissa where multi-purpose schools will be established during the Second Five Year Plan period; and

(b) the amount of grant-in-aid sanctioned to each of the above States during 1956-57 so far this purpose?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) The information can be supplied only at the end of the Second Five Year Plan as the selection is made from year to year.

(b) Bihar—Rs. 173125 lakhs. (for improvement of Secondary Education including *inter alia* conversion of 10 High Schools to Multi-purpose Schools). Orissa—Rs. 4.615 lakhs.

#### I.A.S. Special Recruitment

**883. Shri Veeraswamy :** Will the Minister of Home Affairs be pleased to state :

(a) the number of applications received from each State for I.A.S. Special Recruitment Examination to be held in the 1st week of December, 1956;

(b) the number, State-wise, of applicants permitted to sit for the examination; and

(c) the number of scheduled caste applicants, State-wise, with the number of candidates permitted to sit for the examination?

**The Minister in the Ministry of Home Affairs (Shri Datar) (a) to (c).** The Union Public Service Commission, who are conducting this examination, do not classify applications on the basis of the States of origin of the applicants. This information is of no consequence to them for the purpose of the examination. The total number of applications received is 23045, the total number applicants permitted so far to sit for the examination is 20614 and the total number of Scheduled Castes applicants is 1125.

#### Limestone Deposits in Kangra

**884. Shri Hem Raj :** Will the Minister of Natural Resources and Scientific Research be pleased to refer to the reply given to Unstarred Question No. 222 on the 2nd March, 1956 and

state the extent and magnitude of the limestone deposits at Dharamkot in Kangra District?

**The Deputy Minister of Education (Dr. K. L. Shrimali) :** The Limestone deposit occurs at Dharamkot in the Kangra district. The outcrop is located about 3 air miles north of Dharamsala. This deposit has an easy approach from Dharamsala. The deposit continues in a North West direction across the Bhatad Khad.

The magnitude of the deposits will be known only after further investigation, which is proposed to be carried out by the Geological Survey of India during the winter season 1956-57.

#### शिक्षा निदेशालय, दिल्ली

८८५. श्री नवल प्रभाकर : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि:

(क) दिल्ली के शिक्षा निदेशालय में इस समय विभिन्न ग्रेडों के कुल कितने अधिकारी कार्य कर रहे हैं; और

(ख) इनके कर्तव्य क्या हैं?

शिक्षा उपमंत्री (डा० म० मो० दास) :

(क) और (ख) एक विवरण सभा पटल पर रख दिया गया है। (बोझिये परिशिष्ट ४) अनुबन्ध संख्या ५४)

#### दिल्ली क माध्यमिक स्कूल

८८६. श्री नवल प्रभाकर : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) दिल्ली में इस समय कितने माध्यमिक स्कूल चल रहे हैं;

(ख) इन स्कूलों में कितने विद्यार्थी शिक्षा प्राप्त कर रहे हैं; और

(ग) क्या स्कूलों की संख्या दिल्ली की बढ़ती हुई जनसंख्या के लिये पर्याप्त है?

शिक्षा उपमंत्री (डा० म० मो० दास) :

(क) ३०५.

(ख) लगभग १,५८,०००

(ग) जी, नहीं।

**Minesweeping Squadron**

887. { **Sardar Iqbal Singh :**  
**Sardar Akarpuri :**

Will the Minister of Defence be pleased to state:

(a) whether the Government of India have formed a new minesweeping squadron of the Indian Navy; and

(b) if so, the names of the ships in this squadron?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) Yes.

(b) The KARWAR, the KAKINADA the CANNANORE and the CUDDALLORE.

**Grants to Hindi Organisations**

888. **Shri Dhusiya :** Will the Minister of Education be pleased to state :

(a) the grounds on which grants are given to the various Government and non-Government organisations that are working for development of Hindi; and

(b) the number of such organisations which have applied for grants during 1956-57 so far?

**The Deputy Minister of Education (Dr. M. M. Das) :** (a) Central Government assistance for 'Promotion of Hindi' is generally given to the State Governments concerned in respect of the approved schemes. The State Governments are responsible for the spread of Hindi in their respective areas and are also free to do the work in any manner and through any agency they consider best. Government of India in certain cases, however, help certain organisations of an all-India character for schemes which are not limited to any particular State or area but which are calculated to help the development of Hindi in general.

(b) 24.

**Army Canteen Stores Department**

889. { **Dr. Rama Rao :**  
**Shri Mohana Rao :**

Will the Minister of Defence be pleased to state:

(a) whether it is a fact that an Army Officer has been appointed as Chairman, Canteen Stores Department;

(b) if so, his present remuneration and terms and conditions of service; and

(c) what was his salary before this appointment?

**The Deputy Minister of Defence (Sardar Majithia) :** (a) Yes, as Chairman, Board of Administration, Canteen Stores Department (INDIA).

(b) Rs. 1,670/- P.M. in the scale of Rs. 1550-60-1850-100-2250 plus compensatory allowance admissible in BOMBAY.

The other terms and conditions of service of the officer are :—

(i) Tenure—On loan for four years from 15th May 1955.

(ii) Leave as admissible to first grade civilian officers.

(iii) Accommodation, if provided rent recoverable at 10 percent or assessed rent whichever is less, plus water and electricity charges.

(iv) Travelling allowances as admissible to first grade civilian officers.

(v) Disability and family pensions that may become payable to the officer or his family on account of any casualty during his service with Canteen Stores Department (INDIA) will be borne by the Canteen Stores Department (INDIA).

(vi) Canteen Stores Department (INDIA) service will count for his retiring pension and the Department will be liable for pension contribution to Government.

(vii) The officer and his family are governed by the military disciplinary attendance rules.

(viii) Canteen Stores Department (INDIA) service will be treated as military service and will count for seniority, increment and promotion in the Army.

(c) Basic salary	Rs.	1,150/-
Kit maintenance allowance;	.	30/-
Qualification pay	.	75/-
Special Disturbance allowance;	.	30/-
		1,285/-

**Afghan Nationals**

890. **Shri Raghunath Singh :** Will the Minister of Home Affairs be pleased to state the number of Afghan nationals registered in India who are engaged in money-lending business?



**The Minister in the Ministry of Home Affairs (Shri Datar) :** The number of Afghan nationals registered in India as on 31-12-1955 was 5,754. A test check shows that 95% of them are money-lenders and petty hawkers who are also engaged in money-lending.

**Excavations in Arthuna and Zawar Villages**

**891. Shri Bheekha Bhai :** Will the Minister of Education be pleased to

state the reasons for not carrying out any excavations at Arthuna in Banswara District and Zawar in Udaipur District of Rajasthan although relics belonging to the 11th and 12th Centuries A. D. have been discovered there ?

**The Deputy Minister of Education (Dr. M. M. Das) :** The sites at Arthuna and Zawar belong to a comparatively late period, and priority cannot be given in the Department's planned programme to excavation at these sites.

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## DAILY DIGEST

[Wednesday, 12th December, 1956]

ORAL ANSWERS TO QUESTIONS			WRITTEN ANSWERS TO QUESTIONS		
S.O. No.	Subject	1325—64 COLUMNS	S.O. No.	Subject	1364—92 COLUMNS
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12th December, 1956  
(Wednesday)

# LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)



LOK SABHA SECRETARIA.  
NEW DELHI

SIX ANNAS (INLAND)

TWO SHILLINGS (FOREIGN)

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(Part II—Proceedings other than Questions and Answers)

2639

LOK SABHA

Wednesday, 12th December, 1956

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

12-10 hrs.

PAPERS LAID ON THE TABLE

DISSENTIENT REPORT, NETAJI ENQUIRY COMMITTEE

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I beg to lay on the Table a copy of the Dissentient Report by Shri Suresh Chandra Bose, member, Netaji Enquiry Committee. [Placed in Library. See No. S-555/56].

Shri Kamath (Hoshangabad): May I ask about this matter whether in accordance with practice or custom, Government will also lay on the Table at some future date, if not now, today, a copy of their comments on this Dissentient Report, whether they accept the findings or not.

Shri Jawaharlal Nehru: Government have accepted the findings; there is no question about it. Government have accepted the report on the findings of the majority of this Committee. That is a long finding. I give this information to the hon. Member here and now.

Shri Kamath: May I ask whether the comments of the Government on this report will be laid on the Table?

2640

Shri Jawaharlal Nehru: Government do not accept the conclusions of this report.

Shri Sadhan Gupta (Calcutta—South-East): I want to ask whether the Government have any objection to place the evidence before the Committee on the Table of this House—the evidence which was given before the Enquiry Committee.

Shri Jawaharlal Nehru: I have no objection, but it is rather difficult. I would be perfectly prepared to show it to Members, but I think it would be a bad precedent for me to place all the evidence on the Table of the House. If any hon. Members care to see it, they can come to the Ministry of External Affairs office and see it; I will show it to them.

Shri Kamath: Can it not be published?

Shri Jawaharlal Nehru: It is not worthwhile publishing it.

OFFICE MEMORANDUM re INDIAN FOREIGN SERVICES BRANCH B (INITIAL CONSTITUTION) RULES

Shri Jawaharlal Nehru: I beg to lay on the Table a copy of the Ministry of External Affairs Office Memorandum No. 4(5)-FSB/56, dated the 28th August, 1956, relating to the Indian Foreign Service Branch B (Initial Constitution) Rules. [See Appendix IV, annexure No. 55].

UNIVERSITY GRANTS COMMISSION (DISQUALIFICATION, RETIREMENT AND CONDITIONS OF SERVICE OF MEMBERS) RULES.

The Deputy Minister of Education (Dr. K. L. Shrivastav): Sir, I beg to lay on the Table, under sub-section (3)

(Dr. K. L. Shrimali)

of Section 25 of the University Grants Commission Act, 1956, a copy of the University Grants Commission (Disqualification, Retirement and Conditions of Service of Members) Rules, 1956, published in the Notification No. S.R.O. 2607, dated the 10th November, 1956. [Placed in Library. See No. S-540/56].

#### AMENDMENTS TO PUBLIC DEBT (COMPENSATION BONDS) RULES

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** Sir, I beg to lay on the Table, under sub-section (3) of Section 28 of the Public Debt Act, 1944, a copy of the Notification No. S.R.O. 1196, dated the 26th May, 1956, making certain amendments to the Public Debt (Compensation Bonds) Rules 1954. [Placed in Library. See No. S-541/56].

#### REPORT OF REHABILITATION FINANCE ADMINISTRATION

**The Minister of Revenue and Defence Expenditure (Shri A. C. Guha):** Sir, I beg to lay on the Table, under sub-section (2) of Section 18 of the Rehabilitation Finance Administration Act, 1948, a copy of the Report of the Rehabilitation Finance Administration for the half year ended the 30th June, 1956. [See Appendix IV, annexure No. 56].

#### FLOOD SITUATION IN THE COUNTRY

**The Minister of Planning and Irrigation and Power (Shri Nanda):** Sir, I beg to lay on the Table of the House a statement [Placed in the Library. See No. S-558/56.] reviewing the flood situation in the country subsequent to my earlier statement on the 27th July. With your permission, I would like to add a few words on the overall position of the programme as implemented and the directions in which we propose to take further action.

As the House is already aware, the question of an integrated national flood

control programme was taken up in September 1954. As indicated in the comprehensive statement which I laid on the Table of the House on 3rd September 1954, the programme was divided into three phases, immediate, short-term and long-term. Special organisations were set up at the Centre and in the States affected by floods for formulating schemes and implementing them quickly. The 'immediate phase' extending over a period of two years was to be devoted to intensive investigation and collection of technical data, preparation of designs and estimates for short-term measures and execution of emergent measures like revetments, spurs and some embankments. During this period, investigations have been carried out over extensive areas and valuable data have been collected. Aerial photography has been completed over 43,000 sq. miles; photomosaics have been taken for about 35,000 sq. miles; secondary and tertiary levelling has been done in an area totalling 19,000 square miles. A number of discharge observation, gauge and silt observation sites, and rain-gauge and river-gauge stations have also been set up.

As a result of the execution of emergent schemes during this period, appreciable benefits have already accrued to the regions in which those schemes were undertaken. An area of over 26 lakh acres has been saved from inundation, besides a number of towns in Assam, U.P., Bihar and West Bengal.

The 'immediate phase' is over and the stage has now been reached when we should take stock of the position. We have had very heavy floods successively in 1954, 1955 and 1956. These floods, each of which had its own special features, presented problems, a satisfactory solution which is essential for the formulation of an integrated programme. In 1954, major rivers like the Brahmaputra, the Kosi and Burhi Gandak, were mainly responsible for the havoc caused. The 1955 floods, however, showed that even

small streams like the Tons, the Gomti and the Sai could be as devastating as the larger rivers and that a serious situation could be created by heavy local precipitation where drainage was not adequate. The experience of the 1956 floods was that heavy and continuous rainfall could cause great damage even in areas like Rajasthan, south-eastern districts of the Punjab, etc. normally considered to be immune from floods. The four River Commissions, which have been constituted for the Ganga, the Brahmaputra, the North-western rivers and the Central India rivers are seized of the position and they are helping the States in the formulation of appropriate proposals. Nevertheless, the flood problem is so varied and intricate in nature that it is desirable to secure authoritative advice in regard to the works to be undertaken hereafter. Opinion is sharply divided on the suitability of certain measures of flood protection, in particular, of embankments. It is important that all such questions should be settled beyond doubt. The Government, therefore, propose to set up a high level committee, which may include foreign experts, to go into the entire question on the basis of available data and make their recommendations. When the methods to be adopted are finally settled, we can, with confidence, go ahead with the implementation of our long range programme.

**Shri Kamath (Hoshangabad):** On a point of information, may I ask whether, in view of the recurring floods for the last so many years and the damage they have caused to food crops and also to human lives in the shape of train disasters, Government propose to tackle the problem of flood control with a new sense of urgency, greater than what is visible or what is shown in the second Five Year Plan, and if I may be permitted to use a hackneyed phrase, hackneyed by Government use, will they put it on a "war footing"?

**Shri Nanda:** I do not accept the suggestion or the hint that there has

not been a sense of urgency about the execution of the programme; so far in the course of the last two years the pace of work that had been accomplished has been more than anything done during the last 20 or 30 or 40 years and the proposal that has been put forward here or rather the decision of the Government to set up a high level Committee of this kind is itself a certain evidence of the sense of urgency about this matter so far as the Government is concerned.

**Shri Kamath:** How many Committees have set so far?

**Shrimati Renu Chakravarty (Basirhat):** The hon. Minister stated that foreign experts will be brought in to find out the ways and means to tackle these floods. I would like to know whether separate experts will be allocated to various rivers or whether there will be one commission or expert committee which will be going round the country and may I know when they will start the work?

**Shri Nanda:** This Committee is not intended to tackle individual schemes in different areas. It is really an overall assessment of the work that has been done, the method that has been adopted, the approach to the whole solution of the problem of floods. On the basis of the experience in other countries and the examination of the experience here we have to see whether we need to modify our methods or approach in this matter. Naturally the Committee in order to have an overall view of the situation must visit all the areas and places which are affected by the floods.

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#### COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

##### SIXTY-SIXTH REPORT

**Sardar Hukam Singh (Kapurthala—Bhatinda):** I beg to present the Sixty-sixth Report of the Committee on Private Members' Bills and Resolutions.

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PETITION RE SADHUS AND  
SANYASIS (REGISTRATION  
AND LICENSING) BILL

**Secretary:** Sir, under Rule 179 of the Rules of Procedure and Conduct of Business in Lok Sabha, I have to report that a petition as per statement laid on the Table has been received in respect of the Sadhus and Sanyasis (Registration and Licensing) Bill, 1956, which was introduced by Shri Radha Raman, M.P. in the House on the 27th July, 1956.

STATEMENT

Petition in respect of the Sadhus and Sanyasis (Registration and Licensing) Bill, 1956, which was introduced by Shri Radha Raman, M.P., in the House on the 27th July, 1956.

Petition No.	Number of Signatories	District or to whom	State.
77	1	South Kana a district	Mysore

BUSINESS ADVISORY COMMITTEE

FORTY-FIFTH REPORT

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** I beg to move:

"That this House agrees with the Forty-fifth Report of the Business Advisory Committee presented to the House on the 10th December, 1956."

**Shri Biren Dutt (Tripura West):** I want to know why no mention has been made about the Territorial Council Bill in this Report. It was stated that it will be passed during this session, as it is necessary that for the Union Territories the territorial councils should be set up in view of the coming general elections. I find no mention about this Bill here.

**Shri Satya Narayan Sinha:** I have not been able to follow him.

**Shri K. K. Basu (Diamond Harbour):** We were told that the Territorial Council Bill would be gone through in this session. If it is not passed now, there is no chance of its being passed before the general elections.

**Shri Satya Narayan Sinha:** There is no Bill about it.

**Shri Kamath (Hoshangabad):** What about the rules to be framed under the Representation of the People Act, 1956.

**Mr. Speaker:** These are all things to be placed before the Business Advisory Committee.

**Shrimati Renu Chakravarty (Basirhat):** Some of the time allocations made in the last Business Advisory Committee meeting and incorporated in this Report have been changed in the course of discussion. I would suggest that since the Business Advisory Committee is to meet today, we may finally place these matters before it, and after we get the views of the Government also, the full list may be placed before the House. That would be better.

If the House now passes this Report and then again it becomes necessary to make changes, it would lead to a lot of difficulty and confusion.

**Mr. Speaker:** This Report does not interfere with the Hindu (Maintenance and Adoptions) Bill. With respect to that Bill, the allotment has already been made by the Committee and approved by the House. Therefore, it will have to be sent in the form of a recommendation for the approval of the House and the House may revise. Therefore, instead of doing anything now, let us see what happens in the Business Advisory Committee when it meets today. We need not make any revisions now.

The question is:

"That this House agrees with the Forty-fifth Report of the Business Advisory Committee presented to the House on the 10th December 1956."

*The motion was adopted.*

## BUSINESS OF THE HOUSE

**Shri Sadhan Gupta** (Calcutta South-East): I find from the agenda that has been circulated today that the Insurance Employees pay-scale discussion is not included. A greater number of employees have come from different parts of the country to instruct us on this matter, because of this being taken up tomorrow or day after. May I know the position as to when it will come up? I feel that it should come very soon, otherwise the representatives will be put to some difficulty.

**The Minister of Parliamentary Affairs** (Shri Satya Narayan Sinha): Two hours more have been given to the Finance Bill and owing to certain changes, we are bringing it before the House next week.

**Shri Sadhan Gupta**: Some date should be fixed because of the many people who are involved in it.

**Shri Satya Narayan Sinha**: Hon. Members are fully aware that things have become unpredictable.

**Shri Kamath** (Hoshangabad): Government business is unpredictable? The Government does not know its own mind at all.

**Mr. Speaker**: It will be brought up next week. Only 2½ hours have been provided for them; it will be put in somewhere.

**Shri Sadhan Gupta**: May I suggest that the necessary time should be given to this item after the finance Bills instead of the amendment to the rules. The rules may come up later.

**Mr. Speaker**: Very well. So far as these matters are concerned, I am afraid, there is a tendency here to insist upon the Government to follow a priority. After all it is a Government business. We can only make suggestions, but to insist is not right. The hon. Minister said that it would not be ignored and that it will be brought up next week. Government must be allowed to choose its own priority, because it knows much better than we do.

**Shri Kamath**: Could we at least know the reasons for its being deleted from the Order Paper, when it was there for three days successively?

**Mr. Speaker**: I agree that no surprise ought to be sprung on the House. The hon. Minister need not come again and again before the House even for a small change in the agenda. At the same time, no work of the House ought to be impeded or obstructed by any change in the agenda and to that extent the House is entitled to take care of itself.

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

**Mr. Speaker**: Now, Shri Barman will continue his speech. Hon. Members are aware that the time allotted for these Bills is till 6 o'clock today and all the stages of the Bills have to be completed. I said yesterday that the clauses may take an hour. Do hon. Members feel that the clauses will take more time than that?

**Several Hon. Members**: No, Sir.

**Mr. Speaker**: The clauses will take only one hour. By five o'clock, the consideration will be over.

**Shri Tulsidas** (Mehsana West): At least 1½ hours may be given.

**Mr. Speaker**: It always takes much more time than we anticipate and when Shri Tulsidas says that, it is so.

**Shri Tulsidas**: I have given notice of some amendments.

**Mr. Speaker**: All right, we will allot 1½ hours for the clauses. Therefore, at 4-30 the general discussion will conclude including the reply of the hon. Minister. I shall ascertain from him how long he will take. Then I will call upon him at 4.00 if he wants to take only half an hour, otherwise at 3-45.

Now, Shri Barman was in possession of the House. He may continue his speech.



**Shri Barman** (North Bengal—Reserved—Sch. Castes): Mr. Speaker, Sir, yesterday I briefly dealt with some of the main provisions of the Bill like the clause regarding deposits, re-imposition of capital gains tax, increase in super-taxes under certain circumstances and so on. Today, because of paucity of time at the disposal of the House, I shall not further deal with those matters, but I shall simply content myself in dealing with a few observations that have fallen from some of the hon. Members here.

As I said yesterday, I am not entering into any controversy about the effect that this Bill will have upon the working of private enterprise. The hon. Minister, who was himself in charge of commerce and industries knows very well whether this Bill will hurt private enterprise or not, and if there be any difficulty in its working he will certainly see to that. We have full faith in him.

I shall simply mention briefly one or two points mentioned by some hon. Members during the course of their speeches. Shri Somani, while he recognised the necessity of more finance for the full implementation of the Plan, incidentally mentioned the difficulty about the textile industry because of the imposition of a higher excise duty on cloth during the last Budget Session. It is a very welcome information to us. At that time we thought that, perhaps, by the increase of excise duty the whole burden would fall upon the consumers. He gives us the valuable information that though the public coffer has stepped up by Rs. 35 crores—it is not a small sum—it is the industry that has borne the full impact of this additional tax. But what is the effect upon the industry? The Reserve Bank statistics show that the quantum of profits of the textile industry has been almost the lowest compared to various other industries and also compared to profits earned in various other industries in other countries. So the complaint is not that this industry, because of this tax, has been heavily put to loss; on the other hand, the case is that it is run at a profit but

that profit is the lowest compared to the profit in other industries. Such being the case, according to us we have made out a case for lowering the profits of other industries so that the consumers may be less taxed indirectly.

Every pie of profit that goes to these investors—I don't grudge them—is indirectly a tax upon the consumers. In a country like ours where 95 per cent. of the people are poor, the more the Government can lessen the burden upon the consumers, and at the same time keep the industry going, the better for this country. I do not like to criticise anybody, but many Members who have never seen what is poverty in our country, have no sympathy for the down-trodden masses at the lowest rung of the ladder. I suppose they have never gone to the outer parts of the country where, during lean parts of year, hundreds of families sit round in their inner courtyards with their children—tears in their eyes,—because they are starving for days together. They accuse nobody in this wide world except this own lot. That state of things cannot continue for any length of time in our country. It is up to the Government to be conscious of that and remedy this sort of abject poverty in the country as early as possible. They cannot be unmindful of such circumstances in the country. If they do it, they do it at their won peril.

Sir, I am not one with Shri T. S. A. Chettiar when he abused our bureaucrats while he dealt with the imprudence of nationalisation. He was saying about the textile industry. I am not saying that it should be nationalised here and now. So far as we view things, in order to meet the wants of this country they are certainly welcome to go on with their scheme. But, if as some Members on the opposite have said, that we are going to kill the goose that lays the golden egg, my reply is,—if that hen lays that golden egg only for the keeper and tries to

deny the legitimate due to those that feed it, it is better that there should be no private hen. It would be quite legitimate for this Government to start State poultry farms where the hen will lay the golden egg and the egg will be the national property. But, I am not one with him there when he says that if the textile industry be nationalised it will go to dogs because our bureaucrats do not know how to manage things.

On that I am not simply giving my own observation just as a counter observation. I am giving some information. I had been a member of the Estimates Committee for some years and I had occasion to see how our bureaucrats are managing our State industries. On one occasion I went to Sindri. It is a huge affair. There were some foreign technicians and the head of those technicians and engineers was an ex-service man who came to India to serve in the military department—M.E.S. He was at the helm of affairs. He told us that it was such a complicated machinery that foreign technicians will have to run it for at least three years more to guide Indian technicians and to educate them. We were very inquisitive. We asked our own people. They said: "Trust us with the responsibility and see whether we can run it or not". We trusted them and they are running it. There is no foreign technician now. It is a huge undertaking.

Then again, we are running the Chittaranjan with success. Some two years back I visited the D.D.T. Factory here near Delhi. There were so many experts. We asked our own engineers there whether they dared to run it themselves without any experts. They also asked us to trust them and see whether they could run it. I do not know what is the condition now, but that was their optimistic view. We have also nationalised the Imperial Bank and the insurance business. Has everything gone to dogs? Are not our people managing them? So what is the fun in saying that if the textile industry is nationalised our bureaucrats will not be able to run it? Our bureaucrats who are doing so many

responsible things, can't they administer this small thing? After all, those managers and other people who are running the mills will continue to run them. It is only the supervision and administration side that will have to be taken up by the State. So it is not a big boggy. But I do not say that it should be nationalised. I quite realise that our private industry also should be encouraged to take as much responsibility for the production in this country as it can, but if they give us the threat and "demand the pound of flesh", our reply would be that the State is competent to replace them. That is what I want to say.

This is a time when all of us, our big industrialists and capitalists, should look round. They cannot go on as they are doing now, and they cannot go on without at all looking at the poor conditions of our country. If they are so much startled at this simple tax, I do not know what they say when a huge sum has to be collected by this Government to run the Plan. What will they say then? Now, I do not say that the capitalists or the big industrialists alone will have to finance the Plan. We have already had the sacrifice of the masses. The masses have already sacrificed much and we must give them the credit for it. They will continue to help us in a direct or indirect way, when they find that the haves are also sacrificing in a proportionate measure. In that case only, this country can be made ready to face the situation and the burden that we are to shoulder will be lightened before we place the country in a better position. This Plan will have to be fulfilled and whatever is necessary for that purpose will have to be done. But only so long as we do justice proportionately to all sections of our people, will the country be ready to support the measures of the Government. I support this Bill.

Mr. Speaker: May I know how many hon. Members want to speak?

Several Hon. Members rose—

**Mr. Speaker:** There are about 12 hon. Members. If I allow 15 minutes for each Member, 12 X 15 would come to 180 minutes or, it comes exactly to three hours. It is now 1 o'clock. So, from 1 to 4 P.M. the discussion will continue. It is exactly three hours.

**Dr. Krishnaswami (Kancheepuram):** Some of us will need a little more time.

**Shrimati Renu Chakravartty (Basirhat):** As it is a 8½ hours debate, we, the Communist Party, should have two speakers to take part in the debate, but we have put up only one, because we see the pressure. So, I do expect that at least our party should have half an hour for one Member.

**Dr. Krishnaswami:** Then the time will have to be extended a bit.

**Mr. Speaker:** It cannot be extended. Any how, all the hon. Members may not take the full 15 minutes allowed for each. Let every hon. Member try to finish well within 15 minutes. Dr. Krishnaswami.

**Dr. Krishnaswami:** Mr. Speaker, the Finance Minister furnished us with a review of the economic situation while presenting the budget, which is most disquieting and disturbing. The economic situation is ominous and a duty is cast on all of us to ponder over the facts presented and ask ourselves whether the proposals made in the budget meet the needs of the situation. It has been stated by my honourable friend that this budget would not have been introduced but for the current economic crisis facing the country. What is the situation that is confronting us today? We have been losing foreign exchange from our reserves to the tune of Rs. 210 crores during the past eight months. We have been losing it at the rate of Rs. 25 crores a month. We have been losing foreign exchange at a little less than Rs. 1 crore per day. Obviously, we have been importing too much and our exports have declined in some measure. If this trend is not arrested and arrested immediately, then, by the end of the financial year, we will

have exhausted our reserves, we would have reached the rock-bottom of our resources. We are to put it brutally at the verge of bankruptcy.

But there is no evidence to show that on the home front there is a general excess of demand over the supply of goods available. No doubt, in a few sectors we witness pressure. The demand for food, cloth, oil-seeds and oils tends to outstrip the supplies available. There has been a buoyancy in the stock markets and the demand for funds has continued at a high level. Even during the slack season, the demand for credit due to inflow of imports has continued unabated. The index of prices of foodgrains is high but the explanation for this phenomenon is the fall in production of food crops. Our output has declined as compared with that of 1954-55. It is, let it be remembered three million tons less than what it was in 1954-55. As for textiles, the fall in exports is mainly attributable to growing competition from Eastern Europe, Russia and Japan in our traditional markets. Our competitive power abroad has been curtailed by the curbs that we have placed on the textile industry and the growing demand in the home market. As for oil-seeds and oils, our export earnings have diminished to the tune of Rs. 25 crores to Rs. 30 crores on account of increased demand at home and the anxiety of the Government to feed the home market at the expense of exports by not giving export quotas. However the dominant factor in the balance of payment crisis is the stupendous rise in imports, particularly of capital goods which are planned and are part and parcel of the Five Year Plan. I do not think that we could ever get away from this fact. But neither the decline in exports nor the increase in imports can be attributed to inflation at home. In other words, it is not the excessive demand at home but the high level of investment with a high import content that is responsible for the situation.

How are we going to tackle this situation? In the context of present circumstances, what is most urgently needed is action on the foreign exchange front rather than internal taxation measures, direct or indirect, particularly when such taxation is not anti-inflationary in consequence. All that Government have done now is to raise excise and import duties immediately but this cannot be a cure for the balance of payment crisis. These duties raise the prices of articles for the consumers.

Let me examine the capital gains tax. Whatever might be the social justification for the imposition of a capital gains tax, in the present context of circumstances, no one can be held to maintain that it can be a cure for the foreign exchange crisis or that it would diminish sharply the amount of deficit spending on which we rely. Let us remember that if the assessee is given an option to choose 1954 as the base year from which capital values can be calculated, we cannot expect anything like an appreciable increase in yield to flow into the exchequer even in 1957 unless we permit ourselves the luxury of a runaway inflation. This tax will not yield much in the coming year or two.

But there is one point which has to be borne in mind. The capital gains tax may be a preventive—a preventive against increasing inequalities which may accrue as a result of large investment expenditure. This apart, I would like to consider this tax from a different standpoint. I want to know what urgency warranted the introduction of this tax in an interim budget. This tax is most drastic in character. It goes much farther than what was envisaged by Mr. Kaldor. I would like my hon. friends to ponder over the logic behind Mr. Kaldor's proposals. Mr. Kaldor pointed out that the exemption of capital gains from income when the latter was taxed at 92 per cent. marginal rates was both iniquitous and discriminatory. It was discriminatory in

favour of holders of property because capital gains represent according to him income from property. It was iniquitous, because to obtain a given yield from a narrow tax base necessitated high taxation of those who derived income from work. The consequences of such taxation, according to Mr. Kaldor, were a fall in incentives, and wasteful expenditure which harmed society. Therefore, Mr. Kaldor suggested that individuals should be treated justly and in order that they may be treated justly and equitably, taking account of these economic incentives, he pointed out that the rates of taxation of incomes should not exceed 45 per cent. This would be possible if capital gains a species of income from property was not exempted from the definition of taxable income; the tax base would be wide, the rates of taxation lower and the yield obtained as great if not greater than at present when capital gains are excluded from taxable income. What have we done? We have chosen to repudiate the logic behind Mr. Kaldor's proposal and make the tax unnecessarily harsh and unequitable. But apart from considerations of logic, and equity I should like to ask this question. What compelling reason induced the Government to introduce this measure in an interim budget? We are at the fag-end of the life of this Parliament. In another two or three months this Parliament will have been dissolved. It is a very thin session that we are having. Most honourable Members are in their constituencies taking measures for their political survival and it is impossible therefore to expect such a measure—an important measure like this—be considered fully and adequately. It is not a correct procedure to have a measure for which there is no urgency rushed through a thin house.

13 hrs.

As for taxation, of dividends I suggest that the contribution of income from dividends to our national income in the present state of economic development is about 6 per

[Dr. Krishnaswami]

cent. The rise in tax on dividends may therefore to a very limited extent be considered anti-inflationary. But these increases might hit the firms which pursued a cautious policy in the past and ploughed back profits. Companies which embarked on risky undertakings will pay a higher rate of tax. Perhaps Government and the Finance Minister may consider whether it would not be better to allow companies to include in their paid up capital these reserves which have been expended on fixed assets. This might help to make the tax more equitable.

I now pass on to another controversial proposal in the Finance Bill, namely that of having a portion of the retained profits in the shape of deposits with the government. Now, the alleged advantage of having a portion of the retained profits in deposits so that Government may have greater control of reserves of the corporate sector is counterbalanced by many disadvantages. It has been suggested that this measure is important from the point of view of conserving foreign exchange. I do not agree. This measure does not help to improve our foreign exchange resources. It may be suggested that the Government can control the expansion programmes of the private sector of the rate at which capital goods can be imported. But this kind of control is already being exercised by the import wing of the Development Section of the Commerce and Industry Ministry and therefore one does not see any reason why there should be an additional check. It is only if the Commerce and Industries department of the Government of India is not exercising this control intelligently that there would be need for an additional check from the highly intelligent Finance Minister of the Government of India. Has there been a decline in efficiency of the Commerce and Industries Ministry in recent months? Besides, if the de-

posits are to be surrendered on request, as has been stated by the Finance Minister in his budget speech, the funds can at best be only a ways and means help for the Government. On the other hand, the idea that it can be surrendered on request entails greater administrative inconvenience than is usually realised. I suggest that the problems involved in scrutinising requests are quite considerable. On a conservative estimate, Mr. Speaker, there would be about 2,000 to 3,000 companies which would deposit these funds. The administrative machinery required for keeping track of investible funds and dealing with requests for their use would be stupendous. Apart from the size, decision-making will have to be concentrated in the hands of one or two persons at top level. You cannot ask an Under Secretary to take a decision about transferring lakhs or rupees to a businessman. It would have to be done by two or three people at the top level. This would involve delay and unnecessary hardship to many companies. If delays are considerable—if delays are anticipated to be considerable—one need not be surprised if companies are forced to pay the tax on development rebate and depreciation rather than deposit funds with the government. In such an eventuality, the whole basis of encouraging ploughed back profits will be nullified altogether. Mr. Speaker, in the consideration of foreign exchange problems we have not taken as much care as we should have done; the main problem is one of taking action on the foreign exchange front. However I cannot help expressing the view that all of us in Parliament have not focussed our attention on foreign earnings as much as we should have done. Owing to lack of thought, and owing to an unnatural attachment to the principle of nationalisation for nationalisation's sake, we have sometimes given up potential sources of earnings from abroad. We nationalised in haste life insurance, creating a

monolithic structure and have on our hands a vast discontented staff and a crippled business which cannot operate abroad. Generally no foreign territory will allow a nationalised undertaking of another country to operate in its territory. Various complications arise in international law and this is one of the many reasons why our life insurance corporation is not able to operate abroad. It was a different matter with the Imperial Bank. There was only one bank which we nationalised; nonetheless we carry on business abroad because it can do business under the old name and style. No fresh application for a licence for registration was necessary. I am, afraid that these difficulties were not taken into account. But let us at least from now on concentrate on earning as much as possible abroad and devising ways and means of earning such amounts. The present situation is most serious, and although it has been said that we would not in the least think of cutting down the Plan we have to consider whether, if the present situation or crisis persists, we should not revise the plan.

The hon. the Finance Minister towards the conclusion of his speech pointed out:

"We are only in the first year of the Plan, and although the tasks we have taken upon ourselves are large and difficult, I see no reason to be pessimistic of our capacity to implement the Plan. Nor is there anything in the international situation which, at this stage, suggests a revision of the Plan. I am convinced that they do wrong who express scepticism at a time when the country ought to be thinking of nothing else but going ahead with the greatest determination. The Plan is a challenge, and it is a challenge which must be met with all the resources and ingenuity at our command."

These are brave words! They betoken the courage and confidence of a very able man! I only hope and

pray that realities will not treat our Finance Minister unkindly. A Finance Minister treated unkindly can inflict a lot of misfortune on the people entrusted to his care. Desperate expedients may be resorted to but the people will suffer. Unless foreign aid is available in a very much larger measure than what we have obtained during the past two or three years the rate at which it is coming into the country is thought to be high by our friends who are critical of foreign aid—I believe that it would be impossible to solve the balance of payment crisis. It would be wise to focus all our minds, Mr. Speaker, on how to earn this exchange abroad, to focus our attention on the balance of payment crisis, instead of giving a fallacious impression to our people that the budgetary proposals and the measures that we have taken are likely to solve the present crisis in the least bit. They will not improve the situation even by a hairsbreadth. They do not in the least solve the present crisis and the crisis remains as it was.

**Shri Bansal (Jhajjar-Rewari):** Mr. Speaker, the Finance Minister, while introducing these two Finance Bills, stated that he was doing so because of the crisis facing us. Shri Asoka Mehta went even further and said that the emergency was so great that the Finance Minister should have given a clearer call to the country to muster all its resources to face it. I am one of those who believe that some emergency has been existing in our country ever since we became independent. What do we mean by emergency? If in a particular year, in a particular area, there is no rainfall and the crops suffer, there is an emergency for the people there. But it does not mean that there is an emergency of such a nature that the cry of "Wolf! Wolf!" should be raised, because if we over-emphasise the emergency, I am afraid we may not be able to tackle the situation as we ought to do.

Let us examine what new situation has developed in the country after we

[Shri Bansal]

accepted the Second Plan on the floor of this House early this year. Even when the Plan was being framed, there were people who were pointing out that some of the estimates in the Plan were not realistic. About six months before the Plan was framed, I said that the estimates in respect of the Steel Plants were not realistic. Even when we were discussing the Plan in the various committees appointed by you, it was pointed out time and again that a situation was developing in the country which we would have to take note of. It was pointed out that the steel imports were beyond all calculations envisaged in the Plan, that the targets assigned for the cement industry were not realistic and that the targets for food production were under-estimated. It was also pointed out that the price situation must be taken care of. I do not think that anything extraordinary has happened than what was clear to us even when the Plan was being framed. What I am driving at is that this type of crisis, of which much is being made today, is a continuous process. In our country, poverty is the greatest crisis and we have determined ourselves to put an end to it. Therefore, we have to face it, not because an emergency arises today or tomorrow, but because these are the emergent problems which we have been pledged to solve in the Second Plan period.

In my opinion, one of the obstacles which stands in the way is the price situation. Let us analyse what is happening to prices. In recent years, our prices were at the lowest ebb in the year 1955, i.e. last year. But, after December, there has been a rise. It is not as if the rise has started yesterday or a few months ago. They have been rising continuously ever since May last. It was stated at that time that depression in prices represented a sort of slump in our country and prices were not economic to the agriculturists. It was correct. But, when they began to rise, they went on soaring to 376, 397, 409 and so on. I have

been impressing on the then Finance Minister and the present Finance Minister that we must take certain action to stop this rising trend and that Government must formulate a policy so that the prices are pegged at a fairly stable level. I know we cannot hold the price-line at a fixed point; but, certainly the Government could have a policy of pegging the prices at a fairly stable level. I was told that perhaps 400 would be the proper level in the conditions existing in our country. But today the price level is 433 and odd. One thing that comes out very clearly from this is that most of this is due to a stupendous increase in the index of our food article prices, which have gone up from 276 in May last year to 418, while the index of manufactured articles has gone up only by about 14 points in a year and a half. Actually, the index of manufactured articles is somewhat lower today than it was in August or September this year. So, when we talk of price level, we have to see as to where actually the prices are increasing and where action has got to be taken.

I was very glad to read the statement of the Finance Minister and the Prime Minister in the last meeting of the National Development Council, that if we solve the food problem, the Plan will perhaps, take care of itself. I fully agree with that view and I think it is necessary that every step should be taken to see that food production increases. If the present prospects of the crops are any guide and if we do not have any untoward happening, I am sure the food situation will be much better when the next crop comes. I, therefore, do not want to take a pessimistic view, but I would suggest very humbly to the hon. Finance Minister that every step should be taken to increase the food production and allied agricultural production. If we do that, we will have solved a major hurdle which is coming in the way of the implementation of our Plan.

The second problem is that of foreign exchange resources. I must say that we were acting rather complacently during the last three or four years. It is a fact that in some years we were not able to utilise our normal sterling releases and in order to utilise them the import policy was liberalised. Even at that time, I pointed out at the meeting of the Import Advisory Council and other forums that we should not take a complacent view of our foreign exchange resources, because in the next Five Year Plan, we were bound to need them and therefore, steps should be taken not to fritter them away. There also, it is not a new type of emergency. It is an emergency which has arisen because we have imported a large amount of capital goods and also of steel. My friend, while speaking from that side, hinted that perhaps we have imported much of consumer goods. I can say that that is not a correct statement. We have not frittered away, particularly in this year, very large funds on importing unnecessary consumer items. Most of our expenditure has been on capital goods or steel and some on cement. But, that was inevitable, and, in a way I am glad that we have imported machinery, capital goods and steel at a time when we needed them, when the international crisis was threatening to cut off our sources of supply. Perhaps, we have some stock piling—although it has not been built up from the point of view of stock piling—but I am sure it will help us to tide over the difficulties which we might face as a result of the blockade of the Suez Canal.

I do not think that we have pursued the promotional activities to develop our export trade with the vigour we ought to have. About seven months back, at the time of the last meeting of Export Advisory Council, it was suggested that we must have an Export Investigation Committee which will report to the Government as to what are the items in which we

can develop our exports, which are the countries where we can develop and the manner in which we can earn larger foreign exchange. Although we hear now and then that some person was approached to be the Chairman of the Committee or some individuals have been approached, the constitution of that Committee has not yet been announced. If there is an emergency, it is measures of this type that should be adopted urgently.

On the import side also, although I have said that we have not frittered away foreign exchange unnecessarily on importing consumer goods, I believe that there is scope for reducing our imports of certain items. The Finance Minister has increased the import duties on certain items. He has also placed excise duties on items like motor cars with a view to inhibiting the import of some of the items. I think that that is not enough. I think the Government should apply their minds to see that we reduce the import content of at least some of the items. I am one of those who believe that this can be done. Given proper care, I think we can reduce imports by Rs. 30 or 40 crores per year. It is not difficult to prepare a list of such items. I do not agree with those people who dub this solution as a very easy or a facile solution. I think it can be done if our exchange position requires it.

During the course of the Short Notice question, it has been stated that there has been a depletion of the Sterling area's gold and dollar reserves to the extent of 300 million dollars. We are also drawing on the sterling reserves rather heavily so that ultimately Rs. 150 crores remain there for us to reach our minimum level of holdings. I would like to know from the Finance Minister as to whether this depletion of the gold and dollar reserves of the Sterling area is not going to affect the value of our sterling assets. It may be that the Sterling may be devalued. I am not making any forecast. I am saying this only on the basis of this depletion of the reserves. If the reserves go on



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depleting, it is quite likely that something will have to be done about the Sterling. If that happens, what would be the position of our holdings with the U.K. Government? I would like to know if the Finance Minister has approached the U.K. Government with a view to getting any assurances on that point. I would like also to know if the Finance Minister is making efforts to see that we diversify our holdings of foreign exchange. Today we are holding almost our entire foreign exchange assets in one country. Could we not hold them in the U.S.A. and in other countries, the currency of which is more sound than that of the U.K. at the moment. It may be that the Sterling has been a sound currency. If there is some danger of its coming to grief, I think it is time that the Finance Minister did something in order to obtain the necessary assurances so that our hard earned foreign assets are not depleted.

As far as foreign resources and foreign capital are concerned, the Finance Minister is perhaps rightly thinking that we can obtain them in substantial degrees from some of the foreign countries. In the brilliant speech he made at the latest session of the Associated Chamber of Commerce, he held out certain assurances with which I agree. If you are going to import foreign capital, we have to reassure the persons who are going to export their capital to this country. But, I want to tell him even at the point of being misunderstood that Clive Street does not represent the new foreign capital that he is pinning his faith on. I think Clive Street represents a sort of fossilised, crusted, vested interest in this country. If he is going to place his faith on Clive Street, I am sure he is going to be disappointed. The type of foreign capital that is likely to come will come from concerns in foreign countries with which bilateral negotiations will have to be conducted. I know this is the policy of the Government. But, more than that, foreign capital

will come to this country seeing what our Government does to the capital of this country. It is from that point of view that the House should judge the financial proposals that we have before us. From that point of view, I believe that the provision in the Bill for depositing reserves is going to have a disheartening effect both on indigenous as well as foreign capital. It is all right for the Finance Minister to say that in the new context of things, we cannot lay much hope of individual savings, but we will have to depend more and more on corporate savings. It may be true to a point. But, even corporate saving depends on individual saving. I think that the Finance Minister should examine very carefully the types of new incentives that he may have to give, special types of incentive with a view that capital comes to be invested in industries which are desired most. I think it is high time that a system of new incentives is worked out.

13.28 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I cannot in the one or two minutes at my disposal elaborate that point. But, the fact remains that if capital is to come for new enterprises, although it may come from corporate savings, in the ultimate analysis, it will have to come because the individual wants to invest. If the individual wants to invest, he will have to have some incentives. I think the Finance Minister should examine this proposition very carefully if he is not to get disappointed in the implementation of the Plan in the private sector.

As my time is up, I will only refer to that clause in the Bill which provides that 25 per cent. of the accumulated reserves and 75 per cent. of the current reserves will have to be deposited with the Government. I do not want to elaborate on that point because the Finance Minister knows

my point of view as I had elaborated it at the Party meeting. What I would like to say at this moment is that this attitude of taking power to levy taxation upto a certain ceiling is not a very salutary one. I know that the present Finance Minister himself was vehemently against the delegation of authority. I remember some debate when I was not in this House and when he took up the cudgels against this kind of delegation of authority. After all, what are we doing here? We are being asked to accept the principle that Government may ask the companies to deposit up to 75 per cent. of their current reserves with Government, but in the Bill power is being taken to deposit only 50 per cent. That means that whenever the Finance Minister likes he will ask the companies, without reference to this House, to deposit 75 per cent. Similarly with regard to the 25 per cent., I understand the power is not going to be exercised immediately, but whenever he likes he will issue a fiat on the companies and ask them to deposit 25 per cent. of their accumulated reserves.

The same thing is being done with regard to some of the taxes. The same thing was done in regard to the excise duties on cloth. I think that it is the abrogation of the right of this House that proposals of this type should be sanctioned. I think there should be no difficulty for the Finance Minister to come before the House whenever he wants to change the percentage or the rates of the tax, point out his case and take its sanction. What are we doing here? It comes to this that the Finance Minister is asking the House to accept a particular principle. Supposing this year the Finance Minister came forward with a Bill that the Government will have the power to levy income-tax at whatever rate the Finance Minister may choose, certainly the House will refuse to grant that kind of power to him, but it is a similar kind of thing that is sought to be done here under these provi-

sions. I am sure the Finance Minister will himself see the reasonableness of what I am saying.

My friend Shri Somani has referred very ably to the difficulties that will be there in the operating of this clause. I will appeal to the Finance Minister that while framing the rule he should make them in such a way that the companies which are utilising these reserve funds for their day to day working for the day-to-day renovation of the companies, who have borrowed from banks or financial corporations set up by the Government itself at high rates of interest, should have no difficulty. I think the Finance Minister knows much more than I do about the working of companies, and I am sure that when he makes the rules he will take all these difficulties into consideration so that there may be no unnecessary red tape or unnecessary hold up.

Industry is really afraid that if these sums are deposited with Government, it will take months and years to get them back from Government. I know from personal experience that when the E. P. T. amounts used to be deposited with Government, the condition for refunding the amount was that the person concerned had to inform Government that he had placed an order for the machinery which will cost so much amount, and therefore the amount should be refunded. Even then I know it took years to get the amount refunded. A much more difficult situation will arise in the operation of this particular clause, and I am therefore requesting the hon. Minister to see to it that these difficulties do not arise.

I will refer lastly to this question of prices to which I made a reference in the beginning. The levy of excise duties on textiles has had the effect of perhaps keeping the prices in check, but what has been the cost? The cost has been inhibition of the demand. In a poor country where it

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is one of the purposes of the Plan to increase the standard of living of the people, you take measures by which that very objective cannot be fulfilled. That is, you do not allow them to obtain an additional yard of cloth. I do not think you can claim that what you have done has been crowned with success. Therefore, the solution to our problem is not inhibiting demand by creating conditions where the purchasers cannot buy the goods, but the solution is to increase production. I can claim that there are lines in which production can be increased, particularly lines such as textile manufactures. On the one hand we get worried because prices are soaring. On the other hand we do not allow production to be increased, and thereby hurt the same man for whom the Plan is supposed to be framed. Therefore, I would urge that the Government should see to it that wherever production can be increased, particularly in lines which are badly needed by the common people, nothing should be done to hinder production.

**Shrimati Renu Chakravartty:** The financial proposals by the Finance Minister have raised a furore and we have heard for the last two days the opinion generally of the big financiers and capitalists and also its echo from many Members, especially Congress Members. We welcome the direct taxation measures proposed for the simple reason that we have felt for a very long time that the time had come for the Government to give up its policy of making the poor people pay for the development of the country on the plea that this is a country of poor people and therefore the poor must bear the brunt of it, because it is clear, and it has been stated also in the Planning Commission's Report, that in a period of such large outlays it is natural that the rich become richer. That is self-evident.

Another point which I think has escaped notice is that during the First

Five Year Plan itself it has been stated clearly in the review that the private sector often went in for such industries which gave them quick returns. Therefore it has become very necessary to channelise the priorities of developmental works. And that is why the depositing of reserves is very necessary not only from the point of view of revenue or from the point of view of having finance under the control of Government, but also for channelisation of the priorities for development.

You may remember that in 1954 during the discussion of the Budget of the Finance Ministry it was Shri K. K. Basu who for the first time raised this question of the necessity of having these reserves deposited. I also remember that during the Budget of 1955 I myself had again suggested it. I am glad that the Finance Minister has taken this up even though late, and although it has created a furore in the business circles, I think it is necessary that planning must be able not only to have control of finance to a certain extent, not only to be able to use it, but also be able to give even the private sector certain priorities along which they will have to build up the Plan. That is why as far as the depositing of reserves is concerned, on which I will say more a little later, I welcome it.

Up till now taxation has been generally on the poor, although during the last Finance Bill there were certain taxes on dividends, bonus shares etc. But even the last taxation has been on cloth, and in the countryside if we compare the taxation that has come on the poor man from 1939 till today, I think it is something like 200 per cent. more than what it was earlier. We hear about betterment levies, we hear about excise duties on so many necessary things. All this has mounted up and has been a great burden on the common man. Therefore, it is necessary that, as Prof. Kaldor has

said, while inevitably a certain amount of indirect taxation has to be upon the masses of the people, it has to be complemented by an efficient system of progressive taxation on the minority or the well-to-do who, he has very rightly pointed out, only number about one per cent. of the population. Without that the rise in the expenditure of the Plan will inevitably increase the wealth of the richer classes disproportionately, and the distribution of the burden imposed on the community at large will be contrary to the sense of justice and equity of a democratic society. Therefore, I feel that both of these proposals for direct taxation are welcome. Now, the argument has been that the yield from direct taxation is not much and, therefore, it is no use really going in for this kind of taxation. The Finance Minister himself has made the statement that if all people pay the taxes which they are supposed to pay, then he would be able to increase the size of the Plan. But, as far as the general run of the people in the country is concerned, they have felt that this eternal argument that direct taxation is going to yield only a very small amount is not due so much to the fact that the taxable income is not there as to the fact that there is evasion. And we are glad that what the general run of the people has felt has now had a certain amount of expert backing in what Professor Kaldor has said in his proposals regarding direct taxation, he has said that Rs. 100 crores can be obtained over a period if we are going in for direct taxation.

Now, capital gains tax is only one of the proposals that he had made. He has an integrated system of gift tax, expenditure tax and various other taxes, and I hope that Government will see that this integrated system of taxation is also brought to bear in order to raise the resources for our Plan.

I shall take up first the capital gains tax. The Taxation Enquiry

Commission had stated that although at a certain time this might be an eminent and suitable method of taxation, yet at that time they had thought that that was not suitable, and the time had not come. But I think it is necessary to remember that that was a time of falling prices. Today, it is not a time of falling prices; the prices are shooting up; and further, the profits are also fairly high, and in the share market, the shares are quoted fairly high. So, from all these points of view, I would say that it is in keeping with the times that we should have a capital gains tax.

Actually, people have said that very little of this tax actually is anti-inflationary in character. I feel that it is necessary to realise the implications of its anti-inflationary character. It is argued in certain quarters that this tax had hardly any anti-inflationary effect, since the consumption expenditure of those on whom the incidence of this tax falls does not go up relative to the increase in total income. Such an argument overlooks the fact that the consumption expenditure of the particular strata might not go up in relation to the increased income, but such capital gains do certainly enable them to speculate in commodities in the market, thereby raising the prices still higher and making consumption costlier for others.

As a matter of fact, only yesterday, Shri Asoka Mehta had pointed out that certain speculations had taken place even prior to the Minister's statement in the House regarding the new financial proposals. As a matter of fact, I tried to find out what the position was, but I have not been able to find out very much; but this much is sure that there was a large play of money in Indian Iron shares. From Rs. 12 lakhs worth of shares, they have made a profit of something like Rs. 50 lakhs. It is necessary to find out from what source they had obtained the information, and whether there had been leakage. But this

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much remains definite that as far as speculation goes, there is a great amount of money which is playing, and which should be mopped up.

Regarding the exemptions that have been given in this Bill, if we compare them with what obtained at the time of the old capital gains tax, certainly we find that there are certain improvements. For instance, the ceiling of exemption has been reduced, and now, it has been put at Rs. 15,000. We know that Professor Kaldor did say that in a poor country like India, the rate should be lower than what is now coming into existence. But I believe that the reason for it is possibly this, namely that neither have we got an integrated system of direct taxation nor have we been able to plug the loopholes that are there in evasion. So, if there is a difference between the rate of taxation on capital gains and that on income by way of income-tax, there will again be a huge area from which people who are most ingenious in evading will be able to get away by not paying taxes.

I do feel that in a poor country like ours, we should keep to the slab rate, and, therefore, the computation that has been made on the slab rate of income-tax under the existing circumstances is a good thing.

Here, I would like to ask why, again, we have stuck to Mr. Liqat Ali Khan's exemptions of wills, bequests and gifts. For, what has been our experience, as far as the estate duty is concerned? Our experience has been—although it has never been admitted on the floor of the House, and we have been replied to in a very jovial manner that enough people have not died and, therefore, there has been no question of having a larger return by way of estate duty, yet everybody knows—that a large number of people who are able to pay and who should be able to pay this tax evade this tax and will be evading it on account of the existence of this clause relating to

exemptions for gifting away. Therefore, we feel that these exemptions for wills, bequests and gifts will be another source through which the tax-payer will now escape.

I now come to coparcenary property partitions. It is quite true that there is the small man, and the middle-class man whom we want to exempt. We do not want that there should be no exemption to them, because they are the people who have always been hit hard; even in regard to income-tax it is the professional classes, and the middle-classes that have had to pay very conscientiously, and have, therefore, been hit very hard, while those who are best able to bear, that is, the big capitalists, have been able to get away with it, because they have their ingenuity, they have their money and they have their social influence by which they do so.

In regard to coparcenary property, there is one point that I should like to mention. In the last few years, in Calcutta, we have been noticing that in the *Bara Bazar*, as we call it, which is guided by the *Mitakshara* system—the people there are not Bengalis; we Bengalis are guided by the *Dayabhaga* system—the people have gone in for partitions, because they have seen that even according to the income-tax slab rate, the rate for coparcenary property jointly taken is a much higher slab-rate than if they had partition. As a matter of fact, I could quote the case of Mr. Birla, for instance. He had a very big property there; he had one very big house there, which he has now donated to the nation. But if we see in Woodlands, in Alipor, and various other parts in Calcutta his sons, his daughters-in-law, his daughters—in fact, everybody has a house of his own—it may be not a house, but even more than one house. They have divided up the large property, a very fine piece of property, so that they can escape certain financial taxation slabs.

So, I feel that even for these exemptions, some sort of slab-rate

should be introduced, or some such thing should be done so that this method which is being adopted before our very eyes may be put an end to.

Now, regarding the restriction on losses to be set off against capital gains tax, in the earlier capital gains tax it was limited to six years. Now, it is going to be allowed indefinitely. Now, this House itself knows the way that the Bharat Insurance Company's transactions had taken place, how *mala fide* losses had been made to cover up actual gains, and so on. These are certain very blatant cases which are there before us, and which raise doubts in our minds whether our machinery will be able to stop these loopholes that are already there, and will be able to gain the maximum amount which we want for the treasury through this direct taxation.

Now, I would like to point out one weakness in the Finance Minister's speech, and that is, that nowhere has he stated that he is going to tighten up the whole machinery for the purpose of collecting these taxes. The revenue-collecting machinery that has been defective in the past has got to be tightened up. We have to find out ways and means of how we are going to do it. I have read through the Finance Minister's speech, but, unfortunately, I have not been able to be assured on that point. If such tightening were not to be there, then, I am sure, again, after a few years, he shall have to come forward before this House and say that the capital gains tax has not yielded what we had thought it would yield, and we shall be having the same reply as we had in respect of estate duty, namely that it was only a very nominal amount that could be collected.

Of course, I realise the difficulties. The difficulties are there, because we have to contend against a very ingenious set of people. There are various fictitious transactions that take place, which I need not enumerate here, because everybody knows about them. I know it is very difficult

to find out the difference between speculative income and genuine investment. These are very difficult to define under the present Act.

I feel that there is a necessity to reform the Stock Exchange Act. There are large amounts of money which have been used for speculation. All these things have to be gone into.

Regarding deposition of reserves, I would like to say, as I said earlier, that this is very important not only as a method of getting some money in the hands of the Government but also as a very important strategy in order to be able to channelise the reserves in the way that the country and the nation want. If we review what has been stated in the First Five Year Plan, we will be able to clearly understand why it has been necessary, because the Plan also envisages a certain priority and a certain type of development even for the private sector.

Now, deposition has not been made compulsory. The Finance Minister has proposed that in the event of failure to deposit the reserves, depreciation allowance and development rebate would be charged to tax. We do not know yet whether this pressure would prove sufficiently deterrent to non-compliance. In view of the fact that large deductions are now made in income-tax in respect of these items, it can perhaps be hoped that this pressure, wedded to the inducement to deposit in the form of fixed rate of interest, would achieve the desired purpose. But even here we will have to wait and see how far this voluntary deposition will be successful.

But I do feel also that it is necessary to sound a note of warning. The governmental machinery up till now has been full of red-tapism. The Finance Minister has given the assurance that he will have a mechanism which will expedite matters. We want to see that these depositions of reserves are utilised to the best effect and that they are not

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lying idle somewhere, when they are badly needed elsewhere, either in the private sector or in the public sector and that it is almost next to impossible to get that money in time, in order to build up the industry itself. Therefore, this point has to be taken into consideration. Seeing the way that the nationalisation of insurance has taken place, naturally very many people are very much afraid of this. Therefore, although I support the provision regarding deposition of reserves, I would like to state that it is necessary that the Government sees to it that the machinery functions in a satisfactory manner.

Regarding the dividend tax—there was a dividend tax earlier also, during the last Finance Bill—I feel that the progressive rates of tax on higher dividends are justified on the ground that they provide an incentive to ploughing back of shares into the industry. But it would have been better if instead of actually putting a tax on it, some sort of limitation of dividends had been laid down. We had been proposing it all along and we still think that that is a better way of tackling the matter. I say this because the taxing of dividends can, to a large extent, be defeated by the issue of bonus shares. It is true that bonus shares are also taxed, but the outlook for individual companies will be governed by whether the balance of advantage lies in agreeing to pay bonus tax in a lump sum and reaping the resultant saving in dividend tax over a number of years.

As a matter of fact, it was very interesting to read what the *Statesman* of December 9, 1956, had to say about what we have been thinking and discussing amongst ourselves. Almost the next day, we saw in the *Commerce and Finance* column of the *Statesman* the following:

“Hopes that the proposed enhanced levy on company dividends would induce many leading joint stock enterprises to

issue bonus shares brought short covering and equity values during the week recorded a smart recovery from the worst levels reached in the immediate post-Budget sessions”.

Then it goes on:

“The decision of the directors of the Century Spinning and Manufacturing Co. Ltd. to issue bonus shares in the ratio of three to two strengthened the belief that companies that have been adopting a conservative policy with regard to issue of bonus shares might reverse their policy in the context of enhanced dividend tax. Some shareholders were inclined to feel that the proposed additional dividend tax might not be as severe as was originally thought out to be, at least in regard to certain leading companies quoted on the Stock Exchange”.

Then it goes on to talk about the Hindustan Lever issue being over-subscribed and so on and so forth to show that the financial week has been quite buoyant and not at all deflated.

Talking about reserves, there have been large reserves. This point has been made over and over again. I was only the other day looking into the question of reserves in the Report of the Plantation Inquiry Committee. This is what the Report says:

“While paid-up capital has increased by 18 per cent., general reserves have increased by 131 per cent. and other specific reserves by 425 per cent. ....”.

It also says that actually the area under tea has not increased, nor have the real assets. Therefore, I feel that the controlling of these reserves is well justified.

I have taken quite some time. I would have liked to say something

about the 23-A companies which are actually private limited companies controlled by a few persons. This type of companies does not belong to any exceptional category. Actually statistics that have been collected show that out of 4,589 private companies assessed to tax, data were available for only 3,005 companies and 86 per cent. of the latter belonged to this category. From this the Taxation Enquiry Commission came to the conclusion that private companies are, by and large, of the nature of closely-held corporations. It was proved on the basis of the ownership of shares according to the actual registered shareholding in the companies. The Report of the Commission says:

"It is a matter of common knowledge that in a number of such companies, large blocks of shares are held by groups of close relations".

If these could be traced and established, the number of 23-A companies would swell enormously in not only the private but also public limited companies, and may be, that the taxation which will now be imposed on these 23-A companies will yield more than what we are thinking that it will yield.

I forgot to mention one point while I was talking about the exemptions given under the capital gains tax scheme. We are now exempting foreign companies which are going to sell out to 100 per cent. Indian companies. When we go through the Report of the Plantation Inquiry Committee, we find that actually very high and inflated rates have been charged by the Europeans selling out to Indians. As a matter of fact, it says:

"The sale price per acre for sales of estates in Madras State which were effected between 1946 and 1951 averaged Rs. 2,111 and for the year 1954 to Rs. 4,084. The figures for T. C. State for 1946 to 1952 were Rs. 2,025 and for the year 1954, Rs. 1,713. In

recent sales of estates of sterling companies, in some cases the price per acre was as high as Rs. 3,000.....The prices paid in some of these cases were excessive leading to all the bad consequences that usually followed from over-capitalisation".

Here exemption has been made. On the face of it, it looks that inducement should be given to the selling out of European concerns in India to Indian companies. But when this process is taking place, Europeans are selling out to Indians at very high, over-capitalised rates it is only right that they too should be made to pay the capital gains tax and not escape.

Lastly, I will say one word about excise duties. We are aware that there is an almost continuous increase in imports and that our foreign exchange has dwindled. Therefore, in the sphere of trade policy, the Government has to embark upon a rigorous import cut of all non-essential commodities.

It is true that we also welcome the excise duty on luxury cars. But we were reading what certain people were saying in the papers. It is said:

"The stiff excise duty of Rs. 3,000 on luxury cars can hardly be squared with the Government's decision to permit the manufacture of big cars".

14 hrs.

I feel that what the country needs today is not luxury cars but rather big trucks and utility cars and our development demands the purposeful utilisation of each unit of productive capacity. I feel that this is a correct thing that we should have done.

Regarding other taxes, there is only one small point about rayon which I want to mention. Although in our parts rayon is regarded as a luxury article and we were very much hit by the indirect taxation on cloth, I



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believe, in this part of the country, that in Delhi and other parts of Punjab, the middle classes also utilise a lot of this rayon, and, may be, this tax will hit them. As far as our parts are concerned, it is not excessive.

As regards other excise duties, I think, we have to accept them because in the context of the emergency that is developing, it is only necessary that those which are essentially luxury articles should be taxed.

Again, I say that we welcome this with the proviso that unless we plug the loopholes and stop the gaps that remain within the exemptions and the way the Capital Gains Tax and the deposit reserves are going to be utilised, I am afraid the results may not be what we like them to be—the maximum amount of resources as well as the possibility of channelising these resources—in stepping up the purposes according to Plan.

**पंडित ठाकुर दास भार्गव (गुड़गांव) :**

जनाब डिप्टी स्पीकर साहब, बराबर दो दिन से हम इस बहस को सुनते चले आ रहे हैं और जो तजवीजें हमारे आनरेबल फाइनेन्स मिनिस्टर साहब ने कीं, उन के साथ उसूल पर एक्ललाफ करना मुश्किल है। लेकिन जो प्रिक्टिकल डिफेन्ट्स रोजमर्रा हम देखते हैं और जिस माहौल के अन्दर यह तजवीजें आती हैं, उस से जो नहीं चाहता कि कोई भी टैक्स इस देश के अन्दर बढ़े और किसी तरह का बोझ लोगों पर पड़े क्योंकि हम देखते हैं कि टैक्स बढ़ाने से पहले जरूरी यह है कि हम अपनी पहली तबज्जह इस तरफ दें कि बेजा खर्च दूर हों। हम हर जगह देखते हैं, गवर्नमेंट के सब कामों के अन्दर, कि सिवा वेस्टफुल एक्सपेंडिचर के, सिवा इस के जहाँ जहाँ पैसा खर्च होता हो वहाँ आने खर्च होता है, सिवा इस के कि फ्यूजिलियात पर पैसा खर्च होता है, और कुछ नहीं होता है। किसी भी

दफ्तर में जहाँ दस आदमी काम को कर सकते हैं वहाँ बीस आदमी लगाए जाते हैं। आप किसी महकमे में जायेंगे तो पायेंगे कि सैकड़ों आदमी बिल्कुल खाली बैठे हुए हैं। सुबह से शाम तक कोई काम वहाँ पर नहीं होता है। टैक्सेशन इन्व्वायरी कमिशन ने गवर्नमेंट के ऊपर बहुत जोर दिया कि वह एक एकानमी कमेटी बिटाये गोर खर्च के अन्दर कमी करे। लेकिन हमें नहीं मालूम कि आज तक उस का क्या असर हुआ। क्या ऐसी कोई कमेटी बनी या बनाने की कोई तजवीज हुई? पिछले दिनों जब मिनिस्ट्री ने अपनी कमेटी बटलाई तो उस की रपोर्ट थी कि ४००० आदमी ऐसे हैं कि जोकि बिल्कुल सर्व्नेस हैं जिन की तनख्वाह की रकम तकरीबन ७ करोड़ बनती है। इसी तरह से जब पिछली मर्तबा हम सेक्रेण्ड फाइव इअर प्लैन पर बहस कर रहे थे तब श्री मोहन लाल सक्सेना जी ने बहुत जोर इस हाउस में दिया था कि यहाँ पर एकानामी हो, और एकानामी कमेटी बैठे। लेकिन हम को आज तक नहीं मालूम कि गवर्नमेंट ने उस पर क्या किया।

दिल्ली के अन्दर जब हम नजर दौड़ाते हैं, जहाँ पर कि हम रहते हैं, तो हम रोज देखते हैं कि बड़ी बड़ी नई इमारतें, इतनी बड़ी कि हमारे दिमाग में भी नहीं थीं, बहुत थोड़े अरसे के अन्दर नमूदार होती जाती हैं। जहाँ तक इन इमारतों का सवाल है मैं कुछ खुश भी हूँ कि जब रुपया खर्च होता है तो कुछ लोगों को काम भी मिलता है, लेकिन जो प्रोडक्टिव इमारतें नहीं हैं, उन को बनाने की कोई जरूरत नहीं है। आज सब से पहली चीज यह है कि हमारे पास जितना रुपया पैसा है वह ऐसे कामों में लगाया जाय जिन से आमदनी हो, हमारा प्रोडक्शन बढ़े। आज हिन्दुस्तान के अन्दर ऐसी जो चीजें रोज ब रोज बढ़ती हुई देखते हैं, जिन से प्रोडक्शन नहीं है, उन को बढ़ाना,

उन की तामीर को आगे बढ़ाना, मैं समझता हूँ कि नैशनल सिन के आराबर है। थोड़ा अर्सा हुआ, जब हम प्लानिंग कमिशन की रिपोर्ट पर बहस कर रहे थे तो सेकेन्ड फाइव इयर् प्लान के डिस्कशन के वक्त श्री मोहनलाल सक्सेनाजी ने एक एक्सपर्ट (expert) चीन (China) पेश किया था, उसमें लिखा था कि जो इमारतें प्रोडक्टिव नहीं हैं, उन को बन्द कर दिया जाना चाहिये। मैं कहना चाहता हूँ कि हमारे देश के अन्दर गवर्नमेंट को सब से पहली जो चीज करनी चाहिये वह यह है कि यहां पर जितना अनप्रोडक्टिव खर्च हो रहा है उस को सारे का सारा बन्द किया जाय। परसों हम ने यहां पर एक फिल्म देखी। मैं भी इस राय का हूँ कि जो हमारी पुरानी आर्कलाजिकल चीजें हैं, जिन के अन्दर हमारी हिस्ट्री पिन्हां है, वह सब प्रिजर्व की जायें, लेकिन जो खर्च हम ने उस के अन्दर देखा, जिस तरह एक एक छोटी चीज पर लाखों रुपये खर्च होते हैं, उन को देख कर ताज्जुब हुआ। हर एक आदमी जो उस फिल्म को देख रहा था कह रहा था कि अगर गवर्नमेंट इस तरह रुपया खर्च करती है तो सेकेन्ड फाइव इयर् प्लान के वास्ते कोई उम्मीद नहीं है। इस वास्ते मैं अर्ज करना चाहता हूँ कि पेशतर इस के कोई तजवीज ले कर हमारे फाइनेंस मिनिस्टर साहब हाउस में आयें और हम से कहें कि यह टैक्स बढ़ाओ, सब से पहले जरूरी यह है कि वह हम को तसल्ली करायें कि कोई भी अनप्रोडक्टिव एक्सपेंडिचर हिन्दुस्तान के अन्दर नहीं हो रहा है और पूरी एकानमी के साथ काम हो रहा है। अब तक यह नहीं होता, हम किसी बोझ को सिर पर लेने और मुल्क पर बोझ डालने के लिये दिल से तैयार नहीं हैं। मुझे डर है कि इस बारे में हाउस के अन्दर बहुत जोर दिया जाता है लेकिन गवर्नमेंट के कान के ऊपर जू नहीं रेंगती।

पेशतर इस के कि मैं बिल के प्राविजन्स पर आऊं, दूसरी चीज यह कहना चाहता

हूँ, जिस की तरफ पहले भी एक दफा तवज्जह दिला चुका हूँ और जिस का जिक्र मेरी बहन श्रीमती रेणू चक्रवर्ती ने भी किया है, कि आप कस ज्यादा बढ़ाते चले जायें लेकिन जो टैक्स वाजिब हो वह वसूल न किया जाय तो नतीजा क्या होगा? कुछ अर्सा हुआ मैं ने पिछले फाइनेंस मिनिस्टर की खिदमत में अर्ज किया था कि अगर एक तरह से इनकम टैक्स वसूल किया जाय, अगर इनकम टैक्स ऐक्ट (Act) के अन्दर जो कवायद दर्ज है, जो अहकाम दर्ज है, उन पर अमल किया जाय तो बिला शक व शुबहा इनकम टैक्स की आमदनी बहुत काफी बढ़ सकती है। बम्बई, कलकत्ता मद्रास वगैरह में एक कोने में पान बेचने वाले की आमदनी ४ हजार २ सौ ६० से ज्यादा हो जाती है, लेकिन हजारों ऐसे लोगों पर टैक्स नहीं लगाया जाता। उस मतंबा मैं न अर्ज किया था कि कितने ही लोगों को नोटिस दिये गये, कलकत्ते में जहां पर कि सर्वे किया गया था, कितने ही नोटिस पाने वाले लोगों ने आ कर कहा कि हम टैक्स देने को तयार हैं, पिछला टैक्स देन को तैयार हैं, लेकिन उन से टैक्स वसूल नहीं किया गया। आज भी कितने ही ऐसे लोगों से जो टैक्स देने के लिये कहते हैं, टैक्स वसूल नहीं किया जाता क्योंकि गवर्नमेंट की मैशिनरी बिल्कुल डिफेक्टिव है। गवर्नमेंट के पास अफसरान मौजूद नहीं है, मैं जानता हूँ कि अगर अफसर हैं तो ऐसे कि बड़ा अफसर किसी जगह जाता है, तो वह छोटे अफसरान से कहता है कि उस को कोई गाय बैल सस्ता खरीद कर नहीं देता, या उन के वास्ते बहुत अच्छी सफाई नहीं रखता, और क्रयामगाह खूबसूरत नहीं होती तो इन के खिलाफ इतहाम लगाये जाते हैं और रिमाक्स दिये जाते हैं कि सारा का सारा काम ईमानदार अफसरों का खत्म हो जाता है। जो ईमानदार इनकम टैक्स अफसरान हैं, उन की कदर तो क्या होगी उन का

[पंडित ठाकुर दास भर्गव]

बेजा नुकसान खुद अफसरान कर डालते हैं। तो जब मैं इनकम टैक्स डिपार्टमेंट की वर्किंग को देखता हूँ तो मेरी समझ में नहीं आता कि मैं कैसे दिल से यह बात कहूँ कि मैं हर एक बोझ अपने देशवासियों के सर पर लेने को तैयार हूँ।

कैपिटल गेन्स टैक्स लगता है। इस टैक्स के अन्दर मैं जानता हूँ कि इतना इवेजन होगा जिस का कोई ठिकाना नहीं है। मैं ने जब अर्ज किया या कि ठीक काररवाई करने से आप की आमदनी एक तिहाई और बढ़ सकती है तो फाइनेन्स मिनिस्टर साहब बड़े नाराज हुए और कहने लगे कि ३० करोड़ रुपये से ज्यादा इवेजन नहीं होता। अब माना गया है कि तकरीबन डेढ़ या दो सौ करोड़ रुपये का इवेजन हुआ है, काल्डर साहब ने लिखा है कि तीन सौ करोड़ का इवेजन (Evasion) होता है। अगर यह सब इवेजन बन्द हो जाय, यह तो सिर्फ एफिशियेंसी की बात है, तो हमें टैक्स की ज्यादा जरूरत ही न पड़े। मैं फाइनेन्स मिनिस्टर साहब की तबज्जह दिलाना चाहता हूँ कि उन को चाहिये कि सब से पहले वह अपने हाउस को इन आर्डर लाय, पेशतर इस के कि कोई टैक्स लगायें। कैपिटल गेन्स टैक्स ऐसा है जिस का बिना एफिशियेंसी लाए हुए कामयाब होना मुश्किल है क्योंकि इस में इतने लूपहोल्स हैं जिन का ठिकाना नहीं। सन् १९४९ में जो सर्टिफिकेट इस डिपार्टमेंट को कैपिटल गेन्स के बारे में दिया गया वह हाउस को बलूची मालूम है . . . . .

**Shrimati Renu Chakravarty:** I may just request the hon. Member to speak in English because I am sure the hon. Finance Minister is not able to make out any of the very good points that the hon. Member is making.

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** I think the hon. Member should not

ask for it, because my hon. friend wants to spare me all the trouble.

**Pandit Thakur Das Bhargava:** Sir, I am very sorry that, as a matter of fact, whatever has been said by me has fallen on deaf ears. I do not mean to say that the hon. Minister does not know any of these points already. When Shrimati Renu Chakravarty was speaking in English, she made practically the same points. So far as these points are concerned, I would request my hon. friend, the Minister not to make a complaint against me that I am speaking in a language which he does not understand. At the same time, I would request him to consider all these things dispassionately and to work upon these principles which I have put before him. I will now speak in English. In saying all this I am rather not coming directly to the provisions of the Act and I want to add one thing more.

Two or three days ago the hon. Finance Minister said that he is Robinhood. I like that expression. I wish he were a real Robinhood so that he would take the money from the richer people and give it to the poorer people. That is what he claims.

**An Hon. Member:** He will not do that.

**Pandit Thakur Das Bhargava:** I would ask him to kindly consider what he has done since he has assumed charge. First of all, he taxed cloth. If he would have arranged it in such a way that the poor people would not be hit and he would have taken all the money from the richer people, I would have had no complaint. The second act of his is that he brought in the law for declaration of important articles in the Central Sales Tax. In spite of my humble request that he should declare at least food grains as an important article, he did not agree to it. I am glad that he took some powers for Government to see that in proper cases he might do something.

I do not know whether he will do it. After all, the State Governments are too strong even for the Finance Minister, though the Constitution has given the Centre powers by which they can certainly influence the State Governments. In that case also, a difficulty is that with the soaring prices, so far as the poorer people are concerned, they are very much affected. I am anxious that in the Second Five Year Plan, as I have stated some time before, if you can arrange your taxes in such a manner that the poorest in the land, about whom another Minister said that they earn five annas a day—practically they are just like submerged people and cannot have a proper, normal existence in the country—can be made immune from such taxes, I will go the whole way with the Finance Minister in imposing any taxation. After all, when the House has accepted the Second Five Year Plan, the Finance Minister is perfectly entitled to come here and say “You give me the money, otherwise it is impossible”.

Some time ago he said that it would be a misfortune for the country if the Second Five Year Plan is not put into practice. I fully agree with him and assure him that the entire country is one with him and we will make all the sacrifices that he asks us to make, but at the same time if he wants to get the sacrifices made by the poorer section of our people I will certainly not agree, and I will ask him to devise measures by virtue of which he can see that this indirect taxation, which hits the smallest in the land, need not be resorted to.

Coming to the provisions of the Bill, I should think that the first change that I find is that instead of the words “sale, exchange or transfer” the words are “sale, exchange, relinquishment or transfer”. I would like to know why this word ‘relinquishment’ has been added to the previous provisions in section 12B of the Income-tax Act. I should think that the word ‘relinquishment’ should not have been added. Relinquishment is certainly not trans-

fer and relinquishment should not have been taxed.

Secondly, I am afraid that since the date is 1st January 1954, the realisations from capital gains will not be very material or considerable. Therefore, we can foresee that the amount of yield will not be much though the amount of harassment will be much more. What would happen now? You are giving extraordinary powers which were previously abused by income-tax officers whom you cannot control. It is a most difficult thing of all things to fix prices on the basis of the prices on 1st January 1954. In many cases the difference will be so small that it will be difficult to arrive at any definite result, but at the same time the harassment caused to the persons who come within the purview of the Bill will be extremely great. Everybody will be entirely in the hands of the income-tax collector and it will depend upon him whether he puts the tax or not. Even in the Indian courts and other courts, from the very nature of the case and from the very nature of these discussions, it will be impossible to give justice. Therefore, my humble submission is that this Act will give much more harassment than it will give good amount of money to the fiscus.

I do not understand why some of the provisions from the original section 12B have been taken away. I fail to see why in regard to compulsory acquisition of property, the provisions of this capital gain should be attracted. After all, we have now changed article 31 of the Constitution, and the provisions of Act I of 1894, which required that 15 per cent. of the market value should be added to the market value to arrive at a proper valuation, have also been changed. What would happen today to those people who got compensation in regard to Lakshmi Insurance Company, for instance? Those people were very much hard hit so far as these companies were concerned, especially the refugee companies. They got practically nothing. The year 1954 was a special year in

[Pandit Thakur Das Bhargava]  
which the prices were, so far as those companies were concerned, small, and they would be hard hit again. What would happen to all those companies which, as a matter of fact, did not make much money and whose shares were not at a fair value in 1954? Why this particular date has been chosen I do not understand. I can understand some date being chosen; but why 1st January 1954? It was quite proper if some option was given to the assesseees to choose the dates.....

**Shri A. M. Thomas (Ernakulam):** There is the option in regard to the prices at which they purchased.....

**Pandit Thakur Das Bhargava:** That option is of a different nature. Suppose the proper price is the price on 1st January 1954. In the previous Bill we had 1st January 1939. Now we have got 1st January 1954. I want to know whether those companies, whose shares or properties were at the lowest value in 1954, will not be harder hit than others. They will certainly be harder hit. I think such a period should have been given as would have been of equal value for all those assesseees who came within the purview of this Bill and choice of dates from out of prescribed periods should have been given to the assesseees.

We have now been considering about its effect on the Second Five Year Plan. I would only submit that the proposition that has now emerged is that so far as the yield from agriculture is concerned, it must be increased if we want to see the Plan succeed. May I know what measures have been taken? It is all on paper. The highest yield which was in 1954 when compared to what we are getting now is certainly smaller—we are getting much less yield now, and I do not know any specific efforts in that regard being made in the country. That is my complaint. Even now, the land reforms, of which so much was in the air, have not been accelerated. At the same time, the yield in the last season was three million tons less than

what it was in 1954. I am afraid that even the fertility figures are not encouraging. Last time when we considered the figures for 1952 or 1953, we found that fertility was less than before. Now my humble submission is that unless and until we take great care to see that we succeed in getting more and more grain from the earth, our Plan will not succeed.

When we were discussing the Plan, we suggested many measures to the Government to make the Plan effective. In this connection I would beg of you to kindly reconsider, what was said when we took up the question of food, and the Government's policy in regard to animal husbandry, in regard to cattle, which is even today such that we must all deplore that the Government is not doing what it should.

I have been submitting for the consideration of Government that in this regard they must change their policy and they must have a special Minister, if they mean business, for animal husbandry, but they have not done anything. I am afraid that no effort is being made in this direction. The Government is sleeping. Whatever it may be doing in other fields the Government is not doing what it should in the field of agricultural production and milk production. I can predict that we will be getting more and more into difficulties unless we mend matters. The full attention to greater production of cereals and milk products.

I do not know much about high policy matters of imports and exports. I will not say much about them. I am rather happy that this emergency is on account of the import of capital goods. After all we knew beforehand that we should require capital goods and we imported capital goods. It is very satisfactory. But, if the imports are in respect of consumer goods, I am very sorry. Whenever you go in the country and in fashionable quarters, still there is so much foreign cloth in the country. Even now people are using foreign cloth. It is idle to say

that the swadeshi and indigenous cloth have come to the forefront and have replaced the foreign cloth to that extent. In the country, the climate is not such as it ought to be. Where are the emergency measures? We ought to stop the import of foreign cloth.

**Shri T. T. Krishnamachari:** If you stop imports of foreign cloth, the foreigners would not import your cloth. The export of your cloth to foreign countries could not take place.

**Shri A. M. Thomas:** It will not be a one-sided traffic.

**Pandit Thakur Das Bhargava:** Ordinarily speaking, I do not deny. We heard the hon. Ministers saying things about the foreign manufacturers. They say: "You give me your articles to us; you buy articles from us and in addition buy something of this and that." I know that. But, then do not call it an emergency. Emergency knows no laws. Moreover exporters of our cloth are not necessarily those from whom we import and therefore while we may export our cloth we need not import foreign cloth in this country.

**Shri T. T. Krishnamachari:** I agree. If that is the criterion, there will be no difficulty at all.

**Pandit Thakur Das Bhargava:** You call it an emergency. But, we do not find that in the conduct of the Government. It does not seem to realise that there is an emergency. There is an emergency in this House alone. Nobody knows of your emergency. I can assure you that all our people want the Second Plan to succeed. They will make all the sacrifices you ask of them provided the Government behaves well and conducts itself in such a manner as to show that it realises that there is an emergency. The country does not know of the emergency. Even the Members of Parliament did not know until these two Bills were brought, that there was an emergency of this kind.

The hon. Finance Minister is a very good propagandist. I do not understand why he does not make the propaganda. Why does he not go outside the country and say that the people should behave in a better manner. He speaks of austerity here and not in the Government. I would rather like the Government to set an example and lead the country by economising the expenditure. There is no austerity in the Government departments. There are pictures and dances and such things going on of an unprecedentedly extravagant manner in the country. Even the diary the Members of Parliament are supplied with is such a beautiful diary that it could not be produced in the country except for atleast Rs. 5. Previously there was no such diary; or picturesque things like this. The Government should not be extravagant. If it is, it does not mean business and it can hardly be believed if it says that there is a great emergency.

**Shri Jhunjunwala (Bhagalpur Central):** Mr. Deputy-Speaker, at the outset I want to say that whatever taxes are levied for implementing the Second Plan or for removing the poverty of the country are welcome; I am not one with the Finance Minister and the Government on this point. But the mere levy of taxes is not going to solve these problems if the Finance Minister and the Government do not look to their own house to see how the administration is going on. My hon. friend, Pandit Bhargava has stated elaborately that the taxes are levied to burden the poor people. You are not realising the taxes from the quarters from where you can easily realise them.

The second point which he has made out is a very important point. You are collecting taxes in the name of building up the country and implementing the Second Plan. But, you are squandering away the money like anything. He gave instances. There are so many unproductive buildings being built. There are so many other instances where it is

[Shri Jhunjhunwala]

easily visible that the Government is wasting money like anything. It gives an impression among the people that the Government is very rich and that it is asking taxes only for its own aggrandisement and propaganda and for nothing else.

I do not think that the Government does not want to stop this and improve the administration. But, the fact that there are still defects; in spite of the best wishes of the hon. Finance Minister, he cannot put his house in order. If that is so, he should see if what he is doing is justifiable.

Coming to the Bill, the Finance Minister has said that it is a sort of an emergency measure. The usual course would have been for this measure to be brought after he has placed the demands for expenditure before the country. The Government should have come before us and said: "In order to meet the demands of expenditure which we contemplate for the subsequent year for certain purposes, we want so much more taxes." But, here it is not so. He says that some emergency has arisen and therefore, this measure has been brought by him at this time of the year. I do not want to dilate on it. My friend, Shri Bansal, has pointed out at great length that this is not an emergency measure. This emergency is a continuous process. There has been a rise in the prices since 1955 and since May and more especially since December, the rise in the price of foodgrains has been there. All these things were contemplated even before. We had thought that such steps would be taken so that these difficulties might not arise. I do not know what steps the Government has taken. There is deficit financing and no corresponding addition to production and the useless expenditure is going on. The other administrative measures which the Government have taken have not proved fruitful in checking and removing all the difficulties which were likely to arise.

In the Finance (No. 2) Bill Government has levied some customs and excise duties. In spite of these levies and increase in customs duties, we do not know to what extent there will be restriction in imports and how much foreign exchange we are going to save by the imposition of those duties. All these things have not been placed before us by the hon. Minister. In the absence of that we do not know whether there will be any improvement in our foreign exchange position. Before bringing these measures, the Government should have told us that these are the measures whereby they want to build up our foreign exchange, and whatever has been over-drawn they want to meet in such and such a way. The levying of a few customs and excise duties is not going to help us in preserving or saving our foreign exchange.

So far as import of capital goods is concerned, it is all right. Even if we have to suffer on that account, we should suffer. But so far as consumer goods are concerned, we should try to find out what are the items for which import can be stopped. Those things have not been brought out by the Finance Minister. He has not made clear how he is going to save our foreign exchange. Mere levy of taxes and increase in some customs duties on a few articles are not going to stop the drain on foreign exchange.

Then there are a few items, as for example dyes and other things, on which we can very well increase the duties but we cannot do so because of the G.A.T.T. Agreement. I would suggest, if possible the Government should take steps to enter into negotiation and see whether the duties on these articles can be increased or not.

Now I come to capital gains tax. We have no objection to that. In order to have proper distribution and in order to stop the concentration of wealth at a particular place, this is welcome. But, at the same time,

there are certain things like compulsory acquisition of properties by Government, compulsory sale of property at the time of imposing death duties and so on. These should be taken into consideration and we should see that the people are not doubly taxed because of the act of the Government.

So far as dividend tax is concerned, it is on subscribed capital. Many companies have got big reserves and they have thereby increased their capital asset to a great extent. Those companies should be taken into consideration. While levying dividend tax it should be seen that not only subscribed capital but the whole capital assets should be taken into account as capital of the company. The proper worth of the capital assets of the company should be taken into consideration. Further, this dividend tax falls mostly on the poor middle-class people who invest their money for some gain. I know many instances where people invest their money in shares and their income is mostly the dividend earned on those shares and they live on that. If that dividend is taxed and it is not refundable, in that case that class of people will suffer.

The most important question is with regard to compulsory deposit. Whenever Government think that they cannot administer a particular department properly, when the Government think that they are not in a position to administer the Company Law properly they come with some other proposal and that creates further difficulties. This compulsory deposit is going to affect the industry. It is going to create a great hardship on developing industries and in ploughing back the profits which the companies are making. The Finance Minister has said that he will take all necessary steps so that, whenever anybody applies for refund of the money in order to increase the capacity of his plant, or to improve or renovate his plant, the Government will see that his application is expeditiously disposed of. In spite of whatever the

Government might say, in spite of the and their development largely depend so, our experience has been that they have not been successful in doing so in other matters where expeditious decision is so essential. The result which will ultimately accrue is that whatever these companies are doing in order to increase their own capacity, in order to develop the capacity of their plant, that will suffer.

They want compulsory deposit at least to the extent of 50 per cent. But there are many companies who always think from before and begin developing and renovating their plants during the process of their working. If this provision regarding compulsory deposit is applied to them, the result will be that they will not be able to comply with it. Further, the money which they bring for renovation, extension of their plants and other things is from the banks and other sources at a very high rate of interest. Therefore, if after more production and after developing the industry they are compelled to deposit the money in the way in which the Government contemplate, this section, instead of helping the companies in developing their capacity, will stand in their way.

I would, therefore, submit to the Finance Minister and the House that this section, which is going to be introduced in this Bill, will hamper the development of our industries. All other sections, so far as taxes and other things are concerned, are welcome, provided the Government looks to the proper expenditure of the amounts realised through taxes. But this section regarding compulsory deposits will hard hit the industries for whom the Government says they are going to make this provision.

We know there are certain companies which are engaged in speculation and other things. But, for the fault of a few companies the Government should not bring in a measure



[Shri Jhunjhunwala]

which is injurious to the industry as a whole.

Lastly, my friend Shri Tulsidas has given an amendment for sending the Bill to a Select Committee. I know the Government is not going to listen to it. In a measure of this sort it is very very necessary that it should be sent to a Select Committee. It is not possible to convince the whole House within a short time. This Bill has been introduced only ten days back. The people have had no time to consider these proposals and we have not been able to know the reaction of the public to these Bills. If some time had been allowed, we would have been able to know their reaction. I know the Finance Minister has submitted these proposals after great consideration, but if some time had been allowed, he would have known the reaction of the people—both inside and outside this House—much better. It would have been much better if these Bills had been sent to a Select Committee where, sitting in smaller numbers, we would have been able to ponder over the difficulties which these proposals will create. But now it is no use saying that the Bills should be sent to a Select Committee; the Government is not going to accept it. But if the Government accepts it, I support the amendment of Mr. Tulsidas.

**Shri M. S. Gurupadaswamy (Mysore):** Two hon. Members have alleged that there was a leakage in regard to the taxation proposals. I do not wish to say anything more except the fact that I have received a copy of a letter from some gentleman—the name I can give in private to the Finance Minister—addressed to the Secretary, Finance Ministry, on the 1st December, 1956, wherein he has said that he has got proof to believe that two big businessmen made enormous profit because they had the previous knowledge of these taxation proposals. Therefore, I say that a searching enquiry must be made in

regard to the stock exchange operations of those two gentlemen on those dates. When he has made such specific allegation and has given the names of those gentlemen, I expect that the Finance Ministry would look into this matter very seriously. While I suggest this, I only wish that the Finance Ministry should not again and again give room to us to say that it is a leaky boat.

14-44 hrs.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

It should not function in any manner which may lead to the advantage of a few people among the rich. Here very few people among the rich have been favoured. That state of things should not continue; we do not want that the Finance Ministry should function as a leaky boat.

I do not quarrel with the Finance Minister about the new proposals he has brought before the House, though many hon. Members have taken exception to the new taxation. I do not wish to say that they are not good or desirable and I do not say that they ought not to have been brought before the House at this time. The Finance Minister should have thought about his fiscal and economic policy more seriously and should have convinced the House that what he has brought forward deserves full consideration. Unfortunately, the Finance Minister has not given us full justification for the new taxes that he wants to impose.

If you look at the economic picture of the country today, you will understand that there is a growing social and economic polarisation between classes. Shri Asoka Mehta has quoted figures from Poona; I will take the example of Bangalore. There is an unofficial body of young economists who have been working

on the cost of living and the income of various strata of society. They have collected statistics going from door to door about the income and expenditure of the people and they have found out that in Bangalore nearly 8 per cent. of the people in fixed income groups have gone down in income by 6 points. If this is an indication, I would submit that we are heading to a crisis. There has been a wave of uncontrollable speculation in various urban centres and as a result of increasing demand, there has been a steady spiral rise in prices; and, all the efforts made by the Government at the Central and local level have proved a complete failure.

Recently in some States, Government started fair-price shops to sell grains to the people at a fixed price. But, let me tell the House that these fair-price shops did not make even a grain of difference in the matter of prices that prevailed in the market. In spite of the efforts taken by official agencies to control and curb prices, prices have been increasing. "More the efforts to control prices more the increase in prices" seems to be the present ruling trend in the market. What is the reason? The hon. Minister has given us a reason sometime back, namely, there has been an increasing marginal propensity to consume more and more. In an under-developed economy, the marginal propensity to consume more is relatively high. That is always the case. It does not require a statement the marginal propensity is relatively high in under-developed countries and it will increase more when there is a spiral increase of prices. So, I would expect the Finance Minister to realise this fact. As a result of this spiral increase in the prices of various commodities including capital goods, I would say that inflationary pressures have been already knocking at our door. Deficit finance has degenerated into inflationary

finance. The previous Finance Minister, while speaking about deficit financing, said that the quantum of deficit finance that they undertake would not lead to inflationary finance. He said that the limit that they have set for themselves is a very safe limit. Unfortunately, with the creation of even a small amount of new money, there has already been a spurt in the market. The Finance Minister has not told us how he would be able to control prices. If he can't control prices, the only remedy that has opened to him is to increase the taxes, because according to him more prices mean there is more purchasing power in the community and so there should be drain or squeezing of certain purchasing power from the community. That is a very orthodox theory. My friend should not forget that in an under-developed economy, this orthodox classical theory would not simply work. Your efforts have already shown that you have failed in this direction. The imposition of excise duty on cloth has demonstrated pretty well that you will not be increasing the revenue by mopping up of profits but by levying more and more burden on the consuming public. It will only be an increasing of the burden on the poorer sections.

What has been done regarding wages? In a situation like this, when prices are rising, when there are no indications of stabilising prices or keeping prices at an equilibrium, the only thing that is expected of a Finance Minister is to change the monetary rate of wages. Unfortunately, the Minister is not prone to do this. If there is a rise in price, it is expected that the cost of living will increase. When the cost of living of fixed income groups increases, naturally, the money rate of wages also should increase. I may draw the attention of the Minister to one or two significant remarks made by Shri A. K. Das Gupta, who is, I

[Shri M. S. Gurupadaswamy]

think, a non-controversial economist amongst us. He says:

"In under-developed economies, the current real rate of wages even in one urban sector, not to speak of the rural sector, is about the minimum necessary for physical existence. These economies cannot, therefore, allow prices to rise and yet expect the money rate of wage to remain constant."

What the Minister is trying to do is, he wants to keep the money rate of wages at the present level. He does not give to the community the benefit of just price. He is feeding the community with crisis after crisis. Today, we find ourselves in a frightful muddle. I do not know what measures are adopted to take the country out of this muddle. But, I appeal to him that the course that he has adopted is not the ideal course. The fiscal weapon is not the ideal weapon. That is not the weapon that suits our circumstances. What we have to do is, actual resources should be mobilised and Government should follow other methods, other than fiscal measures. Of course, fiscal measures are very important in their own way. I may point out in brief two or three suggestions in this respect.

India is a land of charity. There are so many charitable institutions and religious foundations. It is understood that these charitable institutions and religious foundations have got nearly Rs. 1,000 crores in their hands. If that is so, why should we not make use of these funds for nation-building purposes? These funds may be returned later on. In the meanwhile, why employ these resources? Secondly, we have been paying a heavy amount to the Princes in the form of privy purse. I do not want expropriation or termination of these privy purses. I want the Government to persuade these Princes to

part with a certain amount so that that amount may be utilised for the various projects that the Government has undertaken. After some time, the money could be returned. Thirdly, I may refer to a thing which was practised in pre-war Germany. That was, of course, Hitler's Germany; but that need not in any way upset us. In pre-war Germany the contractors who built various buildings, bridges, roads and other things in the public sector, were given bills. Those bills were treated as negotiable. There was no ready payment at all. Those bills were discountable and they would be transferred, and for all practical purposes, they were treated as money. Why should we not make a certain portion of the bills given to contractors by the Government negotiable? With these suggestions, I would say that the Finance Minister should look to other methods of mobilising resources rather than depend only on fiscal measures.

**Shri Bansal:** That is only another form of deficit financing. There is no difference at all in substance.

**Shri Matthen (Thiruvellah):** Sir, I fully understand the anxiety of the Finance Minister to raise the additional finance and foreign exchange resources for the implementation of the Plan. I entirely agree with him when he said that the Second Plan is a challenge to every Indian, at least to every patriotic Indian. On the implementation of the Plan depends the solution of the major problem of poverty and backwardness. I am not going into it in great detail because that is admitted by everybody. I only wanted to say this much that in the implementation of the Plan, the Finance Minister should also take care about the development of our production and particular care that any ideological approach to economic problems which impedes the Plan should be overlooked. From my experience of the Finance Minister, he has the courage to do so. Because

everything depends upon production, even if opposition comes from leading elderly Members like Shri Gadgil, if it impedes production, it must not be considered. That is the first suggestion.

I give my full support to the taxation proposals. I do not want to go into details because the time at my disposal is very short. A consideration of the foreign exchange situation, naturally, brings to my mind the inadequacy of Indian shipping.

15 hrs.

There are two small matters which I would like to suggest to the hon. Finance Minister. One thing is about cashew. The cashew export mostly from my State has been one of the major dollar earning exports of India and unfortunately, owing to some labour agitation, they have declared this industry which is really 'seasonal' as a 'non-seasonal' one, with the result that several important factories are already closed down. The major part of this cashew comes from East Africa and as you know, it is imposed from abroad; the season for buying them was last month and according to my information, the major factories have not placed orders for them because they cannot afford to work it as a 'non-seasonal' industry. I appeal to the hon. Finance Minister to kindly look into the matter—whether he can by any means restore this year the exports which is going to be considerably lower than previous years in another matter—and try to retrieve this industry which not only deprives us of dollars but deprives us of employment of hundreds and thousands of poor people in my part of the country.

Another thing to which I want to invite his attention is coffee. I understand that the coffee crop estimate exceeds 40,000 tons. Our Arabica coffee has created a great demand in foreign countries. I have no hesitation in saying that we should tighten our belts, just to overcome this emergency to get more foreign exchange—this may not be very much—and even

if Indian needs are not adequately met, I strongly support the export of coffee. Fortunately we have got more than 30 per cent. of coffee this year. We can import cheaper coffee from outside for Indian consumption. Even though I like drinking coffee myself, particularly good coffee, I think we can put up with the lower quality coffee. By consuming cheaper coffee and exporting good coffee, we can get a good foreign market.

This consideration of foreign exchange naturally brings me to the subject of inadequacy of Indian shipping. Transport is the greatest problem in the second Plan period and it may surprise you to learn that the coastal shipping which is cent per cent. Indian carried during the last year was about 4 lakh tons of goods less than the previous years, I mean in 1953 and 1954 it was about 29 lakhs of tons each, while in 1955 it was 25.5 lakhs of tons.

The anticipated expansion of industrial production of the country, the annual increase in the carriage of cargo as a result of the recommendation of the Rail-Sea-Co-ordination Committee and the possible diversion of cargo to the sea route to relieve the strain on the carriage capacity of the Railways, these three factors alone, I understand, will increase the trade on the coastal shipping by about 3 million tons.

In addition to this the carriage of refined products of petroleum round the coast will, I understand, amount to 1 million tons. So, on the whole it will have about 4 million tons more than that carried last year. As I said, we carried about 5 lakh tons less than the previous years.

The hon. Finance Minister is a Member of the Planning Commission and even though the matter strictly relates to the Transport Ministry, I wish to refer to this because I consider that this is a very important matter for the development of our economy.

[Shri Matthen]

The Planning Commission has provided for a total tonnage of 440,000 G.R.T. including dry cargo and tankers for the coastal shipping and as against this the country will require at least 600,000 to 700,000 G.R.T. if we want to carry, as indicated by me above, all the coastal trade—cent. per cent. Indian.

What is the position of the overseas trade? Last year 2 million tons of cargo were handled by the six major ports, excluding cargo carried on the coast and in the adjacent trades and the refined products carried by the tankers by foreign countries it is estimated that about 17 to 18 million tons of cargo were carried in the overseas trade of the country. On the top of it, as pointed out by the Government's spokesman, the country will have to import an additional 6 million tons of cargo per year from 1958 onwards. In other words, we will have to carry about 24 million tons of cargo in the overseas trade.

According to the Planning Commission, we have to carry 15 per cent. of this cargo in Indian-owned vessels. Actually the figures given by the Government the tonnage of 173,000 G.R.T. Indian Companies carried was about 7½ lakhs of tons in 1951 in overseas trade. Calculating on this basis it will require at least 800,000 G.R.T. of ships to carry about 34 lakhs of tons of cargo of overseas cargo, which is 15 per cent. of our overseas trade. If the target of 15 per cent. overseas trade is to be ready at least by the end of the second Plan, as envisaged by the Planning Commission, the tonnage required for the overseas trade is not 260,000 G.R.T. as indicated but 800,000 G.R.T. As against this the Planning Commission has provided for 4,60,000 G.R.T. for the overseas trade. I will come to this later on. It does not need much intelligence to see that it is not humanly possible to manage this 15 per cent. with the tonnage proposed by the Planning Commission.

In this connection, the Shipping Policy Committee of 1947 proposed—that was accepted by the independent Government of India—that 50 per cent. and not 15 per cent. of the overseas trade is to be carried in Indian ships, and for that 75 per cent. of the adjacent trade and 100 per cent. of the coastal trade, for which a target of 2 million tons of shipping is to be reached before 1955. This is 1956. The tonnage we have today on the 31st of March, 1956, i.e., one year after the original target date of the Policy Committee, consisted of 120 vessels of little over 5 lakhs of G.R.T. Out of these 81 ships of about 245,000 G.R.T. were employed in the coastal and adjacent trades and 39 ships of 2,60,000 G.R.T. in the Overseas trade.

The question is how to implement the target especially in view of the large amount of freight which we are paying. The only immediate prospect is to get a good number of ships like the 'Liberties' and 'Victories' from the 'Mothhall' fleet of the U.S.A. The Government of India through the Ambassador in U.S.A., has been trying for the past one year to get some of the ships. The former American Ambassador Mr. Sherman Cooper was trying to release some ships out of this fleet. This subject is vitally important to our economy. I hope the hon. Prime Minister will not forget this matter when he visits U.S.A. and meets the President and it is quite probable that some ships may be released from this fleet.

Another point is the second ship building yard which is to be started as soon as possible. Even though about Rs. 36½ crores have been provided in the second Plan, I think, orders have already been placed to cover Rs. 34 crores out of that amount. There is hardly anything more left, but what are we getting? We are not getting, I think, even the Second Plan target of 900,000 tons. It will be short by at least 140,000 tons excluding replacements of 90,000, that is

230,000 tons short. I was basing all this on the assumption that we will have at least the modest target of 900,000 tons attained during the Second Plan period. All over the world, ship-building yards are over-booked. It is impossible to get ships in the foreign yards. Our only salvation is to have our own yard started in the course of the Second Plan. On top of it, the Suez Canal crisis has made our position much more difficult. My humble submission is that attempts must be made to start the second shipbuilding yard as soon as possible, at least before the middle of the Second Plan.

From the answers to questions and the speeches of the former Transport Minister there seems to be no possibility of revising the tonnage in the Second Plan, nor of increasing the funds allotted under the Second Plan for achieving the moderate target of 900,000 tons. I think it is a very vital matter. I want the Finance Minister to pay particular attention to it and make adequate provision for buying more ships, and that too immediately.

**Shri A. M. Thomas:** Mr. Chairman, Sir, I am intervening in this debate at this fag end not with any pretence of putting forward anything new or making brilliant suggestions, but to give my general support to the taxation proposals and to goad the Finance Minister further in the direction he is now taking the country.

It is said that it is an extraordinary procedure that the Finance Minister has adopted in bringing these taxation proposals without the usual financial statement of the year. We have to bear in mind one fact when we take account of this criticism. The budget proposals of 1956-57 which were made along with the financial statement for the year gave a great sense of relief at that time. It was because the country was prepared for a much greater tax burden and it was less heavy than was expected. According to the taxation proposals of 1956 February you will find that

it would still leave a deficit of Rs. 17.68 crores on revenue account alone. The Taxation Enquiry Commission was of the opinion that the tax system should have adequacy of both depth and range if it was to promote an accelerated pace of development. Many expressed the opinion in this House when the budget proposals for the year were discussed in last March and April that the Finance Minister had not tried to raise sufficient tax resources to cover as far as possible the development expenditure. The Taxation Enquiry Commission, reports that although India is a very poor country, since the tax resources raised in India amount to only seven to eight per cent. at present which is much less than that of the countries in South East Asia, there was greater scope for raising the proposition. The Taxation Enquiry Commission when it made its proposals thought that the size of the Second Plan would be only about Rs. 3,500 crores. We know that the size of the Plan has been made much larger, to Rs. 4,800 crores, but we are not definite and the hon. Finance Minister has given indications that it will not stop there but will require about Rs. 400 to Rs. 500 crores more. To take a single instance, the estimated cost of the Rourkela steel plant, on which there was a question this morning, was initially a little more than Rs. 100 crores, but then it was raised to Rs. 120 crores and now it appears that it will be Rs. 168 crores. This is an indication of the nature of the outlay on other projects as well.

My friend Shri Matthen has referred to the transport problem. The hon. Finance Minister while replying to the debate on the Demands for Grants of his Ministry as Commerce and Industry Minister last time was emphatically of the opinion that the Plan was likely to be wrecked on the question of transport if proper attention was not paid to it. He is therefore quite aware of the seriousness of the problem and in all his speeches made recently he has put forward this aspect. The speaker who preceded me has just mentioned that

[Shri A. M. Thomas]

almost the entire allotment for shipping is now over, so that further funds have to be found from the Planning Commission, so much so it is even doubtful whether it would be enough to raise Rs. 400 or Rs. 500 crores more than Rs. 4,800 crores put in the Plan. That being the situation, the Finance Minister cannot at all be blamed for the taxation proposals that he has now brought forward.

My friend Dr. Krishnaswami just said that what ought to have been done was to tackle the foreign exchange front, but I do not know how by mere tackling of the foreign exchange front we can find the resources for financing the Second Plan. He has totally ignored to touch on the aspect of raising additional resources.

The weakest chapter according to me in the Second Five Year Plan is the chapter on finance and foreign exchange. In that chapter, taxes have been expected to yield Rs. 800 crores. According to the Plan out of the total outlay of Rs. 4,800 crores Rs. 1,000 crores constitute current development expenditure, and it is surprising that in that chapter no recommendation has been made to find resources on tax account which would yield this current development expenditure. There is the indication that there would be an uncovered gap of Rs. 400 crores. In the chapter it has not been definitely pointed out—of course the possibility has been indicated—that the gap would also have to be met by taxation. We have to take into account another aspect also. I do not think that the foreign aid that we anticipated would be forthcoming. The figure would be more or less a pious expectation, particularly in view of our internal socialist policy and our so called neutral policy in foreign affairs. We have to rely more and more on our own internal strength. The position therefore is inescapable that we have to tap all the available resources that this country can bear.

I am very glad to find that the hon. Minister has so to say cried a halt to the policy of deficit financing. Though his predecessor in office was a very cautious Finance Minister, some of us were feeling whether he was not going too far in the matter of deficit financing. I am glad to find that that tendency has now been checked. We have to understand the point that countries with under-developed economies are highly sensitive to small changes in supply in relation to the demand and a slight deficiency pushes up prices excessively, and a small surplus manifests itself in sharp price declines. Money supply and prices have tended to rise in recent months, and this trend needs very careful watching.

After making these few general observations, I would try to meet some of the criticisms that have been made on the floor of this House dealing with these financial proposals. When you spoke, Sir, you asked whether anything material would be yielded because the base year for the capital gains tax has been fixed as 1954, but I think if you take the recent years into account, 1954 would be a very reasonable year. My own impression is that 1952 was perhaps the peak year, in relation to the index of prices. Then, the prices began to decline gradually. And you may remember that great anxiety was expressed on the floor of this House with regard to the declining prices. Then, there was a gradual upward trend, which was more or less noticeable in 1954. At the same time, it had not reached the peak that obtained in 1952. So, the period of January 1954 has been very wisely chosen, and according to me, this will yield substantial capital gains.

One criticism that has been made by Shri Morarka as well as Shri T. S. A. Chettiar is that the taxation proposals must be precise, but, on the other hand, the Finance Minister fixes

a ceiling and then taxes to any extent he likes below the ceiling. But, I think that it is only in one or two instances that the ceiling has been fixed and a departure is being made by the issue of notifications. When we are on this, we have to take into consideration the background which the Finance Minister had mentioned in the course of his speech that the next budget would virtually be perhaps in May or June next year. So, there is a definite time-lag. Besides, if within a period of two weeks before the Minister introduced his present proposals there was an upward trend in the index of prices to the extent of ten points, then, we do not know what exactly would be the financial complications that would ensue in the near future. If circumstances justify, it may not be possible for the Finance Minister to come before this House and say that this rate or that rate has to be increased.

One item on which a ceiling has been fixed is the stamp duty on the Bills of exchange. That is a revenue which would go to the States. That is rather a steep rate. The Finance Minister has to see whether the Rs. 5 that is imposed would be justifiable and only in that case, perhaps, there would be justification for further enhancement.

On previous occasions also, we have resorted to the adoption of the ceiling rate, and allowed the executive to make suitable changes by notification. We have got the experience of legislation of commodity Boards and Committees, where we have fixed a ceiling for the cess, and as occasion arises, the cess would be so manipulated as to yield the funds necessary for the occasion.

In regard to the excise duty on cloth also, you would remember that although we had fixed a ceiling, Government did not impose the ceiling rate when they put into effect the taxation proposals.

I am glad to find that the Finance Minister has seen his way to accept

many of the taxation proposals that have been made by the expert, Mr. Nicholas Kaldor, in his report to Government. The capital gains tax is one of the suggestions that has come from him, and he has also said that some modifications are necessary in the matter of section 12-B, and those modifications also have been adopted by the Finance Minister.

But, as has been pointed out already by Shri Asoka Mehta, the proposals of Mr. Kaldor are not meant to be picked up singly. He has intended these proposals which he has outlined in his report to aim

“at broadening the tax base through the introduction of an annual tax on wealth; the taxation of capital gains; a general gift tax; and a personal expenditure tax...”

I am aware of the fact that, perhaps, in the next budget, the Finance Minister may adopt one or two of the other proposals of Mr. Kaldor. Mr. Kaldor's recommendation with regard to capital gains tax is also to avoid the evasion of taxes. According to him evasion should be tackled on four fronts, namely, by levying a tax on capital gains, a tax on gifts, a tax on personal expenditure and an annual tax on wealth, for, if the tax is levied only on all these four fronts together will there be the desired result.

We have also to remember that in chapter 9 of his report, Mr. Kaldor has stated that he is of the opinion that if the rates are reduced to the extent of 45 per cent. or so, and taxes are levied on capital gains, personal expenditure, wealth, and gifts, and so on, then, the evasion would be much less and it would be possible on the whole to get more revenue than is really obtained by high rates on income. Professor Kaldor says:

“Conversations with individual businessmen, accountants, and revenue officials reveal guesses which range from 10—20 per cent. of the assessed income at the minimum to 200—300 per cent. at the maximum.”



[Shri A. M. Thomas]

It appears from the speech that the Minister delivered at Calcutta that he also subscribes to the opinion of Mr. Kaldor, namely that the amount of Income-tax lost through evasion would be of the order of 200 to 300 crores than the Rs. 20—30 crores which is sometimes quoted.

So, one basic thing that he has to do is to devote the energies of his Ministry, especially of the Central Board of Revenue, in this direction, so as to check the evasion as early as possible. Otherwise, it will have a terrible demoralising effect. The salaried classes are taxed at the source; you know, Sir, that even our Rs. 400 salary is taxed at the source; but, the several business magnates who have got considerable sources of income escape because of the loopholes. I hope the Minister is quite aware, as I could gather from some of his observations already, that there is a limit to the extent that one can tax the salaried classes. So, the tax evasion problem has to be tackled very efficiently. Otherwise, all the expectations that the Minister has would be belied.

With these few words, I support the taxation proposals wholeheartedly.

**Shri Mulchand Dube** (Farrukhabad Distt.—North): In order to finance the Second Five Year Plan with an outlay of Rs. 4,800 crores, it was originally estimated that a sum of Rs. 850 crores was to be collected by way of additional taxation. The Finance Minister now says that to this figure another Rs. 400 to Rs. 500 crores have to be added. The result is that the total amount of taxation which has to be raised in order to finance the Plan seems to be of the order of Rs. 1,200 to Rs. 1,300 crores.

In these Finance Bills, the Minister has increased the excise duty, the stamp duty and also imposed a tax on capital gains and provided for the deposit of the reserves. With all these extraordinary taxes, particularly the capital gains tax and the deposit

of reserves, it is estimated that Government will be able to make about Rs. 16 crores a year.

During the Plan period, we may be able to raise by these extraordinary measures a sum of Rs. 64 crores. This is a small sum when we think of the large deficit that we have for the Plan, that is, Rs. 1,200 to Rs. 1,300 crores. The question, therefore, arises as to how this gap has to be filled, and where we are going to get the money from. It appears that during the next financial year additional taxes are also going to be levied. According to Professor Kaldor, the saturation point in regard to tax has not yet been reached in this country, but it does appear that the taxes that are being levied may lead us to a point where people will not find it attractive enough to start private industry. Thus, it may be that the disincentive point may have been reached.

Be that as it may, I am not a financial expert, nor for the matter of that do I claim to be an expert in planning; I read some political economy at the University Stage, but with the lapse of several decades that knowledge has practically faded out and I have had no time to refresh it—it appears to me as a layman that it is necessary, in order to prepare the plan; to take stock of our resources and of our requirements and then to plan our requirements according to our resources. I think what the Plan suffers from is that we have not taken stock of our resources at the time of preparing it. My submission is that the Plan seems to have been prepared on the pattern of the most advanced industrial countries. The special conditions in this country do not seem to have been taken due note of. I am referring to manpower. This is the only resource in which we can excel most of the countries of the world except one or two. It is only in our manpower that we can do so, but it so happens that this manpower is not treated as an asset at all; it is treated more or less like a liability.

I therefore think that the approach in this Plan has not been quite correct. The Planning Commission has certainly in certain places mentioned our manpower in connection with unemployment. But this unemployment is, of course, a negative matter. If only we give greater attention to the employment of this manpower as an asset, I think most of the ills from which we are suffering and most of the difficulties arising in regard to the Plan, will be overcome. Of course, I do not mean to suggest that manpower is all that is needed. For instance, for the establishment of big industry, for the manufacture of machines which will make machines and which will produce consumer goods, of course, manpower would be, more or less, useless and may not be absolutely necessary. But then even for the manufacture of those big machines, thousands of small parts have to be prepared and these can easily be left to be produced by small-scale industry either with the aid of power or without it. I do not think sufficient attention has been given to this aspect of the question. Therefore, we are, in fact, suffering on that account.

The hon. Finance Minister has stated in his speech introducing the two Bills that about Rs. 200 crores of foreign exchange have been spent during the last few months. My hon. friend, Dr. Krishnaswami, pointed out that it was at the rate of about Rs. 1 crore a day. This is perfectly right. I do not think we can go on this way to any considerable extent. I submit that efforts to acquire and conserve foreign exchange have not been made in the manner in which they should have been made. It may not be possible for us to export finished products produced by machines because in that line there are other countries who are far in advance of us and who can produce goods cheaply. But there is certainly another aspect to this, in which we can probably beat other countries, I mean goods produced by manual labour.

I do not think we have studied the markets of other countries in order to find out whether it is possible for us to produce goods required by other countries and whether it is possible for us to produce the pattern of goods which those other countries use and at a much cheaper rate in this country than they are able to produce. I do not think that we have investigated the possibility of being able to market such goods in those countries. I feel that no great expense will be required for undertaking this. We maintain Commercial Attaches in most of the countries where we have Legations, Embassies and the like. Those Commercial Attaches can be asked to study the markets for hand-made goods in those countries so that we may be able to find out whether it is possible or not for us to produce those goods at a competitive price, so that they may be sold there and we may be able to earn foreign exchange. As it is, we are certainly earning some foreign exchange by sending out prints, handloom cloth, khaddar and other things, but that is to a negligible extent. Proper attention is not being paid to it. I would ask the Finance Minister to look into this question and find out whether there is anything worth pursuing with regard to this. As I have said before, I am neither a manufacturer, nor a trader, nor, for the matter of that, a person well-versed in economics or planning. But this is a thing that occurred to me, and the hon. Finance Minister may examine it for whatever it may be worth.

In regard to the deposit of reserves, my submission is that it will not help production. I think I might explain this a little, by stating the relation between deficit financing and the pace of production. I find that the hon. Finance Minister seems to be not in favour of further deficit financing, although I have seen the opinion of experts that deficit financing up to a degree is permissible and may be profitable to the country. But then one thing that has to be kept in view is that production must exceed deficit

[Shri Mulchand Dube]

financing. If production does not keep pace with deficit financing, inflationary trends would be generated, and the spiral of prices may continue to rise. Therefore, if production only keeps pace with deficit financing, the chances are that the ordinary law of supply and demand would operate and prices would not rise.

The one thing in which we can increase our production, if we only concentrate upon it, is agricultural produce. Even if we succeed in raising our agricultural produce to the neglect of consumer goods or mill-made cloth, I suppose we shall not be very badly off. Therefore, what is necessary is that production has to be paced with deficit financing; then, I think, there would not be any danger in it. But the provision that we are making in regard to deposit of reserves is, I think, likely to hamper production and the productive effort of our industry.

Other hon. Members have said that once the money gets into the hands of Government, it is difficult to get it out. This is, to a certain extent, true. I suppose every manufacturer will find it difficult to satisfy the officials of Government that he really needs the money for the development of his industry and for the renovation of his machinery. It is difficult always to satisfy the Government officials or, for the matter of that, any person who is not concerned with the business or who has no knowledge of the particular business in regard to which the demand is being made. It is bound to take some time. With the best of intentions, the official concerned, has to be satisfied. He may be perfectly honest but he cannot be satisfied, unless he has full knowledge of the working of that particular concern, as to whether the application that is made is really *bona fide* or not. This is bound to take time and, to that extent, there is bound to be a lag in production.

Apart from that, I would suggest to the hon. Finance Minister that this provision of the depositing of reserves should be made applicable only to companies with a capital of more than Rs. 10 lakhs. So far as the companies who have a paid-up capital of less than Rs. 10 lakhs are concerned, they would be hard hit by the provision of asking them to deposit their reserves or a certain percentage of their reserves.

**Mr. Chairman:** There are only five minutes before I call the hon. Minister to reply. If the hon. Member, Shri Mohanlal Saksena can finish within 10 minutes, I shall certainly ask the hon. Finance Minister to forego 5 minutes of his time.

**Shri Mohanlal Saksena (Lucknow Distt. cum Bara Banki Distt):** I will finish within 5 minutes, Sir.

**Mr. Chairman:** Yes.

**Shri Mohanlal Saksena:** Mr. Chairman, I am sorry I did not catch your eye although I stood up again and again. Anyway, I welcome the proposals so far as they go but I regret that they have come too late. I do so because they are in keeping with the suggestions I had made from time to time in regard to the formulation and implementation of the Plan. The policy is to soak the rich to help the poor, to tax articles of luxury and spare articles which are essential. Because these proposals are in keeping with that policy I have no hesitation in supporting them.

I would like to tell the Finance Minister that it does not do much good to say that the Plan is a challenge to us and we have to raise the necessary resources. There was an appeal by the Prime Minister that we must accept it as an act of faith. As I said at another place, faith, like courage and sacrifice, is infectious and it requires greater faith in the person who wants to instil faith in others. Where is that faith on the part of the Planners? There is a minute of dissent in the Plan itself.

With the Suez Canal crisis the Planners are feeling nervous; they are not sure of its implementation. It is not that these things could not have been foreseen. For at least 18 months since the publication of the Plan frame, it has been my unpleasant duty to put forward suggestions and tell the Planners what I feel about them. Now, you say the Plan is a challenge to the people.

Take the case of elementary education. There is a directive in the Constitution that every child, boy or girl under 14, should be in school. But, according to the Plan only 49 per cent. of them would be in school. In the Second Five Year Plan—I wonder whether the hon. Finance Minister knows it—there is a smaller provision for elementary education than in the First Five Year Plan, although there is a provision of Rs. 57 crores for University education as against Rs. 15 crores provided in the First Plan. Again, there is a provision of Rs. 57 crores for administrative and miscellaneous expenditure as against Rs. 11 crores in the First Plan. While in the First Plan administrative expenditure was only to the tune of 6.66 per cent., now it has gone up to about 19 per cent.

As I have said in my note on resources, which has been circulated to the Members of this House, my differences are not in regard to the size but regarding allocations and the manner in which resources are going to be raised. I wonder if the hon. Finance Minister has had time to go through this note on the 'Size and Resources'. I have stated there that I am opposed to deficit financing to such a large extent for two or three reasons. There was the opinion of our panel of economists that we should not provide for more than Rs. 1,000 crores by way of deficit financing. Against that warning, we provided for deficit financing to the tune Rs. 1,200 crores and left a gap. I myself felt that it should not be more than Rs. 850 crores. How are we going to make up that gap? I

had suggested checking of tax evasion by which you could raise during the plan period a sum of Rs. 250 crores. I had suggested that by economy you could raise another Rs. 250 crores. That will go to make up Rs. 500 crores. I had also suggested that for small-scale industries you can raise Rs. 18 crores. At present you have bonds and national plan savings certificates. I had suggested definite schemes where people will have the incentive to save. I had suggested the issue of ration bonds whereby the holder of a bond will be entitled to get certain quantities of rations at specified rates. I had suggested the issue of saving in orchards, as you have got in Palestine. The Government could develop orchards and later on allow these bond-holders to purchase them. By such schemes, I feel it should be possible to raise Rs. 1,800 crores.

But the previous Finance Minister was always talking of taxation and more taxation and deficit financing. Anyway, I hope the hon. Finance Minister will look into this question and in these directions for more resources. As was pointed out by you, I had also submitted a note on 'Drive for Economy and Efficiency'. I had suggested that, as is being done in China, at least in respect of non-productive buildings you must immediately pass an order that there should be a reduction of 15 per cent. and on production buildings a reduction of 10 per cent. Then there are the travelling allowances and entertainment allowances and so many other items which can be cut down, if the Finance Minister is so minded.

15-48 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

The hon. Finance Minister said that we are proceeding according to schedule so far as the execution of the Plan is concerned. I beg to join issue with him. Take for instance the Iron and Steel Ministry. We have just planned for having 3 plants during the Plan period. We are importing so much and there is difficulty about

(Shri Mohanlal Saksena)

foreign exchange which is partly due to this import. My difficulty is this. We are importing capital goods which are not necessary. From my experience as a Member of the Estimates Committee, I can say that when we examined the C. T. O. we found that there were hundreds of cases which had been purchased and which had remained unopened for 3 or 4 years.

In the Bhilai Plant, for instance, we are lagging behind the time-schedule. That is my information. The foundations had to be dug out and laid before the rainy season. But that was not done. The godowns have not been constructed. Trained personnel have not been forthcoming. A very important provision of the Agreement has not been taken advantage of, namely, the training of Indian counterparts by the Russian experts. They had come here and they have gone and their Indian counterparts were not there. The machinery that has come is lying in the open. My information is like this and I would like to be corrected and told that it was not so. We are lagging behind the time-schedule. It is understandable. After all, the hon. Finance Minister has too many irons in the fire, and for him to continue to keep charge of this very important Ministry, I think, is not very desirable from another point. I do not want the Finance Minister to be in charge of any other Ministry because it creates a bad precedent. Firstly, he has no time, he has got so many things to do. After all, he has to raise resources and he has to apply his mind. If he goes on like this, I will not be surprised if he begins talking while sleeping, which he said, yesterday he is not doing now. Before there is a crisis, I would like the Plan to be examined. Our imports should also be cut down.

We have been importing so much cement and steel. Is it only what is absolutely necessary? It has been suggested by many engineers that in the construction of dams it would have been much better if we had taken to

stone masonry as well. About the Tungbhadra Dam, there was a difference of opinion with regard to the construction, and it was decided in favour of stone as suggested by Hyderabad Government. I was told by the Prime Minister that the engineers think that we could not build to that height with stone masonry. My reply was then why not use stone to the height we can because that will provide employment, that will save so much foreign exchange which we cannot have. There is one great disadvantage in the use of cement because it lends itself to so much abuse. Go to the villages in the area of Bhakra-Nangal dam and you will find that so many houses have been built with cement. Where did this cement come from?

**Shri Tek Chand (Ambala-Simla):** Stolen cement?

**Shri Mohanlal Saksena:** If there is no handicap of cement you can plan for any number of dams; there is plenty of stone; you can start them now.

In the matter of resources, I had suggested a labour levy. This proposal has been before the Planning Commission for a long time and the Chairman has given me assurance again and again that it was being considered, but I had no information about it. I know that a similar levy is in vogue in France. In the communes there every male adult under 60 is required to work for a certain number of days in a year. If he cannot work, let him pay. As I said in my suggestion for the implementation of the Plan, every able bodied adult under 60 should be made to work or pay for the plan. But the Minister is now taxing articles of food and other necessities. Who is going to pay it? For instance a person may be supporting a number of unemployed persons, a brother and so on, but on account of this tax, we shall have to pay tax for these unemployed dependents. As the time is very short, I would only ask the hon. Finance

Minister to go through these suggestions of mine, and I am prepared to discuss them with him. But I feel that now he has to begin with a balanced Plan. I do not like the implementation of our Plan to hang on foreign assistance. I do not think it is consistent with the high moral stand that we have taken in international affairs.

As regards the Suez crisis and any other crisis, we should know the conditions in the world are such that we cannot expect smooth sailing for a number of years. Therefore, our Plan should be such as can be implemented. It can be divided into two parts—one basic, which may be implemented with the resources available in the country, and the other from assistance from outside, if available.

With these words I support the measures before the House and I hope that the Finance Minister will give his attention towards stopping evasion of taxes and effecting economy on the lines I have suggested.

**Shri T. T. Krishnamachari:** Mr. Deputy-Speaker, Sir, Government has had support from quarters from which it normally does not get support and it has been opposed from quarters where opposition to a measure of this nature is inevitable. Perhaps what was a little surprising was a certain amount of opposition to the particular measures that came from my side of the House while generally they supported the Finance Bill as such. Under these conditions, I am particularly grateful to my young friend, Shri A. M. Thomas, for, what you might call, the very discerning support that he gave to this measure. In fact, his speech has lightened my burden because he has been able to explain many of the doubts raised on this side of the House in regard to not only the substantial part of the Bills before the House but also the procedural part of the Bills. I would, therefore, like to express my gratitude to him and also compliment him

on the effort that he has made very successfully to get beneath the skin and understand the nature of these proposals.

I must also express my gratitude to my friend, Shri Asoka Mehta, who is not here, for having brought into this discussion a certain amount of dynamism even though it was of the opposing variety. In fact, I would not complain because of the speech that he has made even though I won't agree with the analysis which he has given of the present situation. The only compliment that I can pay is to say that if I were not where I am but were on the other side, I would have done the same thing.

**Shri M. S. Gurupadaswamy:** You will be.

**Shri T. T. Krishnamachari:** Having said that, before I go to the most important questions, let me deal with some of the less important points in his speech.

He raised the question of leakage. I am afraid we are living in a world where it is difficult to think in an integrated manner. Therefore, there is a certain amount of leakage in our thinking. Therefore, we look to leakage everywhere. I have not made any exhaustive enquiry into these charges even though a journal which has the reputation of being responsible has departed from its responsible character and started an adventure in a field where responsibility is certainly not necessary. I suppose the paper is angry, and an angry man is generally irresponsible. The charges were made by the finance weekly Capital. Certainly I know the significant characteristics of Capital both as a journal as well as what it generally conveys. I have not made any enquiries excepting just to find out what people say about it, because I am perfectly sure in my mind with the precautions that we have taken that nobody could have had the wind of any of the proposals that we were making. It is undoubtedly true that round about

[Shri T. T. Krishnamachari]

1-30 on the 30th November, when the teleprinters in the various stock exchanges started working and conveyed the news that my colleague, the Minister of Parliamentary Affairs, had asked the Chair for permission for me to make a statement and the Chair fixed the time at 4-30, there was some excitement. It is due to the fact that I have a bad reputation.

That cannot be considered to be a leakage. Here we have a document which is generally produced for our benefit. It speaks of the equity market. On 23rd November, 1956 the Associated Cements—these are the closing quotations—sold at Rs. 194 and on 30th November, Rs. 194-12-0 on 1st December, 1956, it was Rs. 185. Tata Steel Ordys—the quotation was Rs. 191-8-0 on 23rd November, 1956; Rs. 192-8-0 on 30th November and Rs. 180-12-0 on 1st December. Kohinoor Textiles—the position is Rs. 340 on 23-11-56; Rs. 345 on 30-11-1956. National Rayons Rs. 261 on 23-11-56 and Rs. 262-4-0 on 30-11-1956. Bombay Dyeings: Rs. 623-12-0 on 23-11-1956 and Rs. 625-10-0 on 30th November 1956.

This is a record prepared for our benefit, prepared by the Government. It also goes on to mention:

“The Calcutta Stock Market was ruling quietly steady until Friday, November 30, 1956 when a sharp reversal took place. The news of the circumstances which necessitated the adjournment of the annual general meeting of the Indian Iron and Steel Co. Ltd. to December 7, 1956 (“in token of the shareholders’ protest against the limitation imposed on the dividend on the ordinary shares”) induced renewed selling pressure in the share scrip which, in turn, imparted an easier trend to prices elsewhere. This was followed by news of the new taxation proposals which created panicky conditions in the market, resulting in a slump....”.

The enquiries that I have made have shown only one thing. The only share that was affected either on the 30th or a day prior, was the Indian Iron and Steel and here is the cause something completely unconnected with the Budget—that the meeting had to be postponed to the 7th of December.

**Shri Mohanlal Saksena:** May I interrupt him? I have received a copy of a letter.

**Shri T. T. Krishnamachari:** I know. I will deal with that letter.

The hon. Members have received copies of several letters. Some busybody has been writing letters.

**Shri Mohanlal Saksena:** This is addressed to the Secretary, Finance Ministry.

**Shri T. T. Krishnamachari:** The usual method is to address it to some high dignitary. In this case, the imagination did not go so high. Normally these are addressed to the Prime Minister or somebody else and a copy is circulated to the hon. Members of this House. If my hon. friend thinks that somebody who has sent him a copy of that letter is right, he must understand that he is a busybody. Here are the facts which have been disclosed from the market position. If on that basis, my hon. friend wants to show that certain thing has happened, I shall give him the satisfaction of indulging in this happy indulgence. I shall say nothing more about it.

**Shrimati Renu Chakravarty:** Is it not true that the limitation of dividend has been there for a very long time, since last year? This sudden reversal in the first week of December seems to need further explanation.

**Shri T. T. Krishnamachari:** But, why should it be only the Indian Irons? The entire taxation proposals, if they had affected anybody at all, had affected a wide range. So far as the Bombay market is concerned, I

have given the quotation to the hon. Members. Why should it be Indian Irons and nothing else? I do not propose to deal with it any further.

The other question that was raised by Shri Asoka Mehta and endorsed by some hon. Members here, was that our import-export policy, which had been pursued during the last 4½—4¾ years, had been highly defective and had generated the present difficulties in the foreign exchange position. This is again a charge made without looking into the facts and figures. In 1952, we had slumped rather low. Then, we started tightening up the belts and re-ordered our affairs—a certain amount of liberality here and there—and generally we had a more rational picture of imports. The net result was that we pumped in a hundred crores into the Sterling Reserves during the period of 1½ years. We maintained it more or less in the same figure until the beginning of this year. I would also like to say that our policy which was followed in regard to imports was something which was, I think, rather restrictive, so far as consumer goods were concerned. The liberalisation of imports for a period of three years has been entirely in respect of the requirements for industry, which has been necessary in order to further the Plan targets. Between the first half of 1955 and the first half of 1956—I am taking two half-years with a gap of one year—the capital goods and heavy electrical goods—the licensing—rose from Rs. 47 crores in the first half of 1955 to Rs. 179 crores in the first half of 1956. Surely, that was not import of consumer goods. They are capital goods—heavy electrical equipment. The difference has been a matter of Rs. 132 crores. So far as what you call raw materials for industry are concerned, during the first half of 1955, we imported for Rs. 112 crores. During the first half of 1956, we imported for Rs. 172 crores. Here, I would like the hon. Members to understand that during this period, some of our traditional import of raw materials

like jute, cotton, etc. had not been on the same high level as it used to be in the past. Even so, in two important items, both necessary for the development of industry in the country and for the furtherance of the Plan, we have imported in one item Rs. 132 crores and in another item Rs. 60 crores more. Between the two, it shows a very big amount.

Then, the hon. Members know about the imports of iron. Shri Bansal asked whether it was planned or not. So far as planning the estimates of imports of iron and steel during the Plan period is concerned, I plead responsibility myself. I would not pass it on to this Council or this officer or that officer. It is the personal responsibility which I exercised as Commerce and Industry Minister. The target for imports is framed by me. It is considerably in excess of whatever figure is produced departmentally because I found that the target was not adequate, and it was also part of the technique. At a time when there was consistent shortage of iron and steel for necessary purposes, we had to get a very large quantity and that is what we did. If all the shipments which have been made or which are being made during the current year come, we should have imported 1·8 million tons of iron and steel as against 380 thousand tons—somewhere less than a quarter of the present figure—which we had before. It will have to be done deliberately for the purpose of the Plan. For anybody to say that we have been pursuing a policy of imports and exports without knowing what the needs are, what our limitations are and what our resources are, is to talk without knowing.

Therefore, I must say to a friend like Shri Asoka Mehta who is usually very accurate and who always comes to the point, that he has been wide of the mark.

My hon. friend, Shri Bansal, said in this connection that we had not been planning exports. I quite agree. I



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do remember the idea of having a small commission to go into this matter the last time we reviewed it, some five years ago; it is now five years old. So far as the export commodities are concerned, there is not much of elasticity and the elasticity is still less when consumption is rising. It is only when the consumption stops that our exports will go up. Here is the justification for something that I did, for which I was condemned even by my own party-men a few months ago. The raising of excise duties on cloth has tilted the balance again. This was heavily against the cloth exports. Though we have not still reached the figure of 1955, we shall certainly be better off than what we expected we will be round about August 1956. We thought we will probably lose about 125 to 130 million yards. Now I think we won't even break. We will be short by about 30 to 35 million yards. The fact that we have been able to export another 80 million yards against our expectation in August, is the one single justification for raising the excise duties which we did in September this year.

Therefore, much remains to be done. I am not one of those who are complacent either in regard to our own activities or in regard to our understanding of our problems. The Plan is a big thing. In fact, as I said, I would like to have it bigger. But we would need to put away all ideas of complacency, even the remotest ideas of complacency, if the Plan is to go through.

Now I come to the point whether in making my introductory speech in connection with these Bills, I have been negligent so far as the people of this country are concerned in the matter of telling them the absolute, bare and naked truth. Sir, I have a lot of faults and I am certainly not a paragon. But, at the same time, I do not think even people who do not like me would say that I generally mince matters. I have said whatever

a responsible man can possibly say in regard to the circumstances that are now prevailing. It is true that when the Plan was framed we expected the pressures, strains and stresses in the structure of the economy of the country to develop a little later than it actually did. It has come a little earlier. It may be, as some hon. Members mentioned here, that we have not been taking adequate care in production of certain commodities. I am coming to that a little later. But it is not that I have not told the House before. In fact, I suppose I have not been guilty of what you might call a breach of etiquette in speaking the truth even against my own colleagues, even against my Government, which I did in April this year. I said, there are certain indicators so far as the Plan is concerned which will ask for greater sacrifice on our part, and ambivalence in thinking is certainly not going to help us. Ever since I took over this responsibility of the Finance portfolio, knowing as I do my shortcomings and feeling the absence of a person who was in every sense a better man than myself, a better planner anyway, I have not been trying to say that things are right, that things are smooth and that we will get through the Plan. We won't get through the Plan unless we tighten our girdles, unless our thinking is clear.

A Plan means a big Plan. It means development of all sectors. It does not mean the development of isolated ideas which run in narrow grooves. You cannot think of a Plan if you are thinking of austerity. You must think of something which is much less than austerity so far as the common man is concerned. I heard an amazing story the other day. Some people asked me: "Why do you bother about people getting only Rs. 60 or Rs. 70. In any event, we cannot do anything better for them. Let us think of somebody in the next clause." I refuse to do anything of the kind because of the responsibility that is given to me as Finance Minister. I am responsible

for the economy of this country. And, whether it is federal constitution or not, if the State counter-parts do not wake up it will be my duty to tell them to wake up, and if they will not wake up, I shall protest. If this Plan is not going to mean something for the common man, a little less of austerity, a little less of privation, then the Plan is useless. I quite admit that.

So far as my hon. friend is concerned, he quoted certain facts and figures to tell me an obvious truth I am aware of, and it is only because I am aware of that truth that I am asking every section of the community will have to make some sacrifice. I cannot in all conscience go and ask a person who has nothing to sacrifice further. That is why we are asking the rich to sacrifice.

People tell me of disincentives. What is the use of incentives in any country if things continue in the present shape. I am ashamed that people—I am afraid, people of the same colour and people who belong to this country—in the year 1956, when the world everywhere is in the throes of revolution, think in terms of vested interests getting an entrenched position? But that is nothing surprising, because I may tell my hon. friends here that it does not stop here. I am not annoyed with them because I am sure the vested interests will fight in my front, on my side, on my back and on my flanks.

I know that if you are going to carry through this Plan then every section which can afford to make a sacrifice will have to be asked to make a sacrifice. We will have to face struggles on all sides. I know there will be a capitalist strike which, I think, we have not known before. It is coming and it is being threatened. So long as we have the people behind us, so long as we feel that we are consciously doing our best for them, I am not afraid of this. If we have to go out as a party, let us go fighting, let us not go on compromise.

The mere fact that the situation is bad and I have not heightened it does not mean I am mitigating the situation. I realise the situation is serious. The Plan must go through. The present conditions are such that unless they are vitally and radically altered the Plan may not go through. As I said somewhere else, if the Plan fails with that fails democracy. Therefore, Shri Asoka Mehta need not carry conviction to the converted. I am a converted person. He quoted figures and said that national income statistics have not risen, an upward trend has not been maintained. Don't I know it? Don't I know that we have had a diminution in our food crops? To an extent that has shown an indication so far as our national income is concerned. Don't I know the fact that unless the national income rises progressively with a rising population the averages will show we are static? Don't I know that even industrial production which was rising very rapidly has slowed down a bit because it has to get a breathing space? Don't I know that if I force things down in an economy without being digested the net result will be perhaps chaos? We know it. In fact, that is one of the reasons why I have been harping on this theory that we should give up deficit financing. It is no use putting more pressure on an economy where strains have already developed. The economy must be allowed to digest what has been already given. Of course, deficit financing, which I elaborated sometime back, is for trying to bridge the gap between development and the savings that will come in some form or other. It may not come directly as national savings, then it has to be compulsory savings, it has to be compulsory insurance.

Some hon. friend here mentioned about my having said that in future we shall have to depend more and more on corporate savings, which is in the form of savings of companies, which is in the form of insurance savings, which is in the form of provident fund and pension benefits. I

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am not going to withdraw from that position because somebody said I am wrong. I still expect small men to invest. They are investing. They are probably not investing in the proper way. They are probably investing in Guest Keen and Williams, Hindustan Lever, National Carbon and others instead of investing in floatations of Shri Tulsidas and Shri Somani. Am I to be blamed for it? If the average individual in this country thinks that the foreigner is a safer person to put his money with and not my hon. friends here, then my hon. friends are responsible for it. I am not responsible for it. I never said that Shri Tulsidas and Shri Somani are any less able than foreigners. If they are able at all they are only averagely able because no man worth his salt is going to leave his country and come to India only because of certain facilities.

I am not aware of any of my investments about which hon. Members mentioned. I have no money. I have never thought of any investment; all I possess is five shares in the Indian Bank which I bought merely to attend the directors' meeting about twenty years back. Unfortunately, I have not divested myself of it, as the Rs. 600 or Rs. 700 that I get from it might be useful. I do not understand what the hon. Members say. It is for them to remedy the situation. Why come and blame the Government saying that they are doing this and doing that? Why don't you enthuse confidence in the minds of the people.

I say part of my investment must come from corporate savings, part from insurance funds and part will be got by collecting the amounts from investors who will be given 8 to 9 per cent. I come from a lower middle class. I know their mentality. The lower middle class is completely satisfied if it is given  $7\frac{1}{2}$  to 8 per cent. If it is given 9 per cent. it is absolutely satisfied. In that case a lower middle class man

won't sell his script at all. It won't come at the Calcutta or Bombay market. He will hug to it and he will say: "I will get 9 per cent.". The mentality in our country is that 9 per cent. is something which is a very rich return. Why don't you do it? So, there is no point in saying that corporate savings should not be depended upon.

I am coming back to where Shri Asoka Mehta left. In an economy of this nature, the national income statistics are undoubtedly revealing, but they are not surprising, because even in industrial production which has been showing an upward trend has slowed down a bit, but probably may go up again. Import of capital goods and iron and steel means more industrial production. But, one item of industrial production is not going to be augmented, namely, cloth. So far as cloth production is concerned, we will not be able to increase it to an appreciable extent. Therefore, the total national income arising out of production will not benefit from that item which has gone to augment it all along.

My hon. friend, Shri Asoka Mehta, mentioned about the Poona socio-economic survey. I do not know very much about Poona. But, I visited a few months ago, about the middle of this year, an industrial city very near it, i.e., Sholapur. The difference between Poona and Sholapur is marked. Poona is a city where lawyers, Government servants, petty shopkeepers etc. live and excepting one or two, there are no industrialists. Many of the industrialists are living in the cantonment. It is a queer sort of city where growth cannot come because there is no income. If you take Bombay, the figures may be different. In spite of the fact that you will see thousands and thousands of pavement sleepers at 11 or 12 in the night, the figures may be different. I went to Sholapur and spent a whole day going round. I was interested only in one sector of the population,

but I saw quite a lot of them. I saw the handloom weavers. I saw some terrific spectacles and at the same time some very good prospects also. A handloom weaver makes Rs. 2 a day in that city. In Karimnagar I saw a family of handloom weavers—husband and wife—making Rs. 25 a month in conditions which I can hardly describe. There were about 25 pit looms in one small house. The cook-room was at the end of the house; men and women were sleeping in the same place; working children were strewn about the place. They had to do the dyeing there and fumes were coming out of the pots in which the dyes were being boiled. There was no lavatory and the courtyard was stinking of urine and human excreta. It was 5 o'clock in the evening and there was hardly any light. I found no light in their eyes. I do not mind confessing our faults. But half a mile away, there were about 300 single tenements with bathroom, lavatory etc. No refugee will come there because the C.P.W.D. have laid down that the return on each tenement should be Rs. 25 a month. The police people were occupying some tenements, but still about 150 tenements were vacant. I thought, here are human beings living in a state absolutely like pigs and here are 150 tenements empty. I admit that it is my defect. It is the defect of the Government to which I belong. I told the Collector, "If you start an industrial co-operative for handloom weavers, I am prepared to finance it." I have been trying to follow it up, but I do not know what has happened. It is after knowing the conditions of these people that we have brought this Plan. What is the use of telling me of the Poona socio-economic survey? Poona is not the common type of town to take. You will find that in South India in many of the towns people are having a parasitical existence without producing anything. It is not so in the case of industrial towns. After all, this is not anything new. There is no use in throwing it at me and saying Poona is like this. My answer to Poona again is the Plan.

**Shrimati Renu Chakravartty:** What about the problem of unemployment in Calcutta?

**Shri T. T. Krishnamachari:** The trouble about Calcutta is this. I sympathise enormously with the difficulties not only of the Bengal Government, but also of the people there. But my hon. friend must recognise that apart from politics, we are human beings. So far as Bengal is concerned, the problem today is the problem that faces the entire country and faces me in a greater degree than it faces anybody else. How can we stop this steady influx of people coming in all the time? In many cases, they will not go back after that. I do not blame them. There is no point in saying to unfortunate people, "you have been misbehaving". It is a challenge. It is a challenge to you and to me.

**Shrimati Renu Chakravartty:** The challenge is to you; not to me.

**Shri T. T. Krishnamachari:** I am not denying the fact; I do not propose to deny it. I accept it. It is a challenge which we have to meet on considerations which are extra-political, on human considerations and on the consideration that this is our country and we have to do something about it. I will accept any offer of co-operation that I get from hon. Members opposite, which has not got a political flavour behind it. But, if my hon. friend is going to say, "I have done this; I have twisted the tail of the Finance Minister and made him do this", I will say, "nothing doing".

**Shrimati Renu Chakravartty:** Prestige!

**Shri T. T. Krishnamachari:** If it is a question of the hon. Member, myself and other people sitting down and doing it, I am prepared. If my hon. friend wants that I should spend a week or 10 days in Calcutta and if it will solve the problem in any way, I am at her disposal.

**Shrimati Renu Chakravartty:** Stop retrenchment in the jute industry.

**Shri T. T. Krishnamachari:** But there is one clear understanding. There should not be even an incidental or remote idea of political exploitation of an unfortunate Finance Minister.

I do not think it is necessary for me to dilate at length on the general points made by my hon. friend, Shri Asoka Mehta. I very greatly value his criticisms, because he is a man who feels what he says. But he forgets the fact that he is on the other side and I am here. Whatever he has said is what, I think, I would have said if I were there. But it appears to me that what I am doing now is the only sound thing to do today. It seems to be the only way in which we can go. I do not say that this will be the law for all times to come. It may change three months hence; but, for the time being, this is the direction in which we should go.

My hon. friend spoke about integrated taxation, and asked, "Do you accept Mr. Kaldor or not?" It is something like asking, "Have you left off beating your wife?" All that I can say is that I have no wife. Mr. Kaldor is a good friend of mine; I know how his mind is working and I also know other people of the same calibre as Mr. Kaldor. I still keep a sort of correspondence with Mr. Kaldor. But, that is not what is needed. What we need is, how to proceed in the direction in which we can raise more resources without needlessly shutting off sources which still allow a trickle to come in. I shall allow the people from whom the trickle is coming to exist, so long as it does not go dry. The taxation system must be integrated, but you cannot put it all at once. Supposing I say that income-tax is going to be lowered and some other tax is going to be levied, people will say, "Does this man know how to administer the taxes? T. T. K. always used to do this kind of thing". I would like to tell them that I am also getting a little wiser; why don't you allow me to get a little wiser? Let me find my feet. Things will

change; it does not mean destruction of private enterprise. I do not want to destroy anybody, although I want a little more money.

Shri Asoka Mehta said, "The Finance Minister said that if he could get 80 per cent. of the taxes that are due, he will increase the Plan by 25 per cent. The plan is for Rs. 4,800 crores and 25 per cent. of it comes to Rs. 1,200 crores. So, the Finance Minister has confessed that Rs. 1,200 crores for five years is the amount of tax that is due." Well, maybe I meant all taxation. Maybe, I meant income-tax. What does he draw from that? Does he mean that I have become incompetent straightway? It will take time. I do not say that 80 per cent. is the optimum which I will ever reach or any Finance Minister will ever reach so long as human beings are what they are. Even in a communist State, they would not like to pay taxes if it is possible. I know they have a differential scale of prices for goods, according to their own socio-economic theories. Suppose I go to Russia with two suits, if I would like to come back with one suit and buy something there, probably some books, if I want to sell my suit, I can get a black market price even there. Human beings are human beings everywhere. Even if myself or my successor or the successor thereafter should devise a fool-proof system of taxation, there will be evasion. You have only to devise, somebody will evade. I do agree that evasion is very large. I make no bones about it. If I am inefficient, if the Central Board of Revenue is inefficient, people can draw their conclusions. If I do not realise that I am inefficient or that my system is at fault, there is no incentive for improvement, to develop, to re-order things. I shall not hesitate to come to the House with proposals both in the matter of recruiting personnel, selection, payment, etc. and also in regard to the troubles that I have in the matter of collection of taxes, (if the House permits), merely because Shri

Tulsidas will controvert. Every item of tax legislation that I bring goes to the High Court and the Supreme Court. I may have proof here that somebody is evading tax. I can show in probably a couple of weeks or a month. But, I am not permitted to do that. My books are taken away. The court will say nothing doing. Articles 14 or 18 or 19 or whatever article it is, which Pandit Thakur Das Bhargava and I have devised are the things that stand in the way of our being efficient collectors of taxes. Maybe, I will certainly come to the House if permitted with a proposal that we should restore the provision which existed in the Government of India Act, namely, revenue measures were not matters subject to judicial review. If the House is prepared to give it, I promise straightaway to show progressively month by month efficiency in collection. There is no point in blaming an institution. After all, that institution has individuals who are supported by law and lawyers. Therefore, I know the culprit. But, what can I do? I cannot collect the money because the law does not permit us to do it.

From that, I will take the House to the other question of delegated legislation. Of course, Shri Tulsidas mentioned it. But, he mentioned it casually. It needed some clever people from this side to tell us about delegated legislation. The principle of jurisprudence so far as tax collection is concerned is that there is always a large area of discretion left in the hands of the executive for compounding, for collecting less. After all, revenue considerations are most important. I can compound any tax with anybody. I may have an assessment of Rs. 4 crores; I may take a crore. There is nothing wrong about it. If I do not take one crore, the whole of it may go. So far as taxation is concerned, particularly in the conditions in which we are now functioning, the principal thing is we must have a certain amount of elasticity. Take, for instance, stamp duty. My hon. friend Shri Tulsidas told me

that from three annas to Rs. 10 is a very big jump. Suppose it is my intention to make it Rs. 5 or Rs. 1-4-0 for every Rs. 500, suppose I find tomorrow that it has had an effect on the market and other conditions are coming into being or conditions are changing, I will certainly change it to one anna or two annas or I will say the tax will be kept in abeyance. The stamp duty has to be worked in that manner. You have to watch the condition of the market. If the need for money is not very great, there is no point in my asking for a higher stamp duty on bills. As and when I find that the market conditions necessitate it, I am raising the bank rate or lowering it. This is a small device similar to that. It has to be raised or lowered. Shri Bansal asked, the Parliament is sitting all the year round, why not come and ask Parliament to do it. If I have to do that, by that time, the mischief would be done. These are matters which have essentially to be left to the executive.

Shri Bansal said that in times when he was not here and I was functioning, I spoke against delegated legislation. It is true. The old Speaker who always gave me a certain amount of indulgence, listened to me. We have a Committee on subordinate legislation. I had something to do with it, and I was a Member of the Committee when it started. I do not think the Committee has understood what its scope is. Delegated legislation must and will be there. You have to watch delegated legislation. I have seen the reports of the Committee. Every rule that is made, unless there is delegated legislation, must secure the approval of Parliament. If that is so, there is no delegated legislation. What you do in the Committee on Delegated Legislation is to see if the delegation is abused. That is why every rule is placed on the Table of the House. If you scrutinise it and find any abuse, say it is an abuse, you have gone beyond delegation, you are not using delegation properly, you better

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change. There should be delegated legislation, but it should be under check. It should be used for proper purposes. My hon. friend says, delegated legislation is wrong. I agree, so far as vested interests are concerned, my hon. friend Shri Bansal is not a vested interest. He belongs to the class of salaried persons. He must understand that delegated legislation is very essential, the administrative task of the Government being what it is today. There will have to be increased delegated legislation and increased supervision. If there is abuse, you can say, you should not do this, you should do this. We should watch and see if it is correctly used. If delegated legislation is misused Parliament must call on the Government to explain. There is no use saying that there should not be delegated legislation. No administration can go on. That is my answer to the points made on this side of the House.

I am sure my hon. friend Shri Tulsidas will be very angry if I do not refer to some of the points that he has made. I am afraid he has not given me very much of meat. He has said something about the customs duties, and excise duties. He asks, why do you impose an excise duty on sewing machines. Because, sewing machines can be made in the country. Foreign sewing machines are more costly and more machines will be made in the country. A large number is being made in the country. Why do you impose duty on glucose? Because the type of glucose on which duty is put is non-medicinal. There is also indigenous production. In every case where we have put duty, we have really seen to the interests of the consumer and whether there is an industry which can fill the gap.

I think Shri N. C. Chatterjee does not want my reply. If I may say something in his absence, he was merely talking to brief and having done it, he is no longer interested in the brief.

Shrimati Renu Chakravartty gave me very valuable support. In fact, right through the speech, I found as if we belonged to the same party. I was very happy about it because she gave it very generously. I am not referring in a light way to the valuable massive support that she gave me. I think in one or two things, she is not quite correct. She spoke about relinquishment. I think that is somebody else. She referred to managing agency companies escaping. They won't. In fact, the person who spoke about relinquishment more or less gave the answer—Pandit Thakur Das Bhargava spoke about relinquishment—because that is how it happens. A managing agency will relinquish instead of selling it, and then there will be some valuable asset which has been given away. So, that will not really entitle a person to exemption. Then, with regard to foreign concerns transferring their interests in India, capital gains will be taxed, there is no escape. If the law is defective, I will certainly have the matter examined and before actually the matter can go to court we can set it right.

So far as speeches today are concerned, I would like to deal with them very briefly. Dr. Krishnaswami took the other side. He said I presented an ominous picture. He sympathised with me, and I am very grateful to him for the sympathy. I am perfectly sure what he said is right, that the Finance Minister is treated unkindly, that he might put up with it once or twice or thrice, and then he might break his heart and give up the job. Maybe another man will be found more competent than myself, but still a change always means something which will affect the progress in between. Therefore, I certainly say amen to whatever he has said that people should not be unkind to me.

**Dr. Krishnaswami:** I did not say you would give up your job. I said you would find circumstances treating you

unkindly and that the people would have fresh impost, and exactions of an unpleasant nature to expect.

**Shri T. T. Krishnamachari:** I am afraid my hon. friend is younger and therefore his imagination is more lively than mine.

One point I must mention about what my friend Shri Mohanlal Saksena said. He is an old friend. In fact, we have worked together, sat side by side, but he has always got one passion, that portfolios must be divided. He said in the old days that I must give up cottage industries. I gave it up. He now says I must give up iron and steel. Possibly I might give it up, but I hope there will be somebody better than myself taking it over. I am deeply interested in it. I do not think anybody else will be quite as interested in it. Not only am I thinking of these three steel plants but of others. Even today while listening to the speeches here, I asked the Ministry to set up a planning cell because to plan for the future it is necessary. So, I am deeply interested in it. Even if somebody else takes it up, there is one thing in being Finance Minister. Some one said as Finance Minister I must be interested in transport. I am interested. My hon. friend Shri A. M. Thomas said I must be interested in railways. I am vitally interested in it. In fact, I keep in touch practically with the weekly progress that is made in expenditure, and I do feel that we ought to find the money necessary for strengthening the railways. Therefore, even if I give it up, I shall still be interested.

One thing I would like to tell the hon. Member, that the stories that he gets about Bhilai are like the stories we get about the stock exchange. There is some group, I do not know where, whether it is from Madhya Pradesh or somewhere else, that wants to say that nothing is being done. Everything is being done. The goods are being properly stored in proper covered places. The people who are necessary for taking the

position of the Russians are all being trained. Everything is going according to schedule, as far as our technical advice would permit us to do, that is to say if they give us the blueprint then we start. If they do not give us, we cannot start the work.

**Shri Mohanlal Saksena:** My point is this. What was the time schedule for laying down the foundations? Was it not before the rains? It has not been done.

**Shri T. T. Krishnamachari:** Yes, it was before the rains. The Russian time schedule is somewhere about July, but they did not send even the blueprints.

**Shri Mohanlal Saksena:** I do not blame you, but we are lagging behind time schedule.

**Shri T. T. Krishnamachari:** There is no question of lagging behind because after all these blueprints have to be sent by our consultants. We only got certain basic details, we did not get the blueprints, and we built up a tender form with it and we have given a contract. I can give my hon. friend Shri Mohanlal Saksena this assurance that if you put up with me for the next two years, if I come back—that is a very big 'if'—as Iron and Steel Minister, I shall give these plants on the delivery dates. There will be no difficulty about it. It does not matter who says what is being done and what is not being done, it can be given on the dates that we have fixed. Maybe a fortnight this way or that, but it can be done.

**Shri Feroze Gandhi (Pratapgarh Distt.—West cum Rae Bareli Distt.—East):** That is a good bargain.

**Shri T. T. Krishnamachari:** It is a bargain, but I want my friend to think of the T. T. K. that he used to know in 1948, 1949 and 1950, and not as a person who has gone away from him and sits in the Treasury Benches and hardly has the time to see him or to speak to him. I do not say he is a party to this propaganda, but he has



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heard about it. There are rags who write and say I have made Bhilai a Madras colony, that somebody from Travancore-Cochin, another from Palghat happens to be a close relative of mine even though I live 350 miles away. A man who speaks Kanarese, Malayalam, Telugu and even Marathi will be a Madras so long as Bhilai is concerned. I have no interest in Madras or anybody, but I must have a man to do it. It does not matter where he comes from. He may come from the Punjab, Bengal, Madras, but the job has to be done. Whether I do it or somebody else does it, the thing will be done and has to be done. And on that depends the future stability of the country. As I mentioned somewhere, the stability of the country will have to be judged more on its production base, and if we have three steel plants which will lead to bigger steel plants later, that itself is the biggest backing that you can have for the stability of the rupee.

I do not want to take up the time of the House any more. Some hon. Members, particularly Shri Tulsidas has framed such a lot of amendments that it is likely that I will have to explain every one of the amendments with regard to the nature of the Bill. Only I would like to say once again that so far as taxation is concerned, as I have said we have made a beginning. The capital gains tax may be defective, we will remedy it. Gifts may have been left out. If it means a big loophole, it will be plugged. But we have to take a step forward, and that is what we have done today. It has been shown and we realise that the plans are such that we have to plug a number of holes. Resources have to be raised and we have to do it. There is no question of saying 28th February is sacred every year, or 29th February if it is a leap year, and you should not talk about finance or budget during any other portion of the year. If that is so, there could be no Plan. The Plan does not mean sitting in the

Planning Commission and bringing out a big book. It means working 16, 18 hours a day and finding out our loopholes. My hon. friend Shri A. M. Thomas mentioned that the biggest defect in the Plan volume is the chapter on foreign exchange and finance, but don't we know it? That is because the Plan was thought of in terms of what you might call physical planning, and you fixed your target, then tried to prune it from your foreign exchange and finance basis, still you are left a little behind because you must add something for human endeavour. If I merely say: "This is my foreign exchange and finance, I shall have a Plan on it", I can have a Plan for Rs. 3,600 crores, but because we have left something for human endeavour, human ingenuity, for the collective will of the people of the country that finance and foreign exchange is, as Shri A. M. Thomas said, what it is. Therefore, if I am here, I will offer no apologies to this House to come back again and again every session if I could only devise some taxation measure, some measure to plug the hole, some measure to raise more resources, something which will ultimately help the small man. If that is my justification, I will seek that justification, come to the House with perhaps new measures, not only on the 28th February or 29th February, but once, twice, thrice, four times or five times a year if it is necessary. I offer no apologies for coming to the House in season and out of season for more revenues, for more power in order to see that this Plan is a success.

**Shri Matthen:** May I know if the hon. Finance Minister will look into the recent fall in the cashewnut industry which has dollar earning capacity, and whether he can rectify it?

**Shri T. T. Krishnamachari:** If I may say so, I realise that the Government of India has innumerable children, but if anybody does point out the fact that one child has not got any milk, we will certainly look after it and see if we can give it some help.

## FINANCE (No. 2) BILL

**Mr. Deputy-Speaker:** Now I will first put the motion regarding the Finance (No. 2) Bill, dispose of its clauses and then take up the Finance (No. 3) Bill.

The question is:

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

*The motion was adopted.*

**Mr. Deputy-Speaker:** The question is:

"That clauses 2 to 4 stand part of the Bill."

*The motion was adopted.*

Clauses 2 to 4 were added to the Bill.

## First Schedule

**Shri Tulsidas:** I beg to move:

Page 3, line 3, for '20' substitute '15'.

Page 3, line 8, for 'Rs. 3 per lb' substitute 'Rs. 2 per lb'.

Page 4, omit lines 24 to 32.

I am moving these amendments merely as token amendments.

16-51 hrs.

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

I fully understand that the production in the country is ample, and that duties should be imposed on commodities or articles which are imported. But I would submit that the proper way to restrict imports is by import quotas. Otherwise, there will only be inflation again. I agree that import restriction is clearly indicated in the prevailing balance of payments difficulties. I fully appreciate it. But as

regards the procedure to be adopted for restricting imports, I think the proper way is to have restriction of import licences by import quotas, and not to have a mere increase in the duties, for, in my opinion, an increase in duties will accentuate the inflation, if the production is not equal to the demand in the country. That is the point that I would like my hon. friend to bear in mind. That is the reason why I have tabled these amendments.

**Shri T. T. Krishnamachari:** My hon. friend wants me to reduce the import duty on dyes from 20 to 15 per cent. Another hon. friend—I believe, Shri Jhunjhunwala—mentioned that the duty on dyes should be more than 20 per cent., but we cannot raise it because it is a bound item under the GATT. I believe that is what he has mentioned. I do not agree that increase in the import duty on dyes is going to lead to inflation. Assuming that a pound of dye costs Rs. 10—and that must be particularly a high-class dye such as the State Green, how is it going to increase the price of cloth? It is going to increase it by a fraction of a pie, which is the essential thing on which it will work.

The other remedy suggested by him, namely that we should restrict imports by restricting licensing is a thing which I would like to avoid, but I do not think I shall be able to avoid it; it is for my colleague the Minister of Commerce and Consumer Industries to look into; but, it is better to avoid this as much as possible and allow the price factor to operate rather than to restrict it quantitatively. Anyway, we may have to do both. But this is one of the remedies open to us. As my hon. friend here mentioned, if we could raise it beyond 20 per cent. I would have raised it. So, there is no point in my hon. friend asking me to reduce it by 5 per cent. I wish my hon. friend could tell me the economics of the reduction of the duty by 5 per cent. on a stuff which may be selling at Rs. 8 or Rs. 9, which is considerably higher than any duty I have imposed, especially when the prices go up and go down according to the nature of

[Shri T. T. Krishnamachari]

the market demand; if that is going to lead to inflation, I shall take care of that.

**Mr. Speaker:** Need I put the hon. Member's amendments to vote?

**Shri Tulsidas:** I am not pressing them.

**Mr. Speaker:** Since no amendment is pressed, I shall put the First Schedule to vote. It includes both Parts I and II.

The question is:

"That the First Schedule stand part of the Bill."

*The motion was adopted.*

*The First Schedule was added to the Bill.*

#### Second Schedule \*

**Shri Tulsidas:** I beg to move:

(1) Page 7—

(i) lines 19 and 20, for 'Two rupees eight annas' substitute 'Two rupees';

(ii) line 21, for 'Five rupees' substitute 'Three rupees eight annas'; and

(iii) line 23, for 'Five rupees' substitute 'Three rupees eight annas'.

(2) Page 7—

(i) lines 28 and 29, for 'Three rupees twelve annas' substitute 'Three rupees';

(ii) lines 30 and 31, for 'Seven rupees eight annas' substitute 'Five rupees'; and

(iii) lines 32 and 33, for 'Seven rupees eight annas' substitute 'Five rupees'.

(3) Page 7—

(i) line 37, for 'Five rupees' substitute 'Three rupees eight annas';

(ii) line 39, for 'Ten rupees' substitute 'Seven rupees eight annas'; and

(iii) line 41, for 'Ten rupees' substitute 'Seven rupees eight annas';

(4) Page 7—

(i) line 45, for 'Ten rupees' substitute 'Seven rupees eight annas';

(ii) line 47, for 'Twenty rupees' substitute 'Fifteen rupees'; and

(iii) line 49, for 'Twenty rupees' substitute 'Fifteen rupees'.

**Mr. Speaker:** These amendments are now before the House.

**Shri Tulsidas:** As I have already pointed out on last Friday, the increase in stamp duty on bills will impose a strain on bank finances, and make commercial credit dearer. The Reserve Bank's Bill Rediscount Scheme was introduced only a few years ago, and before the bill market has been developed on a wide scale, the stamp duty has been increased substantially. As I have pointed out already, this duty will have the effect of raising the cost of borrowing by one per cent. over the usual rates in the case of those usance bills which will have to bear a duty of Rs. 2-8-0 per Rs. 1,000. This duty will not have the effect of easing the present monetary stringency, but will actually accentuate it. The rate should be lowered in the interests of developing the bill market which is still in its infancy.

The Finance Minister said the other day that these rates were only ceilings and that he wished to fix only

\*In the First Schedule, Part II, in column (2) against item No. 72(11), the words "of one" were inserted after the words "one quarter" as patent error under the direction of the Speaker.

half these rates, to begin with. He has not informed us exactly how much more money will be raised through this increase in the duty. The fact that the revenue will go to the States does not in any way alter the situation. When I estimated that the duty will yield about Rs. 50 to Rs. 60 lakhs, he said that the information was incorrect. The House has, therefore, a right to know his estimates of the yield from this duty, before it can give its decision.

With regard to the indirect way of taxation by delegated legislation, my hon. friend says that that is the way by which he is going to bring in legislation for taxation. In that case, we may as well have an omnibus type of legislation and let the Finance Minister manage the whole thing with regard to duties and everything else. In that case, why should he bring in so many Finance Bills? He says that he wants to bring in about three or four Finance Bills every year. Where is the need for so many Bills? He can just bring one omnibus Finance Bill giving an omnibus power in the hands of the Finance Minister; and Government can function within that overall and omnibus power that they would take from Parliament. I quite appreciate the point of view which my hon. friend has put forward, namely that if he is given a little more power, he can reduce or increase the taxes.

But, you, Sir, have been a Member of the Committee on Subordinate Legislation and I also happen to be a Member on that Committee, for the last four years, and you know very well how we have been looking at this question of taxation by delegated legislation. In that committee, we have been looking into the question whether the powers exercised by the executive come within the powers given to Government. Here of course, the whole thing will be within the powers given to them. But I do not think that is the way in which taxation proposals should be brought forward, that is, by having an omni-

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bus power to increase or reduce the duty subject to a ceiling rate.

I am sorry to say that in the parliamentary democracy that we have, my hon. friend is treating this House, if I may say so, in a most insolent and high-handed manner. That is what I feel.

**Shri T. T. Krishnamachari:** My hon. friend, if I may be pardoned to say so, is fully conversant with the money market, and he himself is, I think, associated with a big bank.

As I said, this is only a fiscal measure with a main monetary intent. Just before you, Mr. Speaker, returned to the Chair, I was telling the Members of the House that I may try to bring it down to one anna instead of one rupee; or, instead of one per cent, it may have to be 1/16th per cent., or it might probably go up or come lower down. The point really is that this question of interest rates is a very tricky thing. My hon. friend asked what the revenue was going to be. I say that revenue is not my main consideration, and what revenue I may get will be in the nature of bills that are offered, which will be ultimately discounted by the Reserve Bank. Now, why is the bill market operating? My hon. friend knows it. Normally, what does he do? Except in the case of what is called *Multani* bills or *hundis* which are discounted in a bank, normally these banks give cash credit and overdraft, and that overdraft is covered by a promissory note. But whenever they feel that they have to discount the bill, they ask the parties to make a bill. They take it to the Reserve Bank. The Reserve Bank discounts it at the bank rate of interest which is 3½ per cent. today, which was 3-1/4 per cent. a few days back.

17 hrs.

Now, we find that the rate of money supply has got to be considerably increased. It may be Rs. 100 crores or

[Shri T. T. Krishnamachari]

Rs. 120 crores. We do not know what the nature of it will be. The crops are very good. The amount of money that we will have to generate this way by issuing bills will be greater. Then the income will be greater. Bombay, Calcutta and perhaps a bit of UP and Madras will get it. If the demand is great, the duty will not be a bar. I cannot reduce it because we want the bill market to develop. This is a case which is not really a taxation measure *per se*.

But the alternative, if you raise the Bill rate, is that there are a number of other factors affected. My borrowing rate is affected. General interest rates in the country are affected. So we want to localise the trouble. If my advisers advise me that this will not help, if they say that this is a hinderance, I will lower the duty. But what is the object of my hon. friend in telling me that I should reduce the duty by half or quarter? He says, just lower it by 25 per cent. I think my hon. friend has not taken cognisance of the fact that the ceiling is not a ceiling, unless it be that circumstances are such that we have to expand the bill market by another Rs. 200 crores. There must be some check in our normal business.

The other factor is this. If I raise the bank rate, what happens? It now stands at  $3\frac{1}{2}$  per cent. My hon. friend, who is Chairman of a Bank, says now: 2 per cent. above the bank rate but not less than 6 per cent. Next day he will say, 2 per cent above the bank rate but not less than 7 per cent. The thing is that if I raise it by half a rupee or half per cent., he will get the full benefit. I do not want him to do it. I want to have a little check on people coming in when I am expanding. I do not want them to take the entire amount, merely because the Reserve Bank for banking or extra-banking considerations has got to stick to a course. It might change tomorrow. I do not want the benefit to go to somebody else.

Secondly, I want it to act as a limiting factor when there is a very big expansion, more than what is necessary. This is a matter of technique. It is not really a taxation measure; that is secondary. I must be free to apply it. It is not a delegated legislation in the sense of a tax legislation and I will lower it or raise it. This is a matter of financial technique, which my hon. friend knows.

Therefore, I see no point in my reducing it by 25 per cent. Either we keep it or we do not have it. If my hon. friend says that the Bank of Baroda will not make half per cent. more than it does, I can understand it. But I cannot understand his trying to see that a little bit is reduced, when the whole thing is going.

Mr. Speaker: The question is:

Page 7—

(i) lines 19 and 20—

for "Two rupees eight annas"  
substitute "Two rupees";

(ii) line 21—

for "Five rupees"

substitute "Three rupees eight annas"; and

(iii) line 23 —

for "Five rupees" substitute

"Three rupees eight annas".

The motion was negatived.

Mr. Speaker: The question is:

Page 7—

(i) lines 28 and 29—

for "Three rupees twelve annas"  
substitute "Three rupees";

(ii) lines 30 and 31—

for "Seven rupees eight annas"  
substitute "Five rupees"; and

(iii) lines 32 and 33—

for "Seven rupees eight annas"  
substitute "Five rupees".

The motion was negatived.

**Mr. Speaker:** The question is:

Page 7—

(i) line 37—

for "Five rupees" substitute  
"Three rupees eight annas";

(ii) line 39—

for "Ten rupees" substitute  
"Seven rupees eight annas", and

(iii) line 41—

for "Ten rupees" substitute  
"Seven rupees eight annas".

*The motion was negatived*

**Mr. Speaker:** The question is:

Page 7—

(i) line 45—

for "Ten rupees" substitute  
"Seven rupees eight annas";

(ii) line 47—

for "Twenty rupees" substitute  
"Fifteen rupees"; and

(iii) line 49—

for "Twenty rupees" substitute  
"Fifteen rupees".

*The motion was negatived*

**Mr. Speaker:** The question is:

"That the \*Second Schedule  
stands part of the Bill".

*The motion was adopted.*

*The Second Schedule was added to  
the Bill.*

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

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

"That the Bill be passed".

**Mr. Speaker:** The question is:

"That the Bill be passed".

*The motion was adopted.*

#### FINANCE (NO. 3) BILL

**Mr. Speaker:** Now I shall take up  
Finance (No. 3) Bill. There is an  
amendment for reference of the Bill  
to a Select Committee. Shall I put it  
to vote?

**Shri Tulsidas (Mehsana West):** The  
Finance Minister is not going to  
accept it. Anyway it may be put to  
vote.

**Mr. Speaker:** The question is:

"That the Bill be referred to a  
Select Committee consisting of  
Pandit Thakur Das Bhargava, Shri  
Tek Chand, Shri G. L. Bansal, Shri  
R. R. Morarka, Shri T. S. Avinashi-  
lingam Chettiar, Shri C. D. Pande,  
Shrimati Tarkeshwari Sinha, Dr.  
Ram Subhag Singh, Shri Fulsinhji  
B. Dabhi, Shri Jhulan Sinha, Shri  
H. C. Heda, Shri Bhagwat Jhe  
'Azad', Shri Shree Narayan Das,  
Shri A. M. Thomas, Shri C. C. Shah,  
Shri K. S. Raghavachari, Shri B.  
Ramachandra Reddi, Shri N. C.  
Chatterjee, Shri Frank Anthony,  
Shri T. T. Krishnamachari, and the  
Mover with instructions to report  
by the 17th December, 1956".

*The motion was negatived.*

**Mr. Speaker:** The question is:

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

*The motion was adopted.*

\*In the Second Schedule, item (b) (i) "Rs. 500" was substituted for  
"five hundred" as patent error under the direction of the Speaker.

**Mr. Speaker:** I shall first put clause 2 to the vote of the House.

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 10)**

**Shri Tulsidas:** I beg to move:

Page 1, line 12—

for "company" substitute:—

"manufacturing company except a company in an industry for which special enactments exist prescribing the investments of depreciation and other reserves in a specified manner",

Page 1, line 21—

after "and reserves of the company" insert—"reduced by any loans raised by the company".

The Government proposal in respect of compulsory deposit of a portion of the depreciation and other reserves of every company in excess of its fixed assets is a unique proposal, without precedent in this country or abroad. The Finance Minister has advanced two reasons for bringing this proposal. Firstly, he says he will, by this measure make active use of, what he calls, idle resources of the companies. Secondly, he wants to prevent companies from using their reserves for the purpose of speculating in, or cornering of, the shares of other companies. The 'idle resources' argument is utterly untenable. It is well known that the reserves of companies not invested in the legitimate business of the company are kept in the form of bank deposits and government securities. The bank deposits are used by banks for advancing loans to finance trade and industry and for other useful activities. As regards investment in government securities, the funds would be automatically used by State for

its programmes. Thus, the reserves held by companies, not directly invested in the business but kept in the form of bank deposits or loans, are utilised for the purpose of extending credit through banks or for lending to Government, and thus cannot be regarded as inactive by any stretch of the imagination. Corporate reserves are not held in the form of currency or bullion.

As regards the second argument, namely, preventing misuse through speculation and cornering activity, very few companies, in my opinion, may have indulged in this. It is absurd to lay down a measure affecting all the 30,000 companies, public and private, for the sake of a few offenders. It must be realised that corporate reserves made up of depreciation and other allowances and retained profits, are the principal source of finance for trade and industry, and to deprive the companies of any part of these would amount to stopping the flow of their life-blood.

As you know, there are a number of companies—about 30,000. I do not know what the number of shareholders is. According to one estimate, it is 2 million or more. About the exact number, the Company Law Department would be able to say. But I should like to know the exact number of companies detected to be indulging in cornering and other forms of objectionable interlocking. As you know, the company law has, to a considerable extent, put a restriction on interlocking and I do not think there are many cases of interlocking after the company law came into operation. So I see no reason why this has been put in. To my knowledge, cases of interlocking are very very rare. Therefore, there is no substance in the argument that this provision would prevent objectionable investment.

In so far as banking, insurance, shipping and other non-manufacturing companies are concerned, their

fixed assets are of a negligible magnitude, and the benefits of normal depreciation allowance, extra depreciation and development rebate they receive are equally negligible. You know that in banking and insurance companies, there are practically no fixed assets. I do not know whether the definition of fixed assets will also include the steamers of shipping companies. But the question is that most of these companies will have all these reserves, whatever they have, utilised for their own purposes. All the reserves they will have will be made by profits. But these will be utilised not for having fixed assets but for financing working expenditure. Therefore, in either case, we stand to benefit very little by the fiscal concessions, by way of depreciation and development rebate. Almost all the reserves will be taken into account for the purpose of ascertaining the amount of deposit to be kept with Government. I would like to Finance Minister to bear this in mind.

The other day he said that Government are giving a certain benefit with regard to depreciation and other allowances. But such companies which have no fixed assets have practically no benefit whatever reserves they have. The major portion of the reserves of the manufacturing companies will consist of reserve made of depreciation allowances and development rebate. Almost all the reserves of the non-manufacturing companies will be made of retail profits. It is with a view to minimise the hardship on such companies that I am moving this amendment to exclude the non-manufacturing companies from the purview of this provision. Non manufacturing companies with fixed assets may be asked to put certain amount of the reserves as deposits.

Even with regard to the industrial concerns, I would like the Finance Minister to take into consideration electric power companies. Recently, we passed an amending Bill, amend-

ing the Electricity Supply Act. In the previous Act, in section 57 and paragraph VI(2) of the Sixth Schedule, it is provided that depreciation shall be made in a certain manner specified in the Act. It is just possible that the manner specified in the Incometax Act might be different from the manner specified in the Electricity Act. To remove the chances of such a contingency, my amendment seeks to exclude electricity power companies from the purview of this provision. If the provision in the Bill is accepted, it will deprive trade and industry as well as banks of a large proportion of their funds, and have a crippling effect on the non-government companies. The banks will lose their deposits when suddenly all companies withdraw them to comply with the compulsory deposit requirements. Moreover, many companies may not have the cash resources and they will again go to the banks for necessary cash. This will strain the resources of the banks as well as the non-State sector resulting in, in my opinion, to a certain extent, crisis. The hon. Minister himself has already said that there is monetary stringency in the banking sector. If this measure is passed and if all these companies were to deposit about 25 per cent.—I do not know what the hon. Minister's ideas are at present—then to that extent the banks will be called upon to pay all these companies for necessary deposits with the Reserve Bank.

I am not referring to the problem of the banks too who will be called upon to furnish deposits in respect of their own reserves. They have their own reserves and they may be called upon to deposit their reserves. I am sure this House would like to know from the Government the magnitude of deposits, that is, the total amount of deposits that all the companies shall have to lodge compulsorily with the Government in compliance with this provision. I know that a certain figure has been mentioned in the papers today, in



[Shri Tulsidas]

the *Times of India* that it will be to the extent of Rs. 80 crores only with reference to a few companies. Imagine the big debacle that will come when the banking system will be suddenly called upon to finance this mammoth operation. It is not possible for the banks in the present monetary stringency to find about Rs. 80 crores. The banks will have to contract credit and reduce advances.

The Finance Minister in his speech said that he expects a capital strike coming. He expects that every businessman may not find it possible to come to the help of Government. It is all very well to say that here in debate; he can say that he expects this sort of thing. He knows fully well that if at all anybody has played his part in the development of the economy of this country, it is the non-State sector which has played the most important part. It has increased production much more in the First Plan and in the Second Plan it is going to play a much more important part than the State sector is playing. It is the private sector alone that really increased production. When he says that there is going to be a capital strike, I do not know on what basis he says that. Because he is controlling them in a most powerful way, these capitalists cannot go on strike. He should not, therefore, use that word. If he merely wants to catch the public as a sort of slogan, then it is a different thing.

The Finance Minister says that the resources have to be found, no matter what happens. The reserves have also to be found.

**The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari):** Why not stick to the brief; why go outside?

**Shri Tulsidas:** I am not asking for a brief.

I say the approach of the Finance Minister is not helpful. When he wants everybody to come together,

he is accusing someone who is doing the work for him, instead of taking them together, in which case he will get much better co-operation. He should see that they function in the proper way. I am not taking any brief just as he is not taking any brief for anybody. He speaks from the point of view of the country and I have as much right to look at it from the same point of view, if not much better.

He himself told us here that he wants to remove this financial stringency, but on the other hand, he brings in measures which will increase that. What is going to happen as a result of this? The only effect of this will be that all these 30,000 companies will have to *salaam* the Under Secretary. We know very well, and the Finance Minister knows it exceptionally well, what harassment this bureaucratic regimentation would mean. That creates trouble in the minds of the people. It is just asking these people to *salaam* the Under Secretary and say, 'we want this for our work of expansion' and then the Under Secretary will say, 'O.K.'

**Shri T. T. Krishnamachari:** My hon. friend knows it much better. He simply praises people if he wants work done.

**Shri Tulsidas:** I am not referring to that. He knows perfectly well. He himself was of the same view when he was not the Finance Minister. But, anyway, that is not the point.

My point is this. If we want the people's sector or the non-State sector to function, we must create conditions. Even the Prime Minister has said that. How is the condition going to be created? It is not merely by bringing in a certain amount of legislation which will keep power in his hands. If he is happy with that power merely and not with the result, then, it is for him to take that position.

Today, when we are on the eve of general elections, the Finance Minister and everybody thinks in terms of the common man. I am afraid that the common man is always the person to whom everybody refers. But when it comes to the question of taking consideration, the common man is always forgotten. The only way of given benefit to the common man is to have social welfare and it is the only way in which he will get benefit and that can be done only by production.

Take the question of this particular reserve and other things. It is more a question of bureaucratic regimentation. Without building the qualities of self-reliance and self-respect, you cannot build the backbone of society. Why should Government think that only Ministers are trustworthy and only Secretaries are reliable? When Government take such a view, do they have such a low opinion of the people and their organisations? Do Government believe that these people are completely devoid of all decency and self-respect and are incapable of being trusted and relied upon? The Government have, for long, been thinking in these terms and going on such preposterous assumptions. In my opinion, the fear of such a situation coming is only imaginary. If the very funds are utilised and continue to be utilised for the development of the economy of the country, it does not require that they must go under the bureaucratic regimentation. There will then be no initiative left. Here there is no question of initiative. Everything is being completely controlled and it may be that everybody in the country must go and *salaam* the bureaucracy and get whatever they want and put a stop to their harassment.

I would request the Minister particularly to consider and accept my amendments with regard to manufacturing companies. All I am saying is that if he wants to bring in these measures, let those companies who get the benefit be asked to deposit the money. Those at least, who have got

loans from banks, should not be asked to make these deposits. I hope the Finance Minister will accept my amendments.

**Shri T. T. Krishnamachari:** I am unable to accept the amendments of my hon. friend. The fact is that I have given the assurance that these will be worked as liberally as possible without causing injury to the interests of the business.

My friend is saying that if there is a loan, such a company should not be asked to deposit the money. If it is a *bonafide* loan, certainly the Board of Referees will not ask them to deposit the money. On the other hand, if it is a loan merely for the purpose of avoiding a deposit, then it cannot. My hon. friend mentioned about banking companies. I quite recognise that we should not ask banking companies to deposit their reserves because the banks need them, and we shall certainly make provision in the rules. If nothing else is possible, for banking companies, the percentage to be deposited may be put as nil.

I do not know if shipping companies or transport companies fall in the same category. They may not. In fact, there might be a need for controlling the reserves and finding out what they are, how they distribute their reserves and how the companies function. Therefore, I am not prepared to walk into the trap which my hon. friend has very facilely put before me "Accept my amendments and I will do what you want".

I am saying, therefore, that the assurance I have given will be followed up when making the rules and naturally the rules will come up before the House, and there we shall indicate the percentages, and naturally in the case of banking companies, the percentage will certainly be nil. I am not prepared to say the same of the manufacturing companies' reserve funds, about which my friend has made a strong representation, that

[Shri T. T. Krishnamachari]

all those trading concerns should be allowed to do what they like.

The point is that a percentage of the reserves will have to be deposited. The matter will be watched. I do not know if all these companies deposit their money in the bank. Some of them do and some don't and they use it for other purposes. My hon. friend asks me, "Why don't you give all the figures? How much will you get in this way?" The Board of Referees will have to scrutinise all the demands that they make for refund and then only the residue will have to be found. This I have to work out. This is not a taxation measure in which I can say that so much is the figure. This is a thing in which I am prepared to go slow to begin with, in order to give some latitude in this way.

I have also given the assurance that so far as I am concerned, I will not ask my hon. friend, should he be one of those persons to ask the Board of Referees, to go and speak to the Under Secretary, Deputy Secretary or Joint Secretary. If he writes, and makes out his case fairly cogently, the Board of Referees will give him a fairly good reply. But if the case is complicated, then he will have to come and explain his case.

The other matter my hon. friend raised is that the company should have the right to represent. It can say that the time is negligible and it is something within which it cannot give an explanation, or it can say that more time for deposit should be given. I would like to say that while banking companies will certainly not be asked to deposit the depreciation allowances they secure on their assets, I will not be able to say the same thing of other companies my hon. friend mentioned. But as far as we are concerned, we shall see

that this thing is operated in such a manner that there is no trouble to one who need not be troubled.

Even with regard to manufacturing concerns in respect of loans, in respect of paying interest, etc., all these factors will be taken into account. It is not a punitive idea here excepting where the firm misbehaves. At the same time it is a question of channelising the money into desirable channels. It happens that there are many textile mills which have reserves but which do not spend money for rehabilitation of their machinery because there is no compulsion. Now they will know that if they do not do it, the money will be safe in the vaults of the Reserve Bank. If they won't do it, we will persuade them to do it.

My hon. friend says this is unheard of. Yes, Sir, everything is unheard of. Is there any country in the world of democracy, where the voters number 180 million? I would like my hon. friend to tell me. Everything, so far as we are concerned, is something new. The evasion, I suppose, is fairly large, as high as in any other country that we can think of. In the circumstances of the case, we have to devise certain methods by which we can do this.

I will repeat my assurance that in the case of banking companies, we shall not ask them to deposit money and we will provide for it in the rules that the percentage to be deposited will be nil.

**Shri Tulsidas:** What about insurance companies?

**Shri T. T. Krishnamachari:** The measure will be operated in such a manner that there will be no hardship caused anywhere. If incidentally deposits come down, we will have to find out other methods and probably ask them to produce more bills and get them re-discounted and so

on. But this is not the way in which I should allow individuals to use the money in any way they like. I am, therefore, unable to accept my hon. friend's amendments.

**Shri A. M. Thomas (Ernakulam):** Mr. Speaker, Sir, I just wanted to make mention of a point with regard to banking companies. I am glad the hon. Minister has clarified the position. According to the Banking Companies Act itself, a percentage of the demand liability has to be with the Reserve Bank or in approved securities, and that provision itself is considered to be a very onerous provision. I am glad the hon. Minister has stated that he does not want the banking companies to make the necessary deposits.

There is one other matter which I wish to bring to the Minister's kind notice. In the explanatory memorandum that has been given to us, it is specifically stated that the deposit will carry interest at the rate prescribed by Government. But according to the Bill, the rules may prescribe refund with interest or without interest.

**Shri T. T. Krishnamachari:** May I mention this? My intention is that whatever the rate of interest will be—the borrowing rate of Government immediately preceding that period—will apply. If you borrow at  $3\frac{1}{2}$  per cent., we will pay  $3\frac{1}{2}$  per cent.; if it is 4 per cent., we will pay 4 per cent.

**Shri A. M. Thomas:** That is very necessary, because it is a matter of withholding money from a business concern.

**Shri T. T. Krishnamachari:** We shall not use the money by paying interest less than what is borrowed.

**Shri Tulsidas:** What will happen to those who borrowed at higher rates?

**Shri T. T. Krishnamachari:** As a matter of fact, if they prove that the loan was for a useful purpose for the business, naturally the concern will not be asked to deposit the money. It may be used for the purpose of repayment of the loan. For money used for repayment of loan on which it bears an interest, it will certainly be given.

**Shri A. M. Thomas:** That is all what I have to say on this clause.

**Mr. Speaker:** The question is:

Page 1, line 12—

for "company" substitute:

"manufacturing company except a company in an industry for which special enactments exist prescribing the investment of depreciation and other reserves in a specified manner,"

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 1, line 21—

after "and reserves of the company" insert "reduced by any loans raised by the company".

*The motion was negatived.*

**Mr. Speaker:** The question is:

"That clause 3 stand part of the Bill."

*The motion was adopted.*

Clause 3 was added to the Bill.

Clause 4.—(Substitution of new section for section 12B.)

Amendment made: Page 4—

for lines 8 to 28, substitute:

"(4) Notwithstanding anything contained in sub-section (1)—

(a) where a capital gain arises from the sale, exchange or transfer of one or more capital assets

[Mr. Speaker]

being property the income of which is chargeable under section 9, and the full aggregate value of the consideration for which the sale, exchange or transfer is made does not exceed the sum of twenty-five thousand rupees, the capital gain shall not be charged under this section and shall not also be included in the total income of the assessee:

Provided that this clause shall not apply in any case where the aggregate of the fair market values of all capital assets, being property the income of which is chargeable under section 9, owned by the assessee immediately before the sale, exchange or transfer aforesaid is made, exceeds the sum of rupees fifty thousand:

(b) where a capital gain arises from the sale, exchange, relinquishment or transfer of a capital asset to which the provisions of clause (a) are not applicable, being property the income of which is chargeable under section 9, which in the two years immediately preceding the date on which the sale, exchange, relinquishment or transfer took place, was being used by the assessee or a parent of his mainly for the purposes of his own or the parent's own residence and the assessee has within a period of one year before or after that date purchased a new property for the purposes of his own residence, then instead of the capital gain being charged to tax as income of the previous year in which the sale, exchange, relinquishment or transfer took place, it shall, if the assessee so elects in writing before the assessment is made, be dealt with in accordance with the following provisions of this clause, that as to say,—

(i) if the amount of the capital gain is greater than the cost

of the new asset, the difference between the amount of the capital gain and the cost of the new asset shall be charged under this section as income of the previous year, or

(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under this section.

—[Shri T. T. Krishnamachari]

**Mr. Speaker:** The question is:

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

*The motion was adopted.*

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

*Clause 5 was added to the Bill.*

**Clause 6.—** (Amendment of section 23A).

**Shri Tulsidas:** Sir, I beg to move:

Page 5—

omit lines 2 to 4.

This relates to increase in dividend tax. The original measure was introduced only from last April, and there is no justification for increasing the rates in the absence of any experience of its administration or its effects on the economy. The most iniquitous aspect of this tax is its incidence. Since this tax will not be refunded to shareholders, its incidence will fall at the same rate on rich and poor. The great majority of shareholders are from the middle-class, and they will receive smaller dividends owing to the higher rates of the dividend tax.

Even so, I have not objected to any increase in the second slab of 10 per cent. to 18 per cent., on which the rate has been increased from three

annas to four annas. But, the increase of 50 per cent. from four annas to six annas on the third slab of over 18 per cent. is an excessive increase. It must be remembered that this tax is not refundable to the shareholders, and since it would necessitate the reduction of dividends, it would fall most heavily on the shareholders belonging to the middle and poor classes.

The greatest defect of this tax lies in its faulty capital base. Mere paid-up capital is no criterion of the capital base of a company. The capital structure differs from company to company for many reasons. Companies floated before the war would have a small paid-up capital base. Returns on capital cannot be calculated merely on the basis of paid-up capital. Therefore, the capital base adopted for the purpose of the dividends tax is faulty, and the rates should not be increased inordinately until a satisfactory base has been found. I feel that some opportunity should be given to the companies to reorganise their capital structure. A more satisfactory capital basis exists in the case of the old Excess Profits Tax or Business Profits Tax. Even the capital basis adopted for Section 23A companies is more equitable. The gross block should also be considered in laying down a satisfactory capital basis. Moreover, trading companies may have a very small paid-up capital, and their turnover might be large. In their case, they should have the option of adopting turnover as their basis, and manufacturing companies should have the option of adoption gross block or the net worth, that is, paid-up capital plus reserves as the basis.

The most important objection against this tax is its iniquitous capital base. Accordingly, its incidence should be kept low until this defect has been rectified.

**Shri T. T. Krishnamachari:** I do not know what my hon. friend was speaking about. Is he speaking about Section 23A companies? I am afraid my hon. friend has mislaid his notes. The amendment seeks to omit lines 2 to 4 on page 5. They read:

“(a) in sub-section (1) for the words “at the rate of four annas in the rupee”, the words “at the rate of six annas in the rupee” shall be substituted.”

If that amendment is given effect to, sub-clause (a) shall be omitted altogether. I think he has mislaid his notes and speaking on some other subject.

**Shri Tulsidas:** I am sorry. The point is this.

**Shri T. T. Krishnamachari:** If the amendment relates to what is in the Bill, I have to say that it is a consequential amendment. I cannot impose a dividend tax on high slabs at six annas and so far as 23A companies are concerned levy a penalty tax of four annas. The higher slabs and the penalty have to equate. That is why the amendment has been made. If he objects to six annas on the dividend tax, that is different. In this particular instance, it is a consequential amendment.

**Shri Tulsidas:** May I explained? I am sorry this amendment has not been properly worded. I would like the last three lines on page 6 to be removed. There, the rate of six annas is mentioned. I was talking about it.

**Mr. Speaker:** He wants to omit lines 49 to 51 on page 6. He referred to it. I suppose it comes under clause 8.

**Shri T. T. Krishnamachari:** So far as dividend tax is concerned, I have explained it even at the time of introducing the Bill. This is an alternative to dividend limitation. I want to leave it to the company. If it wants to declare a higher dividend, let it do so. Then, it pays me the penalty. If the companies do not do so, the money goes into the reserve fund; it goes as

[Shri T. T. Krishnamachari]

dividend limitation in a time when we do not want inflation to take place.

Shri Asoka Mehta mentioned about the increase in wages to the workers. We have not yet made up our minds about it. The workers have to be given some incentive. But even so, nothing that is given to them should act in such a manner as to add to the inflation. We cannot ask the workers to put restraint on themselves and allow dividends to be paid. It is an integrated scheme by which we limit the dividend. Where a company wants to play fair, it allows its reserves to be built up so that it is available for the development of the country and also of the company. I am unable to accept the amendment.

**Shri Tulsidas:** What is the explanation regarding the paid-up capital?

**Shri T. T. Krishnamachari:** It is an old story—not a new one. The dividend tax is one which exists already. If it should be on the block capital, in the block capital the block might be increased and then this dividend tax has no meaning. Tax the people on the rate of dividend which is on the paid-up capital. That is the yardstick which we will have to adopt. If they change hereafter and say that we are going to pay so much dividends on the block capital, I will accept the block capital. The dividend will come down and I will also come down. As long as the practice of paying dividend is in terms related to the paid-up capital, that is the yard-stick. I cannot adopt any other yard-stick.

**Shri Tulsidas:** Then, shall I refer to my amendments Nos. 11 and 12? I beg to move:

(1) Page 5, line 11—

after "fifty per cent of the total income" insert "excluding capital gains".

(2) Page 5, line 12—

after "of its total income" insert "excluding capital gains".

Section 23A companies are required to distribute a specific proportion of their total income as dividends on pain of the penalty of super-tax. I would like the Finance Minister to understand this point.

**Shri T. T. Krishnamachari:** What is the use? My hon. friend does not even know what the amendment is. He reads something. If he gives me the notes, I will find out what it is? Why does he not come on to me, I will help him.

**Shri Tulsidas:** There is no other amendment. Only one amendment was not correct. The others are correct.

**Shri T. T. Krishnamachari:** If my hon. friend does not know what he wants, how could I help him?

**Shri Tulsidas:** My point is this. I am explaining to him that the total income includes all the income. He has brought in capital gains. If the capital gains have also to be distributed then the 23A companies will also be forced to distribute the capital gains because it includes the total income. Therefore, I would like him to understand that capital gains....

**Shri T. T. Krishnamachari:** It is only when something is sold and when the sale is at a price beyond what is the valuation for it on 1st January, 1954, that the capital gains tax comes. Otherwise this provision has nothing to do.

**Shri Tulsidas:** I do not understand why there is no capital gain otherwise.

**Mr. Speaker:** I do not think hon. Members can convince each other. Shri Tulsidas may go on and say what he wants to say.

**Shri Tulsidas:** If he does not want to listen, what else can be done.

**Mr. Speaker:** The House will listen.

**Shri Tulsidas:** My point is, if 23A companies have to distribute their capital gains they will be forced to distribute a certain percentage of their

total income. Their total income includes capital gains. If that is distributed, surely they will not only have paid by way of capital gains tax but also income-tax, super-tax and so on. Therefore, to that extent the shareholders will have to pay super-tax. So why not exclude capital gains from the total income?

**Shri T. T. Krishnamachari:** I do not know. For one thing we have to find out what it is. I do not think there is any distinction from the commercial point of view between capital gains, if it arises at all, and revenue profits. So long as anything is available for the purpose of distribution, that is all I am concerned with. I am not concerned where it comes from. If it comes for distribution then the law will operate. If it does not come for distribution then it is a different thing.

Even in respect of 23A companies, which are industrial companies, we have already a provision in the Act that a Board of referees could exempt them from having to distribute. To the extent the law applies to them I propose to consider it even more freely in future. If a 23A company is a manufacturing company it will get all concessions like other manufacturing companies which are public limited companies. If a 23A company is a managing agency, an investment company or a trading company, the law will operate in all its vigour.

**Mr. Speaker:** The question is:

Page 5—

omit lines 2 to 4.

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 5, line 11—

after "fifty per cent. of the total income" insert "excluding capital gains".

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 5, line 12—

after "of its total income" insert "excluding capital gains".

*The motion was negatived.*

**Mr. Speaker:** The question is:

"That clause 6 stand part of the Bill."

*The motion was adopted.*

Clause 6 was added to the Bill.

Clause 7 was added to the Bill.

**Clause 8—** (Rates of super-tax on Companies etc.)

**Shri Tulsidas:** Sir, I beg to move:

Page 7, lines 23 to 25—

omit "standing to the credit of the share premium account as on the first day of the previous year aforesaid;"

I hope that here the Finance Minister would be able to understand the point of view, because here the question of banking companies comes in.

The Explanation to clause 8, dealing with dividend tax, defines "paid-up capital", which term refers only to ordinary or equity capital, and not preference capital, includes only that share premium account which was standing to the credit of the share premium account as on the first day of the previous year aforesaid. This would mean that share premiums transferred to general reserves would be excluded, and the company would be considered as having a smaller capital base, resulting in higher taxation. This hardship would be particularly severe in the case of banking companies, as I shall presently explain. The Banking Companies Act prescribes the accumulation of profits up to a certain percentage of the paid-up capital, and for this purpose banking companies are required to transfer share premiums to the reserve fund prescribed under Section 17 of the Banking Companies Act. Banks are



[Shri Tulsidas]

required to prepare their balance sheets and accounts according to the Banking Companies Act, and not the Companies Act. Accordingly, they may show share premiums received as Section 17 reserves, and not separately as share premiums. To avoid this difficulty in their case, I am putting an amendment to delete the words "standing to the credit of the share premium account as on the first day of the previous year aforesaid". The substantial point is that if share premiums have been received, they should be added to the paid-up capital of the company. The fact that accounting technicalities necessitate the transfer of share premiums to reserve account should not be regarded as a valid cause for debarring banking companies from adding share premiums to the paid-up capital. That would be an unjustifiable discrimination.

Then, before the new Company Law was introduced this year, companies had more freedom than now to write off the share premium account. Some companies might have written off their share premium accounts against losses, or transferred them to other reserve accounts. This amendment seeks to place such companies on par with other companies that have not made such transfers. Such transfers are mere book entries, and there is no basis in substance for differentiating between companies that have made such transfers and those that have not. If the provision is adopted as it is, it would wrongfully increase the tax liability for the dividend tax of companies that have written off their premiums, and lead to unfair discrimination between them and those that have done so.

This is exactly why I have been telling that this Bill should be referred to a Select Committee. When a Bill of this nature is brought forward every Member has certain views. Therefore, it is not possible for us to explain on the floor of the House all our points. The difficulty always has been that our point of view is not

understood by the hon. Minister, nor is it possible for us to explain our point of view in a proper way. That is why I said that the Bill should have gone to a Select Committee. Since he wants it to be done in the manner he wants, I have got to go ahead with these amendments and put forward my point of view. I hope that my amendment will be accepted by the Finance Minister.

**Shri T. T. Krishnamachari:** Of course, I must confess that I have not got the background of my hon. friend. I am unable to understand his arguments in this particular case. Even if the law says that premium collected on shares must be shown as part of the capital, I expect the law does not say that if a banking company's capital is Rs. 1 crore and it has received premium worth Rs. 15 lakhs that should be added on to the capital and it should be shown as Rs. 1,15,00,000. It will remain as Rs. 1 crore and that will be the paid-up capital.

**Shri Tulsidas:** He has not understood the point.

**Shri T. T. Krishnamachari:** I have seen a balance sheet of a bank. I know what the Banking Companies Act wants. We know about it. When we were considering the Banking Companies Act we have said that premiums collected by issue of fresh shares in banking companies should be treated as part of capital structure and not as reserve. It should be used for purposes unconnected with the capital. Even so, if a bank's capital is Rs. 1 crore and if the bank has received Rs. 15 lakhs by way of premium, the two things are shown separately in the balance sheet.

**Shri Tulsidas:** No. It is not shown like that. Under the Banking Companies Act, Section 17 they have to keep certain reserves. Most of the banks have transferred their share premium account to this reserve under Section 17.

**Shri T. T. Krishnamachari:** I am only concerned with one fact. The first

item in the balance sheet on the left-hand side shows the figure of the paid-up capital. I will accept it. If my hon. friend wants to add something else, I am not prepared to accept it. I think what he aims to do is to impose something into it which does not exist really.

**Shri Tulsidas:** Your 'explanation' is not what you say. The explanation says:

"(i) the expression "paid-up" capital means the paid-up capital (other than capital entitled to a dividend at a fixed rate) of the company as on the first day of the previous year relevant to the assessment for the year ending on the 31st day of March, 1958, increased by any premiums received in cash by the company..." etc.

**Shri T. T. Krishnamachari:** My hon. friend does not understand that preference and other capital which qualify for a particular rate of dividend come below. So far as ordinary shares are concerned, they represent the capital which is the base for the dividend. I am sorry my hon. friend has not been able to enlighten me. I am certainly not going to accept an amendment which I do not understand.

**Shri Tulsidas:** In the explanation, it is very clearly stated that if any premiums are received in cash, that will be added on to the paid-up capital. How can the hon. Minister say that it is not so? If he reads the explanation properly, he will understand. Look at my amendment. It does not make any change from what is already put in the Bill.

**Shri T. T. Krishnamachari:** Only in the case of banking companies, the share premiums are transferred to the reserve fund. It is not so in the case of other companies. It forms part of the paid-up capital and not shown separately.

**Shri Tulsidas:** It is always shown separately as share premium account. What I am saying is, as long as there are share premiums received in cash,

they should be considered as paid-up capital. That is the only point I want to submit. After all, it is there in the explanation.

**Shri T. T. Krishnamachari:** As a matter of fact, I feel that this serves the present position. My hon. friend is apparently thinking of a different class of companies like banks. Is he thinking of banks?

**Shri Tulsidas:** Yes. In the case of the banking companies, the premium amount is added to the reserve fund.

**Shri T. T. Krishnamachari:** I must say that my hon. friend has not carried any conviction. The position is clear; we have defined what paid-up capital is. If actually he wants anything more, I will have the matter examined; but I cannot accept the amendment.

**Shri Tulsidas:** I beg to move:

In page 6—

omit lines 49 to 51.

**Mr. Speaker:** The question is:

In page 6—

omit lines 49 to 51.

*The motion was negatived.*

**Mr. Speaker:** I will now put amendment No. 14."

The question is:

Page 7, lines 23 to 25—

omit "standing to the credit of the share premium account as on the first day of the previous year aforesaid;"

*The motion was negatived.*

**Mr. Speaker:** The question is:

"That clause 8 stand part of the Bill."

*The motion was adopted.*

Clause 8 was added to the Bill.

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

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

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

I would only like to say this in regard to the confusion caused by the

amendment that he moved. The position is that there is a slight concession that is being given by the Explanation. My hon. friend wants an extension of the area of concession. If there is any representation made by the Banks and I find that something has to be done, I am prepared to consider it.

**Mr. Speaker:** Motion moved:

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

**Shri Tulsidas:** No.

**Mr. Speaker:** He is thoroughly satisfied with the Bill.

**Shri Tulsidas:** I have not risen to speak. There is no meaning. After all, he is not prepared to accept.

**Mr. Speaker:** The question is:

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

*The motion was adopted.*

#### CULTURAL DELEGATION TO U.S.S.R. AND EAST EUROPE

**Mr. Speaker:** The House will take up the Half-an-hour discussion.

**Shrimati Renu Chakravarty (Basirhat):** My half-an-hour discussion is a long postponed discussion. I would like, at the very outset, to state the reason why I have persisted in having this question discussed. Firstly, I attach very great importance to these cultural delegations which we send abroad, who are ambassadors of goodwill, because they have direct approach to the hearts of the people through culture and art, not obstructed by political antagonisms. Secondly, I hold them important because we hold up before the world the prestige of our ancient culture. When we were young, when we were under British rule, our Asian culture was looked down upon and the best thing to do was to try to imitate all that was from the West. I remember many people felt ashamed

of their parents, however cultured they may be, because they did not have western culture. They were even ashamed to admit that they were their parents. Now, a new wave has come throughout the world. Every country in the world desires to know our culture and Indian culture has been presented to the world through successive cultural delegations. The world has seen what treasures we have. They have begun to realise that Asia has a very very old tradition and culture which can surpass all that has, up till now, been presented to the world, to the West. That is why, at this posture of events, it is necessary to know what type of cultural delegations we should send abroad. It is on this broad principle that I have approached this question.

Many of my friends have taken up a much more narrow parochial attitude towards it. I have been told that I should not raise it because the leader of the delegation is a Bengalee coming from the same State as I come from and as such, I should not raise it. I would request the House not to look at this question in that parochial way. I feel that we from Bengal have contributed a great deal to the common heritage of our land and I am proud of my national heritage. That is why I feel that it is necessary to discuss this matter in a dispassionate manner.

I am a Bengalee. That is why I have been touched to the quick in the way this delegation has been chosen to present Tagore before the world. I do not claim that I am a great person of culture. I do not claim either to be a great votary of Tagore or a person who knows very much about Tagore. Every Bengalee, even if he does not know to read or write, is greatly devoted to Tagore. We love the songs and the dances that he has given to us. I must therefore refer to the names of the people who had gone to represent Tagore to the Soviet Union. I have been there, and I have seen their ballet. What they present to the world in their ballet is something to be proud of. Therefore I feel that our Tagore who really tried to represent Indian

ballet to the world should be represented in the best manner possible. That is why in that respect also I was touched to the quick, and these are the reasons why I have brought forward this question before the House.

18 hrs.

I remember the hon. Prime Minister—he is just here—while answering a question said: "We are young in sending delegations abroad, and therefore there may have been certain mistakes". I grant him that, I grant all of us may make mistakes, but what I have felt is that we have sent cultural delegations abroad earlier, we have sent very good cultural delegations. As a matter of fact, I remember the delegation which went to the U.S.S.R. under the leadership of our colleague, Shrimati Chandrasekhar. It was a good delegation. It was a delegation which did credit to us in the sense that it did present facts of Indian culture which were of the highest quality, and therefore I feel that it is necessary to try and find out why it was that after having gone a step forward we should have to go a step backward. The question is: have we gone a step backward?

I was not present at the show which was shown here at the National Physical Laboratory, but I have seen almost every paper in the country commenting adversely upon it. I would not like during this debate to try and bring before the House the various comments that were made. I have got before me the *Times of India* which says:

"Members of the press and public who saw the preview of the delegation's performance in the Capital were universally critical of its low standard. Old students of Shantiniketan were particularly hurt that the troupe representing the university did little credit to their *alma mater*."

I have also spoken to various people who have attended this. I have seen

the actual list of those who represented Shantiniketan, because, after all, that was the only part of the performance about which I could have some knowledge or ability to appreciate. I do feel that this was not a delegation which did reflect the very best talents which we have.

Of course, I believe Government will try and say that everybody was consulted. As a matter of fact, in answer to my question it was stated that the opinions expressed by competent persons, and organisations on the actual performance were taken into considerations in the choice of the delegation. As far as I know, most of the choice was left to an individual. At the most it can be said that the External Affairs Ministry was the deciding factor. Of course, I am sure my friends of the Education Ministry will take up the cudgels and say it is joint responsibility, and that they knew everything about it. But as far as I know, it is the External Affairs Ministry and especially the leader of the delegation that had almost everything to do with it. As a matter of fact I was very surprised that the Sangeet Natak Akadami which to my mind would be a much better body to have chosen the personnel of the delegation, was called upon almost when everything else was settled. And I believe that as far as Shantiniketan is concerned, they had suggested that we should send a full ballet.

**The Deputy Minister of External Affairs (Shri Anil K. Chanda):** On a point of information, the representative of the Secretary of the Sangeet Natak Akadami was present in the first meeting when we had discussions about the composition of the delegation.

**Shrimati Renu Chakravartty:** I do not say that she was not present.

**Shri Anil K. Chanda:** You say at the last stage.

**Shrimati Renu Chakravartty:** She was present at a meeting which was convened.

**Mr. Speaker:** At the first meeting, they say.

**Shrimati Renu Chakravartty:** May be, I cannot check up, but this much is true that the representative did recommend that a full ballet should be sent to represent Tagore's ballet. After that we find that people are chosen, four dancers and two singers are sent. The dances that were shown in the National Physical Laboratory everybody who has ever seen anything of Shantiniketan dance, says was a disgraceful piece of performance.

There was a young man called Biren Palit, I have nothing against him, he may be a relation of the leader of the delegation.....

**Shri Anil K. Chanda:** No, Sir.

**Shrimati Renu Chakravartty:** ...but certainly he is not a man who would be outstanding in that particular line. I have no objection to anybody; he may be a relation or may be anybody else, but my point is that the person chosen should be outstanding people.

**Shri Anil K. Chanda:** On a point of clarification. He is no relation of mine, and he is the teacher of Rabindra Sangeet in the Viswabharati, Shantiniketan.

**Shrimati Renu Chakravartty:** As far as the Viswabharati is concerned, it was never asked to select the candidates. It was asked for the leave of the personnel after the selections had taken place. I feel that it would be better—I do not presume that Government are going to accept my suggestions, but certainly I think—to ask the universities or the people concerned to choose the people who will represent the best personnel that they have. Certainly, those of us who know anything about Rabindra Sangeet know that there are certain very outstanding singers like Suchitra Mitra and people like Shanti Dev Ghosh, who are much better qualified to represent Tagore's songs and ballets. I do not know by what standard Dwijen Mukerjee was chosen.

Regarding Manjula Dutt also, I do not know whether it was only out of friendship or for certain other reasons that she was chosen. But, certainly, she did no credit to Tagore. That is why I have felt touched to the very quick regarding this matter.

I am a person who would not be able to judge about classical music. But a person like Lalita Ubhyankar sang classical khayal; and everybody says that it was certainly a disgraceful piece of work, at least, at the performance that we saw at the National Physical Laboratory. But I am not in a position to judge. I do not know who chose her. I am told, and all sorts of gossips get round, that the Chief Minister of a State had rung up the External Affairs Ministry and asked that she should be included. I think that at least that sort of thing should not be done, and these things should be left to the Sangeet Natak Akadami which is in a much better position to choose than others.

The Information and Broadcasting Ministry was not even consulted. That is my information. Of course, I may be wrong, and I should like to be enlightened about these things.

Of course, there was a man like Vilayat Khan. He was very rightly chosen. That is a case where I think there was a very right choice. Vilayat Khan is an outstanding person and should have been chosen.

So far as Kathakali is concerned, I am not in a position to judge. I have been told by people from Malabar that the choice for Kathakali was all right, but certain people accompanying the Kathakali were not the right sort of persons, and there might have been better choices.

Again, I want to underline this point that we want that the very best should go abroad. I say so because I regard these cultural delegations as very important delegations, as delegations which should show to the world the very best that we have. So, we have to evolve right methods of choice and that choice should not be guided

personal considerations; that choice should be guided by the committees that have been set up, by the Akadami that have been set up, by people who have choice knowledge about these matters; they should be the people who should be in consultation with a Ministry such as the External Affairs Ministry, who, obviously, will do the technical part of sending them abroad.

There is one other point that I would just touch upon, and that is, that when delegations are sent abroad, as the Prime Minister has had occasion to impress upon the House, they must behave in such a way and their composition must be such that it will do credit to our country. It is very right that he has even told us about the question of finance. We must be absolutely self-sufficient. There have been occasions when poor people, workers' representatives, and representatives of trade unions wanted to go abroad, and when they had actually collected money, their trade unions had been told that it was not right that they should just go round abegging for money and sending their people abroad, even when it was a case of our own money.

Anyway, it is not that I agree with everything, but I do think that we should keep up our national prestige when we go abroad. That is why I feel that the inclusion of very close personal relatives of the leader of this delegation should not have been there. I think in future we should beware of such a thing.

The last point that I would like to mention is this. We may be regaled to a large number of press cuttings from the Soviet press or any other press belonging to the country to which our delegation has gone. There is no doubt about it that there is a fund of goodwill towards India right throughout the world. That is something of which we are very proud.

It is also true that there will be very few countries in the world, including our own, who are going to decry goodwill delegations especially

to countries with whom they want to have very close relations. That is not the yardstick by which we should judge our delegations. The delegation must be judged by this yardstick, that we should send abroad that which is the best; we should consider whether we have done the best and whether we were capable of sending the very choicest artists that we have in our country. I believe even our Ambassador's report has been critical of it. The Soviet Press has been very appreciative of it, but at the same time, our Ambassador himself has made certain criticisms of it.

Therefore, I hope that this whole matter will not be taken in a narrow or parochial manner, but will be looked upon in a much broader perspective. Although we are young in sending delegations abroad, we have sent very good delegations. We have sent good delegations to South East Asia. We have sent a delegation to the Soviet Union before. Therefore, I feel that in respect of this particular delegation certain things have happened which are rather unfortunate. I hope that in future such things do not happen and we are able to send people who will do credit to us, who are of our best, so that Asian culture, which today has come into its own, which was looked down upon for centuries, will be able to show to the world the treasures which we have and which we are now developing.

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** Mr. Speaker, Sir, the hon. lady Member has drawn attention to a number of points with regard not only to the delegations that went to the USSR and other countries but generally to all delegations. With a great deal that she has said about delegations in general, I am in entire agreement.

I am taking part in this discussion partly because as a Minister in the External Affairs Ministry, the responsibility is partly ours—though I had nothing to do with this particular delegation; in fact, I was not in India

at the time—and partly because my colleague, the Deputy Minister, who led this delegation will feel—though he will, no doubt speak—that it is somewhat embarrassing for him, naturally, to deal with a matter in which he himself is concerned.

Now, the points that arise are: what is the procedure to be adopted in regard to the selection of delegations; secondly, the actual choice of this particular delegation or any other; and thirdly, the consequences, as to whether this particular delegation succeeded or did not succeed. Now, I am not competent to select people. Sometimes I have participated in committees which select, and I have ventured to offer some opinion; it was not of great consequence. But the difficulty we had to face is that the person who might be considered first-rate here from a point of view, of being a big virtuoso, that particular person may not succeed and may not be appreciated abroad, just as it is quite possible that some Members of this House, including myself, find it a little difficult to appreciate the highest type of Indian music, which is very fine; but I am just ignorant of it. And if this highest class of Indian music goes there—it is just, we might say, above the head of the people—it is so novel to them that they do not appreciate it. That is the difficulty in choosing, that people—except, may be, some select few—prefer something that they can understand.

The second difficulty is that we are always asked—we have specially been asked when a delegation goes to China or to the Soviet Union—to send a mixed delegation with all kinds of people in it. In fact, hon. Members who know of the delegation which went to China may remember that there were some very high class items of dance and other things and opera and, some jugglers and some acrobats, very good in their own way, but a completely separate thing. We are always told by our Ambassadors in these countries, 'Please have variety'.

In fact, we have been asked to send acrobats and jugglers with them too.

**Shri Kamath (Hoshangabhad):** Send some Sadhus as well.

**Shri Jawaharlal Nehru:** It is quite possible that some people here would be shocked if we send some acrobat from here.

The third thing to which the hon. Member referred was the behaviour of our people. By behaviour, I am not meaning anything bad, though there have been cases, of course, of definitely bad behaviour—not in this particular Delegation but in many Delegations, including, if I may say so with all respect, in some Delegations in which even Members of Parliament were included. It is not a question of bad behaviour but behaviour in circumstances to which a person is unaccustomed. That is the difficulty.

Now, we send a person, let us say, who has never been abroad, who does not know anything about foreign customs, foreign food, foreign everything. The result is, he is unhappy and he does not just fit in. Not only is he unhappy, but he communicates his unhappiness to all those around him. So, to fit in all these things is not an easy matter, to have variety, to have artists, who not only are good but are likely to be appreciated by the large audiences that they attract there, and who can fit in there and not be unhappy themselves and make others unhappy. It has been a very difficult task.

We started sending these Delegations rather in a haphazard manner. I do not say there was no particular organisation to choose them. We formed informal committees. Normally, the people concerned are, there of course, the Education Ministry and more especially the Sangit Natak Akademi, and the Ministry of External Affairs. The information and Broadcasting Ministry comes in because they are connected with so many artists and they know a lot about them. It is true, as the hon.

Member referred,—I am not referring to this particular Delegation but others too—that this process of choice and consultation has been rather haphazard. They have all come and they have all been invited. Somebody cannot come and sometimes they cannot be collected; and a meeting is held and at the last moment we are in a hurry.

Then again the artists themselves. Normally, all artists are difficult persons to deal with. We cannot get them when we want them. The hon. Member has repeatedly referred to the adverse criticisms passed on the performance they gave at the National Physical Laboratory at the time just before they went. I myself did not see that; I was not present here myself. Apart from the quality of the artists, the fact of the matter was that they never functioned together. They never had rehearsals like the other Delegations. Quite so. It is partly the fault of the artists. They could not be collected. Naturally, I admit this fact. But, it is very difficult to get them together and I think no Delegation should be sent like this till they have had some time to function together as a team here. They could not function as a team there.

**Shri Kamath:** Is it not possible to assemble them in Delhi before they leave?

**Shri Jawaharlal Nehru:** But they did assemble here. Some did not have the costumes here and so on.

**Shrimati Renu Chakravartty:** Is it not a fact that the Sangit Natak Akadami had done this earlier for the other Delegations. This was the only Delegation which did not do it.

**Shri Jawaharlal Nehru:** The Sangit Natak Akadami by itself had not dealt with these Delegations. It may be in the case of some that they played a greater part; others, the External Affairs, the Education and I & B Ministries were present. As a matter of fact, we have made some fairly regular rules for this in so far as procedure is concerned. That will, no

doubt, help us somewhat. But the real thing is that it is not an easy matter to select people whom the hon. Members might consider good but who would be appreciated there.

Take the case of Kathakali. It is my personal opinion; it may not be worth much. Normally speaking, kathakali dance is not appreciated the first time or the second time you see it; you have to grow into it. I have grown into it. When I saw it 20 years ago, I was astonished, I was taken aback and I did not quite understand it. Now I think it is one of the finest dances in India and I have grown into it. But those people in the other countries have perhaps not yet grown into it.

Generally speaking, therefore sending kathakali dancers, except to some places where they might be really appreciated, is not worthwhile.

Regarding other types of dancing, even take our typical dance, the Bharata Natya, the classical dance, again some of our best Bharata Natya dancers want an hour or two to warm up in the job, and after an hour and a half or two hours they are in perfect form. But they have no time to warm up because they have only ten minutes for this item. Our sitar players get annoyed when you tell them to play for 15 minutes and more. All these difficulties are there. You cannot have a sitar player to function for an hour or two. The whole performance may be for an hour or two and so we cannot have it. I would like the House to appreciate these difficulties.

Many of these artists normally are rather sensitive and sometimes there is a great deal of mutual jealousy with them as to who goes first, who goes second, who gets five minutes more, who gets five minutes less and so on. It is an exceedingly difficult business to keep them in good humour....

**Shri Kamath:** The leader should control them.



**Shri Jawaharlal Nehru:** I think the leader does. One thing that I came to know some time back is that in all these delegations it is quite essential to get a woman to look after the women artists—there are many women artists too. With all respect to my hon. friend there, I may say that women artists are very good, but sometimes quarrelsome.

**Shrimati Renu Chakravartty:** But they should sing in tune.

**Shri Jawaharlal Nehru:** Therefore, I came to the conclusion that it was important that a woman, who has some influence on them, should go. In this particular case it was I who felt strongly that the leader's wife should accompany because there are other women in the team. She herself is used to dealing with these people, and I thought that either his wife or some other woman had to be chosen.

It may interest the hon. Member that as a matter of fact, this particular delegation which was so adversely criticised on its first trial appearance here, was notably better afterwards when it settled down. It really was an unusual success wherever it went. I am not talking about the success in which naturally the audiences to show courtesy and friendliness want to express pleasure. That is true. But the report of our own Ambassador was—

"There is little doubt that Soviet audiences derived a great deal of enjoyment from our concerts. There was greater variety in the programmes than in the concerts given by the Indian delegation which come to Moscow two years ago."

The previous one, according to the hon. Member, was of a much higher class. From the point of view of Soviet audiences, the music of these artists was slightly above their heads, above the heads of these audiences. The light dances and light music were appreciated.

Then again the report of the Ambassador says—

"The harvest dance of the Shantiniketan girls stood in a different category. It was light, graceful and easily intelligible. The audiences liked it. On the whole, the visit of this delegation will be remembered with pleasure by the Soviet people for a long time to come."

Again, this is from Czechoslovakia:

"The visit of our cultural delegation was a real success. It helped the people of Czechoslovakia to understand and appreciate our dance, music and culture. Many people including the diplomats who had seen the performance of our previous delegation a couple of years ago, remarked that the present troupe was better and of a high order."

I am no judge. This shows that this difference was not so obvious, that it was appreciated.

I quite agree with the hon. Member that we should take full care to have the best selections considering the various factors that I have mentioned. There should be variety. It should be appreciated by them. It may not be the class of persons who get the President's gold medal for music or sitar play. It should function as a team. All these things are there. We have profited, I hope, by our experience and we shall continue to profit by them.

I think a good deal of criticism has been about the leader on the basis of his carrying some relatives with him. One relative—not relative exactly—is the wife. I would say that at my instance he took her. From all accounts, she was a very great help. The other is supposed to be a distant relative—one among the Shantiniketan girls. She seems to be a grand-daughter of a sister.

Some confusion was caused by the fact that his son went but his son had nothing to do with the delegation. He paid his own fare and in fact, he went to Poland to learn gliding. The Polish gliders invited him. Unfortunately, he fell there—the poor boy.

So far as the others are concerned, they were selected, rightly or wrongly, in the normal procedure. It is true that the leader—I am told—wanted to have some Shantiniketan girls and he was asked to select them. It is perfectly true. The leader exercised his choice—whether successfully or not, that is a question of opinion. From the report, it appears that these girls were successful. They were very much appreciated. I do think that it is not fair to bring in this question of relatives because the

grand-daughter of a sister was included in the troupe among a number of girls.

Then, the hon. Member said: "Why weren't the *Viswa Bharati* authorities consulted?" They may or may not have been consulted. But here again, the difficulty is this. You are trying to make a mixed team of all kinds. It is no use seeing only one side of the picture. Suppose, you want the best sitar player you consult various sources. The best sitar player may not fit in for other reasons. That is the difficulty. Normally, one should consult as many people as possible.

**Mr. Speaker:** The discussion is over.

18-29 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the 13th December, 1956.*

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DAILY DIGEST

[Wednesday, 12th December, 1956]

2797

2798

COLUMNS

COLUMNS

PAPERS LAID ON THE TABLE 2639—41

REPORT OF COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS PRESENTED—

2644

The following papers were laid on the Table :

Sixty-sixth Report was presented

(1) A copy of the Dissident Report by Shri Suresh Chandra Bose, member, Netaji Enquiry Committee.

PETITION REPORTED—

2645

(2) A copy of the Ministry of External Affairs Office Memorandum No. 4(5)-FSB/56, dated the 28th August, 1956 relating to the Indian Foreign Service Branch B (Initial Constitution) Rules.

Secretary reported the receipt of a petition signed by one petitioner in respect of the Sadhus and Sanyasi (Registration and Licencing) Bill

REPORT OF BUSINESS ADVISORY COMMITTEE ADOPTED—

2645—46

(3) A copy of the University Grants Commission (Disqualification, Retirement and Conditions of Service of Members) Rules, 1956, published in the Notification No. S.R.O. 2607, dated the 10th November, 1956, under sub-section (3) of section 25 of the University Grants Commission Act, 1956.

Forty-fifth Report was adopted.

BILLS PASSED—

2648—2781

(4) A copy of the Notification No. S.R.O. 1196, dated the 26th May, 1956, under sub-section (3) of Section 28 of the Public Debt Act, 1944, making certain amendments to the Public Debt (Compensation Bonds) Rules, 1954

(1) Further consideration of the motion to consider the Finance (No 2) Bill was continued. The motion was adopted. After the clause-by-clause consideration the Bill was passed.

(2) Further consideration of the motion to consider the Finance (No 3) Bill was continued. The motion was adopted. After the clause-by-clause consideration the Bill was passed as amended

(5) A copy of the Report of the Rehabilitation Finance Administration for the half year ended the 30th June, 1956, under sub-section (2) of Section 18 of the Rehabilitation Finance Administration Act, 1948.

HALF-AN-HOUR DISCUSSION—

2781—96

(6) A copy of Statement regarding flood situation in the Country.

Shrimati Renu Chakravarty raised a half-an-hour discussion on points arising out of answer given on the 13th August, 1956 to Starred Question No. 1048 regarding Indian Cultural Delegation to U.S.S.R. and East Europe. The Prime Minister (Shri Jawaharlal Nehru) replied to Debate.

AGENDA FOR THURSDAY, 13TH DECEMBER, 1956—

Consideration of motion re Modification of the Life Insurance Corporation Rules and the Hindu Adoptions and Maintenance Bill.

STATEMENT BY MINISTER 2641—44

The Minister of Planning and Irrigation and Power made a statement regarding flood situation in the Country.